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FROM PEKING 180800Z JUL 83

TO IMMEDIATE HONG KONG

TELEGRAM NUMBER 74 OF 18/7/83

A.S.C. 19
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h-a.

REPEATED FOR INFO TO IMMEDIATE FCO

FUTURE OF HONG KONG

1. YOU WILL RECALL THAT YOU AND I BOTH TOOK ISSUE WITH THE CHINESE AT LAST WEEK'S TALKS ON THE QUESTION OF THE VIEWS OF THE HONG KONG PEOPLE, WHICH THEY CLAIMED TO KNOW BETTER THAN WE. I AM SURE THAT THIS POINT WILL COME UP AGAIN, PROBABLY AT THE NEXT SESSION AND IT WOULD BE HELPFUL IF WE COULD PRODUCE EVIDENCE TO SUPPORT OUR CASE. OTHERWISE WE SHALL SIMPLY HAVE A STERILE EXCHANGE.

2. IF YOU AGREE, YOU MIGHT CONSIDER BRINGING WITH YOU (OR SENDING UP WITH YOUR COURIER) MATERIAL SHOWING THE VOLUME AND RANGE OF HONG KONG PEOPLE'S DOUBTS ABOUT THE CHINESES 'PLAN', AND WORRIES ABOUT THE FUTURE. PHOTOCOPIES OF THE MORE ARTICULATE NEWSPAPER ARTICLES MIGHT BE ONE FORM OF EVIDENCE. THEY WOULD HAVE TO BE ACCOMPANIED BY A SHORT NOTE SUMMARISING RECENT PRESS COVERAGE.

3. IN ADDITION, AND I REALISE THAT THIS IS MORE DIFFICULT, I WONDER IF IT IS POSSIBLE TO ASSEMBLE EVIDENCE RELATING TO THE OUTFLOW OF CAPITAL AND TALENT FROM HONG KONG. LI JUSHENG STATED BLUNTLY THAT LITTLE CAPITAL HAD LEFT (PARA 29 OF THE RECORD OF THE SECOND MEETING). I ASSUME THAT HIS SOURCE IS THE BANK OF CHINA. CAN WE GET FACTS AND FIGURES FROM OUR OWN SOURCES OR FROM THE HSBC? IF WE CANNOT PRODUCE HARD EVIDENCE ON THIS POINT, WE MAY AGAIN HAVE TO DEPEND ON NEWSPAPER ARTICLES, SUCH AS THE MING BAO ARTICLE REFERRED TO IN PARA 3 OF YOUR TEL NO 352. BUT THIS WOULD BE SOMETHING.

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4. MY CONCERN IS THAT, EVEN IF LI JUSHENG UNDERSTANDS THE SERIOUS DEGREE OF CONCERN IN HONG KONG, THE CHINESE HERE DO NOT, AND THEY WILL NOT HEAR THE TRUTH FROM LI (HIS PERFORMANCE ON 13 JULY LEAVES ME IN NO DOUBT ABOUT THAT). NOR HAVE THEY HEARD IT FROM HONG KONG VISITORS, SAVE ONLY THE YOUNG PROFESSIONALS - ONE DELEGATION OUT OF MANY. IF THEREFORE THE CHINESE JUST DO NOT UNDERSTAND THE CONFIDENCE QUESTION, RATHER THAN CHOOSE TO TURN A BLIND EYE TO IT, IT IS POSSIBLE THAT SOMETHING MIGHT BE ACHIEVED BY PRESENTING THEM WITH VOLUMINOUS AND INCONTESTABLE EVIDENCE THAT IT IS NOT A FIGMENT OF OUR IMAGINATION.

5. I SHOULD BE GLAD TO HEAR YOUR VIEWS.

CRADOCK

(REPEATED AS REQUESTED)

FUTURE OF HONG KONG

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ED/FED
ED/PLANNING STAFF
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