



# DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES  
BEACONSFIELD HOUSE, HONG KONG. TEL.: 842 8777

TUESDAY, APRIL 9, 1991

<u>CONTENTS</u>	<u>PAGE NO.</u>
FOREIGN SECRETARY GIVES PRESS CONFERENCE .....	1
STATEMENT ON PROPOSED KCRC FARE-CHARGING RESIDENTS' COACH SERVICES .....	17
STATEMENT ON OPERATION OF PASSENGER SHIPS ON EXCURSION VOYAGES .....	18
PLEASE VOTE: RS .....	18
RC STAGES EXHIBITION TO PROMOTE COUNCIL ELECTIONS .....	19
NORTH AND SOUTH KOWLOON SEWERAGE MASTER PLAN STUDY COMMISSIONED .....	20
MOTORISTS SWITCHING TO ULP .....	20
SCHOOL MANAGEMENT INITIATIVE SCHEME EXPLAINED .....	22
SUCCESSFUL PROSECUTIONS DEPEND ON PUBLIC'S CO-OPERATION .....	23
LABOUR INSPECTION DIVISION OFFICE ON MOVE .....	24
UNAUTHORISED BUILDING WORKS TO BE CLOSED .....	25
WATER CUT IN TSUEN WAN .....	25
HONG KONG GOVERNMENT EXCHANGE FUND .....	25
HONG KONG GOVERNMENT EXCHANGE FUND MONEY MARKET OPERATIONS .....	26

TUESDAY, APRIL 9, 1991

- 1 -

FOREIGN SECRETARY GIVES PRESS CONFERENCE

\* \* \* \* \*

THE FOLLOWING IS A TRANSCRIPT OF THE PRESS CONFERENCE GIVEN BY THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS, MR DOUGLAS HURD, TODAY (TUESDAY):

MR HURD: I THINK IT MIGHT BE HELPFUL IF I MADE A FAIRLY SHORT STATEMENT MAINLY ON THE CENTRAL ISSUE AT THE MOMENT, BUT OF COURSE I WILL BE GLAD TO ANSWER QUESTIONS ON ANY OTHER ISSUES ON THE BOAT PEOPLE AND THE OTHER THINGS I HAVE BEEN DOING, OR TALKING ABOUT.

I'VE NOW HAD THOROUGH DISCUSSIONS WITH THE GOVERNOR AND WITH EXCO THIS MORNING ABOUT MY TALKS IN PEKING AND THOSE OF MY OFFICIALS ABOUT HONG KONG.

OF COURSE, WHEN I WAS IN CHINA I HAD DISCUSSIONS WHICH WERE IN THE MAIN VERY PRODUCTIVE ON MANY INTERNATIONAL AND A GOOD MANY BILATERAL MATTERS.

THE MAIN SUBJECT WAS CERTAINLY HONG KONG. DURING THESE DISCUSSIONS ON HONG KONG THE CHINESE MADE A NUMBER OF STATEMENTS TO ME WHICH WERE CLEARLY POSITIVE: THAT THEY STAND BY THE JOINT DECLARATION, THAT THEY INTEND TO STRENGTHEN THE WORK OF THE JOINT LIAISON GROUP, THAT THEY THINK IT NECESSARY TO BUILD A NEW AIRPORT IN HONG KONG; THAT CHINA'S OBJECTIVE IS TO MAINTAIN THE STABILITY AND THE PROSPERITY OF HONG KONG.

THE FOREIGN MINISTER AND THE GENERAL SECRETARY OF THE COMMUNIST PARTY JIANG ZEMIN LISTENED CAREFULLY TO WHAT I SAID AND SAID PLAINLY ABOUT HUMAN RIGHTS AND THIS INCLUDED A REFERENCE TO FOUR PEOPLE WHO NORMALLY LIVE IN HONG KONG BUT ARE NOW DETAINED IN CHINA AND ALSO TO THE SITUATION IN TIBET.

ON THE FUTURE OF HONG KONG, WE AGREED TO ACCELERATE THE PRACTICAL WORK OF THE JOINT LIAISON GROUP AND I HOPE THIS WILL NOW WORK OUT IN PRACTICE.

ON THE AIRPORT PROJECT, AND ON CHINESE WORRIES ABOUT THE FINANCES OF HONG KONG IN 1997, I THINK THE BEST WAY OF DESCRIBING IT IS THAT THE DISCUSSIONS EBBED AND FLOWED. IT'S NOT YET BEEN POSSIBLE TO REACH A SATISFACTORY CONCLUSION. WE DISCUSSED ALL THESE MATTERS AGAINST THE BACKDROP OF THE JOINT DECLARATION. IF I COULD JUST SAY A WORD ABOUT MY OWN APPROACH TO THIS: IT SEEMS TO ME CLEAR THAT THE JOINT DECLARATION IS BASED ON TWO PRINCIPLES NEITHER OF WHICH CAN BE NEGLECTED.

THE FIRST IS CO-OPERATION BETWEEN BRITAIN, CHINA AND HONG KONG GOVERNMENT. THERE DO STILL SEEM TO BE SOME ESPECIALLY IN LONDON WHO THINK THAT ANY CONSULTATION, ALMOST ANY CONTACT, BETWEEN AUTHORITIES IN HONG KONG AND PEKING IS SOME FORM OF SURRENDER BY HONG KONG. THEY SEEM TO ASSUME THAT HONG KONG SHOULD KEEP ITSELF AS REMOTE AS POSSIBLE FROM CHINA UNTIL THE HOUR WHEN IT RETURNS TO CHINA IN MID-1997. THAT, LADIES AND GENTLEMEN, SEEMS TO ME LIGHTHEADED NONSENSE. THE AIM ON THE CONTRARY SHOULD BE TO PREVENT A ROUGH JOLT IN 1997, TO MAKE TRANSITION AS SMOOTH AS POSSIBLE. THAT IS WHY, QUITE APART FROM GOVERNMENT, PEOPLE IN HONG KONG IN MANY PROFESSIONS, MANY WALKS OF LIFE ARE THEMSELVES MAKING, MULTIPLYING, THEIR OWN CONTACTS IN CHINA; AND WHAT IS GOOD FOR PRIVATE PEOPLE, WHAT IS GOOD FOR PRIVATE BUSINESS PEOPLE, CAN BE GOOD FOR GOVERNMENT AS WELL.

/BUT THE .....

TUESDAY, APRIL 9, 1991

- 2 -

BUT THE SECOND PRINCIPLE IS EFFECTIVE GOVERNMENT BY THE HONG KONG GOVERNMENT BETWEEN NOW AND 1997. THAT PRINCIPLE IS CLEARLY COMPATIBLE WITH SEEKING THE VIEWS OF CHINA ON IMPORTANT MATTERS WHICH STRADDLE 1997. IT'S COMPATIBLE WITH PAYING CLOSE ATTENTION TO THOSE VIEWS WHEN EXPRESSED BUT THE TASK OF TAKING DECISIONS DURING THIS PERIOD RESTS WITH THE HONG KONG GOVERNMENT.

THOSE ARE THE PRINCIPLES. THE ARRANGEMENTS ON PRACTICAL MATTERS WITH CHINA NEED TO RESPECT THESE TWO PRINCIPLES WHICH UNDERLINE THE JOINT DECLARATION AND THE NEW AIRPORT IS PROBABLY THE MOST IMPORTANT SUCH MATTER AT THE MOMENT. IT'S AT THE CENTRE OF CHINESE CONCERNS BECAUSE IT'S A MAJOR PROJECT AND THEREFORE AN EXPENSIVE PROJECT, AND THIS LEADS STRAIGHT INTO THEIR WORRIES ABOUT THE FINANCIAL HEALTH OF HONG KONG WHEN IT BECOMES A S.A.R. HONG KONG NEEDS A NEW AIRPORT. KAI TAK IS BECOMING SATURATED AND THE HONG KONG GOVERNMENT HAS BEEN INTO THIS PROJECT IN GREAT DETAIL. IT IS CERTAINLY EXPENSIVE BUT THEY ARE SATISFIED THAT ITS EXPENSE WHICH HONG KONG CAN BEAR WITHOUT UNDERMINING ITS FINANCIAL HEALTH; AND SHOULD BEAR BECAUSE OF ITS IMPORTANCE TO HONG KONG'S FUTURE COMPETITIVENESS IN A REGION WHICH IS DEVELOPING SO RAPIDLY. THE PROJECT WOULD BE A TREMENDOUS BOOST TO HONG KONG'S ECONOMY AND AN IMPORTANT INVESTMENT IN ITS FUTURE. BUT IN DISCUSSING THESE MATTERS WITH THE CHINESE IT CANNOT BE A QUESTION OF THE AIRPORT AT ANY PRICE IN TERMS EITHER OF FINANCES OR OF CHINESE INVOLVEMENT.

NOW, THESE ARE THE QUESTIONS WHICH HAVE EBBED AND FLOWED, AS I SAID, IN THE TALKS IN PEKING. OBVIOUSLY, I HAD HOPED TO MAKE MORE PROGRESS THAN I CAN REPORT TO YOU THIS AFTERNOON, BUT AS YOU KNOW, MY EXPECTATIONS WERE TEMPERED FROM THE OUTSET. I REMEMBER YOU ASKING THEM WHEN I ARRIVED AT THE AIRPORT A WEEK AGO, I WARNED YOU AGAINST EXPECTING A BREAKTHROUGH.

THROUGHOUT THE TALKS IT'S BEEN ENTIRELY CLEAR TO ME AND TO THE GOVERNOR THAT ON CONSTRUCTING THE AIRPORT, INDEED WITH OTHER MAJOR INFRASTRUCTURE PROJECTS, IT IS VERY IMPORTANT THAT THE HONG KONG GOVERNMENT RETAIN THE AUTHORITY AND THE CAPABILITY TO TAKE DECISIONS, BECAUSE ONLY IN THAT WAY CAN PROJECTS LIKE THE AIRPORT BE CARRIED OUT EFFECTIVELY, EFFICIENTLY, ECONOMICALLY, AND THERE IS NO QUESTION OF DEPARTING FROM THESE CRUCIAL POINTS.

SO AT THE MOMENT WE FACE OBSTACLES BUT THE TEAM OF OFFICIALS WILL REMAIN FOR A FEW DAYS IN PEKING AND WE SHALL CONTINUE, WE ARE CONTINUING, TO PRESS FOR MOVEMENT. SO WE HAVE CHOSEN THE ROAD, IN ACCORDANCE WITH THE JOINT DECLARATION, OF WELCOMING CO-OPERATION AND CONSULTATION WITH CHINA WHILE MAINTAINING THE EFFECTIVE AUTHORITY OF THE HONG KONG GOVERNMENT BETWEEN NOW AND 1997.

IN PRACTICE, THIS WILL FROM TIME TO TIME PROVE A STONY AND AN UPHILL ROAD BUT IN FACT IT IS THE ONLY ROAD WHICH CAN LEAD HONG KONG TO THE DESTINATION OF TWO SYSTEMS IN ONE COUNTRY.

I NOTE THE RESILIENCE WHICH DESPITE MANY PROPHECIES TO THE CONTRARY, HONG KONG HAS SHOWN IN RECOVERING FROM THE SHOCK OF 1989, AND YOU'LL KNOW HOW BRITAIN CONTRIBUTED TO THAT RECOVERY. I AM OPTIMISTIC IN MY OWN MIND THAT OVER TIME WE SHALL TOGETHER FIND THE RIGHT PATH THROUGH PRESENT, OR INDEED THROUGH ANY FUTURE OBSTACLES. THAT WAS WHAT I WANTED TO SAY BY WAY OF INTRODUCTION AND NOW I WILL TRY TO ANSWER YOUR QUESTIONS.

/MARK AUSTIN .....

TUESDAY, APRIL 9, 1991

- 3 -

MARK AUSTIN (ITN): HOW DISAPPOINTED ARE YOU NOT TO HAVE REACHED AGREEMENT, YET, OVER THE AIRPORT PROJECT?

MR HURD: WELL I SET MY EXPECTATIONS OF A BREAKTHROUGH PRETTY LOW AND TOLD YOU THAT MY EXPECTATIONS WERE FAIRLY LOW AND THEREFORE MY DISAPPOINTMENT IS TEMPERED. OBVIOUSLY, I WOULD HAVE LIKED TO MOVE FASTER, FURTHER, DURING THE TIME WHEN I WAS HERE BUT THE WORK WILL CONTINUE.

SALLY BLYTH (RTHK): HOW LONG WILL THE TALKS IN PEKING CONTINUE? WHAT IS THE MOOD OF THE TALKS? PREMIER LI PENG HAS JUST SAID A SHORT WHILE AGO THAT THE MOOD IS GOOD, WOULD YOU AGREE WITH THAT? AND THIRDLY, ARE THE TALKS CONTINUING BECAUSE YOU ARE OPTIMISTIC THAT THERE WILL BE A BREAKTHROUGH?

MR HURD: THEY WILL CONTINUE SO LONG AS WE THINK IT IS LIKELY TO BE USEFUL TO CONTINUE THE TALKS, AND I HOPE THAT THEY WILL CONTINUE TO A GOOD RESULT. I'VE JUST HAD A BRIEF OUTLINE OF WHAT PREMIER LI PENG SAID A FEW MINUTES AGO IN PEKING AND YOU WON'T EXPECT ME TO COMMENT ON IT IN DETAIL, BUT I NOTE THE POSITIVE TONE WHICH HE USED.

BRIAN BARRON (BBC TV): MR HURD, A LABOUR PARTY SPOKESMAN IN LONDON HAS DESCRIBED YOUR VISIT AS "ILL-TIMED AND PREMATURE" AND HE HAS ALSO SEVERELY CRITICISED THE GOVERNOR; WHAT IS YOUR RESPONSE TO THAT?

MR HURD: WELL THAT IS WHAT OPPOSITIONS ARE PAID TO DO, AND IF YOU ARE TALKING ABOUT GEORGE FOULKES IT'S SOMETHING HE SPECIALISES IN. I DON'T THINK THE SPRAYING OF ADJECTIVES ABOUT LIKE THAT REALLY ADDS VERY MUCH. I'VE ANSWERED A QUESTION ABOUT THE GOVERNOR WHEN I FIRST ARRIVED; SIR DAVID WILSON HAS THE FULL CONFIDENCE OF THE BRITISH GOVERNMENT AS GOVERNOR OF HONG KONG.

BRIAN BARRON (BBC TV): COULD I HAVE ONE FOLLOW-UP ON THAT?

MR HURD: YES, OF COURSE.

BRIAN BARRON (BBC TV): WOULD IT HAVE BEEN WISER TO HAVE INITIATED CONSULTATIONS WITH CHINA ABOUT THE AIRPORT AT AN EARLIER STAGE?

MR HURD: THEY WERE OF COURSE INITIATED A LONG TIME AGO AND CHINA HAS HAD A STEADILY INCREASING FLOW OF INFORMATION ABOUT THE AIRPORT PROJECT. THERE WAS NO COMPLAINT TO ME DURING THIS VISIT TO PEKING THAT THEY HAD BEEN STARVED OF INFORMATION.

HARVEY PONG (WAH KIU YAT PO): MR DOUGLAS HURD, I SHOULD LIKE YOU TO CONFIRM THAT DURING YOUR TALKS WITH THE LEADERS OF CHINA, CONCESSIONS WERE MADE ON BOTH SIDES, AND DID YOU GIVE THEM A DEADLINE AFTER WHICH THERE WOULD BE NO MORE NEW AIRPORT PROJECT?

/MR HURD .....

MR HURD: I'M NOT GOING TO GIVE DETAILS OF THE DISCUSSIONS BECAUSE THEY ARE STILL GOING ON AND OBVIOUSLY IT WOULDN'T BE SENSIBLE TO DO SO. I THINK ONE CAN ONLY TALK OF CONCESSIONS WHEN THERE HAS ACTUALLY BEEN SOME SORT OF AGREEMENT AND WE HAVE NOT YET REACHED AGREEMENT. NO, I HAVE NEVER SET A DEADLINE OR ISSUED AN ULTIMATUM, I SIMPLY STATED A FACT THAT FOR THE AIRPORT PROJECT TO PROCEED ACCORDING TO THE TIMETABLE WHICH THE HONG KONG GOVERNMENT PLANNED, THERE WILL NEED TO BE A MEASURE OF SUPPORT FROM CHINA. THAT IS NOT A POLITICAL STATEMENT, THAT IS NOT A THREAT OR AN ULTIMATUM, IT IS A STATEMENT OF ECONOMIC FACT, AND I HAVEN'T MET ANYONE IN HONG KONG, EITHER YESTERDAY OR TODAY OR WHEN I WAS HERE LAST WEEK WHO QUESTIONED THAT FACT, THAT IS A STATEMENT OF FACT, IT'S PART OF THE BACKGROUND.

JOHN ELLIOTT (FINANCIAL TIMES): COULD YOU SAY A BIT MORE ABOUT THE PROBLEMS THAT HAVE BEEN FACED IN THE TALKS IN PEKING? IS THE BASIC PROBLEM TO DO WITH THE AIRPORT AS A TOTAL PLAN AS TO THE AMOUNT OF MONEY TO BE SPENT ON IT, THE DESIGN OF IT? OR IS IT TO DO WITH CHINA'S CONTINUING CONTROL AND INFLUENCE ON THAT PROJECT IN THE COMING YEARS?

MR HURD: THE DIFFERENCES HAVE NOT BEEN ENTIRELY ABOUT SUMS OF MONEY. THERE HAVE BEEN A NUMBER OF DIFFERENCES AND WHEN I SAID THEY HAD EBBED AND FLOWED WHAT I MEANT BY THAT WAS THAT IN SOME DISCUSSIONS IT LOOKED AS IF THE DIFFERENCES WERE BECOMING RESOLVED AND IN OTHERS IT DID NOT; THAT IS WHAT I MEANT BY THE EBB AND FLOW OF DISCUSSION, AND THE DISCUSSION COVERED CERTAIN FINANCIAL MATTERS AND CERTAIN OTHER MATTERS. WE WERE GUIDED AND WILL CONTINUE TO BE GUIDED BY THE TWO PRINCIPLES WHICH I HAVE JUST SET OUT WHICH SEEM TO ME CRUCIAL.

JOHN ELLIOTT (FINANCIAL TIMES): CAN I JUST FOLLOW UP? DOES THAT INDICATE THEN THAT THE BASIC PROBLEM IS THAT CHINA WANTS A CONTINUING SAY IN THE FINANCES AND THE RUNNING OF THE ECONOMY OF HONG KONG WHICH YOU ARE NOT PREPARED TO FACE? AND HOW DO YOU SEE THAT IN TERMS OF THE PRICE OF POLITICAL CONTROL - THE PHRASE YOU USED YOURSELF LAST WEEK?

MR HURD: I'M NOT GOING TO GO INTO THE SPECIFIC SUGGESTIONS MADE FROM THE CHINESE SIDE OR THE SPECIFIC SUGGESTIONS MADE FROM OUR SIDE. I THINK IT WOULD BE FAIR TO SAY THAT THE CHINESE ARE NOT SEEKING WHAT YOU CALL A CONTINUING CONTROL. WE HAVEN'T YET REACHED AN AGREEMENT ON POINTS WHICH I REGARD AS ESSENTIAL UNDER THE TWO PRINCIPLES I'VE MENTIONED.

KAREN CHENG (COMMERCIAL RADIO): YOU HAVE SAID THAT DIFFERENCES BETWEEN THE TWO SIDES HAVE BEEN NARROWED, SO WHAT SORT OF DIFFERENCES HAVE BEEN NARROWED AND ALSO WILL THERE BE ANY CHANCE THAT THE AIRPORT PROJECT MAY BE SCRAPPED?

MR HURD: I'M SORRY TO HAVE TO STONEWALL BUT I AM NOT IN FACT, BECAUSE DISCUSSIONS ARE CONTINUING, TO GIVE DETAILS OF WHERE THE POINTS OF DIFFERENCE HAVE BEEN OR WHERE THE POINTS OF DIFFERENCE REMAIN. NO, THE AIRPORT PROJECT HAS OF COURSE NOT BEEN SCRAPPED; WE HOPE THAT AGREEMENT CAN BE REACHED, THAT IS THE PURPOSE OF CONTINUING THE DISCUSSIONS. IF IT IS NOT REACHED THEN IT WILL NOT BE POSSIBLE FOR THE PROJECT TO PROCEED ACCORDING TO THE TIMETABLE WHICH THE HONG KONG GOVERNMENT PLANNED.

HUMPHREY HAWKSLEY (BBC): MR HURD, IT SEEMS AS WE APPROACH 1997 THERE ARE GOING TO BE A NUMBER OF OTHER ISSUES WHICH ARE GOING TO STRADDLE THE TRANSITION PERIOD: EDUCATION, BUILDING OF HOSPITALS, SCHOOLS, THE APPOINTMENT OF CIVIL SERVANTS AND THAT SORT OF THING. WILL YOU BE CONSULTING CHINA ON ALL OF THOSE ISSUES AND IF SO, HOW WILL YOU BE ABLE TO RETAIN CONTROL OF THE RUNNING OF HONG KONG?

MR HURD: ON THE IMPORTANT ONES, THE ANSWER IS, YES. THIS IS NOT THE BRITISH GOVERNMENT OF COURSE, IT IS THE HONG KONG GOVERNMENT. ON THE IMPORTANT ONES, ON IMPORTANT MATTERS WHICH STRADDLE 1997, THE ANSWER TO YOUR QUESTION IS, YES, BUT CONSULTATION IS VERY CLEARLY DEFINED BY US, INDEED I DEFINED IT IN MY OPENING STATEMENT. CONSULTATION MEANS, IN ALL OUR LIVES, ASKING SOMEONE OR WELCOMING AN EXPRESSION OF SOMEONE'S OPINIONS, AND THEN HAVING RECEIVED AND LISTENED TO THOSE OPINIONS, MAKING UP ONE'S OWN MIND. THIS IS WHAT I MEAN WHEN I TALK OF THE EFFECTIVE AUTHORITY OF THE HONG KONG GOVERNMENT BETWEEN NOW AND THE MIDDLE OF 1997. SO THAT IS THE NATURE OF THE CONSULTATION WHICH WE BELIEVE IS NOT ONLY JUSTIFIED BUT IS ACTUALLY COMMON SENSE IF THE TRANSITION IN 1997 IS TO BE AS SMOOTH AS WE CAN MAKE IT AND NOT A ROUGH JOLT.

HUMPHREY HAWKSLEY (BBC): DO YOU SPECIFY WHICH THE IMPORTANT ONES WOULD BE? FOR INSTANCE, A BIG HOSPITAL PROJECT, A MAJOR ROAD PROJECT, EDUCATION FACILITIES?

MR HURD: NO, THAT WILL BE A MATTER FOR THE GOVERNMENT.

FANNY WONG (SCMP): MR HURD, FOLLOWING UP THE QUESTION JUST NOW, DID YOU DETECT ANY DIFFERENCES IN INTERPRETATION OF THE TERM "CONSULTATION" DURING YOUR DISCUSSIONS WITH THE CHINESE LEADERS?

MR HURD: YES, I THINK THERE IS A CONTINUING DIFFICULTY HERE ON THIS POINT OF WHAT CONSULTATION MEANS IN PRACTICE, AND I THINK THERE IS SOME MERIT IN HAVING BROUGHT THIS OUT INTO THE OPEN. ONE THING I WAS VERY ANXIOUS TO DO - I MAY HAVE SAID IT TO YOU, I CAN'T REMEMBER - IS TO AVOID COMING AWAY AND SAYING, HOORAY WE HAVE AN AGREEMENT, WHEN IN FACT WE HAVEN'T, WHEN SOME IMPORTANT POINT HAS BEEN FUDGED. NOW THIS POINT ABOUT THE ACTUAL NATURE OF CONSULTATION - WHAT HAPPENS - IS A CRUCIAL ONE, AND WE HAVE EMPHASISED AT EVERY TURN THAT OUR INTENTION IS TO CONSULT WHERE MAJOR MATTERS STRADDLE 1997, BUT CONSULTATION MEANS PROVIDING THE CHINESE WITH INFORMATION, WELCOMING AN EXPRESSION OF THEIR VIEWS, BUT THEN PROCEEDING TO USE THE AUTHORITY OF THE HONG KONG GOVERNMENT TO TAKE THE DECISIONS AS PROVIDED FOR, AS ENVISAGED, IN THE JOINT DECLARATION.

FANNY WONG (SCMP): CAN I JUST FOLLOW UP?

MR HURD: OF COURSE.

FANNY WONG (SCMP): WHAT IS YOUR IMPRESSION - DOES THAT MEAN THAT THE CHINESE HAVE TOLD YOU THAT OR THEY HAVE INDICATED IN ANY WAY THAT BY CONSULTATION THEY MEAN THAT WHATEVER NEXT STEP YOU ARE GOING TO TAKE ON THE AIRPORT PROJECT YOU HAVE TO GO BACK TO THE CHINESE AND ASK THEM WHETHER THAT IS ACCEPTABLE?

MR HURD: NO. WELL, I THINK YOU MUST ASK THEM THAT, BUT I NOTICE AND RECALL - I CAN'T IMMEDIATELY LAY MY HAND ON - THE STATEMENTS OF THE FOREIGN MINISTER WHICH WERE PUBLIC STATEMENTS THAT - HERE WE ARE -- JUST BEFORE I SAW HIM IN PEKING - THIS IS A PUBLIC STATEMENT - HE TOLD JOURNALISTS THAT CHINA HAD NO INTENTION OF INTERFERING IN THE DAY-TO-DAY ADMINISTRATION OF HONG KONG AND HE THEN UTTERED THREE NO'S: NO CONDOMINIUM, NO CONTROL, NO VETO.

FANNY WONG (SCMP): BUT WOULD THEY SEE THAT AS DAY-TO-DAY MATTERS OF HONG KONG - BUILDING THE AIRPORT, THE PROCEEDING OF THE CONSTRUCTION OF THE AIRPORT PROJECT?

MR HURD: WELL I THINK YOU MUST ASK THEM THAT. AS I SAY, WE HAVEN'T REACHED FULL AGREEMENT. IF WE HAD REACHED FULL AGREEMENT I MIGHT TAKE IT ON MYSELF TO INTERPRET THEIR VIEWS. AS WE ARE STILL TALKING TO THEM, AND AS YOUR QUESTION BEARS ON SOME OF THE POINTS AT ISSUE, I THINK MY BEST THING IS TO REFER YOU BACK TO WHAT THE FOREIGN MINISTER SAID AND THE THREE NO'S WHICH HE STATED: NO CONDOMINIUM, NO CONTROL, NO VETO.

DANIELA DEANE (WASHINGTON POST): YOU SAY THAT HONG KONG HAS TO RETAIN THE AUTHORITY AND CAPABILITY TO MAKE DECISIONS BUT DOESN'T THIS RIGHT NOW SHOW THAT IT NO LONGER HAS THE AUTHORITY TO MAKE DECISIONS BECAUSE YOU CANNOT GO AHEAD WITH THIS AIRPORT WITHOUT CHINA SAYING, YES?

MR HURD: THAT, AS I HAVE SAID, IS NOT A POLITICAL STATEMENT, IT'S NOT A POLICY STATEMENT OF THE BRITISH GOVERNMENT OR OF THE HONG KONG GOVERNMENT, IT IS A STATEMENT OF ECONOMIC FACT THAT IF YOU HAVE A MAJOR PROJECT WHICH ON ANY FIGURES REQUIRES ABOUT ONE-QUARTER, ABOUT 25 PERCENT, PRIVATE INVESTMENT; AND IF YOU WERE AN INVESTOR INVESTING YOUR OWN RESOURCES OR THOSE OF THE WASHINGTON POST YOU WOULD WANT TO FIND OUT A BIT MORE OF WHAT WAS GOING TO HAPPEN AFTER 1997 AND YOU WOULD WANT TO FIND OUT THE VIEWS OF THE SOVEREIGN POWER AFTER THAT TIME. AND SO THAT IS WHAT I MEAN BY A STATEMENT OF ECONOMIC FACT.

DANIELA DEANE (WASHINGTON POST): EXCUSE ME, ONE FOLLOW-UP ON THAT. THEY ALREADY KNOW ALL THE DETAILS OF THIS SPENDING AND THEY STILL ARE NOT SAYING, YES, SO NOTHING CAN HAPPEN UNTIL THEY SAY, YES. SO HOW CAN YOU SAY THAT THE HONG KONG GOVERNMENT HAS RETAINED THE AUTHORITY TO MAKE DECISIONS?

MR HURD: I'M NOT -- YOU'RE MIXING-UP, IF I MAY SAY SO, TWO THINGS. YOU'RE MIXING-UP A POLITICAL QUESTION WHICH IS THE MEANING OF THE JOINT DECLARATION, THE MEANING OF CONSULTATION, WITH AN ECONOMIC FACT. ECONOMIC FACTS TEND TO STRADDLE DATES SET BY POLITICIANS AND THAT IS SO IN THIS CASE, AND I DON'T SEE ANY POINT IN TRYING TO FUDGE THE POINT. I MEAN IT IS REALLY MUCH BETTER THAT THESE MATTERS ARE DEALT WITH IN TERMS OF REALITY.

PHILIP BOWRING (FAR EASTERN ECONOMIC REVIEW): YOU MENTION THE QUESTION OF ECONOMIC FACTS. IS IT NOT AN ECONOMIC FACT THAT THE HONG KONG GOVERNMENT AND THE BRITISH GOVERNMENT BELIEVE THIS AIRPORT IS NECESSARY FOR THE CONTINUED ROLE OF HONG KONG IN THIS REGION? (2) THAT THIS AIRPORT PROJECT IS COMMERCIALY VIABLE? (3) THAT THERE ARE SOMETHING IN THE REGION OF 75 BILLION HONG KONG DOLLARS WORTH OF RESERVES SITTING IN THE EXCHANGE FUND UNUSED? AND (D) THAT IF THE UNITED KINGDOM GOVERNMENT TRULY BELIEVES THAT THE AIRPORT PROJECT IS NECESSARY AND COMMERCIALY VIABLE, WHY DOES IT NOT LEND THE MONEY ITSELF, GUARANTEED AGAINST THE PRE-RESERVES OF THE EXCHANGE FUND?

MR HURD: BECAUSE IT IS NOT THE POLICY OF THE BRITISH GOVERNMENT TO LEND MONEY TO FINANCE HONG KONG - IT HAS NOT BEEN AND IT WILL NOT BE. THIS IS ONE OF THE COMMON POINTS - IF YOU CAN PUT IT THIS WAY - BETWEEN BRITAIN AND CHINA. WE DON'T, NOW, SUPPORT HONG KONG FINANCIALLY, AND PEKING HAS NO INTENTION OF SUPPORTING THE S.A.R. FINANCIALLY.

PHILIP BOWRING: ...A LOAN TO A GOVERNMENT IS A SOMEWHAT DIFFERENT ANIMAL FROM A GRANT, NO DOUBT YOU ARE WELL AWARE OF THAT; THE ECGD FOR EXAMPLE IS IN A POSITION TO GUARANTEE CERTAIN LOANS FROM SUPPORTING ANY CONTRIBUTIONS THAT BRITAIN MIGHT MAKE TO THE AIRPORT PROJECT, LIKEWISE - IF I MAY REFER YOU BACK TO MY QUESTION RELATING TO THE FREE RESERVES OF THE EXCHANGE FUND - HERE ARE ALL THESE FINANCIAL RESOURCES, CAN THEY NOT BE PUT TO SEEING THAT WHAT IS SUPPOSED TO BE A COMMERCIALY VIABLE PROJECT WHICH IS NECESSARY FOR HONG KONG CAN BE CARRIED OUT BY INTERNATIONAL CONTRACTORS UNDER NORMAL RULES OF INTERNATIONAL CONTRACTING.

MR HURD: SUPPOSING SOME FORM OF SUPPORT FROM BRITAIN WHETHER IN THE FORM OF A SOFT LOAN OR...

PHILIP BOWRING: ...BRITISH GOVERNMENT LOAN I MADE IT VERY CLEAR.

MR HURD: I AM TRYING TO MAKE SENSE OF WHAT YOU DID SAY. YOU ARE SAYING YOU ARE NOT TALKING ABOUT A GRANT AND SO YOU ARE PRESUMABLY TALKING ABOUT A LOAN WHICH IS GUARANTEED IN SOME WAY. OF COURSE ECGD COVER IS ECGD COVER AND IT DOES COVER IN CERTAIN CIRCUMSTANCES PROJECTS CARRIED OUT BY BRITISH FIRMS. BUT I REPEAT MY MAIN POINTS WHICH YOUR QUESTION ASKS; THAT IT HAS NOT BEEN AND IT IS NOT THE POLICY OF THE BRITISH GOVERNMENT TO GIVE BRITISH FINANCIAL SUPPORT TO THIS OR TO ANY HONG KONG PROJECT. IT WOULD BE THOUGHT VERY ODD IF WE DID.

PHILIP BOWRING: CAN YOU ... TO THE RESERVES QUESTION?

MR HURD: THE USE WHICH THE HONG KONG GOVERNMENT MAKES OF ITS RESERVES IS A MATTER FOR THE HONG KONG GOVERNMENT.

PHILIP BOWRING : I AM SORRY BUT THE EXCHANGE FUND RESERVES ARE IN FACT ENTIRELY IN YOUR CONTROL.

MR HURD: THE USE WHICH THE HONG KONG GOVERNMENT MAKES OF ITS RESERVES IS A MATTER FOR THE HONG KONG GOVERNMENT. ALL THE FIGURES WHICH I HAVE SEEN FOR THE POSSIBLE VARIATIONS OF THE AIRPORT PROJECT INVOLVE ABOUT 25 PER CENT, ABOUT 1/4 OF PRIVATE INVESTMENT AND THAT'S WHY I FOCUSED ON THAT POINT IN MY EARLIER REPLY.

S.Y. YUE (HONG KONG STANDARD): HAVE YOU MADE THE PROMISE THAT HONG KONG WOULD PUT ASIDE A SUM OF MONEY IN THE FINANCIAL RESERVE TO THE S.A.R. GOVERNMENT? IF YOU DID, DO YOU CONSIDER PUTTING ASIDE A CERTAIN AMOUNT OF RESERVE AS A KIND OF SACRIFICE OF HONG KONG'S FINANCIAL AUTONOMY ?

MR HURD: I DON'T WANT TO, AS I SAID, GO INTO THE DETAILS OF THE DISCUSSION AND THEREFORE I DON'T WANT TO GO INTO THE QUESTION OF WHAT HAS BEEN DISCUSSED UNDER THE CONCERN WHICH THE CHINESE GOVERNMENT HAVE ABOUT THE FINANCIAL STABILITY OF HONG KONG IN 1997. COULD I JUST SAY THIS THOUGH IN ANSWER TO YOUR QUESTION. THE JOINT DECLARATION DOES PROVIDE FOR DISCUSSIONS BETWEEN BRITAIN AND CHINA FOR THE MAINTENANCE OF THE PROSPERITY AND STABILITY OF HONG KONG. NOW, IT'S THE RESPONSIBILITY OF THE HONG KONG GOVERNMENT TO MAINTAIN THE FINANCIAL STABILITY OF HONG KONG UP TO MID-1997 JUST AS IT'S THE RESPONSIBILITY OF THE S.A.R. TO KEEP HONG KONG'S FINANCES HEALTHY THEREAFTER. CHINESE WANT TO BE SURE THAT THE S.A.R. WOULD BE IN A POSITION TO CARRY OUT THIS DUTY FROM ITS FIRST DAYS.

S.Y. YUE: THE INTERPRETATION OF THAT CLAUSE, THAT IT MEANS TO PUT ASIDE A CERTAIN SUM OF MONEY FOR THE S.A.R. GOVERNMENT, IS THAT YOUR INTERPRETATION OR THEIRS ?

MR HURD: NO. I'VE TRIED TO DEAL WITH THE PRINCIPLE WHICH UNDERLAY YOUR QUESTION BUT I DON'T WANT TO GO INTO THE DETAILS OF DISCUSSIONS WHICH ARE STILL GOING ON ON THAT, AS WELL AS ON OTHER POINTS.

S.Y. YUE: I AM PUTTING ONE MORE HYPOTHETICAL QUESTION. IF WE DO PUT ASIDE A CERTAIN SUM OF MONEY DO YOU CONSIDER THAT AS A SACRIFICE OF THE FINANCIAL AUTONOMY OF HONG KONG ?

MR HURD: I BELIEVE THAT IT WILL BE RESPONDING TO A CONCERN WHICH THE CHINESE HAVE, WHICH THEY BELIEVE IS JUSTIFIED UNDER THE JOINT DECLARATION; BUT, AS I SAY, WE'VE NOT REACHED AGREEMENT ON HOW, ON IF, ON WHETHER OR HOW THAT MIGHT BE DONE. THAT IS ONE OF THE OUTSTANDING POINTS. THIS IS I THINK FAIRLY GENERALLY KNOWN.

STEVE VINES (OBSERVER): YOU WERE TALKING EARLIER ABOUT CHINESE ACQUIESCENCE IN THE AIRPORT PROJECT BUT CAN YOU EXPLAIN WHERE THE NEED FOR CHINESE ACQUIESCENCE IN MAJOR PROJECTS IN HONG KONG? WHERE THAT CROPS UP IN THE JOINT DECLARATION.

MR HURD: I THINK I HAVE USED THE WORD TODAY; AND I SAID IT WASN'T A POLITICAL POINT BUT AN ECONOMIC POINT; THAT WHERE YOU HAVE A PROJECT WHICH REQUIRES, DESPITE THE QUESTIONER FROM THE FAR EAST ECONOMIC REVIEW, WHICH REQUIRES UNDER ANY VARIATION ABOUT 25 PER CENT PRIVATE INVESTMENT THEN IN PRACTICE THAT ACQUIESCENCE IS GOING TO BE NECESSARY; AND I HAVEN'T MET ANYBODY HERE, ALTHOUGH I HAVE ASKED THE QUESTION SEVERAL TIMES OF A GOOD MANY PEOPLE WHO QUESTIONED THAT AS AN ECONOMIC FACT.

STEVE VINES (OBSERVER): SO, CAN PROJECTS GO AHEAD WITHOUT CHINESE ACQUIESCENCE?

/MR HURD .....

TUESDAY, APRIL 9, 1991

- 9 -

MR HURD: THAT WILL DEPEND ON THE PROJECT. WHAT WE HAVE SAID POLITICALLY UNDER THE JOINT DECLARATION IS THAT WE ARE WILLING TO CONSULT ON MAJOR MATTERS WHICH STRADDLE 1997 AND I AM GLAD THE QUESTIONING EARLIER BROUGHT OUT WHAT THE MEANING OF CONSULT IS. THAT DOES NOT IMPAIR THE EFFECTIVE AUTHORITY OF THE HONG KONG GOVERNMENT. ECONOMIC FACTS, AS THIS DISCUSSION HAS ILLUSTRATED, ARE A DIFFERENT MATTER. BUT THEY CAN'T BE. YOU KNOW, THEY CAN'T BE IGNORED OR FUDGED OR REGARDED AS A POLITICAL DECISION, THEY ARE ECONOMIC FACTS.

PETER MAIZE (TVB): A CHINESE OFFICIAL THIS MORNING TOOK THE ISSUE OF INTERFERING IN INTERNAL AFFAIRS TO A NEW LEVEL BY SAYING THAT HONG KONG WAS INTERFERING IN THE INTERNAL AFFAIRS OF THE S.A.R. WHICH DOES NOT EXIST YET BECAUSE THE BRITISH GOVERNMENT IS WITHHOLDING INFORMATION, FINANCIAL INFORMATION, DURING THE DISCUSSIONS. THIS CAME FROM A DEPUTY DIRECTOR OF THE HONG KONG AND MACAU AFFAIRS OFFICE. IS THAT TRUE THAT BRITAIN HAS NOT, AND THE HONG KONG NEGOTIATORS HAVE NOT GIVEN THE CHINESE SIDE ALL OF THE FINANCIAL INFORMATION THAT THEY ARE ASKING FOR?

MR HURD: NO SUCH COMPLAINT WAS MADE TO ME IN ANY OF THE MEETINGS I HAD. IT'S A COMPLAINT WHICH I THINK WAS QUITE FAMILIAR SOME TIME AGO BUT I CERTAINLY HAVE RECEIVED NO IMPRESSION IN PEKING THAT THE CHINESE WERE COMPLAINING OF LACK OF INFORMATION ABOUT THE AIRPORT PROJECT.

CLAUDIA MO (AFP): YOUR CHINESE COUNTERPART, QIAN QICHEN SAID IN PEKING YESTERDAY THAT IN HIS VIEW, THIS AIRPORT BUSINESS SHOULD BE SETTLED IN THE NEAR FUTURE. DO YOU SHARE THIS OPTIMISM?

MR HURD: WELL, HE SAID, I THINK, HE HOPED IT WOULD BE AND I HOPE IT WOULD BE. I AM NOT IN THE BUSINESS OF MAKING PROPHECIES.

CLAUDIA MO (AFP): DID YOU HAVE TO SCALE DOWN THE PROJECT IN ANY WAY TO PLEASE THE CHINESE?

MR HURD: CHINESE DID NOT PRESS ME TO SCALE DOWN THE PROJECT. THEY SAID THE SIZE OF THE PROJECT WAS THE RESPONSIBILITY OF THE HONG KONG GOVERNMENT. THEIR CONCERN IS WHETHER THAT WOULD LEAVE THE FINANCIAL STABILITY OF HONG KONG, AT THE MOMENT WHEN SOVEREIGNTY PASSES TO CHINA, AND RESPONSIBILITY FOR FINANCES PASSES TO THE S.A.R., WHICH IS NOT YET IN EXISTENCE. THIS WAS THE POINT THAT THEY CONTINUOUSLY RETURNED TO AND WHICH I THINK PREMIER LI PENG RETURNED TO A SHORT TIME AGO IN HIS PRESS CONFERENCE.

STEVE DOUGHERTY (DAILY MAIL): I'D LIKE TO KNOW HOW LONG THIS STALEMATE CAN CONTINUE YOU THINK BEFORE IT BEGINS TO HAVE A SERIOUS EFFECT ON CONFIDENCE IN THE FUTURE OF HONG KONG? AND I'D ALSO LIKE TO KNOW IF BRITAIN CAN BRING ANY SANCTIONS TO BEAR ON CHINA TO TRY AND ENCOURAGE AGREEMENT.

/MR HURD .....

MR HURD: WE WILL CONTINUE THIS IMMEDIATE ROUND OF DISCUSSIONS AS LONG AS WE THINK IT'S USEFUL AND THE SAME IS NO DOUBT TRUE ON THE CHINESE SIDE. I USE THE WORD EBB AND FLOW AND I HAVE TRIED TO DESCRIBE WHY I USE IT, BECAUSE IT HAS FROM TIME TO TIME IN THESE LAST FEW DAYS BEEN OUR IMPRESSION THAT THE DIFFERENCES WERE NARROWING QUITE SUBSTANTIALLY AND QUICKLY. AT OTHER TIMES WE HAVE HAD THE OTHER IMPRESSION. THAT'S WHY I HAVE AUTHORISED THE OFFICIALS TO STAY IN PEKING FOR A FEW DAYS IN ORDER TO TRY AND ESTABLISH WHETHER THERE IS ROOM FOR A QUICK AGREEMENT. I HOPE THAT THERE IS AND WE WILL USE - IT'S NOT A QUESTION OF SANCTIONS ON EITHER SIDE - IT'S A QUESTION OF CLEARLY PERCEIVED INTERESTS AND WE WILL CONTINUE TO PRESS. THIS AS I SAY, IS GOING TO BE BETWEEN NOW AND '97 AND NOT JUST ON THE AIRPORT BUT MAY BE ON OTHER THINGS. IT'S GOING TO BE AN UPHILL BUSINESS BECAUSE WHAT WE ARE TRYING TO DO IS MAKE A DIFFICULT CONCEPT IN THE JOINT DECLARATION WORK. I HAVEN'T HEARD ANYBODY PRODUCE A DIFFERENT CONCEPT. I HAVEN'T HEARD ANYONE PRODUCE A DIFFERENT ANSWER TO THE FUTURE OF HONG KONG. IF PEOPLE DO PRODUCE A DIFFERENT ANSWER, THEN WE WILL HAVE TO SAY WE ARE COMMITTED TO THE JOINT DECLARATION. BUT I AM STRENGTHENED IN SUPPORTING THE JOINT DECLARATION BY THE FACT THAT IN FIFTEEN MONTHS OR WHATEVER, I REALLY HAVE NOT HEARD ANYONE, HOWEVER FIERCE THEIR CRITICISMS, SUGGESTING A DIFFERENT ROAD FOR HONG KONG. SO LONG AS THAT IS SO WE HAVE TO TRAVEL THIS ROAD; PICK OUR WAY THROUGH THE OBSTACLES; SOMETIMES THIS MAY TAKE SOME TIME. I THINK THAT IS A FAMILIAR THOUGHT TO MANY BUSINESSMEN IN HONG KONG. IT MAY TAKE SOME TIME AND THE THING IS TO PERSEVERE AND THAT IS WHAT WE INTEND TO DO BASING OURSELVES ON THE TWO PRINCIPLES WHICH I DEFINED AT THE BEGINNING, BOTH OF WHICH SEEM TO BE CRUCIAL, WHICH DO NOT CONTRADICT EACH OTHER AND IT'S IN THE RECONCILING OF THOSE TWO PRINCIPLES - CO-OPERATION AND CONSULTATION WITH CHINA AND THE EFFECTIVE AUTHORITY OF THE HONG KONG GOVERNMENT - THAT THE WAY FORWARD LIES.

FOO CHOY PENG (STRAITS TIMES SINGAPORE): YOU KEEP REFERRING TO IMPORTANT MATTERS THAT NEED CONSULTATION WITH THE CHINESE GOVERNMENT, BUT THERE WILL BE MANY OCCASIONS IN THE FUTURE ON WHICH THE HONG KONG GOVERNMENT FEELS IT DOES NOT HAVE TO CONSULT CHINA AND CHINA FEELS THESE MATTERS NEED TO BE CONSULTED. SO IS THERE A FINAL ARBITER OR A GUIDING PRINCIPLE ON THIS TO PREVENT FUTURE CONFRONTATION?

MR HURD: NO, BUT THERE IS MACHINERY OF COURSE. ONE OF MY CONCERNS HAS BEEN TO REACTIVATE THE JOINT LIAISON GROUP. THERE IT IS. IT IS THE MACHINERY SET UP UNDER THE JOINT DECLARATION PRECISELY TO DEAL WITH THESE SORTS OF MATTERS AND IT'S GOT A PILE OF PROBLEMS WAITING TO BE SOLVED AND I HOPE THAT IT MAY NOW MAKE BETTER SPEED.

JOHN ELLIOTT (FINANCIAL TIMES): COULD I FIRST MAKE THE POINT THAT VERY FEW OF US IF ANYBODY HAS HEARD OF THIS 25 PER CENT PRIVATE SECTOR FIGURE BEFORE YOU BEGAN TO PRODUCE IT AFTER YOUR MEETINGS WITH THE GOVERNMENT. I HAVE NEVER HEARD IT AND I HAVE FOUND IT VERY DIFFICULT IN 'PHONE CALLS IN THE LAST COUPLE OF DAYS TO FIND ANY OFFICIAL WHO CAN EXPLAIN IT TO ME. COULD I ASK YOU THE QUESTION. GIVEN THE FACT THAT THERE ARE \$73 BILLION IN THE MAIN FISCAL RESERVES, AND ABOUT THE SAME AMOUNT AGAIN IN THE EXCHANGE FUND, PLUS THE LAND FUNDS BEING BUILT UP, GIVEN THE FACT PLUS THE S.A.R. LAND FUND WHICH HAS BEEN BUILT UP, AND GIVEN THE FACT THAT THE U.K. GOVERNMENT HAS CONTROL OVER PART OF THE EXCHANGE FUND AND WHAT HAPPENS TO IT, WHY DON'T YOU CLEAR UP THIS DIPLOMATIC HASSLE BY GIVING THE AUTHORITY JOINTLY WITH THE GOVERNMENT FOR THE FUNDS TO BE USED AND FOR THE AIRPORT TO BE BUILT?

MR HURD: WELL I SIMPLY REPEAT MY ANSWER. I HAVE SEEN VARIOUS FIGURES AND I HAVE HAD VARIOUS PRESENTATIONS AND THEY HAVE ALL INCLUDED ABOUT A QUARTER PRIVATE SECTOR INVESTMENT AND I HAVE CHECKED THE POINT WITH THE RELEVANT OFFICERS OF THE HONG KONG GOVERNMENT AND THEY HAVE REPEATED THAT POINT. THAT IS THE BASIS ON WHICH THE PROJECT IS BEING PREPARED, OBVIOUSLY IT'S NOT IN FINAL FORM AND THERE ARE VARIOUS OPTIONS FOR IT. BUT ONE COMMON FACTOR IN THOSE OPTIONS AND IN THE PREPARATIONS WHICH THE HONG KONG GOVERNMENT HAS MADE IS THAT SIZEABLE ABOUT A QUARTER PRIVATE SECTOR INVESTMENT.

JOHN ELLIOTT (FINANCIAL TIMES): WHAT ABOUT THE USE OF THE EXCHANGE FUND BECAUSE IF YOU PRODUCE ANOTHER 75 BILLION FROM THE EXCHANGE FUND THEN YOU HAVE GOT MORE THAN THAT MONEY. THEN YOU DON'T NEED PRIVATE SECTOR INVOLVEMENT AT ALL. WHY DON'T YOU AS THE FOREIGN SECRETARY CLEAR THE PROBLEM BY SAYING THAT THE U.K. GOVERNMENT WILL AUTHORISE THE USE OF PART OF THE EXCHANGE FUND?

MR HURD: BUT THAT IS NOT THE PURPOSE OF THE EXCHANGE FUND AND I THINK IT WILL BE VERY STRANGE AND WRONG TO ATTEMPT TO USE IT IN THAT WAY. SO FAR AS I KNOW- YOURS IS THE FIRST SUGGESTION I'VE HEARD OF THIS- I REPEAT WHAT I'VE BEEN TOLD ABOUT A PROJECT WHICH IS NOT A BRITISH GOVERNMENT PROJECT BUT A HONG KONG GOVERNMENT PROJECT; I REPEAT WHAT I HAVE BEEN TOLD ABOUT ITS NATURE AND ABOUT THE CIRCUMSTANCES IN WHICH IT CAN PROCEED.

FRANCIS YIP (RTHK): WHAT WILL BE THE EFFECT TO HONG KONG SOCIETY AND TO SINO-BRITISH RELATIONSHIP IF THE TALKS ON THE AIRPORT BREAK DOWN?

MR HURD: IF THE PRESENT EFFORT TO REACH AGREEMENT IS NOT COMPLETED, THEN OBVIOUSLY THERE WILL BE A GOOD DEAL OF DISAPPOINTMENT HERE AND INDEED AT HOME AND IT WILL THEN BE A QUESTION OF TIMING, JUDGMENT, AS TO WHEN THE ATTEMPT CAN BE RENEWED. BUT THE WHOLE EMPHASIS I WANT TO GIVE TODAY IS ON PERSEVERING IN ATTEMPTS, SO THAT IN THE IMMEDIATE CASE HONG KONG WILL GET A NEW AIRPORT, BUT THERE WILL BE OTHER CASES WHERE THE SAME PRINCIPLE WILL HAVE TO BE APPLIED.

CHRISTINE MCGEE (HK STANDARD): COULD YOU PLEASE TELL US WHAT ROLE THE CHINESE ARE SEEKING ON THE AIRPORT AUTHORITY? AND (2) IF IT IS TRUE, ACCORDING TO REPORTS, THAT THEY ARE ASKING FOR RIGHT OF VETO ON CERTAIN ASPECTS OF THE PROJECT?

MR HURD: WELL, I'M NOT GOING TO - I'M STONEWALLING AGAIN - I'M NOT GOING TO GIVE YOU THE DETAILS OF WHAT'S BEEN DISCUSSED BUT I REFER YOU BACK TO WHAT THE FOREIGN MINISTER SAID ABOUT NO VETO.

YUEN KEE WONG (WEN WEI PO): JUST NOW YOU SAID THAT DIFFERENCES IN THE TALKS ARE NARROWING SUBSTANTIALLY, BUT AGAIN IN BEIJING CHINESE OFFICIALS ARE SAYING THAT THEY ARE GIVING IN TOO MANY CONCESSIONS AND THERE WILL BE NO UNLIMITED CONCESSIONS. AND THEN YOU SAID THAT YOU HOPED FOR QUICK AGREEMENT. WOULD YOU GO ON PRESSING FOR MORE CONCESSIONS FROM CHINA, OR WOULD YOU SETTLE FOR AN AGREEMENT WITHOUT PRESSING FOR ANY MORE CONCESSIONS FROM CHINA?

/MR HURD .....

- 12 -

MR HURD: I SAID I WOULD LIKE TO SEE AN AGREEMENT. I DELIBERATELY SAID I WASN'T GOING TO PROPHECY THE OUTCOME. I ALSO SAID THAT ON SOME OCCASIONS IT LOOKED AS IF THE DIFFERENCES WERE NARROWING, ON OTHER OCCASIONS IT DID NOT, AND THAT IS WHY I USED THIS PHRASE "THE EBB AND FLOW OF DISCUSSION". BUT THE DISCUSSIONS HAVE TAKEN A FORM WHICH SEEM TO ME TO JUSTIFY CONTINUING THE EFFORT. OBVIOUSLY I HOPE THE EFFORT WILL SUCCEED - I CANNOT BE SURE OF THAT. AND IN ANY SUCH EFFORT OF COURSE THERE IS DISCUSSION AND COUNTER-DISCUSSION, SUGGESTION AND COUNTER-SUGGESTION, AND NO ONE IS EXPECTING ANYBODY TO MAKE UNLIMITED CONCESSIONS, THAT'S NOT THE WAY THESE DISCUSSIONS WORK.

HANS VRIENS (RADIO NETHERLANDS): MR HURD, COULD YOU PLEASE SAY ON HOW MANY POINTS YOU STILL HAVE TO REACH AGREEMENT WITH THE CHINESE?

MR HURD: NO, I CAN'T SAY THAT I'M AFRAID, BUT IT IS MORE THAN ONE, IT'S MORE THAN JUST THE FIGURES AND THE QUESTION OF FINANCIAL STABILITY, THERE ARE OTHER POINTS.

FANNY WONG (SCMP): CAN YOU GIVE AN UNDERTAKING THAT IF IN THE END YOU DID REACH A DEAL WITH THE CHINESE THE FULL DETAILS WOULD BE REVEALED TO HONG KONG? AND ALSO, JUDGING FROM WHAT YOU SAID JUST NOW, IS IT TRUE THAT THE AIRPORT PROJECT IS DEFINITELY GOING TO GO AHEAD - IT'S ONLY A MATTER OF TIMING? THAT WE MAY NEED TO DELAY IT IF, SAY, NEGOTIATIONS WITH THE CHINESE IS NOT THAT SUCCESSFUL IN THE NEAR FUTURE?

MR HURD: I KNOW THE GOVERNOR, AND THIS IS REALLY A MATTER FOR HIM, IS VERY ANXIOUS IN ALL THESE MATTERS TO DEAL OPENLY WITH THOSE WHO ADVISE HIM AND THOSE WHO ARE RESPONSIBLE IN HONG KONG. ON THE SECOND POINT I REPEAT WHAT I SAID: WE HOPE THAT AGREEMENT CAN BE REACHED, IF IT ISN'T THEN - AND THIS IS A MATTER OF JUDGMENT OF THE HONG KONG GOVERNMENT - IT WILL NOT BE POSSIBLE FOR THE AIRPORT PROJECT TO PROCEED ACCORDING TO THE TIMETABLE WHICH THE HONG KONG GOVERNMENT PLAN. THAT DOES NOT REMOVE THE NEED FOR A NEW AIRPORT ON WHICH ALL SIDES ARE AGREED. I THINK THAT IS ALL ONE CAN REASONABLY SAY BY WAY OF PREDICTION AT THE PRESENT TIME.

FANNY WONG (SCMP): DEFINITELY GOING TO GO AHEAD AT CHEK LAP KOK?

MR HURD: THERE DOES NOT SEEM TO BE A REAL PROBLEM ABOUT THE SITE. NO ONE SUGGESTED TO ME, IN PEKING, THAT THE SITE SHOULD BE CHANGED.

ROBINA GIBB (NEWSWEEK): YOU TALK ABOUT HOW CRUCIAL IT IS TO GET AN AGREEMENT FOR THE PROGRESS OF CONSULTATION TO HAPPEN, YET THIS PROJECT HAS BEEN ON THE BOOKS FOR MANY, MANY YEARS. CAN YOU SAY THEN WHY IN RETROSPECT THE BRITISH GOVERNMENT DIDN'T GET STARTED SOONER WITH THE PROCESS OF CONSULTATION? WE'RE VERY LATE IN THE DAY NOW.

MR HURD: THE HONG KONG GOVERNMENT. WELL THAT REALLY IS A MATTER FOR THEM; THEY HAVE INCREASINGLY IN RECENT TIMES PROVIDED THE CHINESE GOVERNMENT WITH THE INFORMATION WHICH THEY WANTED AND GONE INTO VERY DETAILED DISCUSSIONS WITH THEM WHICH MY TEAM OF OFFICIALS AND I HAVE CARRIED FORWARD. AND I REPEAT, ONE CAN HARK BACK IN THE WAY THAT YOU HAVE, BUT IT WASN'T A POINT PRESSED ON ME IN PEKING. THERE WAS A LOT OF DISCUSSION ON OTHER MATTERS BUT THERE WASN'T A CRITICISM OF LACK OF INFORMATION. THERE WAS THAT CRITICISM EARLIER BUT I BELIEVE THAT IT'S BEEN MET. I THINK IF IT HADN'T BEEN MET I WOULD HAVE HEARD ABOUT IT.

/HUMPHREY HAWSLEY .....

HUMPHREY HAWKSLEY (BBC): MR HURD, IT'S NEARLY TWO YEARS SINCE THE SUPPRESSION OF THE STUDENT PRO-DEMOCRACY MOVEMENT IN PEKING, COULD YOU PERHAPS LOOK BACK A BIT - YOU'RE DEALING WITH THE SAME GOVERNMENT NOW - AND TELL US HOW WOULD YOU DESCRIBE THE NATURE OF THE CHINESE GOVERNMENT AND THE PEOPLE YOU'RE NEGOTIATING WITH?

MR HURD: THE CHINESE GOVERNMENT RUN A SYSTEM OF GOVERNMENT WHICH PRODUCED IN 1989 A TRAGEDY ABOUT WHICH EVERYBODY, AND CERTAINLY THE BRITISH GOVERNMENT AND MANY, MANY PEOPLE HERE, EXPRESSED VERY STRONG VIEWS. THEY RUN A SYSTEM OF GOVERNMENT WHICH PRODUCES A CONTINUING ANXIETY ABOUT HUMAN RIGHTS AND I MADE THE POINT IN PEKING TWICE TO LEADERS THAT IT WAS A MISTAKE TO SUPPOSE THAT PEOPLE WHO EXPRESSED THIS ANXIETY WERE IN SOME WAY ENEMIES OF CHINA, THAT IT WAS PERFECTLY POSSIBLE TO BE FRIENDLY TO CHINA AND TO EXPRESS THESE ANXIETIES, AND THAT THE FOREIGN MINISTER OF A DEMOCRATIC COUNTRY WAS NOT DOING HIS JOB IF HE DIDN'T EXPRESS THOSE ANXIETIES IN PEKING. AND I DID IT IN GENERAL TERMS AND WITH RELATION, AS I'VE SAID, TO TIBET AND TO SPECIFIC PEOPLE LIVING IN HONG KONG. SO THERE'S A CONTINUING PROBLEM WHICH DIDN'T START IN JUNE 4, 1989 AND HASN'T FINISHED SINCE THEN, IT IS A CONTINUING PROBLEM. IT'S A PROBLEM AS AN ANXIETY WHICH CAN BE AND IN MY VIEW SHOULD BE STATED TO THE CHINESE LEADERS, MAKING IT CLEAR THAT THIS ISN'T AN ATTACK UPON CHINA, IT ISN'T DONE BY PEOPLE WHO WISH CHINA ILL, BUT THE CONTRARY. THAT, I THINK CAN BE ACHIEVED.

CLAUDIA MO: AREN'T YOU INTERFERING IN CHINA'S INTERNAL AFFAIRS?

MR HURD: WELL DO YOU KNOW, I EXPECTED TO BE TOLD THAT AND WASN'T.

C.K. CHEUNG (TVB NEWS): MR HURD, YOU DID EXPLAIN TO US VERY CLEARLY ABOUT HOW TO CO-OPERATE WITH CHINA, AND YOUR POSITION, YOUR PRINCIPLE, TO CONSULT AND TO CO-OPERATE. CAN YOU GIVE US THE SAME GUIDELINE ABOUT HOW WILL YOU ACCEPT - SAY LIKE WILL YOU ACCEPT IN PRINCIPLE TO PUT ASIDE A LUMP-SUM NOW, OR YOU JUST PROMISE AN AMOUNT IN 1997?

MR HURD: NO, THAT COMES CLEARLY UNDER THE HEADING OF ONE OF THE POINTS THAT IS BEING DISCUSSED AND HAS NOT BEEN AGREED, AND ON WHICH THEREFORE I WOULDN'T PREFER TO COMMENT FURTHER THAN I HAVE, BUT I HAVE DEALT, IN ANSWER TO A QUESTION FROM ONE OF YOUR COLLEAGUES, WITH THE PRINCIPLE WHICH I THINK IS INVOLVED HERE.

HARVEY PONG (WAH KIU YAT PO): THE DALAI LAMA, THE SPIRITUAL LEADER OF TIBET, VISITED LONDON AND BOTH YOU AND THE PRIME MINISTER REFUSED TO MEET HIM. BY DOING SO, DO YOU MEAN TO SEND A STRONG SIGNAL TO PEKING THAT THE UK HAS NO INTENTION TO INTERFERE IN THE INTERNAL AFFAIRS OF CHINA?

/MR HURD .....

MR HURD: THE DALAI LAMA, ON THIS VERY RECENT VISIT TO BRITAIN, WAS RECEIVED IN RATHER A DIFFERENT WAY THAN ON HIS PREVIOUS VISIT. HE WAS RECEIVED BY RATHER MORE PEOPLE, INCLUDING BY THE THE LORD CHANCELLOR WHO IS A MEMBER OF THE GOVERNMENT, AS WELL AS THE PRESIDING OFFICER OF ONE OF THE HOUSES OF PARLIAMENT, SO THERE WAS A CHANGE. IT WAS A CHANGE AGAINST WHICH THE CHINESE PROTESTED BEFORE I WENT TO PEKING, THEY BELIEVED THAT THIS CHANGE IN THE WAY THE DALAI LLAMA HAD BEEN RECEIVED WAS OPEN TO CRITICISM. THIS PARTICULAR POINT WAS NOT RAISED IN PEKING - THE QUESTION OF THE DALAI LAMA -- NO, THAT'S NOT QUITE TRUE -- IT WAS RAISED, I BEG YOUR PARDON, IT WAS RAISED BY THE CHINESE SIDE. BUT THE QUESTION OF TIBET WAS RAISED BY ME BOTH WITH THE FOREIGN MINISTER AND WITH JIANG ZEMIN WHO TALKED TO ME ABOUT A VISIT WHICH HE'D MADE TO TIBET NOT VERY LONG AGO, AND AGAIN I EXPRESSED THE FACT THAT THERE WAS STRONG ANXIETY AND EMOTION ON THIS IN BRITAIN AND THAT THIS HAD BEEN INCREASED, FOCUSED BY THE RECENT VISIT OF THE DALAI LAMA.

CHRIS CHEUNG (HK ECONOMIC TIMES): WHAT ARE THE ROLES OF THE EXCO AND LEGCO OVER THE SINO-BRITISH TALKS ON THE AIRPORT PROJECT? AND HOW CAN YOU ASSURE US THAT HONG KONG INTERESTS WILL BE PROTECTED?

MR HURD: IN THE WHAT? - I MISSED THE FIRST PART OF YOUR QUESTION.

CHRIS CHEUNG (HK ECONOMIC TIMES): WHAT ARE THE ROLES OF THE EXCO AND LEGCO OVER THE SINO-BRITISH TALKS ON THE AIRPORT PROJECT?

MR HURD: WELL AS I UNDERSTAND IT, BUT I AM NOT AN EXPERT ON THIS, THERE IS LEGISLATION EITHER THROUGH OR GOING THROUGH - I THINK THROUGH - THE LEGCO ABOUT THE ROLE AND POWERS OF THE AIRPORT AUTHORITY, BUT THAT IS A POINT YOU MUST PRESS WITH THE HONG KONG GOVERNMENT BUT I BELIEVE THAT IS RIGHT.

A.T. REYES (ASIAWEEK): CONSIDERING THAT THE AIRPORT ISSUE HAS GONE TO SUCH A HIGH LEVEL, DOES THAT INDICATE THAT IN FUTURE CONSULTATIONS THAT THERE IS NO ROOM FOR THE HONG KONG GOVERNMENT - THAT IN FACT THE CHINESE WOULD PREFER TO DEAL DIRECTLY WITH LONDON?

MR HURD: NO, INDEED NOT. TO COIN A PHRASE, I'M GLAD YOU ASKED THAT QUESTION, IT IS A VERY IMPORTANT ONE. I HAD TO TAKE PAINS OVER AND OVER AGAIN TO MAKE IT CLEAR IN PEKING THAT ON A GOOD MANY OF THESE POINTS THE DECISIONS AND THE RESPONSIBILITY LAY NOT IN LONDON BUT HERE IN HONG KONG. I HAD A REPRESENTATIVE OF THE GOVERNOR WITH ME AND HE IS STILL THERE IN THE TEAM, AS YOU PROBABLY KNOW, SO IT IS A VERY IMPORTANT POINT. I HAD ON SEVERAL OCCASIONS TO MAKE SURE THE WORDS I USED EMPHASISED THE RESPONSIBILITY OF THE GOVERNMENT OF HONG KONG RATHER THAN HMG IN LONDON.

CHRIS LOCKWOOD (DAILY TELEGRAPH): YOU HAVE TOLD US THAT YOU RAISED THE QUESTIONS OF TIBET AND OF FOUR PEOPLE FROM HONG KONG WHO ARE NOW SERVING - OR THREE OF THEM SERVING LONG JAIL SENTENCES IN CHINA, BUT YOU HAVEN'T TOLD US WHAT THE CHINESE SAID IN REPLY TO THOSE CONCERNS.

/MR HURD .....

MR HURD: THEY, AS REGARDS THE FOUR - THERE WERE FOUR ACTUALLY - NOW IN PRISON IN CHINA FROM HONG KONG, THEY SIMPLY ASKED FOR DETAILS OF THE NAMES AND CASES, WHICH WE'VE SUPPLIED. AS REGARDS TIBET, THEY PRODUCED THE EXPLANATION WHICH I THINK YOU WOULD PROBABLY EXPECT, ABOUT THE CHANGES FOR THE BETTER WHICH THEY SAID HAD OCCURRED IN TIBET, AND THE BELIEF THAT THESE ARGUMENTS AND CRITICISMS ABOUT TIBET WERE PRODUCED BY PEOPLE WHO WERE HOSTILE TO CHINA, AND THAT GAVE ME THE OPPORTUNITY TO MAKE THE POINT WHICH I HAVE JUST MADE AND WON'T REPEAT TO YOU, THAT THIS WAS EMPHATICALLY NOT SO.

CHRIS LOCKWOOD (DAILY TELEGRAPH): NOW THE PEOPLE FROM HONG KONG, YOU GAVE THEM THE NAMES, ARE YOU CONFIDENT THAT THEY ARE GOING TO DO SOMETHING ABOUT THESE EXTREMELY HEAVY SENTENCES THAT HAVE BEEN HANDED DOWN TO PEOPLE WHO ARE UNDER THE PROTECTION OF THE CROWN?

MR HURD: WELL, I DON'T WANT TO GO INTO THE LEGAL ARGUMENT BECAUSE THAT IS ONE, CERTAINLY, WHICH THE CHINESE WOULD STRONGLY DISPUTE. WE WILL SEE. WE WILL SEE WHAT ALLEVIATION THERE MAY BE. THEY DIDN'T, CERTAINLY, UNDERTAKE TO DO ANYTHING ELSE OTHER THAN LOOK AT THE CASES WHEN I PROVIDED THE DETAILS.

WONG SAU YING (AP): MR HURD, MINUTES AGO YOU WERE TALKING ABOUT HOW TIANANMEN SQUARE, AND ALSO HUMAN RIGHTS ISSUES, AND TO WHAT EXTENT YOU FEEL THAT SORT OF POST-JUNE 4 SENTIMENT IS STILL HANGING AROUND IN CHINA, AND WHEN IT COMES TO AFFAIRS, WHEN IT COMES TO NEGOTIATIONS OR WHATEVER AFFAIRS THAT IS LINKED TO HONG KONG. TO WHAT EXTENT DO YOU THINK THAT THE POST-TIANANMEN SQUARE SENTIMENT IS STILL HANGING AROUND WITHIN THE CHINESE GOVERNMENT AND WITH THE CHINESE OFFICIALS, WHEN IT COMES TO AFFAIRS IN HONG KONG?

MR HURD: I THINK - SORRY TO INTERRUPT YOU BUT I GRASPED YOUR QUESTION - I THINK THAT WHAT HAPPENED IN TIANANMEN SQUARE HAS HAD A POWERFUL EFFECT ON THE WORKING OUT OF THE JOINT DECLARATION - BOTH WAYS! IT SUBSTANTIALLY INCREASED ANXIETY HERE IN HONG KONG, THOUGH THERE HAS BEEN, AS I SAID, RESILIENCE SINCE THEN. I THINK, ALSO, THE WESTERN REACTION TO WHAT HAPPENED IN TIANANMEN SQUARE, INCREASED THE SUSPICION OF HONG KONG IN SOME PEOPLE'S MINDS IN PEKING. SO I DON'T DOUBT THAT THAT DISASTER, THAT TRAGEDY, HAS HAD AN EFFECT BOTH WAYS ON THE QUESTION WHICH WE'VE SPENT MOST OF THE LAST HOUR OR SO DISCUSSING.

WONG SAU YING: HAVE YOU BEEN IN ANY WAY HELPED TO CLEAR THAT SORT OF SUSPICION TOWARDS HONG KONG AND BRITAIN?

MR HURD: TIME WILL SHOW. OBVIOUSLY IF THERE HAD BEEN AN IMMEDIATE AGREEMENT I COULD HAVE ANSWERED THAT QUESTION, YES. AS IT IS I CAN ONLY SAY, TIME WILL SHOW.

WONG SAU YING: SO DOES THAT MEAN THAT'S, NO?

MR HURD: NO, IT DOESN'T MEAN THAT.

PETER MAIZE (TVB): MR HURD, JUST A POINT OF CLARIFICATION. ARE YOU SAYING THAT WHEN AN AGREEMENT IS FINALLY REACHED ON THE AIRPORT THAT THE HONG KONG PEOPLE WILL BE TOLD HOW MUCH MONEY IS GOING TO BE SET ASIDE FOR THE FUTURE S.A.R. GOVERNMENT, THE MECHANISM FOR WHICH THAT MONEY WILL BE SET ASIDE, AND OTHER CONCESSIONS AND AGREEMENTS THAT WERE MADE?

MR HURD: WELL I THINK THAT IS A MATTER FOR THE GOVERNOR, THEREFORE I CHOSE MY WORDS RATHER GENERALLY IN ANSWERING THE EARLIER QUESTION, AND I KNOW FROM WHAT HE SAID TO ME, THE GOVERNOR IS VERY ANXIOUS TO DEAL OPENLY ON THESE MATTERS.

PETER MAIZE: DON'T YOU THINK, FROM YOUR POINT OF VIEW, THAT THE HONG KONG PEOPLE HAVE A RIGHT TO KNOW, BECAUSE THEY WILL BE CERTAINLY THE MEMBERS OF THE POPULACE OF THE S.A.R. GOVERNMENT? ISN'T IT THEIR RIGHT TO KNOW WHAT DEALS ARE BEING MADE AT A HIGHER LEVEL THAT AFFECT THEM?

MR HURD: THERE WILL BE, FROM SEPTEMBER, A DIRECTLY ELECTED ELEMENT IN LEGCO AND WE HOPE THAT THAT WILL RUN RIGHT THROUGH 1995, 1997, AND THERE WILL BE THEREFORE A DIRECTLY ELECTED ELEMENT TO ENQUIRE AND LOOK INTO PRECISELY THESE THINGS. AND I THINK THAT I WILL REST ON WHAT I'VE SAID, THAT THE GOVERNOR SIR DAVID WILSON IS VERY CLEAR ABOUT THE IMPORTANCE OF YOUR QUESTION AND THE IMPORTANCE OF DEALING IN THE WAY I HAVE DESCRIBED. I DON'T THINK I'D BETTER GO BEYOND THAT.

Y.C. LEUNG (HK ECONOMIC JOURNAL): MR HURD, CAN YOU ASSURE THE PEOPLE OF HONG KONG THAT ANY DECISION OR AGREEMENT WHICH INCLUDES PEKING WOULD NOT BE AT THE EXPENSE OF THE INTERESTS OF HONG KONG?

MR HURD: WE THE BRITISH GOVERNMENT HAVE NO INTERESTS IN OUR DEALINGS WITH CHINA WHICH IN ANY WAY MATCH IN IMPORTANCE TO THE INTERESTS OF PROTECTING HONG KONG. ALL THE OTHER THINGS I DISCUSSED WITH THE PEKING LEADERS - THERE WERE QUITE A FEW AS I TOLD YOU - INTERNATIONAL MATTERS, MIDDLE EAST, BI-LATERAL MATTERS BUT NONE OF THEM HAVE ANYTHING LIKE THE SAME SIGNIFICANCE AS THE FUTURE OF HONG KONG AND THE MATTERS WE DISCUSSED ABOUT THAT. SO THE IDEA WHICH I HAVE COME ACROSS HERE BEFORE THAT THERE ARE SOME SUBTLE BUT SUBSTANTIAL PURELY BRITISH INTERESTS TO WHICH HONG KONG IS SACRIFICED, ARE NONSENSE. NO ONE CAN IDENTIFY SUCH INTERESTS BECAUSE THEY DON'T EXIST. OBVIOUSLY, WE'D LIKE TO HAVE A FRIENDLY AND REASONABLE RELATIONSHIP WITH CHINA AS WE WOULD WITH ANY COUNTRY. BUT THE ISSUE WHICH IS OF SUPREME IMPORTANCE IN DEALINGS BETWEEN THE BRITISH GOVERNMENT AND CHINA IS THE FUTURE OF HONG KONG. I HOPE THERE IS NO DOUBT ABOUT THAT.

JOHN ELLIOTT (FINANCIAL TIMES): IF IT PROVES IMPOSSIBLE TO GET AGREEMENT WITH CHINA ON THE AIRPORT WOULD YOU THEN CONSIDER OR BE PREPARED TO ENCOURAGE THE HONG KONG GOVERNMENT TO CONSIDER BUILDING THE AIRPORT USING OTHER FINANCES WITHOUT USING THE PRIVATE SECTOR AND THEREFORE WITHOUT NEEDING CHINA'S APPROVAL ?

MR HURD: NO SUCH PROJECT HAS BEEN PREPARED. I DON'T WANT TO SAY NEVER TO ANYTHING, BUT ALL I CAN TELL YOU AT THIS TIME IS THAT THE PROJECT WHICH HAS BEEN PREPARED IN SUBSTANTIAL DETAIL ON WHICH THE INFORMATION HAS BEEN PASSED TO THE CHINESE IN VARIOUS FORMS, A PROJECT WHICH HAS BEEN PRESENTED TO ME NOW AND ON TWO VISITS IN 1990 AND AGAIN THIS YEAR, THE PROJECT WHICH WE ARE TALKING ABOUT IS A PROJECT WHICH HAS THIS VERY SUBSTANTIAL PRIVATE SECTOR INPUT. WE ARE TALKING ABOUT A HONG KONG GOVERNMENT PROJECT. I DON'T THINK YOU CAN EXPECT ME TO GO BEYOND THAT.

DANIELA DEANE (WASHINGTON POST): DOES WORK NOW STOP ON THE AIRPORT UNTIL WE WAIT FOR CHINESE BLESSING?

MR. HURD: NO, I DON'T THINK THERE'S BEEN ANY CHANGE IN WHAT IS GOING ON AT THE MOMENT. THAT IS EMPHATICALLY A MATTER FOR THE HONG KONG GOVERNMENT. I WON'T READ IT OUT AGAIN BUT I USED A FORM OF WORDS OBVIOUSLY WHICH CAME FROM THE HONG KONG GOVERNMENT IN ANSWERING THAT POINT.

- - - - 0 - - - -

STATEMENT ON PROPOSED KCRC FARE-CHARGING RESIDENTS' COACH SERVICES  
\* \* \* \* \*

IN RESPONSE TO PRESS ENQUIRIES REGARDING THE PROPOSED PROVISION BY THE KOWLOON-CANTON RAILWAY CORPORATION OF FARE-CHARGING RESIDENTS' COACH SERVICES, A GOVERNMENT SPOKESMAN SAID TODAY (TUESDAY) THAT THE COMMISSIONER FOR TRANSPORT WOULD NOT NORMALLY LICENSE A RESIDENTS' SERVICE WITHOUT PROOF THAT THE SERVICE WAS DEMANDED AND SUPPORTED BY THE RESIDENTS TO BE SERVED.

"THE RESIDENTS ARE FREE TO CHOOSE THE PREFERRED BUS OPERATOR AND THE LEVEL OF FARES THEY WILL ACCEPT," THE SPOKESMAN SAID.

"AS AND WHEN THE KCRC PUTS IN AN APPLICATION TO RUN A RESIDENTS' SERVICE, IT WILL BE PROCESSED IN THE SAME MANNER AND UNDER THE SAME CRITERIA AS CURRENTLY APPLIED TO OTHER NON-FRANCHISED PUBLIC BUS OPERATORS," HE ADDED.

THE KCRC AS A NON-FRANCHISED BUS OPERATOR IS PREVENTED FROM OPERATING A FARE-CHARGING FRANCHISED BUS SERVICE UNDER THE PUBLIC BUS SERVICES ORDINANCE.

HOWEVER, IT IS FREE TO OFFER TO OPERATE A FARE-CHARGING RESIDENTS' SERVICE IN THE SAME WAY AS OTHER NON-FRANCHISED OPERATORS.

THE PROVISION OF THE EXISTING FREE FEEDER BUS SERVICES IN TAI PO AND SHA TIN WAS A COMMERCIAL DECISION OF THE KCRC, THE SPOKESMAN SAID.

THIS IS DIFFERENT IN NATURE FROM AN AUTHORISED RESIDENTS' SERVICE, HE ADDED.

- - - - 0 - - - -

STATEMENT ON OPERATION OF PASSENGER SHIPS ON EXCURSION VOYAGES  
\* \* \* \* \*

IN RESPONSE TO MEDIA ENQUIRIES CONCERNING PASSENGER SHIPS OPERATING ON EXCURSION VOYAGES FROM HONG KONG WITHOUT CALLING AT ANY OTHER PORT, A SPOKESMAN FOR THE MARINE DEPARTMENT SAID TODAY (TUESDAY) THAT OPERATORS OF SUCH SHIPS HAVE BEEN GIVEN A TWO-WEEKS EXTENSION UNTIL APRIL 28 THIS YEAR TO COMPLY WITH SAFETY AND MANNING REQUIREMENTS.

HE SAID THE EXTENSION WAS GRANTED AT THE REQUEST OF ONE OF THE OPERATORS IN ORDER TO ALLOW SUFFICIENT TIME FOR THE OPERATOR'S LEGAL REPRESENTATIVE TO SEEK FURTHER LEGAL ADVICE AND FOR A SUBSEQUENT MEETING BETWEEN THE GOVERNMENT AND THE OPERATOR'S LAWYERS.

THE MARINE ADMINISTRATIONS OF THE COUNTRIES IN WHICH THESE SHIPS ARE REGISTERED HAVE ALSO BEEN NOTIFIED OF THE EXTENSION.

THE SPOKESMAN REITERATED THAT THE MARINE DEPARTMENT'S MAIN CONCERN WAS THE SAFETY OF PASSENGERS WHO GO ON SUCH EXCURSIONS, THE MAJORITY OF WHOM WERE HONG KONG RESIDENTS.

- - - - 0 - - - -

PLEASE VOTE: RS  
\* \* \*

THE REGIONAL SECRETARY FOR HONG KONG AND KOWLOON, MR DAVID LAN, TODAY (TUESDAY) URGED ELIGIBLE VOTERS TO CAST THEIR BALLOTS IN THE FORTHCOMING MUNICIPAL AND LEGISLATIVE COUNCILS ELECTIONS.

MR LAN MADE THE APPEAL WHEN ADDRESSING A DINNER RECEPTION HOSTED BY THE Y'S MEN'S CLUB OF ISLAND SOUTH AT THE HONG KONG COUNTRY CLUB.

HE ALSO CALLED ON THOSE WHO HAVE NOT REGISTERED AS ELECTORS TO DO SO BEFORE THE CURRENT REGISTRATION EXERCISE CLOSES ON JULY 1.

THE REGIONAL SECRETARY NOTED THAT VOTERS REGISTERED FROM NOW TO JULY 1 WILL BE ABLE TO VOTE IN THE FIRST DIRECT POLLS TO THE LEGISLATIVE COUNCIL IN SEPTEMBER.

"THIS IS YOUR LAST CHANCE TO REGISTER AND EXERCISE YOUR CIVIC RIGHTS," HE SAID.

ON SOCIAL RESPONSIBILITIES, HE URGED LOCAL RESIDENTS TO CONTINUE THEIR CONTRIBUTION TO THE COMMUNITY SO THAT MORE PEOPLE CAN BE BENEFITTED.

MR LAN ALSO PRAISED THE Y'S MEN'S CLUB FOR THEIR PARTICIPATION IN YOUTH SERVICES IN THE TERRITORY.

- - - - 0 - - - -

RC STAGES EXHIBITION TO PROMOTE COUNCIL ELECTIONS

\* \* \* \* \*

A ROVING EXHIBITION AIMED AT INTRODUCING AND PROMOTING THE WORK OF THE REGIONAL COUNCIL WILL BE STAGED FROM THURSDAY (APRIL 11) TO TIE IN WITH THE FORTHCOMING MUNICIPAL COUNCIL ELECTIONS.

THE EXHIBITION, ENTITLED "REGIONAL COUNCIL AND YOU: HAPPY MOMENTS TOGETHER", DEPICTS VARIOUS ASPECTS OF MUNICIPAL SERVICES PROVIDED BY THE COUNCIL WITH THE AID OF SOME 60 VIVID PHOTOGRAPHS.

THESE SERVICES COVER PUBLIC HEALTH, SANITATION AND HYGIENE, AS WELL AS THE PROVISION OF RECREATIONAL, SPORTS AND CULTURAL FACILITIES AND ACTIVITIES.

IN ADDITION, A VIDEO FILM CAPTURING THE COLOURFUL ACTIVITIES ORGANISED IN NOVEMBER LAST YEAR DURING THE COUNCIL'S BIENNIAL FESTIVAL, REGCO '90, WILL ALSO BE SHOWN.

"THE EXHIBITION IS PART OF THE COUNCIL'S CONTRIBUTION TO THE PROMOTION OF THE COMING ELECTIONS AND TO ENHANCE RESIDENTS' AWARENESS OF THE COUNCIL AND ITS SERVICES AND FACILITIES WHICH ARE CLOSELY RELATED TO THEIR DAILY LIVES," A COUNCIL SPOKESMAN SAID.

"IT IS HOPED THAT BY KNOWING MORE ABOUT THE COUNCIL'S WORK, RESIDENTS WILL PARTICIPATE MORE ACTIVELY IN ITS ACTIVITIES. AND TAKE MORE INTEREST IN THE DEVELOPMENT OF ITS SERVICES AND FACILITIES."

THE SPOKESMAN CALLED ON VOTERS TO EXERCISE THEIR RIGHT TO VOTE IN THE MUNICIPAL COUNCIL ELECTIONS ON MAY 5.

"THIS IS ANOTHER WAY IN WHICH RESIDENTS CAN PLAY AN IMPORTANT PART IN PARTICIPATING IN THE PROVISION OF MUNICIPAL SERVICES AND FACILITIES," HE ADDED.

THE ROVING EXHIBITION WILL BE STAGED AT THE TAIKOO SHING CITY PLAZA FROM THURSDAY TO SUNDAY (APRIL 11 TO 14), AT THE SHA TIN TOWN HALL FROM APRIL 15 TO 29 AND AT THE TUEN MUN TOWN HALL FROM APRIL 30 TO MAY 9.

IT WILL THEN BE HELD AT THE MONG KOK MTR STATION FROM MAY 10 TO 14, AT THE TSUEN WAN TOWN HALL FROM MAY 15 TO 23 AND AT THE KWUN TONG MTR STATION FROM MAY 24 TO 28.

THE EXHIBITION WILL BE OPEN FROM 9 AM TO 9 PM DAILY.

NORTH AND SOUTH KOWLOON SEWERAGE MASTER PLAN STUDY COMMISSIONED

\* \* \* \* \*

THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD) HAS COMMISSIONED A CONSULTANCY STUDY TO ASSESS THE EXTENT OF THE POLLUTION PROBLEMS RESULTING FROM THE IMPROPER DISCHARGE OF SEWAGE GENERATED WITHIN TSIM SHA TSUI, HUNG HOM, TO KWA WAN, KOWLOON CITY AND WONG TAI SIN.

AN EPD SPOKESMAN SAID A SIGNIFICANT AMOUNT OF FOUL SEWAGE GENERATED FROM THE AREAS IS BEING DISCHARGED UNTREATED INTO VICTORIA HARBOUR.

EXPEDIENT CONNECTIONS TO STORMWATER DRAINS BY FACTORIES, AND BY INTENSIVE COMMERCIAL AND CATERING ACTIVITIES ARE KNOWN TO HAVE BEEN MADE ON A LARGE SCALE. THIS MAY BE AS A RESULT OF THE INADEQUATE CAPACITY OF THE SEWERAGE SYSTEM.

CONSEQUENTLY, WATER QUALITY PROBLEMS IN THE LOCAL WATERS ARE SERIOUS. THE PROBLEMS ARE PARTICULARLY BAD IN HUNG HOM BAY AND KOWLOON BAY DUE TO GEOGRAPHIC AND HYDRAULIC CONSTRAINTS.

THIS NORTH AND SOUTH KOWLOON SEWERAGE MASTER PLAN STUDY WILL ASSESS THE ADEQUACIES AND PERFORMANCE OF THE EXISTING SEWERAGE, SEWAGE TREATMENT AND DISPOSAL SYSTEMS IN THE AREAS.

SCHEMES FOR REMEDIAL WORKS WILL BE FORMULATED TO ENSURE THAT THE SEWAGE WILL BE PROPERLY COLLECTED, TREATED AND DISPOSED OF IN AN ENVIRONMENTALLY ACCEPTABLE MANNER.

A SEWERAGE MASTER PLAN WITH A PRIORITISED IMPLEMENTATION PROGRAMME WILL THEN BE DEVELOPED TO PROVIDE SHORT AND LONG TERM STRATEGIES TO REDUCE THE POLLUTION PROBLEMS IN STAGES.

THE AGREEMENT FOR THE CONSULTANCY STUDY WAS SIGNED TODAY (TUESDAY) BETWEEN EPD'S ASSISTANT DIRECTOR (WASTE AND WATER POLICY), MR MIKE J. STOKOE, AND THE DIRECTOR OF WATSON HAWKSLEY (HK) LIMITED, MR H.K. CHAN.

AT A TOTAL COST OF \$18 MILLION, THE STUDY WILL BE CARRIED OUT IN TWO PHASES AND COMPLETED IN 21 MONTHS.

- - - - 0 - - - -

MOTORISTS SWITCHING TO ULP

\* \* \* \* \*

MORE THAN HALF OF THE MOTORISTS WITH PETROL-ENGINED VEHICLES WHO VISITED LOCAL PETROL FILLING STATIONS LAST WEEK HAD OPTED FOR THE NEW UNLEADED PETROL (ULP).

FIGURES OBTAINED FROM THE OIL COMPANIES SHOWED THAT ULP ACCOUNTED FOR ABOUT 55 PER CENT OF PETROL SALES IN THE FIRST WEEK OF APRIL.

COMMENTING ON THIS, AN ASSISTANT DIRECTOR OF ENVIRONMENTAL PROTECTION, MR FRED TROMP, SAID TODAY (TUESDAY): "WE ARE MOST PLEASED WITH THIS ENCOURAGING START TO THE INTRODUCTION OF ULP TO HONG KONG.

"THIS MEANS THAT IN THE FIRST FEW DAYS OF APRIL, SEVEN OUT OF 10 MOTORISTS WHOSE CARS CAN USE ULP ALL OF THE TIME HAVE ALREADY MADE THE SWITCH.

"WE ARE CONFIDENT THAT MANY MORE WILL JOIN OUR 'GREEN DRIVE' SOON," HE SAID.

SELLING AT \$6.67 PER LITRE, ULP HAS A DISTINCT PRICE ADVANTAGE OVER LEADED PETROL AS IT IS \$1.01 PER LITRE CHEAPER. DEPENDING ON THE DISTANCE TRAVELLED, ULP USERS STAND TO SAVE BETWEEN \$1,000 AND \$2,000 PER YEAR.

"MORE IMPORTANTLY, THE INTRODUCTION OF ULP IS A MILESTONE MARKING SIGNIFICANT IMPROVEMENT IN ENVIRONMENTAL PROTECTION AS THIS WOULD ENABLE THE INTRODUCTION OF THE MOST STRINGENT INTERNATIONAL EMISSION STANDARDS FOR PETROL-ENGINED VEHICLES," MR TROMP SAID.

MORE THAN 70 PER CENT OF HONG KONG'S PETROL-ENGINED VEHICLES CAN USE ULP WITHOUT HAVING TO MAKE ANY ADJUSTMENT, AND WITH NO LOSS IN PERFORMANCE OR FUEL ECONOMY. A FURTHER 10 PER CENT CAN USE ULP AFTER MAKING A SMALL TIMING ADJUSTMENT TO THE ENGINE.

AS FROM JANUARY 1 NEXT YEAR, ALL VEHICLES, BE THEY PETROL OR DIESEL-DRIVEN, IMPORTED INTO HONG KONG WILL HAVE TO COMPLY WITH THE CURRENT JAPANESE OR AMERICAN EMISSION STANDARDS UNDER NEW REGULATIONS RECENTLY APPROVED BY THE EXECUTIVE COUNCIL.

MR TROMP SAID THE GOVERNMENT WAS ALSO EXAMINING MEASURES AIMED AT REDUCING THE RELIANCE ON DIESEL-ENGINED VEHICLES AND TO INTRODUCE NEW REGULATIONS WHICH WOULD ENABLE MORE EFFECTIVE CONTROL OVER SMOKE EMISSIONS FROM VEHICLES.

HE URGED THOSE MOTORISTS WHO HAD NOT SWITCHED TO ULP TO CONSULT THE COMPREHENSIVE "MOTORISTS GUIDE TO UNLEADED PETROL", WHICH HAD BEEN MAILED TO MORE THAN 180,000 REGISTERED CAR OWNERS, TO CHECK WHETHER THEIR VEHICLES COULD USE THE NEW "GREEN" PETROL.

MOTORISTS WHO HAVE ANY FURTHER DOUBTS OR NEED MORE INFORMATION SHOULD CONTACT THEIR CAR DEALER OR CALL THE MOTOR TRADERS ASSOCIATION/HONG KONG TELECOM SPONSORED ULP HOTLINE, 183 8383, WHICH WILL BE IN OPERATION UNTIL THE END OF THIS MONTH.

SCHOOL MANAGEMENT INITIATIVE SCHEME EXPLAINED

\* \* \* \* \*

IT IS IMPORTANT FOR A SCHOOL TO INFORM THE COMMUNITY IT SERVES - THE STUDENTS, PARENTS, TEACHERS, AND OTHER INTERESTED PARTIES - ABOUT ITSELF, ROTARIANS WERE TOLD AT A LUNCH MEETING TODAY (TUESDAY).

THE DIRECTOR OF EDUCATION, MR LI YUET-TING, IN A TALK ON THE SCHOOL MANAGEMENT INITIATIVE SCHEME, TOLD MEMBERS OF THE ROTARY CLUB OF HONG KONG NORTHWEST THAT THIS COULD BE ACHIEVED BY DEVELOPING A "SCHOOL PROFILE" CONTAINING USEFUL INFORMATION AND STATISTICS ABOUT THE SCHOOL.

THE SCHOOL PLAN AND PROFILE TOGETHER WOULD REFLECT HOW BEST THE SCHOOL HAD DEVISED ITS EDUCATIONAL PROGRAMMES AND UTILISED ITS RESOURCES, HE SAID.

"AT THE END OF THE DAY, THE COMMUNITY WILL BE CAPABLE OF GIVING DUE RECOGNITION TO WHATEVER EFFORTS PUT IN BY THE SCHOOL IN IMPROVING THE ACADEMIC PERFORMANCE AND THE ALL-ROUND DEVELOPMENT OF ITS STUDENTS THROUGH SUCCESSFUL PLANNING AND IMPLEMENTATION OF A GOOD SCHOOL PROGRAMME," THE DIRECTOR POINTED OUT.

SUCCESS, HE ADDED, WOULD NOT BE MEASURED ON A NORM-REFERENCED BASIS AS A SCHOOL WOULD NOT BE COMPARED WITH ANOTHER.

"I CANNOT EMPHASISE MORE THE MERIT OF THE NEW APPROACH, FOR WITHOUT WHICH THE EFFORTS AND ACHIEVEMENT OF THOSE WORKING IN SCHOOLS WITH INTAKE OF LOW QUALITY STUDENTS WILL NOT BE RECOGNISED," HE SAID.

THE DIRECTOR SAID THAT IN THE COMMITMENT TO LEARNING, AND AN EXPECTATION THAT STUDENTS WOULD DO WELL; MANY SCHOOLS WERE UNHAPPY DEALING WITH LOWER ABILITY STUDENTS BECAUSE THE HONG KONG CERTIFICATE OF EDUCATION EXAMINATION WAS CURRENTLY THE MAIN PERFORMANCE INDICATOR.

THE PUBLIC EXAMINATION SYSTEM BASICALLY ADOPTED A SELECTION AND COMPETITIVE APPROACH WHICH WAS LARGELY BASED ON NORM-REFERENCED PRINCIPLES IN WHICH THE PERFORMANCES OF CANDIDATES WERE COMPARED ONE WITH ANOTHER TO SELECT THOSE WHO SHOULD PROCEED TO THE NEXT STAGE.

"THIS PRACTICE HAS RESULTED IN SOME STUDENTS BEING CONTINUALLY DISCOURAGED BY FINDING THEMSELVES TOWARDS THE BOTTOM OF THEIR CLASS EACH YEAR, EVEN THOUGH THEY MAY HAVE MADE PROGRESS," MR LI SAID.

CONVERSELY, HE CONTINUED, SOME STUDENTS MIGHT CONTINUALLY ACHIEVE HIGH GRADES WITH REFERENCE TO THE NORM EVEN THOUGH THEIR KNOWLEDGE WAS QUITE LIMITED AND, TO ADDRESS THE SITUATION, THE EDUCATION COMMISSION RECOMMENDED IN ITS FOURTH REPORT THE IMPLEMENTATION OF TARGET-RELATED ASSESSMENTS (TRA).

THE TRA, HE SAID, WAS A POSITIVE WAY TO ASSESS PUPILS' INDIVIDUAL PROGRESS AGAINST A FRAMEWORK OF CLEARLY DEFINED ATTAINMENT TARGETS.

MR LI ADDED: "I AM SURE THAT THE TRA WHEN FULLY IMPLEMENTED WILL GIVE PROPER RECOGNITION TO STUDENTS' ACADEMIC ACHIEVEMENTS.

/"IT WILL .....

"IT WILL ALSO BEAR WITNESS TO TEACHERS' UNFAILING EFFORTS IN THE CLASSROOM. AND MOST IMPORTANT OF ALL, IT WILL PROVIDE THE COMMUNITY WITH A MORE RELIABLE AND FAIR TOOL TO MEASURE THE PERFORMANCE OF SCHOOLS."

MR LI SAID ABOUT 50 SCHOOLS WOULD BE INVOLVED IN MODERNISING SCHOOL MANAGEMENT PROCEDURES IN SEPTEMBER.

ON THE SCHOOL MANAGEMENT INITIATIVE SCHEME, HE SAID THE DEPARTMENT WAS LOOKING FORWARD TO WORKING WITH THOSE SCHOOLS, BOTH TO HELP THEM IMPLEMENT THE PROPOSALS, AND TO LEARN HOW TO EXTEND THE SCHEME AS EFFECTIVELY AND QUICKLY AS POSSIBLE TO A NUMBER OF PRIMARY SCHOOLS AND TO MORE SECONDARY SCHOOLS IN SUBSEQUENT YEARS.

"DURING THE FIRST YEAR, THE 50 SCHOOLS WILL BE HELPED TO ADAPT THEIR MANAGEMENT PROCEDURES, IN PREPARATION FOR CHANGING THE BLOCK GRANT SYSTEM IN SEPTEMBER 1992.

"UNDER THE NEW FUNDING ARRANGEMENTS, ALL GRANTS EXCEPT THOSE RELATING TO TEACHER SALARIES AND MAJOR REPAIRS WILL BE PROVIDED AS A BLOCK GRANT, WITH FEW RESTRICTIONS ON HOW IT IS SPENT," MR LI EXPLAINED.

"SCHOOLS WILL HENCE HAVE MORE FREEDOM TO DECIDE HOW TO USE THEIR RESOURCES," HE ADDED.

- - - - 0 - - - -

#### SUCCESSFUL PROSECUTIONS DEPEND ON PUBLIC'S CO-OPERATION

\* \* \* \* \*

SUCCESSFUL PROSECUTIONS OF CRIMINALS WHO PREY ON DECENT BUSINESSMEN AND BLACKMAIL THEIR HARD-EARNED PROFITS CAN ONLY COME WITH FULL CO-OPERATION FROM MEMBERS OF THE PUBLIC.

A POLICE SPOKESMAN MADE THE COMMENTS FOLLOWING THE CONVICTIONS OF FIVE MEN RECENTLY ON BLACKMAIL CHARGES.

"THE ACTIVITIES OF THIS GROUP OF PERSONS WHO HAD BEEN HARASSING DECORATION CONTRACTORS IN KWUN TONG FOR MONTHS COULD NOT HAVE COME TO OUR ATTENTION WITHOUT THE VICTIMS MAKING A REPORT TO US.

"AND THE COURT TRIAL OF THESE CRIMINALS WOULD HAVE BEEN MORE DIFFICULT WITHOUT THE TESTIMONY OF TWO BRAVE CITIZENS," THE SPOKESMAN SAID.

THE FIVE MEN, WHO WERE KNOWN TO BE ACTIVE IN KWUN TONG AREA, HAD BEEN EXTORTING PROTECTION MONEY FROM AUTHORISED DECORATION CONTRACTORS WORKING IN TSUI PING ROAD ESTATE BETWEEN DECEMBER 1989 AND MAY 1990.

ACCORDING TO COURT EVIDENCE THE CONTRACTORS HAD PAID THE GANG \$40,000 IN DECEMBER 1989 WHEN APPROACHED IN THE HOPE THAT THIS WOULD BUY PEACE.

/HOWEVER, THEIR .....

HOWEVER, THEIR OFFICES WERE VANDALISED BEFORE THE LUNAR NEW YEAR WHEN THEY REFUSED TO BUY SIX POTS OF TANGERINE OFFERED BY THE DEFENDANTS AT A COST OF \$18,000.

THE CONTRACTORS DECIDED TO SEEK HELP FROM THE POLICE WHEN THEY WERE AGAIN APPROACHED IN MARCH THIS YEAR FOR \$120,000 IN PROTECTION FEE.

INTENSIVE INVESTIGATIONS BY OFFICERS OF THE REGIONAL CRIME UNIT 6, KOWLOON EAST, LED TO THE ARREST OF THE DEFENDANTS WHO WERE INDICTED WITH VARIOUS BLACKMAIL CHARGES.

A WAN CHAI DISTRICT COURT JUDGE, WHO CONVICTED ALL THE DEFENDANTS, PRAISED THE TWO CITIZENS WHO TESTIFIED AGAINST THE DEFENDANTS IN COURT.

CONDEMNED THE DEFENDANTS AS "EVIL BLOOD SUCKERS", THE JUDGE IMPOSED A JAIL SENTENCE RANGING FROM FOUR AND A HALF YEAR TO FOUR YEARS AND NINE MONTHS ON APRIL 2.

WHILE WELCOMING THE HEAVY JAIL SENTENCES FOR THEIR DETERRENT EFFECT ON CRIMINALS, THE POLICE SPOKESMAN STRESSED THAT POLICE OFFICERS WOULD CONTINUE TO WAGE AN ALL-OUT WAR AGAINST TRIAD ELEMENTS.

"NO MATTER HOW MUCH EFFORTS POLICE OFFICERS HAVE PUT IN TO ARREST THESE TRIAD ELEMENTS, THE JOB WOULD ONLY BE HALF-DONE WITHOUT THE CO-OPERATION OF THE PUBLIC.

"MANY CRIMINALS ARE DEFYING THE LAW SIMPLY BECAUSE SOME CITIZENS ARE AFRAID TO REPORT THEIR CRIMINAL ACTIVITIES AND TO TESTIFY AGAINST THEM IN COURTS," HE NOTED.

"THE RECENT CONVICTIONS ARE A CLEAR DEMONSTRATION OF HOW TRIAD MEMBERS CAN BE APPREHENDED AND JAILED THROUGH THE CO-OPERATION OF MEMBERS OF THE PUBLIC, HE ADDED.

- - - - 0 - - - -

LABOUR INSPECTION DIVISION OFFICE ON MOVE

\* \* \* \* \*

THE TO KWA WAN AND HUNG HOM DISTRICT OFFICE OF THE LABOUR DEPARTMENT'S LABOUR INSPECTION DIVISION WILL MOVE TO NEW PREMISES ON THE SEVENTH FLOOR OF THE TO KWA WAN MARKET AND GOVERNMENT OFFICES AT 165 MA TAU WAI ROAD TOMORROW (WEDNESDAY).

THE TELEPHONE NUMBER OF THE NEW OFFICE WILL BE 760 0974.

THE DIVISION IS RESPONSIBLE FOR REGULATING THE HOURS OF WORK AND REST PERIODS FOR WOMEN AND YOUNG PERSONS IN THE INDUSTRY AND THE EMPLOYMENT OF CHILDREN AGED UNDER 15.

IT ALSO ENFORCES PROVISIONS RELATING TO EMPLOYEES' STATUTORY BENEFITS AND KEEPING OF EMPLOYMENT RECORDS, AS WELL AS ENSURING EMPLOYERS TAKE OUT INSURANCE POLICIES TO COVER THEIR LIABILITY TO COMPENSATE EMPLOYEES INJURED AT WORK.

- - - - 0 - - - -

TUESDAY, APRIL 9, 1991

- 25 -

UNAUTHORISED BUILDING WORKS TO BE CLOSED

\* \* \* \* \*

THE BUILDING AUTHORITY IS SEEKING TO CLOSE THE UNAUTHORISED STRUCTURES ON THE GROUND FLOOR OF 14 WESTERN STREET ON HONG KONG ISLAND, SO THAT THEY CAN BE DEMOLISHED WITHOUT DANGER TO THE OCCUPIERS AND THE PUBLIC.

A NOTICE OF INTENTION TO APPLY FOR A CLOSURE ORDER UNDER THE BUILDINGS ORDINANCE FROM THE HONG KONG DISTRICT COURT ON JUNE 11 WAS POSTED ON THE PREMISES TODAY (TUESDAY).

DEMOLITION WORK IS EXPECTED TO BE CARRIED OUT ONCE THE CLOSURE ORDER IS ISSUED.

- - - - 0 - - - -

WATER CUT IN TSUEN WAN

\* \* \* \* \*

FRESH WATER SUPPLY TO A NUMBER OF PREMISES IN TSUEN WAN WILL BE SUSPENDED FROM 10 PM ON THURSDAY (APRIL 11) TO 7 AM THE FOLLOWING DAY TO FACILITATE LEAKAGE TESTS.

THE PREMISES TO BE AFFECTED ARE BOUNDED BY FU YUNG STREET, YUEN TUN CIRCUIT, TAI HO ROAD AND SHA TSUI ROAD.

- - - - 0 - - - -

HONG KONG GOVERNMENT EXCHANGE FUND

HKEG

\* \* \* \* \*

EXCHANGE FUND BILLS TENDER RESULTS --- TUESDAY 9 APRIL 1991

ISSUE NUMBER	Q115
AMOUNT APPLIED	HKD 1,255 MN
AMOUNT ALLOTTED	HKD 400 MN
AVERAGE ACCEPTED YIELD	5.59 PCT
HIGHEST ACCEPTED YIELD	5.60 PCT
PRO RATA RATIO	100 PCT
AVERAGE DAILY TRANSFER FOR WEEK ENDING 4.4.91 WAS 8,026 MN	

/HONG KONG .....

## HONG KONG GOVERNMENT EXCHANGE FUND

HKEH

NEXT TENDER OF EXCHANGE FUND BILLS --- TUESDAY 16 APRIL 1991

ISSUE NUMBER	Q116	H162
ISSUE DATE	17 APR 91	17 APR 91
MATURITY DATE	17 JUL 91	17 OCT 91
TENOR	91 DAYS	183 DAYS
AMOUNT ON OFFER	HKD 400 + 80 MN	HKD 200 + 60 MN

- - - - 0 - - - -

HONG KONG GOVERNMENT EXCHANGE FUND  
MONEY MARKET OPERATIONS

HKEF

\* \* \* \* \*

	DATE	\$ MILLION
	----	-----
CLOSING BALANCE IN THE ACCOUNT ON	8.4.91	480
EFFECT OF FORWARDS TO BE SETTLED ON	9.4.91	+30
EFFECT OF OPERATIONS THIS MORNING		-30
EFFECT OF OPERATIONS THIS AFTERNOON		NEUTRAL

TRADE WEIGHTED INDEX 111.7 \*+0.3\* 9.4.91

HONG KONG GOVERNMENT EXCHANGE FUND  
91-DAY EXCHANGE FUND BILLS

HKEI

ISSUE NUMBER	MATURING ON	OUTSTANDING \$ MILLION
-----	-----	-----
Q102	10.4.91	630 -150
Q103	17.4.91	578 -98
Q104	24.4.91	675 -195
Q105	1.5.91	650 -170
Q106	8.5.91	463.5 +16.5
Q107	15.5.91	581 -101
Q108	22.5.91	490 -10
Q109	29.5.91	420 +60
Q110	5.6.91	360 +120
Q111	12.6.91	530 -50
Q112	19.6.91	540 -60
Q113	26.6.91	550 -70
Q114	3.7.91	470 +10

TUESDAY, APRIL 9, 1991

- 27 -

HONG KONG GOVERNMENT EXCHANGE FUND  
182-DAY EXCHANGE FUND BILLS

HKEJ

ISSUE NUMBER	MATURING ON	OUTSTANDING \$ MILLION	
-----	-----	-----	-----
H001	1.5.91	181	+79
H002	15.5.91	240	+20
H003	29.5.91	240	+20
H004	12.6.91	250	+10
H005	26.6.91	230	+30
H101	10.7.91	143	+117
H156	24.7.91	130	+130
H157	7.8.91	198	+62
H158	21.8.91	80	+180
H159	4.9.91	40	+220
H160	18.9.91	200	+60
H161	2.10.91	210	+50

HONG KONG GOVERNMENT EXCHANGE FUND  
364-DAY EXCHANGE FUND BILLS

HKEK

ISSUE NUMBER	MATURING ON	OUTSTANDING \$ MILLION	
-----	-----	-----	-----
Y187	26.2.92	180	+80
Y188	25.3.92	200	+60

AVERAGE DAILY TRANSFER FOR WEEK ENDING 4.4.91 WAS 8,026 MN

- - - - 0 - - - -

1991

19.4.91