

RESTRICTED

GRS 690

RESTRICTED

FM OTTAWA 072235Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 529 OF 07 OCTOBER

INFO IMMEDIATE TO WASHINGTON, HONG KONG, PEKING

*Prime Minister*

*with notes*

VISIT BY CHINESE FOREIGN MINISTER

MIPT

*ms*

*A.S.C. 10/10*

FOLLOWING IS DEA'S TRANSCRIPT OF QUESTIONS AND ANSWERS ON HONG KONG IN CHINESE FOREIGN MINISTER'S PRESS CONFERENCE IN OTTAWA ON 6 OCTOBER.

1. NEXT QUESTION, WARNER TROYER, CITY TELEVISION.

W.T.(UNDERLINED) MINISTER, IF I CAN USE A PHRASE WHICH WILL NOT MAKE A BAD PUN IN TRANSLATION. WHILE YOU HAVE BEEN WOOING FOREIGN BUSINESSMEN AND INVESTORS IN CANADA TO COME TO CHINA, THE ONTARIO PREMIER WILLIAM DAVIS AND HIS MINISTER OF TRADE AND INDUSTRY, FRANK MILLER, HAVE BEEN IN HONG KONG TRYING TO ATTRACT SOME OF THE NERVOUS BUSINESSMEN AND INDUSTRIALISTS THERE, AND ENCOURAGE THEM TO PUT MONEY INTO ONTARIO. I WONDER WHETHER AS A RESULT OF SECRET NEGOTIATIONS WHICH PRIME MINISTER THATCHER TOLD US ABOUT HERE TEN DAYS AGO ON THE FUTURE OF HONG KONG, YOU HAVE ANY WORDS OF REASSURANCE FOR THOSE INVESTORS IN HONG KONG WHO ARE NOW CONSIDERING PUTTING MONEY INTO SINGAPORE AND KUALA LUMPUR, AND INDEED NOW, INTO ONTARIO ?

MR. WU (UNDERLINED) I THINK THE FOREIGN INVESTORS, INCLUDING THE CANADIAN AND BRITISH INVESTORS, AND OWNERS OF PROPERTIES IN HONG KONG SHOULD NOT BE NERVOUS AT ALL. AS THE CHINESE POLICY WHICH WE HAVE STATED ON MANY OCCASIONS - HAVE STIPULATED - AFTER WE RESUME THE EXERCISE OF SOVEREIGNTY OF HONG KONG, WE WILL NOT TOUCH, IN FACT WE WILL KEEP ALL THE PROPERTIES, THE PRIVATE PROPERTIES IN HONG KONG, INTACT. THEY WILL BE ALLOWED TO MAINTAIN THEIR CONTACTS AND RELATIONS WITH FOREIGN COUNTRIES, AND DO THE TRANSACTIONS AS USUAL. HERE I WOULD LIKE TO TAKE THE OPPORTUNITY TO TELL OUR FRIENDS THAT, UNDER THE PEOPLE'S REPUBLIC OF CHINA, THERE ARE GOING TO BE TWO SPECIAL ADMINISTRATIVE REGIONS - NAMELY, HONG KONG AND TAIWAN. AFTER REPEATED AND CAREFUL CONSIDERATION OF THE SPECIAL CONDITIONS THERE, WE THINK THAT WE SHOULD ADOPT SPECIAL POLICIES TOWARDS THESE TWO REGIONS. THE MOST IMPORTANT ASPECT OF SUCH SPECIAL POLICIES IS THAT THE SOCIAL SYSTEM IN THESE TWO REGIONS WILL REMAIN UNCHANGED, . OTHER ASPECTS OF THE SPECIAL POLICIES, WITH RESPECT TO HONG KONG, FOR INSTANCE, ARE THAT THE JUDICIAL SYSTEM WILL REMAIN UNCHANGED, AND OF COURSE AFTER CHINA RESUMES THE EXERCISE OF SOVEREIGNTY OVER HONG KONG, THERE SHOULDN'T BE SUCH WORDING AS HER MAJESTY, THE QUEEN'S

RESTRICTED

/ GOVERNMENT

## RESTRICTED

GOVERNMENT IN HONG KONG LAW, AND THIS - SUCH WORDING WILL BE CHANGED, BUT THE JUDICIAL SYSTEM, THE LAW WILL NOT CHANGE. AND THEN THE RIGHT OF FINAL JUDGEMENT WILL BE VESTED IN HONG KONG AND THE HONG KONG DOLLAR WILL REMAIN, AND IT WILL BE ALLOWED TO CONTINUE ITS ECONOMIC RELATION WITH FOREIGN COUNTRIES, AND SO FORTH. THE MAINLAND WILL NOT SEND PEOPLE TO ADMINISTER THE REGION. WELL, I CANNOT GO INTO DETAILS AND SPECIFICS OF THE SPECIAL POLICIES TOWARDS THE FUTURE OF HONG KONG IN A COMPREHENSIVE MANNER, BUT THERE IS THE QUESTION THAT SOME PEOPLE MAY DOUBT THAT WHEN CHINA REGAINS ITS SOVEREIGNTY OVER HONG KONG SUCH POLICIES WILL CHANGE. IT IS OUR HOPE THAT THE BRITISH GOVERNMENT WILL BE SENSIBLE, BECAUSE THE QUESTION OF SOVEREIGNTY IS NOT NEGOTIABLE, CHINA WILL NOT CHANGE ITS POSITION ON THIS QUESTION. ON THIS CONDITION WE ARE WILLING TO SIT DOWN TO DISCUSS WITH THE BRITISH GOVERNMENT THE TWO QUESTIONS. FIRST, HOW TO MAINTAIN PROSPERITY AND STABILITY IN HONG KONG IN THE PERIOD FROM NOW UNTIL 1997, THE YEAR WHEN WE WILL RECOVER OUR SOVEREIGNTY OVER HONG KONG. THE SECOND, IS HOW TO MAINTAIN THE PROSPERITY AND STABILITY OF HONG KONG AFTER THE RECOVERY OF SOVEREIGNTY BY CHINA IN 1997. WELL, HEREIN LIES OUR DIFFERENCES WITH THE BRITISH GOVERNMENT, IN THEIR VIEW, THAT THERE SHOULD BE A SEPARATION OF SOVEREIGNTY AND ADMINISTRATION. WELL, IN OUR VIEW, SOVEREIGNTY IS INSEPARABLE FROM ADMINISTRATION. THE BRITISH SIDE WANTS TO MAINTAIN ADMINISTRATIVE CONTROL AFTER CHINA REGAINS ITS SOVEREIGNTY OVER HONG KONG. IN ESSENCE, THEY'RE RELUCTANT TO CONCEDE SOVEREIGNTY TO CHINA. BUT WE THINK IF THEY CAN ACCEPT OUR POSITION ON THIS POINT, THEN OTHER PROBLEMS WILL BE EASIER FOR OUR TWO SIDES TO DISCUSS, AND THERE IS MUCH FOR THE BRITISH SIDE TO DO. AND WE CAN HAVE VERY GOOD COOPERATION TOO.

2. NEXT QUESTION, PAUL (MAJENDIE OF REUTERS?)

P.(UNDERLINED) DO YOU THINK THE BRITISH HAVE MIS-MANAGED THE NEGOTIATIONS SO FAR, AND DO YOU CONSIDER THAT PROGRESS HAS BEEN SLIM, YOU HAVE BEEN TALKING ABOUT A 1984 DEADLINE ?

MR. WU (UNDERLINED) 1984...???

2  
RESTRICTED

/ P. (UNDERLINED)

RESTRICTED

P. (UNDERLINED) FOR THE CONCLUSION OF THE TALKS.

MR. WU (UNDERLINED) NO MATTER HOW THE NEGOTIATIONS WILL GO ON, WE INTEND TO ANNOUNCE IN SEPTEMBER 1984, OUR DECISION TO RESUME OUR EXERCISE OUR SOVEREIGNTY OVER HONG KONG IN THE YEAR 1997. WE ARE ONLY SAYING THAT, WE WILL CERTAINLY ANNOUNCE THIS DECISION BY SEPTEMBER 1984.

P. (UNDERLINED) MY QUESTION WAS, DO YOU THINK THE BRITISH HAVE MIS-MANAGED THE NEGOTIATIONS SO FAR, BY BEING TOO INSISTENT, AND DO YOU THINK THERE HAS BEEN NO PROGRESS ?

MR. WU (UNDERLINED) WELL, THE THINGS THAT THE BRITISH SIDE HAS INSISTED ON, SHOULD NOT BE DISCUSSED IN THE PRESENT NEGOTIATIONS BETWEEN THE TWO SIDES. SO, SO FAR THERE IS NO PROGRESS.

MORAN

COPIES TO

LIMITED  
NAD  
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

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**

CONFIDENTIAL

FM OTTAWA 072359Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 528 OF 07 OCTOBER

INFO IMMEDIATE TO WASHINGTON, PEKING, HONG KONG

MY TEL NO 519: VISIT OF CHINESE FOREIGN MINISTER: REMARKS ABOUT HONG KONG.

1. FULL TEXT OF MR WU'S PRESS CONFERENCE, AS TRANSCRIBED BY DEA, FOLLOWS BY BAG. FOR EXTRACT GIVING QUESTIONS AND ANSWERS ON HONG KONG PLEASE SEE MIFT. A FURTHER EXTRACT ON CHINESE/SOVIET RELATIONS IS BEING TELEGRAPHED SEPARATELY.
2. HADWEN, DIRECTOR GENERAL EAST ASIA BUREAU IN DEA HAS GIVEN US FOLLOWING ADDITIONAL BRIEFING.
3. HONG KONG WAS NOT RAISED BY EITHER SIDE IN TALKS BETWEEN WU AND MACEACHEN. IT DID COME UP IN A CONVERSATION BETWEEN WU AND TRUDEAU DURING A LUNCH HOSTED BY REGAN (MINISTER OF STATE, INTERNATIONAL TRADE) AT WHICH BUSINESSMEN WERE PRESENT. WU GAVE A LONG ANALYSIS WHICH SEEMS TO HAVE BEEN ALONG THE LINES OF HIS REMARKS TO THE PRESS, EMPHASISING THAT SOVEREIGNTY MUST BE TRANSFERRED, BUT THAT IT IS IMPORTANT TO MAINTAIN BUSINESS CONFIDENCE.
4. BACKGROUND ON THE FIRST QUESTION IN MIFT. DAVIS, LOUGHEED AND DEVINE, THE PREMIERS OF ONTARIO, ALBERTA AND SASKATCHEWAN, HAVE BEEN BRIEFED BY THE DEA TO TAKE A STATESMANLIKE APPROACH WHEN SEEKING INVESTMENT FROM HONG KONG AND TO AVOID APPEARING TO SCAVENGE. THERE ARE TEN THOUSAND CANADIANS IN HONG KONG AND HUNDREDS OF MILLIONS OF DOLLARS WORTH OF CANADIAN INVESTMENT. THE CANADIANS RECEIVE 40 TO 50 APPLICATIONS A DAY FROM HONG KONG ENTREPRENEURS WILLING TO INVEST BETWEEN A QUARTER AND HALF A MILLION DOLLARS IN CANADA, WHICH ENTITLES THEM TO JUMP THE IMMIGRATION QUEUE.
5. A COMMENT ON MR WU'S LAST ANSWER TO THE PRESS. MR WU WAS VERY TIRED AT THIS POINT, AND SLIGHTLY CONFUSED. THE TRANSLATOR WAS ALSO CONFUSED. THOUGH VERY GOOD, MR WU WAS NOT EQUIPPED FOR DEALING WITH PERSISTENT LEADING QUESTIONS OF THIS TYPE. DEA ADVISE AGAINST LAYING TOO MUCH EMPHASIS ON ANY PARTICULAR INTERPRETATION OF WHAT MR WU APPEARS TO HAVE SAID AT THAT POINT.
6. IN ANSWER TO PRESS QUESTIONS DEA ARE TAKING THE FOLLOWING LINE:
  - A. DO MR WU'S REMARKS CONTAIN ANYTHING RADICALLY NEW? WE THINK NOT.  
DID HONG KONG COME UP BETWEEN WU AND MR TRUDEAU? YES. TRUDEAU WILL HAVE MADE IT CLEAR THAT CANADA IS INTERESTED IN HONG KONG, BUT IS NOT, OF COURSE, DIRECTLY INVOLVED.

**CONFIDENTIAL**

/7. 1F

## CONFIDENTIAL

7. IF ASKED WHETHER HONG KONG WAS DISCUSSED BETWEEN MR TRUDEAU AND MRS THATCHER, DEA ARE SAYING NO.

8. AFTER THE PRESS CONFERENCE HADWEN HAD A CONVERSATION OVER LUNCH WITH ZHU QIZHEN, THE ASSISTANT MINISTER FOR FOREIGN AFFAIRS AND DIRECTOR OF DEPARTMENT OF AMERICAS AND OCEANIA AFFAIRS. HADWEN TOLD HIM THAT MR WU'S REMARKS, WHILE NOT DRAMATIC, STRUCK HIM AS SOMEWHAT DIFFERENT FROM WHAT HE HAD HEARD IN THE PAST, AND WARNED ZHU THAT HE THOUGHT THERE WOULD BE PRESS INTEREST IN TORONTO AND MONTREAL. HE TOLD ZHU WHAT LINE THEY WERE TAKING WITH THE PRESS (PARA 6 ABOVE). HE ASKED ZHU WHAT THE CHINESE MEANT WHEN SAYING THAT QUOTE THEY (HONG KONG) WILL BE ALLOWED TO MAINTAIN THEIR CONTACTS AND RELATIONS WITH FOREIGN COUNTRIES AND DO THE TRANSACTIONS AS USUAL UNQUOTE. HONG KONG HAD SOME USEFUL RELATIONS WITH THE EEC THROUGH BRITAIN'S MEMBERSHIP OF THE EEC. HONG KONG WAS PART OF THE COMMONWEALTH. DID THE CHINESE MEAN THAT SOME OF THESE CONNECTIONS COULD BE MAINTAINED? ZHU SAID THAT THEY HAD NEVER THOUGHT OF THAT, AND HE DID NOT KNOW. THEY WOULD HAVE TO THINK ABOUT FINDING THE RIGHT LANGUAGE, AND HOW TO DEAL WITH THOSE QUESTIONS. HADWEN COMMENTS THAT ZHU IS SENIOR, BUT NOT DIRECTLY IN CHARGE OF HONG KONG QUESTIONS.

9. THE DEA HOPE THAT THEIR QUIET LINE WITH THE PRESS WILL BE HELPFUL TO US. BUT THEY WOULD BE GRATEFUL FOR ANY COMMENTRY WE CAN PASS BACK TO THEM ABOUT WU'S LINE, AND ABOUT ANY NEW ELEMENTS IT MAY CONTAIN.

MORAN

### FUTURE OF HONG KONG

LIMITED  
NAD  
HD/HKD  
HD/FED  
HD/PLANNING STAFF  
HD/FUSD  
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 FUSD  
MR COLES NO 10 DOWNING STREET  
SIR A PARSONS NO 10 DOWNING STREET  
MR WALKER RESEARCH D OAB

2  
CONFIDENTIAL