

FUTURE OF HONG KONG

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TO IMMEDIATE F C O

TELEGRAM NUMBER 8959 OF 21 SEPTEMBER

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. THE CABINET AGREES TO INITIALLING OF THE DRAFT AGREEMENT NEXT WEEK. WU XUEQIAN SAYS THAT THE EXACT DATE IS NOT FIXED BUT THE GOAL IS 25 SEPTEMBER. WU PAYS TRIBUTE TO THE SECRETARY OF STATE. POSITIVE MARKET REACTION. MOST INDEPENDENT NEWSPAPERS CONTINUE TO BE POSITIVE BUT UNEUPHORIC: PRAISE FOR EXCO UNOFFICIALS. 26 SEPTEMBER AN UNLUCKY DAY?

NEWS COVERAGE:

2. SINO/BRITISH AGREEMENT: 16 NEWSPAPERS LED THEIR FRONT PAGES ON THE NEWS THAT THE CABINET HAD ENDORSED THE DRAFT AGREEMENT AND AGREED THAT IT SHOULD BE INITIALLED IN PEKING NEXT WEEK. THE CABINET REPORTEDLY ALSO PAID TRIBUTE TO THE CONSTRUCTIVE AND

THE CABINET REPORTEDLY ALSO PAID TRIBUTE TO THE CONSTRUCTIVE AND STATESMANLIKE ROLE OF THE UNOFFICIALS AND TO THE SECRETARY OF STATE, THE GOVERNOR, HM AMBASSADOR, PEKING AND SIR PERCY CRADOCK. WEN WEI PAO (COMMUNIST) SAID THAT THE PRIME MINISTER WAS SATISFIED WITH THE DRAFT AND AGREED THAT IT SHOULD BE IN THE FORM OF A JOINT DECLARATION OR AGREEMENT AND NOT REPEAT NOT A TREATY. THE NEW EVENING POST (COMMUNIST) SAID THAT THE AGREEMENT WOULD RUN TO 10,000 CHARACTERS.

3. INITIALLING: THE SOUTH CHINA MORNING POST EXPECTED THE INITIALLING TO BE ON 26 SEPTEMBER, BUT MOST NEWSPAPERS THOUGHT THAT 25 SEPTEMBER WAS MORE LIKELY. CHINESE FOREIGN MINISTER WU XUEQIAN WAS REPORTED TO HAVE SAID IN NEW YORK THAT THE DATE HAD NOT YET BEEN DECIDED BUT THAT THE PRESENT GOAL WAS FOR INITIALLING ON 25 SEPTEMBER.

4. SECRETARY OF STATE: WU XUQIAN WAS REPORTED TO HAVE SAID THAT HE HAD FORMED A GOOD IMPRESSION OF THE SECRETARY OF STATE: SIR GEOFFREY HOWE WAS VERY WILLING TO LISTEN TO OTHER PEOPLE'S VIEWS.

5. MARKET REACTION: THE NEWSPAPERS GENERALLY ATTRIBUTED TO THE LONDON ANNOUNCEMENT THE STRENGTHENING OF THE HONG KONG DOLLAR AND THE FURTHER RECOVERY OF THE STOCK MARKET: THE HAN SENG INDEX ROSE ABOVE THE 1000 POINT MARK.

6. ENTRY INTO FORCE : A SOUTH CHINA MORNING POST (SCMP) REPORTER, EVIDENTLY QUOTING CHINESE SOURCES, SAID THAT BRITAIN AND CHINA HAD AGREED TO COMPROMISE AND THE AGREEMENT WOULD ENTER INTO FORCE ON 1 JULY 1985.

7. OMENS: THE SCMP QUOTED FORTUNE TELLERS AS SAYING THAT 26 SEPTEMBER, THE SECOND DAY OF THE 9TH MOON, COULD BE A BAD DATE FOR SIGNING ANY CONTRACT. IT WAS A DAY FOR CLEANSING ONESELF AND PREPARING OFFERINGS TO THE GODS. HOWEVER, WITER WOULD BE BOUNTIFUL.

8.- 95234 '594IES INCLUDE

8.- OTHER STORIES INCLUDED NEWS THAT A VICAR-GENERAL OF THE CATHOLIC CHURCH IN HONG KONG WOULD ATTEND THE 1 OCTOBER CELEBRATIONS AT NCNA'S INVITATION, IN THE ADSENCE ADORAD OF THE BISHOP: A REMARK BY XU JIATUN THAT IT WAS HIS DECISION, RATHER THAN THE HONG KONG GOVERNMENT'S. TO INVITE SIR SY CHUNG TO THE

BISHOP: A REMARK BY XU JIATUN THAT IT WAS HIS DECISION, RATHER THAN THE HONG KONG GOVERNMENT'S, TO INVITE SIR SY CHUNG TO THE 1 OCTOBER CELEBRATIONS: AN ASSURANCE BY XU THAT HONG KONG AND THE SHENZHEN SPECIAL ECONOMIC ZONE WOULD NOT REPEAT NOT BE MERGED BEFORE 2047: AND A SUGGESTION BY A UNIVERSITY ACADEMIC THAT CHINESE ABILITY TO IMPLEMENT THE AGREEMENT WOULD DEPEND ON WHETHER PEKING COULD CONTROL THE PLA.

COMMENTARIES:

9. SINO/BRITISH AGREEMENT: THE MOST POSITIVE EDITORIAL IN THE INDEPENDENT PRESS WAS PUBLISHED BY THE HONG KONG DAILY NEWS. IT SAW THE AGREEMENT AS A REMARKABLE DIPLOMATIC SUCCESS WHICH WOULD ENHANCE SINO/BRITISH RELATIONS, INCREASE HONG KONG/CHINA TRADE, TOURISM, BEGIN DEMOCRATIZATION IN HONG KONG AND INCREASE FOREIGN/INVESTMENTS.

10. SEVERAL INDEPENDENT PAPERS CONSIDERED THAT SO MUCH KNOWN ABOUT THE AGREEMENT'S CONTENTS THAT ITS PUBLICATION WOULD CAUSE NO SHOCK, PARTICULARLY AS THE CABINET AND EXCO HAD ENDORSED IT. WAH KIU YAT PO, SING PAO AND SING TAO WAN PO FELT THAT IF EXCO UNOFFICIALS WERE SATISFIED WITH THE AGREEMENT IT WAS LIKELY TO BE ACCEPTABLE TO THE HONG KONG PEOPLE. WAH KIU AND THE FINANCIAL DAILY CALLED ON PEOPLE TO TAKE A POSITIVE ATTITUDE TO THE AGREEMENT. SING PAO NOTED THAT HONG KONG PEOPLE STILL HAD FEARS ABOUT CHINESE INTERVENTION.

11. THE SCMP ALSO PAID TRIBUTE TO THE EFFORTS OF UNOFFICIALS AND WAS ENCOURAGED BY THE FACT THAT THEY AND BRITISH MINISTERS HAD AGREED. IT EXPECTED THAT THE SINO/BRITISH AGREEMENT WOULD HAVE SOME WAKNESSES AND THAT ULTIMATELY HONG KONG PEOPLE WOULD HAVE TO PIN MUCH TRUST ON CHINA'S WORD: BUT IT WAS TOO EARLY TO PASS JUDGEMENT.

12. MING PAO THOUGHT THAT THE AGREEMENT WAS LIKELY TO BE THE BEST OBTAINABLE. THERE WOULD INEVITABLY BE SOME CRITICISM OF IT, BUT PEOPLE SHOULD TAKE A BROAD VIEW AND SEE WHETHER ITS SPIRIT AND PRINCIPLES MET THEIR DEMANDS. SING TAO JIH PAO URGED PEOPLE TO KEEP A STEADY NERVE AND NOT BE PESSIMISTIC.

13. THE ECONOMIC JOURNAL SAID THAT EXCO'S ENDORSEMENT OF THE AGREEMENT LEFT LITTLE SCOPE FOR OTHER VIEWS IN HONG KONG: IF MR LOBO WAS CONTENT, OTHER LEGCO UNOFFICIALS WERE UNLIKELY TO OPPOSE IT. THE AGREEMENT WOULD PROVIDE 13 YEARS OF STABILITY AS FAR AS THE CONSTITUTIONAL LINK WITH BRITAIN WAS CONCERNED, BUT IT WOULD BE HARDER TO MAINTAIN SOCIAL AND ECONOMIC

AS FAR AS THE CONSTITUTIONAL LINK WITH BRITAIN WAS CONCERNED, BUT IT WOULD BE HARDER TO MAINTAIN SOCIAL AND ECONOMIC STABILITY.

14. COMMUNIST PAPERS WERE ENTHUSIASTIC. TA KUNG PAO OFFERED MORE REASSURANCES THAT CHINA WOULD NOT CHANGE ITS POLICIES: CHINA HAD HONOURED EVERY INTERNATIONAL AGREEMENT SINCE 1949 DESPITE DOMESTIC TURBULENCE, AND IN ANY CASE THERE HAD BEEN NO POLITICAL CAMPAIGN SINCE 1976 WHEN THE GANG OF FOUR FELL.

15. WEN WEI PO SAID THAT DESPITE MANY PROBLEMS AHEAD FOR HONG KONG, E.G. IN FORMULATING THE POLITICAL STRUCTURE, MAINTAINING OVERSEAS ECONOMIC LINKS, ADJUSTING THE INTERNAL ECONOMY AND COORDINATING THE JOINT LIAISON GROUP, THE TERRITORY WOULD CERTAINLY CONTINUE STABLE AND PROSPEROUS. MOREOVER SINO-BRITISH RELATIONS WOULD NOW BEGIN A NEW CHAPTER.

16. THE NEW EVENING POST SAID THAT THE NPC STANDING COMMITTEE WOULD CONSIDER THE DRAFT AGREEMENT AFTER INITIALLING, WHICH THE STATE COUNCIL HAD AUTHORITY TO APPROVE.

HADDON-CAVE

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