

CONFIDENTIAL

FROM PEKING 290615Z FEB 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 350 OF 29/2/84
INFO IMMEDIATE HONG KONG

MY TEL NO 346: MRS WILLIAMS AND ZHOU NAN

1. MRS WILLIAMS SPENT 1 3/4 HOURS WITH ZHOU NAN ON THE MORNING OF 28 FEBRUARY. NO-ONE FROM THE EMBASSY WAS PRESENT. ZHOU WAS SUPPORTED BY TWO MEMBERS OF THE CHINESE NEGOTIATING TEAM (NOT IDENTIFIED BY MRS WILLIAMS). MRS WILLIAMS WAS ACCOMPANIED ONLY BY HER INTERPRETER FROM THE PEOPLE'S INSTITUTE OF FOREIGN AFFAIRS. DURING THE SECOND HALF OF THE CONVERSATION, THERE WAS NO INTERPRETATION OF WHAT SHE SAID.

2. MRS WILLIAMS GAVE ME A FAIRLY FULL ACCOUNT OF THE CONVERSATION OVER A LUNCH SHE GAVE FOR HER (WITH NO CHINESE PRESENT) ON 28 FEBRUARY. WHAT SHE SAID TO ME WAS GENERALLY CONSISTENT WITH WHAT SHE SUBSEQUENTLY SAID TO REPORTERS. BUT IT WAS FULLER AND THE EMPHASIS WAS DIFFERENT HERE AND THERE. I THEREFORE THINK IT WORTH GIVING YOU THE SUBSTANCE OF THE NOTES WHICH I MADE IMMEDIATELY AFTER THE LUNCH.

3. MRS WILLIAMS HAD RUBBED IN TO ZHOU THE IMPORTANCE TO CHINA OF THE MAINTENANCE OF CONFIDENCE IN AND OVER HONG KONG. SHE HAD SAID THAT DEVELOPMENTS IN CHINA ITSELF OVER THE NEXT 13 YEARS WOULD BE VERY IMPORTANT (SEMI-COLON) IF THE CHINESE ECONOMY BECAME MORE OF A MIXED ECONOMY, MORE MEMBERS OF THE ALL IMPORTANT "SANDWICH CLASS" OF BUSINESS MANAGERS AND PROFESSIONAL PEOPLE WOULD DECIDE TO REMAIN IN HONG KONG, BUT IF NOT, NOT. IN ANSWER TO ZHOU'S CHARGE, SHE HAD STRONGLY DENIED THAT THE BRITISH GOVERNMENT OR THE HONG KONG GOVERNMENT HAD PROVOKED THE CRISIS OF CONFIDENCE IN THE AUTUMN OF 1983. THIS CRISIS HAD BEEN CREATED BY UNCERTAINTY, BOTH IN HONG KONG AND ELSEWHERE, ABOUT WHAT CHINA INTENDED FOR HONG KONG.

4. ZHOU HAD MADE IT CLEAR THAT CHINA WAS AIMING FOR THE SIGNATURE OF A FORMAL BILATERAL AGREEMENT WITH THE UNITED KINGDOM BY THE END OF JULY. IN ANSWER TO HIS QUESTION WHETHER SHE THOUGHT THIS POSSIBLE, MRS WILLIAMS HAD SAID THAT SHE WAS CERTAIN THAT IT

WOULD NOT BE AUTHORISED TO SIGN ANY AGREEMENT UNTIL THERE HAD BEEN A FULL DEBATE IN PARLIAMENT. IT WAS, HOWEVER, POSSIBLE THAT IT MIGHT BE AUTHORISED TO INITIAL AN AGREEMENT. ZHOU HAD COUNTERED THAT THE CHINESE GOVERNMENT WOULD EXPECT THE BRITISH GOVERNMENT TO BE BOUND BY INITIALLING. SHE HAD REPLIED THAT THE BRITISH GOVERNMENT COULD NOT COMMIT ITSELF TO AN INVARIABLE TEXT UNTIL THERE HAD BEEN A FULL DEBATE IN PARLIAMENT. NO BRITISH GOVERNMENT COULD TAKE PARLIAMENT FOR GRANTED (SEMI-COLON) AND THE CHINESE GOVERNMENT COULD NOT EXPECT THE BRITISH GOVERNMENT TO ACT IN A WAY INCONSISTENT WITH TRADITIONS WHICH REACHED BACK TO MAGNA CARTA. NOR WAS PARLIAMENTARY OPINION STATIC. THIS HAD BEEN AMPLY DEMONSTRATED BY WHAT HAD HAPPENED OVER THE PATRIATION OF THE CANADIAN CONSTITUTION. ZHOU HAD THEN ASKED HER A LARGE NUMBER OF QUESTIONS ABOUT THE SENTIMENT AMONG DIFFERENT PARTIES AND GROUPS IN PARLIAMENT. SHE HAD ANSWERED AS BEST SHE COULD (SHE DID NOT GIVE ME DETAILS OF WHAT SHE HAD SAID).

5. ZHOU HAD SAID THAT THE CHINESE GOVERNMENT DID NOT LIKE THE MOTION DOWN FOR DEBATE BY THE LEGISLATIVE COUNCIL ON 15 MARCH. THE BRITISH GOVERNMENT MUST HAVE BEEN BEHIND THE TABLING OF THIS MOTION, WHICH HAD IMMEDIATELY FOLLOWED THE TABLING OF MR BROWN'S EARLY MOTION IN THE HOUSE OF COMMONS. MRS WILLIAMS HAD STRENUOUSLY DENIED THAT THIS WAS THE CASE. THE LEGISLATIVE COUNCIL WAS CONSTITUTIONALLY ENTITLED TO PUT DOWN THE MOTION (SEMI-COLON) IN ANY CASE, IT WAS QUITE RIGHT THAT THE MOTION SHOULD BE DEBATED.

6. AT THIS ZHOU HAD BECOME QUITE STERN. I MUST WARN YOU MRS WILLIAMS, HE HAD SAID, THAT THE BRITISH GOVERNMENT MUST NOT PLAY THE PUBLIC OPINION CARD IN HONG KONG. THIS WOULD BE INCONSEQUENT OF THE AGREEMENT BETWEEN CHINA AND THE UNITED KINGDOM THAT THE TALKS SHOULD REMAIN CONFIDENTIAL AND WOULD IN ANY CASE DAMAGE THE ATMOSPHERE.

7. JUST BEFORE LEAVING MY HOUSE, MRS WILLIAMS TOLD ME THAT SHE PLANNED TO SPEAK OR WRITE TO YOU ABOUT HER CONVERSATION WITH ZHOU ON HER RETURN TO LONDON, IN ABOUT A WEEK'S TIME.

EVANS

FUTURE OF HONG KONG

LIMITED

ED/EKD

ED/FED

ED/PLANNING STAFF

ED/PUSD

D/ED/PUSD (MR FLOWER)

RES.B. (MR WALKER)

LEGAL ADVISER (SIR IAN SINCLAIR)

PS

PS/LADY YOUNG

PS/MR LUCE

PS/PUS

SIR J BULLARD

SIR W HARDING

MR DONALD

MR WRIGET

SIR C TICKELL

COPIES TO:

BUCKINGHAM PALACE

PS/LORD PRESIDENT OF THE COUNCIL

PS/HOME SECRETARY

PS/CHANCELLOR OF THE EXCHEQUER

PS/LORD PRIVY SEAL

PS/SECRETARY FOR TRADE & INDUSTRY

COPIES TO: (VIA ADR)

MR ROBERTS NEWS D

MR BURROWS LEGAL ADVS

MR COLES NO 10 DOWNING ST.

MR MARTIN ASSESSMENT STAFF CABINET OFFICE

MR GOODALL CABINET OFFICE

MR BRENNAN CABINET OFFICE

PS/S OF S FOR DEFENCE D

PS/ATTORNEY GENERAL

SIR P CRADOCK RM K195

SIR P CRADOCK NO 10 DOWNING STREET

2

CONFIDENTIAL