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DESKBY 160830Z FCO AND HONG KONG

FROM PEKING 160744Z SEP 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 2375 OF 16 SEPTEMBER

INFO IMMEDIATE HONG KONG

Y TELNO 2340: FUTURE OF HONG KONG: YOUR SECOND MESSAGE
TO WU XUEQIAN.

1. AT 0820 HOURS (LOCAL TIME), THE MFA TELEPHONED TO INVITE ME TO RECEIVE WU'S REPLY FROM ZHOU NAN AT THE DIAYOYUTAI BEFORE THE BEGINNING OF THIS MORNING'S NEGOTIATING SESSION.

2. I SAW ZHOU SHORTLY BEFORE 0900 HOURS. I WAS ACCOMPANIED BY BLUNT AND Y P CHENG.

3. ZHOU SAID THAT WU WOULD BE LEAVING FOR NEW YORK EARLY TOMORROW MORNING. IN THIS SITUATION HE DID NOT HAVE TIME TO SEND A WRITTEN REPLY OR TO RECEIVE ME HIMSELF. HE HAD THEREFORE ASKED ZHOU TO CONVEY HIS ORAL REPLY TO ME. THE REPLY CONTAINED 5 POINTS.

PREAMBLE

4. WU WISHED TO EXPRESS HIS THANKS TO YOU FOR YOUR LATEST MESSAGE, WHICH HE HAD STUDIED WITH GREAT CARE.

CIVIL AVIATION

5. WU WAS PLEASED TO LEARN THAT, AGAINST THE BACKGROUND OF THE EXCHANGE OF MESSAGES, THE TWO DELEGATIONS HAD "BASICALLY" REACHED AGREEMENT ON CIVIL AVIATION.

NATIONALITY

6. ON THE QUESTION OF PASSPORTS OF THOSE "CALLED BDTCS" IN HONG KONG, WU HAD CLEARLY EXPLAINED THE CHINESE POSITION IN HIS REPLY TO YOUR FIRST MESSAGE (MY TELNOS 2256-7). HE HAD SAID THAT IF BDTCS, WHETHER OR NOT THEY ALREADY HELD A BDTC PASSPORT, WISHED ON A VOLUNTARY BASIS TO APPLY FOR NEW BRITISH PASSPORTS, THE BRITISH GOVERNMENT MUST ISSUE THEM BEFORE 30 JUNE 1997. WU EMPHASISED THAT THIS WAS THE MAXIMUM FLEXIBILITY THE CHINESE GOVERNMENT COULD SHOW. HE HAD NOTED THAT THIS QUESTION HAD AGAIN BEEN RAISED IN YOUR MESSAGE. HE HAD ALREADY POINTED OUT THAT, IF BDTCS APPLIED FOR PASSPORTS BEFORE 30 JUNE 1997, YET THE PROCESS OF ISSUING NEW

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PASSPORTS.

PASSPORTS LASTED UNTIL AFTER 30 JUNE 1997, VERY GREAT POLITICAL DIFFICULTIES WOULD BE CREATED FOR THE CHINESE SIDE. YOUR PROPOSAL WAS THEREFORE DIFFICULT TO ACCEPT. WU THEREFORE HOPED THAT YOU AND THE BRITISH SIDE WOULD CONSIDER THE CHINESE SIDE'S DIFFICULTIES IN THE SPIRIT OF UNDERSTANDING AND SYMPATHY THAT THE CHINESE SIDE HAD DISPLAYED TOWARDS BRITISH DIFFICULTIES. WU THEREFORE HOPED THAT THE BRITISH SIDE WOULD NO LONGER PERSIST IN ITS POSITION ON THIS QUESTION.

ANNEX 1

7. WU BELIEVED THAT ZHOU NAN HAD ALREADY EXPLAINED VERY CLEARLY TO ME THE SUGGESTED CHANGES AND REVISIONS MADE BY THE CHINESE SIDE TO ANNEX 1. PUTTING FORWARD THESE CHANGES WAS FULLY "IN ACCORDANCE WITH PROCEDURE." WU ALSO BELIEVED THAT IF THE BRITISH SIDE STUDIED THE CONTENT OF THE CHANGES SUGGESTED BY THE CHINESE SIDE WITH GREAT CARE, THEY WOULD FIND THE CHINESE SIDE'S SUGGESTIONS AND PROPOSALS WERE REASONABLE. HE BELIEVED THAT THE BRITISH SIDE WOULD FIND THEIR ACCEPTANCE WOULD NOT BE DIFFICULT. WU KNEW THAT THE TWO DELEGATION CHAIRMEN WERE AT PRESENT STUDYING THESE QUESTIONS POINT BY POINT. HE BELIEVED THAT, AS LONG AS DISCUSSIONS WERE CONDUCTED IN A SPIRIT OF FRIENDSHIP AND MUTUAL UNDERSTANDING, AND FULL PLAY WAS GIVEN TO WISDOM, IT WOULD NOT BE DIFFICULT TO FIND A SATISFACTORY SETTLEMENT TO ALL REMAINING QUESTIONS.

CONCLUSION.

8. LIKE YOU, WU HAD FULL CONFIDENCE THAT THE TWO SIDES WOULD BE ABLE TO REACH AN HISTORIC AGREEMENT AT AN EARLY DATE. HE BELIEVED THAT THE INITIALLING WOULD TAKE HAVE TAKEN PLACE BY THE TIME HE MET YOU IN NEW YORK.

9. IN RESPONSE, I MADE THE FOLLOWING POINTS:-

(A) I WOULD CONVEY WU'S REPLY FULLY AND RAPIDLY TO YOU. I WAS SURE YOU WOULD WISH ME TO THANK WU FOR REPLYING TO YOUR SECOND MESSAGE SO PROMPTLY.

(B) CIVIL AVIATION: I PERSONALLY SHARED THE VIEW IN WU'S REPLY TO YOU THAT CIVIL AVIATION HAD BEEN BASICALLY RESOLVED.

(C) NATIONALITY: I SPOKE AS INSTRUCTED IN PARAGRAPH 1 OF YOUR TELNO 1203.

(D) ANNEX 1: YOU HAD EXPRESSED YOUR VIEW ON THE REVISED CHINESE TEXT VERY CLEARLY. I WOULD REST ON THAT.

(E) NEW YORK: YOU LOOKED FORWARD TO MEETING WU IN NEW YORK. I UNDERSTOOD THE BRITISH AND CHINESE MISSIONS WERE IN TOUCH ABOUT TIMING.

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10. ZHOU SAID HE HAD NOTED MY REMARKS. HE WOULD CONVEY THEM TO WU. ON NATIONALITY, THE AD HOC GROUP WOULD MEET THIS AFTERNOON. HE HAD NO DOUBT THAT THE TWO SIDES WOULD FIND A SATISFACTORY SOLUTION. I SAID THAT MCLAREN WAS PREPARED TO CONTINUE DISCUSSION TO-DAY.

11. HKD: PLEASE ENSURE THAT THE GOVERNOR SEES A COPY OF THIS TELEGRAM AS SOON AS POSSIBLE.

EVANS

(REPEATED AS REQUESTED)

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