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DESBKY -FCO 081800Z

FROM PEKING 081620Z SEP 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 2195 OF 8/9/84

INFO IMMEDIATE HONG KONG

YOUR TEL NOS 1129 1130 AND 1131.

FUTURE OF HONG KONG : SECRETARY OF STATE'S MESSAGE

1. ON RECEIPT OF YOUR FIRST TUR, I SPOKE TO THE MFA AS INSTRUCTED . THEY TELEPHONED BACK TO SAY THAT WU WAS VERY BUSY TODAY AND HAD ASKED WZHOU NAN TO RECEIVE YOUR MESSAGE WHENEVER IT WAS READY FOR DELIVERY.

I SAID THAT YOU WANTED ME TO DELIVER IT TO WU. PERSONALLY. WOULD HE BE FREE TO RECEIVE ME TOMORROW? THEY TELEPHONED TO SAY THAT WU WOULD BE BUSY BOTH TOMORROW AND ALL NEXT WEEK. I THEREFORE AGREED TO GIVE THE MESSAGE TO ZHOU AS SOON AS I HAD RECEIVED IT.

2. I CALLED ON ZHOU AT 8 PM (LOCAL 5 TIME) ACCOMPANIED BY THOMSON. AFTER HE HAD READ THE MESSAGE, I SPOKE AS INSTRUCTED IN YOUR SECOND TUR.

ZHOU SAID THAT THE MESSAGE WAS IMPORTANT, AND THAT HE WOULD PASS IT TO WU IMMEDIATELY. BUT AS THE SUBJECTS COVERED HAD BEEN DISCUSSED IN OUR RECENT MEETINGS, AND AS HE WAS FAMILIAR WITH THE CHINESE POSITION, HE THOUGHT IT WOULD BE USEFUL TO EXPRESS SOME PERSONAL VIEWS. THE CHINESE POSITION ON THE SUBJECT YOU COVERED HAD BEEN FORMULATED AFTER CAREFUL CONSIDERATION. THEY TOOK ACCOUNT OF BRITISH DIFFICULTIES. IN SOME CASES, FURTHER CONCESSIONS WOULD BE IMPOSSIBLE. HE COULD TELL ME THAT HE HAD REPORTED VERY RECENTLY ON THE STATE OF THE NEGOTIATIONS TO HIS LEADERS. THE COMMENTS HE WAS ABOUT TO OFFER WERE THEREFORE NOT PURELY PERSONAL OPINIONS, BUT THE VIEWS OF HIS GOVERNMENT

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3. NATIONALITY.

IF THE CHINESE GOVERNMENT ACTED STRICTLY IN ACCORDANCE WITH THEIR PRINCIPLES THAT THEY ~~DID~~ NOT RECOGNISE DUAL NATIONALITY, CHINESE RESIDENTS IN HONG KONG WOULD NOT BE PERMITTED AFTER 1997 TO USE TRAVEL DOCUMENTS ISSUED BY FOREIGN GOVERNMENTS. BUT THE CHINESE GOVERNMENT HAD SHOWN FLEXIBILITY AND AGREED THAT THE BRITISH GOVERNMENT COULD REPLACE BDTG PASSPORTS BY NEW DOCUMENTS FOR USE FOR OVERSEAS TRAVEL.

IF THE BRITISH GOVERNMENT FAILED TO COMPLETE REPLACEMENT BY 1997, SOME BDTGS WOULD BE LEFT TO TRAVEL ON BDTG PASSPORTS AFTER 1997. THIS WOULD GREAT GREAT POLITICAL PROBLEMS, BOTH DOMESTICALLY AND INTERNATIONALLY. AS TO THE BUREAUCRATIC BURDEN YOU HAD MENTIONED, THERE WERE 13 YEARS IN WHICH TO DISCHARGE IT. AS TO THE STIMULATION OF APPLICATIONS, MANY OF THOSE ELIGIBLE MIGHT NOT APPLY.

4. ZHOU SAID THAT OUR PROPOSAL THAT THE BRITISH MEMORANDUM ON NATIONALITY SHOULD MENTION "PASSPORTS EXPLICITLY COULD PERHAPS BE CONSIDERED; BUT TRANSMISSABILITY WAS AN EVEN GREATER PROBLEM THAN THE PROBLEM OF POST-1997 REDOCUMENTATION. A MATTER OF PRINCIPLE WAS INTRODUCED. THE CHINESE SIDE COULD NOT ACCEPT TRANSMISSABILITY UNDER ANY CIRCUMSTANCES.

5. GOVERNMENT STRUCTURE.

ZHOU SAID THAT THE CHINESE POSITION WAS FIRM. THE STRUCTURE OF THE FUTURE SAR GOVERNMENT WOULD BE STIPULATED IN THE BASIC LAW. THE CHINESE PROPOSED THAT THE AGREEMENT SHOULD STATE THAT THE CHIEF EXECUTIVE SHOULD BE CHOSEN BY ELECTION OR CONSULTATION. THIS WAS REASONABLE, BECAUSE IT WOULD IN PRACTICE BE DIFFICULT TO PRE-DETERMINE THE METHOD BY WHICH HE SHOULD BE CHOSEN.

ON THE LEGISLATURE, IT WAS TRUE ON THE "THEORETICAL LEVEL" IT SHOULD BE ELECTED, IN THE LONGER TERM AT LEAST. BUT WE COULD NOT KNOW NOW WHETHER THE OBJECTIVE CONDITIONS FOR THAT WOULD BE RIGHT IN 1997.

AS WE KNEW, SOME SENIOR AND INFLUENTIAL PEOPLE IN HONG KONG WERE CONCERNED ABOUT OUR PROPOSALS FOR AN ELECTED LEGISLATURE. IF ELECTION WERE STIPULATED IN THE AGREEMENT, AND THE APPROPRIATE CONDITIONS DID NOT MATERIALISE., THE RESULT WOULD BE GREAT INSTABILITY. THE CHINESE HAD THEREFORE PROPOSED THAT FORMATION SHOULD BE BY ELECTION OR CONSULTATION AS APPROPRIATE. TO TAKE A FIRM DECISION NOW THAT THE LEGISLATURE SHOULD BE ELECTED FROM THE START WOULD INVOLVE TOO GREAT A RISK

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6. CIVIL AVIATION

ZHOU SAID HE WOULD NOT COMMENT ON WHAT THE MESSAGE SAID ABOUT CIVIL AVIATION. THE CHINESE SIDE HAD JUST HANDED OVER A NEW TEXT WHICH MET SOME OF THE BRITISH CONCERNS AND GRANTED CONSIDERABLE AUTHORITY IN THIS FIELD TO THE SAR GOVERNMENT.

7. RATIFICATION

ZHOU WELCOME YOUR OFFER TO DROP OUR CONDITONAL LANGUAGE. BUT THE SIX MONTHS THAT WE ASKED FOR WAS TOO LONG. IN HIS VIEW, WE OUGHT TO BE ABLE TO COMPLETE THE NECESSARY LEGISLATION BY THE EASTER RECESS. THE CHINESE WERE NOT ASKING FOR EARLY RATIFICATION FOR ITS OWN SAKE. A LONG PERIOD OF SUSPENSE WOULD BE DETRIMENTAL TO THE INTERESTS OF ALL PARTIES CONCERNED. MOREOVER, SOME OF THE PROVISIONS OF THE AGREEMENT REQUIRED EARLY IMPLEMENTATION.

8. ZHOU SAID THAT ALL THESE WERE HIS PERSONAL AND PRELIMINARY COMMENTS. THE CHINESE SIDE WOULD STUDY THE MESSAGE. HIS RESPONSE WAS NOT OFFICIAL: BUT, AS TIME WAS SHORT HE THOUGHT HIS EXTEMPOREY REMARKS WOULD BE USEFUL. WHETHER WU REPLIED MORE FORMALLY AND MORE COMPREHENSIVELY (BY WRITING OR ORALLY THROUGH ZHOU) WERE FOR HIS JUDGEMENT. BUT ZHOU COULD ASSURE ME THAT HIS COMMENTS REFLECTED THE CHINESE GOVERNMENTS POSITION

9. I SAID I WOULD BE AVAILABLE TO RECEIVE WU'S REPLY AT ANY TIME. IN REPLY I MADE THREE COMMENTS

(A) RATIFICATION .

I SPOKE AGAIN IN ACCORDANCE WITH PARAGRAPH 2 OF YOUR SECOND TUR.

(B) GOVERNMENT STRUCTURE

I ASKED WHETHER THE CHINESE GOVERNMENT REALLY BELIVED THAT HONG KONG WOULD NOT BE READY FOR AN ELECTED LEGISLATURE BY 1997 AND IF SO WHY, ZHOU SAID THAT A COMMITMENT TO ELECTIONS COULD TURN OUT TO BE AN ERROR JUDGEMENT.

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WE WERE A PRACTICAL PEOPLE, WHO FAVOURED GRADUAL CHANGE. SUDDEN CHANGE WOULD LEAD TO UNDESIRABLE RESULTS, PARTICULARLY OVER THE ORGANISATION OF POLITICAL PARTIES.

I ASKED WHETHER THIS MEANT THAT THE CHINESE DID NOT TRUST THE PEOPLE OF HONG KONG. ZHOU REPLIED THAT THE CHINESE WERE CONCERNED ABOUT OBJECTIVE CONDITIONS. THE CHINESE FORMULATION PROVIDED FOR AN APPROPRIATE DEGREE OF FLEXIBILITY.

(C) NATIONALITY

I WELCOMED ~~WHAT~~ ZHOU HAD SAID ABOUT THE POSSIBILITY OF THE BRITISH MEMORANDUM MENTIONING PASSPORTS EXPLICITLY. ON THE BUREAUCRATIC BURDEN IMPOSED BY THE PROPOSED DEADLINE FOR REDOCUMENTATION, I SAID THAT YOUR POINT WAS BASED ON VERY THOROUGH CALCULATION

10. ZHOU THEN REVERTED TO RATIFICATION, REPEATING HIS VIEW THAT NECESSARY LEGISLATION COULD BE PASSED BY EASTER. I SAID THAT YOU AND THE PRIME ~~MINISTER~~ HAD MADE A CONSIDERED JUDGMENT AND THAT IT WAS NOT FOR THE CHINESE SIDE TO QUESTION IT.

11. ZHOU THEN SAID THAT HE HAD SPOKEN THIS MORNING WITH

DENG HAD EXPRESSED CONCERN ~~ABOUT~~ THE SLOW PROGRESS OF THE NEGOTIATION.

HE HAD SAID THAT, IF WE COULD NOT MAKE RAPID PROGRESS, WE RISKED THE COLLAPSE OF THE ENTIRE STRUCTURE THAT THE TWO SIDES HAD BUILT OVER A LONG PERIOD. THIS WOULD HAVE THE MOST SERIOUS POLITICAL CONSEQUENCES. PERHAPS SOME OF THE POINTS OF DETAIL UNDER NEGOTIATION COULD BE PUT ASIDE AND SETTLED LATER, SO THAT INITIALLY WOULD NOT BE HELD UP.

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12. I SAID THAT MY BRITISH MINISTERS WOULD AGREE THAT A COLLAPSE WOULD HAVE DIRE CONSEQUENCES.

BUT AT THE SAME TIME THERE WAS A NECESSARY MINIMUM, OR MODICUM, WHICH MUST BE AGREED AND RECORDED IN THE AGREEMENT.

IF IT WERE NOT, THAT TOO WOULD LEAD TO SERIOUS CONSEQUENCES.

13. ZHOU ENDED BY SAYING THAT I WOULD RECEIVE A RESPONSE TO YOUR MESSAGE AS SOON AS POSSIBLE.

EVANS

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