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TO PRIORITY TOKYO  
TELEGRAM NUMBER 55 OF 17 SEPTEMBER  
INFO FCO, PEKING

FOR PRIME MINISTER'S PARTY.

FOR DONALD

FUTURE OF HONG KONG.

THE LATEST ISSUE OF THE LOCAL MAGAZINE "GUANGJIAOJING" (WIDE ANGLE), PUBLISHED ON 16 SEPTEMBER, REPORTED AN INTERVIEW WITH XIANG NAN, PARTY FIRST SECRETARY OF FUJIAN PROVINCE, AND ATTRIBUTED TO HIM REMARKS ON "THE SOLUTION OF THE HONG KONG PROBLEM".

2. IT IS NOT CLEAR WHETHER XIANG IS QUOTED DIRECTLY OR WHETHER THE INTERVIEWER HAS INTERPRETED HIS COMMENTS. HOWEVER, XIANG IS REPORTED AS HAVING REFERRED TO DENG XIAOPING'S MEETING WITH MR HEATH IN APRIL WHEN DENG HAD BRIEFLY MENTIONED CHINA'S PROPOSALS FOR THE FUTURE OF HONG KONG AND "THE VIEWS OF THE TWO SIDES WERE IDENTICAL." XIANG IS ALSO REPORTED TO HAVE SAID THAT CHINA WILL "UPHOLD" (JIANCHI) ITS SOVEREIGNTY OVER HONG KONG WHILE MAINTAINING THE TERRITORY'S PROSPERITY AND ITS STATUS AS A FREE PORT AND FINANCIAL CENTRE. HONG KONG'S PROSPERITY BENEFITS CHINA, BRITAIN AND OTHER COUNTRIES IN THE REGION. XIANG IS FURTHER SAID TO HAVE REFERRED TO THE SPECIAL ADMINISTRATIVE REGIONS IN THE DRAFT STATE CONSTITUTION AS PROVIDING A BASIS FOR THE SOLUTION OF THE HONG KONG PROBLEM. HOWEVER, WIDE ANGLE'S INTERPRETATION OF XIANG NAN'S SUMMING UP WAS SIMPLY: "IN THE HANDLING OF HONG KONG'S FUTURE, CHINA WILL BE VERY FIRM AND CAUTIOUS."

3. THE MAIN POINTS OF THE ARTICLE WERE REPRODUCED ON THE FRONT PAGE OF THE HONG KONG STANDARD ON 16 SEPTEMBER (THE NEWSPAPER AND WIDE ANGLE SHARE A REPORTER).

4. GIVEN XIANG NAN'S LONG-STANDING ASSOCIATION WITH HU YAOBANG, HE IS IN A POSITION TO SPEAK WITH AUTHORITY. DOUBTS REMAIN, HOWEVER, ABOUT THE ACCURACY WITH WHICH HE IS QUOTED OR REPORTED BY WIDE ANGLE.

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