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Foreign and Commonwealth Office

London SW1A 2AH

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*Dear Puhin,*Future of Hong Kong: Education of the Chinese

For the talks in Peking on 2 and 3 August four papers have been prepared by the British side for handing over to the Chinese. These deal with the Legal, Financial, Economic and Monetary systems of Hong Kong. A set is enclosed in case the Prime Minister wishes to glance at them at any time in August.

The papers are aimed at helping the Chinese understand how things actually work in Hong Kong. They are intentionally of a factual nature and do not attempt to argue the need for the continuation of British administration: that has been done separately in the talks. They take account of contributions from London and from the Ambassador in Peking, and were cleared with EXCO.

The Prime Minister has expressed particular interest in the educative process. The Ambassador's views on this are in Peking telno 694 (copy enclosed). In practice the Hong Kong Government are pushing this as strongly as they can. Groups and individuals from Hong Kong continue to make trips to Peking where some of them are seen by officials dealing with Hong Kong, although none have yet repeated the good performance of the young professionals. There are also occasional visits to Hong Kong by officials from China, such as a recent group of legal experts. Within Hong Kong, the Governor and the Political Adviser are getting to know the new head of the New China News Agency (NCNA), Xu Jiatur, a more senior figure than his predecessor Wang Kuang. The Governor is giving Xu a dinner later this week.

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4. There are also other visits to Peking made by senior British figures in eg banking, business and political spheres. Those visiting in the near future include Lord Rhodes and Mr Heath. The Chief Justice of Hong Kong is also planning a visit to China in the Autumn.

*Yours ever*

(J E Holmes)

*John Holmes*  
Private Secretary

F E R Butler Esq  
10 Downing St

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