

RESTRICTED
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 1940
OF 192329Z JULY 89
INFO IMMEDIATE HONG KONG
INFO PRIORITY PEKING

OUR TELNO 1783: US/CHINA/HONG KONG: CONGRESSIONAL
PROPOSALS FOR FURTHER US MEASURES
SUMMARY

1. SENATE ADOPTS LANGUAGE ON CHINA SIMILAR TO THAT PASSED
IN THE HOUSE, BUT PROPOSING NEW RESTRICTIONS ON
CONCESSIONAL LOANS AND CALLING FOR A WIDE-RANGING REVIEW
OF US/CHINA TRADE RELATIONS. THE LANGUAGE ON HONG KONG IS
AN IMPROVEMENT OVER THE HOUSE VERSION. ADMINISTRATION
DECISION ON ASIASAT UNAFFECTED.

DETAIL

2. ON 14 JULY THE SENATE ADOPTED BY 81-10 AN AMENDMENT
TO THE STATE DEPARTMENT AUTHORISATION BILL ON CHINA.

3. WE HAVE NOW SEEN THE TEXT OF THIS AMENDMENT (COPY
BY FAX TO HKD). IT IS IN GENERAL SIMILAR TO THE HOUSE
AMENDMENT SUMMARISED IN OUR TUR, ALTHOUGH THE SENATE
VERSION ADDS LANGUAGE IN THE QUOTE SENSE OF THE SENATE
UNQUOTE (IE NON-BINDING) SECTION URGING THAT EX-IM BANK
LOANS SHOULD BE POSTPONED AND CALLING FOR A REVIEW OF THE
ADVISABILITY OF CONTINUING TO GIVE CHINA MFN STATUS AND
OF BILATERAL TRADE AGREEMENTS.

4. THE LANGUAGE ON HONG KONG IS AS FOLLOWS:
QUOTE TOWARDS HONG KONG THE PRESIDENT AND THE SECRETARY OF
STATE SHOULD CONVEY TO THE PEOPLE'S REPUBLIC OF CHINA THE
IMPORTANCE OF LIVING UP TO ITS INTERNATIONAL UNDERTAKING
WITH RESPECT TO THE 1984 JOINT DECLARATION FOR THE FUTURE
PROSPERITY AND STABILITY OF HONG KONG. THE SECRETARY OF
STATE SHOULD ADVISE THE UNITED KINGDOM OF THE UNITED STATES
CONTINUING CONCERN ABOUT THE ABSENCE OF GUARANTEES OF FREE
DIRECT ELECTIONS AND HUMAN RIGHTS IN THE JOINT DECLARATION
UNQUOTE.

THIS IS AN IMPROVEMENT ON THE HOUSE VERSION IN THAT IT DOES
NOT CAST DOUBT ON THE CREDIBILITY OF THE JOINT DECLARATION.
I HAD EARLIER WRITTEN TO A RANGE OF CONGRESSMEN MAKING OUR
VIEWS PLAIN ON THIS POINT.

5. HONG KONG TELNO 2378 ASKED WHETHER THE ADOPTION OF THIS

AMENDMENT BY THE SENATE AFFECTS THE STATE DEPARTMENT'S DECISION ON ASIASAT. THE SHORT ANSWER IS THAT IT DOES NOT. THE PROVISIONS ON EXPORT CONTROLS ARE IDENTICAL IN THE TWO MEASURES. AS WE ARE REPORTING SEPARATELY, EAGLEBURGER HAS DECIDED TO AUTHORISE THE LICENCE PERMITTING RELEASE OF TECHNICAL DATA. BOTH THE HOUSE AND SENATE VERSIONS GIVE THE PRESIDENT DISCRETION TO MAKE EXCEPTIONS IN THE QUOTE NATIONAL SECURITY INTEREST OF THE US UNQUOTE (HOUSE VERSION) OR THE QUOTE NATIONAL INTEREST UNQUOTE (SENATE VERSION). IF A VERSION OF THE CURRENT LANGUAGE EVENTUALLY BECOMES LAW, THE ADMINISTRATION WOULD PRESUMABLY MAKE A CASE FOR ASIASAT UNDER THIS PROVISION.

6. THE NEXT STEP IS FOR THE HOUSE AND SENATE VERSIONS TO BE RECONCILED IN A JOINT CONFERENCE (THE POSITION IS COMPLICATED FURTHER BY THE FACT THAT THE AMENDMENTS HAVE BEEN ATTACHED TO DIFFERENT BILLS IN THE HOUSE AND SENATE). THE ADMINISTRATION STILL SAY THAT THEY OPPOSE BOTH VERSIONS, BUT IN PRACTICE ARE NOT EXERTING MUCH PRESSURE. WE ARE CONSIDERING WHAT FURTHER LOBBYING ACTION WE NEED TO TAKE WITH THE AIM OF ENSURING THAT THE OBJECTIONABLE HOUSE LANGUAGE ON HONG KONG DOES NOT SURVIVE IN THE CONSOLIDATED VERSION.

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