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PP PEKING

GRS 527

SECRET

FM F C O 311913Z JAN 83

TO PRIORITY PEKING (PERSONAL FOR AMBASSADOR),

TELEGRAM NUMBER 058 OF 31 JANUARY 1983,

INFO ROUTINE HONG KONG.

MY TELNO 28 : FUTURE OF HONG KONG : GOVERNOR'S VISIT TO LONDON.

1. THE FOLLOWING SUMMARISES THE MAIN POINTS COVERED ON THE FUTURE DURING THIS USEFUL VISIT. IT WAS PARTICULARLY VALUABLE THAT WHILE SIR E YOUDE WAS HERE WE HAD THE REPORT IN YOUR TELS NOS 71 AND 72 OF YOUR CALL ON VICE FOREIGN MINISTER YAO GUANG.

2. THE GOVERNOR SAW LORD BELSTEAD, MYSELF AND THE PRIME MINISTER. AT HIS MEETING WITH ME WE COVERED:

- (A) THE PRESENT SITUATION, INCLUDING THE CHINESE TACTICS OF SIDE-STEPPING THE TALKS, STEPPING UP THEIR ACTIVITY AIMED AT SELLING THEIR PLAN TO PEOPLE IN HONG KONG AND THE INDICATIONS THAT THEY WILL FORMALLY MAKE SOME ANNOUNCEMENT IN JUNE. WE AGREED THAT YOUR DISCUSSION WITH YAO GUANG SUGGESTED THAT THE CHINESE INTENDED TO KEEP THE TALKS GOING BUT THAT THEY ARE NOT LIKELY TO BE FORTHCOMING AND WILL REVERT TO THE QUESTION OF SOVEREIGNTY AT AN EARLY STAGE.
- (B) THE CONSEQUENT NEED FOR AN URGENT REVIEW OF OUR OPTIONS, WHICH WOULD INCLUDE:
 - (I) STICKING TO OUR PRESENT COURSE:
 - (II) ACCEPTING THE CHINESE PLAN AS A LAST RESORT AND MAKING THE BEST OF IT, OBTAINING THE MOST EFFECTIVE POSSIBLE GUARANTEES FOR HONG KONG'S AUTONOMY:
 - (III) SEEKING AN ALTERNATIVE MEANS OF CONTINUING BRITISH ADMINISTRATION AND REMOVING THE DEADLINE OF 1997.

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(C) TIMING AND MODALITIES. IF WE DECIDED ON A FRESH OPTION WE SHOULD HAVE TO FIND WAYS OF PUTTING IT TO THE CHINESE, PROBABLY USING INFORMAL CONTACTS TO TRY IT OUT FIRST. WE SHOULD ALSO CONTINUE TO CONSULT THE HONG KONG EXCO CLOSELY. WE SHOULD NEED TO MOVE FAST IN ORDER TO PREEMPT THE NEW CHINESE JUNE DEADLINE.

3. AT THE MEETING WITH THE PRIME MINISTER, SHE AGREED THAT A REVIEW SHOULD BE STARTED URGENTLY. SHE EMPHASISED THE IMPORTANCE OF MAKING IT CLEAR TO THE CHINESE THAT SOVEREIGNTY WAS NOT IN HER GIFT AND THAT THE BRITISH PARLIAMENT WOULD NEED TO BE PERSUADED OF THE MERITS OF ANY SOLUTION. SHE STRESSED THE IMPORTANCE OF NOT CONCEDEDING THE DISAPPEARANCE OF THE TREATIES ALTHOUGH WE MIGHT SET THEM ASIDE FOR THE PURPOSE OF THE TALKS.

4. THE MEETING ALSO TOUCHED ON WAYS OF SOUNDING OUT THE CHINESE ON OUR IDEAS, INCLUDING SUCH IDEAS AS:

- (A) A MESSAGE FROM THE PRIME MINISTER TO DENG XIAOPING:
- (B) PRIVATE SOUNDINGS THROUGH THE GOVERNOR:
- (C) OTHER UNOFFICIAL INTERMEDIARIES.

THERE WAS ALSO DISCUSSION OF WAYS IN WHICH HONG KONG CHINESE MIGHT BE GIVEN A BIGGER SAY IN THE ADMINISTRATION OF THE TERRITORY.

5. HOWEVER NO CONCLUSIONS WERE REACHED. IT WAS AGREED THAT THE REVIEW SHOULD COVER THESE POINTS. A FIRST DRAFT OF THE REVIEW WILL BE TELEGRAPHED TO YOU AND THE GOVERNOR ON 4 FEBRUARY WITH THE AIM OF PUTTING AN AGREED VERSION TO THE PRIME MINISTER BY 18 FEBRUARY AT THE LATEST. THEREAFTER, I HOPE THAT YOU AND THE GOVERNOR WILL BE ABLE TO VISIT LONDON FOR DISCUSSIONS WITH ME AND THE PRIME MINISTER TO COVER SUBSTANCE AND TACTICS, PROBABLY IN THE WEEK BEGINNING 21 FEBRUARY.

6. FULL RECORDS OF MEETINGS FOLLOW BY BAG.

PYM

FUTURE OF HONG KONG

LIMITED

HD/HKGD

HD/FED

ED/PLANNING STAFF

HD/FUSD

PS

PS/LORD BELSTEAD

PS/MR HURD

PS/PUS

SIR J AULLARD

MR GIFFARD

MR DONALD

COPIES TO

SIR I SINCLAIR

MR ROBERTS

MR COLES

MR MARTIN

LEGAL ADVISER

NEWS D

NO 10 DOWNING STREET

ASSESSMENTS STAFF

CABINET OFFICE

SECRET