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institute to his bear Condred that he should avoid any imperior that the U. V. has shilled its position and was now working on the bours of TO IMMEDIATE THE HAGUE TELEGRAM NUMBER 112 OF 19 SEPTEMBER

FOLLOWING PERSONAL FOR PS/PRIME MINISTER FROM PS/FOREIGN AND COMMONWEALTH SECRETARY

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FUTURE OF HONG KONG: NEXT ROUND OF TALKS

1. YOU HAVE SEEN THE GOVERNOR'S REPORT ON HIS MEETINGS ON ' 14/15 SEPTEMBER WITH EXCO (HONG KONG TELEGRAM NUMBERS 1356, 1367 AND 1368). BRIEFLY, THERE WAS A RANGE OF VIEWS IN EXCO ON THE PROBLEMS LIKELY TO RESULT FROM A STALEMATE OR BREAKDOWN, FROM THOSE WHO THOUGHT THAT THE CRISIS WOULD BE NO WORSE THAN LAST AUTUMN TO OTHERS WHO TOOK A LESS SANGUINE VIEW. THERE WAS GENERAL AGREEMENT THAT A GOOD DEAL WOULD DEPEND ON HOW A STALEMATE OR BREAKDOWN OCCURRED AND HOW IT WAS PRESENTED. 'IT WOULD OBVIOUSLY BE MUCH WORSE IF THE CHINESE CHOSE TO PRESENT IT AS A CONFRONTATION.

2. ON THE WAY AHEAD, EXCO MEMBERS AGREED THAT OUR NEGOTIATORS SHOULD ARGUE FOR CONTINUED BRITISH ADMINISTRATION AT THE MEETING ON 22 SEPTEMBER. THEREAFTER, THEY DID NOT THINK THAT WE SHOULD AT THIS STAGE PURSUE THE OPTION OF STICKING TO THE BRITISH ADMINISTRATIVE LINK WHILE DISCUSSING POSSIBLE DETAILED CHANGES WITH THE CHINESE. THEIR VIEW WAS THAT TO OFFER SUCH CHANGES WOULD WEAKEN THE BRITISH NEGOTIATING POSITION WITHOUT GAINING ANYTHING IN RETURN.

3. ALL MEMBERS HOWEVER THOUGHT THAT WE SHOULD ADOPT THE TACTIC OF TELLING THE CHINESE THAT OUR OWN VIEW REMAINED THAT CONTINUED BRITISH ADMINISTRATION WAS ESSENTIAL TO CONFIDENCE: BUT THAT AT THE SAME TIME WE SHOULD INVITE THEM TO DEVELOP AND PROVIDE FURTHER DETAILS OF THEIR OWN PLAN AND IN PARTICULAR TO SAY WHAT GUARANTEES FOR HONG KONG'S AUTONOMY THEIR PLANS WOULD GIVE. THEY CONSIDERED THAT IF THE CHINESE PROVED ADAMANT ON 22 SEPTEMBER THERE WAS NO REASON WHY THIS TACTIC SHOULD NOT BE DEPLOYED AT THE END OF THE SESSION, 1E ON 23 SEPTEMBER IF THE NEGOTIATORS THOUGHT IT NECESSARY. IT WAS THE GENERAL VIEW THAT OUR TEAM SHOULD SEEK TO AVOID A BREAKDOWN AT THE NEXT SESSION AND SHOULD IF NECESSARY LEAVE THE CHINESE IN NO DOUBT OF THE CONSEQUENCES OF A BREAKDOWN OF A CONFRONTATIONAL KIND.

4. THE OTHER MAIN POINT WHICH EXCO CONSIDERED WAS THE BRITISH PUBLIC RELATIONS STANCE. THEY SHOWED CONCERN ABOUT THE EFFECTS OF CURRENT CHINESE PROPAGANDA COUPLED WITH OUR OWN SILENCE ON THE TALKS AND ON THE BRITISH POSITION. THEY DID NOT CONSIDER THAT THE TIME HAD YET COME FOR A FORMAL PUBLIC STATEMENT OF HMG'S POSITION BUT THEY BELIEVED THAT COMPLETE SILENCE WAS NO LONGER TOLERABLE. THEY WANTED TO DISCUSS THIS WITH MR LUCE DURING HIS VISIT FROM 24 - 28 SEPTEMBER.

5. EXCO'S VIEWS ON THE WAY AHEAD ARE INTERESTING AND GENERALLY HELPFUL. WHILE REJECTING OUR 'OPTION B' FOR A MODIFIED FORM OF THE BRITISH ADMINISTRATIVE LINK, THEY HAVE COME UP, WITHOUT PROMPTING, WITH THE PROPOSAL THAT THE CHINESE SHOULD BE DRAWN OUT FURTHER ON THEIR OWN PLAN. THIS IS VERY CLOSE TO THE SUGGESTION MADE BY THE PRIME MINISTER AT HER MEETING ON 5 SEPTEMBER. YOU WILL RECALL THAT SHE PROPOSED THAT WE SHOULD TELL THE CHINESE THAT WE HAD DESCRIBED THE FACTORS WHICH WE BELIEVED TO BE NECESSARY FOR STABILITY AND PROSPERITY: THE CHINESE FOR THEIR PART CLAIMED TO HAVE AN ALTERNATIVE SYSTEM WHICH WOULD MAINTAIN CONFIDENCE: WE SHOULD PROPOSE THAT THEY SHOULD DESCRIBE THIS SYSTEM IN DETAIL IN THE NEXT PHASE OF THE TALKS. IN DISCUSSING THE IDEA, THE GOVERNOR PUT SPECIFICALLY TO EXCO THE POSSIBLE DIFFICULTIES TO WHICH SIR P CRADOCK HAD REFERRED AT THE 5 SEPTEMBER MEETING: THAT TH CHINESE MIGHT TAKE OUR WILLINGNESS TO LISTEN TO DETAILS OF THEIR FORMULA AS A PRELUDE TO ACCEPTANCE OF THEIR CONDITION ON BOTH SOVEREIGNTY AND ADMINISTRATION: OR ALTERNATIVELY THAT THEY WOULD TAKE THE LINE THAT THEY HAD ALREADY GIVEN US SUFFICIENT DETAIL AND THAT THEY WOULD NOT GO FURTHER WITHOUT ANY SPECIFIC ACCEPTANCE OF THEIR POSITION. EXCO THOUGHT THAT THESE RISKS WERE WORTH RUNNING. THEY CLEARLY REGARD THIS TACTIC AS A MEANS OF PURSUING OUR PRESENT OBJECTIVE AND NOT AS A DEPARTURE FROM IT. THEY CONSIDERED THAT IF THE CHINESE TRY TO MISREPRESENT

8. IN THESE CIRCUMSTANCES THE FOREIGN AND COMMONWEALTH SECRETARY
BELIEVES THAT IT WOULD BE RIGHT TO AUTHORISE OUR NEGOTIATORS
TO USE THIS TACTIC AT THEIR DISCRETION. BUT WE MUST FULLY
RECOGNISE THE DANGER OF THE CHINESE REGARDING IT, AS THEY HAVE
DONE OUR CONDITIONAL MOVE ON SOVEREIGNTY, AS A CONCESSION ALREADY
MADE, AND PRESENTING IT AS SUCH PUBLICLY. IT MAY BE VERY

DIFFICULT TO GO BACK AGAIN, ONCE WE HAVE INVITED THE CHINESE TO OUTLINE THEIR IDEAS, TO DISCUSSIONS BASED ON OUR PRESENT POSITION INDEED, AN ATTEMPT TO DO SO COULD PROVOKE A BREAKDOWN IN EVEN WORSE CIRCUMSTANCES THAN A BREAKDOWN NOW. IN OTHER WORDS THE EXCO IDEA MAY LEAD US WILLY NILLY TO THE POSITION OF NEGOTIATING WITH THE CHINESE ON AN OPTION C BASIS. THE FOREIGN SECRETARY THINKS THAT BEFORE THE MEETING ON 22 SEPTEMBER WE SHOULD MAKE THIS CLEAR AGAIN TO EXCO (WITHOUT OF COURSE MENTIONING OPTION C) TO HELP PREVENT ANY RECRIMINATIONS AFTERWARDS. THERE CAN OF COURSE BE NO GUARANTEE IN ANY CASE THAT OUR TACTIC WILL WORK. WE SHOULD HAVE TO MAKE

Too much of a hink of a file IN ANY CASE THAT OUR TACTIC WILL WORK. WE SHOULD HAVE TO MAKE CLEAR THAT OUR BASIC POSITION HAD NOT ALTERED: AND THE PROPOSITION MIGHT FOUNDER ON THAT POINT. BUT WE SHOULD STRESS OUR READINESS TO CONSIDER ANY PROPOSALS TO SUSTAIN CONFIDENCE AND TO MAINTAIN STABILITY IN HONG KONG WITHOUT PREJUDICE TO OUR POSITION ON A FINAL SETTLEMENT. AT THE LEAST THIS TACTIC SHOULD HELP TO GET THE CHINESE TO AGREE TO ANOTHER MEETING AFTER THE 22/23 SEPTEMBER ROUND.

9. WE WILL NEED TO BE READY TO COUNTER CHINESE LEAKS OR PUBLIC

- INSINUIATIONS THAT WE HAD CONCEDED THEIR CONDITIONS. THIS TOUCHES
 ON EXCO'S SECOND POINT ON PUBLIC RELATIONS. OUR VIEW SO FAR
 HAS BEEN THAT, WHILE THE SITUATION IN THE TALKS IS DEVELOPING
 RAPIDLY, THERE IS NO SCOPE FOR PUBLIC ANNOUNCEMENTS: BUT THIS
 OF THE RESPONSIBLE MEDIA MAY WELL BE PART OF THE ANSER, BUT WE
 ALSO HAVE TO LOOK AHEAD TO MR LUCE'S PRESS CONFERENCE AT THE
 END OF HIS VISIT, TO THE GOVERNOR'S OPENING SPEECH TO THE
 LEGISLATIVE COUNCIL ON 5 OCTOBER AND LATER TO THE RESUMPTION OF
 PARLIMENT.
 - IF THE CHINESE APPEAR RELUCTANT TO AGREE TO A FURTHER MEETING,
 WE SHALL NEED TO INSTRUCT OUR NEGOTIATORS TO PUT VERY FIRMLY
 TO THE CHINESE SIDE THE PROBLEMS CAUSED BY DAMAGED CONFIDENCE
 IN HONG KONG AND PARTICULARLY THE EFFECT OF THEIR OWN PROPAGANDA.
 WE SHOULD URGE ON THE CHINESE THE NEED TO LOOK AT THIS TOGETHER
 AND IF POSSIBLE TO ISSUE A JOINT STATEMENT DESIGNED TO BOOST

CONFIDENCE. WE SHOULD BE UNDER NO ILLUSIONS THAT IT WILL BE EASY TO PERSUADE THEM. CHINESE PROPAGANDA INCREASINGLY APPEARS TO BE PART AND PARCEL OF THEIR NEGOTIATING METHOD, DESIGNED TO PUT PRESSURE ON US. THEY MAY WELL CHOOSE TO SEE SUCH AN APPROACH BY US AS A DIVERSIONARY MOVE. NEVERTHELESS THE FOREIGN AND COMMONWEALTH SECRETARY THINKS THAT WE SHOULD TRY IT.

11. IN SUMMARY I SHOULD BE GRATEFUL TO KNOW WHETHER THE PRIME MINISTER AGREES THAT THE INSTRUCTIONS TO SIR P CRADOCK FOR 22/23 SEPTEMBER SHOULD COVER THE FOLLOWING:

(A) ON 22 SEPTEMBER, A FIRM BUT NON-COMBATIVE STATEMENT

(A) ON 22 SEPTEMBER, A FIRM BUT NON-COMBATIVE STATEMENT
THAT AFTER CAREFUL STUDY OF CHINESE PROPOSALS
WE STILL CONSIDERED THAT BRITISH ADMINISTRATION
PROVIDED THE ONLY EFFECTIVE GUARANTEE FOR CONFIDENCE
IN HONG KONG:

(B) AFTER TOUCHING BASE WITH EXCO AGAIN, AUTHORITY TO USE ON THE SECOND DAY THE TACTIC OF DRAWING THE CHINESE OUT ON THE DETAIL OF THEIR PROPOSALS WHILE MAINTAINING OUR POSITION (IN PRINCIPLE)

(C) STRONG ARGUMENTS FOR THE CONTINUATION OF THE TALKS

AND THE SETTING OF A DATE FOR THE NEXT ROUND TO BE
PUBLICLY ANNOUNCED:

(D) A PROPOSAL THAT WITHOUT PREJUDICE TO OUR RESPECTIVE POSITIONS BOTH SIDES SHOULD COLLABORATE ON PRESERVING CONFIDENCE IN HONG KONG.

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I think we can use B provided it is then that our own views on Brit, Ast me have so Not thought and that we can very why we believe the there won't man law torbidence there is there is that Testin may otherwise allerable to deploying that Testin may otherwise a therebut to deploying that Testin may otherwise a therebut to deploying that Testin may otherwise a head above of great hostility. Mr

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DD 210100Z PEKING **GRS 170** SECRET DESKBY PEKING 210100Z FM FCO 201900Z SEP 83 TO IMMEDIATE PEKING TELEGRAM NUMBER 619 OF 20 SEPTEMBER INFO IMMEDIATE HONG KONG AND BRUNEI (PERSONAL FOR PS/MR LUCE)

FUTURE OF HONG KONG: MIPT: OPENING STATEMENT FOR 22/23 SEPTEMBER TALKS

- TEXT IS AS IN OUR TELNO 895, WITH THE FOLLOWING AMENDMENTS:
- (A) PARA 9, SECOND AND THIRD SENTENCES. AMEND TO READ: 'THE ADMINISTRATION, IT IS TRUE, IS HEADED BY A GOVERNOR APPOINTED FROM LONDON BUT IN PRACTICE A HIGH DEGREE OF AUTONOMY EXISTS IN HONG KONG, AND THE TERRITORY IN A VERY REAL SENSE ADMINISTERS ITSELF.'

PENULTIMATE SENTENCE: DELETE 'ADMINISTRATIVE' (PEKING TELNO 915 REFERS).

- (B) PARA 11 AMEND SECOND SENTENCE TO READ:
- 'WE HOPE THAT THESE PAPERS HAVE BEEN USEFUL TO THE CHINESE AND SAVE HELPED THE CHINESE TO DEEPEN THEIR UNDERSTANDING OF THE WAY HONG KCNG OPERATES TODAY.'
- (C) PARA 11 INSERT BEFORE LAST SENTENCE:
- 'WE SHOULD ALSO BE HAPPY TO PROVIDE ANY FURTHER MATERIAL THAT MIGHT BE HELPFUL, AND TO CONSIDER ANY MATERIAL WHICH THE CHINESE SIDE WOULD LIKE TO PROVIDE. (PEKING TEL 892 REFERS)

HOWE

FUTURE OF HONG KONG

LIMITED

HD/HKD HD/FED

HD/PLANNING STAFF HD/PUSD

PS

PS/LADY YOUNG PS/MR LUCE

PS/PUS

SIR J BULLARD MR GIFFARD MR DONALD

MR WRIGHT

COPIES TO

SIR IAN SINCLAIR LEGAL ADVISER

MR BURROWS MR ROBERTS

LEGAL ADVISER NEWS D

MR MARTIN

ASSESSMENTS STAFF CABINET OFFICE

MR FLOWER PUSD

MR COLES NO 10 DOWNING STREET SIR A PARSONS NO 10 DOWNING STREET

MR WALKER RESEARCH D GOGGS

Floor Pa chas SECRET 19334 - 1 DD 210100Z PEKING GRS 600 SECRET DESKBY 210100Z PEKING FM FCO 201900Z SEP 83 TO IMMEDIATE PEKING TELEGRAM NUMBER 618 OF 20 SEPTEMBER INFO IMMEDIATE HONG KONG (PERSONAL FOR GOVERNOR) AND BRUNEI (FOR PS/MR LUCE) HONG KONG TELNOS 1356, 1367 AND 1368: FUTURE OF HONG KONG: NEXT ROUND OF TALKS FOLLOWING THE GOVERNOR'S DISCUSSIONS WITH EXCO, REPORTED IN TURS, THE PRIME MINISTER HAS AGREED THE LINE FOR YOU TO TAKE AT THE NEXT ROUND ON 22/23 SEPTEMBER. AS BEFORE YOU HAVE DISCRETION

TO DEPLOY THE BRITISH POSITION DEPENDING ON THE CIRCUMSTANCES AT THE TIME BUT YOU SHOULD COVER THE FOLLOWING POINTS: (BEGIN UNDERLINING) OPENING STATEMENT ON 22 SEPTEMBER (CEASE UNDERLINING)

- YOU SHOULD SPEAK ON THE GENERAL LINES OF THE TEXT IN MY TELNO 895 TO HONG KONG, AS AMENDED BY MIFT. (BEGIN UNDERLINING) TACTICS ON THE SECOND DAY (CEASE UNDERLINING)
- IF THE CHINESE, AS EXPECTED, REJECT OUR ARGUMENTS FOR CONTINUING BRITISH ADMINISTRATION, IT IS AGREED IN PRINCIPLE THAT YOU SHOULD USE THE TACTIC OF INVITING THE CHINESE TO PROVIDE FURTHER DETAILS OF THEIR PROPOSALS WHILE FIRMLY MAINTAINING OUR POSITION ON THE NEED FOR BRITISH ADMINISTRATION. (PARAGRAPH 6 OF HONG KONG TELNO 1368).

YOU WILL OF COURSE AVOID GIVING ANY IMPRESSION THAT WE HAVE ACCEPTED THE CHINESE PROMISE HOWEVER, IT IS IMPORTANT THAT EXCO SHOULD BE ABSOLUTELY CLEAR ABOUT THE POSSIBLE IMPLICATIONS OF OUR CHANGE OF TACTIC, IN PARTICULAR THAT THE CHINESE MIGHT TRY TO PRESENT IT AS A FURTHER CONCESSION ON OUR PART, SO THAT IT MIGHT LEAD TO OUR NEGOTIATING IN PRACTICE ON THE BASIS OF THE CHINESE CONDITIONS. I REALISE THAT THE GOVERNOR HAS ALREADY POINTED OUT THIS DANGER TO EXCO.NEVERTHELESS WE MUST AVOID ANY POSSIBLE MISUNDERSTANDING ON THIS. INSTRUCTIONS ARE THEREFORE BEING

TELEGRAPHED SEPARATELY TO ASK THE ACTING GOVERNOR TO TOUCH BASE WITH EXCO ONCE MORE. YOUR USE OF THIS TACTIC IN THE TALKS SHOULD BE CONTINGENT ON CONFIRMATION FROM HONG KONG THAT EXCO ACCEPT THE POSTTTON.

(BEGIN UNDERLINING) CONTINUATION OF THE TALKS (CEASE UNDERLINING) WHATEVER THE CHINESE REACTION ON SUBSTANCE, A KEY OBJECTIVE OF THIS ROUND MUST BE THEIR AGREEMENT TO THE CONTINUATION OF THE TALKS AND TO THE ANNOUNCEMENT OF A DATE FOR A FURTHER MEETING. (BEGIN UNDERLINING) CONFIDENCE IN HONG KONG (CEASE UNDERLINING) CONCERN IN HONG KONG HAS RECENTLY INCREASED, PARTLY BECAUSE OF UNCERTAINTY ABOUT THE POSITION IN THE TALKS BUT MORE BECAUSE OF THE INTENSIFICATION OF CHINESE PROPAGANDA. I REALISE THAT THE LATTER IS PART OF THE CHINESE NEGOTIATING TACTICS AND THAT THEY ARE UNLIKELY TO BE RECEPTIVE TO ANY PROTESTS ON OUR PART. NEVERTHELESS, YOU SHOULD POINT OUT TO THEM STRONGLY THE DAMAGE WHICH IS BEING DONE, EMPHASISE OUR COMMON INTEREST IN MAINTAINING CONFIDENCE AND URGE THEIR COOPERATION IN SUSTAINING IT. YOU

- SHOULD REFUTE EMPHATICALLY ANY SUGGESTION BY THE CHINESE THAT THE DECLINE IN CONFIDENCE IS DUE TO MANIPULATION BY THE BRITISH OR HONG KONG GOVERNMENTS. YOU SHOULD SUGGEST THAT A JOINT STATEMENT REITERATING THE BRITISH AND CHINESE INTEREST IN PURSUING THE COMMON AIM WOULD BE HELPFUL. DEPENDING ON THE FORM OF AGREEMENT ON CONTINUATION OF THE TALKS, THIS COULD BE PART OF A CONCLUDING COMMUNIQUE ON 23 SEPTEMBER.
- MY SECOND IFT CONTAINS AMENDMENTS AND ADDITIONS TO THE TEXT IN HONG KONG TELNO 1377. YOU MAY VARY THE DETAILED TEXT BUT SHOULD DRAW ON THIS LINE WHICH NOW COVERS OUR TACTICAL MOVE, THE QUESTION OF THE NEXT MEETING AND THE PROBLEM OF CONFIDENCE.
- WE NEED TO ENSURE THAT MR LUCE IS FULLY UP TO DATE ON DEVELOPMENTS WHILE ON TOUR. HIS TIMETABLE IS: 20-21 SEPTEMBER IN SINGAPORE (DEPART 0915 ON 21 SEPTEMBER): 21- EVENING OF 23 SEPTEMBER IN BRUNEI: 23-24 SEPTEMBER IN SINGAPORE (DEPART 1550 FOR HONG KONG). PLEASE REPEAT TELEGRAMS ACCORDINGLY, PERSONAL FOR PS/MR LUCE. HOWE

FUTURE OF HONG KONG

LIMITED

HD/HKD HD/FED

HD/PLANNING STAFF

HD/PUSD

PS

PS/LADY YOUNG

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MR ROBERTS NEWS D

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MR FLOWER PUSD

NO 10 DOWNING STREET MR COLES

SIR A PARSONS NO 10 DOWNING STREET (GOGGS) MR WALKER RESEARCH D

SECRET

GRS 200

SECRET

DEDIP

FM THE HAGUE 200840Z SEP 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 262 OF 20 SEPTEMBER

PSTNO10 AT

YOUR TEL NO 112: FUTURE OF HONG KONG: NEXT ROUND OF TALKS.

FOLLOWING PERSONAL FOR PS, FOREIGN AND COMMONWEALTH SECRETARY FROM PS, PRIME MINISTER.

- 1. THE PRIME MINISTER AGREES WITH THE RECOMMENDATIONS IN PARAGRAPH 11 OF TUR SUBJECT TO THE FOLLOWING POINTS.
- 2. WE SHOULD AVOID GIVING ANY IMPRESSION THAT THE UK HAS SHIFTED ITS POSITION AND IS NOW WORKING ON THE BASIS OF THE CHINESE PROPOSALS.
- 3. WITH REGARD TO YOUR PARAGRAPH 11B, THE PRIME MINISTER
 CONSIDERS THAT RATHER THAN 'MAINTAINING OUR POSITION IN PRINCIPLE'
 WE SHOULD 'FIRMLY MAINTAIN OUR POSITION'. SHE HAS COMMENTED
 THAT IT MUST BE CLEAR THAT OUR OWN VIEWS ON BRITISH ADMINISTRATION HAVE NOT CHANGED AND THAT IT WILL BE OPEN TO US, HAVING
 HEARD AN EXPOSITION OF THE CHINESE PROPOSALS, TO STATE WHY WE
 BELIEVE THAT THEIR PLANS WILL NOT MAINTAIN CONFIDENCE.
- 4. YOU SHOULD KNOW THAT IN REACHING THESE CONCLUSIONS THE PRIME MINISTER WAS MUCH INFLUENCED BY THE CONSIDERATION THAT THE ALTERNATIVE TO DEPLOYING THE TACTICS PROPOSED MIGHT BE A BREAK-DOWN IN THE TALKS OR A VERY CONSIDERABLE WORSENING OF THE ATMOSPHERE.

MANSF IELD

LIMITED

HD/ HKD

HD FED

PS

PSI FIR LUCE

PSI PUS .

MR GIFFARD

MR DONALD

CoPIES TO

PS/ NO 10 DST.