

PS  
PS/PUS  
PS/MR LUCE  
~~YF/ALISON~~  
ED/ED  
ED/ED  
PS LADY YOUNG  
SIR W HARDING  
RESIDENT CLERK

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DESKBY F C O 311400Z

SECRET

SECRET

ADVANCE COPY

IMMEDIATE

FH TOKYO 311200Z JUL 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 595 OF 31/7/84

AND TO IMMEDIATE HONG KONG (FOR PRIVATE SECRETARY)

INFO IMMEDIATE HONG KONG (FOR GOVERNOR)

INFO IMMEDIATE PEKING

MY TEL NO 582 : FUTURE OF HONG KONG:

OFFER BY MR NAKASONE TO SPEAK TO THE CHINESE.

1. HASEGAWA SUMMONED ME TO THE PRIME MINISTER'S OFFICE TODAY TO TELL ME THAT MR NAKASONE HAD APPROVED A MESSAGE TO BE SENT ON THURSDAY MORNING, 2 AUGUST, TO THE JAPANESE EMBASSY IN PEKING BY A SPECIAL COURIER, FOR TRANSMISSION TO HU YAOBANG. HE WONDERED WHETHER, BEFORE IT LEFT, I HAD ANYTHING TO SAY ABOUT YOUR CURRENT TALKS IN PEKING.

2. HE WENT ON TO TELL ME THAT IN MR NAKASONE'S LETTER IT WAS PROPOSED THAT THE POINTS AT (A) AND (B) IN PARAGRAPH 5 OF YOUR TEL NO 401 ( ANY AGREEMENT MUST BE DETAILED AND LEGALLY BINDING; AND IT MUST BE CLEAR THAT THE BRITISH AND HONG KONG GOVERNMENTS HAD RESPONSIBILITY FOR HONG KONG UP TO 1997) WOULD BE ATTRIBUTED TO US, AS THE BRITISH VIEW. MR NAKASONE'S LETTER WOULD GO ON TO MAKE POINTS WHICH REINFORCED THESE BRITISH POINTS, SUCH AS THAT HONG KONG MUST REMAIN A FREE, CAPITALIST ECONOMY.

3. I REMINDED MR HASEGAWA THAT I HAD STRESSED THE DELICACY OF OUR APPROACH, AND THAT WE WERE HOPING MR NAKASONE WOULD SEE IT AS BEING IN JAPAN'S INTERESTS TO MAKE THE SORT OF POINTS WHICH HE WAS NOW PROPOSING TO ATTRIBUTE TO US. I SAID THAT I THOUGHT THAT THE MESSAGE IN THE FORM HE WAS NOW PROPOSING COULD BE DANGEROUS. WE WERE, AS I HAD REPEATEDLY TOLD HIM, ANXIOUS THAT THE CHINESE SHOULD NOT CONCLUDE THAT WE WERE BRIEFING THE JAPANESE IN CONFIDENCE ( SEE LAST SENTENCE OF PARA 2 OF MY TELNO 569)

*Prime Minister.  
This is being overtaken by events.  
I have told the  
FCO to  
suggest to  
the Japanese  
that the  
message be  
put on ice  
while the  
results of  
the latest  
talks also  
are absorbed.  
A rather  
different sort  
of message  
may be  
needed  
CDD  
31/7*

4. AFTER SOME DISCUSSION IT WAS AGREED THAT MR NAKASONE'S PROPOSED LETTER WOULD NOT REPEAT NOT ISSUE PENDING MY RECEIPT OF FURTHER INSTRUCTIONS.

5. THIS HAS GONE WRONG. I THINK THAT MR NAKASONE IS NOT WILLING TO TAKE SO FIRM A LINE AS WE HAD HOPED. HE HAS TRIED TO SQUARE THE CIRCLE BY ATTRIBUTING TO US VIEWS WHICH WE HAD QUITE SPECIFICALLY EXPRESSED THE HOPE THAT HE WOULD SEE AS BEING IN JAPAN'S INTEREST.

6. IN THE CIRCUMSTANCES, YOU MAY WISH TO INSTRUCT ME IMMEDIATELY TO SAY TO MR HASEGAWA THAT THINGS HAVE DEVELOPED DURING YOUR VISIT TO PEKING( WITH A LITTLE INSIDE INFORMATION IF POSSIBLE) AND THAT WE SHOULD BE CONSIDERING THESE DEVELOPMENTS VERY CAREFULLY. MEANWHILE, THOUGH WE WERE GRATEFUL FOR MR NAKASONE'S WIVGS ZCPQNDYZNUKE THE SORT OF ACTION WE HAD REQUESTED, WE WERE PARTICULARLY CONCERNED THAT HE SHOULD NOT REPEAT NOT FOR THE TIME BEING ATTRIBUTE ANY VIEWS WHATSOEVER TO THE BRITISH GOVERNMENT . THIS WAS SIMPLY IN ORDER THAT THE CHINESE SHOULD NOT BE ABLE TO ACCUSE US OF ANY BREACH OF CONFIDENCE. WE RECOGNISED THAT IT WOULD, OF COURSE, BE HELPFUL FOR HIM TO EMPHASISE AT ANY OPPORTUNITY WHICH HE MIGHT HAVE THE DESIRABILITY THAT HONG KONG SHOULD CONTINUE AS A FREE, CAPITALIST ECONOMY.

7. GRATEFUL FOR VERY EARLY INSTRUCTIONS.

GIFFARD

NNNN

V

PARA SIX LINE SIX

..WE WERE GRATEFUL FOR MR NAKASONE'S WILLINGNESS TO TAKE THE SORT OF ACTION .....

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GR 130

SECRET

FM TOKYO 240800Z JUL

TO IMMEDIATE FCO

TELNO 582 OF 24 JULY 84

INFO PRIORITY HONG KONG (FOR GOVERNOR), PEKING

MY TELNO 576 : FUTURE OF HONG KONG :

OFFER BY MR NAKASONE TO SPEAK TO THE CHINESE

1. HASEGAWA ASKED ME TO MEET HIM IN AN HOTEL AT NOON TODAY, 24 JULY. HE TOLD ME THAT MR NAKASONE HAD DECIDED ON REFLECTION NOT (NOT) TO DEPEND ON AN EMISSARY BUT TO COMMUNICATE PERSONALLY WITH HU YAQBANG. HIS MESSAGE WOULD GO THROUGH THE MINISTRY OF FOREIGN AFFAIRS AND THE JAPANESE AMBASSADOR IN PEKING, BUT VICE-MINISTER MATSUNAGA ALONE WOULD KNOW OF ITS BACKGROUND. THE INTENTION WAS TO TAKE ACTION BY THE END OF THIS WEEK.

2. IN ORDER IF POSSIBLE TO ELIMINATE ANY RISK OF MISUNDERSTANDING, HASEGAWA AGREED TO RETURN TO THE EMBASSY WITH ME TO CONFIRM IN DETAIL THE CRUCIAL PASSAGES OF MY INSTRUCTIONS (YOUR TEL NO 401 PARAGRAPHS 4 AND 5).

(REPEATED AS REQUESTED)

GIFFARD

FUTURE OF HONG KONG  
LIMITED

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HD/FED  
HD/PLANNING STAFF  
HD/PUSD  
DEP HD/PUSD  
RESEARCH D (MR WALKER)  
LEGAL ADVISERS(SIR J FREELAND)  
PS  
PS/LADY YOUNG  
PS/MR LUCE  
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SIR W HARDING  
SIR C TICKELL  
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FUTURE OF HONG KONG

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11... 33

PS /  
PS/PDS  
PS/MR LUCE  
~~MR WILSON~~  
ED/ED  
ED/ED  
PS / LADY YOUNG  
SIR W HARDING

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FM TOKYO 200830Z JUL 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 576 OF 20/7/84

INFO PRIORITY HONG KONG ( FOR GOVERNOR), AND PEKING.

MY TEL NO 569: FUTURE OF HONG KONG:  
OFFER BY MR NAKASONE TO SPEAK TO THE CHINESE.

1. HASEGAWA ASKED ME TO CALL THIS AFTERNOON, 20 JULY. HE SAID THAT MR NAKASONE VALUED THE CONFIDENCE REPOSED IN HIM BY THE PRIME MINISTER. HE KNEW HOW DIFFICULT IT WAS TO EDUCATE THE CHINESE EVEN IN CERTAIN RUDIMENTARY ASPECTS OF ECONOMIC LIFE, FROM HIS OWN EXPERIENCE DURING HIS LAST VISIT TO PEKING. HE BELIEVED THAT IT WAS IN JAPAN'S INTERESTS TO TAKE ACTION ON THE LINES REQUESTED BY US. HE THOUGHT IT RIGHT TO TAKE ACTION AT THE POLITICAL LEVEL AND PROPOSED TO ASK ONE OF HIS MOST TRUSTED POLITICAL ASSOCIATES TO CONVEY A MESSAGE TO THE CHINESE LEADERS THROUGH THE CHINESE AMBASSADOR HERE ( SONG ZHIGUANG). THE JAPANESE POLITICIAN SELECTED WOULD PROBABLY BE FORMER FOREIGN MINISTER ITO, PROVIDED HE HAD RECOVERED FROM SICKNESS CONTRACTED WHILE TAKING A MESSAGE TO CAIRO LAST WEEK ( ABOUT JAPAN'S CANDIDATE FOR THE INTERNATIONAL COURT OF JUSTICE). IF NOT THROUGH ITO, MR NAKASONE MIGHT ACT THROUGH NIKAIDO, BUT I WAS GIVEN TO UNDERSTAND THAT ITO WOULD BE THE FIRST CHOICE. BOTH WERE FULLY IN MR NAKASONE'S

GIVEN TO UNDERSTAND THAT ITO WOULD BE THE FIRST CHOICE. BOTH WERE FULLY IN MR NAKASONE'S CONFIDENCE AND BOTH WERE TRUSTED BY THE CHINESE.

2. MR NAKASONE BELIEVED THAT IT WAS ESSENTIAL TO ACT SOON, AND HASEGAWA WHO IS AWARE THAT YOU ARE SHORTLY GOING TO PEKING, SAID HE WOULD EXPECT TO SUMMON ME TO AN OBSCURE RESTAURANT IN A FEW DAYS' TIME TO TELL ME HOW THINGS WERE GOING. INTERESTINGLY ENOUGH, HE VOLUNTEERED THAT IT WAS BETTER NOT TO DISCUSS THE MATTER AT ALL ON THE TELEPHONE.

3. AS REGARDS THE MINISTRY OF FOREIGN AFFAIRS, HASEGAWA TOLD ME THAT MR NAKASONE HAD DECIDED THAT THE VICE MINISTER ( PUS EQUIVALENT, MATSUNAGA) ALONG SHOULD BE TOLD OF OUR APPROACH, BUT THAT HE WAS TO KEEP THIS KNOWLEDGE STRICTLY TO HIMSELF. IT WAS NOT TO BE CONVEYED TO THE FOREIGN MINISTER, NOR TO ANY OTHER OFFICIAL.

4. I TOLD HASEGAWA I KNEW THAT MR NAKASONE'S REACTION TO OUR APPROACH WOULD BE APPRECIATED HIGHLY.

GIFFARD

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GRS 400

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FM TOKYO 180645Z JUL 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 569 OF 18/7/84

INFO PRIORITY HONG KONG (FOR GOVERNOR) AND PEKING.

YOUR TELS NO 409 AND 401: FUTURE OF HONG KONG:

OFFER BY MR NAKASONE TO SPEAK TO THE CHINESE.

1. ACTION TAKEN ON 18 JULY WITH HASEGAWA, PRIVATE SECRETARY TO MR NAKASONE. SPEAKING IN ACCORDANCE WITH THE INSTRUCTIONS IN YOUR TEL NO 401, I STRESSED BOTH THE CONFIDENTIALITY OF THE BRIEFING AND THE DELICACY OF WHAT WE WERE ASKING.

2. HASEGAWA SAID THAT HE WOULD CONVEY THIS TO MR NAKASONE AT THE EARLIEST OPPORTUNITY. HE KNEW THAT MR NAKASONE WOULD WELCOME THE APPROACH, AS A MARK OF THE PRIME MINISTER'S CONFIDENCE IN HIM. MR NAKASONE WAS GREATLY CONCERNED WITH THE STABILITY OF ASIA, OF WHICH THE FUTURE OF HONG KONG WAS A PART. HASEGAWA COULD NOT, OF COURSE, FORECAST MR NAKASONE'S REACTION, BUT HE WOULD TELL ME OF IT, AS SOON AS POSSIBLE. HE BELIEVED MR NAKASONE MIGHT CONTEMPLATE TAKING ACTION ON THE LINES REQUESTED BY US THROUGH AN INTERMEDIARY IN WHOM HE HAD COMPLETE CONFIDENCE AND WHO WOULD BE TRUSTED ALSO BY THE CHINESE. (FORMER FOREIGN MINISTER ITO, WHO HAD BEEN TO CHINA FAIRLY RECENTLY, WAS THE SORT OF PERSON WHO MIGHT BE SELECTED.)

HASEGAWA SHOWED FULL UNDERSTANDING OF THE NEED TO AVOID DISCLOSING TO THE CHINESE THAT WE HAD BRIEFED MR NAKASONE.

*mt*

/3.

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418

*China*

SECRET

3. WHEN I RAISED THE QUESTION WHETHER I MIGHT REPORT THE BRIEFING E.G. TO NAKAJIMA, HASEGAWA ASKED ME NOT REPEAT NOT FOR THE TIME BEING TO SPEAK TO A SENIOR OFFICIAL IN THE JAPANESE MINISTRY OF FOREIGN AFFAIRS. GREAT CARE WAS REQUIRED TO MAINTAIN CONFIDENTIALITY. HE SAID HE DID NOT WANT TO PUT ME INTO A DIFFICULT POSITION BUT ASKED ME TO ACCEPT HIS ASSURANCE THAT HE WOULD FIND A WAY TO SAFEGUARD MY POSITION WITH THE MINISTRY OF FOREIGN AFFAIRS, AND WOULD BE IN TOUCH AGAIN ABOUT THIS ALSO. I THANKED HIM AND AGREED THAT I WOULD NOT REPEAT NOT SPEAK TO ANYONE ELSE UNTIL I HEARD FURTHER FROM HIM.

GIFFARD

FUTURE OF HONG KONG  
LIMITED

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10 DOWNING STREET

*From the Private Secretary*

11 July, 1984

FUTURE OF HONG KONG: BRIEFING THE JAPANESE

Thank you for your letter of 10 July enclosing a draft telegram of instructions to HM Ambassador in Tokyo authorising him to brief Mr. Nakasone in confidence about the progress of talks with the Chinese on Hong Kong and to ask Mr. Nakasone to support some of the main UK points with the Chinese.

The Prime Minister agrees with the substance of the draft telegram. She has commented, however, that she does not think the visit to Japan of Li Peng, mentioned in paragraph 8 of the draft, is an appropriate sort of occasion for the Japanese to use their influence. She would prefer the briefing to be provided for Mr. Nakasone to use as he judges fit.

(C.D. Powell)

L.V. Appleyard, Esq.,  
Foreign and Commonwealth Office

SECRET

file RM.  
bc PC. 12

NR



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CFC



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister  
Agree Telegram  
of instructions?

10 July 1984

CJP 1077.

1. Thank the  
occasion is wrong.

Dear Charles,

Future of Hong Kong: Briefing the Japanese

I agree the  
meeting would be

You will recall that when Mr Nakasone saw the Prime Minister on 11 June he raised the subject of the future of Hong Kong and said he would be willing to offer Japanese assistance if it could be of use. He repeated this offer to Mr Luce, who saw him off at the airport.

good  
job.

Dr. N. to  
use as

As you know, the Japanese, and in particular Mr Nakasone, have close relations with the Chinese. As large investors in Hong Kong, they have an important stake in the territory's continued stability and prosperity. We have therefore kept them briefed in general terms about the progress of the talks and they have in turn taken a helpful line with Chinese leaders, most recently during Ji Pengfei's visit to Japan after which they gave us a full briefing. We cannot, however, expect the Japanese to do anything which would put their own considerable interests in China at risk. We believe they will continue to put these interests first and would be unlikely to pass on any unpalatable messages to the Chinese. We should therefore only ask them to do what coincides with their own interests.

judges  
fid-  
mt

The Foreign Secretary believes there would now be advantage in our taking up Mr Nakasone's offer. We want to keep the Japanese on our side to secure their later cooperation (e.g. in facilitating Hong Kong's continued participation in GATT). We also need to use every possible opportunity to get over to the Chinese leadership the need for a detailed and legally binding agreement on the future of Hong Kong. We would however make it clear to Nakasone that we were not asking him to act as an intermediary. He would speak to the Chinese on the basis of Japanese interest in the continued stability and prosperity of Hong Kong.

/Our

S E C R E T



/ Our proposed approach is set out in more detail in the attached draft telegram to the Ambassador in Tokyo. We should be grateful for the Prime Minister's agreement that instructions may be sent on those lines.

*Yours ever,*

*L V Appleyard*

(L V Appleyard)  
Private Secretary

C D Powell Esq  
10 Downing Street

S E C R E T

OUT TELEGRAM


	Classification and Caveats		Precedence/Deskby
	SECRET	DEDIP	PRIORITY

ZCZC 1 ZCZC  
 GRS 2 GRS  
 CLASS 3 SECRET  
 CAVEATS 4 DEDIP  
 DESKBY 5  
 FM FCO 6 FM FCO 061415Z JULY 84  
 PRE/ADD 7 TO PRIORITY TOKYO (PERSONAL FOR AMBASSADOR)  
 TEL NO 8 TELEGRAM NUMBER

9 REPEATED INFO PRIORITY HONG KONG, PEKING  
 10 PERSONAL FOR AMBASSADOR  
 11 FUTURE OF HONG KONG: OFFER BY MR NAKASONE TO SPEAK TO THE  
 12 CHINESE  
 13 1. When Mr Nakasone saw the Prime Minister on 11 June, he  
 14 raised the subject of the future of Hong Kong. He pointed out  
 15 that Japan had much investment there and was therefore concerned  
 16 about its future. He referred to his close relations with the  
 17 CCP Secretary General, Hu Yaobang, and with Deng Xiaoping and  
 18 said he would be willing to offer Japan's assistance if it could  
 19 be of any use. Mr Nakasone repeated the offer to Mr Luce, who  
 20 saw him off at the airport. On this latter occasion, he stressed  
 21 that Hu Yaobang had almost become a personal friend and made it  
 22 clear that if there were any areas of difficulty over which the  
 23 Japanese could help by intervening with the Chinese, he was at  
 24 our disposal. We had only to ask.  
 25 2. We cannot of course expect the Japanese to do anything which

NNNN ends telegram	BLANK	Catchword would
File number	Dept HKD	Distribution Future of HONG Kong
Drafted by (Block capitals) R D CLIFT		
Telephone number 233 3184		
Authorised for despatch		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

	Classification and Caveats		Page
	SECRET	DEDIP	2

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2 would put their own considerable interest in China at risk. We

3 believe they will continue to put these interests first and

4 would be unlikely to pass on any unpalatable messages to the

5 Chinese. We consider, therefore, that we should only ask them to

6 do what coincides with their own interests.

7 3. Bearing the above in mind and unless you foresee any

8 problems we should like to take Nakasone up on this offer.

9 Grateful therefore if you could seek an early opportunity to

10 speak to Nakasone's office and offer a confidential briefing on

11 Hong Kong talks in the light of conversation with the Prime

12 Minister.

13 4. In the briefing you should make the following points:

14 (a) The talks are progressing reasonably well. There have been

15 17 rounds so far. One aim throughout has been to educate the

16 Chinese about Hong Kong and how it functions. We have given the

17 Chinese a series of working papers setting out our ideas for

18 arrangements in many areas of Hong Kong's life after 1997, as a

19 highly autonomous region under Chinese sovereignty.

20 (b) Both sides now have tabled their drafts of an agreement.

21 Ours includes detailed annexes on arrangements for key aspects of

22 Hong Kong's future. We believe that in order to maintain

23 confidence an agreement must set out post-1997 arrangements

24 clearly and in detail and must be binding in nature. The

25 corresponding Chinese drafts are in our view insufficiently

26 detailed and do not have the same balance of binding obligations.

27 A working group has been set up in Peking to study both sets of

28 documents: much work on detail and substance still lies ahead.

29 The Chinese appear reluctant to move from their first position and

30 are showing little willingness to negotiate.

31 (c) We have now started discussion on arrangements for the

32 transitional period up to 1997. The Chinese have proposed that a

33 joint liaison group should be set up with a permanent base in

34 Hong Kong. Although we are prepared to agree to the setting up


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OUT TELEGRAM (CONT)

	Classification and Caveats		Page
	SECRET	DEDIP	3
		PRIORITY	

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2 of a joint group rotating between London, Peking and Hong Kong,

3 we have great difficulty with the proposal that it should be

4 based in Hong Kong. This could undermine the authority of the

5 Hong Kong Government during the transitional period, and thus

6 affect confidence and stability in the territory. If an

7 agreement is published in September with a reference to such a

8 joint group we fear it may suggest condominium in the period

9 up to 1997 and undermine confidence in the territory. The

10 Chinese are suspicious that we might seek to empty Hong Kong's

11 coffers before 1997: in reality Chinese interference before

12 1997 would be the surest way of precipitating economic decline.

13 5. You should say that we would be grateful if Nakasone could

14 make the following points to Chinese leaders during any contact

15 he may have with them.

16 (a) any agreement must be detailed and legally binding. This

17 is the only sort of agreement which would reassure investors

18 and the people of Hong Kong and thus maintain Hong Kong's

19 stability and prosperity. Those who invest in Hong Kong or

20 trade with the territory will be looking for clarity and

21 certainty over future arrangements. A key question will be

22 provision for continuity before and after 1997.

23 (b) it would be highly detrimental to confidence and stability

24 in Hong Kong, if it was not absolutely clear to the Hong Kong

25 people and overseas investors that the British and Hong Kong

26 Governments had responsibility for Hong Kong up to 1997.

27 6. You should <sup>suggest (that)</sup> ~~ask~~ Nakasone <sup>might</sup> ~~to~~ make all these points on the

28 basis of Japanese interests. He <sup>could</sup> ~~should~~ stress the importance

29 for Japan of Hong Kong's continued stability and prosperity.

30 He could emphasise the need for regional stability and the

31 dangers inherent in a failure to find a satisfactory solution


32 to the Hong Kong question. He could point to Japan's economic

33 interests in Hong Kong and the need to know that these will be

34 secure, if Japan is to continue investing in Hong Kong.

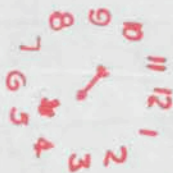
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OUT TELEGRAM (CONT)

	Classification and Caveats		Page
	SECRET	DEDIP	PRIORITY 4

<<<< 1 <<<<  
 2 7. You should stress the confidentiality of the briefing and  
 3 the delicacy of what we ask. We do not/not want Nakasone to  
 4 get the idea that we are asking him to act as intermediary. Above  
 5 all, Nakasone should not give any indication to the Chinese that he  
 6 has been briefed by us.  
 7 8. We understand that Li Peng, Chinese Vice-Premier for energy  
 8 matters, will visit Japan from 30 August to 11 September. As a  
 9 technician he would not be ideal as recipient for such a message,  
 10 but use could be made of him. You may know of a better and  
 11 sooner occasion.  
 12 9. We should be grateful for your advice as to whether you  
 13 think the MFA should also be briefed along the same lines. For  
 14 reasons of confidentiality, we have a strong preference that  
 15 the briefing should be confined to Nakasone's office. However,  
 16 we appreciate that this could be detrimental to your relations  
 17 with the MFA.  
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 19 HOWE  
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10 JUL 1984