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FM HONG KONG 081035Z JUN 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 779 OF 8 JUNE 1983
INFO IMMEDIATE PEKING

M 7/6
f.c.

MY TELNO 766: FUTURE OF HONG KONG: PROPOSED AGENDA

1. I CONTINUED THE DISCUSSION WITH EXCO THIS MORNING, BRINGING THEM UP TO DATE ON THE DEVELOPMENTS REPORTED IN PEKING TELNO 526. FOR THE PURPOSES OF DISCUSSION, THE FORMULA WHICH I PUT TO EXCO WAS:

QUOTE IN ORDER TO MEET THE WISH OF THE CHINESE SIDE FOR A BROAD AGENDA COVERING THE WHOLE COURSE OF THE FORMAL TALKS, THE BRITISH SIDE PROPOSE THAT, DURING THE COURSE OF THE TALKS, MATTERS RELEVANT TO THE FUTURE OF HONG KONG SHOULD BE DISCUSSED, IN PARTICULAR OPEN SQUARE BRACKETS ALL CLOSE SQUARE BRACKETS THE SUBJECTS MENTIONED IN MRS THATCHER'S LETTER AND PREMIER ZHAO'S LETTER. THESE WOULD INCLUDE ARRANGEMENTS OPEN SQUARE BRACKETS FOR HONG KONG CLOSE SQUARE BRACKETS AFTER 1997, ARRANGEMENTS OPEN SQUARE BRACKETS IN HONG KONG CLOSE SQUARE BRACKETS BETWEEN NOW AND 1997, AND OPEN SQUARE BRACKETS FACTORS/MATTERS CLOSE SQUARE BRACKETS RELATING TO A TRANSFER OF SOVEREIGNTY UNQUOTE. (THIS IS BASED ON PEKING TEL NO 517 PARA 14 AS MODIFIED BY PEKING TEL NO 518)

THE SQUARE BRACKETS REPRESENT THE DIFFERENCE BETWEEN THE WORDING IN PARA 14 OF PEKING TELNO 517 AND THE WORDING USED BY THE AMBASSADOR WITH ZHOU NAN IN PARA 3 OF PEKING TELNO 518 (WHICH I ASSUME REFLECTS INTER ALIA THE POINT IN MY TELNO 760).

2. THE CONSENSUS AMONG EXCO MEMBERS CAN BE SUMMARISED AS FOLLOWS:

- (A) THEY AGREED THAT THE PRESENT OPPORTUNITY TO GET SUBSTANTIVE TALKS STARTED WITHOUT PRECONDITIONS SHOULD NOT BE LOST.
- (B) THEY WOULD BE CONTENT WITH THE PROPOSED AGENDA FORMULA IF IN THE AMBASSADOR'S JUDGMENT THIS WAS WHAT WAS NECESSARY TO GET THE TALKS STARTED. THEY DID NOT BELIEVE THAT IT HELD ANY UNACCEPTABLE RISKS OR HOSTAGES TO FORTUNE (SOME PREFERRED QUOTE FACTORS UNQUOTE TO QUOTE MATTERS UNQUOTE)
- (C) THEY REMAINED CONCERNED ABOUT THE POSSIBILITY OF A CHINESE LEAK AND ATTACHED IMPORTANCE TO OBTAINING AS FIRM A COMMITMENT FROM THE CHINESE AS POSSIBLE ON CONFIDENTIALITY. THEY ALSO STRONGLY SUPPORTED THE ACTION PROPOSED BY THE AMBASSADOR IN PARA 11 OF PEKING TELNO 517.

3. I SOUGHT MEMBERS' VIEWS SPECIFICALLY ON THE CONCERNS EXPRESSED IN PARA ONE OF YOUR TELNO 350 (WITHOUT ATTRIBUTING THEM):

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(I) THEY DID NOT THINK THAT THE REFERENCE TO QUOTE ARRANGEMENTS OPEN SQUARE BRACKETS IN HONG KONG CLOSE SQUARE BRACKETS BETWEEN NOW AND 1997 UNQUOTE WOULD GIVE THE CHINESE ANY NEW STATUS OR RIGHT TO INTERFERE. THIS COULD BE PRESENTED AS A NEED TO DISCUSS PRACTICAL ARRANGEMENTS FOR CHINESE AGENCIES NOW IN HONG KONG FOLLOWING THE CONCLUSION OF AN AGREEMENT.

(II) THEY ACCEPTED THE AMBASSADOR'S VIEW (PARA 8 OF PEKING TELNO 526) THAT THE CHINESE WOULD REJECT ANY ATTEMPT TO WRITE THE REQUIREMENT THAT THE ARRANGEMENTS SHOULD BE ACCEPTABLE TO THE PEOPLE OF HONG KONG INTO THE AGREED FORMULA, AND BELIEVED THAT OUR POSITION WOULD BE PROTECTED BY THE REFERENCE TO THE PRIME MINISTER'S LETTER)

4. I DREW ON PEKING TELNO 530 (I WAS MOST GRATEFUL FOR THIS SWIFT REPLY) IN RESPONDING TO THE OTHER POINTS MADE BY UNOFFICIALS ON 7 JUNE (PARAS 4 TO 8 OF MY TUR). ON ONE POINT ONLY WAS THERE A SIGNIFICANT DIFFERENCE OF OPINION AMONG UNOFFICIALS. ALL BELIEVED IT IMPORTANT TO ESTABLISH THAT THE ORDER OF DISCUSSION WAS ACCEPTED BY THE CHINESE. SIR S Y CHUNG TOOK THE VIEW THAT FOR THIS PURPOSE EVERY EFFORT SHOULD BE MADE TO OBTAIN THE ADDITION OF THE WORDS QUOTE IN THAT ORDER UNQUOTE AFTER THE PHRASE QUOTE TRANSFER OF SOVEREIGNTY UNQUOTE IN THE FINAL SENTENCE. SINCE THE CHINESE HAD AGREED ORALLY THAT OUR ORDER SHOULD BE FOLLOWED HE DID NOT SEE WHY THIS SHOULD NOT BE SPELT OUT IN THE AGENDA AND THOUGHT THAT THERE WOULD BE MERIT IN TYING THE CHINESE DOWN FIRMLY. OTHER MEMBERS ACCEPTED THE AMBASSADOR'S VIEW (PARA 3 OF PEKING TELNO 530).

5. I AM TELEGRAPHING SEPARATELY ON THE QUESTION OF THE FORM AND TIMING OF AN AGREED PUBLIC ANNOUNCEMENT.

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FUTURE OF HONG KONG

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