



DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
BEACONSFIELD HOUSE, HONG KONG. TEL: 5-233191

TUESDAY, JANUARY 22, 1985

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TUESDAY, JANUARY 22, 1985

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NEW AIR OF CONFIDENCE, OPTIMISM IN HONG KONG,
GOVERNOR TELLS LONDON STOCK EXCHANGE

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THE SINO-BRITISH AGREEMENT ON HONG KONG HAD ENGENDERED A NEW AIR OF CONFIDENCE AND OPTIMISM IN THE TERRITORY, THE GOVERNOR, SIR EDWARD YOUDE, SAID IN A LECTURE TO THE LONDON STOCK EXCHANGE TODAY.

IT HAD ALSO REINFORCED THE CONFIDENCE OF MANY OVERSEAS INVESTORS, SIR EDWARD SAID IN HIS LECTURE ON +THE POLITICAL AND COMMERCIAL PROSPECTS FOR HONG KONG+.

THE GOVERNOR POINTED OUT THAT INVESTMENT IN PLANT AND MACHINERY HAD PICKED UP, REFLECTING BOTH A LAGGED RESPONSE TO THE EXPORT RECOVERY AND GREATER INVESTOR CONFIDENCE IN THE FUTURE. AND EVEN IN THE PROPERTY MARKET, SIGNS WERE BETTER THAN THEY HAD BEEN FOR SOME YEARS.

CONFIDENCE THAT AN ACCEPTABLE SETTLEMENT WOULD BE ACHIEVED HAD ALWAYS BEEN STRONG AMONG A NUMBER OF FOREIGN BUSINESSMEN, PARTICULARLY FROM THE UNITED STATES, HE SAID.

POINTING OUT THAT ABOUT 500 FACTORIES HERE WERE EITHER FULLY OR PARTLY OWNED BY OVERSEAS INTERESTS, SIR EDWARD SAID ALSO THAT THE UNITED STATES ACCOUNTED FOR OVER HALF OF THE TOTAL OVERSEAS INVESTMENT, WITH JAPAN ACCOUNTING FOR ANOTHER FIFTH.

UNITED STATES INVESTMENT HAD BEEN PARTICULARLY STRONG IN THE ELECTRONICS INDUSTRY, INCREASING BY MORE THAN 50 PER CENT IN THE LAST THREE YEARS, AND ACCOUNTING FOR NEARLY 80 PER CENT OF TOTAL OVERSEAS INVESTMENT IN THAT INDUSTRY.

JAPANESE BANKS, THE GOVERNOR SAID, HAD SHOWN STRONG INTEREST IN THE FINANCIAL SECTORS. OF THE 14 OVERSEAS BANKS LICENSED IN THE LAST TWO YEARS, 10 OF THEM WERE FROM JAPAN.

SPEAKING OF THE 'GREAT OPPORTUNITIES' OPEN TO THE UK BUSINESS COMMUNITY, SIR EDWARD NOTED THAT MANY UK COMPANIES, SOME OF THEM HOUSEHOLD NAMES, HAD BEEN OPERATING SUCCESSFULLY AND PROFITABLY IN HONG KONG FOR MANY YEARS.

MORE THAN 50 WERE INVOLVED IN MANUFACTURING IN HONG KONG, WITH A TOTAL INVESTMENT OF ABOUT 88 MILLION POUNDS STERLING.

BUT THIS INVESTMENT PALED IN COMPARISON WITH THAT OF THE U.S., CHINA AND JAPAN, HE SAID.

UNITED KINGDOM INVESTMENT REPRESENTED LESS THAN SEVEN PER CENT OF TOTAL OVERSEAS INVESTMENT IN HONG KONG INDUSTRY, AND IN TRADING TERMS, THE UK PROVIDED ONLY FOUR PER CENT OF HONG KONG IMPORTS.

THIS LOW LEVEL OF UK INVOLVEMENT WAS DIFFICULT TO EXPLAIN. THERE WAS NO REASON WHY UK COMPANIES SHOULD NOT BE MORE INVOLVED IN HONG KONG, NOR WHY UK EXPORTS SHOULD NOT COMPETE SUCCESSFULLY IN THE HONG KONG MARKET.

+ECONOMICALLY I SEE THE SAME OPPORTUNITIES FOR UK COMPANIES AS FOR THOSE FROM OTHER COUNTRIES, AND I AM GLAD TO SAY THAT OVER THE LAST YEAR TWO OR THREE OF THE UK'S LEADING COMPANIES HAVE TAKEN THE SAME VIEW,+ SIR EDWARD SAID.

THERE WAS A GROWING TENDENCY FOR INTERNATIONAL COMPANIES TO USE HONG KONG AS A SPRING BOARD TO EXPAND IN THE REGION IN GENERAL AND INTO CHINA IN PARTICULAR. MANY HAD DONE SO WITH GREAT SUCCESS.

+AS CHINA'S MODERNISATION PROGRAMME PROGRESSES, OPPORTUNITIES ABOUND FOR THOSE IN HONG KONG WITH THE ABILITY TO OFFER ADVANCED TECHNOLOGY AND SERVICES APPROPRIATE TO HER NEEDS,+ SIR EDWARD SAID.

THERE WAS NO REASON WHY UK COMPANIES SHOULD NOT SHARE IN THIS GROWTH IN A MORE SIGNIFICANT WAY THAN AT PRESENT.

THERE WAS, NOW, SIR EDWARD SAID, +A FUND OF GOODWILL TOWARDS THE UNITED KINGDOM IN CHINA AND THE REGION GENERALLY.+

SPEAKING OF THE AGREEMENT, SIR EDWARD SAID IT PROVIDED AN ENCOURAGING EXAMPLE OF HOW A COMPLEX INTERNATIONAL ISSUE, WHICH HAD RAISED IMPORTANT AND DEEPLY FELT POINTS OF PRINCIPLE FOR BOTH SIDES, COULD BE TACKLED AND SUCCESSFULLY RESOLVED.

IT WAS IN THE WIDER INTEREST OF THE INTERNATIONAL COMMUNITY THAT THE AGREEMENT SHOULD SUCCEED, AND THAT HONG KONG SHOULD PROSPER, HE SAID.

+WE IN HONG KONG ARE MUCH ENCOURAGED THAT THE GOVERNMENTS OF THE UNITED STATES, OF THE COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY, OF JAPAN, AND OF OUR OTHER MAJOR TRADING PARTNERS, HAVE RECOGNISED THIS, AND HAVE STATED THEIR SUPPORT FOR THE AGREEMENT,+ HE SAID.

GIVING A BACKGROUND TO THE NEGOTIATIONS, SIR EDWARD SAID THAT THERE HAD BEEN, AT THE BEGINNING OF THIS DECADE, A GROWING SHADOW OF UNCERTAINTY ABOUT THE FUTURE OF HONG KONG IN 1997.

WHEN HE ARRIVED IN MAY 1982, THE SHORTENING OF THE NEW TERRITORIES LEASE HAD ALREADY BEGUN TO CAUSE ANXIETY AND DOUBTS AMONG THE COMMUNITY AND INVESTORS ALIKE.

+THE BRITISH AND HONG KONG GOVERNMENTS HAD, THEREFORE LITTLE CHOICE ABOUT THE TIMING OF THE NEGOTIATIONS.

+WITH SUCH LARGE ISSUES AT STAKE, WHOSE RESOLUTION WOULD AFFECT THE LIVES OF SO MANY PEOPLE AND THEIR CHILDREN, WE COULD NOT LEAVE THOSE PEOPLE IN DOUBT ABOUT THEIR FUTURE.

+WE COULD NOT SIT BACK AND WATCH BUSINESS CONFIDENCE ERODE AS 1997 GOT CLOSER. AN EARLY START HAD TO BE MADE, AND THAT START HAD TO BE MADE AT THE HIGHEST LEVEL. THE PRIME MINISTER'S VISIT IN SEPTEMBER 1982 PROVIDED THE OPPORTUNITY,+ THE GOVERNOR SAID.

OTHER REASONS FOR LOOKING FOR A SETTLEMENT WERE THE COLLAPSE IN LAND AND PROPERTY PRICES IN THE SUMMER OF 1982, AND THE EFFECT OF THE VERY SHARP RECESSION OF 1982 IN THE UNITED STATES.

ALTHOUGH THERE WAS CONFIDENCE OF ECONOMIC RECOVERY, THERE WAS ALSO NEED TO RESTORE CONFIDENCE IN THE FUTURE OF HONG KONG, SO AS TO TAKE ADVANTAGE OF IT.

POINTING OUT THAT NOT ONLY ECONOMIC FACTORS AFFECTED BUSINESS DECISIONS, SIR EDWARD SAID THE CRISIS OF CONFIDENCE IN THE HONG KONG DOLLAR WHICH HAD COME TO A HEAD IN THE AUTUMN OF 1983, AT A PARTICULARLY DELICATE STAGE OF THE NEGOTIATIONS, HAD BEEN LARGELY THE RESULT OF POLITICAL UNCERTAINTY.

TO RESTORE A STABLE CURRENCY, THE HONG KONG GOVERNMENT REVISED THE FRAMEWORK OF ITS MONETARY POLICY -- SPECIFICALLY THE NOTE-ISSUE ARRANGEMENTS -- WITH THE AIM OF LINKING THE VALUE OF THE HONG KONG DOLLAR TO THAT OF THE U.S. DOLLAR. WITH THE COOPERATION OF HONG KONG'S MAJOR BANKS, THE NEW ARRANGEMENTS ACHIEVED THAT AIM, HE SAID.

+THUS,+ SIR EDWARD SAID, +WE WERE ABLE TO CONDUCT THE CRUCIAL CONCLUDING STAGES OF THE NEGOTIATIONS IN 1984 AGAINST THE BACKGROUND OF RISING EXPORTS, A STABLE CURRENCY, AND A CONSEQUENT STRONG STIMULUS TO GROWTH IN OUR ECONOMY, FULL EMPLOYMENT AND STEADILY FALLING RATE OF INFLATION.+

EVEN THEN, THE KEY TO HONG KONG'S FUTURE HAD YET TO BE FOUND.

+IF OUR ENTREPRENEURS, AND OUR PROFESSIONAL AND TECHNICALLY QUALIFIED PEOPLE, WERE TO BE CONVINCED THAT HONG KONG WOULD CONTINUE TO OFFER THEM AND THEIR FAMILIES AN ACCEPTABLE HOME, THEY HAD TO BE CONVINCED THAT ITS ECONOMIC SYSTEM AND FAMILIAR LIFE-STYLE WOULD SURVIVE,+ SIR EDWARD SAID.

IF THIS GROWTH WAS TO CONTINUE, THERE HAD TO BE REINVESTMENT AND NEW INVESTMENT. FOR ALL THAT, THERE HAD TO BE POLITICAL CONFIDENCE; AND THE KEY TO THAT POLITICAL CONFIDENCE WAS A SATISFACTORY COMPLETION OF THE SINO-BRITISH NEGOTIATIONS, HE SAID.

+THAT KEY WAS PROVIDED BY THE INITIALLING IN PEKING ON 26TH SEPTEMBER LAST YEAR OF THE DRAFT SINO-BRITISH AGREEMENT.

+THE AGREEMENT RECEIVED AN IMMEDIATE WELCOME, AND I HAD NO DIFFICULTY IN COMMENDING IT TO THE PEOPLE OF HONG KONG.

+THE CONCLUSION THAT THE AGREEMENT IS A GOOD ONE HAS BEEN ENDORSED BY THE PEOPLE OF HONG KONG, BY BOTH HOUSES OF PARLIAMENT, AND BY THE INTERNATIONAL COMMUNITY,+ SIR EDWARD SAID.

/SIR EDWARD

SIR EDWARD SAID HE DID NOT PRETEND THAT THE FUTURE HAD NO UNCERTAINTIES.

GIVEN ITS DEPENDENCE ON EXPORTS AND THE OPENNESS OF ITS TRADING AND FINANCIAL SYSTEMS, HONG KONG WAS VULNERABLE TO CHANGES IN THE INTERNATIONAL ECONOMIC CLIMATE.

+THE AGREEMENT HAS NOT REMOVED THE CONCERNS OF EVERYONE IN HONG KONG ABOUT THE FUTURE. THERE ARE THOSE WHO STILL PLAN TO WAIT AND SEE.

+BUT I WILL MAINTAIN THAT, IF YOU WEIGH THOSE UNCERTAINTIES AGAINST THOSE WHICH AFFECT ALL OTHER PARTS OF THE WORLD, THEN HONG KONG HAS A MORE ASSURED FUTURE THAN MOST,+ HE SAID.

ALL THE FACTORS WHICH HAD CONTRIBUTED TO HONG KONG'S ECONOMIC PROSPERITY IN THE PAST WERE STILL PRESENT.

+OUR ECONOMY IS HEALTHY. OUR COMMITMENT TO FREE ENTERPRISE HAS ENABLED OUR MANUFACTURING INDUSTRY, OUR EXPORTS AND OUR SERVICE INDUSTRIES, INCLUDING FINANCIAL SERVICES, TO ACHIEVE ENVIABLE RATES OF GROWTH.

+OUR CURRENCY, NOW LINKED TO THE U.S. DOLLAR, IS STABLE, AND INFLATION IS FALLING.

+THE GOVERNMENT IS CONTINUING ITS PROGRAMME OF INVESTMENT IN THE FUTURE.

+WE SHALL CONTINUE TO RESPOND TO THE NEEDS OF OUR COMMUNITY IN ORDER TO MAINTAIN A FIRM FOUNDATION FOR SOCIAL STABILITY.

+AT THE SAME TIME WE SHALL MAINTAIN PRUDENT FINANCIAL POLICIES,+ HE SAID.

POINTING OUT THAT THE AGREEMENT CONSTITUTED A BINDING COMMITMENT ON THE PART OF BOTH GOVERNMENTS TO FOSTER THE STABILITY AND PROSPERITY OF HONG KONG, SIR EDWARD SAID HE HAD NO DOUBT THAT THEY WOULD FULFIL THAT COMMITMENT.

+NOT ONLY BECAUSE THEY ARE PLEDGED TO MAKE THE AGREEMENT WORK, BUT BECAUSE IT IS SELF-EVIDENTLY IN THEIR INTEREST TO DO SO,+ HE SAID.

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TAI PO WILL BE HOME FOR 200 000
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TAI PO DISTRICT IN THE NEW TERRITORIES HAS BEEN TRANSFORMED FROM A QUIET MARKET TOWN INTO A BUSTLING NEW TOWN WHICH WILL BE HOME FOR 200 000 PEOPLE, THE SECRETARY FOR DISTRICT ADMINISTRATION, MR DAVID AKERS-JONES SAID TODAY (TUESDAY).

HE WAS SPEAKING AT THE FOUNDATION STONE LAYING CEREMONY OF AN ESTATE IN THE PRIVATE SECTOR PARTICIPATION SCHEME AT TAI PO TOWN, WHICH IS A PRIVATE INVESTMENT IN THE PUBLIC HOME OWNERSHIP SCHEME PROVIDING 1 460 FLATS IN AN ATTRACTIVE LANDSCAPE.

MR AKERS-JONES SAID TAI PO WAS A TOWN WHICH HAD BEEN DESIGNED TO MAKE THE MOST OF ITS SETTING BY THE SEA AND AMONG THE MOUNTAINS.

+IT IS A TOWN, NOT ONLY OF FACTORIES AND HOUSING ESTATES, RAILWAYS AND ROADS, BUT A TOWN WHICH WILL BE HOME FOR 200 000 PEOPLE,+ HE SAID.

+A PLACE, OF WHICH ITS RESIDENTS CAN BE PROUD, WITH PARKS, PLAYGROUNDS, RIVERSIDE-WALKS AND A FULL RANGE OF COMMUNITY FACILITIES,+ HE ADDED.

MR AKERS-JONES NOTED THAT THE TAI PO DISTRICT BOARD HAD THE RESPONSIBILITY OF RESPONDING TO THE PROBLEMS OF THE TOWN AND ITS PEOPLE, AND TO REFLECT TO THE GOVERNMENT THE VIEWS OF ITS RESIDENTS ON THE WIDER ISSUES OF THE DAY.

+IN 1982, MORE THAN 8 000 PEOPLE VOTED IN ELECTION OF TAI PO DISTRICT BOARD MEMBERS,+ HE SAID.

+THIS YEAR, THERE ARE 28 000 REGISTERED ELECTORS AND FIVE CANDIDATES HAVE ALREADY BEEN NOMINATED,+ HE ADDED.

+I HOPE THAT EVERYONE WITH THE RIGHT TO VOTE, WILL VOTE IN THE ELECTIONS ON MARCH 7 AND CREATE A REAL BOND OF BELONGING TO THE NEW TAI PO,+ MR AKERS-JONES SAID.

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NEW ANTI-TRIAD STRATEGIES EFFECTIVE

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POLICE HAVE REVISED THEIR STRATEGIES TO COUNTER TRIAD AND GANG ACTIVITIES AND THEY ARE PROVING EFFECTIVE, THE DEPUTY DIRECTOR, CRIME, MR BRIAN WEBSTER, SAID TODAY (TUESDAY).

MR WEBSTER SAID AT A KIWANIS CLUB OF HONG KONG LUNCH MEETING THAT FIVE TERRITORY-WIDE ANTI-CRIME OPERATIONS WERE MOUNTED IN THE SECOND HALF OF 1984 AS PART OF THE COUNTER MEASURES.

HE SAID 47 769 PEOPLE WERE QUESTIONED, 4 405 PREMISES SEARCHED, 674 PEOPLE ARRESTED AND 17 MISSING PERSONS FOUND AS A RESULT.

"OUR CONCERN IS REAL AND OUR ACTION WHEN SUCCESSFUL - AND I SAY WHEN NOT IF - MUST AND WILL IMPROVE THE QUALITY OF LIFE IN HONG KONG," HE SAID.

MR WEBSTER SAID THERE WERE NO LONGER ANY LOFTY IDEALS ABOUT TRIADS - "THEY ARE CRIMINAL GANGS WHO USE SOME OF THE MYSTICISM OF TRIAD RITUAL TO FURTHER THEIR OWN NEFARIOUS MOTIVES."

THE INCIDENCE OF TRIAD GANGS DID GIVE CAUSE FOR SERIOUS CONCERN WITH THEIR INVOLVEMENT IN ORGANISED CRIME, VICE, ILLEGAL BOOKMAKING MONOPOLIES AND SUCH LIKE, HE SAID.

"THE GANGS ARE WELL ORGANISED AND HAVE BECOME MUCH MORE EXPERT AND BUSINESS-LIKE THAN WAS EVIDENT IN DAYS OF YORE," HE SAID.

ON TRIADS AND DRUGS, MR WEBSTER SAID TRIADS HAVE A RANK STRUCTURE WHICH LENT ITSELF TO SYNDICATED DRUG TRAFFICKING, AS IT DID FOR ALL OTHER TYPES OF ORGANISED CRIME.

"SENIOR OFFICIALS FINANCE, MIDDLE RANKS ORGANISE, WHILE THE LOWER RANKS TAKE THE GREATEST RISKS AND ARE MORE LIKELY TO BE APPREHENDED - BE IT IN IMPORTATION, CONVERSION OF HEROIN BASE TO USABLE NO. 3 HEROIN IN THE MANUFACTURE PROCESS OR STREET LEVEL TRAFFICKING," HE SAID.

MR WEBSTER POINTED OUT THAT INDIVIDUAL TRIAD SOCIETIES OR GROUPS DID NOT OPERATE IN TOTAL ISOLATION OR IN COMPETITION WITH ONE ANOTHER.

"THERE IS PLENTY OF EVIDENCE THAT WHERE MONEY - BIG MONEY - IS TO BE MADE ALLEGIANCE TO THE TRIAD SOCIETY TAKES A BACK SEAT. NOR IS IT TRUE TO SAY THAT ALL DRUG SYNDICATES ARE TRIAD-CONTROLLED.

"IT IS RECOGNISED THAT NON-TRIAD CRIMINAL GROUPS CAN ENTER THE LOCAL DRUG SCENE. IT MUST ALSO BE RECOGNISED THAT TRIADS PROVIDE A READY SOURCE OF MANPOWER TO PROTECT A SHIPMENT AND DISTRIBUTE IT LOCALLY."

/MR WEBSTER

MR WEBSTER SAID CERTAIN FACTIONS OF THE VARIOUS TRIAD SOCIETIES AND SPLINTER GROUPS KNOWN TO EXIST IN HONG KONG HAD AN ADVANTAGE IN THE INTERNATIONAL DRUG BUSINESS.

THESE, HE SAID, WOULD BE THE CHIU CHOW SPEAKING CRIMINALS.

"THE CHIU CHOW DIALECT IS COMMON TO THAILAND AND THE GOLDEN TRIANGLE WHICH ARE SOURCES OF THE DRUGS BROUGHT INTO HONG KONG," HE SAID.

MR WEBSTER ALSO POINTED OUT THAT TRIAD GROUPS WERE REPORTED TO BE INVOLVED IN DRUGS IN THE CHINESE COMMUNITIES OF HOLLAND, THE UK AND AUSTRALIA.

HE ADDED THAT CONTRARY TO CERTAIN OPINIONS TRIADS OVERSEAS DID NOT AS A MATTER OF COURSE ALL EMANATED FROM HONG KONG. THIS WAS A COMMON FALLACY IN CERTAIN AREAS.

MR WEBSTER ALSO SPOKE ON COMMERCIAL CRIME, THE FIGHT CRIME COMMITTEE AND COMPARED CRIME FIGURES WITH OTHER CITIES.

ON CREDIT CARDS HE SAID THAT THE SYSTEM WAS OPEN TO ABUSE.

"AS HONG KONG BECOMES MORE ORIENTATED TOWARDS THE USE OF CREDIT CARDS, CREDIT CARD SWINDLES BECOME MORE AND MORE PREVALENTS," HE SAID.

BUT HE SAID THE COMMERCIAL CRIME BUREAU HAS BEEN EXPANDED AND IS GEARED TO MEET THIS PROBLEM.

OUTLINING THE TERMS OF REFERENCE OF THE FIGHT CRIME COMMITTEE, MR WEBSTER STRESSED THAT THE COMMITTEE WAS INVALUABLE IN HELPING POLICE MEET THE EVER CHANGING CRIME SITUATION.

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U.S. ORIGIN RULES OF TOP CONCERN
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THE UNITED STATES' COUNTRY OF ORIGIN RULES REMAINED THE TRADE DEPARTMENT'S FOREMOST CURRENT CONCERN, THE DIRECTOR OF TRADE, MR HAMISH MACLEOD, TOLD THE LUNCHEON MEETING OF THE ROTARY CLUB OF PENINSULA TODAY.

+WE SHALL BE MAKING CLEAR OUR DISAPPOINTMENT AT THE FORTHCOMING CONSULTATIONS WITH THE U.S. IN WASHINGTON ON FEBRUARY 4 THAT DISRUPTION OF OUR TRADE, IN THE FORM OF SHARPLY REDUCED ORDERS FOR 1985 KNITWEAR, HAS CONTINUED,+ MR MACLEOD SAID.

HE SAID THAT IT WOULD BE DIFFICULT TO FORECAST THE OUTCOME ON THE U.S. ORIGIN RULES ISSUE. IT SEEMED THAT THE ARGUMENTS STILL RAGED BOTH WITHIN AND OUTSIDE THE U.S. ADMINISTRATION, ON WHAT PRECISELY TO CONCLUDE IN THEIR REVIEWS OF THE REGULATIONS IN QUESTION.

/+HOWEVER, AT

+HOWEVER, AT LEAST WE CAN BE SURE THAT AMONG THE FACTORS EXERTING A SUBSTANTIAL INFLUENCE ON THE EVENTUAL OUTCOME ARE THE CRITICISM IN MULTILATERAL FORA, AND THE FINDINGS OF THE TEXTILES SURVEILLANCE BODY, IN GENEVA, WHICH WERE FAVOURABLE TO HONG KONG,+ HE SAID.

MR MACLEOD ALSO POINTED OUT THAT IN SOME CATEGORIES IN WHICH THE U.S. HAD ARGUED FOR RESTRAINT IN 1984, THEIR DOMESTIC INDUSTRY HAD OVER 95 PER CENT OF THE MARKET.

REFERRING TO SOME U.S. PRESS ARTICLES WHICH QUOTED END-OF-YEAR STATISTICS RELEASED BY THE U.S. COMMERCE DEPARTMENT, HE SAID: +CERTAINLY THERE HAS BEEN A VERY CONSIDERABLE INCREASE IN APPAREL IMPORTS INTO THE U.S.A. IN 1984. BUT THE COMMERCE DEPARTMENT ESTIMATES THAT U.S. TEXTILE MILL PRODUCTION, U.S. APPAREL PRODUCTION AND U.S. EMPLOYMENT IN BOTH THESE SECTORS WERE ALL UP, REPEAT UP, IN 1984 OVER 1983.+

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LEGCO TO DEBATE EDUCATION REPORT
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EIGHT UNOFFICIAL MEMBERS ARE EXPECTED TO SPEAK IN THE LEGISLATIVE COUNCIL TOMORROW, IN AN ADJOURNMENT DEBATE ON THE +EDUCATION COMMISSION REPORT NO. 1,+ WHICH WILL BE RAISED BY DR THE HON HO KAM-FAI.

THERE WILL ALSO BE 12 QUESTIONS BY UNOFFICIALS, DEALING WITH A VARIETY OF MATTERS, INCLUDING PUBLICITY CONCERNING THE INSTALLATION OF IRON-GRILLES, REGULATIONS ON THE HANDLING AND TRANSPORT OF RADIOACTIVE SUBSTANCES, FIRE DETECTION AND PREVENTION IN HIGH RISE HOTELS AND COMMERCIAL BUILDINGS, AND THE CHECKS ON PRIVATE TUTORIAL SCHOOLS.

IN ADDITION, A NEW BILL, THE INSURANCE COMPANIES (AMENDMENT) BILL 1985, WILL BE READ A SECOND TIME.

AND STATEMENTS WILL BE MADE ON: THE CENSUS AND STATISTICS (1985 PILOT CENSUS) ORDER 1985, PUBLIC ACCOUNTS COMMITTEE REPORT NO. 7, AND THE PRINCE PHILIP DENTAL HOSPITAL ANNUAL REPORT.

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U.C. LOOKS INTO FUTURE FINANCES
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THE URBAN COUNCIL IS TO CONSIDER SETTING UP A WORKING PARTY TO REVIEW THE MEMORANDUM OF ADMINISTRATIVE ARRANGEMENTS, IN PARTICULAR CONCERNING THE COUNCIL'S FINANCIAL ARRANGEMENTS WITH THE GOVERNMENT.

THIS WAS DECIDED AT TODAY'S MEETING OF THE STANDING COMMITTEE OF THE WHOLE COUNCIL AT WHICH THE QUESTION OF THE COUNCIL'S FUTURE FINANCIAL SITUATION WAS EXTENSIVELY DISCUSSED.

THE M.A.A. IS THE AGREEMENT DRAWN UP BETWEEN THE GOVERNMENT AND THE COUNCIL WHICH WENT INTO OPERATION ON APRIL 1, 1973 AND WHICH LAYS DOWN THE POWERS OF THE COUNCIL, IN PARTICULAR THE EXTENT OF ITS FINANCIAL AUTONOMY.

A COUNCIL SPOKESMAN SAID AFTER THE MEETING: +IT MUST BE MADE CLEAR THAT WHAT THE COUNCIL IS CONCERNED ABOUT IS ITS FINANCIAL SITUATION AFTER THE 1985-86 FINANCIAL YEAR - IN OTHER WORDS, FROM 1986-87 ONWARDS.

+THERE IS ABSOLUTELY NO INTENTION TO ASK THE GOVERNMENT FOR ANY INCREASE IN THE COUNCIL'S SHARE OF THE RATE IN THE COMING FINANCIAL YEAR, FOR 1985-86.

+BUT, WITH OUR RESERVES ABOUT TO BE EXHAUSTED, WE MUST TAKE A REALISTIC LOOK AT OUR LIKELY FINANCIAL POSITION FROM 1986-87 ONWARDS.+

THE SPECIAL MEETING OF THE FINANCE SELECT COMMITTEE, TO BE CHAIRED BY THE CHAIRMAN OF THAT COMMITTEE WHO IS ALSO THE COUNCIL VICE-CHAIRMAN, MR H.M.G. FORSGATE, WILL BE HELD ON WEDNESDAY JANUARY 30. IT IS EXPECTED TO BE A WELL ATTENDED AND LENGTHY MEETING SINCE ALL COUNCILLORS CONCERNED ABOUT THE COUNCIL'S FUTURE FINANCIAL SITUATION WILL BE ATTENDING, WHETHER MEMBERS OF THE FINANCE SELECT COMMITTEE OR NOT.

THE FINDINGS OF THE FINANCE SELECT COMMITTEE WILL GO BEFORE THE NEXT MEETING OF THE STANDING COMMITTEE OF THE WHOLE COUNCIL, TO BE HELD ON TUESDAY FEBRUARY 5. THIS MEETING IS TO BE ATTENDED BY ALL COUNCILLORS AND CHAIRED BY THE COUNCIL CHAIRMAN, MR HILTON CHEONG-LEEN, AND FOLLOWING AN ALMOST CERTAIN LENGTHY DISCUSSION ITSELF WILL THEN DECIDE THE NEXT STEPS TO BE TAKEN ON THE SUBJECT.

+THIS MEETING OF THE STANDING COMMITTEE WILL ALSO DECIDE WHETHER AN OPEN PUBLIC MEETING ON THE COUNCIL'S FUTURE FINANCIAL SITUATION IS WARRANTED,+ SAID THE SPOKESMAN.

+IF SUCH AN OPEN DEBATE IS AGREED ON, IT WOULD BE HELD SOME TIME LATER IN THE MONTH - BUT IT WOULD BE PREMATURE AT THIS EARLY STAGE TO SPECULATE ON WHETHER SUCH A DEBATE WILL BE AGREED ON OR NOT.+

BOARD TO DISCUSS AWARD SCHEME

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SHA TIN DISTRICT BOARD MEMBERS WILL DISCUSS PROPOSED ARRANGEMENTS FOR THE 1984-85 COMMUNITY INVOLVEMENT PROJECT AWARD SCHEME AT THEIR MEETING TOMORROW (WEDNESDAY) MORNING.

OTHER ITEMS ON THE AGENDA INCLUDE THE ELECTRONIC ROAD PRICING SYSTEM AND PROGRESS REPORTS OF VARIOUS COMMITTEES.

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TWO NEW, 100-YEAR WEATHER RECORDS SET IN 1984

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TWO NEW EXTREMES OF WEATHER WERE RECORDED LAST YEAR IN THE 100 YEARS SINCE RECORDS BEGAN TO BE KEPT IN 1884.

WHILE, AS A WHOLE, 1984 WAS A YEAR WITH THE LEAST SUNSHINE, THE MONTH OF JULY, ITSELF, WAS THE SUNNIEST MONTH EVER, THE ROYAL OBSERVATORY REPORTS.

IN ITS SUMMARY OF THE YEAR'S WEATHER, THE ROYAL OBSERVATORY REPORTS THAT THERE WERE ONLY 1 701.9 HOURS OF BRIGHT SUNSHINE, COMPARED WITH AN ANNUAL AVERAGE OF 2 011.6 HOURS.

TOTAL RAINFALL FOR THE YEAR RECORDED AT THE OBSERVATORY WAS 2 017 MM, NINE PER CENT BELOW NORMAL. BUT THE ANNUAL MEAN TEMPERATURE OF 22.5 DEGREES CELSIUS WAS CLOSE TO THE NORMAL VALUE OF 22.8 DEGREES C.

THE GALE OR STORM SIGNAL WAS HOISTED ONLY ONCE, DURING THE APPROACH OF SEVERE TROPICAL STORM WYNNE IN JUNE. NO SEVERE DAMAGE WAS CAUSED BY TROPICAL CYCLONES IN HONG KONG DURING THE YEAR.

THE FIRST HALF OF JANUARY WAS GENERALLY FINE AND SUNNY, BUT WAS CLOUDY WITH LIGHT RAIN AT TIMES, DURING THE REST OF THE MONTH. ONLY 3.5 MM OF RAIN, REPRESENTING 13 PER CENT OF THE NORMAL AMOUNT, WAS RECORDED IN THE MONTH. JANUARY WAS ALSO DRIER AND COOLER THAN USUAL WITH EIGHT DAYS HAVING MINIMUM TEMPERATURES BELOW 10 DEGREES C. THE LOWEST TEMPERATURE OF THE MONTH, 8.0 DEGREES C, WAS RECORDED ON JANUARY 22. DURING THE SAME MORNING, MINIMUM TEMPERATURES OF -0.5 DEGREES AND 0.9 DEGREES C WERE REGISTERED AT TAI MO SHAN AND TATE'S CAIRN RESPECTIVELY, BUT THERE WERE NO REPORTS OF HOAR FROST.

FEBRUARY WAS EXTREMELY DRY, WITH ONLY 2.7 MM OF RAIN, OR ONLY SIX PER CENT OF THE NORMAL VALUE. THE CUMULATIVE RAINFALL FROM NOVEMBER 1983 TO FEBRUARY 1984, 13.6 MM, WAS THE LOWEST ON RECORD FOR ANY FOUR CONSECUTIVE MONTHS. THE MONTH WAS ALSO CLOUDIER AND COOLER THAN USUAL WITH THE LOWEST TEMPERATURE OF 7.0 DEGREES C RECORDED ON FEBRUARY 7.

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MINIMUM TEMPERATURES OF -2.0 DEGREES C AND 0 DEGREES C WERE RECORDED ON THE SAME DAY AT TAI MO SHAN AND TATE'S CAIRN RESPECTIVELY, BUT THERE WERE NO REPORTS OF HOAR FROST. WIDESPREAD FOG ON FEBRUARY 22 AND 23 RESULTED IN THE DIVERSION OF NINE IN-COMING AIRCRAFT AND THE DISRUPTION OF FERRY SERVICES.

IT WAS CLOUDY IN MARCH. THE MEAN CLOUDINESS OF 91 PER CENT WAS 15 PER CENT ABOVE AVERAGE, WHILE THE TOTAL 52.4 HOURS OF SUNSHINE WAS ONLY 52 PER CENT OF THE NORMAL AMOUNT.

RAINFALL FOR THE MONTH AMOUNTED TO 13.6 MM, ONLY A QUARTER OF THE AVERAGE FIGURE.

THE MONTH WAS ALSO CHARACTERISED BY THE FREQUENT OCCURRENCE OF FOG.

FROM MARCH 12 TO MARCH 20, FOG WAS REPORTED EVERY DAY AT WAGLAN ISLAND. THE NUMBER OF CONSECUTIVE FOG DAYS IN MARCH 1984 EQUALLED THE RECORD SET IN MARCH 1980.

THE FOGGY WEATHER CAUSED THE DIVERSION OF 21 AIRCRAFT AND SEVERAL ACCIDENTS AT SEA.

APRIL WAS EXTREMELY CLOUDY. THE MEAN AMOUNT OF CLOUD, AT 94 PER CENT, EQUALLED THE RECORD ESTABLISHED IN APRIL 1934. ONLY 38.6 HOURS OF SUNSHINE WERE RECORDED DURING THE MONTH AND THIS WAS THE SHORTEST DURATION OF SUNSHINE EVER RECORDED FOR APRIL. RAIN WAS RECORDED ON 20 DAYS OF THE MONTH. THE NUMBER OF RAIN DAYS IN APRIL 1984 EQUALLED THAT IN APRIL 1926, THE SECOND HIGHEST FOR THE MONTH AFTER THE RECORD SET IN APRIL 1906.

FOG OCCURRED FROM TIME TO TIME DURING THE EARLY PART OF THE MONTH, RESULTING IN TWO SERIOUS ACCIDENTS AT SEA.

THUNDERSTORMS AND HEAVY SHOWERS WERE REPORTED OCCASIONALLY FROM MID-APRIL ONWARDS, BRINGING THE MONTH'S TOTAL RAINFALL TO 215.0 MM, WHICH WAS 54 PER CENT ABOVE AVERAGE.

THE HEAVIEST DOWNPOUR OCCURRED ON APRIL 17 DURING WHICH A 27-YEAR-OLD WOMAN WAS CARRIED AWAY BY TORRENTS AT TUEN MUN AND A 59-YEAR-OLD MAN WAS BURIED BY A MUDSLIP AT A CONSTRUCTION SITE IN TAI PO.

MAY WAS WETTER THAN NORMAL. THE TOTAL RAINFALL FOR THE MONTH WAS 468.2 MM, WHICH WAS 57 PER CENT ABOVE AVERAGE. MORE THAN ONE THIRD OF THE RAIN FELL ON MAY 30 WHEN WIDESPREAD THUNDERSTORMS AND HEAVY SHOWERS OCCURRED, CAUSING SERIOUS FLOODING AND NUMEROUS LANDSLIPS OVER VARIOUS PARTS OF HONG KONG.

THE TEMPERATURE AND RAINFALL IN JUNE WERE NORMAL.

WIDESPREAD THUNDERSTORMS AND TORRENTIAL RAIN ON JUNE 16 CAUSED SERIOUS FLOODING AND LANDSLIPS IN MANY PLACES. THE WORSE-HIT AREA WAS SAI TAU TSUEN IN KOWLOON CITY WHERE FLOOD WATER WAS REPORTED TO BE NEARLY 2-METRE DEEP.

/A WATERSPOUT

A WATERSPOUT WAS SIGHTED OVER THE WEST LAMMA CHANNEL AROUND 2.30 PM ON JUNE 24. TROPICAL CYCLONE WARNING SIGNALS WERE DISPLAYED FOR THE FIRST TIME IN THE YEAR DURING THE APPROACH OF SEVERE TROPICAL STORM WYNNE WHICH BROUGHT ONLY SLIGHT DAMAGE TO HONG KONG.

WITH 301.4 HOURS OF BRIGHT SUNSHINE, JULY WAS THE SUNNIEST MONTH EVER SINCE RECORDS BEGAN IN 1884. THE MONTH WAS DRY AND THE 125.9 MM OF RAINFALL RANKED JULY 1984 AS THE FOURTH DRIEST JULY ON RECORD.

TROPICAL CYCLONE WARNING SIGNALS WERE AGAIN DISPLAYED DURING THE APPROACH OF SEVERE TROPICAL STORM BETTY WHICH CAUSED ONLY MINOR DAMAGE TO CROPS IN HONG KONG.

AUGUST WAS LESS SUNNY THAN AVERAGE, WITH ONLY 162.7 HOURS OF BRIGHT SUNSHINE, 43.3 HOURS SHORT OF THE NORMAL VALUE. TWO SPELLS OF WIDESPREAD THUNDERY SHOWERS CAUSED LANDSLIPS AND FLOODING IN MANY PLACES IN THE FIRST HALF OF THE MONTH AND TROPICAL CYCLONE WARNING SIGNALS WERE DISPLAYED ON TWO OCCASIONS DURING SEVERE TROPICAL STORM GERALD AND SEVERE TROPICAL STORM JUNE. NO SEVERE DAMAGE WAS CAUSED BY GERALD AND JUNE IN HONG KONG.

SEPTEMBER WAS DRIER THAN USUAL WITH A TOTAL RAINFALL OF 211.3 MM, ABOUT 34 PER CENT BELOW NORMAL. MORE THAN HALF OF THE MONTH'S RAINFALL FELL ON SEPTEMBER 1 AND 2 DUE TO A TROUGH OF LOW PRESSURE LYING CLOSE TO THE SOUTH CHINA COAST.

ONE GURKHA SOLDIER WAS KILLED AND THREE OTHERS WERE INJURED BY LIGHTNING ON SEPTEMBER 18 WHILE THEY WERE ON AN EXERCISE NEAR PAT SIN RANGE. TROPICAL CYCLONE WARNING SIGNALS WERE HOISTED DURING THE APPROACH OF TYPHOON IKE WHICH BROUGHT ONLY SLIGHT DAMAGE TO HONG KONG.

FINE WEATHER PREVAILED DURING OCTOBER. HOWEVER, THE MONTH'S TOTAL RAINFALL OF 167.1 MM WAS 38 PER CENT ABOVE NORMAL. MOST OF THE RAIN WAS RECORDED ON OCTOBER 10 AND 11 WHEN HEAVY SHOWERS OCCURRED. AN HOURLY RAINFALL OF 67.2 MM WAS RECORDED AT THE ROYAL OBSERVATORY FROM 11 PM TO MIDNIGHT ON OCTOBER 10. THIS RAINFALL WAS THE SECOND HIGHEST ON RECORD FOR OCTOBER.

THE TOTAL RAINFALL RECORDED IN NOVEMBER WAS ONLY 4.5 MM, REPRESENTING A MERE 13 PER CENT OF THE NORMAL VALUE OF 34.7 MM. UNDER THE INFLUENCE OF THE WINTER MONSOON, THE LATTER PART OF THE MONTH WAS RATHER DRY AND THE DAILY MEAN RELATIVE HUMIDITY FROM NOVEMBER 18 TO 30 WAS 70 PER CENT OR LESS EVERY DAY.

DECEMBER WAS CLOUDIER THAN USUAL. THE TOTAL DURATION OF BRIGHT SUNSHINE AMOUNTED TO ONLY 111.9 HOURS, 67.4 HOURS BELOW NORMAL. TEMPERATURES FELL AS THE WINTER MONSOON INTENSIFIED AND THE MONTH'S MINIMUM TEMPERATURE OF 7.7 DEGREES C WAS RECORDED AT THE ROYAL OBSERVATORY ON DECEMBER 29.

MINIMUM TEMPERATURES OF -2.0 DEGREES C AND 1.1 DEGREES C WERE RECORDED AT TAI MO SHAN AND TATE'S CAIRN RESPECTIVELY ON THE SAME DAY BUT NO REPORTS OF HOAR FROST WERE RECEIVED. AN ESTIMATE OF 30 TONNES OF TILAPIA, A COMMON FISH REARED IN THE NEW TERRITORIES, DIED IN THE COLD WEATHER.

TUESDAY, JANUARY 22, 1985

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SEMINAR FOR INDUSTRIALISTS IN SHA TIN

A SEMINAR WILL BE HELD ON FRIDAY (JANUARY 25) TO FAMILIARISE INDUSTRIALISTS IN SHA TIN WITH THE DANGEROUS GOODS REGULATIONS, EMPLOYMENT AND THE PREVENTION OF BRIBERY LAWS.

ABOUT 200 PEOPLE, INCLUDING MANUFACTURERS, MEMBERS OF THE INDUSTRY AND COMMERCE COMMITTEE OF THE SHA TIN DISTRICT BOARD AND DB UNOFFICIAL MEMBERS ARE EXPECTED TO TAKE PART IN THE SEMINAR.

GUEST SPEAKERS AT THE SEMINAR INCLUDE LABOUR OFFICER, MR LAI KUI-SHING, SENIOR STATION OFFICER OF THE FIRE SERVICES DEPARTMENT, MR LO PAK-CHEUNG, AND AN COMMUNITY LIAISON OFFICER OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION, MISS CECILIA CHAN.

THERE WILL ALSO BE A QUESTION AND ANSWER SESSION DURING THE SEMINAR, CHAIRED BY THE CHAIRMAN OF THE INDUSTRY AND COMMERCE COMMITTEE, MR FRANKLIN SHAM.

ORGANISED BY THE INDUSTRY AND COMMERCE COMMITTEE OF THE SHA TIN DISTRICT BOARD, THE SEMINAR WILL BE HELD IN LUCKY PLAZA RESTAURANT IN WANG POK STREET, SHA TIN.

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NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE SEMINAR ON JANUARY 25 (FRIDAY) AT 3 PM IN THE LUCKY PLAZA RESTAURANT IN WANG POK STREET, SHA TIN.

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PORTUGUESE AWARD FOR HK FIRE SERVICES

THE HONG KONG FIRE SERVICES HAS BEEN AWARDED THE HIGHEST HONOUR BY THE LEAGUE OF PORTUGUESE FIREMEN IN PORTUGAL - THE GOLD MEDAL FOR DISTINGUISHED SERVICES.

A PRESENTATION CEREMONY WILL BE HELD AT THE FIRE SERVICES SENIOR OFFICERS' MESS AT TSIM SHA TSUI FIRE STATION AT CANTON ROAD, KOWLOON ON FRIDAY (JANUARY 25) AT 3.30 PM.

THE COMMANDANT OF THE MACAU FIRE BRIGADE, MR ROGERIO FRANCISCO DE PAULA DE ASSIS WILL PRESENT THE MEDAL TO THE DIRECTOR OF FIRE SERVICES, MR ROBERT HOLMES. THE PORTUGUESE CONSUL GENERAL AND VICE CONSUL WILL ALSO BE PRESENT AT THE CEREMONY.

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NOTE TO EDITORS:

PRESS REPRESENTATIVES WISHING TO COVER THE PRESENTATION SHOULD ASSEMBLE AT THE ENTRANCE OF TSIM SHA TSUI FIRE STATION AT CANTON ROAD BEFORE 3.15 PM. THE SERVICE INFORMATION OFFICER WILL BE ON HAND TO ASSIST THE MEDIA.

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TUESDAY, JANUARY 22, 1985

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EASTERN DISTRICT ARTS FESTIVAL
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A SERIES OF CULTURAL AND ENTERTAINMENT PROGRAMMES HAVE BEEN ORGANISED FOR LOCAL RESIDENTS IN THE FIRST EASTERN DISTRICT ARTS FESTIVAL.

THE FESTIVAL, WHICH AIMS AT ENHANCING LOCAL RESIDENTS' APPRECIATION OF ARTS AND CULTURE AND TO PROMOTE THE SPIRIT OF COMMUNITY BUILDING IN THE DISTRICT, WILL BE HELD FROM JANUARY 27 TO FEBRUARY 3.

+A WIDE VARIETY OF PROGRAMMES HAS BEEN ORGANISED TO CATER FOR THE DIFFERENT ARTISTIC TASTES AND INTERESTS OF THE PUBLIC,+ THE CHAIRMAN OF THE ORGANISING COMMITTEE FOR THE FESTIVAL, MR STEPHEN NG SAID TODAY.

+EVENTS IN THE PROGRAMME INCLUDE CANTONESE OPERA, BALLET, ORCHESTRAL PERFORMANCE, DANCES, LECTURES ON FLOWER ARRANGEMENT, DRAMA AND PERFORMING ARTS, A YOUTH POP CONCERT, AND VARIETY SHOWS,+ HE SAID.

+THERE WILL ALSO BE A PHOTOGRAPHIC EXHIBITION ON WINNING ENTRIES OF VARIOUS PHOTOGRAPHIC COMPETITIONS, AND AN EXHIBITION ON CHINESE CALLIGRAPHY AND CHINESE PAINTING BY VARIOUS FAMOUS LOCAL ARTISTS.

+IT IS HOPED THAT THROUGH ALL THESE ACTIVITIES, PEOPLE CAN HAVE A BETTER UNDERSTANDING AND APPRECIATION OF BOTH ORIENTAL AND WESTERN ARTS,+ HE ADDED.

ADMISSION TO ALL THE EVENTS ARE FREE, AND A LIMITED NUMBER OF TICKETS ARE AVAILABLE AT THE EASTERN DISTRICT OFFICE ON A FIRST-COME-FIRST-SERVED BASIS. ENQUIRIES ABOUT THE ARTS FESTIVAL AND ITS PROGRAMME CAN BE MADE ON 5-641547.

THE EASTERN DISTRICT ARTS FESTIVAL IS JOINTLY ORGANISED BY THE EASTERN DISTRICT BOARD, URBAN COUNCIL, EASTERN DISTRICT ARTS COUNCIL, MUSIC OFFICE, AND THE EDUCATION DEPARTMENT AT A COST OF ABOUT \$100 000; OF WHICH \$90 000 IS CONTRIBUTED BY THE EASTERN DISTRICT BOARD AND THE REST IS SPONSORED BY THE BRAEMAR HILL LIONS CLUB.

AN OPENING CEREMONY AT WHICH THE REGIONAL SECRETARY FOR HONG KONG AND KOWLOON, MR BARRIE WIGGHAM WILL OFFICIATE, WILL BE HELD AT 7.30 PM ON JANUARY 27 (SUNDAY) AT DR SEAKER CHAN'S MEMORIAL HALL IN NORTH POINT.

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TUESDAY, JANUARY 22, 1985

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AMATEURS TO SHOW DANCING SKILL
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ABOUT 200 PERSONS WILL BE TAKING PART IN THE 1985 BALLROOM DANCE CONTEST AT MACPHERSON STADIUM, MONG KOK ON SUNDAY (JANUARY 27), FROM 7 PM TO 10 PM.

JOINTLY ORGANISED BY THE RECREATION AND SPORTS SERVICE OF THE RECREATION AND CULTURE DEPARTMENT AND THE HONG KONGH DANCE FEDERATION, THE EVENT HAS BEEN HELD ANNUALLY TO GIVE AMATEURS THE CHANCE TO DISPLAY THEIR TALENT.

THERE WILL BE MODERN DANCES, INCLUDING THE WALTZ, FOXTROT, QUICK STEP, TANGO AND VIENNESE WALTZ, AND LATIN DANCES INCLUDING RUMBA, CHA CHA, SAMBA, AND PASO DOBLE.

TROPHIES WILL BE AWARDED TO WINNERS OF EACH CATEGORY.

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NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE EVENT BETWEEN 7 PM AND 10 PM ON SUNDAY.

A RECREATION AND CULTURE DEPARTMENT INFORMATION OFFICER WILL BE ON HAND TO ASSIST.

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RECLAMATION AT TELEGRAPH BAY
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THE CIVIL ENGINEERING OFFICE OF THE ENGINEERING DEVELOPMENT DEPARTMENT HAS RECENTLY AWARDED A \$31.89 MILLION CONTRACT TO GAMMON (HONG KONG) LIMITED FOR THE CONSTRUCTION OF A SEAWALL AND RECLAMATION WORK AT TELEGRAPH BAY IN WESTERN.

THE PROJECT INVOLVES BUILDING A 900-METRE RUBBLE-PITCHED SLOPE SEAWALL, RECLAMATION AND ANCILLARY DRAINAGE WORKS.

WORK ON THE CONTRACT COMMENCED LAST WEEK AND WILL BE COMPLETED BY MID-1987.

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TUESDAY, JANUARY 22, 1985

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SKATING RINK FOR YAU MA TEI
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AN OVAL-SHAPED ROLLER SKATING RINK IS TO BE BUILT ON A SITE FORMERLY OCCUPIED BY THE YAU MA TEI KAIFONG WELFARE ASSOCIATION. ON COMPLETION IT WILL FORM PART OF THE SAIGON STREET PLAYGROUND.

WORK ON THE 580-SQUARE METRE RINK INCLUDES THE PROVISION OF SPECTATOR STANDS, BENCHES, PLANTERS, AN ARBOUR AND FLOODLIGHTS.

THE ARCHITECTURAL OFFICE OF THE BUILDING DEVELOPMENT DEPARTMENT IS INVITING TENDERS FOR THE PROJECT WHICH IS EXPECTED TO START IN MARCH 1985 AND TAKE FOUR MONTHS TO COMPLETE.

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SPECIAL CAR NUMBERS FOR AUCTION
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ANOTHER AUCTION OF SPECIAL CAR REGISTRATION NUMBERS WILL BE HELD ON SATURDAY (JANUARY 26) AT 10 AM IN THE CITY HALL RECITAL HALL.

THIRTY-FIVE SPECIAL CAR NUMBERS WILL BE MADE AVAILABLE FOR BIDDING, BY THE TRANSPORT DEPARTMENT. THEY ARE:

DD 990	DD 7	DD1954	DD8878	BT 862
AS 559	DD4448	DD6608	AP 501	DD2689
DD 3	DD 866	DD 500	AK1888	DD6628
DD6333	DD3866	DD5224	AB 80	DC8888
DD 930	DD 11	DD3338	BL 108	AL7774
DD1963	DD3898	DD3339	CL 888	AC6868
DD 770	DC 5	XX 18	DD4001	AR3112

A SPOKESMAN FOR THE DEPARTMENT REMINDED BIDDERS THAT PAYMENT MUST BE IN CASH OR BY CHEQUE IMMEDIATELY AFTER THE BIDDING, AND THAT THE VEHICLE REGISTRATION NUMBER WOULD BE ASSIGNED ONLY TO A VEHICLE REGISTERED IN THE NAME OF THE SUCCESSFUL BIDDER WITHIN 12 MONTHS OF THE AUCTION.

PROCEEDS OF THE AUCTION WILL AS USUAL GO TO THE GOVERNMENT LOTTERIES FUND.

THE AUCTION WILL BE THE 95TH ORGANISED BY THE TRANSPORT DEPARTMENT SINCE MAY 1973.

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TUESDAY, JANUARY 22, 1985

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D'AGUILAR STREET ROAD WORK
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D'AGUILAR STREET IN CENTRAL, FROM HOUSE NO. 30 TO 56,
WILL BE CLOSED TO TRAFFIC FROM 10 AM ON THURSDAY (JANUARY 24)
FOR ABOUT FOUR MONTHS TO FACILITATE ROAD WORK.

DURING THE CLOSURE, TRAFFIC WILL BE DIVERTED VIA LAN KWAI
FONG.

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DAILY INFORMATION BULLETIN – SUPPLEMENT

ISSUED BY GOVERNMENT INFORMATION SERVICES
BEACONSFIELD HOUSE, HONG KONG, TEL: 5-233191

TUESDAY, JANUARY 22, 1985

SECRETARY OF STATE SPEAKS AT SECOND READING OF HONG KONG BILL IN PARLIAMENT

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FOLLOWING IS THE TEXT OF THE SPEECH BY THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS, SIR GEOFFREY HOWE, WHEN HE MOVED THE SECOND READING OF THE HONG KONG BILL IN THE HOUSE OF COMMONS ON MONDAY (JANUARY 21) AFTERNOON IN LONDON:

I BEG TO MOVE, THAT THE BILL BE NOW READ A SECOND TIME. I HAVE IT IN COMMAND FROM HER MAJESTY THE QUEEN TO ACQUAINT THE HOUSE THAT HER MAJESTY, HAVING BEEN INFORMED OF THE PURPOSE OF THE HONG KONG BILL, HAS CONSENTED TO PLACE HER PREROGATIVE AND INTERESTS SO FAR AS THEY ARE AFFECTED BY THE BILL, AT THE DISPOSAL OF PARLIAMENT FOR THE PURPOSES OF THE BILL.

MR SPEAKER, THE BILL THAT IS BEFORE US TODAY IS SHORT, BUT NEVERTHELESS OF HISTORIC IMPORTANCE.

THE HOUSE HAD A FULL OPPORTUNITY TO DISCUSS THE SINO-BRITISH AGREEMENT ON THE FUTURE OF HONG KONG ON 5 DECEMBER. I WAS HEARTENED BY THE WARMTH AND UNANIMITY OF THE SUPPORT WITH WHICH MEMBERS APPROVED THE GOVERNMENT'S INTENTION TO SIGN IT. I AM CONFIDENT THAT IT PROVIDES SATISFACTORILY FOR THE CONTINUED STABILITY AND PROSPERITY OF HONG KONG INTO THE TWENTY-FIRST CENTURY. AS THE HOUSE KNOWS, IT WAS SIGNED BY MY RT HON FRIEND, THE PRIME MINISTER AND HER CHINESE COUNTERPART PREMIER ZHAO ZIYANG IN PEKING ON 19 DECEMBER.

IT WAS CLEAR FROM THE DEBATE IN DECEMBER THAT THE HOUSE SAW THE AGREEMENT AS A GOOD ONE AND ONE THAT MET THE NEEDS OF THE PEOPLE OF HONG KONG. A NUMBER OF HON AND RT HON MEMBERS RAISED THE CONCERNS EXPRESSED IN HONG KONG ABOUT CERTAIN ASPECTS OF THE AGREEMENT. THESE CONCERNS HAVE ALSO BEEN FULLY DOCUMENTED IN THE REPORT OF THE ASSESSMENT OFFICE.

/WE HAVE

WE HAVE HAD A FULL DISCUSSION OF THESE MATTERS. FOR THE MOST PART, THEY DO NOT DIRECTLY CONCERN THE BILL. IT IS NOT THEREFORE NECESSARY TO GO OVER THIS GROUND AGAIN IN TODAY'S DEBATE. BUT I CAN ASSURE THE HOUSE THAT THE GOVERNMENT HAD THE CONCERNS RAISED IN THIS HOUSE AND IN HONG KONG FIRMLY IN VIEW. WE SHALL CONTINUE TO BEAR THEM IN MIND IN OUR FUTURE DISCUSSIONS WITH THE CHINESE, PARTICULARLY IN THE JOINT LIAISON GROUP.

A NUMBER OF HON MEMBERS SUGGESTED DURING THE DEBATE THAT THE GOVERNMENT SHOULD MAKE AN ANNUAL REPORT ON HONG KONG TO THE HOUSE AND THAT THERE SHOULD BE A DEBATE ON IT. I ENTIRELY ACCEPT THAT THE HOUSE WILL WISH TO BE INFORMED ABOUT DEVELOPMENTS IN HONG KONG FULLY AND SPEEDILY WHEN THEY OCCUR. I ASSURE HON MEMBERS THAT THE GOVERNMENT WILL TAKE CARE TO REPORT TO THE HOUSE WHENEVER THERE IS ANYTHING SIGNIFICANT TO REPORT. THERE IS NO RELUCTANCE ON OUR PART. BUT I FRANKLY DOUBT THE VALUE OF INSTITUTIONALISING AN ANNUAL REPORT AND DEBATE. IT IS MY FEAR THAT COULD WELL HAVE THE UNINTENDED EFFECT THAT IMPORTANT DEVELOPMENTS WERE NOT PROPERLY DEBATED AS AND WHEN THEY OCCURRED. THIS IS NOT WHAT WE WANT.

MR RUSSEL JOHNSTON, (LIBERAL): (ANNOUNCER SPEAKS OVER THE QUESTION)

SIR GEOFFREY: I AM SAYING THAT THE GOVERNMENT IS VERY WELL AWARE OF THE NEED TO KEEP THE HOUSE INFORMED OF CHANGES AND DEVELOPMENTS IN HONG KONG. IT CERTAINLY DOESN'T WISH TO AVOID DEBATE ON THOSE MATTERS AS AND WHEN APPROPRIATE. IT IS MY IMPRESSION, HOWEVER, THAT IF ONE PROVIDES EXPRESSLY FOR AN ANNUAL REPORT AND AN ANNUAL DEBATE THAT TENDS ACTUALLY TO ACT AS A CONCENTRATOR AND A MEANS PERHAPS OF DIMINISHING THE PROSPECTS OF SENSIBLE REPORTS AND DEBATES WHEN IT IS IMPORTANT. I AM WARY OF THE INSTITUTIONALISATION OF ANYTHING OF THAT KIND BECAUSE THE REPORT TENDS TO BE A REPETITION OF THE PREVIOUS REPORT IN FORM AND SO ON. AND I THINK THAT THEY VARY OFTEN, ALTHOUGH DESIGNED WITH THE BEST INTENTIONS, THEY HAVE THE OPPOSITE EFFECT TO THAT INTENDED.

MR DENIS HEALEY (LABOUR): I AM A LITTLE (ANNOUNCER SPEAKS) BECAUSE WE DO HAVE ANNUAL REPORTS ABOUT THE ARMY, THE NAVY AND THE AIR FORCE, WHICH ARE DEBATED IN THIS HOUSE AND PRODUCE VERY USEFUL DEBATES BUT THEY DON'T PREVENT THE HOUSE FROM RAISING ANY MATTER CONCERNING THE ARMY, NAVY OR AIR FORCE, IN BETWEEN TIME IF THAT SEEMS APPROPRIATE. AND, INDEED, THERE ARE REGULAR REPORTS MADE TO THIS HOUSE BY THE EUROPEAN COMMUNITY ON VARIOUS DIFFERENT ASPECTS WHICH AGAIN DON'T PREVENT US FROM DEBATING OTHER MATTERS WHEN THAT SEEMS SUITABLE. THAT SEEMS TO BE A VERY TRANSPARENT REASON FOR, A VERY OPAQUE REASON, FOR OPPOSING A RECOMMENDATION WHICH HAS BEEN VERY WIDELY SUPPORTED BOTH IN THIS HOUSE AND IN ANOTHER PLACE.

/SIR GEOFFREY:

SIR GEOFFREY: THAT MAY BE THE RIGHT HONOURABLE GENTLEMAN'S OPINION AND OF COURSE THERE IS ROOM FOR DIFFERENCES OF JUDGEMENT ABOUT THAT. IT IS NOT MY JUDGEMENT. MY OWN INSTINCTIVE REACTION TO THE ANNUALISATION OF REPORTS IS TO REGARD THAT AS OFTEN DIMINISHING THE IMPORTANCE AND VALUE OF THOSE INSTITUTIONS. BUT THE MATTER CAN BE LOOKED AT HEREAFTER - NO DOUBT WILL BE LOOKED AT HEREAFTER MANY TIMES. THE POINT THAT I AM MAKING TO THE HOUSE IS THAT WE SHALL CERTAINLY REPORT TO THE HOUSE ON THESE MATTERS. WE SHALL CERTAINLY RECOGNISE THE NEED FOR THE HOUSE TO HAVE AN OPPORTUNITY OF DEBATING THEM. I AM JUST NOT PERSUADED, DESPITE THE OVERWHELMING QUALITY OF THE RIGHT HONOURABLE GENTLEMAN'S RHETORIC AND THE BREADTH OF SUPPORT FOR THE PROPOSITION IN THE EARLIER DEBATE THAT IT WOULD BE RIGHT TO INSTITUTIONALISE AN ANNUAL REPORT IN THIS WAY.

AS I HAVE SAID, SINCE THE DEBATE IN WHICH THOSE MATTERS WERE RAISED, MY RIGHT HONOURABLE FRIEND AND I HAVE, AS I HAVE SAID, VISITED PEKING FOR THE SIGNATURE OF THE AGREEMENT AND WE WERE ABLE TO RAISE WITH CHINESE LEADERS A NUMBER OF THE QUESTIONS THAT WERE TOUCHED ON IN THAT DEBATE. THE HOUSE WILL NOT EXPECT ME TO GO INTO DETAILS OF OUR DISCUSSIONS, BUT CHINESE LEADERS AT THE HIGHEST LEVEL GAVE US SOLEMN ASSURANCES OF CHINA'S COMMITMENT TO FULL IMPLEMENTATION THE AGREEMENT AND OF THEIR INTENTION TO CONSULT HONG KONG OPINION ON THE DRAFTING OF THE BASIC LAW ON A WIDE BASIS.

FOLLOWING SIGNATURE, WE AND THE CHINESE GOVERNMENT BOTH HAVE TO SATISFY OUR RESPECTIVE CONSTITUTIONAL REQUIREMENTS IN ORDER TO RATIFY THE AGREEMENT. THE MAIN PURPOSE OF THE BILL BEFORE US TODAY IS TO ENABLE HER MAJESTY'S GOVERNMENT TO RATIFY THE AGREEMENT.

THE BILL ITSELF PROVIDES FOR THE TERMINATION OF BRITISH SOVEREIGNTY AND JURISDICTION OVER HONG KONG AS FROM 1 JULY 1997. I SHALL BRIEFLY DESCRIBE ITS MAIN FEATURES.

THE CENTRAL PROVISION OF THE BILL IS CLAUSE ONE. THIS PROVIDES FOR THE TERMINATION OF BRITISH SOVEREIGNTY OVER THE CEDED PARTS OF HONG KONG AND THE TERMINATION OF BRITISH JURISDICTION OVER THE WHOLE TERRITORY WITH EFFECT FROM 1 JULY 1997. THIS SECTION OF THE BILL WILL ENTER INTO FORCE ON THE EXCHANGE OF INSTRUMENTS OF RATIFICATION.

THIS CLAUSE WILL ENABLE THE GOVERNMENT TO MEET ITS OBLIGATION UNDER PARAGRAPH TWO OF THE JOINT DECLARATION IN WHICH THE GOVERNMENT OF THE UNITED KINGDOM DECLARES THAT IT WILL RESTORE HONG KONG TO THE PEOPLE'S REPUBLIC OF CHINA WITH EFFECT FROM 1 JULY 1997.

IN RECENT YEARS IT HAS BECOME THE INVARIABLE PRACTICE WHEN THE UK DIVESTS ITSELF OF SOVEREIGNTY OVER TERRITORY TO DO SO UPON THE AUTHORITY OF AN ACT OF PARLIAMENT. THE SITUATION OF HONG KONG IS OF COURSE SUI GENERIS. IN THIS CASE WE ARE ENTERING INTO AN AGREEMENT WITH ANOTHER POWER TO TERMINATE SOVEREIGNTY AS FROM A CERTAIN SPECIFIED DATE. NEVERTHELESS THE NEED FOR PARLIAMENTARY AUTHORITY FOR THE TERMINATION OF SOVEREIGNTY REMAINS THE SAME: IT IS ESSENTIAL THAT THIS AUTHORITY SHOULD EXIST BEFORE THE GOVERNMENT RATIFIES THE AGREEMENT AND THUS CREATES AN INTERNATIONAL OBLIGATION.

THE SCHEDULE TO THE BILL DEALS WITH THREE ASPECTS RELATED TO THE AGREEMENT AND THE TERMINATION OF SOVEREIGNTY. THEY ARE:

- THE CHANGES IN BRITISH NATIONALITY LAWS NECESSARY AS A CONSEQUENCE OF THE AGREEMENT AND THE ASSOCIATED EXCHANGE OF MEMORANDA WITH THE CHINESE GOVERNMENT.
- AMENDMENTS TO BRITISH LAWS IN PREPARATION FOR OR CONSEQUENT UPON THE TERMINATION OF UK SOVEREIGNTY AND JURISDICTION.
- AND THE PROVISION OF DIPLOMATIC PRIVILEGES AND IMMUNITIES TO THE FIVE CHINESE MEMBERS OF THE JOINT LIAISON GROUP.

I TURN NOW TO NATIONALITY, AND IN THIS CONTEXT I SHALL MENTION THE REASONED AMENDMENT Tabled BY THE RT HON MEMBER FOR SOUTH DOWN. I MADE PLAIN IN THE HOUSE ON 5 DECEMBER THAT THE LEGISLATION WE PROPOSED TO INTRODUCE WOULD PROVIDE POWERS TO MAKE THE AMENDMENTS TO NATIONALITY LEGISLATION THAT ARE NECESSARY AS A RESULT OF THE AGREEMENT AND THE UK MEMORANDUM.

THESE PROVISIONS ARE CONTAINED IN PARAGRAPH 2 OF THE SCHEDULE WHICH ENABLES A SUBSEQUENT ORDER OR ORDERS IN COUNCIL TO BE MADE TO ENSURE THAT BRITISH DEPENDENT TERRITORIES CITIZENSHIP CANNOT BE RETAINED OR ACQUIRED ON OR AFTER 1 JULY 1997 BY VIRTUE OF A CONNECTION WITH HONG KONG AND TO CREATE A NEW FORM OF BRITISH NATIONALITY THAT MAY BE ACQUIRED BY PERSONS WHO ARE BDTC'S BY VIRTUE OF SUCH A CONNECTION.

FOLLOWING CONSULTATIONS WITH THE HONG KONG EXECUTIVE COUNCIL, IT IS INTENDED THAT THE TITLE OF THE NEW FORM OF NATIONALITY SHOULD BE 'BRITISH NATIONAL (OVERSEAS)'. IT HAS NOT BEEN EASY TO DEVISE A TITLE WHICH MEETS ALL THE NECESSARY REQUIREMENTS. ON THE ONE HAND IT NEEDS TO MAKE CLEAR THAT WE ARE DEALING WITH A FORM OF BRITISH NATIONALITY. NOTHING LESS WOULD BE ACCEPTABLE IN HONG KONG. ON THE OTHER HAND IT IS ESSENTIAL THAT THE TITLE WE CHOOSE CAN CONTINUE TO BE USED AFTER 1997. FOR THIS TO BE POSSIBLE, THE TITLE MUST CLEARLY CARRY NO IMPLICATION OF A CONTINUING CONSTITUTIONAL RELATIONSHIP BETWEEN BRITAIN AND HONG KONG AFTER 1997. I BELIEVE THAT THE TITLE WE HAVE CHOSEN MEETS THESE NEEDS. IT HAS NECESSARILY BEEN THE SUBJECT OF CAREFUL CONSULTATIONS WITH THE EXECUTIVE COUNCIL. THE COMPLETION OF THESE CONSULTATIONS HAS ENABLED ME TO ANNOUNCE THE TITLE TO THE HOUSE TODAY.

SIR PAUL BRYAN, (CONSERVATIVE): COULD HE PERHAPS REPEAT THE TITLE ONCE AGAIN?

SIR GEOFFREY: THE TITLE IS BRITISH NATIONAL (OVERSEAS). THE FACT THAT MY HONOURABLE FRIEND HAS INTERVENED FOR THAT REPETITION OF THE POINT UNDERLINES THE POINT THAT I WAS MAKING: THAT THERE DOES NOW NEED TO BE ADEQUATE TIME TO EXPLAIN THE CHOICE OF THE NEW TITLE TO THE PEOPLE OF HONG KONG. (INTERUPTION)

MR RUSSELL JOHNSTON: (ANNOUNCER SPEAKS) ... HAS BEEN AGREED AFTER CONSULTATION WITH THE EXECUTIVE COUNCIL. MY UNDERSTANDING IN TALKING TO SOME OF THEM IS THAT IT IS ABOUT SEVENTH ON THE LIST OF POSSIBLE TITLES. I AM NOT QUITE SURE THAT IT IS TRUE WHAT HE SAYS - THAT THE ABSENCE OF ANY REFERENCE TO HONG KONG IN THE TITLE IS WHOLLY ACCEPTABLE.

/SIR GEOFFREY:

SIR GEOFFREY: I THINK THAT THE HONOURABLE GENTLEMAN IS RIGHT TO SAY THAT THE SUGGESTION THAT THE TITLE SHOULD INCLUDE A REFERENCE TO HONG KONG IS ONE OF THE FACTORS THAT HAS BEEN CANVASSED, FOR UNDERSTANDABLE REASONS, BUT FOR THE REASONS THAT I HAVE GIVEN IT WOULD NOT, IN OUR JUDGEMENT, WHICH IS ACCEPTABLE AFTER DISCUSSION TO EXECUTIVE COUNCIL, FOR THE TITLE TO CARRY THE IMPLICATION WHICH THAT WOULD DO OF A CONTINUING CONSTITUTIONAL RELATIONSHIP BETWEEN THIS COUNTRY AND HONG KONG. I READILY ACCEPT THAT IT HAS NOT BEEN A MATTER OF SWIFT AND EASY DELIBERATIONS TO COME TO A CONCLUSION ABOUT THIS. AND THAT IS ONE OF THE FACTORS WHICH WE HAD IN MIND.

CONSERVATIVE BACKBENCHER: (ANNOUNCER SPEAKS) ... IN THIS SCHEDULE, THE USE OF THE WORD 'MAY' BECAUSE I UNDERSTAND THIS IS CAUSING CONSIDERABLE CONCERN IN HONG KONG BECAUSE OF THE USE OF 'MAY' RATHER THAN THE WORD 'SHALL'. AND HE HAS JUST DESCRIBED TO US WHAT THIS NEW FORM OF CITIZENSHIP IS GOING TO BE CALLED - COULD HE TELL US SOMETHING ABOUT THE CITIZENSHIP AND DOCUMENTATION THAT WILL RESULT FROM SUCH A TITLE.

SIR GEOFFREY: WELL, I HESITATE TO ANSWER ANY POINT ABOUT THE PRECISE DRAFTING OF A SUB-PARAGRAPH OF A SUB-PARAGRAPH OF A PARAGRAPH OF A SCHEDULE UNPROMPTED, AND I THINK THAT (ANNOUNCER SPEAKS IDENTIFYING THE QUESTIONER AS MR PETER BRUINVELS, CONSERVATIVE)

MR BRUINVELS: YOU HAVE JUST MENTIONED THE CONSTITUTIONAL PURPOSE AND POINTS OF THIS BRITISH NATIONAL (OVERSEAS). WHAT I AM PARTICULARLY INTERESTED IN, AND I AM SURE THE HOUSE IS - IS WHAT RIGHTS WILL THEY HAVE, THE PEOPLE OF HONG KONG, AFTER THAT DATE IN 1987 (SIC)? WILL THEY BE ABLE TO COME OVER TO THIS COUNTRY TO SETTLE PERMANENTLY?

SIR GEOFFREY: I THINK THAT WE HAVE NOW REACHED THAT POINT IN INTERVENTIONS WHEN I MAY CONCLUDE AT LEAST FOR A TIME THAT THE INTERVENTION IS LIKELY TO BE DEALT WITH IN THE REST OF MY SPEECH. I WILL THEREFORE PROCEED TO THE NEXT SECTION. AS WAS SAYING IF AN AMENDMENT IS TO BE INTRODUCED INCORPORATING THE TITLE INTO THE BILL, AND I CAN UNDERSTAND WHY IT MIGHT BE ARGUED THAT THAT COULD BE DESIRABLE, THEN THERE SHOULD BE AN OPPORTUNITY FOR DOING THAT AFTER THE FURTHER EXPLANATION I HAVE DESCRIBED IN ANOTHER PLACE.

I INDICATED ON 5 DECEMBER THAT THE SCHEDULE INCLUDES A SPECIFIC PROVISION THAT THE ORDERS MAY INCLUDE ANY MEASURES THAT ARE NECESSARY, AND THIS IS A SEPARATE POINT, TO ENSURE THAT NO BRITISH NATIONAL, NOR ANY CHILD BORN AFTER THE FIRST OF JULY 1997 TO A BRITISH NATIONAL, IS MADE STATELESS AS A RESULT OF THESE ARRANGEMENTS.

VMR ENOCH POWELL, (OUP): (ANNOUNCER SPEAKS) ... BUT DID HE SAY THAT IF AN AMENDMENT WAS DESIRED TO BE DEBATED THAT COULD HAPPEN IN ANOTHER PLACE. IS HE IMPLYING THAT THERE WILL BE NO OPPORTUNITY ON THE COMMITTEE STAGES OF THIS BILL?

/SIR GEOFFREY:

SIR GEOFFREY: I AM SURE THE OPPORTUNITY EXISTS ON COMMITTEE STAGE IN THIS HOUSE AS IN THE OTHER PLACE FOR THAT POINT TO BE DEBATED. I WAS INDICATING, HOWEVER, THAT, IN MY JUDGEMENT, IF THE MATTER IS TO BE FURTHER EXPLAINED AND APPRECIATED IN HONG KONG BEFORE IT IS INCORPORATED IN THE BILL, IF IT IS TO BE INCORPORATED IN THE BILL, THEN IT MIGHT BE MORE SUITABLE FOR RATHER MORE TIME TO ELAPSE WHICH IS WHY I IDENTIFIED THE OTHER PLACE. BUT I AM SURE THAT NOTHING THAT I CAN SAY WOULD HAVE THE EFFECT OF INHIBITING THE RIGHT HONOURABLE GENTLEMAN IF HE WISHED TO DEBATE IT IN THIS HOUSE. I AM INDICATING, HOWEVER, THE LIKELY RESPONSE TO IT (ANNOUNCER SPEAKS) ... BUT ALL THE NECESSARY AMENDMENTS TO THE NATIONALITY LEGISLATION COULD, IT IS POSSIBLE, BE ARRANGED BY ONE ORDER IN COUNCIL ALTHOUGH, AS HONOURABLE MEMBERS WILL SEE, THE BILL WOULD ALLOW ADJUSTMENT OR ADDITION BY FURTHER ORDERS IN COUNCIL IF THAT BECAME NECESSARY.

I WOULD LIKE TO EMPHASISE THAT THESE POWERS TO ALTER THE NATIONALITY LAWS BY WAY OF AN ORDER IN COUNCIL COULD ONLY BE USED IN CONNECTION WITH THE PURPOSES I HAVE DESCRIBED. THEY WOULDN'T PERMIT ALTERATIONS TO BE MADE FOR ANY OTHER PURPOSE OR IN RESPECT OF ANY OTHER GROUP OF PEOPLE NOT CONNECTED WITH HONG KONG.

WE WOULD INTEND TO MAKE THE ORDER AT AN EARLY DATE AND AT THE LATEST WITHIN A YEAR OF THE PASSAGE OF THIS BILL. THE BILL PROVIDES, AGAIN AS THE HOUSE WILL HAVE SEEN, THAT SUCH ORDERS WILL BE SUBJECT TO AFFIRMATIVE RESOLUTION PROCEDURES. AND I WOULD EMPHASISE ON THAT POINT THAT MEMBERS OF BOTH HOUSES WILL HAVE A FULL OPPORTUNITY TO CONSIDER AND DEBATE THE PROPOSALS IN THAT ORDER IN COUNCIL.

I DON'T AGREE, IF I MAY ANTICIPATE THE POINT THAT IS LIKELY TO BE MADE FROM THE BENCHES OPPOSITE, WITH THE RIGHT HONOURABLE MEMBER FOR SOUTH DOWN'S VIEW, THAT THIS WILL GIVE INADEQUATE OPPORTUNITY FOR CONSIDERATION OF THE MEASURES PROPOSED. IT WAS PRECISELY BECAUSE WE KNEW THAT THE HOUSE WOULD WANT TO GIVE DETAILED CONSIDERATION TO THE ORDERS THAT WE PROPOSE TO MAKE THEM SUBJECT TO AFFIRMATIVE PROCEDURE. AND THE GOVERNMENT, OBVIOUSLY, WOULD CLEARLY TAKE CAREFUL ACCOUNT OF POINTS WHICH ENJOYED WIDESPREAD SUPPORT AMONG MEMBERS WHICH MAY INDEED ARISE IN THE COURSE OF TODAY'S DEBATE.

MR DENIS HEALEY (LAB) (ANNOUNCER SPEAKS) ... THIS, I THINK, MAY PROVE TO BE THE NUB OF ANY DISAGREEMENT ON THE MAJOR PROCEDURE WHICH THE GOVERNMENT RECOMMENDS. WILL IT BE POSSIBLE FOR THE GOVERNMENT, HAVING MADE AN ORDER FOR DISCUSSION IN BOTH HOUSES, TO TAKE ACCOUNT OF STRONG OBJECTIONS TO SOME ELEMENT IN THE ORDER AND, WITHOUT SEEKING AFFIRMATION OF THE ORDER BY THE HOUSES, TO REVISE THE ORDER AND BRING IT BACK FOR LATER VOTING? BECAUSE THIS, I THINK, IS WHAT MOST CONCERNS US - THAT IT WOULD BE POSSIBLE UNDER THE PROCEDURE ENVISAGED BY THE GOVERNMENT TO PUT FORWARD AN ORDER TO WHICH THERE TURNED OUT TO BE VERY STRONG AND VALID OBJECTIONS IN HONG KONG AND IN THIS HOUSE AND IN ANOTHER PLACE AND YET THE GOVERNMENT DOES NOT SEEK EVEN IF IT WISHES TO VARY THE TERMS OF THE ORDER BEFORE A VOTE WAS TAKEN.

/SIR GEOFFREY:

SIR GEOFFREY: WELL I UNDERSTAND THE POINT THAT PROMPTS THE RIGHT HONOURABLE GENTLEMAN TO INTERVENE AS HE DOES. HE WILL APPRECIATE THAT IT IS NOT CUSTOMARY FOR AN ORDER THAT HAS BEEN DEBATED UNDER AFFIRMATIVE PROCEDURE TO BE THE SUBJECT OF AMENDMENT, INDEED IT CAN'T BE DONE ON THE DEBATE THEN AND THERE TAKING PLACE. AND THE DESIGN OF A PROCEDURE THAT WOULD MEET HIS POINT IS SOMETHING THAT TAKES ONE INTO TERRITORY RELATIVELY UNKNOWN AND I WOULD NEED TO DISCUSS THAT POINT FURTHER BEFORE GIVING A FIRM ANSWER TO IT.

CAN I JUST BE ALLOWED TO ANSWER ONE QUESTION BEFORE MOVING TO THE NEXT ONE? THAT IS WHY I AM ANXIOUS THAT HONOURABLE MEMBERS TAKE THE OPPORTUNITIES AFFORDED BY TODAY'S DEBATE AND THE COMMITTEE STAGE DEBATE IN BOTH HOUSES TO REGISTER THE POINTS ABOUT WHICH THEY MIGHT WELL BE CONCERNED.

MRS ELAINE KELLETT-BOWMAN (CONSERVATIVE): (ANNOUNCER SPEAKS) ... THE MINISTER OF AGRICULTURE MET THIS POINT (ANNOUNCER SPEAKS) ... WERE CONCERNED AND THEN BRINGING FORWARD THE SUBSTANTIVE ORDERS AT A LATER DATE SO THAT THE ACTUAL ORDERS WERE GONE INTO IN DETAIL AND THE FINAL ORDER ON WHICH THE VOTING TOOK PLACE LATER.

SIR GEOFFREY: YES, I DIDN'T IMMEDIATELY HAVE IN MIND EVERY ASPECT OF THE ACTIVITIES OF MY RIGHT HONOURABLE FRIEND THE MINISTER OF AGRICULTURE. I AM GRATEFUL TO MY HONOURABLE FRIEND FOR CALLING ATTENTION TO THAT EXAMPLE AND I COULD, I THINK, EXPRESS OTHER EXAMPLES REMOTELY IN MY RECOLLECTION. BUT THE POSITION AT THE MOMENT IS THAT THERE IS NO UNDERTAKING IN THAT RESPECT. I HOPE THE RIGHT HONOURABLE GENTLEMAN WILL ALLOW ME TO GET ON.

MR JOHN MORRIS (LABOUR) (ANNOUNCER SPEAKS) ... TO DESIGN NEW PROCEDURE IF THE GOVERNMENT WERE TO GIVE AN INDICATION THAT IN INTRODUCING THEIR DRAFT REGULATIONS, AS THEY ARE CALLED, THEY WOULD DO SO ON A TENTATIVE BASIS AND NOT SEEK TO ROLL THEM THROUGH THE HOUSE REGARDLESS OF OPINION AND TO MAKE IT QUITE SURE THERE WILL BE AMPLE OPPORTUNITY FOR VIEWS FROM HONG KONG TO BE EXPRESSED AND THERE WILL BE NO LOSS OF FACE OF THE GOVERNMENT IF STRONG REPRESENTATIONS WERE MADE TO THE HOUSE IF THEY WERE TO WITHDRAW THEM, TEMPORARILY PERHAPS, TO RECONSIDER THE MATTER IN THE COURSE OF THE DEBATE.

SIR GEOFFREY (ANNOUNCER SPEAKS) ... MAKES THE POINT WITH HIS CUSTOMARY ELEGANCE. I AM NOT NOW GOING TO GIVE ANY UNDERTAKING IN RESPECT OF THE MATTER. BUT OF COURSE I HEAR WHAT IS BEING SAID ABOUT THIS AND MIGHT, PERHAPS, BE ALLOWED TO PROCEED WITH THE SUBSTANCE OF MY SPEECH AND LEAVE SOME QUESTIONS FOR MY HONOURABLE FRIEND TO ANSWER AT THE END OF THIS DEBATE (LAUGHTER). AS I WAS SAYING, THE BILL DOESN'T ITSELF INCLUDE THE FULL AND FINAL PROVISIONS ON THIS SUBJECT AND I CAN GIVE SOME REASONS FOR THAT.

THE AGREEMENT SETS A TIME LIMIT FOR RATIFICATION, AND THAT MUST TAKE PLACE BY THE 30TH OF JUNE THIS YEAR. BY THAT TIME THE BILL MUST HAVE PASSED THROUGH BOTH HOUSES AND RECEIVED THE ROYAL ASSENT. THAT IS WHY THE BILL HAS BEEN INTRODUCED SO SOON AFTER THE SIGNATURE OF THE AGREEMENT.

/ALTHOUGH THE

ALTHOUGH THE UK MEMORANDUM LAYS DOWN THE MAIN LINES OF WHAT IS NECESSARY, THERE IS STILL DETAILED WORK TO BE DONE IN FRAMING LEGISLATION TO GIVE EFFECT TO IT. AS I HAVE SAID, THESE ARE MATTERS WHICH REQUIRE CAREFUL THOUGHT AND CONSULTATION, NOT LEAST IN HONG KONG. THERE MUST BE ADEQUATE TIME FOR THAT CONSULTATION TO TAKE PLACE.

HON MEMBERS WILL NEED NO REMINDING THAT THIS IS A SUBJECT OF GREAT INTEREST IN HONG KONG. IT IS MOST IMPORTANT THAT THE LEGISLATION IS ACCEPTABLE THERE. WORK ON THIS IS IN HAND, AND DISCUSSIONS ARE TAKING PLACE WITH THE EXECUTIVE COUNCIL IN HONG KONG. HOWEVER IT WOULD NOT HAVE BEEN WISE - AND IN FACT IS NOT NECESSARY - TO ATTEMPT TO CARRY THROUGH DETAILED PROVISIONS IN THE TIMESCALE WHICH THE DATE OF RATIFICATION IMPOSES ON THIS LEGISLATION.

NEVERTHELESS THE MEASURES CONCERNED ARISE DIRECTLY OUT OF THE AGREEMENT AND MEMORANDUM. IT IS, THEREFORE, APPROPRIATE THAT ALL SUCH MATTERS SHOULD BE DEALT WITH IN THIS BILL.

IT MAY HELP IF I GIVE SOME EXAMPLES OF THE SORT OF DETAIL THAT IS LIKELY TO BE INCLUDED IN THE ORDER. IT WILL OF COURSE MAKE PROVISION FOR THE REMOVAL OF HONG KONG FROM THE LIST OF DEPENDENT TERRITORIES IN SCHEDULE 6 TO THE BRITISH NATIONALITY ACT, 1981 WITH EFFECT FROM JULY 1, 1997, AND FOR THE ACQUISITION OF THE NEW FORM OF NATIONALITY. FOR TECHNICAL REASONS IT IS NOT POSSIBLE TO RELY ON THE WORDS 'BY VIRTUE OF A CONNECTION WITH HONG KONG'.

THE ORDER WILL THEREFORE DETAIL WHO IS ELIGIBLE TO ACQUIRE THIS NEW FORM. IT IS HMG'S INTENTION THAT THE NEW FORM OF BRITISH NATIONALITY SHOULD CARRY BROADLY THE SAME BENEFITS AS BRITISH DEPENDENT TERRITORIES CITIZENSHIP, EXCEPT THAT IT WILL NOT BE TRANSMISSIBLE BY DESCENT. HOLDERS OF THE NEW STATUS WILL BE ABLE TO USE BRITISH PASSPORTS. THEY WILL BE ELIGIBLE FOR BRITISH CONSULAR PROTECTION IN THIRD COUNTRIES. THEY WILL BE COMMONWEALTH CITIZENS AND WILL HAVE A RIGHT TO REGISTRATION AS BRITISH CITIZENS ON THE SAME TERMS AS BDTC'S. IN SHORT, THE ORDER WILL IN EFFECT REDEFINE THE SCOPE OF THE BRITISH NATIONALITY ACT 1981 TO COVER THE NEW STATUS WHERE IT IS APPROPRIATE.

THE ORDER WILL ALSO SET OUT THE CIRCUMSTANCES IN WHICH PERSONS WHO MIGHT BECOME STATELESS AS A RESULT OF THESE PROVISIONS, AND THE CHILDREN BORN AFTER JULY 1, 1997 TO HOLDERS OF THE NEW STATUS, IF THEY WOULD OTHERWISE BE STATELESS, MAY ACQUIRE A FORM OF BRITISH NATIONALITY, WHICH WILL BE BRITISH OVERSEAS CITIZENSHIP.

THE ORDER WILL ALSO MAKE PROVISION FOR HOLDERS OF THE NEW STATUS TO BE DESCRIBED AS COMMONWEALTH CITIZENS, AND TO BE ENTITLED TO REGISTRATION AS BRITISH CITIZENS, ON THE SAME TERMS AS BRITISH DEPENDENT TERRITORIES CITIZENS.

/I URGE

I URGE THE HOUSE, FOR THE REASONS I HAVE OUTLINED, TO REJECT THE REASONED AMENDMENT STANDING IN THE NAMES OF THE RT HON MEMBERS FOR SOUTH DOWN AND ORPINGTON.

ADAPTATION OF LAW

PARAGRAPH 3 OF THE SCHEDULE GIVES THE NECESSARY POWERS TO MAKE CHANGES IN BRITISH LAW IN CONSEQUENCE OF OR IN CONNECTION WITH THE ENDING OF SOVEREIGNTY. IT ENABLES ORDERS IN COUNCIL TO BE MADE:

- TO REPEAL OR AMEND UK LEGISLATION IN SO FAR AS IT IS PART OF THE LAW OF HONG KONG.
- TO ENABLE THE LEGISLATURE OF HONG KONG TO REPEAL OR AMEND UK LEGISLATION IN SO FAR AS IT IS PART OF THE LAW OF HONG KONG AND TO LEGISLATE WITH EXTRA-TERRITORIAL EFFECT.
- AND TO REPEAL OR AMEND BRITISH LEGISLATION WHICH RELATES TO HONG KONG.

THESE ARE NORMAL PROVISIONS WHEN THIS COUNTRY CEASES TO HAVE SOVEREIGNTY OVER A TERRITORY. THEY ARE WRITTEN IN INDEPENDENCE ACTS, AND ALTHOUGH THIS BILL IS OF COURSE DIFFERENT FROM AN INDEPENDENCE BILL A SIMILAR PROVISION IS NECESSARY IN THE CASE OF HONG KONG. IT WOULD BE INAPPROPRIATE TO CONTINUE AFTER 1997 TO HAVE REFERENCES IN THE LAWS IMPLYING THE CONTINUATION OF A CONSTITUTIONAL RELATIONSHIP WITH THIS COUNTRY.

THIS CLAUSE PARAGRAPH 3 WILL ALSO ALLOW HONG KONG IN THE YEARS UP TO 1997 TO ADOPT LOCAL LAWS TO REPLACE THOSE UK ENACTMENTS WHICH CURRENTLY FORM PART OF THE LAW OF HONG KONG, FOR INSTANCE IN THE CIVIL AVIATION AND SHIPPING FIELDS. IT IS PRIMARILY IN THESE FIELDS THAT LEGISLATION WILL BE NECESSARY WITH EXTRATERRITORIAL EFFECT, FOR INSTANCE IN CONNECTION WITH AIR PIRACY, AND REGULATIONS FOR SHIPPING. THIS IS A VERY IMPORTANT PROVISION SINCE IT IS CLEARLY ESSENTIAL THAT BY 1997 HONG KONG'S LAW CAN BE SELF-CONTAINED SINCE IT IS TO FORM THE GENERAL CORPUS OF LAW OF THE SPECIAL ADMINISTRATIVE REGION UNDER THE AGREEMENT.

MR ANDREW FAULDS (LABOUR) ... (ANNOUNCER SPEAKS) ... ASSURANCE HE HAS JUST GIVEN WOULD COVER NON-CHINESE HONG KONGERS WHO LIVE ABROAD - IN OTHER WORDS IN SOUTHEAST ASIA SOMEWHERE AND WHO WOULD BE IN A GHASTLY LIMBO OF LOSTNESS IF THEY WERE NOT COVERED BY WHAT I UNDERSTAND OF THE ASSURANCES THAT HE IS NOW GIVING.

SIR GEOFFREY: THE HONOURABLE MEMBER MUST FORGIVE ME IF I DON'T INSTANTLY RESPOND TO THAT BECAUSE ALMOST EVERY WORD IN THE SENTENCE HE PUTS TO ME MAY OR MAY NOT HAVE SOME SPECIAL MEANING THAT I THINK WOULD NEED CONSIDERATION. I SEE THE POINT, IT IS CONSIDERED, IF POSSIBLE MY HONOURABLE FRIEND WILL DEAL WITH IT IN HIS SPEECH AT THE CONCLUSION OF THE DEBATE.

/MR PETER

MR PETER BRUINVELS: (ANNOUNCER SPEAKS) ... I UNDERSTAND THE SITUATION OVER THE STATELESSNESS OF PEOPLE, THAT IS OBVIOUSLY SHOWING A CARING GOVERNMENT. WHAT I AM STILL WORRIED ABOUT IS - ARE THOSE BRITISH NATIONALS OVERSEAS TO HAVE A PRIORITY OVER ANY OTHER PEOPLE FROM ABROAD IN THEIR WISH AND DESIRE TO COME OVER TO THE UNITED KINGDOM FOR SETTLEMENT?

SIR GEOFFREY: NO, THERE IS NO INTENTION TO EFFECT OR IMPLY ANY CHANGE OF THAT KIND. WHAT IS INTENDED IS SUBSTANTIALLY THE SAME RIGHTS AND LIMITATIONS AS ATTACH TO A BRITISH DEPENDENT TERRITORY CITIZEN UNDER THE EXISTING STATE OF THE LAW WITH THE PRINCIPAL CHANGE OF WITHDRAWING THE RIGHT OF TRANSMISIBILITY FOR ONE GENERATION. BUT THERE IS NO CHANGE IMPLIED ALONG THE LINES MY HONOURABLE FRIEND IS SUGGESTING.

FINALLY PARAGRAPH 4 OF THE SCHEDULE ACCORDS DIPLOMATIC PRIVILEGES AND IMMUNITIES TO THE FIVE CHINESE MEMBERS OF THE JOINT LIAISON GROUP WHO WILL ATTEND THOSE MEETINGS OF THE GROUP WHICH TAKE PLACE IN LONDON. WE NEED TO DO THIS TO FULFIL OUR OBLIGATION UNDER ANNEX II TO THE JOINT DECLARATION, WHICH PROVIDES FOR THE CREATION OF A JOINT LIAISON GROUP OF FIVE BRITISH AND FIVE CHINESE MEMBERS TO MEET IN LONDON, PEKING AND HONG KONG. THE ANNEX PROVIDES THAT MEMBERS OF THE JOINT LIAISON GROUP WILL ENJOY DIPLOMATIC PRIVILEGES AND IMMUNITIES AS APPROPRIATE WHEN THE GROUP MEETS IN THE THREE LOCATIONS. EXISTING LEGISLATION WOULD NOT COVER THIS RATHER UNUSUAL CATEGORY OF REPRESENTATIVE, AND IT IS THEREFORE NECESSARY TO LEGISLATE SPECIFICALLY. HONG KONG WILL NEED TO LEGISLATE SEPARATELY TO PROVIDE PRIVILEGES AND IMMUNITIES IN HONG KONG FOR THE CHINESE MEMBERS OF THE GROUP UNTIL 1997. APPROPRIATE MEASURES WILL HAVE TO BE TAKEN FOR THE BRITISH MEMBERS OF THE GROUP THEREAFTER. IT WILL BE FOR THE CHINESE TO PROVIDE SIMILAR PRIVILEGES AND IMMUNITIES TO THE BRITISH MEMBERS WHEN THE GROUP MEETS IN PEKING.

MR SPEAKER, BEFORE CONCLUDING, LET ME SAY A WORD ABOUT THE FUTURE. THE SIGNATURE OF THE AGREEMENT, AND - I HOPE - THE PASSAGE OF THIS BILL, LEADING TO RATIFICATION OF THE AGREEMENT, REPRESENT THE BEGINNING OF A PROCESS, NOT THE END. THERE IS MUCH TO DO BETWEEN NOW AND 1997. IT WILL REQUIRE THE CLOSEST COOPERATION BETWEEN OURSELVES AND THE CHINESE GOVERNMENT. IT WILL ALSO REQUIRE THE CLOSEST CONSULTATION THROUGHOUT WITH THE PEOPLE OF HONG KONG.

THE PROCESS OF CONSULTATION, WHICH HAS WORKED SO WELL THROUGHOUT THE NEGOTIATION OF THE AGREEMENT, WILL BE FURTHER ASSISTED BY THE PROGRESSIVE STRENGTHENING OF REPRESENTATIVE GOVERNMENT IN HONG KONG OVER THE NEXT 10 YEARS. AS THE HOUSE KNOWS, THE FIRST ELECTIONS TO THE LEGISLATIVE COUNCIL WILL TAKE PLACE IN SEPTEMBER THIS YEAR, AND THERE WILL BE A FURTHER PUBLIC REVIEW OF THE ELECTORAL PROCESS AND CONSTITUTIONAL STRUCTURE IN TWO YEARS' TIME.

THE MOST IMMEDIATE TASK WILL BE THE ESTABLISHMENT OF THE JOINT LIAISON GROUP PROVIDED FOR IN THE AGREEMENT. WE ARE NOW ACTIVELY WORKING ON THIS: THE GOVERNOR OF HONG KONG IS IN LONDON THIS WEEK, AND MY DISCUSSIONS WITH HIM WILL INCLUDE THIS IMPORTANT SUBJECT. WE SHALL ALSO THEREAFTER NEED TO DISCUSS PRACTICALITIES FURTHER WITH THE CHINESE GOVERNMENT. I SHALL INFORM THE HOUSE IN DUE COURSE OF PROGRESS ON THIS ISSUE.

WE HAVE NEGOTIATED A SATISFACTORY AGREEMENT FOR THE FUTURE OF HONG KONG. WE HAVE HAD AMPLE DEMONSTRATION THAT IT IS ACCEPTABLE TO THIS HOUSE AND TO THE PEOPLE WHO LIVE THERE. WE NOW NEED TO MOVE RAPIDLY TO RATIFY AND IMPLEMENT THE AGREEMENT SO THAT THE RENEWED CONFIDENCE THAT HAS BEEN ESTABLISHED IN THE TERRITORY WITH THE PUBLICATION OF THE AGREEMENT AND ITS SIGNATURE CAN BE SECURED AND STRENGTHENED.

AS I HAVE EXPLAINED TO THE HOUSE, PARAGRAPH 8 OF THE JOINT DECLARATION PROVIDES THAT INSTRUMENTS OF RATIFICATION SHALL BE EXCHANGED BEFORE 30 JUNE 1985. IT IS VERY MUCH IN THE INTERESTS OF THE UNITED KINGDOM AND OF HONG KONG THAT WE SHOULD MAKE AS RAPID PROGRESS AS POSSIBLE WITH THIS BILL TO ENABLE US TO MEET THAT DATE.

THE BILL IS SHORT AND STRAIGHTFORWARD. I STRONGLY COMMEND IT TO THE HOUSE.



DAILY INFORMATION BULLETIN - SUPPLEMENT

ISSUED BY GOVERNMENT INFORMATION SERVICES
BEACONSFIELD HOUSE, HONG KONG. TEL: 5-233191

TUESDAY, JANUARY 22, 1985

EMBARGO NOTE:

The following is embargoed until 2.30 am on Wednesday, January 23, 1985 to coincide with its release in London.

LECTURE TO THE STOCK EXCHANGE

BY SIR EDWARD YOUDE GCMG MBE, GOVERNOR OF HONG KONG

THE POLITICAL AND COMMERCIAL PROSPECTS

FOR HONG KONG

Introduction

Chairman, Ladies and Gentlemen,

I am very grateful to The Stock Exchange for giving me an opportunity to talk before such a representative audience about the future prospects for Hong Kong. The timing is particularly opportune. Just one month has passed since the Prime Minister signed in Peking the Sino-British agreement on the future of Hong Kong.

2. For Hong Kong itself, the agreement marks a new stage in our history. It has removed much of the uncertainty of the last three years, and has set a course for Hong Kong for the next half century or more. It presents Hong Kong with both new opportunities and new challenges.

3. The agreement also marks a new stage in Anglo-Chinese relations. It has removed an issue which could have caused immense difficulty in the relations between the two countries. A prolonged dispute would have had a highly damaging effect on Hong Kong itself.

4. In the wider sense, the agreement is of major international significance. It provides an encouraging example of how a complex international issue, which raised important and deeply felt points of principle for both sides, can be tackled and successfully resolved. In a world where problems between nations often prove so intractable, and international disputes lead to immense problems and suffering, not only for the nations involved, but in many cases their neighbours too, it is an example of what can be achieved by negotiation when there is the will to work with determination and patience in search of the right solution. This is one reason why it is in the wider interest of the international community that the agreement should be a success, and that Hong Kong should prosper. We in Hong Kong are much encouraged that the governments of the United States, of the countries of the European Economic Community, of Japan, and of our other major trading partners, have recognised this, and have stated their support for the agreement.

5. Against that background, it is the aim of this lecture to set out, as I see them, the future prospects for Hong Kong. Before I come to that, however, I will dwell a little on the recent history of Hong Kong, for an understanding of the political, social and economic background is essential to a full appreciation of the significance of the agreement and our prospects for the future.

Development of Present Day Hong Kong

6. When the Portuguese first settled in Macau, they regarded Hong Kong as a barren island whose only redeeming feature was a good supply of clear water which supplied small fishing villages and, much later, European merchant ships. What the Portuguese missed, and the British saw, was the superb harbour at the entrance to the Pearl River and Canton. For the past 150 years, that harbour has been Hong Kong's pre-eminent physical asset, around which much of its history has been written. It has made Hong Kong one of the great ports of the world, and its facilities continue to grow.

7. While the harbour may be Hong Kong's main physical asset, its greatest resource has been its people. Just about everything in and about Hong Kong is man-made. There will be about 40 square miles more of flat land in Hong Kong in 1997 than there were in 1898. All that land from Queen's Road to the waterfront, which comprises the central business area, has been reclaimed from the sea. So has the land on which the airport stands. Hong Kong's industries, including its growing service industries, have grown up, not on the basis of physical resources, but as a result of the vision, imagination, determination and hard work of its people.

8. The forty years since the end of the Second World War have seen the most spectacular development of Hong Kong's industrial economy, against all the odds. Hong Kong finished the war a devastated city with a population of somewhat under 600,000. The population, by the end of 1950, had risen, largely through immigration from China, to 2.4 million. Today, the population numbers nearly five and a half million. The newcomers first created an immense social problem with their homes on roof tops, in stairways and in crude shanty towns. But their willingness to work for their own future, in partnership with the long term residents of the territory, has over the years provided Hong Kong with an efficient workforce and a source of professional and technical skills. In 1947, we had just over 1,000 industrial undertakings employing 64,000 people. Today, we have over 47,000 industrial undertakings employing over 900,000 people. This expansion of, and revolution in, Hong Kong's industry have been essential to its survival.

9. Light manufacturing retains today its vitally important role in Hong Kong's economy. It employs about 35% of the work force and accounts for approximately 22% of the gross domestic product. Our manufacturers have over the years constantly upgraded the quality of their goods. You can find them not only in the chain stores, but also in the prestige and high fashion shops of London and New York. Our industrialists have moved into new areas, such as toys, electrical goods,

/watches,

watches, plastics, cameras and electronics, in response to changes in market demand. Some 90% of Hong Kong's manufacturing output is eventually exported; and the value of its total trade in goods amounts to over 180% of the value of its gross domestic product. Its economy must, therefore, adjust constantly to the changing world trading environment. Its success in doing so is clearly shown by the high rate of economic growth which it has achieved - one of the highest in the world. In the five years 1976 to 1981, Hong Kong achieved an average real growth rate of 13½% per year in its gross domestic product. Even in the last five years, including the 1982 recession, Hong Kong's GDP has grown by an average of 7% per year in real terms; per capita GDP has grown by an average of 5% per year over the same period.

10. In recent years Hong Kong has added a new string to its bow in the shape of a financial centre of world standing, third after London and New York. We now have about 140 licensed banks of which 35 are local companies; over 100 other foreign banks maintain representative offices in Hong Kong. The financial and ancillary services sector employs about 170,000 people. Our claim to be a major international financial centre is well founded.

11. Hong Kong's development as a major manufacturing and trading economy, and as an international financial centre, has been assisted in part by our favourable geographic position. The Pacific basin is the most dynamic of the world's markets. During the years 1970-1982, the average annual real GDP growth rate of the developed industrial economies was 2.8%, whilst in East Asia, which includes Hong Kong, South Korea, Singapore among others, the rate was 7.6%. The base figure may have been low at the beginning. It is not so now. In addition, China, once regarded economically as a sleeping giant, is now showing signs of developing its vast economic potential. In 1983, China registered a real GDP growth rate of 9.1%.

12. Hong Kong's impressive economic growth owes much to the open nature of its economy. The Hong Kong Government is, and will remain, non-interventionist by nature. Its characteristic economic policy has been deliberately to leave the industrial, commercial and financial sectors free and unfettered to compete in domestic and world markets. The Government has sought to regulate only where the orderly conduct of business, fair treatment of the work force and the good name of Hong Kong so require.

13. At the same time, we have invested heavily in the physical infrastructure necessary to complement and support the natural and man-made advantages of Hong Kong. A major programme for the building of six new towns, which will eventually house some three million people, was started in the 1970s; it should be largely complete by the end of the present decade, but we are already well ahead with the planning of the next stage. We have some of the most modern and efficient communications in the world, the world's third largest container port and one of the most efficient air cargo terminals.

14. We have also invested, and will continue to invest heavily in the development of our human resources - in housing, education, health and social services. Our housing policy for example can hardly be described as laissez faire. More than 44 per cent of Hong Kong's population lives in public housing; about one third of capital public expenditure is allocated to public housing development. For, just as we believe in a market-oriented economy, so we also believe in facing up to, and solving, our own problems. Another of our priorities is education, including technical education and industrial training, for we are conscious that a well educated working population, possessing the latest professional, industrial and technical skills, is essential to our continued prosperity in an increasingly competitive world. It is this concern to respond to the rising expectations of the people which has given Hong Kong the social stability so essential to its economic progress.

15. I recall these facts, not because they will be new to many of you, but as a reminder of the conditions which have contributed to Hong Kong's success, to the resilience of its economy, and hence its ability to rebound successfully from the set-backs which affect all economies from time to time.

Background to the Negotiations

16. But, at the beginning of this decade, there was a growing shadow over that scene - the shadow of uncertainty about the future of Hong Kong in 1997. When I arrived in May 1982, the shortening of the period of the New Territories lease had already begun to cause anxiety and doubts among the community and investors alike.

17. The British and Hong Kong Governments had, therefore, little choice about the timing of negotiations. With such large issues at stake, whose resolution would affect the lives of so many people and their children, we could not leave those people in doubt about their future. We could not sit back and watch business confidence erode as 1997 got closer. An early start had to be made, and that start had to be made at the highest level. The Prime Minister's visit in September 1982 provided the opportunity.

18. There were other reasons too for looking for a settlement. The Hong Kong property market had reached its peak in late 1981. The signs of an over-supply, became apparent by early 1982, and the collapse in land and property prices was only too obvious by the summer.

19. This would have been difficult enough in itself, given the amount of bank lending associated directly with property, but at the same time we felt the effects of the very sharp recession of 1982 in the United States. We were confident that recovery would come, but if Hong Kong was to take advantage of it, confidence in its future had to be restored.

20. Hong Kong began its own recovery quickly as it had done before. In the second quarter of 1983 there was an encouraging rise in exports. Strong economic growth in the United States - Hong Kong's largest export market - and improvements in the economies of our other markets resulted in very rapid growth rates in domestic exports to those markets.

21. But, as I hardly need to remind you, it is not only economic factors which affect business decisions. The crisis of confidence in the Hong Kong dollar, which came to a head in the autumn of 1983, at a particularly delicate stage of the negotiations, was largely the result of political uncertainty. In order to restore a stable exchange rate, the Hong Kong Government revised the framework of its monetary policy - specifically the note-issue arrangements - with the aim of linking the value of the Hong Kong dollar to that of the US dollar. With the cooperation of our major banks, the new arrangements achieved that aim.

22. Thus, we were able to conduct the crucial concluding stages of the negotiations in 1984 against the background of rising exports, a stable currency, and a consequent strong stimulus to growth in our economy, full employment and a steadily falling rate of inflation. In retrospect, our economic problems in the early stages of the negotiations, although they gave us no cause for comfort at the time, were a lesson to everyone how vitally important to the health of our economy was confidence, on what foundations confidence was built, and how easily it could be undermined.

23. Even then, the key to Hong Kong's future had yet to be found. If our entrepreneurs, and our professional and technically qualified people, were to be convinced that Hong Kong could continue to offer them and their families an acceptable home, they had to be convinced that its economic system and familiar life-style would survive. Our manufacturing and export record in 1983/84 was achieved by optimum use of existing assets. If this growth was to continue, there had to be reinvestment and new investment. For all that, there had to be political confidence; and the key to that political confidence was a satisfactory completion of the Sino-British negotiations.

The Agreement

24. That key was provided by the initialling in Peking on the 26th of September last year of the draft Sino-British agreement. The agreement received an immediate welcome, and I had no difficulty in commending it to the people of Hong Kong. The conclusion that the agreement is a good one has been endorsed by the people of Hong Kong, by both Houses of Parliament, and by the international community.

25. The agreement came as an agreeable surprise to most people for a number of reasons. Not only did it provide for the continuation of the essentials of Hong Kong's life-style and economic systems; it set them out in specific terms, and in binding form.

26. The terms of the agreement are already widely known. But I should like to remind you of some of its provisions which are of particular importance to the business community. In 1997, Hong Kong will become a Special Administrative Region (SAR) of the People's Republic of China; but the socialist policies adopted in the People's Republic will not be applied in Hong Kong. The agreement provides that the economic and financial systems in Hong Kong will in all essential respects remain for fifty years after 1997. Hong Kong will maintain its own familiar system of law. As an SAR it will continue to determine its own financial policy and manage its own financial resources. It will decide on its own economic and trade policies in the light of its own needs. The free enterprise system, free trade policies and free port will continue; so will individual rights and freedoms including those in economic matters, such as freedom of movement of capital, the right to own and dispose of property, and the right to full and prompt compensation for lawful deprivation of property. The Hong Kong dollar will remain freely convertible, and Hong Kong will retain the right to manage the Exchange Fund. Hong Kong will retain the authority to conduct its own external affairs in economic, trade, financial, monetary and shipping matters, and will retain a large degree of autonomy in civil aviation. Existing leases and rights in land will continue after 1997; renewable leases can be extended up to the year 2047, and new leases can be granted extending up to the same date.

Future Prospects

27. The conclusion of the agreement has engendered a new air of confidence and optimism in the territory. Investment in plant and machinery has picked up. This reflects both a lagged response to the export recovery and greater investor confidence in the future. Even in the property market signs are better than they have been for some years. Hopefully we are through the worst of the strains which the collapse of property prices in 1982 imposed on some of our financial institutions. Our new unified stock exchange should open at the end of the year.

28. The agreement has also reinforced the confidence of many overseas investors. Confidence that an acceptable settlement would be achieved was always strong among a number of foreign businessmen, particularly from the United States. About 500 factories in Hong Kong are either fully or partly owned by overseas interests. The United States accounts for over half the total overseas investment, with Japan accounting for another fifth. United States investment has been particularly strong in recent years in our electronics industry, recording a more than fifty percent increase in the last three years. It now accounts for nearly eighty percent of total overseas investment in that industry. Japanese banks have shown a strong interest in our financial sectors. 14 overseas banks have been licensed in the last two years, 10 of them from Japan.

29. Our public finances are also looking healthier. With the property collapse of 1982 came a sharp reduction in government revenue from land sales. We have, nevertheless, within the limits of prudent budgetary policy, maintained our development programmes. Plans are now well advanced for long-term development in the 1990s and beyond, including major improvements to Hong Kong's road and rail networks, port facilities and the airport. Our plans will ensure that there is an adequate supply of land coming on stream to meet the needs of our ambitious housing programmes, and to provide for commercial and industrial expansion.

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We do not expect the provisions of the Sino-British agreement on land to inhibit these programmes. We have sought to moderate the growth rate of Government expenditure, stabilized the size of the public service, and we have carefully adjusted taxes so as to increase our tax revenue whilst not damaging the incentives of a low tax economy.

30. After three difficult budgets, the Financial Secretary is in sight of restoring a balance between revenue and expenditure, assisted, of course, by the considerable upturn in the economy. Our revenues are now substantially less dependent on land sales. Faster economic growth has not, however been accompanied by a resurgence of inflation. Indeed, Hong Kong's inflation rate has been falling steadily, from a year-on-year rate of just under 11% for the first three months of last year to under 7% for the three months ending in October last year. The continuing stability of the Hong Kong dollar, in terms of its link with the US dollar, remains a favourable factor. We intend to retain that link.

31. The outlook for Hong Kong is thus a fair one; and here I would draw your attention to another provision of the agreement. Article 4 lays on the United Kingdom the responsibility of administering Hong Kong up to 30 June 1997 with the aim of preserving its economic prosperity; and states that the Government of the People's Republic of China will cooperate in this. Both countries have thus stated a common interest in maintaining the economic health of the territory. Chinese investment in Hong Kong has in fact increased dramatically in recent years, in parallel with the emergence of China as an export market for Hong Kong products. While the United States remains by far our largest trading partner, China is in second place. The Bank of China has already started work on a new building which, when completed, will be a major headquarters for its operations.

32. At the outset of my lecture I spoke not only of opportunities but of challenges. One of those challenges lies in the development of more representative government. It is my own view that, whether or not the question of 1997 had existed, there would have been a need to provide a more visible means of community participation in the process of

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government. Progress in education, the growth of a young and highly professional middle class, and the effects of ever-increasing contacts with the developed world, were bound to strengthen the call for a more direct say. That call has been reinforced by the prospect of 1997, which brings with it a wish on the part of Hong Kong people to play a more direct role in government.

33. Even when the negotiations were in progress, the Hong Kong Government was not idle on this front. We announced last spring that in this year's elections the number of elected members of District Boards would be doubled, and that a new Regional Council would be established to provide for the needs of those areas not now covered by the Urban Council. With the rapid growth in population in the New Territories - over 40 percent of our population will live there in the 1990s - the need for such a Council had become pressing. After community-wide consultation through the medium of a Green Paper, we also announced that nearly half of the membership of the Legislative Council will be chosen through a process of indirect election later this year.

34. But with the need to develop more representative government goes the need not to prejudice the stability and community consensus which have been essential to Hong Kong's success. This is widely recognised in Hong Kong, not least by the Government. We have chosen to build on existing well-tried structures, rather than take over-ambitious leaps in the dark. We have tried to choose methods which will preserve the political consensus and reduce the risk of sharply adversarial politics. Critics of our pace of change ignore the fact that Hong Kong will accomplish in years changes which it took decades to achieve in the United Kingdom.

35. We are seeking to create a system tailored to Hong Kong's own special needs and circumstances. Later this year we shall have 24 members indirectly elected to a Legislative Council of 56. Twelve of them will be chosen by functional constituencies representing commerce, industry, the financial sector, labour, social services, education, and the legal, medical, and engineering and associated professions. This

is a reflection of the vital importance of the part these sectors play in the economic life of Hong Kong, and will ensure that their interests are appropriately represented. We shall test the success of these steps before moving to a further review in 1987.

36. In that review we shall need to consider other important issues such as the composition of the Executive Council, its relationship with the legislature, and the role of the Governor in each. In each step we take we shall take fully into account the need for stability, both political and economic. We shall keep in mind the fact that the Chinese Government will be considering the future Basic Law for Hong Kong, and the provisions of the Sino-British agreement, which provides for an elected legislature by 1997 and an executive accountable to it. There will be nothing in our plans inconsistent with those aims.

37. Against this background, what will be the role of the United Kingdom? As regards the administration of Hong Kong, the obligations of the United Kingdom are clear, - the British Government, through the Hong Kong Government, will remain responsible for the administration of Hong Kong until 1997. Both the Prime Minister and the Secretary of State have given unequivocal undertakings that Her Majesty's Government will do its utmost to ensure that the agreement works, that Hong Kong will continue to have a stable and responsive Government, and that the territory will be administered in accordance with the interests and wishes of its people.

38. There will also be great opportunities for the UK business community. Many UK companies, some of them household names, have been operating successfully and profitably in Hong Kong for many years. More than 50 are involved in manufacturing in Hong Kong, with a total investment of around £88 million. But this investment pales in comparison with that of the US, China and Japan. UK investment represents less than 7% of total overseas investment in Hong Kong industry. In trading terms, the UK provides only some 4 percent of our imports. This low level of UK involvement is difficult to explain.

39. There is no reason why UK companies should not be more involved in Hong Kong, nor why UK exports should not compete successfully in our markets. Economically I see the same opportunities for UK companies as for those from other countries, and I am glad to say that over the last year two or three of the UK's leading companies have taken the same view. As China's modernisation programme progresses, opportunities abound for those in Hong Kong with the ability to offer advanced technology and services appropriate to her needs. There is a growing tendency for international companies to use Hong Kong as a spring board to expand in the region in general and into China in particular. Many have done so with great success. There is no reason why UK companies should not share in this growth in a more significant way than at present. I need hardly remind you that there is now a fund of goodwill towards the United Kingdom in China and the region generally.

Conclusion

40. I trust that what I have said will convince you that Hong Kong has successfully navigated some choppy waters and now has every prospect of a successful future. I do not pretend that that future has no uncertainties. Given its dependence on exports and the openness of its trading and financial systems, Hong Kong is vulnerable to changes in the international economic climate. The agreement has not removed the concerns of everyone in Hong Kong about the future. There are those who still plan to wait and see. But I will maintain that, if you weigh those uncertainties against those which affect all other parts of the world, then Hong Kong has a more assured future than most.

41. All the factors which have contributed to Hong Kong's economic prosperity in the past are still present. Our economy is healthy. Our commitment to free enterprise has enabled our manufacturing industry, our exports and our service industries, including financial services, to achieve enviable rates of growth. Our currency, now linked to the US dollar, is stable, and inflation is falling. The Government is continuing its programme of investment in the future. We shall continue to respond to the needs of our community in order to maintain a firm foundation for social stability. At the same time we shall maintain prudent financial policies.

42. The new and vitally important factor is the agreement between the Governments of the United Kingdom and the People's Republic of China on the future of Hong Kong. That agreement has removed much of the uncertainty which has affected confidence and investment in the last three years. It constitutes a binding commitment on the part of both governments to foster the stability and prosperity of Hong Kong. I have no doubt that they will fulfill that commitment, not only because they are pledged to make the agreement work, but because it is self-evidently in their interest to do. The reaction of the people of Hong Kong to the agreement has indicated that they accept it as a basis on which they can build a successful future. I am confident that they will do so, and that Hong Kong will continue to be the vibrant and exciting city that it is today.

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