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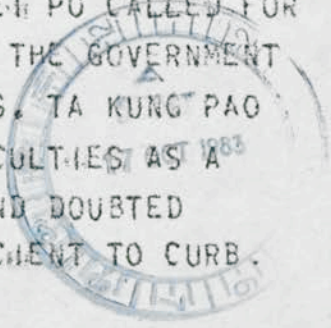
TO IMMEDIATE FCO

TELEGRAM NUMBER 1537 OF 17 OCTOBER 1983

INFO IMMEDIATE PEKING AND ROUTINE HONG KONG GOVERNMENT OFFICE LONDON, HONG KONG GOVERNMENT REPRESENTATIVES WASHINGTON, NEW YORK, BRUSSELS AND GENEVA

FUTURE OF HONG KONG: PRESS COVERAGE

1. THE MAIN STORY IN ALL PAPERS OVER THE HOLIDAY WEEKEND WAS THE FINANCIAL SECRETARY'S ANNOUNCEMENT OF NEW MEASURES TO STABILISE THE EXCHANGE RATE OF THE HONG KONG DOLLAR. THE TIMING OF THE ANNOUNCEMENT WAS LINKED BY MOST PAPERS WITH THE NEXT ROUND OF SINO/BRITISH TALKS ON 19/20 OCTOBER. THE MEASURES WERE WIDELY WELCOMED IN THE INDEPENDENT PRESS. THE COMMUNIST NEWSPAPERS TOOK A MORE CAUTIOUS LINE, SAYING THEY WERE BETTER LATE THAN NEVER BUT DID NOT GO FAR ENOUGH IN CURBING SPECULATION. WE WERE CALLED FOR AN OVERALL REFORM OF THE MONETARY SYSTEM AND URGED THE GOVERNMENT TO REVISE THE MECHANISM FOR THE ISSUE OF BANK NOTES. TA KUNG PAO ARGUED THAT COMMERCE AND INDUSTRY WOULD FACE DIFFICULTIES AS A RESULT OF THE ANTICIPATED RISE IN INTEREST RATES AND DOUBTED WHETHER USE OF THE FOREIGN EXCHANGE FUND WAS SUFFICIENT TO CURB SPECULATION.



2. ALL PAPERS ON 15 OCTOBER CARRIED ACCOUNTS GIVEN BY AN ELECTED URBAN COUNCILLOR, DR. DENNY HUANG, OF A MEETING WITH THE HEAD OF THE HONG KONG AND MACAU AFFAIRS OFFICE, JI PENGFEI, ON 27 SEPTEMBER. HUANG SAID THAT JI HAD TOLD HIM CHINA WOULD: QUOTE DEFINITELY NOT ALLOW HONG KONG TO BECOME INDEPENDENT BUT WOULD RECOVER SOVEREIGNTY AND ADMINISTRATIVE JURISDICTION IN JULY 1997 UNDER THE PRINCIPLE OF HONG KONG PEOPLE TO RULE HONG KONG UNQUOTE. THE LATTER ENTAILED A QUOTE HIGH DEGREE UNQUOTE OF SELF RULE;

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A) MAINTENANCE OF HONG KONG LAWS AND THE SPIRIT OF THE RULE OF LAW - EXCEPT THOSE LAWS QUOTE CONNECTED WITH THE COLONIAL RULE UNQUOTE:

B) FINAL COURT OF APPEAL WILL BE IN HONG KONG:

C) CHINA WILL BE RESPONSIBLE FOR HONG KONG'S DEFENCE BUT WILL NOT STATION TROOPS HERE:

D) CHINA WILL BE RESPONSIBLE FOR HONG KONG'S EXTERNAL AFFAIRS BUT HONG KONG WILL HAVE THE FULL RIGHT TO MANAGE THEM (E.G. LOCAL CONTROL OVER IMMIGRATION AND TRADE MATTERS):

E) FREEDOM OF ENTERPRISE AND THE FLOW OF CAPITAL:

F) EXCEPT FOR THE HIGHEST POSTS QUOTE EXPATRIATES UNQUOTE CAN HOLD PUBLIC AND PRIVATE APPOINTMENTS AND ENJOY VARIOUS CIVIC RIGHTS:

G) LOCAL NOMINATION OF THE GOVERNOR OF HONG KONG, FORMALLY APPOINTED BY CHINA:

H) THE CHINESE GOVERNMENT WILL NOT IMPOSE TAXES IN HONG KONG.

3. THE COMMUNIST PRESS PUBLISHED HUANG'S ACCOUNT WITHOUT FURTHER COMMENT. THE INDEPENDENT PRESS GENERALLY SAW NOTHING NEW OR PARTICULARLY REASSURING IN JH'S COMMENTS. AN EDITORIAL IN MING PAO (INDEPENDENT) DESCRIBED THESE CHINESE PROPOSALS AS QUOTE DEMOCRATIC AND GENEROUS UNQUOTE. HOWEVER, IT SAW CHANGES IN THE CHINESE LEADERSHIP BY 1997 AS A MAJOR OBSTACLE TO THEIR BEING IMPLEMENTED.

4. THE NEW EVENING POST AND CHING PO (BOTH COMMUNIST) AND SOME INDEPENDENT PAPERS RAN AN AFP REPORT QUOTING COMMENTS MADE BY HUAN XIANG AND FU HAO (OF CASS) AT A SEMINAR IN PARIS. THEY WERE REPORTED AS SAYING THAT IF HONG KONG'S ECONOMY CONTINUED TO DETERIORATE CHINA WOULD NOT RULE OUT THE POSSIBILITY OF TAKING BACK HONG KONG BEFORE 1997. IF BRITAIN DECIDED TO GIVE UP HONG KONG CHINA WAS PREPARED TO SHOULDER THE RESPONSIBILITY FOR THE TERRITORY IMMEDIATELY AND WOULD MAKE MAJOR INVESTMENTS IN IT. BUT CHINA WOULD NOT SETTLE THE QUESTION OF HONG KONG'S FUTURE BY FORCE.

5. MOST INDEPENDENT (BUT NOT COMMUNIST) PAPERS CARRIED COMMENTS MADE BY PORTUGUESE VICE PREMIER AND DEFENCE MINISTER, DR. MOTA PINTO, ON HIS ARRIVAL FOR A FIVE DAY VISIT TO MACAU. PINTO SAID THAT WHILST LISBON WAS CONFIDENT THAT THE STABILITY OF MACAU'S POLITICAL AND ADMINISTRATIVE SYSTEMS COULD BE MAINTAINED, HE WAS CONCERNED OVER THE PROLONGED SINO/BRITISH TALKS ON THE FUTURE OF HONG KONG. HE SAID THAT DRAWN OUT TALKS MIGHT DAMAGE MACAU IN SOME WAY BUT DID NOT ELABORATE.

6. A NUMBER OF PAPERS (COMMUNIST AND INDEPENDENT) CARRIED WITHOUT

6. A NUMBER OF PAPERS (COMMUNIST AND INDEPENDENT) CARRIED WITHOUT FURTHER COMMENT AN NCHA (PEKING) DESPATCH ON FOREIGN MINISTER WU XUEGIAN'S ADDRESS TO BUSINESSMEN IN CHICAGO ON 14 OCTOBER. HIS SPEECH FOCUSED ON SINO-US RELATIONS OVER TAIWAN.

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