



DAILY INFORMATION BULLETIN

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PRIME MINISTER SPEAKS TO BUSINESS LEADERS

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The Prime Minister, the Rt Hon Margaret Thatcher, today addressed a luncheon jointly hosted by the General Chamber of Commerce, the Chinese Manufacturers' Association and the Federation of Hong Kong Industries.

Also attending the luncheon were Mr Denis Thatcher, the Governor, Sir Edward Youde and Lady Youde.

Following is the full text of the Prime Minister's speech

May I start by saying how pleased I am to be in Hong Kong again. The atmosphere is always stimulating perhaps because for generations Hong Kong people have looked not to Governments for their standard of living, but to their own personal efforts.

Mr. Chairman, the prosperity of Hong Kong is built upon a principle in which I firmly believe - that the powers of Government should be limited to providing a framework of justice and regulation which encourage people to exercise their own talents. Then success will be achieved, not only by men and women for themselves and for their families, but also for their community as a whole.

I am grateful for the opportunity to speak to you today because I want to tell you, the commercial and industrial leaders of Hong Kong, something about the ways in which we are now trying to apply the same principles in Britain.

For many years the concept grew in Britain that the Government could not only provide the climate for economic growth, but could even create it.

I well recall that in the national plan of the late 1960s the expansion of public expenditure was presented as the engine of economic growth.

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That fallacy was exposed by the experience of the succeeding years. If public expenditure were the way to growth, Britain would be one of the most prosperous countries in the Western world. But it is not.

When my Government came to power in the 1970s, we were determined to reduce government intervention and control and started to establish the sort of framework for the operation of free enterprise to which I have referred.

Let me mention just a few areas where we have already seen the fruits of this approach in Britain.

Controls

For the first time in 40 years Britain is free of controls over incomes, prices, dividends and foreign exchange simultaneously.

Sound money

We have established and are maintaining a policy of sound money. The annual rate of inflation is now in single figures, and falling fast. In the last few days, the Chancellor of the Exchequer has said that it could be down to 6½% by the end of this year. Interest rates are falling too, and are more than a third lower than they were last autumn.

Trade Union law

We have started to tackle the problem of trade union law. Industrial relations in Britain are now good in the private sector. In 1981 we had the lowest strikes for 40 years.

I hope that we have ended and reversed the decline in the competitiveness of British industry. Last year saw a sharp improvement in both competitiveness and productivity. It is a sign of the growing confidence in the British economy at home and abroad that during all the anxious days of the Falklands dispute the exchange value of the pound hardly wavered.

Of course much remains to be done, but the pattern of improvement is encouraging. A greater realism is emerging, a better understanding of the links between sensible pay settlements, productivity, unemployment and the creation of lasting jobs.

A successful trading community such as Hong Kong needs no reminding of these links. But we have to reforge the chain; reforge it through overall economic policies and the climate they create; through discipline in public spending and borrowing; and through constant encouragement to management and unions to learn the lessons of competitiveness and performance as the key to success.

We still have many problems to tackle, particularly in the public sector. We have made some progress - although not as much as I would like - in opening up the public sector to competition and injecting private capital. I was delighted by the superb results reported by Cable and Wireless in the first year after their restoration to the private sector.

We also still have problems with our older industries, many of which are having to cope with the painful progress of running down capacity. But it is increasingly recognised in Britain that we cannot shirk such problems.

You in Hong Kong have always had a habit of enterprise, of designing new products and of forming new firms and companies. British economic success similarly depends on responding to the changing industrial world. And we are well equipped to do so by an outstanding record in scientific research and invention. In practical terms, the cathode ray tube, the computer, radar, the jet engine, penicillin, carbon fibres, nuclear power stations were all first produced in Britain by us British. Now we need to learn to develop the follow-up and exploitation of inventions of this kind.

Last week in Japan I visited a remarkable factory, where robots had replaced much of the repetitive work done on production lines. There were even robots making robots. All this has staggering implications for the future.

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We cannot turn our backs on such developments if we are to prosper. So we in Britain are shifting the emphasis of our effort towards the industries of the future - micro-electronics, fibre optics, bio-technology, information technology, and computer software. Government support through research institutions, public purchasing and grants has substantially increased since I became Prime Minister.

I also regard the Government as having a crucial role to play in education and training for the new technologies, particularly in encouraging schools and colleges to provide the necessary facilities. We now have micro-computers in every secondary school and have just started to put them into primary schools. We have computer training centres in every large city.

All this is part of the provision of the framework for free enterprise which I regard as the proper duty of Government.

I want now to refer to two implications which I think that this has for economic relations between Britain and Hong Kong.

First, the framework for enterprise can also be used by overseas companies which manufacture in Britain itself. Britain has much to offer to those investing there:-

- one of the most stable political systems in the world;
- access through membership of the European Community to a market of 270m people;
- secure energy supplies;
- a first class reputation for scientific research and invention;
- falling inflation and interest rates;
- prudent financial policies; and
- a highly skilled service economy.

On top of those assets, I believe that we are now providing an environment for enterprise which those used to Hong Kong will find attractive.

The second implication is for our trade. I hope that British industry will become an increasingly formidable competitor in both British and Hong Kong markets.

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It is inevitable that in a world of high unemployment brought about by the general international recession, voices are raised in favour of increased protectionism. I am opposed to any general move to dismantle the open trading system. I believe it has been of great benefit to us all.

Of course every country has some specific problem areas for which it needs to seek protection and I have been discussing some of these during my visit to Japan. I know that you wish that we could import more of your textiles, although I think you understand the very real difficulties affecting the United Kingdom and Community textile clothing industries. We can claim that in general the United Kingdom remains a market which is remarkably free of restrictions on access. The proportion of manufacturing imports able to enter Britain entirely duty free is almost 80 per cent. it was less than one-third in 1960. Much of this change is admittedly due to our membership of the European Community. But it does not bear out allegations of creeping, let alone galloping, protectionism.

There is no reason to doubt that Hong Kong will continue to export a large and growing range of well-made and reasonably priced goods to Britain. Britain will want similarly to increase the volume and range of its exports to Hong Kong. We are the second best customer for your goods but only sixth in order of your suppliers.

We know that success will depend on our own efforts - and there are now many opportunities for us both.

Mr. Chairman it will be obvious from what I have said that I greatly admire the achievements of Hong Kong.

Later this afternoon I shall be asked about the talks which I have just had with the Chinese leaders.

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On the present occasion I want to say just this to you. As you will know from press reports, we have agreed now to go ahead with discussions between the British and Chinese Governments about the future of Hong Kong.

Mr. Chairman, I share with you a justified pride in what has been achieved in Hong Kong under British administration. It is the product of a unique co-operation between the qualities of the British and the Chinese peoples. In entering the discussions with the Chinese Government we share with them the common aim of maintaining the stability and prosperity of Hong Kong.

I well understand the importance of these talks. Given our common objective, it should be possible to reconcile our differences of approach with the Chinese Government.

Above all, I give you this assurance: in conducting those talks, I shall speak not only for Britain but for Britain's moral responsibility and duty to the people of Hong Kong.

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PRIME MINISTER'S OPENING STATEMENT AT
PRESS CONFERENCE

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THE FOLLOWING OPENING STATEMENT BY THE PRIME MINISTER AT HER PRESS CONFERENCE THIS (MONDAY) AFTERNOON IS ISSUED FOR YOUR REFERENCE.

+LADIES AND GENTLEMEN, CAN I FIRST SAY HOW PLEASED I AM TO BE BACK IN HONG KONG AFTER FIVE YEARS, AND HOW PROUD I AM TO BE THE FIRST BRITISH PRIME MINISTER IN OFFICE TO VISIT THE TERRITORY. SUCH A VISIT HAS BEEN LONG OVERDUE.

+THERE CAN BE NO DOUBT ABOUT THE CLOSE AND CONTINUING LINKS BETWEEN BRITAIN AND HONG KONG: HONG KONG THIS YEAR IS TAKING MORE EXPORTS FROM BRITAIN THAN ANY OTHER MARKETS IN ASIA. AS I TOLD BUSINESSMEN AT LUNCH TODAY, THERE IS STILL SCOPE FOR MORE TRADE IN BOTH DIRECTIONS AND IT'S IN OUR MUTUAL INTERESTS, THE ECONOMIC LINKS IN THEMSELVES INDICATE OUR COMMITMENT TO HONG KONG ALTHOUGH THE COMMITMENT IS MUCH GREATER THAN THAT.

+AS YOU KNOW, ON THIS TOUR I HAVE ALSO BEEN TO JAPAN AND CHINA - PEKING, SHANGHAI AND CANTON. EVERYWHERE I WAS MADE VERY WELCOME AND I'D LIKE TO PAY TRIBUTE TO THE HOSPITALITY WE RECEIVED. THIS WARMTH ALSO SET THE TONE FOR OUR OFFICIAL DISCUSSIONS. IN CHINA I HAD LENGTHY AND DETAILED TALKS BOTH WITH PREMIER ZHAO AND CHAIRMAN DENG. WE COVERED A LOT OF GROUND AND WE HAVE SIMILAR VIEWS ON MANY INTERNATIONAL ISSUES. WE ALSO DISCUSSED SOME BILATERAL TOPICS AS YOU KNOW, INCLUDING THE PROSPECTS FOR INCREASED TRADE BETWEEN OUR TWO COUNTRIES.

+IN CANTON, WHERE I TALKED TO GOVERNOR LIU, WE ALSO DISCUSSED THE PROPOSED GUANGDONG NUCLEAR POWER STATION AND THE DEVELOPMENT OF OFFSHORE OIL. I HOPE THAT BRITISH FIRMS WILL BE ABLE TO PLAY A LARGE ROLE IN EQUIPPING THE POWER STATION AND IN DEVELOPING THE OIL RESOURCES. WHILE I WAS IN CANTON, THE LETTER OF INTENT WAS SIGNED BETWEEN CABLE AND WIRELESS AND THE GUANGDONG AUTHORITIES TO SET UP A TELECOMMUNICATIONS SYSTEM TO BACK UP THE OIL DEVELOPMENT.

+PERHAPS YOU'LL BE MOST INTERESTED IN THE OUTCOME OF MY DISCUSSIONS IN PEKING ON THE FUTURE OF HONG KONG, WHICH OCCUPIED SOME 4-1/2 HOURS. AFTER MY MEETING WITH CHAIRMAN DENG, WE ISSUED AN AGREED STATEMENT WHICH I WILL REPEAT - "THE LEADERS OF BOTH COUNTRIES HELD FAR-REACHING TALKS IN A FRIENDLY ATMOSPHERE ON THE FUTURE OF HONG KONG. BOTH LEADERS MADE CLEAR THEIR RESPECTIVE POSITIONS ON THIS SUBJECT; THEY AGREED TO ENTER INTO TALKS THROUGH DIPLOMATIC CHANNELS FOLLOWING THE VISIT, WITH THE COMMON AIM FOR MAINTAINING THE STABILITY AND PROSPERITY OF HONG KONG".

+COULD I ONCE AGAIN DRAW ATTENTION TO THE FACT THAT THE CHINESE LEADERS AND I IDENTIFIED A COMMON AIM OF MAINTAINING STABILITY AND PROSPERITY IN HONG KONG.

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+IN HONG KONG MY PURPOSE IS TO SEE WHAT IS HAPPENING SINCE I WAS LAST HERE FIVE YEARS AGO, AND TO PAY PARTICULAR ATTENTION TO THE VIEWS OF THE PEOPLE WHO LIVE HERE. I HAVE ALREADY MET MEMBERS OF THE EXECUTIVE AND LEGISLATIVE COUNCILS IN THE FORM OF UMELCO, AND MANY REPRESENTATIVES OF THE BUSINESS COMMUNITY. LATER TODAY AND TOMORROW, I SHALL MEET PEOPLE FROM MANY OTHER WALKS OF LIFE. I HAVE BEEN AT PAINS TO STRESS THAT THE BRITISH GOVERNMENT HAS A CLEAR RESPONSIBILITY FOR THE PEOPLE OF HONG KONG: AS LEADER OF THAT GOVERNMENT WHAT MATTERS TO ME IS THAT WE DISCHARGE OUR MORAL DUTY TO THEM. I WOULD LIKE TO ADD THAT MY OBJECTIVE ON THIS PART OF THE TOUR HAS BEEN TO FURTHER CO-OPERATION BETWEEN THE CHINESE AND BRITISH GOVERNMENTS AND TO GENERATE CONFIDENCE FOR THE TALKS AHEAD. MY AIM HERE HAS BEEN TO DEMONSTRATE BRITISH COMMITMENT TO THE PEOPLE OF HONG KONG AND TO CONSULT ON THE TASK WHICH LIES AHEAD, SO CO-OPERATION, CONFIDENCE, COMMITMENT - THESE WORDS SUM UP WHAT MY VISIT HAS BEEN ABOUT. SO FAR, SO GOOD.+

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TEACHING PUBLIC ABOUT THE HEART

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AN EXHIBITION ON HOW TO KEEP ONE'S HEART IN GOOD CONDITION WILL BE OPENED ON THURSDAY AFTERNOON AT THE CITY HALL.

THE EVENT, JOINTLY ORGANISED BY THE MEDICAL AND HEALTH DEPARTMENT'S CENTRAL HEALTH EDUCATION UNIT AND THE HONG KONG CARDIOLOGICAL SOCIETY, AND SPONSORED BY THE HONG KONG HEART FOUNDATION, WILL THEN BE OPENED TO THE PUBLIC FROM OCTOBER 1 TO 4, AT THE CITY HALL'S EXHIBITION HALL, LOW BLOCK, FROM 9 AM TO 6 PM DAILY.

IT IS PART OF A MAJOR HEALTH CAMPAIGN AIMED AT INCREASING PUBLIC KNOWLEDGE OF HEART DISEASES AND HOW TO PREVENT THEM.

DR HO KAM-FAI, UNOFFICIAL MEMBER OF THE LEGISLATIVE COUNCIL, AND DR. K.L. THONG, DIRECTOR OF MEDICAL AND HEALTH SERVICES, WILL OFFICIATE AT THE OPENING OF THE EXHIBITION.

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NOTE TO EDITORS :

YOU ARE INVITED TO COVER THE OPENING CEREMONY ON THURSDAY (SEPTEMBER 30), 1982 AT 4.30 PM AT THE CITY HALL.

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FARE REVISION FOR NT MAXICAB SERVICES
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FARES FOR THREE NEW TERRITORIES MAXICAB ROUTES WILL BE REVISED FROM FRIDAY (OCTOBER 1) DUE TO HIGHER OPERATIONAL COSTS.

THE FARE FOR ROUTE 83 -- TSUEN WAN-SHEK YAM TEMPORARY HOUSING AREA -- WILL BE RAISED FROM \$1 TO \$1.20. THE SECTIONAL ROUTE FARE WILL BE INCREASED FROM 70 CENTS TO \$1.

THE FARE FOR ROUTE 85 -- TSUEN WAN-FU YUNG SHAN -- WILL BE INCREASED FROM \$1 TO \$1.20.

THE SECTIONAL FARE FOR ROUTE 86 -- TSUEN WAN-SHEK LEI -- WILL BE RAISED FROM 70 CENTS TO \$1.

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RATIFICATION OF TEXTILES AGREEMENT
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FORMALITIES RELATING TO THE RATIFICATION OF THE HONG KONG CANADA TEXTILES AGREEMENT WERE COMPLETED TODAY (MONDAY), A SPOKESMAN FOR THE TRADE DEPARTMENT SAID.

THIS CONFIRMS THE DE FACTO ARRANGEMENTS WHICH HAVE BEEN IN EFFECT FOLLOWING THE INITIALLING OF THE AD REFERENDUM AGREEMENT IN FEBRUARY.

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TEMPORARY ROAD CLOSURE IN SHEUNG SHUI
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SAN FUNG AVENUE IN SHEK WU HUI, SHEUNG SHUI NEAR THE TAI PO ROAD ROUNDABOUT WILL BE CLOSED TO TRAFFIC BETWEEN 1 AM AND 6 AM ON WEDNESDAY (SEPTEMBER 29) FOR ROAD WORKS.

DURING THE CLOSURE, TRAFFIC WILL BE DIVERTED VIA TAI PO ROAD, THE FANLING ROUNDABOUT AND JOCKEY CLUB ROAD.

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WATER FIGURES
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STORAGE IN HONG KONG'S RESERVOIRS AT 9 AM TODAY (MONDAY) STOOD AT 81.6 PER CENT OF CAPACITY OR 471.106 MILLION CUBIC METRES.

THIS TIME LAST YEAR THE RESERVOIRS CONTAINED 249.018 MILLION CUBIC METRES OF WATER, REPRESENTING 43.1 PER CENT OF CAPACITY.

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