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GOVERNOR STRESSES COMMITMENT TO BUILDING FOR FUTURE

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THE GOVERNMENT ALONG WITH BUSINESSMEN AND MANUFACTURERS MUST COMMIT THEMSELVES TO USING HONG KONG'S TALENTS AND TECHNOLOGY TO BUILD FOR THE 21ST CENTURY, THE GOVERNOR, THE RT HON CHRISTOPHER PATTEN, SAID TODAY (MONDAY).

SPEAKING AT THE WORLD TRADE INVESTMENT CONFERENCE ON "HIGH TECHNOLOGY AND PROFITABILITY FOR THE 21ST CENTURY", MR PATTEN SAID THE CONFERENCE HAD THE RIGHT THEME IN THE RIGHT PLACE.

LOCAL BUSINESSMEN AND MANUFACTURERS HAVE DEMONSTRATED HOW THEIR COMMITMENT TO MAKING THE BEST OF THEIR OPPORTUNITIES, INVESTMENTS AND SKILLS HAVE KEPT THEM AHEAD OF THE COMPETITION.

"ONE OF THESE OPPORTUNITIES RESTS ON HONG KONG'S ROLE AS GATEWAY TO CHINA," HE SAID.

MANY MANUFACTURERS HAVE MOVED THEIR FACTORIES INTO GUANGDONG WHERE LAND AND LABOUR ARE IN GOOD SUPPLY.

MEANWHILE, THEY HAVE COMMITTED THEMSELVES AT HOME TO THE NEW DESIGN AND TECHNOLOGY THAT LEADS TO BETTER PRODUCTS, BETTER METHODS OF PRODUCTION AND BETTER USE OF RESOURCES.

"THEY ARE BUSY CLIMBING UP THE RUNGS THAT FORM THE TECHNOLOGICAL AND VALUE-ADDED LADDER," MR PATTEN SAID.

HE SAID GOVERNMENT NEEDED TO MAKE COMMITMENTS TOO, BUT OF A DIFFERENT SORT.

"OUR APPROACH IS ONE OF MINIMUM INTERFERENCE AND MAXIMUM SUPPORT," HE SAID.

TAXES ARE KEPT LOW AND PREDICTABLE; A GOOD, CLEAN LEGAL SYSTEM IS PROVIDED; AND INVESTMENTS ARE MADE IN HUMAN AND PHYSICAL INFRASTRUCTURE.

THE GOVERNMENT IS SPENDING ABOUT \$24 BILLION FROM 1992/95 ON TERTIARY EDUCATION. NEARLY \$250 MILLION IS PUT UP TO SET UP THE HONG KONG INDUSTRIAL TECHNOLOGY CENTRE.

ALSO, THE GOVERNMENT IS INVESTING \$200 MILLION TO PUMP-PRIME INDUSTRIAL RESEARCH DEVELOPMENT MATCHING FUNDS FROM THE PRIVATE SECTOR.

"WE DELIVER THE FRAMEWORK AND WE LOOK TO THE PRIVATE SECTOR TO DELIVER THE PROFITABILITY AND THE GOODS," HE SAID.

TURNING TO THE IMPACT OF TECHNOLOGICAL DEVELOPMENT ON THE ENVIRONMENT, MR PATTEN SAID WHOLE-HEARTED PURSUIT OF THIS DEVELOPMENT CAN CARRY COSTS.

HE BELIEVED THAT IT WAS VITAL NOW TO HARNESS THE POWER OF SCIENCE AND TECHNOLOGY TO SOLVE SOME OF THESE PROBLEMS.

/"WE MUST

"WE MUST BALANCE OUR ECONOMIC AND ENVIRONMENTAL BOOKS," HE SAID.

HONG KONG IS INVESTING OVER \$7 BILLION IN A COMPREHENSIVE WASTE DISPOSAL STRATEGY AND CARRYING OUT AN AMBITIOUS BUILDING PROGRAMME OF SEWERS AND SEWAGE TREATMENT FACILITIES.

IN ADDITION, THE COMMUNITY IS ENCOURAGED TO HELP PROTECT THE ENVIRONMENT AND USE RESOURCES PROPERLY.

"IF WE ARE TO BUILD A BETTER WORLD IN THE 21ST CENTURY, WE NEED TO MAKE SURE THAT TECHNOLOGICAL DEVELOPMENT WORKS FOR THE GOOD OF ALL," MR PATTEN SAID.

"AND WE CAN ACHIEVE THIS AIM THROUGH CO-OPERATION, THE FREE FLOW OF IDEAS AND INFORMATION AND FREE TRADE," HE ADDED.

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GOVERNOR'S QUESTION AND ANSWER SESSION AT TECHNOLOGY CONFERENCE

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FOLLOWING IS THE TRANSCRIPT OF THE QUESTION AND ANSWER SESSION OF THE GOVERNOR AT THE "HIGH TECHNOLOGY AND PROFITABILITY FOR 21ST CENTURY" CONFERENCE THIS (MONDAY) MORNING:

QUESTION: ... (INAUDIBLE)

GOVERNOR: ... ME TO DO SOMETHING MUCH EASIER THAN TO FORECAST WHAT HONG KONG WILL BE LIKE IN 150 YEARS TIME, THEY HAVE ASKED ME TO FORECAST WHAT EUROPE WILL BE LIKE IN 150 YEARS TIME WHICH IS OBVIOUSLY A MUCH MORE STRAIGHTFORWARD CHALLENGE. THE MAIN REASONS FOR HONG KONG'S ENORMOUS SUCCESS AS A COMMUNITY ARE, I THINK, FAIRLY CLEAR. FIRST OF ALL, OUR GEOGRAPHICAL POSITION, OUR POSITION AT THE HEART OF THE ASIA PACIFIC REGION, THE FASTEST GROWING ECONOMIC REGION IN THE WORLD, AND OUR POSITION, AS I SAID EARLIER, AS THE SWING-DOOR TO CHINA.

THE SECOND REASON FOR OUR SUCCESS IS THAT WE HAVE PURSUED FOR SOME YEARS, AND WITH ENTHUSIASM, FREE MARKET ECONOMICS; FREE MARKET ECONOMICS WHICH HAVE GIVEN US THE RESOURCES TO MAKE FOR INSTANCE INVESTMENTS IN WHAT ECONOMISTS CALL SOCIAL EQUITY PROGRAMMES - PUBLIC HOUSING, HEALTH, EDUCATION - WHICH HAVE ENSURED THAT THIS IS A RESPONSIBLE SOCIAL MARKET ECONOMY.

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THIRDLY, THE THIRD REASON FOR OUR SUCCESS IS THAT WE HAVE PURSUED FREE MARKET ECONOMICS WITHIN THE FRAMEWORK OF THE RULE OF LAW. NOW, WHEN WE NEGOTIATED THE RESUMPTION OF CHINESE SOVEREIGNTY IN 1997, THE AGREEMENT WHICH BRITAIN AND CHINA PUT THEIR NAMES TO ATTEMPTED TO GUARANTEE BOTH THE FREE MARKET ECONOMY AND THE RULE OF LAW AND THE VALUES ASSOCIATED WITH IT FOR 50 YEARS BEYOND 1997. I TAKE EVERY WORD IN THAT AGREEMENT SERIOUSLY AND I THINK THAT HONG KONG WILL CONTINUE TO BE HUGELY SUCCESSFUL PROVIDED OTHERS TAKE IT SERIOUSLY TOO. I THINK THAT THE CERTAINTY THAT THE RULE OF LAW PROVIDES, THE CERTAINTY THAT OUR VALUES AND WAY OF LIFE PROVIDE, IS AS IMPORTANT TO OUR SUCCESS AS THE ASTONISHING SHANGHAINESE, CANTONESE ENTREPRENEURIALISM WHICH HAS FOLLOWED ADAM SMITH'S PRESCRIPTIONS WITH SO MUCH ELAN FOR THE LAST DECADES.

WITH THOSE PROVISOS, HONG KONG WILL, IN MY JUDGMENT, PLAY THE SAME SORT OF ROLE IN RELATION TO THE OPENING UP OF THE CHINESE ECONOMY THAT NEW YORK PLAYED IN RELATION TO THE NORTH AMERICAN ECONOMIES A CENTURY AGO. WHAT IS HAPPENING IN CHINA IS PLAINLY ENORMOUSLY EXCITING, ENORMOUSLY IMPORTANT FOR THE WORLD, AND WITH THAT CONTINUING SUCCESS IN CHINA, I AM SURE HONG KONG WILL CONTINUE TO BE SUCCESSFUL TOO.

PETER HUSTON (ECM GROUP TRADE PUBLISHERS): MR PATTEN SPOKE ABOUT NOT BACKING LOSERS. IT SEEMS THAT HONG KONG, IN TECHNOLOGY TERMS, HADN'T REALLY BACKED ANY REAL WINNERS IF YOU COMPARE HONG KONG TO TAIWAN OR SINGAPORE WHO HAVE BACKED SOME WINNERS, EVEN IF THEY HAVE BACKED SOME LOSERS. DOES MR PATTEN THINK THAT MAYBE IN THE FUTURE HONG KONG CAN BACK SOME WINNERS AND PUT SOME MONEY IN MORE THAN JUST SUPPORT, ACTUALLY TO DEVELOP SOME HARD TECHNOLOGIES?

GOVERNOR: LET ME REFINE THAT REMARK. WHAT I THINK I SHOULD HAVE SAID WAS THAT GOVERNMENTS ARE BAD AT PICKING WINNERS. CERTAINLY, IN MY EXPERIENCE IN WESTERN EUROPE, MOST OF THE WINNERS PICKED BY GOVERNMENTS TURNED OUT TO BE PRETTY EXPENSIVE AND DIDN'T ALWAYS FINISH UP AT THE FRONT OF THE FIELD. I DON'T THINK THAT HONG KONG CAN OR SHOULD BEHAVE IN JUST THE SAME WAY AS TAIWAN OR SINGAPORE. WE'VE MANAGED TO GO UP-MARKET TECHNOLOGICALLY, WE'VE MANAGED TO INCREASE OUR ADDED VALUE, WE'VE MANAGED TO KEEP OUR COMPETITIVE EDGE IN THE LAST FEW YEARS, WITHOUT GOVERNMENT INVOLVING ITSELF IN THE SORT OF PRO-ACTIVE INDUSTRIAL POLICY WHICH HAS BEEN TRIED, PERHAPS NECESSARILY, IN OTHER COMMUNITIES. AND HAS THAT BEEN UNSUCCESSFUL? WELL, THERE WAS - SOME OF YOU MAY HAVE SEEN IT - AN EXTREMELY INTERESTING SURVEY, A COMPARATIVE STUDY DONE BY MIT OF THE SINGAPORE AND HONG KONG ECONOMISTS WHICH COMPARED USE OF CAPITAL, USE OF LABOUR, IN HONG KONG AND SINGAPORE AND INDICATED HOW MUCH MORE SUCCESSFULLY WE HAD MANAGED OUR CAPITAL INVESTMENTS, HOW BIGGER OUR RETURN HAD BEEN, THAN WAS THE CASE IN SINGAPORE.

I DON'T THINK THAT IT IS SENSIBLE FOR US TO PUT LARGE AMOUNTS OF TAXPAYERS' MONEY INTO A PRO-ACTIVE INDUSTRIAL POLICY BUT I DO THINK IT IS SENSIBLE FOR US TO GIVE GREATER ASSISTANCE TO APPLIED RESEARCH AND DEVELOPMENT. I THINK IT IS IMPORTANT AND VALUABLE FOR US TO GIVE THE SORT OF SUPPORT WHICH I MENTIONED EARLIER, TO SOME FORMS OF TECHNOLOGICAL DEVELOPMENT, FOR EXAMPLE ENVIRONMENTAL TECHNOLOGY. BUT I THINK WE CAN BEST SECURE OUR POSITION BY BEING AN UP-MARKET, HIGH VALUE-ADDED BUSINESS SERVICES, FINANCING, DESIGN CENTRE, TELECOMMUNICATIONS CENTRE, FOR THE REGION, I THINK THAT IS HOW WE WILL MANAGE TO INCREASE OUR ECONOMIC IMPORTANCE, NOT BY APING WHAT HAS BEEN PERHAPS A NECESSARY INDUSTRIAL TOOL ELSEWHERE.

MANUEL MORALES (PUERTO RICO): I WOULD LIKE TO ASK YOU, SIR - YOU ADDRESSED THE ISSUE OF ENVIRONMENT AND SPECIFICALLY THE WASTE DISPOSAL TECHNOLOGY THAT YOU WILL BE IMPLEMENTING AND WORKING WITH IN HONG KONG - COULD YOU EXPAND SOME COMMENTS ON THAT PARTICULAR SUBJECT PLEASE?

GOVERNOR: YES. FOR YEARS, WE HAVE Poured INDUSTRIAL AND HUMAN WASTE INTO OUR WATER SYSTEM AND INTO THE WATERS AROUND OUR SHORES WITH WHOLLY PREDICTABLE RESULTS AND NOW WE HAVE GOT TO PAY FOR THAT, WE'VE GOT TO CLEAN UP OUR WATER AND WE'VE GOT TO MAKE SURE IT REMAINS CLEAN. WE'VE LAUNCHED A PROGRAMME WHICH IS ESSENTIALLY IN TWO PARTS, ONE OF WHICH A DISCRETE PART CAN BE COMPLETED BEFORE 1997 AND THE OTHER OF WHICH I HOPE THE SUCCESSOR GOVERNMENT AFTER 1997 WILL CARRY THROUGH. OUR PART INVOLVES INVESTMENT OF ABOUT 7 BILLION IN A NETWORK OF NEW SEWERS AND SEWAGE TREATMENT STATIONS. IT IS A HUGE INVESTMENT BUT A VERY IMPORTANT ONE.

IT RAISES AN INTERESTING QUESTION OF COURSE, NAMELY, THE EXTENT TO WHICH IT IS SUFFICIENT FOR US IN HONG KONG TO TAKE ON ENVIRONMENTAL PROBLEMS ON OUR OWN. THE ANSWER OF COURSE IS, IT IS NOT SUFFICIENT FOR US TO DO THESE THINGS ON OUR OWN, WE HAVE TO THINK REGIONALLY. AND INCREASINGLY, AS I SAID TO A CONFERENCE WITH SOME OF THE AUTHORITIES FROM GUANGDONG NOT VERY LONG AGO, WE WILL HAVE TO PLAN THESE THINGS AND INVEST WITH REGIONAL OBJECTIVES IN MIND. IF WE CLEAN UP THE WATERS AROUND HONG KONG BUT FIND THAT THEY ARE BEING POLLUTED IN THE YEARS AHEAD BY INDUSTRIAL EFFLUENT FLOWING DOWN FROM THE PEARL RIVER DELTA, IT WON'T HAVE BEEN THE MOST SENSIBLE WAY OF INVESTING OUR MONEY, SO WE HAVE TO WORK CLOSELY WITH OTHERS IN THE REGION TO MAKE SURE THAT WE TACKLE A REGIONAL PROBLEM SUCCESSFULLY, BUT THE FIRST BIG INVESTMENT HAS TO START HERE IN HONG KONG.

MARCO LANDI (TEXAS INSTRUMENTS): THE THEME OF THIS CONFERENCE IS HIGH TECHNOLOGY AND PROFITABILITY. I WOULD LIKE TO ASK THIS QUESTION: HONG KONG INFLATION KEEPS AT A LEVEL OF 10%. THAT IS REALLY HIGHER THAN MANY OTHER PLACES AROUND HONG KONG. DO YOU SEE ANY SPECIFIC ACTION THAT SHOULD BE TAKEN IN ORDER FOR HONG KONG TO BE STILL COMPETITIVE TO ATTACK THIS ISSUE? THANK YOU.

GOVERNOR: I, AS A FORMER POLITICIAN, CAME FROM EUROPE WHERE A NUMBER OF GOVERNMENTS OVER THE LAST YEAR HAVE BEEN WRECKED OR COME CLOSE TO BEING WRECKED BY THEIR COMMITMENT TO DRIVING DOWN INFLATION AND WE ALL KNOW THE POLITICAL COSTS THAT CAN BE PAID IN THAT VERY NECESSARY PROCESS. THE TROUBLE IS, IN MANAGING THE PROBLEM IN EUROPE, EUROPEAN POLITICIANS HAVE HAD TO COPE WITH HIGH EXPECTATIONS FROM THEIR FELLOW CITIZENS AND LOW ECONOMIC GROWTH RATES. HERE, WE DO HAVE A DIFFICULT INFLATION PROBLEM, AN INFLATION PROBLEM WHICH NONE OF US CAN BE COMPLACENT ABOUT BUT AN INFLATION PROBLEM WHICH HAS STRUCTURAL CAUSES, IN MY JUDGMENT, AND IS LARGELY A CONSEQUENCE OF SUPPLY-SIDE ISSUES.

ONE OF THE INSTRUMENTS THAT WOULD BE AVAILABLE, THOUGH WE MIGHT NOT WISH TO USE IT, WERE WE DEBATING THESE THINGS IN THE EUROPEAN CONTEXT, IS MONETARY POLICY. BUT IN HONG KONG, TO A DEGREE, WE HAVE OUR HANDS TIED ON MONETARY POLICY BECAUSE OF THE NECESSARY LINK BETWEEN OUR DOLLAR AND THE US DOLLAR. THAT IS A LINK WHICH IS GOING TO REMAIN AND MUST REMAIN, BECAUSE I WOULDN'T WANT TO SEE THE OCCASIONAL POLITICAL DISTURBANCES THAT WE HAVE OR POLITICAL DISAGREEMENTS THAT WE HAVE, TAKING THEIR TOLL ON OUR EXCHANGE RATE. THE LINK WITH THE US DOLLAR IS IMPORTANT TO US BUT IT DOES RESTRICT THE AMOUNT TO WHICH WE CAN USE MONETARY POLICY AS A WEAPON IN CONTROLLING INFLATION.

THE MAIN REASONS FOR OUR INFLATION ARE TO DO WITH OUR GEOGRAPHICAL, OUR PHYSICAL, POSITION. FIRST OF ALL, THERE IS A LIMIT TO THE AMOUNT OF LAND THAT WE HAVE, THOUGH RECLAMATION DOES A LITTLE TO HELP EASE THE PRESSURE THERE. SECONDLY AND EVEN MORE CONCERNING, WE HAVE LABOUR MARKET PROBLEMS WITH OUR PUBLISHED VACANCY FIGURES ALMOST TWICE THE SIZE, AT THE MOMENT, AS OUR PUBLISHED UNEMPLOYMENT FIGURES. UNEMPLOYMENT RUNS AT ROUNDABOUT 40,000. THE VACANCIES RUN AT ABOUT 70,000. THAT IS NOT A PROBLEM WHICH MOST COMMUNITIES ELSEWHERE IN THE WORLD ARE HAVING TO COPE WITH AT THE MOMENT. THERE ARE WORRIES IN THE COMMUNITY ABOUT THE IMPORTATION OF LABOUR TO MEET THOSE BOTTLENECKS, TO MEET SOME OF THOSE PROBLEMS, CONCERNS WHICH ARE ROOTED IN PEOPLE'S ANXIETIES ABOUT THE IMPACT ON WAGE RATES AND RELATED MATTERS. THERE ARE ANXIETIES THAT WE HAVE TO TRY TO COPE WITH AND THERE ARE ANXIETIES THAT WE HAVE TO TRY TO EDUCATE. WE ALSO HAVE TO DO MORE TO INVEST IN VOCATIONAL TRAINING AND RE-TRAINING IN ORDER TO OVERCOME LABOUR SUPPLY PROBLEMS. BUT IN MY JUDGMENT, THE BIGGEST PROBLEMS THAT WE HAVE ARE ON LAND SUPPLY AND PARTICULARLY LABOUR SUPPLY AREAS IN INCREASING INFLATION.

WE'VE MANAGED TO BRING INFLATION DOWN, WE ARE DETERMINED AS GOVERNMENT TO DO WHAT WE CAN BY NOT ALLOWING PUBLIC EXPENDITURE TO RISE BY MORE THAN THE RATE OF INCREASE IN OUR GNP. WE HAVE LARGE RESERVES AND SO FISCAL POLICY I THINK IS SET IN THE RIGHT DIRECTION. WE ARE DOING WHAT WE CAN ON THOSE SUPPLY SIDE PROBLEMS BUT IT'S NOT EASY TO COPE WITH OUR INFLATION FOR THE STRUCTURAL REASONS THAT I MENTIONED. ONE OTHER THING I SHOULD SAY IS THAT DESPITE OUR INTERNAL INFLATION RATE WE'VE MANAGED TO REMAIN COMPETITIVE. OUR EXPORT PRICES HAVE ONLY BEEN GOING UP BY ABOUT 1-1/2% A YEAR WHICH IS PRETTY GOOD BY ANYBODY'S RECKONING AND THAT IS OF COURSE PARTLY A CONSEQUENCE OF US MOVING MANUFACTURING INTO MAINLAND CHINA AND TAKING ADVANTAGE OF LABOUR SUPPLY AND LABOUR COSTS COMPETITIVENESS IN MAINLAND CHINA. CLEARLY, HOW LONG WE CAN DO THAT IS AN INTERESTING QUESTION. SO WE HAVE TO GO ON BEARING DOWN ON INFLATION WHEREVER WE CAN.

QUESTION: I WILL ASK ONE QUESTION TO GOVERNOR PATTEN. IN 1997 HONG KONG SOVEREIGNTY IS RETURNED TO CHINA UNDER THE CONCEPT OF THE ONE COUNTRY TWO SYSTEMS. THEREFORE I WOULD LIKE TO ASK, GOVERNOR, HOW YOU VISUALISE THE RELATIONSHIP BETWEEN THE TWO SYSTEMS, ESPECIALLY IN THE FIELD OF ECONOMIC DEVELOPMENT? HOW DO YOU VISUALISE, ACTUALLY, THE RELATIONSHIP BETWEEN THE TWO SYSTEMS? THANK YOU.

GOVERNOR: FIRST OF ALL AMBASSADOR, IT'S VERY NICE TO SEE YOU AGAIN AND TYPICALLY AND VERY COURTEOUSLY YOU'VE ASKED THE MILLION DOLLAR OR BILLION YEN QUESTION. ADAM SMITH WOULD HAVE DESCRIBED HIMSELF AS A MORAL PHILOSOPHER AND WROTE ABOUT POLITICAL ECONOMY AND THAT, I THINK, UNDERLINES AN EXTREMELY IMPORTANT POINT WHICH I WAS TRYING TO MAKE IN MY REMARKS EARLIER. THE REASON FOR OUR SUCCESS ISN'T SOLELY THAT WE ALLOCATE RESOURCES ACCORDING TO THE RULES OF THE CAPITALIST MODEL, WE ALSO ENJOY ALL THE VALUES AND THE FREEDOM OF AN OPEN PLURAL SOCIETY. WE ARE NOT A DEMOCRACY BUT WE ARE AN OPEN AND FREE AND TOLERANT COMMUNITY WHICH HAS ELEMENTS OF DEMOCRACY IN ITS MAKE-UP. NOW, WHEN OUR FRIENDS IN CHINA TALK ABOUT ONE COUNTRY, TWO SYSTEMS I HOPE THAT THEY UNDERSTAND THAT OUR SYSTEM GOES BEYOND A CAPITALIST MODEL. CERTAINLY, WHAT IS DESCRIBED IN THE JOINT DECLARATION GOES WELL BEYOND A MERE DESCRIPTION OF THE WAY AN ECONOMY MECHANISTICALLY WORKS. WHAT IS DESCRIBED IN THE JOINT DECLARATION IS OUR LIVING AND THRIVING COMMUNITY HERE IN WHICH WE TAKE A FREE PRESS AND THE RULE OF LAW FOR GRANTED.

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MY OWN BELIEF IS, THE NEARER WE GET TO 1997 THE MORE LIKELY IT IS THAT CHINESE OFFICIALS WILL UNDERSTAND THE CONTEXT OF OUR ECONOMIC SUCCESS, NOT LEAST BECAUSE THEIR OWN ECONOMIC SUCCESS - AND I MUST BE CAREFUL WHAT I SAY - WILL START TO CREATE A CONTEXT AS WELL. LET ME PUT THAT PERHAPS OVER-SIMPLY AND SAY THAT THIS IS NOT AN OBSERVATION ABOUT CHINA IN PARTICULAR, IT'S AN OBSERVATION ABOUT EVERYWHERE. ECONOMIC GROWTH INCREASES IN PERSONAL AFFLUENCE IN NET DISPOSABLE INCOME. INCREASES IN TRAVEL, IMPROVEMENTS IN EDUCATION, MORE KIDS BEING EDUCATED IN OTHER COUNTRIES, CELLULAR TELEPHONES, SATELLITE TV'S ALL PRODUCE EFFECTS WHICH AREN'T JUST ECONOMIC. ALL START TO SHAPE SOCIETY MUCH MORE THAN POLITICIANS DO, MUCH MORE THAN POLITICAL STATEMENTS DO. SO I HOPE THAT THE VALUES THAT HONG KONG REPRESENTS WILL BE REGARDED WITH GREATER UNDERSTANDING NEARER TO AND AFTER 1997 AND I ALSO HOPE THAT - AND I DON'T JUST SPEAK FOR THE IMMEDIATE REGION - BUT I ALSO HOPE THAT MORE PLACES BECOME LIKE HONG KONG AS THE NEXT CENTURY UNFOLDS.

I HOPE I HAVE STATED THOSE ARGUMENTS JUDICIOUSLY AND CAREFULLY. I HAVE TO PICK MY WAY BETWEEN MINEFIELDS BUT I AM CONFIDENT THAT, PROVIDED IN HONG KONG WE HAVE THE SELF-CONFIDENCE TO BELIEVE IN OUR OWN SYSTEM, OUR SYSTEM WILL SURVIVE AND PROSPER IN A SUCCESSFUL AND PROSPERING CHINA IN THE 21ST CENTURY.

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UNEMPLOYMENT AND UNDEREMPLOYMENT FIGURES
FOR JANUARY - MARCH
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THE SEASONALLY ADJUSTED UNEMPLOYMENT RATE FOR JANUARY - MARCH 1993 WAS 2.3%, AND THE UNDEREMPLOYMENT RATE WAS 1.6%, ACCORDING TO THE LATEST LABOUR FORCE STATISTICS RELEASED TODAY (MONDAY) BY THE CENSUS AND STATISTICS DEPARTMENT.

THE PROVISIONAL SEASONALLY ADJUSTED UNEMPLOYMENT RATE FOR THE PERIOD FEBRUARY - APRIL 1993 WAS 2.4%, WHILE THE PROVISIONAL UNDEREMPLOYMENT RATE WAS 1.8%.

THE SLIGHT EDGING UP OF BOTH THE UNEMPLOYMENT AND UNDEREMPLOYMENT RATES IN THE THREE MONTHS FEBRUARY TO APRIL IS LIKELY TO BE TEMPORARY, AS THE ECONOMY IS EXPECTED TO MAINTAIN A STEADY GROWTH THEREBY SUSTAINING THE OVERALL DEMAND FOR MANPOWER.

OVERALL, THE UNEMPLOYMENT AND UNDEREMPLOYMENT SITUATION IN THE MOST RECENT MONTHS CAN STILL BE REGARDED AS LARGELY STABLE.

DURING THE PERIOD JANUARY - MARCH 1993, THE NUMBER OF UNEMPLOYED PERSONS, ADJUSTED FOR VARIATIONS IN THE NUMBER OF FIRST-TIME JOB-SEEKERS, WAS ESTIMATED AT 66,600, WHILE THE NUMBER OF UNDEREMPLOYED PERSONS WAS ESTIMATED AT 46,100.

THE UNEMPLOYMENT AND UNDEREMPLOYMENT STATISTICS WERE OBTAINED FROM A CONTINUOUS GENERAL HOUSEHOLD SURVEY CONDUCTED BY THE CENSUS AND STATISTICS DEPARTMENT.

THE SURVEY FOR JANUARY - MARCH 1993 COVERED A QUARTERLY SAMPLE OF SOME 12,100 HOUSEHOLDS OR 41,800 PERSONS, SELECTED SCIENTIFICALLY TO REPRESENT THE LAND-BASED CIVILIAN NON-INSTITUTIONAL POPULATION IN HONG KONG.

RELEVANT DATA WAS OBTAINED IN THE SURVEY BY INTERVIEWING EACH INDIVIDUAL MEMBER AGED 15 AND ABOVE IN THE HOUSEHOLDS SAMPLED.

IN THE SURVEY, THE DEFINITIONS USED IN MEASURING UNEMPLOYMENT AND UNDEREMPLOYMENT FOLLOW CLOSELY THOSE RECOMMENDED BY THE INTERNATIONAL LABOUR ORGANISATION.

DETAILED ANALYSIS OF LABOUR FORCE CHARACTERISTICS IS GIVEN IN THE REPORT ON THE GENERAL HOUSEHOLD SURVEY WHICH IS PUBLISHED FOUR TIMES A YEAR. THE NEXT REPORT COVERING THE QUARTER ENDING MARCH 1993 WILL BE AVAILABLE FROM THE GOVERNMENT PUBLICATIONS CENTRE BY THE END OF NEXT MONTH.

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AIDS COUNCIL APPROVES 36 CLAIMS FOR EX-GRATIA PAYMENTS

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THE COUNCIL FOR THE AIDS TRUST FUND TODAY (MONDAY) APPROVED 36 APPLICATIONS FOR EX-GRATIA PAYMENTS TO PATIENTS INFECTED BY HIV THROUGH TRANSFUSION OF BLOOD AND BLOOD PRODUCTS IN HONG KONG PRIOR TO AUGUST 1985.

THE AMOUNT OF PAYMENT TOTALS OVER \$20 MILLION.

"EACH CASE HAS BEEN CAREFULLY EXAMINED AND VALIDATED BY THE COUNCIL AND ITS SUB-COMMITTEE," SAID COUNCIL CHAIRMAN, PROFESSOR DAVID TODD.

OF THE 36 APPLICATIONS, TWO WERE FROM MARRIED PERSONS WITH DEPENDENT CHILDREN, ONE FROM A PATIENT WHO IS MARRIED BUT WITHOUT DEPENDENT CHILDREN AND 27 WERE FROM SINGLE PERSONS, OF WHOM EIGHT ARE UNDER THE AGE OF 18.

THE REMAINING SIX WERE FROM FAMILIES OF PATIENTS WHO HAVE ALREADY DIED.

THE COUNCIL WAS ESTABLISHED IMMEDIATELY FOLLOWING THE LEGISLATIVE COUNCIL'S APPROVAL OF FUNDS ON APRIL 16 THIS YEAR.

THE LEVELS OF PAYMENT TO BE MADE TO ELIGIBLE CLAIMANTS APPROVED BY THE COUNCIL ARE AS FOLLOWS:

(A) FOR THE DIRECTLY INFECTED:

I)	MARRIED WITH DEPENDENT CHILDREN	\$1,000,000
II)	MARRIED WITHOUT DEPENDENT CHILDREN	\$ 750,000
III)	SINGLE	\$ 600,000

/(B) FOR AN

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- (B) FOR AN INFECTED SPOUSE OR CHILD OF THE ABOVE \$ 300,000
- (C) FOR THE FAMILY OF A VICTIM WHO HAS DIED
AND NOT ELIGIBLE FOR ANY OF THE ABOVE \$ 300,000

PROF TODD SAID HE WAS DELIGHTED BY THE SPEED IN WHICH GOVERNMENT HAD ACTED IN PROVIDING SPECIAL RELIEF TO THE PATIENTS CONCERNED.

HE ALSO THANKED THE PATIENTS' ATTENDANT DOCTORS FOR THEIR ASSISTANCE IN EXPEDITING THE VALIDATION OF APPLICATIONS.

THE SECRETARY OF THE COUNCIL WILL BE CONTACTING THE APPLICANTS TO ARRANGE PAYMENT IN THE NEXT COUPLE OF DAYS.

PROF TODD CALLED ON THOSE WHO HAD NOT YET PUT IN THEIR APPLICATIONS TO CONTACT THE SECRETARY ON TEL 810 2123.

"THERE IS NO DEADLINE FOR APPLICATIONS," HE STRESSED.

MEANWHILE, THE COUNCIL IS AWARE THAT A NUMBER OF VOLUNTARY ORGANISATIONS ARE PLANNING PROJECTS TO PROVIDE MEDICAL/SUPPORT SERVICES FOR HIV-PATIENTS AND TO EDUCATE PUBLIC ON PREVENTION OF THE DISEASE.

PROF TODD SAID APPLICATIONS FOR FUNDS IN SUPPORT OF THESE PROJECTS WERE WELCOME AND HE ENCOURAGED THESE ORGANISATIONS TO PUT FORWARD THEIR APPLICATIONS SOONEST.

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ANOTHER PROSPEROUS YEAR FOR BANKING SYSTEM

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THE HONG KONG BANKING SYSTEM ENJOYED ANOTHER PROSPEROUS YEAR IN 1992, DUE LARGELY TO THE ABILITY OF HONG KONG BANKS TO PARTICIPATE, DIRECTLY OR INDIRECTLY, IN THE ECONOMIC EXPANSION IN SOUTHERN CHINA, THE DEPUTY CHIEF EXECUTIVE (BANKING) OF THE HONG KONG MONETARY AUTHORITY, MR DAVID CARSE, NOTED IN AN ANNUAL REPORT.

HE PRESENTED THE REPORT TO THE GOVERNOR-IN-COUNCIL IN HIS FORMER CAPACITY AS THE COMMISSIONER OF BANKING.

THE REPORT, WHICH WAS PUBLISHED TODAY (MONDAY), REVIEWS THE PERFORMANCE OF THE BANKING INDUSTRY, SUPERVISORY DEVELOPMENTS AND THE WORK OF THE OFFICE OF THE COMMISSIONER OF BANKING.

IT PRIMARILY COVERS MATTERS THAT OCCURRED LAST YEAR WHEN THE COMMISSIONER OF BANKING WAS STILL RESPONSIBLE FOR THE SUPERVISION OF THE BANKING SYSTEM IN HONG KONG.

ON APRIL 1 THIS YEAR, THE OFFICE OF THE COMMISSIONER OF BANKING MERGED WITH THE OFFICE OF THE EXCHANGE FUND TO FORM THE HONG KONG MONETARY AUTHORITY.

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SPEAKING AT A PRESS CONFERENCE, MR CARSE WELCOMED THE FORMATION OF THE HONG KONG MONETARY AUTHORITY WHICH HE DESCRIBED AS AN IMPORTANT MILESTONE IN THE HISTORY OF MONETARY MANAGEMENT IN HONG KONG.

MR CARSE POINTED OUT THAT ALTHOUGH THE OUTLOOK FOR THE BANKING SYSTEM IN 1993 REMAINED FAVOURABLE, INSTITUTIONS SHOULD MAINTAIN TIGHT CONTROL ON OPERATING EXPENSES AND ON CREDIT STANDARDS TO AVOID INCREASED BAD DEBT PROVISIONS.

LAST YEAR THE COMMISSIONER OF BANKING TOOK FURTHER STEPS TO ESTABLISH A SUPERVISORY FRAMEWORK WHICH WAS FULLY IN LINE WITH INTERNATIONAL STANDARDS.

NEW LEGISLATION WAS ENACTED TO PROVIDE ENHANCED POWERS TO COMMISSION REPORTS FROM AUDITORS ON VARIOUS ASPECTS OF AUTHORISED INSTITUTIONS' INTERNAL CONTROL SYSTEMS.

IN ADDITION, THE AUTHORISATION CRITERIA FOR ALL THREE CATEGORIES OF AUTHORISED INSTITUTIONS WERE REVISED TO INCORPORATE THE MINIMUM STANDARDS FOR SUPERVISION OF INTERNATIONAL BANKS AS RECOMMENDED BY THE BASLE COMMITTEE.

MR CARSE NOTED THAT A NUMBER OF FOREIGN BANKS CONTINUED TO SHOW STRONG INTEREST IN COMING TO HONG KONG.

"THE INCREASING ROLE OF HONG KONG AS A CHANNEL FOR THE TRADE AND FINANCIAL FLOWS BETWEEN CHINA AND THE REST OF THE WORLD HAVE FURTHER STRENGTHENED ITS POSITION AS AN INTERNATIONAL FINANCIAL CENTRE," HE SAID.

IN 1992, FIVE BANKING LICENCES AND FOUR RESTRICTED BANKING LICENCES WERE GRANTED. AT THE SAME TIME, THERE WAS CONTINUED RATIONALISATION IN THE DEPOSIT-TAKING COMPANIES SECTOR.

MR CARSE ALSO DESCRIBED THE EFFORTS OF THE COMMISSIONER'S OFFICE TO PERSUADE ALL AUTHORISED INSTITUTIONS TO OBSERVE THE VOLUNTARY 70 PER CENT LOAN TO VALUATION RATIO FOR RESIDENTIAL MORTGAGES.

"REFLECTING THIS, THE RATE OF GROWTH IN MORTGAGE LENDING EASED DURING THE YEAR.

"HOWEVER, INSTITUTIONS WERE ADVISED NOT TO RELAX THEIR CAUTIOUS LENDING STANCE SO AS TO AVOID A RESURGENCE OF SPECULATIVE ACTIVITIES," HE SAID.

ON THE LIQUIDATION OF THE BANK OF CREDIT AND COMMERCE HONG KONG LTD, MR CARSE NOTED THAT A SCHEME OF ARRANGEMENT WAS APPROVED IN SEPTEMBER 1992 WHEREBY ALL SMALL DEPOSITORS, OWED \$100,000 OR LESS, WOULD BE PAID IN FULL.

LARGE CREDITORS WOULD RANK FOR DIVIDENDS THROUGHOUT THE LIQUIDATION.

"THE AMOUNT OF THE FINAL DIVIDEND, WHICH HAS BEEN ESTIMATED AT 70 PER CENT - 75 PER CENT, COMPARES FAVOURABLY WITH THE RETURN TO BANK OF CREDIT AND COMMERCE DEPOSITORS ELSEWHERE," HE SAID.

/HE NOTED

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HE NOTED THAT CONSULTATION ON A SCHEME FOR DEPOSIT INSURANCE FAILED TO ELICIT WIDESPREAD PUBLIC SUPPORT.

AS A RESULT, THE GOVERNMENT DECIDED TO PROCEED WITH AN ALTERNATIVE PROPOSAL TO GIVE SMALL DEPOSITORS PRIORITY IN A LIQUIDATION, HE SAID.

THE REPORT IS AVAILABLE FROM THE GOVERNMENT PUBLICATIONS CENTRE ON THE GROUND FLOOR, GPO BUILDING, CONNAUGHT PLACE, CENTRAL AT \$30 A COPY.

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SRC MEETS MUSIC OFFICE STAFF REPRESENTATIVES

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THE SECRETARY FOR RECREATION AND CULTURE, MR JAMES SO, THIS (MONDAY) AFTERNOON MET WITH REPRESENTATIVES OF THE GOVERNMENT MUSIC OFFICER GRADE STAFF ASSOCIATION OVER THE FUTURE OF THE MUSIC OFFICE.

MR SO EXPLAINED CLEARLY TO THE REPRESENTATIVES DURING THE MEETING THAT PROPOSALS IN THE CURRENT ARTS POLICY REVIEW REPORT WERE NOT TO DISBAND THE MUSIC OFFICE, BUT RATHER TO TRANSFER ITS FUNCTIONS AND ACTIVITIES TO THE NON-GOVERNMENT SECTOR.

THE AIM OF THE PROPOSALS WAS TO MAINTAIN THE EXISTING LEVEL OF SERVICES.

"THEY ARE NOT PROPOSALS TO SAVE MONEY," MR SO ADDED.

HE EXPLAINED THAT THE REPORT WAS STILL UNDERGOING CONSULTATION AND NO DECISION WOULD BE TAKEN UNTIL ALL PUBLIC COMMENTS, INCLUDING THOSE OF THE STAFF ASSOCIATION, HAD BEEN THOROUGHLY ANALYSED AND FIRM PROPOSALS SUBMITTED TO THE EXECUTIVE COUNCIL (EXCO).

AT THE MEETING, THE REPRESENTATIVES ALSO RAISED THE QUESTION OF THEIR FUTURE PROSPECTS SHOULD THE PROPOSAL TO TRANSFER TO THE NON-GOVERNMENT SECTOR BE IMPLEMENTED.

MR SO PROMISED THE REPRESENTATIVES HE WOULD GIVE THE STAFF ASSOCIATION'S POINTS SERIOUS CONSIDERATION WHEN CONSIDERING FIRM PROPOSALS TO EXCO.

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ADVICE ON OVERSEAS STUDY

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PARENTS WISHING TO SEND THEIR CHILDREN OVERSEAS TO STUDY SHOULD CONSULT NON PROFIT-MAKING ORGANISATIONS SUCH AS THE CAREERS AND GUIDANCE SERVICES SECTION OF THE EDUCATION DEPARTMENT AND THE BRITISH COUNCIL.

GIVING THE ADVICE, A SPOKESMAN FOR THE EDUCATION DEPARTMENT SAID TODAY (MONDAY) THAT PARENTS SHOULD NOT BE HASTY IN APPLYING FOR THEIR CHILDREN TO PURSUE PRE-UNIVERSITY, COMMERCE OR TECHNICAL COURSES IN PRIVATE INSTITUTIONS OVERSEAS.

"THEY SHOULD BE ESPECIALLY CAREFUL IN CASES WHERE THEY WOULD BE REQUESTED TO DEPOSIT A LARGE DOWNPAYMENT AS REGISTRATION OR TUITION FEES," THE SPOKESMAN EXPLAINED.

IT WOULD BE ADVISABLE TO CONSULT WITH NON-PROFIT MAKING ORGANISATIONS, INCLUDING THE INSTITUTE OF INTERNATIONAL EDUCATION, THE EDUCATION ADVISORY SERVICE OF THE HANG SENG BANK OR THE CONSULATES AND COMMISSIONS OF THE COUNTRIES CONCERNED.

"PARENTS ARE ALSO ADVISED TO FIND OUT WHETHER THEIR CHILDREN WILL BE FREE TO MOVE TO ANOTHER INSTITUTION IN THE SAME COUNTRY AND IN WHAT CIRCUMSTANCES ANY FEES PAID WOULD BE REFUNDABLE," HE SAID.

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CHIEF JUSTICE PAYS TRIBUTE TO SIR GEOFFREY BRIGGS

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THE CHIEF JUSTICE, SIR TI LIANG YANG, WILL PAY TRIBUTE TO THE LATE SIR GEOFFREY BRIGGS, A FORMER CHIEF JUSTICE OF HONG KONG AT A CEREMONY AT 9.15 AM ON FRIDAY (MAY 21) IN COURT NO. 1, SUPREME COURT.

SIR GEOFFREY DIED IN ENGLAND ON MAY 12.

VICE-PRESIDENT OF COURT OF APPEAL, MR JUSTICE SILKE, HIGH COURT JUDGE MR JUSTICE LIU, DISTRICT JUDGE DANIELL AND CHIEF MAGISTRATE MR G P MUTTRIE, WILL SIT ON THE BENCH WITH THE CHIEF JUSTICE DURING THE CEREMONY.

SIR GEOFFREY WAS BORN ON MAY 6, 1914 AND WAS EDUCATED AT OXFORD, ENGLAND. HE WAS CALLED TO THE BAR AT GRAY'S INN IN 1939.

IN 1962/65, SIR GEOFFREY WAS CHIEF JUSTICE IN THE WESTERN PACIFIC. HE JOINED THE HONG KONG JUDICIARY AS A PUISNE JUDGE IN 1965, AND WAS APPOINTED CHIEF JUSTICE IN 1973. HE RETIRED ON AUGUST 27, 1979.

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WATER STORAGE FIGURE

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STORAGE IN HONG KONG'S RESERVOIRS AT 9 AM TODAY (MONDAY) STOOD AT 52.4 PER CENT OF CAPACITY OR 307.156 MILLION CUBIC METRES.

THIS TIME LAST YEAR THE RESERVOIRS CONTAINED 316.077 MILLION CUBIC METRES OF WATER, REPRESENTING 53.9 PER CENT OF CAPACITY.

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FRESH WATER CUTS IN YAU MA TEI, SAN PO KONG

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FRESH WATER SUPPLY TO SOME PREMISES IN YAU MA TEI AND SAN PO KONG WILL GO OFF FROM 11 PM ON WEDNESDAY (MAY 19) TO 6 AM THE NEXT DAY TO FACILITATE WASTE DETECTION WORK ON WATER MAINS.

THE SUSPENSION WILL AFFECT ALL THE PREMISES BOUNDED BY RECLAMATION STREET, KANSU STREET, CANTON ROAD AND NING PO STREET IN YAU MA TEI AS WELL AS THOSE BOUNDED BY CHOI HUNG ROAD, PRINCE EDWARD ROAD EAST, KING TAI STREET AND TSEUK LUK STREET IN SAN PO KONG.

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EXCHANGE FUND NOTES: TENDER RESULTS

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TENDER DATE	17 MAY 93
PAPER ON OFFER	EF NOTES
ISSUE NUMBER	2505
AMOUNT APPLIED	HKD1,694 MN
AMOUNT ALLOTTED	HKD500 MN
AVERAGE YIELD ACCEPTED	99.65 (3.97)
HIGHEST YIELD ACCEPTED	99.65 (3.97)
PRO RATA RATIO	ABOUT 62 PCT
AVERAGE TENDER YIELD	99.42 (4.10)

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HONG KONG GOVERNMENT EXCHANGE FUND
MONEY MARKET OPERATIONS

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\$ MILLION

OPENING BALANCE IN THE ACCOUNT	1,430
REVERSAL OF LAF	+720
BALANCE AFTER REVERSAL OF LAF	2,150
NET INJECTION/WITHDRAWAL TODAY	NIL
EFFECT OF LAF TODAY	-80
CLOSING BALANCE IN THE ACCOUNT	2,070
LAF RATE 2.00 BID/4.00 OFFER	TWI 112.2 *+0.0* 17.5.93

HONG KONG GOVERNMENT EXCHANGE FUND

EF BILLS

HONG KONG GOVERNMENT BONDS

TERMS	YIELD	TERM	ISSUE	COUPON	PRICE	YIELD
1 WEEK	3.17 PCT	15 MONTHS	2408	4.375	101.14	3.46
1 MONTH	3.11 PCT	18 MONTHS	2411	4.625	101.48	3.63
3 MONTHS	3.00 PCT	21 MONTHS	2502	4.75	101.60	3.83
6 MONTHS	3.10 PCT	24 MONTHS	2505	3.75	99.65	3.97
12 MONTHS	3.27 PCT					

TOTAL TURNOVER OF BILLS AND BONDS - 10,594 MN

CLOSED 17 MAY 1993

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