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 DESKBY 300930Z
 FM HONG KONG 300810Z MAR 84
 TO IMMEDIATE FCO
 TELEGRAM NUMBER 864 OF 30 MARCH
 INFO IMMEDIATE PEKING

MA 75

MY TELNO 859: FUTURE OF HONG KONG: VISIT BY EXCO UNOFFICIALS TO LONDON.

1. THE EXCO UNOFFICIALS HAVE BEEN MEETING DAILY TO PREPARE FOR THEIR VISIT TO LONDON. THEY ARE EXPECTING TO COMPLETE THEIR DELIBERATIONS AND TO GIVE ME ADVANCE NOTICE OF THE POINTS THEY WILL WISH TO RAISE AND THE LINE THEY PROPOSE TO TAKE ON APRIL 2 (MONDAY). I WILL TELEGRAPH AGAIN THEN.

2. IT IS HOWEVER EVIDENT FROM THE MOOD OF THE COUNCIL AT YESTERDAY'S MEETING, AND FROM THE CONCERNS EXPRESSED BY MEMBERS, THAT THE UNOFFICIALS SEE THEIR VISIT TO LONDON NEXT WEEK AS THE MOST IMPORTANT OF ANY THAT HAS TAKEN PLACE SO FAR. THEY BELIEVE THAT WE HAVE NOW REACHED A CRITICAL POINT IN THE NEGOTIATIONS: THAT THE SECRETARY OF STATE'S DISCUSSIONS IN PEKING WILL BE CRUCIAL TO THE WHOLE FUTURE OF HONG KONG: THAT HMG WILL NEED NOW TO DECIDE WHAT KIND OF AGREEMENT THEY INTEND TO PRESS FOR: AND WHAT THEIR "BOTTOM LINE" WILL BE.

3. AS THE UNOFFICIALS SEE IT, THE PROCESS OF EXPLORATION AND CONSTRUCTION ON THE BASIS OF THE CHINESE PLAN ON WHICH WE EMBARKED LAST NOVEMBER HAS LARGELY BEEN EXHAUSTED. IN THEIR VIEW THE RESULTS HAVE BEEN MEAGRE AT BEST. WHILE THE CHINESE HAVE CONFIRMED SOME OF THE POINTS INCLUDED IN OUR WORKING PAPERS, THEY HAVE REJECTED MANY OTHERS OR DISMISSED THEM AS MATTERS TO BE DEALT WITH IN THE BASIC LAW OR BY THE FUTURE SAR GOVERNMENT. IN ADDITION THEY HAVE IN MIND A SKELETAL AND LARGELY NON-BINDING AGREEMENT EXCEPT ON THE TRANSFER OF SOVEREIGNTY. THE UNOFFICIALS ARE QUITE CLEAR THAT THE KIND OF AGREEMENT WHICH THE CHINESE SEEM READY TO CONTEMPLATE WOULD NOT (NOT) MAINTAIN CONFIDENCE IN HONG KONG.

4. THE UNOFFICIALS WILL THEREFORE WISH TO KNOW FROM MINISTERS WHETHER HMG WILL BE PREPARED TO STICK OUT FOR THE MAXIMALIST AGREEMENT NOW UNDER CONSIDERATION AND IF NECESSARY FACE A "STAND-OFF" WITH THE CHINESE IN AN EFFORT TO GET IT. IN THE LIGHT OF THE EXPERIENCE OF THE PAST 18 MONTHS THEY FEAR THAT HMG WILL ALLOW THAT DRAFT TO BE CHIPPED AWAY TO THE POINT WHERE IT WOULD PROVIDE FEW IF ANY OF THE ASSURANCES WHICH THEY WERE ASSURED IN JANUARY THAT HMG WOULD SEEK. SOME MEMBERS, INCLUDING SIR S.Y. CHUNG, CONTINUE TO BELIEVE THAT IF HMG WERE PREPARED TO RISK A "STAND-OFF" THE CHINESE WOULD BE FORCED, IN ORDER TO PROTECT THEIR OWN INTERESTS, TO CONCEDE TERMS BETTER THAN THOSE.

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WHICH NOW APPEAR TO BE ON OFFER. THEY DOUBT WHETHER HMG WOULD BE WILLING TO GO THAT FAR BUT WILL BE SEEKING REASSURANCE. THEY ARE LIKELY TO SAY THAT THERE IS A POINT BEYOND WHICH IT WILL NOT BE POSSIBLE FOR THEM TO GIVE HMG THEIR SUPPORT.

5. THE UNOFFICIALS MAY ALSO FOCUS ON HMG'S "MORAL OBLIGATION" TO THE PEOPLE OF HONG KONG. THEY WILL BE SEEKING FIRM ASSURANCES ON NATIONALITY (ON WHICH I AM TELEGRAPHING SEPARATELY). THEY MAY WELL REVIVE THE ISSUE OF HMG'S COMMITMENT MORE GENERALLY TO THOSE WHO MAY WANT TO LEAVE AND WILL WANT TO KNOW HOW MINISTERS WOULD PROPOSE TO FULFIL THE COMMITMENT IF, AS THEY FEAR, AN ACCEPTABLE AGREEMENT WITH THE CHINESE IS UNATTAINABLE.

YOUDE

FUTURE OF HONG KONG

DELIMITED

ED/HKD

ED/YED

ED/PLANNING STAFF

ED/FUSD

D/ED/FUSD

RES.B. (MR WALKER)

LEGAL ADVISER (SIR IAN SINCLAIR)

PS

PS/LADY YOUNG

PS/MR LUCE

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SIR J BULLARD

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MR WRIGHT

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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

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SECRET

E.R.

Done

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2/4.

PRIME MINISTER

HONG KONG

The unofficials are coming to see you next Friday at 9 o'clock.

We have arranged a meeting of OD(K) on Tuesday to prepare for their visit and to consider the Foreign Secretary's latest paper on arrangements between now and 1997.

A brief will then be prepared for your meeting with EXCO. But I think it may well be a difficult meeting. If you agree, therefore, I suggest that we have the Foreign Secretary and Percy Cradock in at 0830 on Friday to go over the speaking notes with you. Content?

Yes mt

A.S.C.

Mrs. Lyda

pl. arrange.

30 March 1984

A.S.C. 3/4.

RESTRICTED



file ecc
cc Sir P C
CR

10 DOWNING STREET

From the Private Secretary

26 March 1984

HONG KONG: MEETING WITH UNOFFICIALS

BT | The Prime Minister has agreed to rearrange her diary so that her meeting with the unofficials next week can take place at 9 o'clock a.m. on Friday, 6 April. As the Prime Minister will need to begin work fairly early that day on a speech which she is to deliver in the afternoon, we hope that the meeting can end not later than 10.30 (and earlier if possible).

ASC

Peter Ricketts Esq
Foreign and Commonwealth Office

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BF

MR. COLES

I have blocked out 1130-1300 hours on Friday 9 March for a possible visit by EXCO. But I think the Cabinet Office should be warned, so that they can warn Ministers, as Friday is always a difficult day.

CR.

CR.

Mr. Byler.

Only FCO Ministers will be involved - and they know.

28 February 1984

A. J. C. 25/2.



10 DOWNING STREET

MRS. RYDER

Could you provisionally
block off the period
1130-1300 on Friday, 9 March
for a possible visit by
EXCO (Hong Kong).

A.S.C.

27 February 1984