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GR 420
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DESKBY 091100Z
FM PEKING 091040Z MAY 83
TO IMMEDIATE FCO
TELNO 418 OF 9 MAY

RPTD INFO IMMEDIATE HONG KONG.

MY TWO IPT: FUTURE OF HONG KONG

1. THIS IS A POSITIVE RESPONSE. IT IS CLEAR THAT THE PRIME MINISTER'S MESSAGE HAS BROKEN THE DEADLOCK AND THAT THE CHINESE WISH TO GET ON WITH SUBSTANTIVE TALKS. THERE ARE, HOWEVER, PITFALLS. ZHAO'S REPLY, WHICH THE CHINESE WILL SEEK TO USE AS THE BASIS FOR THE TALKS, CONTAINS A NUMBER OF BOWS IN OUR DIRECTION, BUT DOES NOT ACCURATELY REPRESENT THE PRIME MINISTER'S LETTER AT TWO IMPORTANT POINTS (A) IN SUGGESTING THAT HER ASSURANCE IS THAT SHE IS PREPARED (NEXT FOUR WORDS UNDERLINED) AT A CERTAIN STAGE TO RECOMMEND TRANSFER OF SOVEREIGNTY, AND (B) THAT THE TALKS WOULD BE CONCERNED INTER ALIA WITH THE FORM OF TRANSFERRING SOVEREIGNTY, THEREBY BLURRING OR EVEN REMOVING THE ESSENTIAL PRECONDITION EXPRESSED IN HER LETTER. IT WAS BECAUSE OF THIS THAT I TOOK UP THESE POINTS IN MY PERSONAL COMMENTS. THIS DID NOT, HOWEVER, APPEAR TO AFFECT YAO'S ENTHUSIASM TO GET ON WITH THE JOB. HE SAID THIS AND OTHER MATTERS COULD BE DISCUSSED IN THE SUBSTANTIVE TALKS. HOWEVER WE HAVE NEVER EXPECTED OTHERWISE.

← 2. I THEREFORE RECOMMEND A WELCOMING AND POSITIVE REPLY, BUT ONE WHICH REPEATS FOR THE RECORD THE BASIS ON WHICH WE EXPECT THE TALKS TO PROCEED. I SHALL TELEGRAPH TOMORROW ON THE FORM I WOULD RECOMMEND THAT INSTRUCTIONS MIGHT TAKE.

why ? ? 3. AS REGARDS MODALITIES, I ASSUME WE WISH TO PROCEED ON THE BASIS OF MY PROPOSALS TO ZHANG WENJIN ON 5 OCTOBER (MY TELNO 620 PARA 1). THE GOVERNOR MAY WISH THE POLITICAL ADVISER TO ATTEND AS WELL AS HIMSELF. AT THIS STAGE I DOUBT WHETHER MORE DETAILED HONG KONG EXPERTISE IS NECESSARY. FROM THIS EMBASSY GALSORTHY AND EHRMAN AS WELL AS PEIRCE SHOULD ATTEND.

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4. ON TIMING, FROM THIS POSTS POINT OF VIEW IT IS LIKELY TO PROVE DIFFICULT TO BEGIN SUBSTANTIVE TALKS BEFORE THE END OF THE MONTH, BUT PERHAPS NOT IMPOSSIBLE. SINCE THE CHINESE HAVE SUGGESTED A MEETING IN MAY THERE WOULD BE MERIT IN COMPLYING. HOWEVER, MUCH WILL DEPEND ON THE GOVERNOR'S ENGAGEMENTS.

5. ON PUBLICITY,

THE CHINESE MAY WISH TO MAKE AN ANNOUNCEMENT THAT SUBSTANTIVE TALKS HAVE BEGUN. I DO NOT THINK WE NEED MAKE ANY ANNOUNCEMENT. THE GOVERNOR'S MOVEMENTS WILL ATTRACT GREAT PUBLICITY. WE COULD SAY IN ANSWER TO QUESTIONS THAT IT WAS ALWAYS ENVISAGED HE WOULD ATTEND WHEN THE SITUATION WARRANTED IT. WE HAVE NOW REACHED THIS POINT.

CRADOCK

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