

~~SECRET~~
FUTURE OF HONG KONG

ADVANCE COPIES

11

39 89

PS
PS/PJS
PS/MR LUCE



COPIES TO:
MR POWELL
MR COLES, NO. 10 DOWNING ST
MR ROBERTS, NEWS DEPT
SIR PERCY CRADOCK

~~ED/ED~~
~~ED/ED~~
PS LADY YOUNG
SIR W HARDING
~~RESIDENT CLERK~~

0720

COPY

SECRET

DESKBY 260900Z FCO

DESKBY 260530Z HONG KONG

ADVANCE
IMMEDIATE

FROM PEKING 260450Z JUL 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 1622 OF 26/7/84

INFO IMMEDIATE HONG KONG

FUTURE OF HONG KONG: ROUND 19: DINNER:

DISCUSSION WITH ZHOU NAN

1. I SPENT ABOUT AN HOUR YESTERDAY EVENING ALONE WITH ZHOU NAN AFTER MY DINNER FOR THE DELEGATION.

YOUR VISIT

2. ZHOU SAID HE HAD SEEN REPORTS IN THE BRITISH PRESS THAT YOU WERE CONSIDERING A FURTHER VISIT TO PEKING IN SEPTEMBER. I SAID I COULD NEITHER SUBSTANTIATE NOR DENY THESE REPORTS. ZHOU SAID HE WISHED TO EMPHASISE THAT ALL SENIOR CHINESE LEADERS WOULD BE VERY BUSY IN SEPTEMBER. IT WOULD BE VERY DIFFICULT FOR THEM TO RECEIVE VISITORS AT THAT TIME. YOUR VISIT THIS MONTH WAS VERY IMPORTANT. IT WAS DIFFERENT FROM YOUR APRIL VISIT (SEM-CLN) THE STAKES WERE HIGHER AND THE TIME FOR THE ACHIEVEMENT OF AN AGREEMENT WAS SHORTER.

ITEM 2

ITEM 2

3. ZHOU SAID THAT CHINESE LEADERS WERE VERY DISAPPOINTED WITH THE REPORT OF ROUND 19 WHICH HE HAD ALREADY SUBMITTED. IT SHOWED NO BRITISH FLEXIBILITY OVER THE JOINT GROUP. HIS ~~LEADER~~ LEADERS WERE PUZZLED AND WORRIED ABOUT YOUR VISIT.

4. ZHOU ASKED IF YOU WOULD BE COMING WITH NEW PROPOSALS OR IF YOU WOULD MERELY RECITE OUR POSITION AS OUTLINED IN MY 31 MAY STATEMENT. I REPLIED THAT I HAD ALREADY EXPLAINED THE PURPOSES OF YOUR VISIT. ZHOU SAID THAT IT WAS VERY IMPORTANT THAT YOU SHOULD SPEAK YOUR MIND FROM THE OUTSET DURING YOUR MEETINGS WITH WU. THESE THREE MEETINGS WERE VERY IMPORTANT. THEY WOULD SET THE SCENE FOR EVERYTHING. ALTHOUGH WU WAS A SENIOR AND INFLUENTIAL LEADER, HE WOULD BE UNABLE TO RESPOND IMMEDIATELY TO ANY PROPOSALS. DISCUSSION WITH OTHER LEADERS WOULD BE NECESSARY BEFORE DECISIONS COULD BE TAKEN. THERE WAS LITTLE TIME. THIS WAS THE REAL REASON WHY HE HAD SUGGESTED A MEETING WITH SIR PERCY CRADOCK AS EARLY AS POSSIBLE

5. ZHOU AGAIN TALKED ABOUT THE NEED FOR THE CHINESE SIDE TO SEE A BRITISH DRAFT TO CORRESPOND TO THE CHINESE DRAFT PROTOCOL. HE SAID THAT ONLY THEN COULD THE CHINESE SIDE JUDGE PRECISELY WHAT WE WANTED OVER THE JOINT GROUP AND OTHER SUBJECTS COVERED BY THE DRAFT PROTOCOL.

6. HE CONCLUDED BY SAYING THAT CHINA COULD NOT WAIT UNTIL 1993 FOR THE ESTABLISHMENT OF THE JOINT GROUP (HE DID NOT AT THAT POINT SAY ESTABLISHMENT (NEXT THREE WORDS UNDERLINED) IN HONG KONG). HE HOPED YOU UNDERSTOOD HOW MUCH IMPORTANCE CHINESE LEADERS ATTACHED TO BASING THE JOINT GROUP IN HONG KONG.

JOINT DECLARATION

7. ZHOU SAID HE HAD BEEN DISAPPOINTED BY MY PRELIMINARY COMMENTS. THE CHINESE THOUGHT THEY HAD MOVED A LONG WAY WITH THEIR REVISED DRAFT. HE ASKED WHY WE OBJECTED TO ITS PARAGRAPHS 2 AND 3. I SAID THAT IT USED LANGUAGE WHICH MADE IT SEEM AS THOUGH THE UNITED KINGDOM WAS SUBMITTING TO CHINA. I REPEATED THE OTHER DEFICIENCIES WE SAW IN THE DRAFT. ZHOU SAID THAT NATIONALITY OR LAND COULD NOT BE DEALT WITH IN THE MAIN AGREEMENT. THEY WERE TOO TECHNICAL AS SUBJECTS TO BE DEALT WITH THERE. NATIONALITY BELONGED IN THE EXCHANGE OF NOTES, AND LAND IN THE PROTOCOL.

8. ZHOU ASKED HOW LONG A DELAY WE ENVISAGED BEFORE RATIFICATION. I REMINDED HIM OF OUR POSITION: IMPLEMENTING LEGISLATION WILL BE NECESSARY BEFORE RATIFICATION. IT WAS NOT A QUESTION OF 30, 40 OR EVEN 50 DAYS.

8. ZHOU ASKED HOW LONG A DELAY WE ENVISAGED BEFORE RATIFICATION. I REMINDED HIM OF OUR POSITION: IMPLEMENTING LEGISLATION WILL BE NECESSARY BEFORE RATIFICATION. IT WAS NOT A QUESTION OF 30, 40 OR EVEN 50 DAYS.

LAND

9. ZHOU CLAIMED THAT THE CHINESE SIDE HAD MADE A BIG STEP. THEY COULD HAVE WAITED TO DO SO. HE SAID THAT THERE WAS SCOPE FOR MORE CHINESE FLEXIBILITY ON LAND IF WE MOVED ON LOCATION OF THE JOINT GROUP.

COMMENT

10 ZHOU WAS PLAYING THE WORRIED MAN. HE SAID THAT CHINESE LEADERS WERE PREPARED TO CONTEMPLATE BREAKDOWN. HIS OWN POSITION WAS BECOMING DIFFICULT. HE WAS CONSISTENTLY REPORTING THAT WE WANTED AN AGREEMENT. BUT HIS LEADERS WERE BEGINNING TO WONDER.

11. OTHER DISCUSSION WILL BE REPORTED SEPARATELY

EVANS

NNNN

3. ZHOU SAID THAT CHINESE LEADERS WERE VERY DISAPPOINTED WITH THE REPORT OF ROUND 19 WHICH HE HAD ALREADY SUBMITTED. IT SHOWED NO BRITISH FLEXIBILITY OVER THE JOINT GROUP. HIS LEADERS WERE PUZZLED AND WORRIED ABOUT YOUR VISIT.

4. ZHOU ETC