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GRS 366
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FM FCO 221930Z APRIL 83
TO PRIORITY HONG KONG
TELEGRAM NUMBER 390 OF 22 APRIL
INFO PRIORITY PEKING (PERSONAL FOR AMBASSADOR)
MCLAREN'S LETTER OF 25 MARCH, YOUR TELNO 509 AND PEKING TELNOS 326, 327 AND 328: FUTURE OF HONG KONG. STRATEGY FOR SUBSTANTIVE TALKS

A.S.C. 25/4.
F.a.

1. WE LOOK FORWARD TO SEEING THE REVISED DRAFT PAPER (YOUR TELNO 509). WE SHALL NOT SEND DETAILED COMMENTS BEFORE THEN. MEANWHILE OUR GENERAL THOUGHTS ARE AS FOLLOWS.

2. WE AGREE THAT IT IS IMPORTANT TO WORK OUT IN ADVANCE A POSSIBLE OVERALL STRATEGY FOR THE START OF SUBSTANTIVE TALKS. WE ARE WORKING ON THIS, TAKING ACCOUNT OF THE IDEAS IN PEKING TELNO 327 AND YOUR PAPER. THE HYPOTHESIS IN PARAGRAPH 1 OF TELNO 327 SEEMS THE BEST WORKING BASIS BUT WE HAVE TO ACCEPT THAT THINGS COULD TURN OUT VERY DIFFERENTLY. THE LINE WHICH WE TAKE WITH THE CHINESE WILL NEED TO BE GEARED TO THIS.

3. WE AGREE THAT IT IS USEFUL TO WORK OUT WITH EXCO A SET OF ARGUMENTS TO ILLUSTRATE THE VALUE OF BRITISH ADMINISTRATION. WE NOTE FROM YOUR TELNO 509 THAT YOU SEE THIS AS A QUARRY FROM WHICH A SPEAKING NOTE MIGHT BE DRAWN. WE STRONGLY AGREE WITH THIS BASIC APPROACH AND THINK IT PARTICULARLY IMPORTANT THAT EXCO SHOULD BE UNDER NO ILLUSIONS ABOUT THE STATUS OF THE PAPER.

4. THIS IS PARTLY BECAUSE WE AGREE WITH PEKING ON THE NEED, PARTICULARLY IN THE FIRST ROUND, TO AVOID TOO DISPUTATIOUS A NOTE AND TO CONCENTRATE ON INVOLVING THE CHINESE IN DISCUSSION OF DETAIL WHICH, MORE EFFECTIVELY THAN STRAIGHT ASSERTIONS, WOULD FURNISH CONCRETE EXAMPLES OF THE NEED FOR THE BRITISH LINK AS AN ESSENTIAL GUARANTEE OF NON-INTERFERENCE. IN PARTICULAR WE AGREE WITH THE AMBASSADOR THAT REFERENCES TO THE CONSTITUTIONAL LINK WITH THE UK NEED TO BE VERY CAREFULLY PRESENTED. OTHERWISE THE CHINESE MAY TAKE IT THAT WE ARE ARGUING FOR THE RETENTION OF SOVEREIGNTY AS PART OF THE ULTIMATE PACKAGE, WHICH THEY COULD SEE

AS GOING BACK ON THE LINE IN THE PRIME MINISTER'S MESSAGE.

5. IN PARA 5 OF HIS TELNO 699 OF 27 OCTOBER, THE AMBASSADOR SUGGESTED THAT WE MIGHT PREPARE A CRITIQUE BASED ON WHAT WE KNOW OF THE CHINESE PROPOSALS AS AN ALTERNATIVE TO OR PART OF THE PRESENTATION. WE ARE WORKING ON THIS TOO AND SHOULD BE GRATEFUL FOR YOUR AND PEKING'S CONTRIBUTIONS.

PYM

FUTURE OF HONG KONG

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