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FM HONG KONG 290350Z OCT 82
TO IMMEDIATE F C O
TELEGRAM NUMBER 1246 OF 29 OCTOBER
INFO PRIORITY PEKING (PERSONAL FOR AMBASSADOR)

MY TELNO 1210: FUTURE OF HONG KONG

1. AS FORECAST IN MY TUR I SPOKE ACCORDINGLY TO EXCO ON 26 OCTOBER AND ATTENDED A PRIVATE MEETING OF UMELO ON 27 OCTOBER. AFTER SIR S Y CHUNG HAD GIVEN AN ACCOUNT OF HIS MEETINGS IN LONDON (IN RESTRAINED TERMS) I RESPONDED ON THE LINES AUTHORISED IN PARAGRAPH 5 OF YOUR TELNO 879. THIS WAS WELL RECEIVED.

2. IN SUBSEQUENT DISCUSSION A NUMBER OF UMELO MEMBERS EXPRESSED SERIOUS CONCERN ABOUT THE CHINESE CAMPAIGN OF STATEMENTS AND LEAKS. CONTACTS WHICH THE UNOFFICIALS HAD IN THE COMMUNITY DEMONSTRATED THAT THIS WAS HAVING A SIGNIFICANT EFFECT ON PUBLIC OPINION HERE, AND THAT SOMETHING NEEDED TO BE DONE TO COUNTER IT. OTHERWISE OUR SILENCE WOULD BE TAKEN AS AGREEMENT AND THE CHINESE PLAN WOULD GAIN ACCEPTANCE AS A 'FAIT ACCOMPLI'. VARIOUS OPINIONS WERE EXPRESSED AS TO THE FORM WHICH THIS COUNTER-ACTION SHOULD TAKE, AND WHETHER THE GOVERNMENT SHOULD BE SEEN TO BE PLAYING A DIRECT ROLE.

3. THE UNOFFICIALS ARE WELL QUALIFIED TO ASSESS THE IMPACT OF CHINESE STATEMENTS ON PUBLIC OPINION AND THEIR VIEWS MUST BE TAKEN SERIOUSLY. WE ARE GIVING FURTHER THOUGHT TO THIS. BUSINESSMEN HERE HAVE ALSO REPORTED THAT THEY ARE RECEIVING MANY ENQUIRIES FROM COMPANIES AND BUSINESS PARTNERS IN THE U.S. EXPRESSING CONCERN ABOUT WHAT THE CHINESE HAVE BEEN SAYING. SO THE CHINESE CAMPAIGN HAS BEEN MAKING AN IMPACT ABROAD AS WELL AS IN HONG KONG.

YOUDE

FUTURE OF HONG KONG

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Foreign and Commonwealth Office

London SW1A 2AH

MS

22 October 1982

Prime Minister

Content of these instructions
to issue?

A.J.C. 23/10

Dear John,

Future of Hong Kong

Thank you for your letter of 21 October.

We have despatched instructions to Sir Edward Youde about the line he should take with Sir S Y Chung. The Governor was extremely grateful. Sir S Y Chung was much relieved and grateful that his points had been so fully taken into account.

//

I now attach two draft telegrams to Washington about briefing the Americans, which we will despatch if the Prime Minister agrees.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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FM HONG KONG 220950Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 1210 OF 22 OCTOBER
INFO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR)

Handwritten: ADL 25/10
h--

YOUR TELNO 879 : FUTURE OF HONG KONG

1. I SPOKE ACCORDINGLY TO SIR S Y CHUNG THIS MORNING. HE WAS MUCH RELIEVED AND GRATEFUL THAT HIS POINTS HAD BEEN SO FULLY TAKEN INTO ACCOUNT.

2. BECAUSE OTHER OFFICIALS WERE TO BE AT THIS MORNING'S MEETING OF UMELCO AND GIVEN THE IMPORTANCE OF WHAT IS TO BE SAID, HE AGREED THAT HE WOULD TELL HIS COLLEAGUES THAT HE MUST FIRST REPORT TO EXCO NEXT TUESDAY AND THERE WILL BE BE A PRIVATE MEETING OF UMELCO NEXT WEDNESDAY WHICH I WILL ATTEND. HE FULLY TOOK THE POINT ABOUT CONFIDENTIALITY AND SAID THAT HE WILL MAKE IT CLEAR TO HIS COLLEAGUES THAT THEY CANNOT EXPECT TO BE TAKEN INTO OUR CONFIDENCE UNLESS STRICT SECURITY IS MAINTAINED.

3. I THINK WE HAVE GOT THROUGH SUCCESSFULLY WHAT COULD HAVE BEEN A VERY STICKY PATCH AND I AM PERSONALLY ALSO GRATEFUL FOR THE RESPONSE IN YOUR TELEGRAM UNDER REFERENCE.

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FM HONG KONG 201010Z OCT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1202 OF 20 OCTOBER

INFO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR)

FUTURE OF HONG KONG

1. SIR S.Y. CHUNG, THE SENIOR UNOFFICIAL MEMBER OF EXECUTIVE COUNCIL, CAME TO SEE ME TODAY TO TELL ME ABOUT HIS VISIT TO LONDON. HE SAID THAT HE HAD COME BACK QUOTE DEPRESSED AND DISAPPOINTED UNQUOTE. HE HAD NOT RECEIVED ASSURANCES ON POINTS THAT HE HAD THOUGHT WERE SELF-EVIDENT NOR HAD HE BEEN GIVEN ANSWERS TO THE QUESTIONS HE HAD RAISED. THERE WAS NOW A REAL SUSPICION IN HIS MIND THAT, WHILE A NUMBER OF PEOPLE IN LONDON WERE EVIDENTLY ALLOWED TO KNOW WHAT WAS GOING ON, HMG WAS NOT APPARENTLY PREPARED TO TRUST HIMSELF OR THE UNOFFICIALS. AMONG THE MORE IMPORTANT POINTS HE MADE WERE THE FOLLOWING.

2. HE SAID THAT HE HAD SPOKEN IN HIS MEETINGS IN LONDON OF HIS UNDERSTANDING THAT THERE WOULD BE NO DEPARTURE FROM THE POSITION TAKEN BY THE UNOFFICIALS (THAT SOVEREIGNTY WOULD BE CONCEDED ONLY IF IT WAS THE ONLY WAY TO ACHIEVE CONTINUING BRITISH ADMINISTRATION) WITHOUT FURTHER PRIOR CONSULTATION WITH THE UNOFFICIALS. HE HAD BEEN QUOTE MUCH SURPRISED UNQUOTE AND QUOTE DOWNCAST UNQUOTE THAT AN ASSURANCE ON THIS HAD NOT BEEN FORTHCOMING.

3. HE HAD EXPRESSED CONCERN AT THE TACTICS BEING EMPLOYED BY THE CHINESE IN SPREADING REPORTS BOTH INSIDE AND OUTSIDE HONG KONG AND ABOUT THE EFFECT THESE WERE HAVING ON CONFIDENCE. HE HAD ARGUED THE NEED FOR SOME COUNTER ACTION AND IN PARTICULAR THAT IT WAS ESSENTIAL THAT UNOFFICIALS BE KEPT INFORMED OF THE SITUATION IN ORDER TO DISPEL MISUNDERSTANDING AND MISTRUST. HE HAD HAD QUOTE NO POSITIVE RESPONSE UNQUOTE TO HIS SUGGESTIONS. (HE ADDED THAT IF NO GUIDANCE WERE GIVEN TO UNOFFICIALS ON WHAT THE CHINESE WERE SAYING THEY WOULD INEVITABLY DRAW THEIR OWN CONCLUSIONS ON WHY THEY WERE BEING KEPT IN THE DARK).

4. IN THIS CONNECTION HE HAD ASKED ABOUT THE GAVSHAN REPORT IN THE OBSERVER FOR 10 OCTOBER THAT A SET OF 5 PRINCIPLES HAD BEEN PUT TO THE P.M. NO ONE WAS READY TO TELL HIM WHETHER IT WAS TRUE OR NOT (I TOLD HIM IT WAS NOT).

5. HE HAD REPEATED THE VIEW OF THE UNOFFICIALS THAT I SHOULD BE A MEMBER OF THE NEGOTIATING TEAM. HE HAD BEEN TOLD THAT NO DECISION HAD BEEN TAKEN ON THE COMPOSITION OF THE NEGOTIATING TEAM. (I TOLD HIM THAT THERE MUST BE SOME MISUNDERSTANDING AND THAT IT HAD ALREADY BEEN AGREED THAT I WOULD BE INVOLVED AS AND WHEN NECESSARY).

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6. I WENT OVER WITH HIM THE POINTS I HAD MADE TO EXCO YESTERDAY (WHERE THEY WERE RECEIVED WITH LITTLE COMMENT) EMPHASISING THE MIXTURE OF ELEMENTS IN THE CHINESE INDISCRETIONS: THAT THE PM'S TALKS HAD NOT BEEN A NEGOTIATING SESSION: AND THAT SHE HAD CONCEDED NOTHING. I ALSO RECALLED HER TALK WITH UMELCO AND IN PARTICULAR THE POINT THAT WE SHOULD BE SEEKING TO CONVINCING THE CHINESE ON THE NEED FOR CONTINUING BRITISH ADMINISTRATION AND HER ASSURANCES ON CONSULTATION. BUT HE WAS NOT TO BE COMFORTED.

7. HE WILL NOW REPORT ON HIS VISIT TO HIS COLLEAGUES AT THE REGULAR UMELCO MEETING ON 22 OCTOBER. I AM CONCERNED AT THE EFFECT HIS REPORT COULD HAVE.

8. SEE M.I.F.T.

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