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(AMENDED DISTRIBUTION 6 OCTOBER)

FM CANBERRA 060600Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 524 OF 6 OCTOBER

INFO PRIORITY HONG KONG (PERSONAL FOR GOVERNOR), PEKING,  
UKMIS NEW YORK

AR 7/10  
h-a

UKMIS NEW YORK TELEGRAM NO 942 TO YOU: SECRETARY OF STATE'S  
MEETING WITH THE AUSTRALIAN FOREIGN MINISTER: HONG KONG

1. WHEN MR WHITNEY CALLED ON HENDERSON, SECRETARY IN THE  
AUSTRALIAN DFA, ON 6 OCTOBER, THE LATTER SAID THAT HE WANTED  
TO BRING MR WHITNEY UP-TO-DATE ON HONG KONG. FOLLOWING UPON  
HIS DISCUSSION WITH THE SECRETARY OF STATE, MR HAYDEN HAD  
HAD A MEETING WITH WU ON 3 OCTOBER.

2. WU HAD REPEATED A LINE FAMILIAR TO MR HAYDEN. HE HAD  
STUCK TO THE CHINESE POSITION ON THE INDIVISIBILITY OF  
SOVEREIGNTY AND ADMINISTRATION. SOVEREIGNTY COULD NOT BE PLACED  
ON ONE SIDE, AS THE BRITISH APPEARED TO WISH. MOREOVER, BRITAIN  
WAS OVERSTATING THE PRESENT DIFFICULTIES IN HONG KONG, AND HAD  
CONTRIVED THE PRESENT WEAKNESS OF THE HONG KONG DOLLAR ACCORD-  
INGLY. HOWEVER, SEPTEMBER 1984 REMAINED THE DEADLINE FOR THE  
COMPLETION OF DISCUSSIONS IN PEKING, AFTER WHICH, IF SATIS-  
FACTORY PROGRESS HAD NOT BEEN MADE, THE CHINESE WOULD UNILATERALLY  
DECLARE THEIR INTENTION TO REPOSSESS SOVEREIGNTY IN 1997.  
NONE OF THIS WAS NEW TO MR HAYDEN.

3. IN REPLY, MR HAYDEN HAD TOLD WU THAT BRITISH CONCERNS  
WERE NOT TO BE DISMISSED LIGHTLY. THEY WERE GENUINELY WORRIED  
ABOUT A FLIGHT OF CAPITAL FROM HONG KONG ARISING OUT OF THE  
PRESENT UNCERTAINTIES. IT SEEMED TO MR HAYDEN THAT INADEQUATE  
CHINESE RECOGNITION OF THE SPECIAL CHARACTERISTICS OF HONG  
KONG COULD LEAD TO INSTABILITY IN THE REGION, WHICH THE  
AUSTRALIANS, WITH THEIR INTEREST THERE, WOULD DEPLORE.

4. MR WHITNEY THANKED HENDERSON FOR MR HAYDEN'S HELPFUL  
INTERVENTION. THE MORE THE AUSTRALIANS COULD EXPLAIN THE  
REALITIES OF THE POSITION TO THE CHINESE, THE BETTER FOR ALL  
CONCERNED. MR WHITNEY UNDERTOOK THAT WE WOULD KEEP IN CLOSE  
TOUCH WITH THE AUSTRALIANS ON THE SUBJECT.

MASON

FUTURE OF HONG KONG

LIMITED

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