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TELEGRAM NUMBER 3132 OF 5 OCTOBER

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ROUTINE HONG KONG GOVERNMENT OFFICE LONDON, HONG KONG GOVERNMENT

REPRESENTATIVES WASHINGTON, NEW YORK, BRUSSELS AND GENEVA.

HONG KONG AGREEMENT : MEDIA COVERAGE.**SUMMARY:**

1. MEDIA COVERAGE DOMINATED BY THE GOVERNOR'S SPEECH TO LEGCO AS COVERAGE OF THE AGREEMENT DIMINISHES TO SOME EXTENT. DISTRICT BOARD DISCUSSIONS. ZHOU NAN ON SIGNING THE AGREEMENT. DENG'S MEETING WITH HK VISITORS. NATIONALITY/PASSPORTS.

NEWS COVERAGE:

2. GOVERNOR'S SPEECH: THE SPEECH WAS WELL RECEIVED AND MOST PAPERS, INCLUDING THE LEADING LEFT-WING PAPERS, SAW IT AS AN EXPRESSION OF CONFIDENCE IN HK'S FUTURE, PARTICULARLY WITH REGARD TO THE HKG'S COMMITMENT TO THE ADMINISTRATION OF HK IN THE NEXT 13 YEARS. LARGE SCALE PROJECTS SUCH AS THE SECOND CROSS-HARBOUR TUNNEL WERE ALSO VIEWED AS EXPRESSIONS OF CONFIDENCE.

THE GOVERNOR'S CALL FOR HK PEOPLE TO BUILD A BETTER FUTURE NOW THAT THE PERIOD OF UNCERTAINTY WAS OVER WAS STRESSED. SOME ATTENTION WAS GIVEN TO FUTURE ADMINISTRATIVE REFORMS AND POSSIBLE CHANGES TO THE PLANS OUTLINED IN THE GREEN PAPER. HK TIMES (PRO-TAIPEI) AND WAH KIU YAT PO (INDEPENDENT) SAID THAT LEGCO MEMBERS FELT THE SPEECH TO BE CAUTIOUS AND PRAGMATIC: BUT THAT VARIOUS OTHER SECTORS HAD DESCRIBED IT AS CONTAINING NOTHING NEW.

3. DISTRICT BOARDS: FIVE DB'S HELD SPECIAL MEETINGS YESTERDAY TO DISCUSS THE AGREEMENT. THE MAJORITY OF DB MEMBERS FELT THE AGREEMENT WAS ACCEPTABLE AND SHOULD BE COMMENDED TO HK PEOPLE. THERE WERE A VARIETY OF SUGGESTIONS BY DB MEMBERS REPORTED, INCLUDING CALLS FOR THE RETENTION OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION: FOR HK PEOPLE TO BE ALLOWED TO PARTICIPATE IN THE DRAFTING OF THE BASIC LAW: AND FOR FURTHER CLARIFICATIONS ON ISSUES SUCH AS LAND, NATIONALITY AND THE ADMINISTRATIVE SYSTEM.

4. THE TWO ASSESSMENT OFFICE MONITORS HAD ATTENDED DB MEETINGS. MR JUSTICE LI WAS REPORTED AS SAYING THAT THE ASSESSMENT OFFICE HAD SO FAR RECEIVED 30 OPINION PAPERS, AND THAT THE OFFICE WAS SO FAR DISCHARGING ITS DUTIES FAIRLY, ACCURATELY, AND PROPERLY.

4. ZHOU NAN: HE WAS QUOTED IN AN INTERVIEW IN WEN WEI PO (COMMUNIST) AS SAYING THAT CHINA WOULD WELCOME THE PRIME MINISTER TO PEKING

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TO SIGN THE JOINT DECLARATION. HE ALSO SAID THAT BRITAIN HAD PROPOSED THAT THE SIGNING CEREMONY SHOULD BE HELD IN PEKING. (HE FURTHER SAID THAT DISCUSSIONS ON THE QUEEN'S VISIT TO CHINA AND PREMIER ZHAO'S TRIP TO LONDON WERE CONTINUING ON DIPLOMATIC CHANNELS). THE SCMP REPORTED FROM LONDON THAT NO DECISION HAD YET BEEN MADE ABOUT THE PM VISITING CHINA, BUT THAT AN ANNOUNCEMENT OF THE TRIP WAS EXPECTED IN DECEMBER.

5. DENG'S MEETING: THE LEFT-WING PRESS ACCORDED PROMINENT COVERAGE TO THE RETURN OF HK DELEGATIONS FROM PEKING. A NUMBER OF DELEGATES SAID THAT THEY WERE MORE CONFIDENT IN HK'S FUTURE AFTER THEIR MEETING WITH DENG, AND THAT THEY BELIEVED CHINA'S ASSURANCES ON PRESERVING HK'S PROSPERITY AND STABILITY WERE COMPREHENSIVE AND WOULD BE HONOURED. NONETHELESS, THERE WERE STILL SOME DISPUTES AS TO EXACTLY WHAT DENG HAD SAID.

6. NATIONALITY: SEVERAL CHINESE PAPERS QUOTED A SENIOR GOVERNMENT OFFICIAL TO THE EFFECT THAT THE BRITISH GOVERNMENT WAS NOW EXPLAINING DETAILS OF THE NEW POST-1997 PASSPORT FOR HK TO FOREIGN COUNTRIES. HE BELIEVED THAT FOREIGN COUNTRIES WOULD ACCEPT THE TRAVEL DOCUMENT, AND FURTHER EXPLAINED THAT HOLDERS OF THE NEW PASSPORT WOULD BE ABLE TO ENJOY THE SAME CONSULAR PROTECTION AS BDTCS. TIN TIN DAILY NEWS (COMMUNIST) REPORTED HIM AS SAYING THAT 99 PERCENT OF CI HOLDERS WOULD NOT BE ISSUED WITH THE NEW PASSPORT. LORD GEDDES, VISITING HK, SAID THAT THE STATUS OF THE CHILDREN OF BDTCS WAS A GAP IN THE AGREEMENT AND SHOULD BE DEBATED BY PARLIAMENT. OTHERWISE HE WAS ENORMOUSLY IMPRESSED WITH THE AGREEMENT.

7. OTHER REACTION: THE VICE-PRESIDENT OF THE HK REAL ESTATE DEVELOPERS ASSOCIATION, CECIL CHAO, BELIEVED THE INITIALLING OF THE AGREEMENT WOULD HELP STIMULATE THE PROPERTY MARKET. THE AGREEMENT WAS COMPREHENSIVE ON LAND, AND WOULD BENEFIT DEVELOPERS, LAND OWNERS AND THE FUTURE SAR GOVERNMENT. THE SECURITY PACIFIC NATIONAL BANK SAID HK'S FUTURE ECONOMY WAS SUBSTANTIALLY STRENGTHENED BY THE AGREEMENT. FORMER GOVERNORS SIR DAVID TRENCH AND SIR ROBERT BLACK HAD PRAISED THE AGREEMENT ACCORDING TO THE SCMP, BUT HAD WARNED THAT THINGS COULD GO WRONG IF PEOPLE LOST HEART. SIR DAVID SAID HE DID NOT SEE HONG KONG GETTING ANYTHING BETTER THAN THIS AGREEMENT: AND SIR ROBERT SAID HK PEOPLE HAD TO ACCEPT THE REALITY OF SOVEREIGNTY REVERTING TO CHINA.

8. ELECTED GOVERNMENT: IN A FULL PAGE SPECIAL REPORT, THE STANDARD WONERED WHAT ARRANGEMENTS HAD BEEN MADE FOR HK TO GET THE ELECTED GOVERNMENT IT HAS BEEN PROMISED. IT SEEMED THAT THE FORMATION OF POLITICAL PARTIES WAS A NECESSARY EVIL ARISING FROM ELECTIONS, BUT THAT BRITAIN'S 'FIRST PAST THE POST' SYSTEM POSED THE DANGER OF A TWO-WAY LEFT/RIGHT WING SPLIT.

COMMENTARIES:

9. GOVERNOR'S SPEECH: APART FROM THE ECONOMIC JOURNAL (WHICH SAID

THAT THE GOVERNMENT WAS OVER-OPTIMISTIC AND WOULD AROUSE THE SUSPICIONS OF THE BUSINESS SECTOR), THE PAPERS WELCOMED THE GOVERNOR'S SPEECH. MING PAO AND SING PAO (INDEPENDENT) AND THE EXPRESS (PRO-TAIPEI) SAID THE ADDRESS SHOWED THE BRITISH GOVERNMENT'S DETERMINATION TO ADMINISTER HK WELL DURING THE NEXT 13 YEARS. SING PAO SAID THE ADDRESS SHOULD ALSO BOOST CHINA'S CONFIDENCE IN THE HKG. MING PAO PAID TRIBUTE TO THE GOVERNOR FOR HIS HARD WORK OVER THE LAST TWO YEARS. SING TAO JIH PAO (INDEPENDENT) SAID THE ADDRESS WAS CONSERVATIVE BUT SHOWED A DETERMINATION TO MAINTAIN STABILITY IN HK. THE LEFT-WING PRESS ALSO WELCOMED THE ADDRESS AS BEING A CONCRETE DEMONSTRATION OF THE GOVERNMENT'S CONFIDENCE IN HK'S FUTURE, AND CALLED ON THE PUBLIC TO SUPPORT THE GOVERNMENT'S PROJECTS. THE EXPRESS AND ORIENTAL DAILY WELCOMED NEWS ON CAPITAL PROJECTS (E.G. THE SECOND CROSS HARBOUR TUNNEL AND PUBLIC HOUSING), WHILE THE ECONOMIC JOURNAL SAD THAT HKG WAS MOST LIKELY TO GRANT LAND IN LIEU OF FUNDS FOR THE TUNNEL AND THIS COULD NOT BE SEEN AS A SIGN OF BRITISH CONFIDENCE IN HK.

10. HK' FUTURE: THE PRO-TAIPEI PRESS CONTINUED TO BE PESSIMISTIC, CASTING DOUBTS ON DENG XIAO PING'S ASSURANCES AND CONTINUING TO WORRY ABOUT TROOPS BEING STATIONED HERE. IN CONTRAST SING TAO WAN PAO (INDEPENDENT) AND TIN TIN DAILY NEWS (COMMUNIST) WERE CONFIDENT BECAUSE A PROSPEROUS HK WAS OF BENEFIT TO BOTH BRITAIN AND CHINA. HONG KONG DAILY NEWS (INDEPENDENT) BELIEVED CHINA WOULD KEEP HER WORD ON THE AGREEMENT. DAVID BONAVIA IN THE FAR EASTERN ECONOMIC REVIEW SAID CHINA HAD A MIXED RECORD ON KEEPING TO AGREEMENTS, AND NO ONE COULD HOPE TO PREDICT THE PRIORITIES OF CHINA'S POLICIES AFTER 1997.

11. THE ASIAN WALL STREET JOURNAL WONDERED WHETHER TOO MUCH MIGHT HAVE BEEN SET DOWN IN THE AGREEMENT: PARTICULARLY WITH REGARD TO FISCAL POLICY AND STATING THAT THERE WOULD BE NO EXCHANGE CONTROL LAWS IN HONG KONG FOR 63 YEARS. WHO COULD PREDICT WHAT ECONOMIC MEASURES MIGHT BE NEEDED IN 50 YEARS TIME? THE JOURNAL ALSO QUESTIONED POTENTIAL CLASHES BETWEEN THE BASIC LAW AND THE CHINESE CONSTITUTION: ACCORDING TO THE AGREEMENT THERE WERE NOT TO BE SOCIALIST POLICIES IN HK FOR 50 YEARS AFTER 1997, BUT THE CHINESE CONSTITUTION MADE SOCIALISM CHINA'S FUNDAMENTAL SYSTEM. HU JUREN WRITING IN PAI SHING ALSO DREW ATTENTION TO POSSIBLE CONTRADICTIONS OF THIS SORT.

12. A CENTRE DAILY NEWS (COMMUNIST) COLUMNIST ASKED WHY CHINA COULD NOT STATION TROOPS HERE TO EXERCISE SOVEREIGNTY, SINCE BRITISH FORCES WERE STATIONED HERE AT THE EXPENSE OF HK PEOPLE.

13. IN THE ORIENTAL DAILY NEWS, MIAO YU SAID THAT TO JUDGE FROM THE HANDLING OF DENG XIAOPING'S MEETING WITH 20, HK DELEGATES, CHINA NEEDED TO STREAMLINE ITS METHOD OF PASSING THE LEADERSHIP'S MESSAGES CORRECTLY TO HK PEOPLE. REPORTERS HAD NOT BEEN ALLOWED TO ATTEND, NOR HAD THEY BEEN BRIEFED AFTERWARDS. RELYING SOLELY ON INTERVIEWS WITH THE DELEGATES, THERE WERE BOUND TO BE CONFLICTING REPORTS. IN THE SAME PAPER, HU JUREN SAID, BASED ON THE WAY

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DENG HAD DOMINATED NATIONAL DAY CELEBRATIONS, THAT THERE STILL SEEMED TO BE NO SOUND ADMINISTRATIVE SYSTEM IN CHINA, AND LEADERSHIP WILL HAD TO BE SUPPORTED BY POWER. UNLESS THIS WERE RESOLVED, THERE WOULD BE A POWER STRUGGLE SOONER OR LATER.

14. A FINANCIAL DAILY (INDEPENDENT) COLUMNIST QUOTED XU JIATUN SAS SAYING THAT CHINA WOULD NOT ALLOW CADRES TO INTERFERE IN THE POLICY OF 'NO CHANGE FOR 50 YEARS'. THIS SHOWED THAT THE CENTRAL GOVERNMENT BUT NOT THE JUNIOR RANKS WERE SINCERE. THE WRITER SAID THE CENTRAL GOVERNMENT HAD TO INCULCATE THIS IDEA INTO ITS CADRES TO ASSURE A SMOOTH FUTURE.

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