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MR CORES, NO. 10 DOWNING ST MR ROBERTS, NEWS DEPT SIR PERCY CRADOCK

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TELEGRAM NUMBER 2145 OF 27 JULY
INFO IMMEDIATE PEKING

ROUTINE HONG KONG GOVERNMENT OFFICE LONDON, HONG KONG GOVERNMENT REPRESENTATIVES WASHINGTON, NEW YORK, BRUSSELS AND GENEVA.

FUTURE OF HONG KONG : PRESS COVERAGE.

SUMMARY:

1. SECRETARY OF STATE'S ARRIVAL : EMPHASIS ON BRITAIN'S RESPONSIBILITY FOR HONG KONG'S ADMINISTRATION UNTIL 1997. GENERALLY MODERATE PRESS EXPECTATIONS.

NEWS COVERAGE:

2. SECRETARY OF STATE'S VISIT: ALL PAPERS PROMINENTLY REPORTED THE SECRETARY OF STATE'S ARRIVAL. IN THEIR HEADLINES MANY INDEPENDENT PAPERS EMPHASISED HIS COMMENT THAT IT WAS COMMON GROUND BETWEEN THE CHINESE AND BRITISH GOVERNMENTS THAT RESPONSIBILITY FOR THE GOVERNMENT OF HONG KONG BETWEEN NOW AND 1997 RESTED WITH BRITAIN. COMMUNIST NEWSPAPERS STRESSED HIS INIDCATION THAT THE PEKING NEGOTIATIONS WERE PROCEEDING ON COURSE.

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NEGOTIATIONS WERE PROCEEDING ON COURSE.

- 3. THE NEWSPAPERS NOTED THAT THE GOVERNOR HAD RETURNED FROM PEKING EARLIER ON 26 JULY AND THAT A SPECIAL EXCO MEETING HAD BEEN HELD TO PREPARE FOR EXCO'S TALKS WITH THE SECRETARY OF STATE. SOURCES WERE QUOTED AS SAYING THAT TOPICS TO BE DISCUSSED WOULD INCLUDE THE JOINT LIAISON GROUP, THE ASSESSMENT OFFICE AND THE GREEN PAPER. AN UNOFFICIAL LEGGO MEMBER, MR CHEUNG YAN-LUNG, SAID THAT UNOFFICIALS WOULD RAISE STRONG OBJECTIONS TO THE PROPOSED JOINT LIAISON GROUP, WHICH WAS UNNECESSARY AND WOULD BE DAMAGING. MRS SELINA CHOW, UNOFFICIAL LEGGO MEMBER, WAS REPORTED TO HAVE SAID THAT UNOFFICIALS WOULD URGE THE SECRETARY OF STATE TO LIFT THE VEIL OF CONFIDENTIALITY OVER THE TALKS. MR CHOW HING-CHUEN AND SOME PRO-TAIWAN GROUPS WERE REPORTED TO BE SEEKING ACTIVELY TO LOBBY THE SECRETARY OF STATE.
- 4. OTHER ITEMS: INCLUDED A REPORT OF THE DEPARTURE FOR PEKING OF A DELEGATION FROM THE CHINESE CIVIL SERVANTS! ASSOCIATION: SOME EXPRESSION OF SUPPORT FOR MR T S LO'S PROPOSALS TO PRESERVE HONG KONG PEOPLE'S FREEDOM OF MOVEMENT: A REPORT THAT DENG XIAOPING HAD TOLD SIR Y K PAO THAT HE HAD WRONGLY CRITICISED HUANG HUA: AND A REPORT THAT DESPITE UNCERTAINTY OVER 1997 THE NUMBER OF HONG KONG PEOPLE SEEKING TO JOIN THE HONG KONG MILITARY SERVICE CORPS REMAINED VERY HIGH.

COMMENTARIES:

- 5. SECRETARY OF STATE'S VISIT: WAH KIU YAT PAO (INDEPENDENT) WAS GRATEFUL FOR THE SECRETARY OF STATE'S GOOD-WILL GESTURE IN VISITING HONG KONG BEFORE PEKING. IT URGED HIM TO DISCLOSE MORE OF THE PROGRESS OF THE TALKS. THE DAILY NEWS (INDEPENDENT) THOUGHT THE VISIT TO PEKING SHOWED THAT BRITAIN WAS SINCERE, CONFIDENT AND RESOURCEFUL IN SORTING OUT THE OUTSTANDING ISSUES IN THE TALKS: IT WAS CLEAR THAT BRITAIN WOULD NOT ACCEPT CHINA'S JOINT LIAISON GROUP PROPOSAL UNCONDITIONALLY. THE FINANCIAL DAILY (INDEPENDENT) WAS ALSO OPTIMISTIC ABOUT THE VISIT: IF THE SECRETARY OF STATE COULD RESOLVE THE DIFFERENCES OF THE JOINT GROUP, THE NATURE OF THE AGREEMENT AND THE QUESTION OF POLITICAL REFORM IN HONG KONG. THE VISIT WOULD BE THE PRELUDE TO AN AGREEMENT. SING TAO JIH PAO (INDEPENDENT) SUGGESTED THAT, AS WELL AS DISCUSSING THE JOINT LIAISON GROUP, THE SECRETARY OF STATE WOULD TRY TO CONVINCE THE CHINESE TO FORGET THE SEPTEMBER DEADLINE SO THAT A DETAILED AGREEMENT WOULD BE WORKED OUT. THE STANDARD (ENGLISH LANGUAGE) NOTED WITH SATISFACTION THAT THE NEGOTIATIONS WERE ON COURSE.
- 6. THE EXPRESS (INDEPENDENT) WAS LESS SANGUINE. THE SECRETARY OF STATE'S VISIT WOULD ONLY BE USEFUL AND CONSTRUCTIVE IF HE SERIOUSLY

. 6. THE EXPRESS (INDEPENDENT) WAS LESS SANGUINE. THE SECRETARY OF STATE'S VISIT WOULD ONLY BE USEFUL AND CONSTRUCTIVE IF HE SERIOUSLY ONSIDERED THE DEMANDS OF HONG KONG PEOPLE AND DREW A CLEAR BOTTOM LINE IN THE TALKS. IF BRITAIN CONTINUED TO CONCEDE TO EVERY DEMAND FROM PEKING, HONG KONG WOULD SUFFER GREATLY.

7. PRO-PEKING PAPER: THE COMMERCIAL DAILY DENIED THAT THERE WAS ANY CRISIS IN THE TALKS OR THAT BRITAIN WAS LIKELY TO REJECT CHINA'S PROPOSAL FOR A JOINT LIAISON GROUP. TIN FUNG YAT PAO SAID THAT MR LUCE, MR ADLEY AND MR HEALEY ALL WAS MERITS IN THE JOINT LIAISON GROUP PROPOSAL: IT WOULD BE IMPOSSIBLE FOR UMELCO TO RESIST IT. TIN TIN DAILY NEWS CONSIDERED THAT BRITAIN WAS USING THE QUESTION OF HONG KONG PEOPLE'S VIEWS AS AN EXCUSE TO DELAY REACHING AN AGREEMENT ON THE FUTURE. BUT FURTHER DELAYS IN THE TALKS WOULD NOT REPEAT NOT BENEFIT BRITAIN.

B. GREEN PAPER: THE ECONOMIC JOURNAL (INDEPENDENT) SUGGESTED THAT HONG KONG'S FUTURE GOVERNORS SHOULD BE ELECTED FROM UMELCO, WHICH HAD EXPERIENCE OF THE WORKINGS OF GOVERNMENT: IF A JOINT GROUP WAS SET UP THE CHINESE TEAM MIGHT INCLUDE UMELCO MEMBERS WHO HAD ABANDONED THE SINKING BRITISH SHIP. A TA KUNG PAO (COMMUNIST) COLUMNIST CONTINUED TO CRITICISE THE GREEN PAPER AND THE FAILURE TO CONSULT CHINA ABOUT ITS CONTENTS: HONG KONG'S LOCAL GOVERNMENT MUST OPERATE WITHIN THE FRAMEWORK OF THE CENTRAL GOVERNMENT.

BUT AT LEAST BEFORE 1988 THE PROPOSED REFORMS WERE ONLY NOMINAL, NOT SUBSTANTIVE: IT WAS TOO EARLY NOW TO TALK OF REFORMS IN 1991.

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