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TO IMMEDIATE F C O
TELEGRAM NUMBER 1804 OF 3 JULY
INFO IMMEDIATE PEKING

MY TELSNOs 1770 AND 1771 : FUTURE OF HONG KONG :

CONSULTATIONS IN LONDON ON FUTURE STRATEGY.

1. THE QUESTION NOT COVERED IN YOUR TELEGRAMS SO FAR IS THE NEED SO TO FRAME OUR TACTICS OVER THE NEXT FEW MONTHS THAT THE PROSPECTS OF THE AGREEMENT BEING ACCEPTABLE IN HONG KONG ARE, TO THE EXTENT POSSIBLE MAXIMISED. THERE ARE TWO ASPECTS TO THIS.
2. THE VIEWS OF THE UNOFFICIAL MEMBERS OF THE EXECUTIVE AND LEGISLATIVE COUNCILS ON THE ISSUES INVOLVED WILL NOW CARRY VERY CONSIDERABLY MORE WEIGHT IN THE COMMUNITY THAN THEY WOULD HAVE DONE THREE MONTHS AGO. IN SPITE OF CARPING CRITICISM BY A FEW INDIVIDUALS IN THE PRESS THE MEMBERS OF UMELCO ARE NOW, IN PRIVATE, WIDELY ACCEPTED AS SPOKESMEN FOR THE REAL CONCERNS OF PEOPLE IN HONG KONG. NOT EVERYONE AGREES WITH ALL THEIR VIEWS BUT THEY ARE TRUSTED AS FAITHFUL REPORTERS; AND THEY ARE ADMIRER FOR THEIR COURAGE IN BEING PREPARED TO STAND UP AND BE COUNTED. THEIR STATUS IN HONG KONG IS THEREFORE SUBSTANTIALLY HIGHER NOW THAN IT WAS BEFORE.
3. THIS MEANS THAT IF THEY DECLINE TO ACCEPT THAT THE AGREEMENT REACHED BETWEEN HMG AND CHINA ADEQUATELY PROTECTS HONG KONG'S INTERESTS, OR THEY TAKE THE VIEW THAT IT IS NOT THE BEST THAT COULD HAVE BEEN OBTAINED, THAT VIEW WILL BE RESPECTED AND IT COULD BE DIFFICULT TO FIND PEOPLE WHO ARE NOT KNOWN CHINA SUPPORTERS TO SPEAK OUT IN FAVOUR OF THE AGREEMENT.
4. THERE IS THEREFORE A NEED FOR HMG TO MAKE A MAJOR EFFORT TO REACH AN UNDERSTANDING WITH THE EXECUTIVE COUNCIL ON STRATEGY OVER THE NEXT FEW MONTHS, AND ON THE MAJOR ISSUES WHICH WILL ARISE. THE UNOFFICIAL MEMBERS ARE NOT OUT TO WRECK AN AGREEMENT. THEY ARE GENUINELY CONCERNED ABOUT AN AGREEMENT PROVING INADEQUATE TO MAINTAIN CONFIDENCE AND THUS LEADING TO A SWIFT HAEMORRHAGE OF MONEY AND TALENT FROM HONG KONG. IF THEY ARE TO BE ASKED TO SUPPORT AN AGREEMENT THEN THEY WILL HAVE TO BE CONVINCED THAT THEIR VIEWS ARE VALUED AND TAKEN CAREFULLY INTO ACCOUNT BEFORE DECISIONS ARE REACHED. HURRIED LAST MINUTE CONSULTATION WILL NOT ACHIEVE THIS PURPOSE.
5. THE SECOND POINT CONCERNS OFFICIAL PRONOUNCEMENTS. WITH THE PUBLICATION OF THE GREEN PAPER IN TWO WEEKS TIME THE PICTURE OF THE FUTURE LOCALLY WILL BE MORE COMPLETE. BUT ATTENTION WILL THEN

5. THE SECOND POINT CONCERNS OFFICIAL PRONOUNCEMENTS. WITH THE PUBLICATION OF THE GREEN PAPER IN TWO WEEKS TIME THE PICTURE OF THE FUTURE LOCALLY WILL BE MORE COMPLETE. BUT ATTENTION WILL THEN FOCUS ON WHETHER OR NOT THE COMMUNITY CAN REASONABLY EXPECT A DETAILED AGREEMENT WHICH WILL SATISFY EACH SECTION OF THE COMMUNITY THAT ITS LEGITIMATE CONCERNS HAVE BEEN TAKEN INTO ACCOUNT. IN OTHER WORDS WHETHER THE AGREEMENT WILL MATCH THE PICTURE PAINTED IN THE SECRETARY OF STATE'S STATEMENT OF APRIL 20. IT IS MY JUDGEMENT THAT THE TEXT OF AN AGREEMENT BASED ONLY ON THE 'ESSENTIAL' AS THEY HAVE BEEN IDENTIFIED IN LONDON, HAS LITTLE CHANCE OF BEING ACCEPTED AS MEETING THIS REQUIREMENT. THE QUESTION WILL THEREFORE BE TO WHAT EXTENT THE PROSPECT OF SOMETHING CONSIDERABLY MORE THAN THAT COULD HONESTLY BE HELD OUT TO THE COMMUNITY.

6. HONG KONG IS AGAIN BEING SUBJECTED TO A DAILY BARRAGE OF REVELATIONS EMANATING FROM GROUPS WHICH ARE BEING RECEIVED IN PEKING, SOME BY DENG XIAOPING, AND MANY BY STATE COUNCILLOR, JI PENGFEI. SINCE THE CHINESE HAVE MADE ABUNDANTLY CLEAR THAT AS FAR AS THEY ARE CONCERNED THEIR ONLY INTERLOCUTEUR IS HMG IT IS HMG THAT EYES WILL SOON TURN, LOOKING FOR SOME FURTHER STATEMENT.

7. THIS TOO IS RELEVANT TO THE PATTERN OF MINISTERIAL VISITS BOTH TO HONG KONG AND PEKING AND I SUGGEST THE SUBJECT SHOULD BE ADDED TO OUR AGENDA.

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