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FM HONG KONG 060440Z OCT 84
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TELEGRAM NUMBER 3141 OF 6 OCTOBER
INFO PRIORITY PEKING

OUR TELNOS 2834 AND 3078.

FUTURE OF HONG KONG REPORT ON PUBLIC OPINION.

THERE WAS INTENSE INTEREST THROUGHOUT HONG KONG IN THE EVENTS SURROUNDING PUBLICATION OF THE DRAFT AGREEMENT ON 26 SEPTEMBER. OVER TWO MILLION COPIES OF THE WHITE PAPER HAVE NOW BEEN DISTRIBUTED.

2. THE AGREEMENT WAS WELCOMED BY ALMOST ALL SECTIONS OF HONG KONG OPINION. ON THE MORNING AFTER PUBLICATION, ALMOST ALL PAPERS (EXCEPT FOR THOSE KNOWN TO FAVOUR THE KMT) COMMENTED FAVOURABLY ON THE AMOUNT OF DETAIL IT CONTAINED. A WIDE RANGE OF OPINION FORMERS (UNOFFICIALS, ACADEMICS, INDUSTRIALISTS, PROFESSIONALS, COMMUNITY LEADERS ETC) WERE PROMINENTLY REPORTED TO HAVE SPOKEN IN ITS SUPPORT.

3. DISTRICT OFFICERS THROUGHOUT HONG KONG HAVE COMMENTED THAT THE AGREEMENT WAS VERY WELL RECEIVED, AND WAS GENERALLY JUDGED MORE DETAILED AND BETTER THAN EXPECTED. THE SECTION ON LAND WAS SEEN AS ONE OF THE BIGGEST PLUSES, BY PROPERTY OWNERS AND NEW TERRITORIES PEOPLE IN PARTICULAR. SOME DISTRICT OFFICERS COMMENTED THAT EVEN SUPPORTERS OF THE KMT HAVE IN MANY CASES EXPRESSED RELIEF AND PLEASURE. SOME PEOPLE ARE SAYING THAT THEY WILL NOW TRY TO PERSUADE RELATIVES WHO HAVE EMIGRATED TO COME BACK AGAIN. NAGGING DOUBTS ABOUT WHETHER THE CHINESE COULD BE TRUSTED TO IMPLEMENT THE AGREEMENT CAUSED THE MAIN SHADOW. THERE WAS ALSO SOME CONCERN ABOUT NATIONALITY AND TRAVEL RIGHTS, (WHAT DOCUMENTS WOULD HONG KONG PEOPLE REQUIRE TO SECURE FREEDOM OF TRAVEL AFTER 1997?) AND DEFENCE (WOULD HONG KONG RESIDENTS BE LIABLE TO CONSCRIPTION AFTER 1997? HOW MANY PLA TROOPS WOULD BE STATIONED HERE?)

4. FIVE DISTRICT BOARDS HAVE SO FAR DISCUSSED THE AGREEMENT, AND HAVE GENERALLY ENDORSED IT (WITH SOME CALLS FOR CLARIFICATION ON PARTICULAR AREAS, E.G. NATIONALITY AND LAND). THE REMAINING BOARDS AND THE URBAN COUNCIL HAVE SCHEDULED SPECIAL MEETINGS OVER THE NEXT FORTNIGHT TO DISCUSS IT. THE HEUNG YEE KUK IS TO HOLD A MEETING FOR THE SAME PURPOSE. INEVITABLY THERE WILL BE MORE CAUTIOUS SECOND THOUGHTS, SOME OF WHICH ARE ALREADY APPEARING. THE PHRASE 'TOO GOOD TO BE TRUE' IS BEING USED BY THOSE WHO CANNOT BELIEVE THAT CHINA WILL HONOUR THE AGREEMENT. THE SOUTH CHINA MORNING POST HAS EXPRESSED MISGIVINGS ABOUT THE POSITION OF BDTCS, AND HAS PREDICTED THAT MANY OF THEM WILL 'PUT A HIGH PRIORITY ON EMIGRATION IN THE NEXT 13 YEARS REGARDLESS OF HOW STABLE AND SECURE HONG KONG REMAINS.' SOME PEOPLE ARE COMMENTING THAT, IF THE TEXT OF THE DRAFT AGREEMENT IS UNALTERABLE, THERE IS NO POINT IN SUBMITTING COMMENTS ON IT TO THE ASSESSMENT OFFICE.

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5. MOST CIVIL SERVANTS HAVE REACTED FAVOURABLY, AND CONSIDER THAT THE AGREEMENT COVERS THE AREAS OF MAJOR CONCERN TO THEM. SOME EXPATRIATE OFFICERS ARE HOWEVER UNHAPPY ABOUT THEIR REDUCED CAREER PROSPECTS, AND HAVE ASKED FOR DETAILS OF COMPENSATION ARRANGEMENTS. CONCERN STILL LINGERS ABOUT SECURITY OF PENSIONS, AND IN PARTICULAR ABOUT PENSION ARRANGEMENTS FOR OFFICERS UNWILLING TO CONTINUE SERVING AFTER 1997. INTEREST HAS BEEN CAUSED BY A REPORT IN THE SOUTH CHINA MORNING POST THAT WHITEHALL IS CONSIDERING HOW MANY HONG KONG CIVIL SERVANTS SHOULD BE ALLOWED TO SETTLE IN THE UK ON ACCOUNT OF THE SENSITIVITY OF THEIR JOBS.

ECONOMIC INDICATORS

6. WHILE THE HONG KONG DOLLAR HAS FIRMED SLIGHTLY DURING THE PAST FORTNIGHT, THERE ARE NO SIGNS OF ANY SUBSTANTIAL DEMAND FOR IT. THE HANG SENG INDEX ALSO INITIALLY FIRMED SLIGHTLY, BUT HAS SINCE FALLEN, MAINLY BECAUSE OF DISAPPOINTING RESULTS FROM JARDINES: THE COMMISSIONER FOR SECURITIES CONSIDERS THAT ITS PERFORMANCE HAS BEEN BASICALLY HEALTHY AND INDICATES AN UNDERLYING CONFIDENCE. THERE ARE ALSO GROWING INDICATIONS OF INCREASING DEMAND FOR RESIDENTIAL PROPERTY, ESPECIALLY AT THE LOWER END OF THE MARKET.

CHINESE NATIONAL DAY

7. CELEBRATIONS HAVE BEEN PROMINENTLY REPORTED IN THE LOCAL PRESS. THE OFFICIAL HONG KONG DELEGATION TO PEKING, LED BY THE CHIEF SECRETARY, WERE WELL RECEIVED AND ADDRESSED BY THE CHINESE PRIME MINISTER, WHO REITERATED CHINA'S FIRM INTENTION TO IMPLEMENT THE SINO-BRITISH AGREEMENT. DENG XIAOPING DID NOT MEET THE OFFICIAL DELEGATION, BUT HE SPOKE TO 230 HONG KONG RESIDENTS DRAWN FROM VARIOUS CIRCLES OF LOCAL LIFE TO WHOM THE CHINESE HAD GIVEN INDIVIDUAL INVITATIONS. FOR THE MOST PART THESE PEOPLE ARE NON-COMMUNIST, AND IN MANY CASES ANTI-COMMUNIST, AND IT IS NOTEWORTHY THAT THEY SHOULD HAVE NONETHELESS DECIDED TO ACCEPT THE CHINESE INVITATION.

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- PS
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THIS TELEGRAM WAS NOT ADVANCED

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Handwritten notes: May, [unclear]