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FM HONG KONG 111025Z FEB 83  
TO PRIORITY FCO  
TELEGRAM NUMBER 223 OF 11 FEBRUARY  
INFO PRIORITY WASHINGTON PEKING

U.S. SECRETARY OF STATE'S VISIT TO HONG KONG: PRESS COVERAGE

FACTUAL COVERAGE OF SHULTZ'S MEETING WITH ME AND OF THE U.S. REGIONAL HEADS OF MISSION MEETING WAS FAIRLY WIDESPREAD IN THE HONG KONG PRESS. SHULTZ DID NOT GIVE A PRESS CONFERENCE WHILE HERE BUT SPOKE INFORMALLY TO JOURNALISTS ACCOMPANYING HIM. THE U.S. INFORMATION SERVICE PUT OUT AN ACCOUNT OF HIS REMARKS. ASKED WHETHER THE QUESTION OF THE FUTURE HAD COME UP IN HIS MEETING WITH ME SHULTZ WAS QUOTED AS SAYING: QUOTE YOU CAN'T BE IN HONG KONG AND NOT HAVE PEOPLE RAISE THIS QUESTION, BUT IT'S NOT A SUBJECT WE CAN REALLY CONTRIBUTE TO. WE JUST EXPRESS OUR HOPE THAT THEY (CHINA AND THE UK) CAN WORK IT OUT IN A MANNER THAT CONTUNUES TO SERVE THIS... UNIQUE COMMUNITY UNQUOTE. HE ADDED THAT THE U.S. HAD CONSIDERABLE INTERESTS IN HONG KONG AND DESIRED A SOLUTION WHICH WOULD PROMOTE HONG KONG'S STABILITY AND PROSPERITY. ASKED IF HE THOUGHT THE QUESTION COULD BE WORKED OUT HE REPLIED: QUOTE I WOULD THINK SO. IT IS A GOOD THING EVERYBODY HAS GOING HERE AND USUALLY PEOPLE LIKE TO KEEP A GOOD THING GOING UNQUOTE.

2. THESE REMARKS WERE GIVEN EXTENSIVE BUT NOT PARTICULARLY PROMINENT COVERAGE IN THE ENGLISH LANGUAGE AND INDEPENDENT CHINESE LANGUAGE PRESS. SHULTZ'S REMARKS ABOUT BRITAIN AND CHINA WORKING OUT A SOLUTION WERE REPORTED ON THE FRONT PAGE OF THE (COMMUNIST) WEN WEI PO.

3. A NUMBER OF INDEPENDENT CHINESE LANGUAGE NEWSPAPERS PUBLISHED EDITORIAL COMMENT SPECULATING THAT THE UNITED STATES MIGHT WISH TO PLAY AN INTERMEDIARY ROLE IN THE NEGOTIATIONS. NO (NO) SOURCES WERE CLAIMED TO JUSTIFY SUCH SPECULATION.

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FM HONG KONG 050830Z JAN 83  
TO PRIORITY F C O  
TELEGRAM NUMBER 17 OF 5 JANUARY  
INFO PEKING (PERSONAL FOR AMBASSADOR), WASHINGTON (PERSONAL FOR  
AMBASSADOR)

FUTURE OF HONG KONG: VISIT TO HONG KONG BY U.S. SECRETARY OF STATE

1. ACTING U.S. CONSUL-GENERAL INFORMED US ON 4 JANUARY THAT  
SHULTZ IS PLANNING TO VISIT HONG KONG AT THE END OF HIS FAR EAST  
TOUR TO ATTEND A U.S. HEADS OF MISSION CONFERENCE. HE IS LIKELY  
TO BE HERE ON 8 AND 9 FEBRUARY. ACTING CONSUL-GENERAL ASSUMES  
SHULTZ WILL WANT TO CALL ON ME THOUGH HE HAS NOT YET RECEIVED  
INSTRUCTIONS TO SEEK AN APPOINTMENT.

2. A MEETING HERE WOULD PROVIDE A GOOD OPPORTUNITY FOR ME TO  
ENQUIRE WHETHER HONG KONG WAS RAISED DURING SHULTZ'S VISIT TO  
CHINA (2 - 6 FEBRUARY). IN THIS CONNECTION IT WOULD BE HELPFUL  
TO KNOW WHETHER YOU WILL BE AUTHORISING SIR O. WRIGHT TO FOLLOW  
UP HIS DISCUSSION WITH SHULTZ ON 5 NOVEMBER (WASHINGTON TELNO  
3602).

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FM PEKING 090635Z DEC 82  
TO IMMEDIATE HONG KONG  
TELEGRAM NUMBER 137 OF 9/12/82

FOR POLITICAL ADVISER FROM GALSWORTHY

## FUTURE OF HONG KONG

1. GRATEFUL IF YOU WOULD PASS THE FOLLOWING FROM ME TO THE AMBASSADOR.

BEGINS.

I HAVE HAD SOME FURTHER DISCUSSIONS WITH FREEMAN IN THE US EMBASSY. HE CONFIRMS THAT THROUGHOUT THE AMERICAN NEGOTIATIONS THE CHINESE WERE INSISTING ON TWO "NON-NEGOTIABLE PRINCIPLES" BOTH IN PRIVATE AND PUBLIC, ON WHICH THEY SUBSEQUENTLY COMPROMISED IN THE JOINT COMMUNIQUE. THE TWO PRINCIPLES WERE A SPECIFIC TIME FRAME FOR ENDING ARMS SALES TO TAIWAN, AND THE QUESTION OF LINKAGE BETWEEN ARMS SALES AND THE COMMITMENT TO THE PEACEFUL REUNIFICATION OF TAIWAN.

2. HUANG HUA INSISTED ON BOTH THESE POINTS IN HIS MEETING WITH HAIG IN OCTOBER 1981, AND THE CHINESE CONTINUED TO MAKE NO CONCESSIONS ON THEM UNTIL A LATE STAGE IN THE NEGOTIATIONS. THEY ONLY CLIMBED DOWN WHEN IT BECAME APPARENT THAT FAILURE TO DO SO WOULD RESULT IN A BREAK, AND THAT THE AMERICAN ADMINISTRATION COULD, FOR POLITICAL REASONS, GO NO FURTHER.

3. THE AMERICANS ARE SURE, AS ARE WE, THAT BOTH THESE PRINCIPLES WERE REFERRED TO ON MORE

/THAN

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THAN ONE OCCASION BOTH PUBLICLY AND IN PRIVATE MEETINGS WITH THIRD PARTIES BY THE CHINESE, THOUGH IN THE TIME AVAILABLE WE HAVE NOT BEEN ABLE TO IDENTIFY ALL THE RELEVANT TEXTS. HOWEVER, A NCNA COMMENTARY ON 31 JANUARY REFERRED SPECIFICALLY TO A TIME FRAME FOR ENDING THE TALKS. WE HAVE NOT BEEN ABLE TO TRACE A SPECIFIC STATEMENT MADE BY LIAO CHENGZHI, WHO DID NOT PLAY A VERY PROMINENT ROLE. HOWEVER, DENG HIMSELF TOLD SIHANOUK IN TALKS IN FEBRUARY THAT THE CHINESE HAD 'NO ROOM FOR MANOEUVRE'. THIS WAS SUBSEQUENTLY PUBLICISED IN THE MAGAZINE LIAO WANG. MOREOVER, AS YOU WILL RECALL, DENG TOLD MR HEATH IN APRIL THAT THERE MUST BE A 'TIME FRAME LEADING TO TERMINATION OF ARMS SUPPLIES'.

OCCASIONS ON THIS SORT WERE ROUGHLY PARALLEL TO THE TYPE OF MEETING AT WHICH LIAO FOR INSTANCE SPOKE TO THE FACTORY OWNERS, THOUGH OF COURSE INVOLVING DENG HIMSELF THEY WERE EVEN MORE AUTHORITATIVE. NEVERTHELESS, THE CHINESE DID IN THE END COMPROMISE.

4. I HOPE THIS IS USEFUL

ENDS

CLARK

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*Lead in full.*

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FM HONG KONG 040300Z DECEMBER 82

TO ROUTINE F C O

TELEGRAM NUMBER 1421 OF 04 DECEMBER

INFO PEKING (PERSONAL FOR AMBASSADOR) WASHINGTON (PERSONAL FOR AMBASSADOR)

FUTURE OF HONG KONG

*mt*

MY TELNO 1364 AND PEKING TELNO 793

1. WHEN U S CONSUL-GENERAL CALLED ON ME YESTERDAY HE SAID THAT HE HAD REPORTED TO WASHINGTON MY REMARKS ABOUT THE PART WHICH U S VISITORS MIGHT PLAY IN EDUCATING THE CHINESE ABOUT THE REALITIES OF HONG KONG. HE HAD BEEN INFORMED THAT THE STATE DEPARTMENT WOULD THEMSELVES BRIEF U S VISITORS TO CHINA 'ON A SELECTIVE AND DISCREET BASIS'. SUCH VISITORS WOULD BE TOLD THAT THE CHINESE DID NOT APPEAR TO UNDERSTAND WHAT WAS NEEDED TO MAINTAIN INVESTOR CONFIDENCE IN HONG KONG, AND WOULD BE ENCOURAGED TO EXPLAIN THE REQUIREMENT AS THEIR OWN FIRMS SAW IT. LEVIN CONFIRMED THAT HE WOULD BE INFORMED OF SUCH VISITORS AND WOULD IF THEY CAME THROUGH HONG KONG PUT THEM IN TOUCH WITH US.

2. LEVIN IS LEAVING HONG KONG ON 5 DECEMBER FOR FIVE WEEKS IN THE U S. HE WILL BE MEETING EAST COAST BANKERS IN LOS ANGELES NEXT WEEK AND WILL BE HAVING FURTHER MEETINGS IN NEW YORK, BOSTON ETC. IN THE NEW YEAR. THE LINE HE INTENDS TO PUT ACROSS SHOULD BE HELPFUL.

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FM WASHINGTON 082236Z NOV 82  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 3603 OF 8 NOVEMBER 1982  
INFO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR) HONG KONG (PERSONAL FOR GOVERNOR)

YOUR TELS NOS 512 TO PEKING AND 1921 TO WASHINGTON:  
FUTURE OF HONG KONG

1. YOU ASKED FOR ADVICE ON THE USE OF US VISITORS IN PUTTING OVER TO CHINESE LEADERS HELPFUL POINTS ABOUT HONG KONG. IN MY TELNO 3602 I REPORTED SHULTZ'S WILLINGNESS TO INFORM US IN ADVANCE OF US VISITORS WITH ACCESS TO THE TOP CHINESE LEADERSHIP. WE HAVE ALSO, IN A DISCREET MANNER, SOWN THE SEED WITH OTHER SENIOR AMERICANS OFFICIALS IN A POSITION TO BE AWARE OF VISITS.

2. WITH REGARD TO THE INTERNATIONAL ECONOMIC ORGANISATIONS (YOUR TELNO 1921), THE CHAIRMAN OF THE WORLD BANK AND THE MANAGING DIRECTOR OF THE IMF WOULD, AS INTERNATIONAL CIVIL SERVANTS, FEEL OBLIGED TO OBSERVE IMPARTIALITY ON ISSUES WHICH DIVIDED THEIR MEMBERSHIP. THEY COULD ONLY ACT AS ADVOCATES ON MATTERS WHERE THE CHARTER OF THEIR INSTITUTION CLEARLY ENABLED THEM TO DO SO. LAROSIERE, FOR EXAMPLE, HAS BEEN HELPFUL TO US ON ARGENTINE DISCRIMINATORY FINANCIAL RESTRICTIONS, AND THE WORLD BANK HAVE BEEN PREPARED TO PROD MEMBERS TOWARDS SETTLING OUTSTANDING INTERNATIONAL DEBTS BECAUSE THOSE HAVE BEEN LEGITIMATE ACTIONS FOR THOSE INSTITUTIONS TO UNDERTAKE. BUT BOTH BODIES HAVE SOUGHT, WITH OUR SUPPORT, TO PRESERVE THEIR FUNCTIONS AS INDEPENDENT AND APOLITICAL INSTITUTIONS. YOU WILL RECALL THAT THE FORMER PRESIDENT OF THE WORLD BANK BURNED HIS FINGERS BADLY WHEN HE TOOK AN INITIATIVE WHICH COULD BE CONSTRUED AS TAKING SIDES IN A DISPUTE CONCERNING THE PLO. I DOUBT THEREFORE WHETHER CLAUSEN OR LAROSIERE WOULD WILLINGLY INVOLVE THEMSELVES IN THIS ISSUE. MOREOVER, I BELIEVE THERE IS A STRONG POSSIBILITY OF KNOWLEDGE OF ANY APPROACH BY US LEAKING TO OTHER MEMBER COUNTRIES.

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3. AS REGARDS THE CHINESE REACTION, THE PRC ONLY RECENTLY TOOK OVER THE CHINESE SEAT IN THE IMF AND WORLD BANK AFTER LONG INTERNAL DEBATE ABOUT WHETHER IT WAS RIGHT FOR THEM TO TAKE PART IN THESE WESTERN FINANCIAL INSTITUTIONS. SINCE THEN ~~THEY~~ HAVE BEEN EXTREMELY PRICKLY ABOUT THE ATTITUDE OF THE IMF AND THE WORLD BANK TO TAIWAN. THEY WOULD PROBABLY TAKE IT BADLY IF EITHER INSTITUTION WERE TO APPEAR TO INTERFERE ON THE SIDE OF ONE OF THE MAJOR WESTERN POWERS ON ANOTHER INTERNAL ISSUE (AS THE CHINESE WOULD REGARD IT).

I FEAR THEREFORE THAT THIS LOOKS TO BE A NON-STARTER.

WRIGHT

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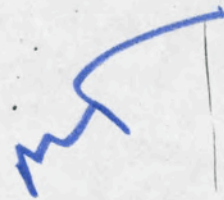
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FM HONG KONG 230814Z NOVEMBER 82

TO ROUTINE FCO

TELEGRAM NUMBER 1364 OF 23 NOVEMBER

(INFO PEKING (PERSONAL FOR AMBASSADOR) WASHINGTON (PERSONAL FOR AMBASSADOR))

YOUR TELNO 534 TO PEKING AND PEKING TELNO 765: FUTURE OF HONG KONG.

1. I SPOKE SIMILARLY TO THE US CONSUL-GENERAL ON 22 NOVEMBER. HE UNDERTOOK TO TREAT THE INFORMATION WITH SPECIAL DISCRETION, AND TO LET US KNOW ABOUT US VISITORS. HE ALSO EXPRESSED WILLINGNESS TO HELP MAINTAIN THE CONFIDENCE OF US BUSINESSMEN WITH INTERESTS HERE.

2. LEVIN'S PERSONAL VIEW WAS THAT IN THE PRESENT STATE OF US/CHINESE RELATIONS ANY (NEXT WORD UNDERLINED) OFFICIAL INTERVENTION BY THE US GOVERNMENT WOULD BE LIKELY TO DO MORE HARM THAN GOOD.

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FUTURE OF HONG KONG

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GR 110  
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 FM PEKING 190010Z NOV 82  
 TO PRIORITY F C O  
 TELNO 765 OF 18 NOVEMBER  
 RPTD FOR INFO PRIORITY HONG KONG AND WASHINGTON (PERSONAL FOR  
 AMBASSADOR).

A.S.C. 22/11  
 h.a.

YOUR TELNO 534: FUTURE OF HONG KONG

1. I SPOKE AS AUTHORISED TO MY US COLLEAGUE TODAY, STRESSING THE NEED FOR GREAT DISCRETION AND GIVING THE COMPOSITION OF THE SMALL GROUP OF US OFFICIALS IN THE KNOW. HUMMEL (WHO HAD NOT HEARD ANYTHING FROM WASHINGTON) UNDERTOOK TO EXERCISE GREAT CAUTION AND TO KEEP IN TOUCH ON THE MOVEMENTS OF US VISITORS.
2. I SAID THE GOVERNOR WOULD BE SPEAKING SIMILARLY TO THE US CONSUL-GENERAL ON THE LATTER'S RETURN TO HONG KONG.
3. AS SEEN FROM HERE, THE CURRENTLY DEPRESSED STATE OF SINO-US RELATIONS (MY TELNO 766) IS LIKELY TO MAKE THE AMERICANS PARTICULARLY CAUTIOUS ABOUT RAISING HONG KONG WITH THE CHINESE.

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HONG KONG

16 November 1982

HONG KONG

Would you please refer to Roger Bone's letter of 11 November.

As I told Alan Donald during the dinner for Dr. Kissinger here on 12 November, the Prime Minister saw no objection to the Ambassador in Peking and the Governor in Hong Kong being authorised to tell the American Ambassador and the Consul General in Hong Kong respectively on a strictly personal basis about our high level discussions in Washington about the future of Hong Kong.

A. J. COLES

John Holmes, Esq.,  
Foreign and Commonwealth Office

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*Handwritten initials and marks*

FM HONG KONG 110612Z NOV 82  
TO PRIORITY F C O  
TELEGRAM NUMBER 1305 OF 11 NOVEMBER

MY TELNO 1295: FUTURE OF HONG KONG: US CONSUL-GENERAL

1. WHEN THE US CONSUL-GENERAL BROUGHT THE COMMANDER OF THE US SEVENTH FLEET TO SEE ME THIS MORNING HE SAID HE WAS THINKING OF RECOMMENDING TO WASHINGTON THAT SHULTZ SHOULD RAISE THE QUESTION OF HONG KONG WHEN HE WENT TO PEKING EARLY NEXT YEAR. SINCE ADMIRAL HOLCOMB WAS PRESENT I SAID ONLY THAT THIS WAS SOMETHING WE MIGHT DISCUSS LATER.
2. THE CHAIRMAN OF THE MARINE MIDLAND BANK ALSO CALLED ON ME THIS MORNING. DUFFY SAID THAT THE BANK WERE ENCOURAGING LEVIN TO GO TO NEW YORK TO TALK TO TOP US BANKERS ABOUT THE FUTURE AND HAD OFFERED TO ARRANGE A SERIES OF APPOINTMENTS FOR HIM. THIS FITS IN WITH WHAT LEVIN HIMSELF HAS TOLD US (PARA 2 OF MY TUR).
3. I SHOULD BE GRATEFUL FOR EARLY AUTHORITY TO SPEAK TO LEVIN ON THE LINES PROPOSED. HE IS A CHINA SPECIALIST WITH EXTENSIVE EXPERIENCE OF HONG KONG AND HIS RECOMMENDATIONS WILL NO DOUBT CARRY SOME WEIGHT IN WASHINGTON: AND IF HE IS GOING TO BE MEETING US BANKERS AND BUSINESSMEN ANYWAY IT IS IMPORTANT THAT THE MESSAGE HE PUTS ACROSS IS THE RIGHT ONE FROM OUR POINT OF VIEW.

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