

SECRET/D E D I P

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DD 010100Z HONG KONG

GRS254

D E D I P

SECRET

DESKBY 010100Z

FM FCO 301645Z SEP 83

TO IMMEDIATE HONG KONG

TELEGRAM NUMBER 997 OF 30 SEPTEMBER

FOLLOWING PERSONAL FOR GOVERNOR FROM GIFFARD

YOUR TELNO 1452 AND YOUR TELECON WITH CLIFT: FINANCIAL SITUATION

1. THE CHANCELLOR OF THE EXCHEQUER IS PROPOSING TO THE PRIME MINISTER, WITH THE SECRETARY OF STATE'S CONCURRENCE, TO ARRANGE FOR OFFICIALS FROM THE TREASURY AND THE BANK OF ENGLAND TO FLY URGENTLY TO HONG KONG TO DISCUSS THE PROPOSED CERTIFICATE OF INDEBTEDNESS SCHEME. THEY ARE GOODHART (CHIEF ECONOMIC ADVISER TO THE BANK OF ENGLAND) AND PERETZ (ASSISTANT SECRETARY IN CHARGE OF THE BALANCE OF PAYMENTS DIVISION, TREASURY). WE ASSUME THAT BLYE WILL THEREFORE NOT TRAVEL TO LONDON.
2. IT IS FULLY UNDERSTOOD THAT THIS VISIT SHOULD BE CONDUCTED WITH THE UTMOST DISCRETION. IF HOWEVER THE PRESENCE OF THE OFFICIALS IN HONG KONG BECOMES KNOWN IT HAS BEEN AGREED THAT THE FOLLOWING LINE MIGHT BE TAKEN IN RESPONSE TO ENQUIRIES: 'THE OFFICIALS ARE VISITING HONG KONG SIMPLY TO ACQUAINT THEMSELVES WITH THE CURRENT FINANCIAL SITUATION. AS MR LUCE MADE CLEAR IN A PUBLIC STATEMENT ON HIS RECENT VISIT TO HONG KONG, THE ACTION TO DEFEND THE VALUE OF THE HONG KONG DOLLAR IS A MATTER FOR THE HONG KONG GOVERNMENT.'
3. SUBJECT TO THE PRIME MINISTER'S AGREEMENT, GOODHART AND PERETZ ARE TRAVELLING ON FLIGHT BA003 DEPARTING LONDON 1700 ON 2 OCTOBER AND ARRIVING HONG KONG 1530 ON 3 OCTOBER. THIS WAS THE EARLIEST FLIGHT AVAILABLE. THEY WOULD BE GRATEFUL IF THEY COULD BE MET AND IF HOTEL

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SECRET/D E D I P

Mr. Cole

*No 10
Downing Street*

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ADL 3/10

p.a.

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ACCOMMODATION COULD BE ARRANGED FOR THEM.

HOWE

LIMITED

HD/HKD

PS (2)

PS/PUS

PS/MALUCE

MREVANS

MR GIFFARD

MR DONALD

COPIES TO
MR B UNWIN, TREASURY
D HOLLAND BANK OF ENGLAND
MR COLES, NO 10 DOWNING ST