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FM PEKING 150735Z DEC 82
TO IMMEDIATE F C O
TELNO 843 15/12
INFO IMMEDIATE HONG KONG.

FUTURE OF HONG KONG

1. THE WESTERN EUROPEAN JOURNALISTS GAVE DINNER LAST NIGHT TO VICE FOREIGN MINISTER QIAN QICHEN AT WHICH QIAN SPOKE UNATTRIBUTABLY INTER ALIA ABOUT HONG KONG. THE JOURNALISTS WERE NOT ALLOWED TO USE TAPE RECORDERS OR TO TAKE NOTES DURING THE DINNER, BUT REUTERS HAVE SHOWN US THEIR BEST ATTEMPT AT A FULL RECORD OF QIAN'S REMARKS AS FOLLOWS:

(A) Q. WILL THE TALKS COVER THE QUESTION OF SELF-DETERMINATION FOR HONG KONG?

A. INITIAL CONTACTS WITH THE BRITISH HAVE BEGUN ON THE QUESTION OF HONG KONG. THERE IS NO QUESTION OF SELF-DETERMINATION IN HONG KONG. IT IS PART OF CHINESE TERRITORY. WHEN THE TIME IS RIPE CHINA WILL REGAIN SOVEREIGNTY OVER HONG KONG.

(B) Q. WHEN WILL THE TIME BE RIPE?

A. THIS INVOLVES SEVERAL FACTORS. 1997 IS AN IMPORTANT DEAD-LINE BECAUSE OF THE NEW TERRITORIES. 90 PERCENT OF HONG KONG IS THE NT. WITHOUT THE NT HONG KONG CANNOT EXIST.

(C) Q. DOES THIS MEAN YOU RECOGNISE THE VALIDITY OF THE TREATIES?

A. OFFICIALLY WE SAY "WHEN THE TIME IS RIPE". WE DO NOT SAY WHICH YEAR.

(D) Q. COULD THE TIME BE RIPE SOONER THAN 1997?

A. THERE ARE MANY FACTORS. 1997 IS ONE OF THEM. STABILITY AND PROSPERITY ARE ALSO INVOLVED.

(E) Q. COULD THERE BE ANY ROLE FOR BRITAIN IN HONG KONG AFTER 1997?

A. SOVEREIGNTY IS NON-NEGOTIABLE, BUT WE SHALL DISCUSS WITH THE BRITISH WAYS OF REGAINING SOVEREIGNTY OVER HONG KONG, AND HOW TO ACCOMMODATE BRITISH INTERESTS AFTER CHINA REGAINS SOVEREIGNTY OVER HONG KONG.

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/ (F) Q.

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(F) Q. (ABOUT SOVEREIGNTY AND ADMINISTRATION).

A. SOVEREIGNTY AND ADMINISTRATION ARE INSEPARABLE. AS TO WHAT SYSTEM HONG KONG SHOULD MAINTAIN, THAT IS ANOTHER QUESTION. I CANNOT SAY MORE THAN THIS. IF I DO, THE BRITISH AMBASSADOR WILL COMPLAIN. BUT THE ECONOMIC SYSTEM WILL REMAIN UNTOUCHED.

2. REUTERS ARE REPORTING THIS AS A MORE CAUTIOUS LINE THAN OTHER RECENT CHINESE STATEMENTS, WHICH SEEMS RIGHT. QIAN WOULD OBVIOUSLY HAVE PREPARED FOR QUESTIONS ABOUT HONG KONG.

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FUTURE OF HONG KONG: PRESS COVERAGE

TODAY'S SOUTH CHINA MORNING POST GIVES PROMINENCE TO A REUTERS DESPATCH FROM PEKING SUGGESTING THAT THERE IS A TEMPORARY BREAK IN THE TALKS ON HONG KONG'S FUTURE BECAUSE OF SIR P. CRADOCK'S VISIT TO BANGKOK AND ZHANG WENJIN'S APPOINTMENT AS AMBASSADOR TO WASHINGTON. THE REPORT QUOTES 'DIPLOMATS' AS SAYING THAT IT WOULD BE NATURAL FOR THERE TO BE A SHORT PAUSE IN THE TALKS DURING THE HAND OVER OF RESPONSIBILITY FOR THEIR CONDUCT FROM ZHANG WENJIN TO YAO GUANG.

2. THE REPORT ALSO QUOTES AN UNNAMED SENIOR CHINESE OFFICIAL AS SAYING THAT CHINA IS WILLING TO DISCUSS WAYS OF ACCOMMODATING BRITISH INTERESTS IN HONG KONG AFTER REGAINING SOVEREIGNTY: THAT 1997 IS AN IMPORTANT DEADLINE FOR CHINA: AND THAT THE DISCUSSIONS IN PEKING ARE INITIAL CONTACTS RATHER THAN FORMAL TALKS. THE OFFICIAL DECLINED TO SPECIFY FURTHER WHAT CHINA'S INTENTIONS WERE 'BECAUSE SIR P. CRADOCK WOULD BE UNHAPPY IF HE RELEASED DETAILS OF CONSULTATIONS WHICH BOTH SIDES HAD AGREED TO KEEP SECRET'.

3. THE REUTER'S REPORT IS ALSO WIDELY CARRIED IN THE INDEPENDENT AND RIGHT-WING CHINESE LANGUAGE PRESS, BUT HAS NOT (NOT.) SO FAR APPEARED IN THE COMMUNIST PRESS.

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FUTURE OF HONG KONG: PRESS REPORTS

THE LOCAL COMMUNIST PRESS ON 14 DECEMBER PUBLISHED A SERIES OF COMMENTS ON THE NEW CONSTITUTION FROM THE 24 HONG KONG AND MACAU DELEGATES TO THE NATIONAL PEOPLE'S CONGRESS (NPC) AND THE CHINESE PEOPLE'S POLITICAL CONSULTATIVE CONFERENCE (CPPCC). MOST OF THE COMMENTS WERE OF A GENERAL NATURE, BUT TWO DELEGATES, HENRY FOK, A PROMINENT LEFT WING BUSINESSMAN AND LI ZISONG THE PUBLISHER OF THE COMMUNIST WEN WEI PO REFERRED SPECIFICALLY TO THE IMPORTANCE OF ARTICLE 31 FOR HONG KONG, SAYING THAT IT PROVIDED A SOLID LEGAL FOUNDATION FOR CONFIDENCE IN HONG KONG'S FUTURE.

2. THE WEN WEI PO AND A NUMBER OF INDEPENDENT PAPERS REPORTED THAT SENIOR OFFICIALS OF THE BANK OF CHINA WOULD MEET LOCAL BUSINESSMEN, INCLUDING REPRESENTATIVES OF THE (PRO-COMMUNIST) CHINESE MANUFACTURERS ASSOCIATION AND THE (INDEPENDENT) FEDERATION OF HONG KONG INDUSTRIES FOR TALKS ON INDUSTRIAL DEVELOPMENT. PRESS REPORTS SPECULATED THAT THE BANK OF CHINA MIGHT OFFER LONG TERM LOANS AT LOW RATES OF INTEREST.

3. A NUMBER OF PAPERS ALSO REPORTED THAT GORDON WU OF HOPEWELL HOLDINGS AND CHENG YU-TUNG OF NEW WORLD DEVELOPMENT COMPANY HAD BEEN RECEIVED IN PEKING BY ZHAO ZIYANG AND GU HU. ACCORDING TO THE REPORTS, ZHAO HAD ASSURED THE VISITORS THAT CHINA WOULD NOT LAUNCH CAMPAIGNS OR WAGE CLASS STRUGGLES IN HONG KONG AFTER REGAINING SOVEREIGNTY IN 1997. ZHAO IS ALSO REPORTED TO HAVE REPEATED THE FAMILIAR LINE ABOUT HONG KONG BEING ADMINISTERED BY HONG KONG PEOPLE AFTER 1997. GORDON WU WAS QUOTED BY THE INDEPENDENT SING PAO AS HAVING SAID THAT HE HAD BEEN GREATLY REASSURED BY HIS MEETING WITH ZHAO.

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