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DESKBY FCO 130900Z DEC  
 FM HONG KONG 130730Z DEC 83  
 TO IMMEDIATE F C O  
 TELEGRAM NUMBER 1928 OF 13 DECEMBER  
 INFO IMMEDIATE PEKING

PEKING TELNO 1325: FUTURE OF HONG KONG: CALLS ON LEADERS.

I AGREE THAT WE SHOULD MAKE FULL USE OF THE OPPORTUNITY PROVIDED BY THE AMBASSADOR'S FAREWELL CALLS ON CHINESE LEADERS. I ALSO AGREE GENERALLY WITH THE LINE SUGGESTED IN PAPA 3 OF PEKING TUR, SUBJECT TO THE FOLLOWING COMMENTS:-

(I) I SUGGEST THAT THE REFERENCE TO PROGRESS IN POINT (A) BE OMITTED, OR AT LEAST TONED DOWN. THE MOVEMENT HAS BEEN LARGELY ON OUR SIDE.

(II) I THINK THAT MORE SHOULD BE MADE OF THE NEED TO MAINTAIN DOMESTIC AND INTERNATIONAL CONFIDENCE IF STABILITY AND PROSPERITY ARE TO BE PRESERVED. THIS IS OF COURSE IMPLICIT IN EVERYTHING WHICH THE AMBASSADOR PROPOSES TO SAY BUT THE ONLY SPECIFIC REFERENCE IS AT THE END OF POINT (E).

THE POINT TO MAKE IS, I SUGGEST, THAT IF CONFIDENCE IS TO BE MAINTAINED THERE WILL NEED TO BE ASSURANCES SUFFICIENT TO CONVINCE LOCAL PEOPLE AND OVERSEAS INVESTORS THAT THE SYSTEMS WILL NOT BE CHANGED, AND THAT PRESENT FREEDOMS AND LIFESTYLE WILL NOT BE AFFECTED. THE PROPOSED 50 YEAR PROVISION WILL BE HELPFUL IN THIS CONNECTION BUT IT WILL NOT BE ENOUGH BY ITSELF. THIS POINT WOULD FIT IN WELL AT THE OUTSET AFTER THE FIRST SENTENCE OF (B).

(III) I SUGGEST THAT POINTS (D) AND (E) SHOULD BE REVERSED, SINCE (E) FLOWS NATURALLY FROM THE ARGUMENT IN (C).

(IV) AS REGARDS HIS POINT (D), I SUGGEST THAT THE AMBASSADOR MIGHT START BY EMPHASISING:-

(A) THE COMPLEXITY OF HONG KONG AND THE NEED FOR AN EXPERIENCED AND HIGHLY PROFESSIONAL CIVIL SERVICE TO RUN THE ADMINISTRATION AND PROVIDE THE SERVICES REQUIRED:

(B) THE NUMBER AND VARIETY OF PROFESSIONAL SKILLS NEEDED; THE IMPOSSIBILITY OF PROVIDING ALL OF THEM FROM WITHIN HONG KONG GIVEN THE COMPETING DEMANDS OF THE PRIVATE SECTOR; AND HENCE THE CONTINUING NEED FOR OVERSEAS OFFICERS.

THE POINTS ABOUT CONTINUITY AND ADVISERS WOULD THEN FOLLOW.

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(V) THE POINT ABOUT THE STATIONING OF CHINESE TROOPS IS IMPORTANT: NOTHING WOULD BE MORE LIKELY TO CAUSE A COLLAPSE OF CONFIDENCE THAN THE NEWS THAT THERE WOULD BE A PLA GARRISON HERE AFTER 1997. I THEREFORE AGREE THAT THE AMBASSADOR SHOULD SPEAK AS PROPOSED IN (F).

I WOULD HOWEVER BE OPPOSED TO HIM GOING FURTHER, AS SUGGESTED IN PEKING TELNO 1330. I DO NOT DISPUTE THAT WE WILL NEED TO CONSIDER THE POSSIBILITY OF WITHDRAWING BRITISH TROOPS BEFORE 1997. BUT IT WOULD BE GETTING MUCH TOO FAR AHEAD OF THE GAME TO TELL THE CHINESE NOW THAT THIS IS OUR INTENTION THERE ARE MAJOR POLICY ISSUES INVOLVED WHICH HAVE NOT YET BEEN CONSIDERED BY EXCO (NOR BY MINISTERS): AND I CERTAINLY COULD NOT CONSULT EXCO ON A MATTER OF THIS SENSITIVITY IN ADVANCE OF NEXT MONTHS MAJOR REVIEW OF OUR OBJECTIVES.

YOUDE

FUTURE OF HONG KONG

LIMITED

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ED/FED

ED/PLANNING STAFF

ED/PUSD

D/ED/PUSD(MR FLOWER)

RESEARCH DEPT(MR WALKER)

LEGAL ADVISER(SIR IAN SINCLAIR)

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PS/LADY YOUNG

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