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Hong Kong

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FM HONG KONG 140439Z MAY 83  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 690 OF 14 MAY  
INFO IMMEDIATE PEKING

MY TELNO 681 : FUTURE OF HONG KONG : PRESS REPORTS

THE LATEST EDITION OF 'WIDE ANGLE' PUBLISHED TODAY CARRIES A LONG ARTICLE HEADLINED 'SINO/BRITISH TALKS ABOUT TO TAKE A DRAMATIC TURN'. THE STORY INCLUDES THE POINTS IN MY TUR.

2. TODAY'S ECONOMIC JOURNAL ALSO CARRIES THE STORY, ATTRIBUTING IT TO 'A PRO-CHINA PUBLICATION IN HONG KONG' THROUGH WHICH 'THE CHINESE GOVERNMENT HAS SPREAD THE NEWS THAT NEGOTIATIONS OVER HONG KONG'S FUTURE WILL SOON BEGIN'. THE ARTICLE SAYS THAT SINO/BRITISH TALKS WILL BEGIN LATER THIS MONTH IN PEKING AND WILL BE HELD IN ACCORDANCE WITH CHINA'S 'FORMULA' WHICH MEANS THAT TALKS WILL BE DIVIDED INTO TWO STAGES AND WILL BE BASED ON THE PREMISE THAT BRITAIN RECOGNISES CHINA'S SOVEREIGNTY OVER HONG KONG. IN THE FIRST STAGE THE TALKS WILL FOCUS ON HOW TO MAINTAIN HONG KONG'S PROSPERITY AND STABILITY BETWEEN NOW AND 1997 AND ON OTHER QUESTIONS RELATING TO THE REVERSION OF SOVEREIGNTY AND RULE OVER HONG KONG. IN THE SECOND STAGE THERE WILL BE DISCUSSION OF SINO/BRITISH CO-OPERATION AFTER 1997. HOWEVER, BRITAIN WOULD BASICALLY HAVE NO SAY ON HOW HONG KONG SHOULD BE RULED AFTER 1997. SINO/BRITISH CO-OPERATION WOULD CONCERN ONLY SUCH MATTERS AS ARRANGING FOR THE HONG KONG BANK AND CHARTERED BANK TO CONTINUE TO ISSUE HONG KONG CURRENCY.

3. THE ARTICLE ALSO QUOTED FULLY THE POINTS MADE BY THE GOVERNMENT SPOKESMAN YESTERDAY EVENING (MY TELNO 683), DESCRIBED AS A 'DENIAL'. IT THEN REFERRED TO REPORTS THAT THE 'FOREIGN OFFICE' WROTE TO THE CHINESE PRIME MINISTER 'A FEW MONTHS AGO' TO REITERATE THAT THE TALKS MUST TAKE PLACE WITHOUT PRECONDITIONS AND COULD NOT PROCEED ON THE BASIS OF CHINA'S STAND THAT BRITAIN MUST FIRST RECOGNISE CHINA'S SOVEREIGNTY OVER HONG KONG. BUT THE FCO LETTER HAD RAISED NO OBJECTION TO CHINA PURSUING IT'S SOVEREIGNTY CLAIM IN THE TALKS, AND HAD SAID THAT THE ISSUE OF SOVEREIGNTY WOULD BE INCLUDED IN THE AGENDA. CHINA HAD SUBSEQUENTLY SAID THAT THIS COULD BE ARRANGED AND THE DEADLOCK HAD THUS BEEN BROKEN. CONCLUDING, THE ARTICLE SAID THAT PREPARATORY MEETINGS MIGHT BE HELD BEFORE THE NATIONAL PEOPLES' CONGRESS AND THE U.K. GENERAL ELECTION BUT THE ACTUAL TALKS WOULD HAVE TO WAIT UNTIL AFTER THE ELECTION. IT SAID THAT BRITAIN'S POSITION ON THE FUTURE ADMINISTRATION OF HONG KONG HAD CONSISTENTLY BEEN THAT ANY AGREEMENT REACHED SHOULD BE AGREED AND ACCEPTED BY HONG KONG PEOPLE.

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4. THE MING PAO TODAY CARRIES AN EDITORIAL WHICH BY IMPLICATION CRITICISES ITS SISTER EVENING PAPER FOR PRINTING A STORY BASED ONLY ON THE IDEAS OF THE CHINESE AUTHORITIES (PARA 1 OF MY TUR). THE EDITORIAL REFERS TO THE HARMFUL EFFECT OF RUMOURS AND MISLEADING REMARKS SPREAD WITH AN ULTERIOR MOTIVE. REFERRING TO THE FACT THAT WHILE PEKING OFFICIALS HAD PUT FORWARD PROPOSALS FOR HONG KONG'S FUTURE BRITAIN HAD NOT REAVELED IT'S INTENTIONS, THE PAPER SAID THAT THOSE WHO WROTE ARTICLES TO SPREAD INCORRECT IDEAS BASED ON THE THINKING OF ONLY ONE PARTY (IN THE TALKS), AND CLAIMED AUTHORITATIVE SOURCES FOR THEM WERE SIMPLY UNDERMINING HONG KONG'S STABILITY AND PROSPERITY.

5. NO OTHER PAPERS HAVE SO FAR REPRODUCED THE WIDE ANGLE STORY OR COMMENTED ON IT BUT THE GOVERNMENT STATEMENT WAS GIVEN MODERATE COVERAGE BY TEN INDEPENDENT AND PRO-KMT NEWSPAPERS.

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## FUTURE OF HONG KONG

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