

Ronald Reagan Presidential Library  
Digital Library Collections

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**Collection:** Laux, David N.: Files  
**Folder Title:** Cables – Hong Kong (06/10/1983-  
10/17/1983)  
**Box:** RAC Box 37

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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** LAUX, DAVID: FILES

**Withdrawer**

CAS 6/14/2010

**File Folder** CABLES-HONG KONG (6/10-/83-10/17/83)

**FOIA**

M09-299/1

**Box Number** 37

COLLINGS

37

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
92729	CABLE	150001Z JUN 83 <b>D 12/20/2017 M299/1</b>	1	6/15/1983	B1 B3
92730	CABLE	080002Z JUN 83 <b>D 12/20/2017 M299/1</b>	1	6/8/1983	B1 B3
92731	CABLE	152235Z JUN 83	1	6/15/1983	B1 B2 B3
92732	CABLE	151850Z JUN 83	1	6/15/1983	B1 B2 B3
92733	CABLE	160043Z JUN 83	1	6/16/1983	B1 B2 B3
92734	CABLE	232334Z JUN 83	1	6/23/1983	B1 B2 B3
92735	CABLE	HONG KONG 11236 <b>R 6/21/2012 M299/1</b>	1	6/24/1983	B1
92736	CABLE	122250Z JUL 83	1	7/12/1983	B1 B2 B3
92737	CABLE	132335Z JUL 83	1	7/13/1983	B1 B2 B3
92738	CABLE	130107Z JUL 83	1	7/13/1983	B1 B2 B3

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
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37

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
92739	CABLE	140215Z JUL 83	1	7/14/1983	B1 B2 B3
92740	CABLE	182315Z JUL 83	1	7/18/1983	B1 B2 B3
92741	CABLE	190204Z JUL 83	1	7/19/1983	B1 B2 B3
92742	CABLE	251835Z JUL 83 <b>D 12/20/2017 M299/1</b>	1	7/25/1983	B1 B3
92743	CABLE	261846Z JUL 83 <b>D 12/20/2017 M299/1</b>	1	7/26/1983	B1 B3
92744	CABLE	020045Z AUG 83	1	8/2/1983	B1 B2 B3
92745	CABLE	HONG KONG 17384 <b>R 6/21/2012 M299/1</b>	5	9/26/1983	B1
92746	CABLE	052137Z <b>D 12/20/2017 M299/1</b>	1	10/5/1983	B1 B3
92747	CABLE	072115Z OCT 83 <b>D 12/20/2017 M299/1</b>	1	10/7/1983	B1 B3
92748	CABLE	080541Z OCT 83 <b>D 12/20/2017 M299/1</b>	1	10/8/1983	B1 B3

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37

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
92749	CABLE	140027Z OCT 83 <i>D 12/20/2017 M299/1</i>	2	10/14/1983	B1 B3
92750	CABLE	HONG KONG 18636 <i>R 6/21/2012 M299/1</i>	4	10/17/1983	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

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37

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92729	CABLE  150001Z JUN 83	1	6/15/1983	B1  B3

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M09-299/1  
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*Box Number*  
37

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92730	CABLE 080002Z JUN 83	1	6/8/1983	B1 B3

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37

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<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restrictions</i>
92731	CABLE 152235Z JUN 83	1	6/15/1983	B1 B2 B3

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CABLES-HONG KONG (6/1-/83-10/17/83)

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37

37

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<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
92732	CABLE 151850Z JUN 83	1	6/15/1983	B1 B2 B3

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M09-299/1  
COLLINGS

*Box Number*  
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37

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92733	CABLE 160043Z JUN 83	1	6/16/1983	B1 B2 B3

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37

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92734	CABLE 232334Z JUN 83	1	6/23/1983	B1 B2 B3

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~~CONFIDENTIAL~~

92735

INCOMING  
TELEGRAM

NATIONAL SECURITY COUNCIL  
MESSAGE CENTER

PAGE 01 AMCONSUL HONG KONG 1236 DTG: 240914Z JUN 83 PSN: 015710  
EOB041 AN008859 TOR: 175/1408Z CSN: HCE584

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TO SECSTATE WASHDC 7669  
AIT TAIPEI

INFO AMEMBASSY BEIJING 5870  
AMEMBASSY VIENNA 0224  
AMEMBASSY BONN 0595

~~CONFIDENTIAL~~

LIMITED OFFICIAL USE HONG KONG 11236  
E. O. 12356: N/A  
TAGS: TW, CH, GE  
SUBJECT: REQUEST FOR BACKGROUND INFORMATION

1. CONSULATE HAS RECEIVED A REQUEST FROM AN FRG ECONOMIC OFFICER HERE FOR INFORMATION RELATING TO THE WORLD OVERSEAS CHINESE TRADER'S CONGRESS, WOCTC, WHICH IS APPARENTLY REQUESTING PERMISSION TO HOLD ITS BIENNIAL MEETING IN DUSSELDORF. THE WEST GERMANS BELIEVE THE WOCTC IS A TAIWAN-SPONSORED FRONT GROUP, PRIMARILY INTERESTED IN PROMOTING TRADE WITH TAIWAN, AND ARE CONCERNED THAT APPROVAL OF THE REQUEST MIGHT HAVE ADVERSE REPERCUSSIONS FOR RELATIONS WITH THE PRC.

2. FRG WOULD APPRECIATE ANY INFORMATION WE MIGHT BE ABLE TO PROVIDE THEM CONCERNING WHO ORGANIZED THE WOCTC, WHAT POLITICAL FORCES MIGHT BE BEHIND IT, WHERE IT HAS MET BEFORE (THEY BELIEVE IT MET IN VIENNA TWO YEARS AGO), WHAT SORTS OF PEOPLE ATTEND IT, ETC. CONSULATE HAS NO RECORD OF THIS ORGANIZATION, AND WOULD APPRECIATE ANY ASSISTANCE ADDRESSEES CAN PROVIDE.  
LEVIN  
BT

DECLASSIFIED

NLRR M299 #92735

BY KML NARA DATE 6/21/12

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92736	CABLE 122250Z JUL 83	1	7/12/1983	B1 B2 B3

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92737	CABLE 132335Z JUL 83	1	7/13/1983	B1 B2 B3

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92738	CABLE 130107Z JUL 83	1	7/13/1983	B1 B2 B3

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MESSAGE CENTER

INCOMING  
TELEGRAM

PAGE 01                    AMCONSUL HONG KONG 2494            DTG: 140931Z JUL 83    PSN: 046668  
EOB703                    AN009635                                    TOR: 195/1219Z            CSN: HCE416

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DE RUMJNG #2494 1950933  
P 140931Z JUL 83  
FM AMCONSUL HONG KONG

TO SECSTATE WASHDC PRIORITY 8000

INFO AMEMBASSY TOKYO 9475  
AMEMBASSY MANILA 5111  
AMEMBASSY SEOUL 6150  
AMEMBASSY BANGKOK 1106  
AMEMBASSY JAKARTA 6360  
CINCPAC HONOLULU HI//POLAD//  
THIRD AIR DIV ANDERSON AFB GUAM/CCP

~~C O N F I D E N T I A L~~ HONG KONG 12494

E. O. 12356: DECL: OADR  
TAGS: OVIP (SPECIAL MISSION)  
SUBJECT: SPECIAL MISSION  
REF: STATE 191196

1. (C - ENTIRE TEXT)

2. CONGEN WELCOMES VISIT OF SPECIAL MISSION GROUP HEADED BY THE HONORABLE MICHAEL K. DEEVER. CONSUL GENERAL BURT LEVIN WILL MEET AT AIRPORT AND INVITES GROUP TO A MONGOLIAN BARBEQUE AT HIS RESIDENCE ON SUNDAY, JULY 24 AROUND 8:00 P.M. (SEPTEL). CONTROL OFFICER IS POLITICAL OFFICER MICHAEL W. MARINE, OFFICE PHONE 5-239011, EXT. 310, HOME PHONE 5-736750.

3. HOTEL: CONGEN HAS RESERVED 17 SINGLE ROOMS FOR THE GROUP AT THE PENINSULA HOTEL. COST IS HK \$700 PLUS 15 PERCENT SERVICE CHARGE AND TAX. CURRENT EXCHANGE RATE IS APPROXIMATELY HK\$7.15 EQUALS U.S. \$1.00. CONGEN WILL MAN A CONTROL ROOM WITH CURRENCY EXCHANGE FACILITIES AT THE PENINSULA SUNDAY, JUNE 24 FROM 1600 UNTIL 2000 AND ON MONDAY, JUNE 25 FROM 0800 UNTIL 1630.

4. WE HAVE NOT SCHEDULED ANY ACTIVITIES ON MONDAY, JULY 25 BUT WOULD BE PLEASED TO OFFER ALL POSSIBLE ASSISTANCE, INCLUDING SECRETARIAL. PLEASE ADVISE RE LATTER.  
LEVIN  
BT

DECLASSIFIED  
Dept. of State Guidelines, July 21, 1997  
BY CN      MADE DATE 6/14/10

~~CONFIDENTIAL~~

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NATIONAL SECURITY COUNCIL  
MESSAGE CENTER

INCOMING  
TELEGRAM <sup>12</sup>

PAGE 01 AMCONSUL HONG KONG 2541 DTG: 141038Z JUL 83 PSN: 046665  
EOB690 AN009628 TOR: 195/1218Z CSN: HCE415

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EOB:  
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OP IMMED  
STU3320  
DE RUMJNG #2541 1951038  
O 141038Z JUL 83  
FM AMCONSUL HONG KONG

TO SECSTATE WASHDC IMMEDIATE 8004

~~C O N F I D E N T I A L~~ HONG KONG 12541

FOR WHITE HOUSE DEPUTY CHIEF OF STAFF DEEVER FROM  
CONSUL GENERAL LEVIN  
E. O. 12356: DECL: OADR  
TAGS: OVIP (SPECIAL MISSION)  
SUBJ: SPECIAL MISSION  
REF.: STATE 191196

1. OUR LAST MEETING WAS YEARS AGO IN HONG KONG AND  
I LOOK FORWARD TO SEEING YOU AGAIN IN, OF ALL PLACES,  
HONG KONG. I'D LIKE TO INVITE YOU AND YOUR GROUP  
TO MY PLACE ON SUNDAY EVENING FOR A MONGOLIAN BARBECUE.  
IT WOULD BE IN-HOUSE AND VERY INFORMAL. WE'RE ON THE  
PEAK AND IT'S A NICE PLACE TO LOOK OUT OVER THE HARBOR.

2. REGARDS.  
LEVIN  
BT

DECLASSIFIED

Dept. of State Guidelines, July 21, 1997

BY CU NADA DATE 6/14/10

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# WITHDRAWAL SHEET

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CABLES-HONG KONG (6/1-/83-10/17/83)

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<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
92739	CABLE 140215Z JUL 83	1	7/14/1983	B1 B2 B3

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Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
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- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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92740	CABLE 182315Z JUL 83	1	7/18/1983	B1 B2 B3

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PAGE 01 BEIJING 0695 DTG:180951Z JUL 83 PSN:052311  
EOB815 AN000358 TOR: 199/1023Z CSN:HCE557

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TO SECSTATE WASHDC IMMEDIATE 8451  
USDOC WASHDC IMMEDIATE

INFO AMCONSUL HONG KONG 9850

UNCLAS SECTION 01 OF 03 BEIJING 10695

USDOC FOR ITA/IEP/EAP/DAS LAWSON  
USDOC FOR ITA/IEP/EAP/PRC-HK/4420/PERITO  
USDOC FOR SECY OF COMMERCE BALDRIGE AND IDCA DIRECTOR  
MCPHERSEN FROM TDP DIRECTOR HOLMES  
STATE PASS TDP HARDY/MCDONALD FROM HOLMES  
E.O. 12356: N/A  
TAGS: BEXP, CH,  
)

SUBJECT: TRADE AND DEVELOPMENT PROGRAM - TDP TEAM  
REVIEWS PRC LIST OF \$4 BILLION IN PROJECTS

1. SUMMARY: AS A RESULT OF 2 YEARS INTENSIVE EFFORT IN DEVELOPING A TDP PROGRAM IN CHINA COMBINED WITH THE NEW LIBERALIZED USG STANCE ON TECHNOLOGY TRANSFER, THE PRC SUBMITTED THIS WEEK TO TDP FOR FEASIBILITY STUDY FINANCING, HIGH PRIORITY PROJECTS WHICH REPRESENT SIGNIFICANT EXPORT OPPORTUNITIES FOR THE UNITED STATES. FROM JULY 11-16, A TDP TEAM MET WITH 9 MINISTRIES, REVIEWED 30 PROJECTS AND AGREED TO FOCUS ON 10 HIGH PRIORITY PROJECTS WITH AN EXPORT POTENTIAL OF APPROXIMATELY \$500 MILLION IN GOODS AND SERVICES. THE PROJECTS ARE SOME OF THE MOST PROMISING OPPORTUNITIES TDP HAS SEEN IN CHINA AND COMPARE FAVORABLY WITH THOSE IN OTHER PARTS OF THE WORLD. INCLUDED IN THE PRC REQUEST FOR TDP SUPPORT IS A PROPOSAL FOR THE STUDY OF A FIBER OPTICS PLANT AND A SILICON PLANT. THE EMBASSY AND TDP IN A SEPARATE CABLE ARE REQUESTING GUIDANCE FROM WASHINGTON BEFORE TDP PROCEEDS FURTHER IN THE REVIEW OF THESE SENSITIVE HIGH TECH PROJECTS.

THE PRC HAS EMPHASIZED THAT THE US IS THE FIRST COUNTRY TO BE GIVEN THE INSIDE TRACK ON THESE HIGH PRIORITY PROJECTS AND THAT FINANCING WILL BE AVAILABLE FOR PROJECT IMPLEMENTATION (WHICH WILL BE OPEN FOR US COMPANIES TO COMPETE). AT THIS POINT, TDP HAS EXPRESSED VERY STRONG INTEREST IN SOME OF THESE PROJECTS BUT HAS NOT MADE ANY COMMITMENTS TO FINANCE THEM. THE NEXT STEP IS FOR TDP TO DISPATCH DEFINITION MISSION TEAMS OF EXPERTS TO PRELIMINARILY STUDY THE PROJECTS WHICH WILL LEAD TO THE RECOMMENDATION OF PROJECTS FOR FEASIBILITY STUDY FINANCING.

THE PRC HAS CLEARLY GIVEN THE USG A SIGNIFICANT OPPORTUNITY TO HELP US FIRMS OPEN NEW EXPORT MARKETS IN CHINA. IN ORDER TO CAPITALIZE ON THIS OPPORTUNITY, TDP MUST FINANCE SOME OF THE KEY PROJECTS AS SOON AS POSSIBLE. SINCE TDP'S BUDGET IS ALMOST FULLY COMMITTED

FOR THIS FISCAL YEAR, WE WILL ONLY BE ABLE TO SPONSOR TECHNICAL TEAMS TO FURTHER REVIEW THE PROJECTS AT A COST OF APPROXIMATELY \$330 THOUSAND IN THIS YEAR. THE OBJECTIVE WOULD BE TO FUND FULL SCALE FEASIBILITY STUDIES DURING THE NEXT FISCAL YEAR. THESE MIGHT TOTAL OVER \$5 MILLION

IF THE ADMINISTRATION'S FY 1984 REQUEST OF \$22 MILLION FOR TDP IS REALIZED, THE PROGRAM WILL BE A GOOD STEAD TO TAKE ADVANTAGE OF THE IMPORTANT EXPORT OPPORTUNITIES WHICH HAVE BEEN IDENTIFIED. FROM A POLITICAL PERSPECTIVE THE TDP PROGRAM CONTINUES TO DEVELOP STRONG TIES TO MINISTRIES IMPORTANT TO THE USG'S INTERESTS IN CHINA. THE PRC CLEARLY PERCEIVES TDP TO BE A PROGRAM WHICH DEMONSTRATES THE USG'S COMMITMENT TO IMPROVING TRADE WITH CHINA.

## 2. MAJOR ACCOMPLISHMENTS:

A. DURING THE JCCT MEETING, TDP HOLMES AND CAO JIARUI, DEPUTY DIRECTOR EXPORT-IMPORT DIVISION, MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE (MOFERT), INFORMALLY AGREED TO ESTABLISH SYSTEMATIC PROCEDURES FOR PROJECT IDENTIFICATION, REVIEW, AND APPROVAL. THE AGREEMENT PROVIDED (1) FOR MOFERT TO SUBMIT TO THE EMBASSY BY MID-JULY, 1983 A LIST OF POTENTIAL PROJECTS FOR FY84; (2) FOR TDP TO IDENTIFY BY OCTOBER 1983 THOSE PROJECTS IT WOULD SUPPORT; (3) FOR TDP AND MOFERT TO CONCLUDE GRANT AGREEMENTS ON EACH PROJECT BY JANUARY 1984. AND (4) FOR TDP AND MOFERT TO REVIEW POTENTIAL PROJECTS IN MAY 1984 FOR FY 1985. SO FAR, THE SYSTEM IS WORKING AND DEMONSTRATES THAT THE PRC IS COMMITTED TO A TDP PROGRAM.

B. DURING THIS WEEK'S MEETINGS, TDP MET WITH 9 MINISTRIES AND REVIEWED 30 PROJECTS, AND IDENTIFIED 10 HIGH PRIORITY PROJECTS WHICH SHOULD MEET TDP'S CRITERIA. HAVING THIS LIST IN FY 83 GIVES TDP A JUMP ON EXPANDING ITS

FY84 PROGRAM. THIS EXPANDED PROGRAM WILL HELP US FIRMS COMPETE AGAINST FOREIGN FIRMS WHO RECEIVE FEASIBILITY STUDY FINANCING FROM THEIR GOVERNMENTS, PARTICULARLY THOSE OF CANADA, AUSTRALIA, JAPAN, ITALY, GERMANY AND BT

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92741	CABLE 190204Z JUL 83	1	7/19/1983	B1 B2 B3

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11

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PAGE 01  
EOB735

AMCONSUL HONG KONG 3036  
AN002386

DTG: 220229Z JUL 83  
TOR: 203/0254Z

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CSN: HCE937

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O 220229Z JUL 83  
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TO AMEMBASSY JAKARTA IMMEDIATE 6371  
AMEMBASSY BANGKOK IMMEDIATE 1125

INFO SECSTATE WASHDC 8169

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LIMITED OFFICIAL USE HONG KONG 13036  
FOR ~~BILL HENKEL AND JEANNIE BULL~~  
E. O. 12356: NA  
TAGS: OVIP (SPECIAL MISSION)  
SUBJECT: SPECIAL MISSION: ARRIVAL TIME  
REF: MANILA 18454  
-

1. CONGEN REQUESTS SPECIAL GROUP DISCUSS HONG KONG ARRIVAL TIME WITH AIRCRAFT PERSONNEL. NON-SCHEDULED AIRCRAFT ARE PROHIBITED FROM USING HONG KONG'S KAI TAK AIRPORT BETWEEN 1230 AND 1630 (LOCAL TIME). THIS REGULATION IS WAIVED ONLY IN THE CASES OF ABSOLUTE OPERATIONAL NECESSITY --CIRCUMSTANCES WHICH DO NOT APPEAR TO APPLY.

2. PLEASE ADVISE BY IMMEDIATE CABLE OR TELEPHONE ADMIN OFFICER CLARENCE ALSPAUGH 5-239011, EXT 238. CUMMINGS  
BT

*OK 6/4/80*

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PAGE 01 AMCONSUL HONG KONG 3102 DTG: 220921Z JUL 83 PSN: 059701  
EOB824 AN002443 TOR: 203/0941Z CSN: HCE013

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AMEMBASSY BANGKOK IMMEDIATE 1128

INFO SECSTATE WASHDC 8183

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*GA 4/1/10*  
LIMITED OFFICIAL USE HONG KONG 13102  
FOR BILL HENKEL AND JEANNIE BULL

E. O. 12356: NA

TAGS: OVIP (SPECIAL MISSION)

SUBJECT: SPECIAL MISSION: EVENING ACTIVITIES

REF: (A) MANILA 18573, (B) HONG KONG 12942

CONGEN HAS RECONFIRMED GROUP'S ACCEPTANCE OF  
SIR Y. K. PAO'S INVITATION. ACTIVITIES WILL  
COMMENCE AT 2000, WELL WITHIN TIME CONSTRAINTS  
OF THE CURRENT SCHEDULE.

CUMMINGS

BT

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19

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PAGE 01 AMCONSUL HONG KONG 3194 DTG: 251139Z JUL 83 PSN: 064693  
EOB704 AN003821 TOR: 207/0310Z CSN: HCE964

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TO SECSTATE WASHDC 8204

INFO AMEMBASSY SEOUL 6165  
AMEMBASSY TOKYO 9516  
AMEMBASSY BEIJING 6284  
AMEMBASSY MANILA 5141  
AMEMBASSY SINGAPORE 9480  
AMEMBASSY BANGKOK 1140  
INFO AIT TAIPEI

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*As c/14/10*  
~~LIMITED OFFICIAL USE HONG KONG 13194~~  
~~C O R R E C T E D C O P Y ( P A R A 3 )~~  
E. O. 12356: N/A  
TAGS: OREP  
SUBJECT: SOLARZ CODEL  
REF: STATE 203203

1. CONGEN WELCOMES THE VISIT OF CONGRESSMAN SLOARZ TO HONG KONG ON AUGUST 16-17. ONE DOUBLE AND FOUR SINGLE ROOMS HAVE BEEN RESERVED AT THE MANDARIN HOTEL FOR AUGUST 16. THE RATE IS APPROXIMATELY US\$82 FOR SINGLE ROOM AND US\$84 FOR DOUBLE ROOM.
  2. THE CONTROL OFFICER FOR THE VISIT IS MICHAEL MESERVE, CONSULAR SECTION. HIS TELEPHONE NUMBERS ARE OFFICE 5-239011, EXT 276; HOME 5-242515.
  3. CONSUL GENERAL LEVIN WILL MEET THE CONGRESSMAN AT THE AIRPORT. A LUNCHEON AND EARLY AFTERNOON SESSION AT THE RESIDENCE HAVE BEEN SCHEDULED. A REQUEST FOR A MEETING WITH THE GOVERNOR HAS BEEN MADE AND WE WILL PROVIDE DETAILS AS THEY BECOME AVAILABLE. CONSUL GENERAL LEVIN PLANS TO HOST EVENING'S DINNER TO INCLUDE PERSONAGES MENTIONED IN REFTEL AND WOULD APPRECIATE KNOWING WHO FROM SOLARZ PARTY SHOULD BE EXPECTED TO ATTEND.
  4. THE CONSULATE TENNIS COURT HAS BEEN BOOKED FOR THE CONGRESSMAN'S USE FROM 6:00 - 8:00 A.M. WEDNESDAY MORNING.
- LEVIN  
BT

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# NATIONAL SECURITY COUNCIL MESSAGE CENTER

PAGE 01            SEUL 7490            DTG: 250658Z JUL 83    PSN: 063265  
EOB063            AN003329            TOR: 206/0721Z        CSN: HCE664

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O 250658Z JUL 83 ZFF-4  
FM AMEMBASSY SEOUL

TO AMCONSUL HONG KONG IMMEDIATE 7254  
AMEMBASSY TOKYO IMMEDIATE 2945

INFO SECSTATE WASHDC 8040

~~CONFIDENTIAL~~ SECTION 01 OF 02 SEUL 07490

HONG KONG AND TOKYO FOR SPECIAL MISSION - HENKEL AND BULL  
DEPARTMENT FOR S/S AND EA  
E.O. 12356: DECL: OADR  
TAGS: OVIP (SPECIAL MISSION) KS  
SUBJECT: SPECIAL MISSION: SEOUL SCHEDULE  
REF: STATE 199100

1 (C - ENTIRE TEXT)

2. AS A RESULT OF OUR DISCUSSIONS WITH MOFA AND MOFA MEETINGS WITH BLUE HOUSE AND OTHER CONCERNED GOVERNMENT AGENCIES, WE HAVE WORKED OUT THE FOLLOWING REVISED PROPOSED SCHEDULE FOR SPECIAL MISSION. WE THINK IT IS A GOOD ACTIVE SCHEDULE WHICH WILL ALLOW AMPLE TIME FOR VISITS TO ALL THE POSSIBLE PRESIDENTIAL EVENT SITES. THE CALL ON PRESIDENT CHUN WILL TAKE PLACE IN THE SEOUL AREA ON FRIDAY, JULY 29. THE SCHEDULE ALSO REFLECTS DINNER INVITATIONS FROM FOREIGN MINISTER LEE AND BLUE HOUSE SECRETARY GENERAL DR. HAHM.

3. THURSDAY - JULY 28  
5:20 PM - ARRIVE KIMPO AIRPORT, SEOUL. MET BY  
- AMBASSADOR WALKER AND VICE FOREIGN  
- MINISTER JAE WON ROH.  
5:30 PM - DEPART AIRPORT EN ROUTE AMBASSADOR'S  
- RESIDENCE.  
6 PM - ARRIVE AMBASSADOR'S RESIDENCE FOR DINNER  
- AND MEETING WITH EMBASSY OFFICIALS. (WHOLE  
- SPECIAL MISSION TEAM).

DEPART RESIDENCE EN ROUTE HOTEL CHOSUN  
FRIDAY - JULY 29

MESSRS. DEEVER, MCMANUS AND BROWN:  
8:15 AM - DEPART HOTEL EN ROUTE INTEGRATED GOVERNMENT  
- OFFICE BUILDING ACCOMPANIED BY AMBASSADOR.  
8:30 AM - COURTESY CALL ON MINISTER OF FOREIGN AFFAIRS,  
- BUM SUK LEE. (TENTATIVE)  
9:00 AM - JOIN WHOLE GROUP FOR MEETING WITH ROKG  
- OFFICIALS IN FOREIGN MINISTER'S CONFERENCE  
- ROOM, CHAIRED ON KOREAN SIDE BY BLUE HOUSE  
- SECRETARY GENERAL DR. HAHM PYONG CHOON.  
10:00 AM - (TENTATIVE) LEAVE SEOUL EN ROUTE PRESIDENT  
- CHUN (LOCATION IN SEOUL AREA NOT YET DETER-  
- MINED, POSSIBLY AT BLUE HOUSE. IT IS ALSO  
- POSSIBLE PRESIDENTIAL HELICOPTER WILL BE  
- USED. WHOLE TEAM MAY GO FOR BLUE HOUSE SITE

- SURVEY AT THIS TIME.)  
11:00 AM - COURTESY CALL ON PRESIDENT CHUN DOO HWAN.  
11:30 AM - LEAVE PRESIDENT EN ROUTE SEOUL  
12:30 PM - ARRIVE SEOUL  
- LUNCH FREE  
REMAINDER OF TEAM:  
10:00 AM - SITE SURVEYS OF BALLROOMS AT LOTTE, CHOSUN,  
- SHILLA, PLAZA HOTELS, POSSIBLE SITE FOR  
- RETURN DINNER HOSTED BY PRESIDENT REAGAN.  
WHOLE TEAM:  
2:45 PM - DEPART FOR SITE SURVEY OF BLUE HOUSE IF NOT  
- DONE IN MORNING.  
3:30 PM - DEPART BLUE HOUSE FOR YOIDO PLAZA, KBS TV  
- STUDIO.  
5 PM - COURTESY CALL ON NATIONAL ASSEMBLY SPEAKER,  
- CHAE MUN-SIK AND NATIONAL ASSEMBLY SITE  
- SURVEY.  
5:45 PM - DEPART EN ROUTE CHOSUN HOTEL  
7 PM - DINNER HOSTED BY BLUE HOUSE SECRETARY GENERAL  
- DR. HAHM PYONG CHOON AT TRADITIONAL KOREAN  
- RESTAURANT. (WHOLE SPECIAL MISSION TEAM)  
SATURDAY - JULY 30  
BT

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Dept. of State Guidelines, July 21, 1997  
BY LN      DATE 6/14/00



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TO AMCONSUL HONG KONG IMMEDIATE 7255  
AMEMBASSY TOKYO IMMEDIATE 2946

INFO SECSTATE WASHDC 8041

~~C O N F I D E N T I A L~~ SECTION 02 OF 02 SEOUL 07490

HONG KONG AND TOKYO FOR SPECIAL MISSION - HENKEL AND BULL  
DEPARTMENT FOR S/S AND EA  
E.O. 12356: DECL: OADR  
TAGS: OVIP (SPECIAL MISSION) KS  
SUBJECT: SPECIAL MISSION: SEOUL SCHEDULE  
8:45 AM - DEPART FOR SURVEY OF EMBASSY SITE WHERE  
- PRESIDENT MAY WISH TO GREET EMBASSY STAFF.  
9:30 AM - DEPART FOR NATIONAL CEMETERY SITE SURVEY.  
10:15 AM - DEPART NATIONAL CEMETERY FOR KOREA EXHIBITION  
- CENTER SITE SURVEY.  
11 AM - DEPART KOEX FOR H-201 HELIPAD, YONGSAN  
- GARRISON.  
11:20 AM - HELOS DEPART H-201 EN ROUTE HQ 1ST  
- ROK ARMY DIVISION (ESCORTED BY MAJOR GENERAL  
- JOHN W. HUDACHEK, CHIEF OF STAFF USFK/EUSA).  
11:45 AM - VISIT 1ST DIVISION HQ AND TOUR DIVISION  
12:15 PM MUSEUM (SITE SURVEY).  
12:15 PM - EN ROUTE H-127 (AERIAL RECONNAISSANCE OF DMZ).  
12:30 PM  
12:30 PM - LUNCH WITH US 2ND INFANTRY DIVISION AT  
1:15 PM CAMP LIBERTY BELL  
1:15 PM - EN ROUTE COLLIER GUARD POST (GROUND TRANSPORT)  
1:45 PM  
1:45 PM - VISIT COLLIER GUARD POST (SITE SURVEY).  
3:00 PM - (GROUND TRANSPORT)  
3:00 PM - EN ROUTE H-127 (GROUND TRANSPORT).  
3:15 PM  
3:15 PM - EN ROUTE SUWON AFB (HELICOPTER).  
3:50 PM  
3:50 PM - VISIT 314TH AIR DIVISION (SITE SURVEY).  
4:15 PM  
4:15 PM - EN ROUTE H-201 (HELICOPTER).  
4:30 PM  
4:30 PM - ARRIVE H-201, YONGSAN GARRISON - EN ROUTE  
- HOTEL  
7 PM - SMALL, INFORMAL DINNER HOSTED BY FOREIGN  
- MINISTER LEE AT RESTAURANT (PRINCIPALS  
- ONLY.) REMAINDER OF TEAM: EVENING FREE  
SUNDAY - JULY 31  
7:30 AM - DEPART HOTEL EN ROUTE KIMPO AIRPORT.  
8:15 AM - ARRIVE KIMPO AIRPORT FOR SITE SURVEY OF  
- PRESS CONFERENCE FACILITIES AND AIRPORT.  
9:00 AM - DEPART KIMPO AIRPORT, SEOUL, EN ROUTE  
- HILO, HAWAII.

5. FOR FOREIGN MINISTER'S SMALL DINNER, KOREAN SIDE HAS

SUGGESTED IT BE LIMITED TO NINE PRINCIPALS WHOSE BIO  
CONTAINED IN STATE 19709, THAT IS, THROUGH MR. DEPROSPERO.  
IS THIS ACCEPTABLE?

6. THE AMBASSADOR AND GENERAL SENNEWALD WILL ACCOMPANY ON  
CALL ON PRESIDENT CHUN. THE AMBASSADOR WILL ACCOMPANY ON  
CALL ON FOREIGN MINISTER.

7. AMERICAN CHAMBER EXECUTIVE DIRECTOR FREDERICK (BRICK)  
KRAUSE HAS CALLED TO REITERATE AMCHAM INTEREST IN MEETING  
MR. DEEVER OR OTHER MEMBERS OF HIS PARTY (SEOUL 7185).  
PLEASE ADVISE. WALKER  
BT

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92743	CABLE 261846Z JUL 83	1	7/26/1983	B1 B3

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**Freedom of Information Act - [5 U.S.C. 552(b)]**

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- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
92744	CABLE 020045Z AUG 83	1	8/2/1983	B1 B2 B3

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# NATIONAL SECURITY COUNCIL MESSAGE CENTER

PAGE 01 SECSTATE WASHDC 6784 DTG: 030419Z AUG 83 PSN: 077208  
EOB359 AN007962 TOR: 215/0603Z CSN: HCE745

MINISTER OF TRADE. MEETING WITH OTHER KOREAN OFFICIALS AS APPROPRIATE AND AS TIME PERMITS.

H/S

DISTRIBUTION: CHLD-01 SIGU-01 LAUX-01 MART-01 /004 A1

SAT AUG 13: MEETING WITH KOREAN INDUSTRIALISTS REF: TRADE AND INVESTMENT OPPORTUNITIES IN N. J.

WHTS ASSIGNED DISTRIBUTION:  
SIT:  
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C) FOR SINGAPORE:  
MON AUG 15: BRIEFING ON TRADE ISSUES AND EXPORT PROMOTION. EMPHASIS ON TEXTILES/APPAREL ISSUES. ALSO INTERESTED IN TOP, WTDR, AND ADS OPERATIONS. MEETING WITH IN-COUNTRY EXECUTIVES OF N.J. COMPANIES, E.G. JOHNSON AND JOHNSON, MERCK, INGERSOLL RAND.

OP IMMED  
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O 030419Z AUG 83  
FM SECSTATE WASHDC

TUE AUG 16: MEETING WITH MINISTER OF TRADE AND/OR OTHER APPROPRIATE OFFICIALS REF: TRADE PROBLEMS/ OPPORTUNITIES. MEETING WITH SINGAPORE FINANCIAL/ BUSINESS LEADERS RE: INVESTMENT IN N.J.

TO AMEMBASSY TOKYO IMMEDIATE 9698/9 IMMEDIATE  
ZEN/AMEMBASSY SEOUL IMMEDIATE 5978/9  
ZEN/AMEMBASSY SINGAPORE IMMEDIATE 6544/5  
ZEN/AMCONSUL HONG KONG IMMEDIATE 2373/4

INFO ZEN/AMCONSUL OSAKA KOBE IMMEDIATE 5670/1

D) FOR HONG KONG:  
WED AUG 17: BRIEFING ON TRADE ISSUES AND EXPORT PROMOTION. EMPHASIS ON TEXTILES/APPAREL ISSUES. ALSO PRODUCT COUNTERFEITING, U.S. OFFSHORE MANUFACTURING/ASSEMBLY OPERATIONS. ALSO INTERESTED IN TOP, WTDR, AND ADS OPERATIONS. EXPORT CONTROL RE: DIVERSION OF SENSITIVE TECHNOLOGY TO PRC ALSO OF INTEREST. MEETING WITH IN-COUNTRY EXECUTIVES OF N.J. COMPANIES, E.G. JOHNSON AND JOHNSON, MERCK, RCA. MEETING WITH ANNIE WOO, WORLD TRADE CENTER.

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CODEL GARN  
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E 01 12356N/A  
TAGS: OREP  
SUBJECT: CODEL GARN - APPOINTMENTS FOR SENATOR  
-- LAUTENBERG

THU AUG 18: MEETING WITH SECRETARY FOR TRADE AND INDUSTRY RE: TRADE ISSUES AND OPPORTUNITIES IN N.J. MEETING WITH HONG KONG FINANCIAL/BUSINESS LEADERS RE: INVESTMENT/TRADE IN N.J.

1. SENATOR LAUTENBERG WOULD APPRECIATE POSTS ATTEMPTING TO ARRANGE SOME OF THE FOLLOWING ACTIVITIES FOR HIMSELF AND STAFF MEMBER BONHAM TO BE SCHEDULE AROUND CODEL EVENTS IF AT ALL POSSIBLE.

2. FOR ALL:  
(A) SENATOR DOES NOT EXPECT TO BE ABLE TO MEET WITH ALL OF THE PERSONS/GROUPS LISTED ABOVE IN EACH CITY, BUT HOPES POSTS CAN ARRANGE SOME ADDITIONAL APPOINTMENTS OUTSIDE OF CODEL SCHEDULE.

A) FOR TOKYO:  
MON AUG 8: BRIEFING ON TRADE ISSUES AND U.S. EXPORT PROMOTION. INCLUDE STATUS BILATERAL NEGOTIATIONS AND PROBLEMS RE: HIGH TECH; TELECOMMUNICATIONS; PETRO-CHEMICALS; SERVICES; AUTOS; PHARMACEUTICALS; FOOD-STUFFS; ETC. ALSO INTERESTED IN TOP, WTDR, AND ADS OPERATIONS. MEETING(S) BILL GIBSON, N.Y./N.J. PORT AUTHORITY AND EDUARD SAUBALLE, DEL. RIVER PORT AUTHORITY. MEETING WITH IN-COUNTRY EXECUTIVES N.J. COMPANIES, E.G. JOHNSON AND JOHNSON, MERCK, RCA/ GLOBAL COMM., YAMAZAKI-NABISCO, ATT, ITT, PRUDENTIAL.

(B) SENATOR WOULD APPRECIATE BIODATA ON ANY PARTICIPANTS HE IS LIKELY TO MEET WITH BE MADE AVAILABLE UPON ARRIVAL.

TUE AUG 9: MEETING(S) WITH JAPANESE INDUSTRIALISTS RECOMMENDED BY PORT AUTHORITIES AND OTHERS RE: INVESTMENT IN N.J. COORDINATE WITH GIBSON AND SAUBALLE. MEETING WITH MINISTER OF TRADE. MEETING WITH SHINTO OF NTT. MEETINGS WITH MINISTER OF HEALTH.

3. FOR TOKYO ONLY: SENATOR LAUTENBERG WILL BE JOINED IN JAPAN BY ONE OF HIS PERSONAL STAFF MEMBERS, MITCHEL OSTRER. IN TOKYO HE WILL SHARE DOUBLE ROOM WITH JERRY BONHAM SUN/MON/TUE EVENINGS, AS WELL AS IN KYOTO WED EVENING. HE WILL NEED A SINGLE IN KYOTO FOR THU/FRI/SAT EVENINGS. MR. OSTRER IS TRAVELLING AT HIS OWN EXPENSE AND IS NOT/NOT AUTHORIZED CONGRESSIONAL FUNDING DURING HIS TIME IN JAPAN. OSTRER WILL ACCOMPANY SENATOR AND BONHAM TO ANY OF THE ABOVE MEETINGS THAT CAN BE SCHEDULED. SHULTZ BT

WED AUG 10: MEETING WITH CEO'S JAPANESE COMPANIES WITH U.S. HEADQUARTERS IN N.J. LIST TO FOLLOW.

B) FOR SEOUL:  
THU AUG 11: BRIEFING ON TRADE ISSUES AND EXPORT PROMOTION. EMPHASIS ON TEXTILES/APPAREL ISSUES, PETROCHEMICALS, PHARMACEUTICALS, COMPUTERS/HIGH TECH, SERVICES, STEEL, ETC. ALSO INTERESTED IN TOP, WTDR, AND ADS OPERATIONS.

FRI AUG 12: MEETING WITH IN-COUNTRY EXECUTIVES OF N.J. COMPANIES, E.G. JOHNSON AND JOHNSON, MERCK, RCA/ GLOBAL COMM., ITT, ATT, PRUDENTIAL. MEETING WITH

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PAGE 01 AMCONSUL HONG KONG 3926 DTG: 030852Z AUG 83 PSN: 000202  
EOB783 AN008135 TOR: 215/1415Z CSN: HCE895

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*As 6/14/10*  
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E. O. 12356: N/A  
TAGS: OREP  
SUBJECT: CODEL GARN  
REFS: A) STATE 215189; B) STATE 216784

1. GOVERNOR YOUDE WILL BE OUT OF TOWN DURING CODEL'S VISIT. POST SUGGESTS MEETING WITH NEXT RANKING OFFICIAL, CHIEF SECRETARY SIR PHILIP HADDON-CAVE OR NUMBER THREE OFFICIAL, FINANCIAL SECRETARY MR. JOHN BREMRIDGE. PLEASE ADVISE WHETHER WE SHOULD SEEK ONE OF THESE APPOINTMENTS.
2. AMERICAN CHAMBER OF COMMERCE INVITES CODEL FOR BREAKFAST MEETING AUGUST 18 OR FOR BRIEF MEETING AT ANY OTHER TIME CONVENIENT TO CODEL. SUCH A MEETING WILL BE A GOOD OPPORTUNITY TO INCLUDE FIRMS FROM NEW JERSEY AS REQUESTED BY SENATOR LAUTENBERG.
3. WE WILL ARRANGE AS MANY MEETINGS AS POSSIBLE AS REQUESTED BY SENATOR LAUTENBERG (REF B). DOES SENATOR WISH TO HAVE ENTIRE DAY SCHEDULED WITH MEETINGS?
4. KEITH ERICKSON, REPRESENTING REPUBLICANS ABROAD, CALLED CONSULATE TO REQUEST MEETING WITH SENATORS GARN AND HAWKINS. THEIR PREFERENCE IS A BREAKFAST OR OTHER EARLY MORNING MEETING BUT THEY ARE FLEXIBLE.
5. POST IS PREPARED TO OFFER COUNTRY TEAM BRIEFING AT TIME CONVENIENT TO CODEL. PLEASE ADVISE WHETHER A SESSION SHOULD BE SCHEDULED.

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LIMITED OFFICIAL USE SECTION 01 OF 03 HONG KONG 17384  
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BANGKOK PLEASE PASS USOFFICE RAMC  
E. O. 12356: N/A  
TAGS: EFIN, ECON, HK, CH, PREL, ETRD  
SUBJ: GOVERNMENT STEPS IN AS HONG KONG DOLLAR REACHES  
-- NEW LOW  
REFS: A) HONG KONG 16717, B) HONG KONG 16956, C) HONG KONG  
-- 17270  
-

1. SUMMARY: THE HONG KONG GOVERNMENT, AFTER REPEATEDLY SAYING THAT IT WOULD NOT INTERVENE TO SUPPORT THE HONG KONG DOLLAR, ANNOUNCED LATE SUNDAY AFTERNOON THAT IT WAS CONSIDERING VARIOUS PROPOSALS TO GIVE IT MORE CONTROL OVER THE EXCHANGE RATE. ON MONDAY MORNING THE HONG KONG ASSOCIATION OF BANKS ANNOUNCED A HUGE THREE PERCENT INCREASE IN THE PRIME RATE FOR THE PURPORTED OBJECTIVE OF SUPPORTING GOVERNMENT MEASURES, AND THERE WERE REPORTS THAT THE HONG KONG GOVERNMENT WAS CONSIDERING MORE ACTIVE INTERVENTION IN THE MARKET. THESE EVENTS CAME IN THE WAKE OF THE HONG KONG DOLLAR DROPPING SHARPLY TO 9.5 TO THE U. S. DOLLAR ON SATURDAY, ANOTHER ALL-TIME LOW. GOLD PRICES ALSO ROSE SHARPLY IN WHAT WAS DESCRIBED AS ALMOST PANIC BUYING. MONDAY MORNING THE HONG KONG DOLLAR OPENED AT 8.00 TO THE US DOLLAR FOR PURCHASES OF HONG KONG DOLLARS, BUT THE RATE FOR PURCHASES OF U. S. DOLLARS WAS AS HIGH AS 8.80. THE CLOSING RATE ON MONDAA WAS 8.00/8.80 IN A THIN MARKET. IN THE MIDST OF THIS HAVOC THE STOCK MARKET WENT UP, WITH THE HANG SENG INDEX CLOSING UP 24.5 POINTS TO 810.02. THE FIRST SIGNS OF RAPID INFLATION ARE BEGINNING TO APPEAR, AND A BUYING RUSH HAS STARTED ON THE STORES TO GET GOODS BEFORE PRICES ARE CHANGED. DEMAND FOR U. S. CURRENCY IS PERVASIVE AND

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PAGE 02 OF 02 AMCONSUL HONG KONG 7384 DTG: 261037Z SEP 83 PSN: 017872

IN THE IMMEDIATE FUTURE THERE MAY BE A SHORTAGE OF U. S. BANK NOTES. TALK IS GROWING ABOUT SWITCHING TO U. S. CURRENCY FOR FINANCIAL TRANSACTIONS. END SUMMARY

2. ON SUNDAY THE HONG KONG GOVERNMENT ANNOUNCED THAT IT WAS CONSIDERING PROPOSALS TO GIVE IT MORE CONTROL OVER THE EXCHANGE RATE. THIS ANNOUNCEMENT CAME AFTER THE HONG KONG DOLLAR CRASHED BELOW 9 ON SATURDAY, CLOSING AFTER THE NORMAL HALF DAY TRADING AT 9.45 (BUYING) AND 9.55 (SELLING). THE TRADE-WEIGHTED INDEX DROPPED TO 57.2, ANOTHER RECORD LOW. DEMAND FOR GOLD WAS PARTICULARLY HIGH AND THE GOLD PRICE REACHED 4,705 HONG KONG DOLLARS PER Tael (415.679 U. S. DOLLARS PER OUNCE), AN INCREASE OF 409 H. K. DOLLARS IN ONE DAY.

3. THE TALK AMONG BANKERS HERE IS THAT THE PRECIPITOUS DROP ON SATURDAY WAS THE RESULT OF A FEW, VERY LARGE SPECULATIVE TRANSACTIONS IN THE RANGE OF SEVERAL HUNDRED MILLIONS OF U. S. DOLLARS IN AN OTHERWISE VERY THIN MARKET. A NUMBER OF SMALLER BANKS RAN OUT OF U. S. CURRENCY. MOST BANKS EVENTUALLY STOPPED BUYING HONG KONG DOLLARS BEFORE THE CLOSE. THE MARKET WAS HECTIC AND CONFUSION REIGNED. THE PRESS REPORTED ALMOST PANIC BUYING OF GOLD.

4. UNTIL SATURDAY MOST PRICES HAD NOT REFLECTED THE WEAKENING CURRENCY. BY SATURDAY AFTERNOON HOWEVER, CONCERN WAS MORE EVIDENT. SOME LARGER STORES WERE CHANGING THEIR PRICES AS THE CURRENCY DROPPED. SOME MERCHANTS BEGAN REQUESTING PAYMENT IN U. S. DOLLARS OR OFFERING SUBSTANTIAL DISCOUNTS FOR PAYMENT IN U. S. CURRENCY. BUYERS WERE FLOCKING TO FOODSTORES TO GET GOODS BEFORE PRICES CHANGED. STAPLES SUCH AS RICE, OIL, SOY SAUCE AND TOILET PAPER WERE SOLD OUT IN MANY STORES.

5. UP TO SATURDAY IT WAS NOT CLEAR HOW MUCH INTERVENTION THERE HAD BEEN BY THE GOVERNMENT. THERE WERE REPORTS OF INTERVENTION ON FRIDAY AFTERNOON, BUT NONE ON SATURDAY. SEVERAL BANKERS TOLD US FINANCIAL SECRETARY BREMRIDGE CALLED SOME OF THE  
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TAGS: EFIN, ECON, HK, CH, PREL, ETRD  
SUBJ: GOVERNMENT STEPS IN AS HONG KONG DOLLAR REACHES  
LARGER U.S. BANKS ON FRIDAY TO TELL THEM TO STOP  
SPECULATING, BUT THE BANKS DENIED ANY SPECULATIVE  
ACTIVITY. HONG KONG'S DEPUTY SECRETARY FOR MONETARY  
AFFAIRS, A. R. LATTER, ON SATURDAY ACKNOWLEDGED THE  
FOREIGN EXCHANGE MARKET WAS "TOTALLY OUT OF HAND,"  
BUT ALSO INDICATED THE GOVERNMENT COULD DO LITTLE TO  
STOP THE SLIDE, WHICH HE ASCRIBED TO POLITICAL  
FACTORS. THE HONG KONG ASSOCIATION OF BANKS HELD ITS  
NORMAL SATURDAY MORNING MEETING, BUT DECIDED NOT TO  
INCREASE INTEREST RATES AGAIN. ANALYSTS SAID EVEN A  
SUBSTANTIAL RISE IN INTEREST RATES WOULD HAVE LITTLE  
IMPACT AT THIS STAGE.

6. THEN CAME THE HONG KONG GOVERNMENT'S ANNOUNCEMENT  
ON SUNDAY AND THE THREE PERCENT RISE OF THE PRIME  
RATE ON MONDAY. THESE ACTIONS HAVE HAD AT LEAST A  
TEMPORARY EFFECT, WITH THE HONG KONG DOLLAR OPENING  
AROUND 8.00/8.50 ON MONDAY MORNING. THE RATE VARIED  
CONSIDERABLY FROM BANK TO BANK, REFLECTING EXTREME  
UNCERTAINTY IN THE WAKE OF THE GOVERNMENT'S  
ANNOUNCEMENT. THE LARGE BUY/SELL SPREAD ALSO  
REFLECTED THE UNCERTAINTY IN THE MARKET. AFTER  
CONSIDERABLE CHURNING DURING THE COURSE OF THE DAY,  
THE CLOSING RATE MONDAY STILL HOVERED AROUND  
8.00/8.80 IN A THIN MARKET. HOWEVER, THE STOCK  
MARKET SEEMED TO BENEFIT FROM THE UNCERTAINTY ABOUT  
THE HONG KONG DOLLAR, RISING BY 24.5 POINTS TO CLOSE  
AT 810.02.

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PAGE 02 OF 02 AMCONSUL HONG KONG 7384 DTG: 261037Z SEP 83 PSN: 017881

COMMENT:

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7. THE PROFESSIONALS WHO WATCH THE MONEY MARKET AND THE GENERAL PUBLIC ARE UNUSUALLY CONCERNED. MOST BELIEVE THE ONLY THING WHICH CAN STOP THE FALL ARE SUBSTANTIVE AND POSITIVE STATEMENTS FROM THE PRC AND U. K.

-

8. THE FIRST DANGER IS THAT THE BANKING SYSTEM WILL RUN OUT OF U. S. CURRENCY. TECHNICALLY, MOST CHANGES COULD BE MADE JUST ON THE BOOKS. HOWEVER, MANY OF THE LOCAL POPULATION PREFER TO ACTUALLY SEE THE U. S. DOLLARS. IF THOSE NOTES ARE UNAVAILABLE THAT COULD ADD TO THE INCREASING WORRY, POSSIBLY LEADING TO RUNS ON SOME OF THE SMALLER BANKS. (THERE WERE RUMORS OF SUCH RUNS ON FRIDAY, BUT THEY SEEM TO HAVE BEEN INCORRECT. ON SATURDAY, THE HONG KONG SHANGHAI BANK, WHICH IS THE CLOSEST THING HONG KONG HAS TO A CENTRAL BANK, APPROACHED AT LEAST ONE AMERICAN BANK HERE TO REQUEST MORE U. S. NOTES BE SHIPPED IN. THE REQUEST CAME TOO LATE TO MAKE DELIVERY ON MONDAY.)

-

9. THE SOUTH CHINA MORNING POST IN ITS SUNDAY EDITORIAL EXPLICITLY RAISED THE ISSUE OF SWITCHING FROM H. K. DOLLARS TO U. S. DOLLARS FOR ALL LOCAL TRANSACTIONS. IT SAID THAT ALTHOUGH PSYCHOLOGICAL AND PRACTICAL PROBLEMS APPEAR TO MAKE SUCH A CONVERSION UNTHINKABLE, SUCH A CONVERSION MIGHT BECOME NECESSARY IF THE SLUMP WORSENS. THE SCMP IS MAJORITY-OWNED BY THE HONG KONG SHANGHAI BANK; AND SOME OBSERVERS BELIEVE THAT IT'S EDITORIALS ARE SOMETIMES USED AS A VENUE FOR FLOATING OF HKG

OPINIONS.

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10. THE GOVERNMENT'S ANNOUNCEMENT AND THE SUNDAY HOLIDAY HAVE GIVEN A BRIEF RESPITE TO THE DOWNWARD PLUNGE OF THE DOLLAR. MOST BUSINESSMEN AND TRADERS REMAINED ON THE SIDELINES ON MONDAY AWAITING FURTHER CLUES ON FUTURE TRENDS. IT IS UNCLEAR WHAT CONCRETE STEPS THE HONG KONG GOVERNMENT NOW PLANS TO TAKE TO SUPPORT THE CURRENCY. SELECTIVE INTERVENTION CAN HAVE A POSITIVE IMPACT IN THE SHORT-TERM IN THE PRESENT CLIMATE. HOWEVER, OVER THE LONGER-RUN THE  
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TAGS: EFIN, ECON, HK, CH, PREL, ETRD  
SUBJ: GOVERNMENT STEPS IN AS HONG KONG DOLLAR REACHES  
GOVERNMENT DOES NOT HAVE THE RESOURCES TO KEEP THE  
CURRENCY AT A PREDETERMINED RATE. THE SINGLE GREATEST  
UNCERTAINTY NOW SURROUNDING THE EXCHANGE RATE REMAINS  
THE OUTCOME OF THE UK-CHINA NEGOTIATIONS ON THE  
TERRITORY'S FUTURE.  
LEVIN  
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92748	CABLE 080541Z OCT 83	1	10/8/1983	B1 B3

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LIMITED OFFICIAL USE SECTION 01 OF 02 HONG KONG 18636  
E. O. 12356: N/A  
TAGS: ECON, EFIN, CH, HK  
SUBJ: HONG KONG GOVERNMENT WILL SUPPORT THE CURRENCY AT  
- 7.80  
SUMMARY:

1. THE H.K. GOVERNMENT (HKG) HAS FINALLY ANNOUNCED ITS PROGRAM TO SUPPORT THE TERRITORY'S CURRENCY. FIRST, IT IS LINKING THE H.K. DOLLAR TO THE U.S. DOLLAR AT A RATE OF 7.8/1. THIS WILL BE ACCOMPLISHED BY REQUIRING ALL NEW CURRENCY ISSUANCE TO BE BACKED BY FOREIGN CURRENCY AT THAT RATE AND GUARANTEEING THAT RATE OF EXCHANGE TO ALL THE BANKS HERE. SECOND, THE GOVERNMENT IS ELIMINATING THE WITHOLDING TAX ON H.K. DOLLAR ACCOUNTS. THESE ACTIONS HAVE BEEN GENERALLY WELL RECEIVED, EVEN BY THE PRC-CONTROLLED PRESS AND THE BANK OF CHINA. AS A RESULT, THE DOLLAR HAS STRENGTHENED SUBSTANTIALLY DURING THE FIRST TRADING DAY AFTER THE ANNOUNCEMENT. WHILE THESE MEASURES MAY BE EFFECTIVE FOR THE SHORT RUN, THE CONFIDENCE ISSUE IS STILL THE KEY TO STABILITY AS THE GOVERNMENT SIMPLY DOES NOT HAVE SUFFICIENT RESERVES TO STOP A SUBSTAINED RUN ON THE CURRENCY. END SUMMARY.

-  
PEGGING THE CURRENCY:  
-

2. "PEGGING" THE CURRENCY IS TO BE DONE PRIMARILY THROUGH INCREASED CONTROL OVER THE CURRENCY-ISSUING SYSTEM. IN RECENT YEARS WHEN THE TERRITORY'S TWO NOTE-ISSUING BANKS, THE HONG KONG AND SHANGHAI BANKING CORPORATION (HKSBC) AND CHARTERED BANK, WANTED TO PRINT NEW CURRENCY, THEY WERE REQUIRED TO PURCHASE A SO-CALLED "CERTIFICATE OF INDEBTEDNESS" FROM THE HKG FOR AN EQUAL AMOUNT OF H.K. DOLLARS. THE BANKS THEN WERE ABLE TO ISSUE THE NEW CURRENCY. IN

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PRACTICE, THIS ALLOWED VIRTUALLY UNLIMITED MONEY EXPANSION AND PROVIDED NO GOVERNMENT CONTROL.

USE FOREIGN EXCHANGE TO PURCHASE THE CERTIFICATE OF INDEBTEDNESS. THE EXCHANGE RATE FOR THIS PURCHASE IS FIXED AT 7.8 H.K. DOLLARS TO 1 U.S. DOLLAR. THE HKG GUARANTEES THAT WHEN THESE TWO BANKS TAKE CURRENCY OUT OF CIRCULATION, THEY WILL RECEIVE FOREIGN EXCHANGE FROM THE EXCHANGE FUND AT THE SAME 7.8 RATE.

4. ALTHOUGH ONLY THE TWO NOTE-ISSUING BANKS WILL HAVE ACCESS TO THE EXCHANGE FUND, THEY HAVE SET UP ACCOUNTS WITH ALL OTHER BANKS IN THE TERRITORY GUARANTEEING EXCHANGE AT THE 7.8 RATE. HKG HAS SAID IT EXPECTS THIS TO EFFECTIVELY "PEG" THE H.K. DOLLAR TO THE U.S. DOLLAR AT THIS RATE.

THE WITHOLDING TAX:

5. HKG ALSO REMOVED THE 10 PERCENT WITHOLDING TAX ON H.K. DOLLAR ACCOUNTS. THIS TAX HAD BEEN ROUNDLY CRITICIZED IN HONG KONG BY ALL SECTORS, BUT GIVEN THE CURRENT BUDGET DEFICIT, THE HKG WAS RELUCTANT TO GIVE UP THE REVENUE IT PROVIDES. AS RECENTLY AS FINANCIAL SECRETARY BREMRIDGE'S 1983 HALF YEARLY ECONOMIC REPORT, HKG REFUSED TO REMOVE IT, BUT NOW HAS FINALLY BOWED TO THE COMBINED PRESSURE OF PUBLIC OPINION AND THE CURRENT CURRENCY CRISIS. THE REMOVAL OF THE TAX IS EXPECTED TO HAVE A PRIMARILY PSYCHOLOGICAL EFFECT, BUT IT WILL MAKE HOLDING H.K. DOLLAR ACCOUNTS SLIGHTLY MORE ATTRACTIVE.

LOCAL REACTION:

6. MOST REACTION TO THE MOVE HAS BEEN POSITIVE. THE H.K. DOLLAR OPENED AT 7.80 (BUYING) AND 7.95 SELLING AND CLOSED ONLY SLIGHTLY WEAKER AT 7.85/8.00. THE STOCK MARKET ROSE 33 POINTS TO CLOSE AT 771.55.

7. THE BANK OF CHINA ALMOST IMMEDIATELY WELCOMED AND SUPPORTED THE MOVE. THEIR SPOKESMAN SUGGESTED THE ACTION MIGHT NOT BE SUFFICIENT TO STEM THE TIDE BUT FELT THIS MOVE WAS A STEP IN THE RIGHT DIRECTION.

8. THE LOCAL PRC-CONTROLLED PRESS SUPPORTED THE MOVE, BUT SAID IT CAME TOO LATE: WEN HUI BAO SAID THE BT

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30

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LIMITED OFFICIAL USE SECTION 02 OF 02 HONG KONG 18636  
E. O. 12356: N/A  
TAGS: ECON, EFIN, CH, HK  
SUBJ: HONG KONG GOVERNMENT WILL SUPPORT THE CURRENCY AT  
7.8 LEVEL WAS TOO WEAK A LEVEL AND WOULD ENCOURAGE  
MORE INFLATION; THE MIDDLE OF THE ROAD FINANCIAL  
PRESS ALSO PRAISED THE MOVE BUT WARNED THAT THE MAIN  
ISSUE IS STILL A LACK OF CONFIDENCE. IN THIS CONTEXT  
IT SAID THE NEXT THREE MONTHS WOULD BE CRUCIAL, AND  
THE GOVERNMENT WOULD HAVE TO DO EVERYTHING POSSIBLE  
TO ASSURE THAT THE DOLLAR REMAINS AT 7.8 DURING THAT  
PERIOD.

COMMENT:  
-

9. THE GOVERNMENT IS TRYING TO ESTABLISH A SYSTEM  
SIMILAR TO WHAT EXISTED IN HONG KONG DURING THE EARLY  
1970'S. AT THAT TIME, THE H. K. DOLLAR WAS ALSO  
PEGGED TO THE U. S. DOLLAR; THE MAJOR DIFFERENCE WAS  
THAT RATES THEN WERE FIXED INTERNATIONALLY.  
-

10. THE SPECIAL ACCOUNTS SET UP BETWEEN HKSMB AND  
CHARTERED BANK WILL ASSURE THAT ALL BANKS CAN OBTAIN  
THE 7.80 RATE. HKG BELIEVES THE AVAILABILITY OF THIS  
RATE AND THE COMPETITIVENESS BETWEEN BANKS WILL  
ASSURE THAT THE MARKET RATE STAYS AT THIS LEVEL.  
THEY ARE PROBABLY RIGHT FOR THE SHORT TERM. THE H. K.  
DOLLAR RATE HAS REMAINED RELATIVELY STABLE FOR THE  
LAST THREE WEEKS AS A RESULT OF ANTICIPATION OF  
GOVERNMENT ACTION - AND PROBABLY HELPED BY SELECTIVE  
INTERVENTION.  
-

11. THE MOVE IS LIKELY TO HAVE OTHER EFFECTS SUCH AS  
INCREASING INTEREST RATES AND DECREASING THE U NEY  
SUPPLY, THUS IMPACTING ON BUSINESS ACTIVITY.

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PAGE 02 OF 02 AMCONSUL HONG KONG 8636 DTG: 171111Z OCT 83 PSN: 052474

NEVERTHELESS, THE HKG BELIEVES THAT IMMEDIATE STABILITY OF THE H. K. DOLLAR IS OF PARAMOUNT IMPORTANCE. CONFIDENCE DOES REMAIN THE KEY ISSUE, HOWEVER. IF CONFIDENCE IS FURTHER UNDERMINED EITHER BY NEGATIVE NEWS ABOUT SINO-U. K. TALKS, OR EVEN BY DEVELOPMENTS IN HONG KONG'S MAJOR MARKETS, ECONOMIC ORGANIZATIONS AND INDIVIDUALS COULD DECIDE 7.80 IS AN EXCELLENT PRICE FOR U. S. DOLLARS. IN THAT CASE, HKG'S EXCHANGE FUND IS NOT BIG ENOUGH TO STOP A SUSTAINED RUN ON THE CURRENCY. WHILE FINANCIAL SECRETARY BREMRIDGE HAS SAID THE HKG CONTEMPLATES NO FURTHER MEASURES BEYOND THOSE JUST ANNOUNCED, IN FACT THE GOVERNMENT WOULD NEED TO LOOK FOR ADDITIONAL WAYS OF RESTORING CONFIDENCE IF THERE WERE SUCH A RUN.  
LEVIN  
BT

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