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A-J-C. 3/3
f.a.

FROM PEKING 020505Z MAR 83

TO IMMEDIATE HONG KONG

TELEGRAM NUMBER 17 OF 2/3/83

REPEATED FOR INFO TO ROUTINE FCO WASHINGTON (PERSONAL FOR
AMBASSADOR)

WASHINGTON TEL NO 463 TO FCO AND YOUR TEL NO 87:

FUTURE OF HONG KONG:
US DELEGATION

1. JOHNSON AND HIS DELEGATION CALLED ON ME LATE
LAST NIGHT FOR A DRINK. THEY ARE WORKING ON A PROJECT
'CHINA IN THE NEXT TEN YEARS'. JOHNSON DID NOT SEEM WELL
BRIEFED ON HONG KONG AND HAD HAD ONLY A VERY
INSUBSTANTIAL EXCHANGE ON THE SUBJECT WITH WANG BINGNAN.
WANG HAD SAID THAT THE PROBLEM WAS SIMPLE: HONG KONG
BELONGED TO CHINA AND CHINA WOULD HAVE IT BACK. HE HAD HAD NO
ANSWER WHEN JOHNSON ASKED HOW THEY WOULD DO THIS AND AT THE SAME
TIME MAINTAIN CONFIDENCE.

2. I GAVE JOHNSON A GUARDED BRIEFING, SAYING THAT
WE WERE NOW TALKING TO THE CHINESE ABOUT THE FUTURE
AND THAT WE HAD A COMMON INTEREST IN FINDING A SOLUTION. BUT I
EXPLAINED THAT THE CHINESE WERE DEEPLY IGNORANT ABOUT HOW THE
ECONOMY WORKED AND THAT THIS WAS A MAJOR PROBLEM. ANOTHER PROBLEM
WAS THE SERIES OF LEAKS FROM THE CHINESE SIDE TO HONG KONG VISTORS
AND THE PRESS, WHICH HAD CAUSED CONCERN IN HONG KONG. THAT SAID,
THE ECONOMIC BAROMETERS IN HONG KONG LOOKED BETTER NOW THAN THEY
DID SOME WEEKS AGO.

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3. HUAN XIANG HAD TOLD JOHNSON THAT THE TAIWAN PROBLEM MIGHT BE "BEHIND THEM" IN TEN YEARS' TIME. JOHNSON SAID HE AGREED THAT IT WAS POSSIBLE THAT, ALTHOUGH THE PRC FLAT MIGHT NOT FLY OVER TAWAN IN THAT TIME, THE TWO CHINAS COULD HOWEVER HAD WORKED OUT A "MODUS VIVENDI" WHICH MIGHT LEAD TO FULL REUNIFICATION IN THE LONGER TERM. THIS STRUCK ME AS VERY OPTIMISTIC.

4. IT WAS UNFORTUNATE THAT JOHNSON ALLOWED NONE OF THE YOUNGER MEN ON HIS DELEGATION TO SPEAK. GENERAL GOODPASTER MANAGED A FEW SHORT LINES BUT THE OTHERS WERE GIVEN NO LEASH. OKSENBERG SHOULD BE WORTH TAKING TO ONE SIDE.
CRADOCK

FUTURE OF HONG KONG

LIMITED

HD/HKGD
HD/FED ←hd/nad
HD/PLANNING STAFF
HD/PUSD
PS
PS/MR HURD
PS/LORD BELSTEAD
PS/PUS
SIR J BULLARD
MR GIFFARD
MR DONALD

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MR COLES NO 10 DOWNING STREET
MR MARTIN ASSESSMENTS STAFF
CABINET OFFICE

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