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FM HONG KONG 221015Z OCT 82
 TO ROUTINE FCO
 TELEGRAM NUMBER 1212 OF 22 OCTOBER
 INFO ROUTINE PEKING (PERSONAL FOR AMBASSADOR)

FUTURE OF HONG KONG.

THE VISITORS TO PEKING MENTIONED IN PARA 2 OF MY TELNO 1203 WERE:

- (A) EDMUND LAU (MANAGING DIRECTOR OF THE HONG KONG AND YAUMATAI FERRY COMPANY), WHO HAS A CLOSE SEMI-FAMILY RELATIONSHIP WITH LIAO CHENGZHI; AND
- (B) DR PAUL LIN (LIN TA-KUANG: A PROFESSOR AT MCGILL UNIVERSITY, IN MONTREAL), WHO WAS AT ONE TIME ENGLISH SECRETARY TO ZHOU EN LAI IN THE 1950S.

2. EDMUND LAU WAS TOLD THAT THE ATMOSPHERE IN THE DISCUSSIONS WITH THE BRITISH THUS FAR HAD BEEN HIGHLY CONFRONTATIONAL: AND THAT IF THE CONFRONTATION PERSISTED THE CHINESE WOULD BE OBLIGED TO MAKE A PUBLIC STATEMENT OF THEIR INTENTION TO RESUME FULL CONTROL OF HONG KONG IN 1997 WITHIN A YEAR OR SO. ACCORDING TO LAU, LIAO SAID THAT THE DEADLINE FOR MAKING SUCH A STATEMENT WOULD BE JUNE 1984.

3. WE HAVE ALSO BEEN TOLD IN STRICT CONFIDENCE BY A MEMBER OF THE AUSTRALIAN COMMISSION (PLEASE PROTECT) OF REMARKS MADE BY THE LEGAL ADVISER TO THE FOREIGN MINISTRY, NIE ZHENGYUN, AT A COCKTAIL PARTY WITHIN HEARING OF CHINESE AND AUSTRALIAN OFFICIALS. NIE APPARENTLY SAID THAT SOVEREIGNTY WAS MEANINGLESS WITHOUT THE EXERCISE OF ADMINISTRATIVE CONTROL: AND THAT CHINA COULD NOT ACCEPT THAT BRITISH ADMINISTRATION WAS INDISPENSABLE FOR THE MAINTENANCE OF STABILITY AND PROSPERITY, ALTHOUGH INDIVIDUAL BRITISH EXPERTS WOULD BE WELCOME TO STAY ON AFTER 1997.

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FUTURE OF HONG KONG

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