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FM HONG KONG 140950Z SEP 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1351 OF 14 SEPTEMBER

INFO IMMEDIATE PEKING (PERSONAL FOR CHARGE)

M

YOUR TELNO 902: FUTURE OF HONG KONG: MR HEATH'S MEETING WITH UMELCO.

1. NO OFFICIAL WAS PRESENT AT MR HEATH'S MEETING WITH UMELCO WHICH LASTED WELL OVER AN HOUR. MR HEATH'S PARTY LEFT NO RECORD AND THE UMELCO RECORD IS NOT YET AVAILABLE.

2. FROM SUCH ACCOUNT AS WE HAVE SO FAR IT SEEMS THAT MR HEATH MADE THE FOLLOWING POINTS, IN ADDITION TO THOSE WHICH HE MADE TO THE PRESS IN PEKING ABOUT HIS INTERVIEW WITH DENG:

(A) IT WAS NOT THE CHINESE INTENTION TO TAKE ANY ACTION BEFORE 1997:

(B) THE CHINESE WERE FIRM THAT SOVEREIGNTY WAS NOT NEGOTIABLE: AND THERE WAS NO HOPE OF PERSUADING THE CHINESE TO SEPARATE SOVEREIGNTY AND ADMINISTRATION:

(C) THE CHINESE WOULD IF NECESSARY GIVE POLITICS PRIORITY OVER ECONOMICS AND WOULD REGAIN SOVEREIGNTY EVEN IF THIS MEANT SOME LOSS OF PEOPLE FROM HONG KONG AND A DIMINUTION OF ITS USEFULNESS TO THEM. THEY HAD SAID THAT EXPERTISE COULD IN ANY CASE BE BOUGHT:

(D) THE ISSUE SHOULD NOT HAVE BEEN RAISED SO EARLY: THE CHINESE WOULD HAVE BEEN CONTENT TO LET THINGS GO ON FOR A WHILE YET:

(E) THE PEOPLE OF HONG KONG WOULD HAVE TO ACCEPT THAT THE CHINESE MEANT WHAT THEY SAID OVER THE RECOVERY OF SOVEREIGNTY:

(F) HE UNDERSTOOD THE ANXIETIES OF PEOPLE ABOUT THE PAST BUT THINGS IN CHINA WERE CHANGING:

(G) THE CHINESE POSITION IN RESISTING GIVING THE HONG KONG PEOPLE A DIRECT VOICE IN THE NEGOTIATIONS WAS EXPLICABLE BECAUSE THE TREATIES WERE BILATERAL BETWEEN CHINA AND THE U.K.

3. THE ABOVE IS BASED ON ONLY ACCOUNTS OF SOME UNOFFICIALS WHO WERE PRESENT AND PARTICULARLY SIR S.Y. CHUNG. THE MEETING WAS A DIFFICULT ONE (SEE MY TELNO 1344) AND A NUMBER OF UMELCO MEMBERS ADOPTED A CRITICAL AND INTERROGATIVE ATTITUDE ON A NUMBER OF POINTS.

YOUDE

FUTURE OF HONG KONG

LIMITED

HD/HKD

HD/FED

HD/PLANNING STAFF

HD/PUSD

PS

PS/LADY YOUNG

PS/MR LUCE

PS/PUS

SIR J BULLARD

MR GIFFARD

MR DONALD

MR WRIGHT

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MR FLOWER PUSD

MR COLES NO 10 DOWNING STREET

SIR A PARSONS NO 10 DOWNING STREET

MR WALKER RESEARCH D GOGGS

SECRET

GR 400

UNCLASSIFIED

FM HONG KONG 140950Z SEP 83

TO PRIORITY FCO

TELEGRAM NUMBER 1353 OF 14 SEPTEMBER

INFO PRIORITY PEKING

FUTURE OF HONG KONG: VISIT OF MR HEATH.

FOLLOWING IS TEXT OF AFP REPORT OF MR HEATH'S TALK WITH THE FOREIGN CORRESPONDENTS CLUB ON SEPT 13.

BEGINS.

HONG KONG, SEPT, 13 (AFP) - FORMER BRITISH PRIME MINISTER EDWARD HEATH TODAY SAID HE WAS SATISFIED FOLLOWING HIS VISIT TO PEKING THIS WEEK THAT CHINA AND BRITAIN WOULD ARRIVE AT A "SATISFACTORY" SOLUTION TO HONG KONG'S POLITICAL FUTURE AND SAID THAT THE TERRITORY WOULD CONTINUE TO PROSPER DURING THE NEGOTIATIONS.

"BRITAIN AND CHINA CAN KEEP HONG KONG STABLE" WHILE THE TWO WRANGLE OVER THE FUTURE OF THE BRITISH COLONY, MOST OF WHICH IS DUE TO REVERT TO CHINA'S SOVEREIGNTY AFTER THE EXPIRY OF A 99-YEAR LEASE IN 1997, MR HEATH TOLD REPORTERS AFTER A SPEECH TONIGHT AT THE FOREIGN CORRESPONDENTS' CLUB.

HOWEVER, HE REFUSED TO COMMENT ON HOW BRITAIN COULD HELP MAINTAIN THE STABILITY OF THE HONG KONG DOLLAR, WHICH FELL TO A RECORD LOW TODAY OF 7.825 - 7.835 TO THE U.S. UNIT AND HAS SLUMPED STEADILY SINCE PRIME MINISTER MARGARET THATCHER VISITED PEKING LAST SEPTEMBER, JUST BEFORE OFFICIAL NEGOTIATIONS OPENED.

MR HEATH SAID CHINA'S TOP LEADER DENG XIAOPING HAD TOLD HIM DURING THEIR MEETING SUNDAY THAT CHINA INTENDS TO RECOVER SOVEREIGNTY IN 1997, THAT "NOTHING WILL HAPPEN UNTIL THEN" AND THAT CHINA "HOPES HONG KONG'S PROSPERITY WILL CONTINUE AFTER 1997".

ASKED WHETHER A SOLUTION WOULD BE ACCEPTABLE TO THE PEOPLE OF HONG KONG, WHOSE 5.5 MILLION POPULATION IS 98 PERCENT CHINESE, MR HEATH SAID HE CONSIDERED THE QUESTION "HYPOTHETICAL" AND REFUSED FURTHER COMMENT.

SOME CIRCLES IN HONG KONG HAVE EXPRESSED CONCERN THAT THE COLONY ITSELF IS NOT REPRESENTED IN THE TALKS, WHICH HAVE FEATURED OFFICIALS FROM CHINA AND BRITAIN.

"I DON'T THINK THERE'S ANY THING EVIL OR UNDERHAND" IN THE REPRESENTATION BY THE BRITISH, MR HEATH SAID. "I'M SURE THAT THE BRITISH GOVERNMENT WILL LISTEN TO EVERYTHING THAT IS SAID IN HONG KONG... THIS IS A TREATY THAT WAS MADE BETWEEN TWO POWERS AND IT IS UP TO THOSE TWO POWERS TO SETTLE IT".

MR HEATH ALSO COMMENTED THAT IT WAS NOT UNUSUAL FOR BRITISH DEFENSE MINISTER MICHAEL HESELTINE TO HAVE ATTENDED A RECENT BRITISH FOREIGN AFFAIRS MEETING IN LONDON ON THE SITUATION.

"IT IS NORMAL FOR THE DEFENSE MINISTER TO ATTEND FOREIGN AFFAIRS MEETINGS," HE SAID.

/AS.

AS FOR THE POSSIBILITY THAT HE COULD HAVE INFLUENCED THE
SITUATION DURING HIS CHINA VISIT, HIS SIXTH SINCE 1974, THE FORMER
PRIME MINISTER SAID: 'I HAD NO MESSAGE FROM THE BRITISH GOVERNMENT.
I'M NOT IN THE CONFIDENCE OF THE BRITISH GOVERNMENT, AND THEY
(THE CHINESE) KNOW THAT'.

HE REFUSED FURTHER COMMENT ON THE SINO-BRITISH TALKS.

MR HEATH ARRIVED HERE SUNDAY FOR AN INFORMAL VISIT AND IS TO LEAVE
TOMORROW FOR NEW YORK. THE NEXT ROUND OF TALKS IS TO BEGIN LATER
THIS MONTH.

EGH/AMC

AFT 131614 GMT SEP 83.

ENDS

YOUDE

THIS TELEGRAM
WAS NOT
ADVANCED

(REPEATED AS REQUESTED)

FUTURE OF HONG KONG

LIMITED

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