

GRS AT END

FLASH
SECRET

VLIM 460/21

ZZ TOKYO

PP F C O

PP HONG KONG

GR

S E C R E T

FM PEKING 211440Z SEP 82

TO F L A S H TOKYO

TELNO 34 OF 21 SEPTEMBER

RPTD INFO PRIORITY FCO AND HONG KONG(PERSONAL FOR ACTING GOVERNOR).

FOLLOWING FOR PRIME MINISTER'S PARTY

PRIME MINISTER'S VISIT: SPEECH AT WELCOMING BANQUET

1. THE MFA TELEPHONED THIS EVENING TO SAY THAT HAVING EXAMINED THE PRIME MINISTER'S PROPOSED SPEECH FOR THE WELCOMING BANQUET, CHINESE LEADERS WERE UNHAPPY WITH REFERENCES TO HONG KONG. AT THIS STAGE, TALKS ON HONG KONG WOULD NOT YET HAVE TAKEN PLACE. IT WAS INAPPROPRIATE THAT HONG KONG SHOULD BE MENTIONED PUBLICLY. IF WE INSISTED ON THE TEXT WHICH HAD BEEN PRESENTED, WHICH THE CHINESE CONSIDERED STATED THE BRITISH POSITION ON HONG KONG, THE CHINESE WOULD FEEL OBLIGED TO STATE THEIR OWN DIFFERENT POSITION IN ZHAO ZIYANG'S SPEECH AT THE BANQUET. AFTER FURTHER PROBING, IT BECAME APPARENT THAT PART AT LEAST OF THE CHINESE OBJECTION WAS TO OUR MENTIONING THE OBJECTIVE OF CONTINUING PROSPERITY IN HONG KONG WITHOUT ANY MENTION OF THE SECOND LEG OF THE CHINESE POSITION, IE CHINESE SOVEREIGNTY. IT WAS CLEAR THAT THE THREAT WAS TO STATE IN ZHAO ZIYANG'S SPEECH THE CHINESE POSITION ON SOVEREIGNTY. THE MFA SAID THAT IT WAS THE STRONG PREFERENCE OF CHINESE LEADERS THAT NOTHING SHOULD BE SAID IN THE SPEECHES ABOUT HONG KONG AT ALL.

2. HAVING CONSULTED THE GOVERNOR, I TOLD THE MFA THAT WE WERE SURPRISED BY THEIR REACTION. THE SPEECH HAD BEEN CAREFULLY DRAFTED SO AS TO BE NEUTRAL, WE DID NOT CONSIDER THAT IT STATED OUR POSITION SEMICOLON INDEED WE BELIEVED THAT EVERYTHING IN IT SHOULD BE ACCEPTABLE TO BOTH SIDES. WE ASKED THAT THEY SHOULD RECONSIDER THEIR DECISION. THEY DECLINED TO DO SO.

3. I THEN TOLD THEM THAT IN MY VIEW AND THAT OF THE GOVERNOR IT WAS NOT POSSIBLE FOR A BRITISH PRIME MINISTER TO COME TO PEKING WITH THE EYES OF THE WORLD FOCUSED ON HER AND A GENERAL KNOWLEDGE THAT SHE WAS INTENDING TO DISCUSS HONG KONG AND TO SAY NOTHING ABOUT IT IN HER FIRST SPEECH. IF SHE DID THIS, THE PRESS WOULD IMMEDIATELY ASSUME THAT SOMETHING HAD ALREADY GONE WRONG. THIS WOULD BE DISASTROUS AND MIGHT AFFECT THE SUCCESS OF THE WHOLE VISIT.

4. ON A PURELY PERSONAL BASIS I ASKED WHETHER THE CHINESE WOULD OBJECT TO A FORMULATION ON THE FOLLOWING LINES:-
QUOTE IT IS AGAINST THAT BACKGROUND THAT CO-OPERATION BETWEEN CHINA'S GUANGDONG PROVINCE AND HONG KONG HAS DEVELOPED SO GREATLY IN RECENT YEARS. I BELIEVE ECONOMIC CO-OPERATION OF THIS KIND TO BE ADVANTAGEOUS TO BOTH SIDES. I AM LOOKING FORWARD TO DISCUSSING OVER THE NEXT TWO DAYS WITH YOU AND YOUR COLLEAGUES THE FUTURE OF HONG KONG, WHICH IS A SUBJECT OF GREAT IMPROTANCE TO US BOTH UNQUOTE.

5. THE MFA, HAVING CONSULTED ZHANG WENJIN, REPLIED THAT ALTHOUGH THIS WAS AN IMPROVEMENT, IT WOULD STILL NOT BE HELPFUL FOR THE TALKS. THEY HAVE PROPOSED THE FOLLOWING FORMULATION: QUOTE WE HAVE A GROWING HABIT OF HIGH LEVEL EXCHANGES ON WORLD PROBLEMS AND ON BILATERAL ISSUES. IT IS AGAINST THAT BACKGROUND, MR PREMIER, THAT I LOOK FORWARD TO DISCUSSING WITH YOU AND YOUR COLLEAGUES THE FUTURE OF HONG KONG, WHICH IS A SUBJECT OF GREAT IMPROTANCE TO US BOTH UNQUOTE. WE HAVE TOLD THE MFA THAT IT WAS FAR FROM CERTAIN THAT THE PRIME MINISTER COULD ACCEPT EVEN THE ORIGINAL REFORMULATION WHICH WE HAD PROPOSED. THEIR OWN PROPOSAL WOULD BE EVEN MORE DIFFICULT. BUT I WAS PREPARED TO REPORT IT.

6. THESE TELEPHONE CONVERSATIONS WENT THROUGH SEVERAL STAGES, IN WHICH IT APPEARED THAT ZHANG WENJIN WAS GETTING INSTRUCTIONS FROM A HIGHER LEVEL TO TOUGHEN HIS LINE WITH US. AT ONE POINT IT LOOKED AS THOUGH HE WAS GOING TO ACCEPT THE FORMULATION IN MY PARA 4 ABOVE.

7. IT IS EXTREMELY TIRESOME THAT THE CHINESE HAVE TAKEN ISSUE WITH US ON THE SPEECH. NEVERTHELESS, BOTH THE GOVERNOR AND I FEEL THAT A PUBLIC DIFFERENCE OF OPINION ON SOVEREIGNTY BEFORE THE TALKS HAVE EVEN BEGUN WOULD BE VERY DAMAGING. I FEAR THAT THIS EPISODE IS A GOOD INDICATION OF HOW DIFFICULT THE CHINESE ARE LIKELY TO BE ON THE WHOLE SUBJECT IN THE TALKS. WE THEREFORE RELUCTANTLY RECOMMEND THAT THE PRIME MINISTER ACCEPT THE FORMULATION PROPOSED. IN THE SHORT TIME REMAINING IT IS HARDLY POSSIBLE TO ACHIEVE ANY SIGNIFICANT IMPROVEMENT ON IT.

8. I SHOULD BE GRATEFUL FOR INSTRUCTION ON HOW TO RESPOND TO THE MFA AS EARLY AS POSSIBLE TOMORROW MORNING.

CRADOCK

GNNN

We have not yet begun our discussion on the 1st level found to permit the important matter with the Governor.