

*L. Cole (no 10)*

Mr Giffard

PRIME MINISTER'S VISIT TO HONG KONG (26-28 SEPTEMBER):  
LOCAL REACTIONS ON HONG KONG'S FUTURE

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1. I attach a self-explanatory summary of Chinese press coverage and public reaction sent from Hong Kong on 28 September.
  2. The Prime Minister's remarks in a BBC Interview from Peking that Britain intends to stand by the Treaties on Hong Kong were generally well received in business circles and were seen by many as a declaration of Britain's commitment to Hong Kong. Subsequently, there was some disappointment that at her press conference in Hong Kong Mrs Thatcher did not reveal more detail of her talks in Peking. The 'South China Morning Post' described it as 'a big let-down' because so little was made known. However, it went on to say, in an editorial, that Mrs Thatcher deserved 'a strong vote of thanks for what she had achieved so far'.
  3. The 'Hong Kong Standard' described Mrs Thatcher's negotiating stance as 'more obdurate than many people were expecting..... a tough stand in defence of many of the things vital to the future of Hong Kong'.

Hang Seng Index

4. After a large fall of 83.74 points on 27 September the Index fell by 23.96 points on 28 September and by 2.3 points on 29 September. It closed at 986.36 points, with the US dollar standing at Hong Kong dollars 6.22.

*RD Clift*

30 September 1982 R D Clift  
Hong Kong and General Department

cc  
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COMMISSIONER EXDIB (Please copy to Mr Clift, FCO)

SUMMARY OF PRESS COVERAGE AND PUBLIC REACTION

TO PM'S VISIT AND HK'S FUTURE (TUESDAY, 28.9.1982)

COVERAGE

The Prime Minister's press conference and luncheon speech yesterday dominated all major Chinese language newspapers as well as all TV and radio newscasts. The emphasis was placed on Mrs. Thatcher's reassurance of British commitment to HK and the validity of the treaties governing this territory. Both the luncheon speech and the press conference were broadcast live by TV and radio stations while most papers published the verbatim. The two communist papers, Ta Kung Pao and Wen Wei Po in their inside page leads highlighted the PM's remarks that it was the common aim to maintain HK's prosperity and the differences between Britain and China were reconcilable. Extensive pictorial coverage was given to Mrs. Thatcher's other activities during the day. The HK Daily News continued to publish colour photographs of her visit. Most papers also reported that during the press conference, some students and social workers converged outside the Legco Chamber to protest against the PM's remarks on the validity of the treaties and the undesirable housing conditions in HK respectively. In an exclusive report, quoting sources in Beijing, Ming Pao said that the Sino-British talks on HK would begin in November, first at ambassadorial level, then upgraded to ministerial level before a final round between the leaders of the two nations. China had formed a three-men committee comprising a Vice Foreign Minister, Mr. Zhang Wenjin, Director of West European Department of the Foreign Ministry, Mr. Wang Banzuo and a senior Foreign Ministry official, Mr. Li Guang. The Ming Pao claimed that Britain had also set up a three-men committee comprising Mr. Douglas Hurd, the British Ambassador in Beijing, Sir Percy Credock and his first secretary. The British delegation would be responsible to the Prime Minister. The report said the Governor, Sir Edward Youde, would not take part in the talks because his presence would draw a lot of publicity and attention and would give rise to unnecessary speculation. But he would channel HK's views to the delegation.

To D: 0930 Am

28 SEP 1982

## PUBLIC REACTION.

Mrs. Thatcher's luncheon speech and Press conference yesterday received favourable reaction largely from business circles. Chairman of the HK General Chamber of Commerce, Mr. John Marden said the PM's remarks had a positive and strong impact on sustaining investors' confidence, while its executive director, Mr. Jimmy McGregor was satisfied with the promise made by the PM and was deeply impressed by her firm and sincere attitude towards the question. President of Chinese Manufacturers Association, Mr. Ngai Shiu-kit said the assurance given by Mrs. Thatcher as the incumbent PM should be a confidence booster. President of HK Real Estates Developers Association Mr. Fong Yun-wah said people should have faith in leaders of China and Britain in their endeavour to work out a settlement for HK. To boost people's confidence, he suggested the Government launch massive development projects in the New Territories.

Reaction from the academics was mixed. In a panel discussion on Radio 1 (Chinese) immediately after the Press conference, Dr. John Young of Hong Kong University said people became more confused because of the differences between Britain and China over the question of sovereignty which emerged from her visit. A columnist of South China Morning Post, Miss Margaret Ng said Mrs. Thatcher qualified her remarks on the validity of the treaties governing HK by saying those agreements could be varied. This indicated that there was room for compromise. News commentator of TVB-Pearl Mr. Russell Spurr said Mrs. Thatcher was more revealing than she was in Beijing and it now seemed to be a little more hopeful that an acceptable solution to HK's future would be found even though she did not say how. Chairman of Unified Stock Exchange of HK Mr. Woo Hon-fai attributed the shares plunge yesterday to the lack of concrete results in Mrs. Thatcher's talks with Chinese leaders on HK, but the Secretary General of Chinese Manufacturers Association, Mr. J.P. Lee said the stock market was so unpredictable and the fall had nothing to do with Mrs. Thatcher's trip. Miss Margaret Ng and Dr. John Young expressed doubts about Mrs. Thatcher's assertion that the Nationality Act had not changed Britain's commitment to HK. They believed by enacting this legislation, Britain had shut its door to local residents.

## EDITORIALS

The Hong Kong Economic Journal observed today in its editorial that the Prime Minister's insistence on the validity of the treaties governing Hong Kong showed that she was a statesman of strong character who, though holding fast to principles, was not an outstanding negotiator. Assessing her achievements in the Beijing trip, the paper felt that Mrs. Thatcher should have been more tactful on the question of sovereignty over Hong Kong. For instance, she should have agreed with the Chinese leaders that the sovereignty question should be reconsidered and unequal treaties varied. In this way, she would not compromise principles in the lease, but would create a more favourable atmosphere for talks. "We can't believe that her China trip will promote the friendship between the two nations," the paper said. "On the contrary, China and Britain are now seen to have drifted even further apart on the Hong Kong question after the Beijing discussions." But perhaps, the Prime Minister's greatest achievement in her Far East tour was that most Hong Kong people, whose impression of her had been "neutral," would not think badly of her because of her insistence on the treaties and her pledge to accept responsibility towards local residents. Nevertheless, from a more positive angle, Mrs. Thatcher's honest and persistent stand would compel China to reassess the way it handled the unequal treaties. Also, diplomatic talks on the future of Hong Kong question would be more straightforward and an early solution to 1997 could be expected. "While Mrs. Thatcher's personal achievement in her China trip is debatable, the news she has brought us is very precious indeed," the paper concluded.

Ming Pao argued that China's stand on the question of sovereignty over Hong Kong was basically the same as Britain's. The paper held that their differences lay only in the way they expressed themselves and the aspects they emphasized. According to the paper, China had, in effect, always observed the three unequal treaties governing Hong Kong. Otherwise PLA soldiers would have marched right across Lo Wu in 1949. The nation's declaration that "unequal treaties must be abrogated" did not mean that "unequal treaties have been abrogated," the paper noted. As a member of the civilized world, China was still observing treaties which had not yet been nullified. The best way for China to regain sovereignty over Hong Kong was of course to reach a new agreement with the British and to invalidate the old, unequal treaties instead of regaining sovereign right

by force. Therefore, the common principle for Britain and China on the question of sovereignty over Hong Kong was: to maintain the status quo prior to the abolition of the old treaties and to hold negotiations if the status quo was to be changed. Noting that the 1997 question was a very complex issue, the paper said simple and straight forward solutions might not be in the best interests of China and Hong Kong.

Wah Kiu Yat Po believed that the divergence of views between China and Britain on Hong Kong's sovereignty was likely to be reconciled during the forthcoming Sino-British diplomatic talks. The paper was commenting on Mrs. Thatcher's reiteration at yesterday's Press conference that Britain would take up moral responsibility for upholding the territory's prosperity and stability and insistence on the validity of the three treaties governing Hong Kong. While conceding that the two nations were widely different in their views on Hong Kong's sovereignty, the paper urged local residents not to worry. It noted that Mrs. Thatcher had a resolute and clear view on the question of Hong Kong's sovereignty.



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*With the compliments of*  
*J. E. Holmes*  
THE PRIVATE SECRETARY

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