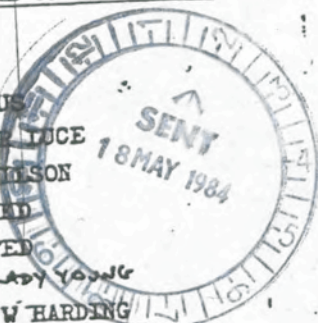


FUTURE OF HONG KONG - ADVANCE COPIES

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FM HONG KONG 181125Z MAY 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 1378 OF 18 MAY
INFO IMMEDIATE PEKING

OUR TELNO 1353: FUTURE OF HONG KONG: UMEICO VISIT AND HOUSE OF COMMONS DEBATE.

THERE HAVE BEEN NUMEROUS FURTHER EXPRESSIONS OF SUPPORT DURING THE PAST TWO DAYS FOR UMEICO'S STATEMENT, AND FOR THEIR ACTIVITIES IN LONDON (OUR TELNO 1356: PARAGRAPH 4).

2. REACTIONS TO THE HOUSE OF COMMONS DEBATE ARE STILL TAKING SHAPE. MOST LOCAL PEOPLE WOULD FIND THE MANNERISMS AND LANGUAGE OF THE DEABTE ITSELF DIFFICULT TO COMPREHEND AND WILL, THEREFORE, TAKE THEIR CUE FROM WHAT THE LOCAL CHINESE LANGUAGE PRESS SAYS ABOUT IT. TODAY'S PRESS WILL THUS BE VERY IMPORTANT. A DETAILED ANALYSIS FOLLOW S BY SEPARATE TELEGRAM.

3. THE INITIAL REACTION OF MANY COMMENTATORS SEEMS TO BE THAT THE DEABTE DEMONSTRATED THAT BRITISH MP'S ARE ILL-INFORMED, WITH A TENDENCY TO PATRONISE, AND THAT THEY WOULD NOT IN THE LAST RESORT FIGHT FOR HONG KONG'S INTERESTS. A SPOKESMAN FOR THE HONG KONG OBSERVERS IS QUOTED AS SAYING, "THE FUTURE IS IN OUR HANDS AND NOBODY IS GOING TO HELP US." MANY COMMENTATORS HAVE MADE THIS POINT IN ONE FORM OR ANOTHER, SOME DESPONDENTLY, OTHERS WITH DETERMINATION. TODAY'S EDITORIAL IN THE SOUTH CHINA MORNING POST FOR INSTANCE SAYS, "TODAY OUR ADVICE IS TO PUT ASIDE THE GLOOM... WE MUST HAVE FAITH IN OUR OWN CAPABILITIES, THE GOOD SENSE AND PRAGMATISM OF CHINA, THE KNOWLEDGE THAT THEY HAVE KEPT AND DO KEEP PROMISES...".

4. PROMINENT COVERAGE HAS BEEN GIVEN TO COMMENTS APPARTLY MADE YESTERDAY BY MANY MEMBERS OF THE UMEICO DELEGATION IN LONDON TO THE EFFECT THAT IT WAS NOW UP TO THE PEOPLE OF HONG KONG TO MAKE THEIR VIEWS ABOUT THE FUTURE KNOWN PUBLICLY.

5. THE HANG SENG INDEX DROPPED 15.60 POINTS YESTERDAY, BUT THE CONSENSUS IS THAT THIS WAS ENTIRELY DUE TO TECHNICAL FACTORS AND SHOULD NOT BE INTERPRETED AS A REACTION TO THE DEBATE. IT HAS HOWEVER FALLEN FURTHER THIS MORNING.

6. WE SHALL SEND A FURTHER ASSESSMENT IN THE MIDDLE OF NEXT WEEK, WHEN REACTIONS SHOULD HAVE CRYSTALLISED.

HADDON-CAVE