

GRS 1150

**RESTRICTED**

RESTRICTED

DESBKY 060945Z OCT 83

FROM PEKING 060850Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 991 OF 6/10/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

*ML 2/10*

FUTURE OF HONG KONG: PEOPLE'S DAILY COMMENTATOR ON MR LUCE'S REMARKS

1. PEOPLE'S DAILY OF 6 OCTOBER CARRIES AN ARTICLE ON PAGE 2 BY A 'COMMENTATOR' OF THE PAPER ENTITLED 'COME OFF IT MR LUCE'. IT IS LENGTHY AND SEVERE IN TONE. COMMENT IS IN MIFT. A SUMMARY OF THE PIECE FOLLOWS.

2. THE ARTICLE STATES THAT ON 28 SEPTEMBER MR LUCE ATTACKED THE CHINESE GOVERNMENT FOR OPENLY CRITICISING THE BRITISH POSITION IN THE TALKS. HE THREATENED TURBULENCE IF THE TALKS DID NOT REACH A SATISFACTORY OUTCOME. ALL CONCERNED WITH HONG KONG'S FUTURE WOULD CONSIDER THAT SUCH EXTRAORDINARY REMARKS WOULD BE OF NO HELP IN FINDING A RATIONAL SOLUTION.

3. IT WAS PUTTING THE BLAME ON OTHERS AND MISLEADING THE PUBLIC TO ACCUSE THE CHINESE OF BREACHING CONFIDENTIALITY. THE CHINESE GOVERNMENT HAD NEVER PUBLICLY SPOKEN OF THE PROGRESS OF THE TALKS OR THEIR AGENDA. EVERYONE KNEW CHINA'S BASIC POSITION CONCERNING THE RESUMPTION OF SOVEREIGNTY AND ADMINISTRATION IN HONG KONG. THERE WAS NO SECRET ABOUT IT. THE CHINESE HAD THE RIGHT TO MAKE IT KNOWN TO THEIR PEOPLE., INCLUDING THOSE IN HONG KONG. THE BRITISH SIDE, MR LUCE HIMSELF INCLUDED, HAD TIME AND AGAIN ANNOUNCED THEIR 'AIM', IE THEIR POSITION, IN THE TALKS. WHAT KIND OF LOGIC WAS IT THAT ALLOWED THE BRITISH TO STATE THEIR POSITION WHILE THE CHINESE COULD NOT?

**RESTRICTED**

*/4*

## RESTRICTED

4. THROUGH MEDIA UNDER THEIR CONTROL, THE BRITISH SIDE ADVOCATED THE EXCHANGE OF SOVEREIGNTY FOR ADMINISTRATION. THE BRITISH WERE USING THE MASS MEDIA TO PUT PRESSURE ON CHINA. THE CHINESE GOVERNMENT AND PEOPLE COULD NOT ACCEPT THAT TYPE OF ARGUMENT IN THE BRITISH PRESS, AND HAD TO REFUTE IT. MR LUCE ACCUSED THE CHINESE SIDE OF CONDUCTING 'MEGAPHONE DIPLOMACY'. BUT WOULD HE NOT ADMIT THAT THE MISTAKEN ARGUMENT IN THE BRITISH PRESS WAS THE BRITISH POSITION IN THE TALKS? MR LUCE'S ATTITUDE WAS NOT A RESPONSIBLE ONE. HE SHOULD ALSO REMEMBER THAT THE GOVERNOR OF HONG KONG, WHO WAS TAKING PART IN THE TALKS AS A MEMBER OF THE BRITISH DELEGATION AND WAS THEREFORE ANSWERABLE TO THE BRITISH GOVERNMENT, REGULARLY BRIEFED MEMBERS OF HONG KONG'S EXECUTIVE COUNCIL ON THE PROGRESS OF THE TALKS. WHO IN FACT WAS BREACHING CONFIDENTIALITY AND PUBLICISING THE CONTENT OF THE TALKS?

5. MR LUCE HAD SAID THAT IT WAS UNHELPFUL TO SET A TIME LIMIT FOR THE TALKS. TO SAY THIS COULD NOT BUT BRING IN THE QUESTION OF THE VERY NATURE OF THE TALKS. THE FACT WAS THAT CHINA HAD A RIGHT TO RECOVER SOVEREIGNTY AND ADMINISTRATION OVER ITS SACRED TERRITORY AT ANY TIME. IN VIEW PRINCIPALLY OF THE FRIENDLY RELATIONS BETWEEN BRITAIN AND CHINA, CHINA WAS WILLING TO SOLVE THE HONG KONG QUESTION THROUGH NEGOTIATION. BUT THIS DID NOT MEAN THERE WAS ANY ROOM FOR BARGAINING OVER THE MATTER OF SOVEREIGNTY. IF THE BRITISH VIEWED CHINA'S SINCERE AND COOPERATIVE ATTITUDE TOWARDS SOLVING THE HONG KONG QUESTION IN AN APPROPRIATE MANNER AS A SIGN OF WEAKNESS THAT COULD BE EXPLOITED, AND SO OBSTINATELY HELD TO THEIR MISTAKEN POSITION, THEN NATURALLY CHINA COULD NOT WAIT FOR A LONG TIME, FAR LESS INDEFINITELY. SHE WOULD HAVE NO ALTERNATIVE BUT TO ANNOUNCE CLEARLY HER OWN POLICIES TOWARDS HONG KONG AT A SUITABLE MOMENT.

6. IN ISSUING VARIOUS THREATS ABOUT THE EVENTUALITY OF A FAILURE IN THE TALKS, MR LUCE HAD CLEARLY UNDERESTIMATED THE DETERMINATION OF THE CHINESE GOVERNMENT AND PEOPLE TO RECOVER SOVEREIGNTY AND ADMINISTRATION OVER HONG KONG. HE HAD ALSO EXPOSED THE BRITISH INTENTION TO CONTINUE OCCUPYING THE TERRITORY. MR LUCE SHOULD UNDERSTAND THE THREATS OF ANY KIND WOULD NOT HAVE THE LEAST EFFECT. IF THE TALKS WERE SADLY TO BREAK DOWN BECAUSE OF BRITAIN MAINTAINING ITS COLONIALIST STAND, THEN RESPONSIBILITY FOR ALL THE CONSEQUENCES WOULD REST WITH THE BRITISH GOVERNMENT.

2

RESTRICTED

/7

## RESTRICTED

7. MR LUCE HAD WAVED THE BANNER OF HONG KONG OPINION. HE HAD ATTEMPTED TO SUGGEST THAT WHAT WAS A BILATERAL MATTER SHOULD BE A TRIANGULAR ONE BETWEEN CHINA, BRITAIN AND HONG KONG. HOW COULD THIS BE WHEN THE FACT WAS THAT BRITAIN HAD OCCUPIED CHINA'S TERRITORY? IF BRITAIN REALLY WISHED TO 'FULFIL ITS COMMITMENT' TO THE PEOPLE OF HONG KONG, IT SHOULD ADOPT A COOPERATIVE ATTITUDE TOWARDS THE CHINESE GOVERNMENT AND HAND BACK HONG KONG TO THE MOTHERLAND AS SOON AS POSSIBLE. 98 PER CENT OF HONG KONG'S POPULATION WERE CHINESE. BRITAIN HAD NO RIGHT TO REPRESENT THEM. HONG KONG'S CHINESE RESIDENTS RECOGNISED THIS

WHEN MR LUCE AND CERTAIN PAPERS UNDER BRITISH INFLUENCE TALKED OF 'PUBLIC OPINION' THEY OVERLOOKED ONE FACT: ONE BILLION CHINESE PEOPLE, INCLUDING 5 MILLION COMPATRIOTS IN HONG KONG, FIRMLY DEMANDED THE RETURN OF HONG KONG TO CHINA. ATTEMPTS TO USE 'PUBLIC OPINION' TO EXERT PRESSURE ON CHINA OR OBSTRUCT HER RESUMPTION OF SOVEREIGNTY WERE UTTERLY FUTILE.

8. THE TALKS WOULD BE CONTINUING. MR LUCE HAD SAID THAT BRITAIN WAS 'ALREADY LOOKING TO THE FUTURE'. CHINA HOPED THAT THE BRITISH GOVERNMENT WOULD NOT SIMPLY LET THEIR EYES REST ON THEIR OWN 'AIMS', BUT WOULD TAKE A BROAD, LONG-TERM VIEW. THEY SHOULD RECOGNISE THE TIDE OF HISTORY, ADOPT A SINCERE AND COOPERATIVE ATTITUDE AND, THROUGH FRIENDLY TALKS, BRING ABOUT A SPEEDY AND SATISFACTORY SOLUTION TO THE MATTER OF RETURNING HONG KONG TO CHINA, THEREBY PROMOTING THE DEVELOPMENT OF FRIENDLY RELATIONS BETWEEN THE TWO COUNTRIES. THIS ALONE WAS TRULY CONSISTENT WITH BRITAIN'S INTEREST.

9. SEE MIFT.

CLARK

FUTURE OF HONG KONG

LIMITED

HD/HKD

HD/FED

HD/PLANNING STAFF

HD/PUSD

PS

PS/LADY YOUNG

PS/MR LUCE

PS/PUS

SIR J BULLARD

MR GIFFARD

MR DONALD

MR WRIGHT

COPIES TO

SIR IAN SINCLAIR LEGAL ADVISER

MR BURROWS LEGAL ADVISER

MR ROBERTS NEWS D

MR MARTIN ASSESSMENTS STAFF  
CABINET OFFICE

MR FLOWER PUSD

MR COLES NO 10 DOWNING STREET

SIR A PARSONS NO 10 DOWNING STREET

MR WALKER RESEARCH D OAB

<sup>3</sup>  
RESTRICTED

GRS 200

CONFIDENTIAL

CONFIDENTIAL

DESKBY 060945Z

FROM PEKING 06091-Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 992 OF 6/10/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

MIPT: " COMMENT  
-----

*MR 2/10*

1. THIS COMMENTATOR PIECE, WHICH CONTAINS EVEN MORE EMOTIVE AND VITRIOLIC LANGUAGE THAN YESTERDAY NCNA COMMENTARY, IS YET A FURTHER PROPAGANDA ESCALATION. A PEOPLE'S DAILY COMMENTATOR IS USUALLY A SENIOR PARTY FIGURE IN THE PEOPLE'S DAILY ESTABLISHMENT: ON THIS OCCASION THERE CAN BE LITTLE DOUBT THAT THE PIECE WAS AUTHORIZED AT A HIGH LEVEL.

2. MOST OF THE POINTS IN THE COMMENTARY ARE FAMILIAR, THOUGH SOME ARE EXPRESSED MORE STRONGLY THAN BEFORE. THERE IS HOWEVER, FOR THE FIRST TIME IN THE PUBLIC MEDIA, A VERY CLEAR THREAT THAT CHINESE PATIENCE IS NOT INFINITE: THIS STRENGTHENS OUR SUSPICION THAT THE CHINESE ARE PREPARING PUBLIC OPINION HERE FOR A POSSIBLE BREAKDOWN IN THE TALKS IF THE BRITISH DO NOT MOVE. THIS SUSPICION IS FURTHER STRENGTHENED BY THE STATEMENT THAT THE BRITISH GOVERNMENT MUST TAKE ALL THE RESPONSIBILITY IF THE TALKS FAIL.

CLARK

FUTURE OF HONG KONG

LIMITED

HD/HKD

HD/FED

HD/PLANNING STAFF

HD/PUSD

PS

PS/LADY YOUNG

PS/MR LUCE

PS/PUS

SIR J BULLARD

MR GIFFARD

MR DONALD

MR WRIGHT

COPIES TO

SIR IAN SINCLAIR LEGAL ADVISER  
MR BURROWS LEGAL ADVISER

MR ROBERTS NEWS D

MR MARTIN ASSESSMENTS STAFF  
CABINET OFFICE

MR FLOWER PUSD

MR COLES NO 10 DOWNING STREET

SIR A PARSONS NO 10 DOWNING STREET

MR WALKER RESEARCH D OAB

CONFIDENTIAL

# RESTRICTED

GR 400

RESTRICTED

FM HONG KONG 061005Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1487 OF 6 OCTOBER

INFO IMMEDIATE PEKING ROUTINE HONG KONG GOVERNMENT OFFICE LONDON  
(FOR HONG KONG GOVERNMENT REPRESENTATIVES) WASHINGTON NEW YORK  
GENEVA BRUSSELS

*1027/10*

*h-a*

FUTURE OF HONG KONG: PRESS COVERAGE

1. ALL SECTIONS OF THE PRESS GAVE EXTENSIVE AND WIDESPREAD COVERAGE TO THE GOVERNOR'S LEGCO ADDRESS YESTERDAY. THIS WAS GENERALLY FAVOURABLY RECEIVED, WITH MOST PAPERS NOTING THAT THE SEARCH FOR A SETTLEMENT OF HONG KONG'S FUTURE WAS THE MOST IMPORTANT ISSUE. THERE WAS SOME CRITICISM, NOTABLY IN THE COMMUNIST PRESS, THAT THE SPEECH FAILED TO ELABORATE MEASURES TO BOLSTER THE HONG KONG DOLLAR (SEE PARA 3 BELOW).

2. AMONGST THE EDITORIALS IN THE INDEPENDENT PRESS, MING PAO, SHING TAO, WAH KIU YAT PO AND THE EXPRESS ALL COMMENTED THAT A POSITIVE AND OPTIMISTIC ATTITUDE HAD BEEN TAKEN TOWARDS LONG-TERM DEVELOPMENT PROJECTS. THIS WAS A MARK OF THE GOVERNMENT'S CONFIDENCE AND SHOULD HELP TO SET THE PUBLIC'S HEART AT EASE. FINANCIAL DAILY SAID THAT PENDING AN AGREEMENT IN THE SINO/BRITISH TALKS IT WAS IMPORTANT FOR LOCAL RESIDENTS TO KEEP THEIR NERVE. WHILST GENERALLY WELCOMING THE ADDRESS, THE ECONOMIC JOURNAL SAID THAT THE PUBLIC HAD HOPED FOR RATHER MORE QUOTE DIRECTION UNQUOTE.

3. TA KUNG PAO AND WEN PO (COMMUNIST) EMPHASISED IN THEIR HEADLINES THAT THE GOVERNOR HAD NOT ANNOUNCED MEASURES TO SHORE UP THE HONG KONG DOLLAR. WEN WEI PO SAID THAT ALTHOUGH AN EXPORT-LED RECOVERY WAS UNDERWAY, THE WEAK DOLLAR WOULD FORCE UP THE RATE OF INFLATION. IN ITS EDITORIAL, TA KUNG PAO SAID THAT MEASURES SHOULD BE ANNOUNCED SOON TO CURB QUOTE SPECULATION UNQUOTE AND ADDED THAT THE GOVERNMENT APPARENTLY LACKED THE DETERMINATION TO INTRODUCE SUCH MEASURES. NOTING THE PRIORITY GIVEN TO THE SEARCH FOR A SETTLEMENT ON HONG KONG'S FUTURE, THE EDITORIAL MAINTAINED THAT THE BIGGEST STUMBLING BLOCK WAS BRITAIN'S QUOTE HARDENED ATTITUDE UNQUOTE.

# RESTRICTED

*/4.*

# RESTRICTED

4. THE INDEPENDENT (BUT NOT COMMUNIST) PRESS CARRIED A DENIAL BY A CHINA RESOURCES COMPANY SPOKESMAN THAT CHINA HAD DECIDED TO SETTLE ACCOUNTS IN U.S. DOLLARS RATHER THAN HONG KONG DOLLARS IN TRADING WITH HONG KONG. (THIS FOLLOWED A REPORT IN THE RIGHT-WING KUNG SHEUNG DAILY NEWS ON 3 OCTOBER THAT CHINESE TRADERS HAD TOLD MALAYSIAN IMPORTERS TO PAY IN U.S. AND NOT HONG KONG DOLLARS).

HADDON-CAVE

## FUTURE OF HONG KONG

LIMITED  
HD/HKD  
HD/FED  
HD/PLANNING STAFF  
HD/PUSD  
PS  
PS/LADY YOUNG  
PS/MR LUCE  
PS/PUS  
SIR J BULLARD  
MR GIFFARD  
MR DONALD  
MR WRIGHT

## COPIES TO

SIR IAN SINCLAIR LEGAL ADVISER  
MR BURROWS LEGAL ADVISER  
MR ROBERTS NEWS D  
MR MARTIN ASSESSMENTS STAFF  
CABINET OFFICE  
MR FLOWER PUSD  
MR COLES NO 10 DOWNING STREET  
SIR A PARSONS NO 10 DOWNING STREET  
MR WALKER RESEARCH D OAB 2/82

2  
RESTRICTED