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DESKBY 260900Z

FM HONG KONG 260640Z SEP 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1409 OF 26 SEPTEMBER

INFO IMMEDIATE PEKING UKMIS NEW YORK (FOR S OF S'S PARTY)

OTTAWA (FOR PRIVATE SECRETARY TO THE PRIME MINISTER)

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*Yves Dineault*

*has seen. AD 26/9*

FUTURE OF HONG KONG: PRESS COVERAGE

1. THE MAJOR COMMUNIST NEWSPAPERS (TA KUNG PAO, WEN WEI PO AND NEW EVENING POST) HAVE ALL REACTED SHARPLY TO THE PRIME MINISTER'S COMMENTS TO U.S. JOURNALISTS ON 23 SEPTEMBER (CPI RETRACT NUMBER 03923 SEPT). THEIR COMMENTS CAN BE TAKEN AS REFLECTIONS OF THE OFFICIAL CHINESE VIEW.

2. THE THREE PAPERS REFUTED THE ASSERTION THAT THERE WAS GREAT FINANCIAL AND POLITICAL UNCERTAINTY OVER THE FUTURE OF HONG KONG AND DENIED THAT THERE WAS ANY BASIS FOR A COMPARISON BETWEEN HONG KONG AND SINGAPORE. IN ITS EDITORIAL YESTERDAY WEN WEI PO DESCRIBED THE PM'S STATEMENT AS "'ASTONISHING AND OUTRAGEOUS"' AS WELL AS "'DAMAGING TO THE INTERESTS OF HONG KONG'S FIVE MILLION PEOPLE'". THE EDITORIAL ACCUSED THE PM OF DISTORTING THE TRUTH IN ORDER TO "'PUT THE BLAME ON CHINA"' BUT THAT SUCH ACTIONS CONTRADICTED BRITAIN'S PLEDGE TO MAINTAIN PROSPERITY AND STABILITY. TA KUNG PAO AND THE NEW EVENING POST ATTACKED THE PM'S ATTEMPT TO "'PLAY THE HONG KONG INDEPENDENCE CARD"' BY URGING LOCAL RESIDENTS TO CUT THEIR PROPER TIES WITH THE CHINESE MOTHERLAND AND SEEK INDEPENDENCE. THE PAPERS INSISTED THAT BRITAIN WAS TRYING TO MAINTAIN ITS COLONIAL PRESENCE IN HONG KONG FOR PURELY ECONOMIC GAIN. BRITISH ENTREPRENEURS ENJOYED AS SPECIAL STATUS IN HONG KONG, THEY INVESTED HEAVILY IN THE LOCAL STOCK MARKETS AND HONG KONG'S RESERVES WERE KEPT IN BRITAIN.

3. THE MOST VITRIOLIC RESPONSE TO THE PM'S COMMENTS APPEARED IN TODAY'S WEN WEI PO IN AN ARTICLE SIGNED BY THE PAPER'S DIRECTOR LI ZISONG (WHO IS ALSO A DELEGATE TO THE CPPCC). LI ACCUSED THE PM OF "WILFULLY TELLING LIES" BY CLAIMING THAT BRITAIN DERIVED NO ECONOMIC BENEFIT FROM HONG KONG. HONG KONG'S RESERVES WERE KEPT IN THE UK FOR BRITAIN'S BENEFIT, THE HONG KONG GOVERNMENT HAD ACUTIONED OFF THE TERRITORY'S LAND (WHICH WAS CHINA'S) AT HIGH PRICES, AND HAD ACCUMMULATED THE REVENUE IN GOVERNMENT COFFERS. THE HONG KONG GOVERNMENT'S POLICY OF AWARDDING FRANCHISES, ITS INVESTMENT POLICIES AND THE TAX LEVY ON BETTING WERE ALL DESIGNED TO REAP HUGE BENEFITS. IF NOT FOR THE PURPOSES OF "INVASION AND LOOTING" SAID LI, WHY DID BRITAIN COMME ALL THIS WAY TO OCCUPY A PART OF CHINESE TERRITORY. BEFORE LIBERATION (I.E. 1949) BRITAIN HAD TAKEN AWAY AN "INCALCULABLE AMOUNT OF MONEY AND MATERIALS" FROM CHINA.

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