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OO FCO (DESKBY 171200Z)

OO PEKING (DESKBY 160100Z)

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DESKBY FCO 171200Z

DESKBY PEKING 160100Z

FM HONG KONG 171030Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1755 OF 17 NOVEMBER 1983

INFO IMMEDIATE PEKING



PEKING TELNO 1199: FUTURE OF HONG KONG: FUTURE TACTICS

1. WE AGREE WITH THE AMBASSADOR THAT IT WAS A BLEAK AND DIS-
COURAGING SESSION. THE CHINESE ARE DEEPLY AND IMMOVABLY
ENTRENCHED ON SOVEREIGNTY AND ADMINISTRATION, AND ADAMANT
IN THEIR INSISTENCE THAT WE DEAL WITH THIS ISSUE OF PRINCIPLE.
THEY ARE STILL SUSPICIOUS THAT WE ARE SEEING SOME ROLE OF
AUTHORITY OR ADMINISTRATION IN HONG KONG AFTER 1997 AND
ARE UNWILLING TO TALK PRACTICALITIES WITH US WHILE THIS
SUSPICION REMAINS.

2. THEY ARE NOW SHARPENING THE DISTINCTION BETWEEN ARRANGE-
MENTS IN HONG KONG AFTER 1997, WHICH THEY REGARD AS THEIR
OWN INTERNAL AFFAIRS AND ON WHICH THEY ARE PREPARED ONLY TO
LISTEN TO OUR VIEWS AND ANSWER QUESTIONS; AND MATTERS WHICH
AFFECT BRITISH INTERESTS, OUR ECONOMIC RELATIONSHIP WITH THE
SAR, AND OUR WILLINGNESS TO COOPERATE IN A SMOOTH TRANSITION,
ON WHICH THEY ARE PREPARED TO TALK. ON THE FIRST, YAO GUANG
SAID AT ONE POINT THAT IT DID NOT NEED THE CONFIRMATION OF
THE BRITISH SIDE FOR THESE POLICIES TO COME INTO EFFECT.

3. WHERE THEY DID REVEAL MORE DETAILS OF THEIR PLAN THERE WAS
A DISTINCT TIGHTENING OF THE FUTURE LINK BETWEEN PEKING AND
HONG KONG. THE NEW SAR IS TO BE UNDER THE QUOTE DIRECT
AUTHORITY OF THE (NEXT TWO WORDS UNDERLINED) CENTRAL GOVERNMENT
UNQUOTE (NOT IN ARTICLE 31 OF THEIR CONSTITUTION); DISALLOWANCE
WILL APPLY TO ANY HONG KONG ACTION WHICH CONFLICTS WITH THE
QUOTE BASIC LAW UNQUOTE; FOREIGN NATIONALS WILL BE WELCOME BUT
ONLY AS ADVISERS.

4. THEY ARE OBVIOUSLY NOT PREPARED TO COOPERATE IN THE COURSE
OF ACTION WE HAD IN MIND (MY TELNO 1561 AND YOUR TELNO 716 TO
PEKING). THEY WANT TO DEAL WITH ISSUES OF PRINCIPLE AND TO
CLARIFY OUR INTENTIONS ON THE BRITISH ROLE. IN INSISTING ON
THE ABOLITION OF THE LETTERS PATENT, ROYAL INSTRUCTIONS AND
COLONIAL REGULATIONS THEY HAVE BROUGHT US UP AGAINST THE CON-
STITUTIONAL ISSUES OF THE LINK WITH BRITAIN AND THE FUTURE
GOVERNMENTAL STRUCTURE IN THIS TERRITORY. NO WORKING PAPER

CONSTITUTIONAL ISSUES OF THE LINK WITH BRITAIN AND THE FUTURE GOVERNMENTAL STRUCTURE IN THIS TERRITORY. NO WORKING PAPER THAT WE PUT IN ON THE FUTURE GOVERNMENTAL STRUCTURE COULD DUCK THIS ISSUE.

5. IN THE LIGHT OF THIS, I AGREE WITH PARA 7 OF PEKING TELNO 1199. BUT BEFORE MAKING THE MOVE I THINK IT ESSENTIAL, PARTICULARLY IN THE LIGHT OF THE DISCUSSION THIS MORNING (MY TELNO 1753) TO PROVIDE EXCO WITH THE ASSESSMENT FOR WHICH THEY HAVE ASKED (MY TELNO 1754), TO SET OUT FOR THEM THE IMPLICATIONS OF WHAT IS NOW PROPOSED, AND ALLOW THEM AN OPPORTUNITY TO COMMENT.

6. EVEN THOUGH IT WAS IMPLICIT BEFORE, WE SHALL NOW BE SAYING, PRETTY EXPLICITLY, THAT THERE IS A SOLUTION WHICH COULD BE ACCEPTABLE TO US WHICH DOES NOT (NOT) INVOLVE QUOTE CONTINUING BRITISH ADMINISTRATION FOR AS LONG AS POSSIBLE UNQUOTE (THE UMELCO FORMULA). WE WOULD BE SETTING OUR SIGHTS ON THE MORE LIMITED OBJECTIVE, FORCED ON US BY CHINESE UNWILLINGNESS TO COMPROMISE ON THE ADMINISTRATION ISSUE, OF SEEKING THE HIGHEST DEGREE OF AUTONOMY FOR HONG KONG WHICH WE CAN ACHIEVE.

7. EXCO WILL WISH TO KNOW PARTICULARLY IN THE LIGHT OF PARA 3 ABOVE WHAT ASSURANCES WE CAN REALISTICALLY EXPECT TO GET THAT THIS AUTONOMY WOULD BE RESPECTED. MEMBERS THIS MORNING CONTINUED TO ASK WHAT THE QUOTE INSULATOR UNQUOTE WOULD BE. AS I SEE IT, THE PROSPECTS HERE ARE ALSO NOT VERY PROMISING. THEY MIGHT BE -
(A) CHINESE ACCEPTANCE THAT A DECLARATION OF THEIR PROPOSED ARRANGEMENTS FOR AUTONOMY AND ITS DURATION OF 50 YEARS WOULD BE ENSHRINED IN A BILATERAL AGREEMENT WITH THE UK;
(B) WE MIGHT BE ABLE TO PERSUADE THEM TO ALLOW SOME OVERSEAS CIVIL SERVANTS TO CONTINUE IN SERVICE, AND IN PARTICULAR IN THE JUDICIARY; BUT COULD NOT EXPECT ANY QUOTE RESERVED SEATS UNQUOTE.
(C) WE MIGHT LEAD THEM NOT TO FRUSTRATE THE BUILDING UP OF A MORE REPRESENTATIVE SYSTEM OF GOVERNMENT ON THE LINES SET OUT IN MY TELNO 1714;
(D) THERE MAY BE A FEW OTHERS EG ADVISORY ECONOMIC BOARDS ON WHICH FOREIGN NATIONALS MIGHT SIT, BUT THEY WILL NOT AMOUNT TO MUCH.

THE AMBASSADOR MAY WISH TO COMMENT ON THIS LIST. IF THIS IS THE BEST WE CAN HOPE FOR THEN EXCO SHOULD BE TOLD.

8. THIS IS NOT A VERY ENCOURAGING OUTLOOK AND IT IS HIGHLY UNCERTAIN WHETHER SUCH ASSURANCES WOULD MAINTAIN CONFIDENCE IN HONG KONG. BUT IF WE THINK, IN THE LIGHT OF THE CHINESE ATTITUDE, THAT THIS MAY WELL BE THE OUTCOME THEN WE HAD BETTER TELL EXCO SO NOW.

9. THEY WILL ALSO WISH TO LOOK MORE THAN ONE STEP AHEAD. IF THE ACTION NOW PROPOSED IN PARA 7 OF PEKING TELNO DOES NOT PERSUADE THE CHINESE TO BEGIN DISCUSSIONS WITH US ON ARRANGEMENTS IN HONG KONG AFTER 1997, WHAT WOULD WE THEN PROPOSE? EXCO HAVE IN THE PAST REFERRED TO THE NEED TO FIND A WAY OF PUTTING OUR CASE DIRECTLY TO THE CHINESE LEADERS, AND IN PARTICULAR TO DENG. I BELIEVE THAT IF WHAT IS NOW PROPOSED DOES NOT ACHIEVE ITS PURPOSE THEN WE SHOULD THINK SERIOUSLY IN TERMS OF A VISIT TO PEKING BY THE SECRETARY OF STATE.

10. IN THE MEANTIME I STRONGLY SUPPORT THE RECOMMENDATIONS IN PEKING TELNO 1200.