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TO IMMEDIATE FCO
TELEGRAM NUMBER 1323 OF 9 DECEMBER

IMMEDIATE

INFO IMMEDIATE HONG KONG

ADVANCE COPY

FUTURE OF HONG KONG: THE WAY AHEAD

1. AS A RESULT OF THIS ROUND OF TALKS WE ARE NOW IN A POSITION WHERE WE CAN REASONABLY EXPECT TO HAVE FAIRLY DETAILED DISCUSSION OVER THE WHOLE AREA OF THE CHINESE PLAN FOR HONG KONG. ALTHOUGH I DO NOT THINK THE CHINESE HAVE DROPPED THE DISTINCTION BETWEEN MATTERS WHICH THEY REGARD AS THEIR INTERNAL AFFAIRS AND THOSE IN WHICH WE HAVE A DIRECT INTEREST, THEY APPEAR TO HAVE RELAXED IT FOR THE TIME BEING. IN THESE DISCUSSIONS WE SHALL NOT LIKE EVERYTHING WE HEAR, AND WE DO NOT YET KNOW TO WHAT EXTENT THE CHINESE WILL BE PREPARED TO MAKE MODIFICATIONS TO THEIR PLAN IN RESPONSE TO OUR VIEWS. IN THIS RESPECT CONVERSATIONS AT DINNER LAST NIGHT WERE MODERATELY ENCOURAGING. IT IS ALREADY CLEAR THAT IN SOME RESPECTS WE HAVE BEEN ABLE TO INTRODUCE OUR OWN IDEAS INTO THE CHINESE PLAN.

2. THE CONTINUATION OF THIS PROCESS NOW DEMANDS THAT WE SHOULD FINISH AS QUICKLY AS POSSIBLE THE WORKING PAPERS, AND THAT WE SHOULD GIVE PRIORITY TO THE MOST DIFFICULT AND CENTRAL ONES, PARTICULARLY THOSE ON CONSTITUTIONAL ARRANGEMENTS, THE CIVIL SERVICE, DEFENCE AND INTERNAL SECURITY, AND NATIONALITY. THERE IS NO DOUBT ABOUT THE SEPTEMBER 1984 DEADLINE, AND IT IS NOT LIKELY TO SLIP. THE CHINESE ARE ALMOST CERTAINLY GOING TO ANNOUNCE THEN THE 12 POINT PLAN; YAO SAID AS MUCH ON 8 DECEMBER (PARA 6(C) OF MY TELNO 1314), THOUGH IT MAY BE POSSIBLE TO FLESH OUT THE ANNOUNCEMENT WITH SUCH ELABORATIONS AS COME OUT OF OUR DISCUSSIONS IN THE MEANTIME. IT IS VERY IMPORTANT THEREFORE THAT WE INJECT INTO THEIR THINKING AT AN EARLY STAGE OUR IDEAS ON THE CENTRAL ISSUES. IN THIS WAY WE SHALL MAXIMISE OUR CHANCES OF GETTING THE DETAIL WE WISH TO SEE INCLUDED BOTH IN THEIR ANNOUNCEMENT AND IN WHATEVER RECOMMENDATIONS ARE MADE TO THE NATIONAL PEOPLE'S CONGRESS FOR THE DRAFTING OF THE BASIC LAW.

3. WE SHALL ALSO NEED TO CONSIDER OUR TACTICS IN RELATION TO A CHINESE ANNOUNCEMENT IN SEPTEMBER 1984. IT IS LIKELY TO

~~3. WE SHALL ALSO NEED TO CONSIDER OUR TACTICS IN RELATION TO A CHINESE ANNOUNCEMENT IN SEPTEMBER 1984. IT IS LIKELY TO REQUIRE SOME FORM OF PARALLEL ANNOUNCEMENT BY OURSELVES AT ABOUT THE SAME TIME. THIS WILL NEED FURTHER THOUGHT.~~

4. IN THE SHORTER TERM WE NEED QUICK PROGRESS ON THE CENTRAL WORKING PAPERS. THESE WILL INVOLVE QUESTIONS THAT REQUIRE MINISTERIAL DECISIONS AND WE SHALL NEED TO BRING EXCO WITH US. THE PROPOSED MEETINGS IN JANUARY IN LONDON WILL PLAY A CRUCIAL PART IN THIS.

5. IF IT IS AGREED THAT WE SHOULD PROCEED IN THIS WAY, THERE IS LIKELY TO BE SOME DELAY BEFORE WE PUT FURTHER WORKING PAPERS TO THE CHINESE SIDE, THOUGH I STRESS THAT IT IS IN OUR INTERESTS TO REDUCE THIS TO A MINIMUM. I THINK THAT IN ORDER TO AVOID MISUNDERSTANDING WE WOULD NEED TO TELL THE CHINESE THAT IN DEFERENCE TO THEIR WISHES WE WERE NOW CONCENTRATING ON THE IMPORTANT CENTRAL WORKING PAPERS AND THAT FOR THIS REASON THERE COULD BE A GAP BEFORE WE WERE ABLE TO PUT THE NEXT ONE TO THEM.

6. AS REGARDS THE OPTIONS, IT SEEMS TO ME THAT IN THE PRESENT CIRCUMSTANCES THERE ARE ONLY TWO. WE CAN CONTINUE ON OUR PRESENT COURSE AS OUTLINED ABOVE. AT THIS STAGE THE ONLY ALTERNATIVE WOULD BE TO SAY NOW THAT WE CAN ALREADY SEE THAT THIS COURSE WILL BE INEFFECTIVE AND THAT NO AGREEMENT IS POSSIBLE ON THE BASIS OF THE CHINESE PREMISE THAT WILL ALLOW HONG KONG TO MAINTAIN ITS STABILITY AND PROSPERITY. IN OTHER WORDS, CONFRONTATION. THE ARGUMENTS AGAINST THIS HAVE BEEN WELL REHEARSED AND I SHALL NOT REPEAT THEM. I SHALL ONLY SAY THAT TO ADOPT THIS COURSE NOW WHEN WE APPEAR TO BE GETTING INTO SERIOUS DISCUSSION OF THE CHINESE PLAN WOULD BE QUITE INCONSISTENT WITH THE DECISION TAKEN IN OCTOBER TO EXPLORE THE CHINESE PLAN AND SEE WHAT COULD BE BUILT ON IT. WHEN THIS PROCESS HAS BEEN COMPLETED IT WILL BE THEORETICALLY OPEN TO US TO REJECT THE RESULTS OF IT, THOUGH THIS COURSE IS UNLIKELY TO SEEM ANY MORE ATTRACTIVE AT THE TIME THAN IT DID IN OCTOBER.

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