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IMMEDIATE

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FROM PEKING 020340Z AUG 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 1689 OF 2/8/84

INFO IMMEDIATE HONG KONG

MY TELNO 220 TO HONG KONG: SECRETARY OF STATES VISIT:

CHINESE PRESS COVERAGE

1. A SPOKESMAN FOR INFORMATION DEPARMTN OF THE MFA MADE A STATEMENT YESTERDAY (1 AUGUST) ON THE JOINT LIAISON GROUP, THE FULL TEXT OF WHICH IS REPORTED PROMINENTLY ON THE FRONT PAGES OF BOTH THE PEOPLES DAILY AND CHINA DAILY.

IT READS:

" DURING HIS WORKING VISIT TO BEIJING, THE BRITISH FOREIGN SECRETARY HELD FRUITFUL TALKS WITH THE CHINESE LEADERS ON THE MAJOR ASPECTS OF THE HONG KONG QUESTION IN A FRIENDLY SPIRIT AND AN ATMOSPHERE OF MUTUAL UNDERSTANDING AND MUTUAL ACCOMMODATION. THE TALKS REGISTERED SUBSTANTIAL PROGRESS, AS STATED IN THE JOINT PRESS COMMUNIQUE ISSUED AT THE CONCLUSION OF THE VISIT. THE TWO SIDES REACHED AGREEMENT ON THE SETTING UP OF A SINO-BRITISH JOINT LIAISON GROUP.

THE GOVERNMENTS OF CHINA AND THE UNITED KINGDOM HAVE AGREED TO SET UP THE SINO-BRITISH JOINT LIAISON GROUP IN ORDER TO FURTHER THEIR COMMON AIM AND PROMOTE THE COOPERATIVE RELATIONSHIP WHICH ALREADY EXISTS BETWEEN THE TWO GOVERNMENTS OVER HONG KONG. THE FUNCTIONS OF THE JOINT LIAISON GROUP SHALL BE AS FOLLOWS:

1. TO CONDUCT CONSULTATIONS ON THE IMPLEMENTATION OF THE JOINT

1. TO CONDUCT CONSULTATIONS ON THE IMPLEMENTATION OF THE JOINT DECLARATION TO BE CONCLUDED BETWEEN THE CHINESE AND THE UNITED KINGDOM GOVERNMENTS:

2. TO DISCUSS MATTERS RELATING TO THE SMOOTH TRANSFER OF GOVERNMENT IN 1997: AND

3. TO EXCHANGE INFORMATION AND CONDUCT CONSULTATIONS ON WUCH SUBJECTS AS MAY BE AGREED BY THE TWO SIDES.

THE JOINT LIAISON GROUP SHALL BE AN ORGAN FOR LIAISON AND NOT AN ORGAN OF POWER. IT SHALL PLAY NO PART IN THE ADMINISTRATION OF HONG KONG OR THE HONG KONG SPECIAL ADMINISTRATIVE REGION. NOR SHALL IT HAVE ANY SUPERVISORY ROLE OVER THAT ADMINISTRATION.

THE JOINT LIAISON GROUP SHALL BE ESTABLISHED ON THE ENTRY INTO FORCE OF THE JOINT DECLARATION. THE TWO SIDES HAVE AGREED THAT FROM 1 JULY 1988 THE GROUP SHALL HAVE ITS PRINCIPAL BASE IN HONG KONG. IT SHALL CONTINUE ITS WORK UNTIL 1 JANUARY 2000.

THE GOVERNMENT DELEGATIONS OF CHINA AND THE UNITED KINGDOM SHALL CONTINUE THEIR TALKS ON THE QUESTION OF HONG KONG WITH A VIEW TO ACHIEVING A COMPREHENSIVE AND SATISFACTORY AGREEMENT ON SCHEDULE''

2. BOTH PAPERS ALSO CARRY SHORT REPORTS OF THE SECRETARY OF STATE'S 1 AUGUST PRESS CONFERENCE IN HONG KONG, HIGHLIGHTING THE FACT THAT HE SAID THE TALKS HAD MADE ''VERY SUBSTANTIAL PROGRESS'' AND THAT HE BELIEVED THERE WAS THE PROSPECT OF REACHING ''AN HISTORIC AGREEMENT''.

3. THERE HAVE BEEN NO CHINESE COMMENTARIES ON THE VISIT SO FAR.

THOMSON

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DWEC 11/12

Useful that
the Chinese
have gone
publicly on
the record
on this →

~~SECRET~~

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TO IMMEDIATE F C O
TELEGRAM NUMBER 2202 OF 2 AUGUST
INFO IMMEDIATE PEKING
ROUTINE HONG KONG GOVERNMENT OFFICE LONDON
HONG KONG GOVERNMENT OFFICES WASHINGTON, NEW YORK, BRUSSELS AND GENEVA.

FUTURE OF HONG KONG : PRESS COVERAGE.

SUMMARY:

1. BLANKET COVERAGE FOR THE SECRETARY OF STATE'S PRESS CONFERENCE. GENERALLY VERY POSITIVE REACTIONS ALTHOUGH SOME INDEPENDENT PAPERS VOICE SOME CONTINUING CONCERNS.

NEWS COVERAGE:

- 2. ALL NEWSPAPERS GAVE BLANKET COVERAGE TO THE SECRETARY OF STATE'S PRESS CONFERENCE. MANY, INCLUDING THE MAIN COMMUNIST PAPERS, PUBLISHED VERBATIM THE STATEMENT, QUESTIONS AND ANSWERS.
- 3. HEADLINES GENERALLY STRESSED THAT BRITAIN AND CHINA HAD AGREED ON THE FRAMEWORK AND KEY CLAUSES OF A LEGAL AND BINDING AGREEMENT ON HONG KONG'S FUTURE. SOME PAPERS, INCLUDING WEN WEI PO (COMMUNIST), HIGHLIGHTED THE SECRETARY OF STATE'S ANNOUNCEMENT OF AGREEMENT TO ESTABLISH A JOINT LIAISON GROUP. THE NEWSPAPERS DID NOT HIGHLIGHT THE SECRETARY OF STATE'S ASSURANCE THAT ALL THE POINTS IN THE SINO/BRITISH AGREEMENT WOULD BE ENSHRINED IN THE BASIC LAW.
- 4. THE TWO MAIN COMMUNIST NEWSPAPERS LED THEIR FRONT PAGES ON AN NCNA DESPATCH, QUOTING A CHINESE MFA SPOKESMAN'S ACCOUNT OF THE SINO-BRITISH UNDERSTANDING ON THE JOINT LIAISON GROUP, ITS TERMS OF REFERENCE, ITS LOCATION IN HONG KONG FROM 1988 AND ITS CONTINUING IN EXISTENCE UNTIL THE YEAR 2000. THE MFA STATEMENT REFERRED TO A SINO/BRITISH JOINT COMMUNIQUE RATHER THAN AN AGREEMENT.

5. MARKET REACTION: THE PRESS NOTED THAT THE HONG KONG INDEX RISE

5. MARKET REACTION: THE PRESS NOTED THAT THE HANG SENG INDEX ROSE 27 POINTS IN THE MORNING SESSION BEFORE THE PRESS CONFERENCE AND LINKED THIS TO OPTIMISTIC REPORTS OF THE PROGRESS MADE IN PEKING. IT WAS NOTED THAT AFTER THE PRESS CONFERENCE HONG KONG SHARE PRICES GAINED GROUND IN LONDON AND THE HONG KONG DOLLAR STRENGTHENED. FURTHER MARKET RECOVERY ON 2 AUGUST WAS GENERALLY PREDICTED.

6. REPORTED PUBLIC REACTIONS WERE ALMOST ALL FAVOURABLE. SIR S Y CHUNG NOTED THAT THE AGREEMENT WOULD BE DETAILED, LEGALLY BINDING AND THAT ITS TERMS WOULD BE REFLECTED IN THE BASIC LAW. HONG KONG PEOPLE HAD NOT WANTED A JOINT LIAISON GROUP BUT AT LEAST ITS TERMS OF REFERENCE HAD BEEN CAREFULLY LIMITED. OTHER EXCO AND LEGCO MEMBERS, MANY DISTRICT BOARD MEMBERS, URBAN COUNCILLORS AND OTHER PROMINENT PERSONALITIES ALSO SPOKE POSITIVELY AND CONSIDERED THAT THE ARRANGEMENTS FOR THE JOINT LIAISON GROUP WOULD BE ACCEPTABLE. BUT DR LAO SZEKUANG, CHAIRMAN OF THE HONG KONG PROSPECT INSTITUTE, NOTED THAT THE SECRETARY OF STATE HAD FAILED TO SAY WHETHER HONG KONG WOULD BE ABLE TO AMEND THE FUTURE BASIC LAW AND WHETHER CHINA WOULD ACCEPT THE FORM OF REPRESENTATIVE GOVERNMENT DEVELOPED BEFORE 1997.

COMMENTARIES:

7. THE MOST ENTHUSIASTIC REACTIONS IN THE INDEPENDENT PRESS CAME FROM THE HONG KONG DAILY NEWS, FINANCIAL DAILY AND SING PAO. THE FINANCIAL DAILY NOTED THAT NO AGREEMENT HAD EVER OFFERED A HUNDRED PER CENT SECURITY, BUT BRITAIN AND CHINA HAD COMMON OBJECTIVES, AND CHINA HAD MADE BIG CONCESSIONS ON A DETAILED AGREEMENT AND ON THE JOINT GROUP CONTINUING TO 2000. THE DAILY NEWS THOUGHT THE JOINT LIAISON GROUP WOULD BE ACCEPTABLE ON THE TERMS OUTLINED BY THE SECRETARY OF STATE. SING PAO PRAISED THE STATESMANSHIP OF BOTH BRITISH AND CHINESE LEADERS.

8. SING TAO JIH PAO, MING PAO AND THE ECONOMIC JOURNAL ALSO WARMLY WELCOMED THE SECRETARY OF STATE'S DISCLOSURES BUT WITH SOME QUALIFICATIONS. SING TAO JIH PAO, FELT THAT HONG KONG PEOPLE COULD ASK FOR NO MORE THAN WHAT WAS NOW PROMISED, BUT IT WARNED AGAINST OVER OPTIMISM AT THIS STAGE. MING PAO FELT THAT THE OUTLINE AGREEMENT INCLUDED ALL THE DEMANDS MADE BY HONG KONG PEOPLE AND SOME POINTS, E.G. CONCERNING EDUCATION, WHICH THEY HAD NOT THOUGHT ABOUT. THE AGREEMENT COULD NOT COMPLETELY RESOLVE THE CONFIDENCE QUESTION, AS PEOPLE STILL WORRIED ABOUT THE CONSEQUENCES OF A CHANGE IN CHINESE POLICY AND LEADERSHIP. BUT PESSIMISM WOULD NOT HELP: HONG KONG PEOPLE SHOULD TAKE A POSITIVE ATTITUDE: IF CHINA REVERTED TO EXTREME LEFTISM, HONG KONG PEOPLE COULD TRY TO RESIST: IF THEY FAILED THEY COULD RUN FOR THEIR LIVES. THE ECONOMIC JOURNAL DENIED THAT THERE HAD BEEN A SELL-OUT: PARTICULARLY GOOD NEWS WERE THE JOINT GROUP'S CONTINUATION TO 2000, THE LOCATION OF THE FINAL COURT OF APPEAL IN HONG KONG AND THE WARMER POLITICAL CLIMATE IN PEKING. THERE COULD NOW BE A CHOROUS OF OPTIMISM FROM PEKING, LONDON AND HONG KONG. BUT WHEN THIS JOYFUL MOOD PASSED, THERE WOULD BE SILENCE AND A MESSY SITUATION.

9. 3 OTHER INDEPENDENT PAPERS WERE MORE CAUTIOUS. WHA KIU YAT PO WAS NEITHER ENCOURAGE NOR DISAPPOINTED BY THE SECRETARY OF STATE'S NEWS. HONG KONG PEOPLE REMAINED CONCERNED ABOUT THE BINDING EFFECT OF THE AGREEMENT AND THE POWER OF THE JOINT GROUP: THE GROUP SHOULD

NEWS. HONG KONG PEOPLE REMAINED CONCERNED ABOUT THE BINDING EFFECT OF THE AGREEMENT AND THE POWER OF THE JOINT GROUP; THE GROUP SHOULD CONTINUE FOR MORE THAN THREE YEARS AFTER 1997. THE ORIENTAL DAILY NEWS WISHED THAT THE SECRETARY OF STATE'S DISCLOSURES HAD BEEN MORE COMPREHENSIVE. IT HOPED THAT THE PROBLEMS OF LAND AND NATIONALITY COULD BE RESOLVED AS SOON AS POSSIBLE. THE EXPRESS ASSESSED THE SECRETARY OF STATE'S VISIT AS A SMALL VICTORY AFTER HIS BIG DEFEAT LAST APRIL, WHEN HE CONCEDED SOVEREIGNTY. BUT HONG KONG PEOPLE NEEDED A CONCRETE GUARANTEE THAT CHINA WOULD NOT INTERFERE IN HONG KONG.

10. ENGLISH LANGUAGE PAPERS: THE STANDARD WELCOMED THE STATEMENT, WHICH IT SAW AS SOMETHING OF A BRITISH DIPLOMATIC COUP. THE SOUTH CHINA MORNING POST EXPRESSED QUALIFIED APPROVAL AND BREATHED A TENTATIVE SIGH OF RELIEF. IT REMAINED ANXIOUS ABOUT THE JOINT LIAISON GROUP, WHOSE ARRIVAL IN 1988 WOULD BE LIKE INVITING IN THE UNDERTAKER BEFORE THE PATIENT HAD SUCCUMBED. BUT IT CONCLUDED THAT IN ANY NEGOTIATIONS "YOUR CAN'T WILL THEM ALL". HOWEVER, THERE WERE STILL SOME MAKE-OR-BREAK ISSUES TO RESOLVE.

11. PRO-TAIPEI NEWSPAPERS WERE FAIRLY FRIENDLY. KUNG SHEUNG DAILY NEWS CONSIDERED THAT THE SECRETARY OF STATE'S FIRMER ATTITUDE IN PEKING HAD ACHIEVED SOME MODERATE RESULTS. BUT BRITAIN AND HONG KONG SHOULD REMAIN FIRM TO AVOID BEING CHEATED BY THE COMMUNISTS. THE HONG KONG TIMES THANKED THE SECRETARY OF STATE FOR HIS EFFORTS BUT DOUBTED THAT THE STATEMENT WOULD DIFFUSE HONG KONG'S CONFIDENCE CRISIS; WITHOUT INTERNATIONAL GUARANTEES THE AGREEMENT WOULD HAVE NO BINDING EFFECT.

12. PRO-PEKING NEWSPAPERS UNRESERVEDLY WELCOMED THE SUCCESSFUL DEVELOPMENTS IN THE TALKS. WEN WEI PO SAID HONG KONG PEOPLE COULD NOW HAVE FULL CONFIDENCE; THE AGREEMENT WOULD NOT BE VAGUE OR ABSTRACT. TA KUNG PAO SAID THAT THE END OF BRITISH COLONIAL RULE WAS GOOD FOR CHINA, HONG KONG AND BRITAIN. HONG KONG PEOPLE COULD ACTIVELY PARTICIPATE IN DRAFTING THE BASIC LAW; THEY SHOULD AIM AT PRODUCING THE DRAFT BY THE EARLY 1990'S. DURING THE TRANSITION PERIOD BRITAIN HAD MUCH TO DO IN MAINTAINING PROSPERITY AND STABILITY, ECONOMISING AND PREVENTING EXCESSIVE EXPANSION OF THE PUBLIC SERVICE. TIN FUNG YA PO SAID THAT IT TOOK AN IRON LADY TO HAVE THE COURAGE TO END BRITISH COLONIALISM.

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