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THE RT HON CHRISTOPHER PATTEN  
GOVERNOR OF HONG KONG  
ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS  
CHATHAM HOUSE, TUESDAY, 6 APRIL 1993

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Chairman, ladies and gentlemen, let me begin with the more recent event, as you so diplomatically described it. It is pretty well a year to the day since, as all of you who read the newspapers in advance will know, the Conservative Party lost the general election. It is almost a year, too, since, following that election, I was offered and accepted the post of Governor of Hong Kong.

During the next few moments I would like, if possible, to explain to some of you - and I hope that this will not seem too self-centred - what it is in the interim which has converted someone reckoned in British politics to be, apart from one or two demotic interludes, on the consensual end of the political argument. I would like to try to explain what it is that converted this one-time wet into the Dennis Skinner of the Orient! (Laughter) That is about the one thing I have not been called thus far!

Let me begin at the beginning. Let me start with what was my initial reading of the Joint Declaration - the basis for Sino-British co-operation: the description of how it is that we are to accomplish our objective of one country, two systems, to refer to that historic concept.

I take it that the Joint Declaration means what it says. I take it that the Joint Declaration is for real and not just a brocaded frill behind which Britain can withdraw from Hong Kong in 1997 with a modicum of honour and decency. That is how I approached the Joint Declaration, that is how I read the Joint

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Declaration, and that is how I still look at the Joint Declaration today.

There are three things in the Joint Declaration to which I would like to draw attention. First of all, the system which it describes is not, of course, just the capitalist allocation of resources in the economy. The Joint Declaration describes in terms Hong Kong's way of life and, therefore, Hong Kong's freedoms.

I have to admit that I was a little surprised when, shortly after my appointment, the first controversy broke like a storm around my head. It followed the prime minister's description of the purpose of my appointment as being to help protect Hong Kong's stability, prosperity and freedoms. The Governor of Hong Kong, taking a good brief, used exactly those words himself when he described his objectives. We then, to my surprise, found ourselves being attacked by Chinese officials for using the word 'freedoms'. The Joint Declaration is full, however, of the descriptions of Hong Kong's freedoms and Hong Kong's freedoms are part of Hong Kong's system.

The second thing which stands out from the Joint Declaration is that Hong Kong's prosperity is not something that you set apart from Hong Kong's way of life. It is of course true that Hong Kong's prosperity helps to sustain its way of life but it is equally true that Hong Kong's way of life and open market economy run within the framework of the rule of law and that that way of life helps to sustain its prosperity. The relation between the two is something which we should not lose sight of.

Third, the Joint Declaration does not of course describe a

democratic society. When they are criticising the decisions that we have reached in the last few months, the proposals we have put forward, some people ask us why we have come to this argument about democracy so late - not, I think, that we are. But that is the point to which I will return. It is as though we were being pressed by our colleagues from the north to go faster towards democracy in the past.

You know the position that Hong Kong has been in: unlike virtually all our other dependent territories, unlike virtually all our other colonies, we have not been preparing Hong Kong for independence. We have in fact been preparing Hong Kong for the resumption of Chinese sovereignty. In those cases where we were preparing colonies for independence, we had a pretty familiar mix that we put in place: Westminster-style democracy, the rule of law, clean and honest government - we put that on the launching pad and we blasted the satellite off into independent orbit.

But that was not our task in Hong Kong. Far from us being pressed to move faster in the direction of pluralism and democracy, you will know that we were getting messages to go slower from our colleagues in the north. It is one reason why I think the Joint Declaration is such a very special document, because the Joint Declaration sets out very clearly a path to democracy for Hong Kong from the early 1980s onwards. It sets out an agreed series of steps which will, for example, result in the Legislative Council in 1995 being entirely elected and points to subsequent Legislative Councils having larger and larger elements of direct election.

The argument that we have been having with China is about

exactly how the electoral arrangements for 1995 should be organised, because on that there is no agreement and there is no prescription in the Joint Declaration or, for that matter, no precise prescription in the basic law.

When I went to Hong Kong, the position of the United Kingdom Government about the 1995 elections was clear. The position of the United Kingdom Government, advised by many now retired, wise public servants, was to increase the number of directly elected members of the Legislative Council. That was the published position of the British Government. The position of the pro-democracy parties in Hong Kong, who, you will recall, had swept the board in the elections in 1991, was similarly to increase the number of directly elected members of the Legislative Council, preferably by having half the Legislative Council directly elected.

The position of China was different. The position of China was that there should be no increase in the number of directly elected members of the Legislative Council because that would involve, Chinese officials said, a change in the basic law.

There was another point of view, another argument put by China. Some would doubtless argue that, when China put this point of view publicly it was in breach of the Joint Declaration. What Chinese officials said, very clearly, was that, in addition to there being no increase in the number of directly elected members of the Legislative Council, the Governor of Hong Kong should not appoint before 1997 to his Executive Council directly elected legislators, so that others who were members of the Legislative Council could continue to be but leading Liberals who

had been directly elected to the Legislative Council should not be members of ExCo.

Against that background I had a series of talks when I arrived in Hong Kong. We put forward as a result of those talks proposals which, in our view, while probably representing a second best to many of the groups who had come to talk to us, represented pretty well a point of balance in the community. We did not press for an increase in the number of directly elected seats but we made other proposals on functional constituencies, on the election committee, on the method of election to geographical constituencies and so on, which, in our view, commanded the broadest common ground in the community. They were proposals which equally, in our view, were wholly in line with the Joint Declaration and the basic law.

Our judgment about the point of balance in the community has been borne out by subsequent events because, even though the 'noise from the north' has reduced support for the proposals we put forward last October from about 6:1 to about 2-2½:1, that support has remained pretty resilient over these months.

We put forward our proposals almost a fortnight after we had told Chinese officials about them. We put forward our proposals, not as a fait accompli but, as we said at the time, as a set of propositions that we wished to discuss with China as well as with the community. They were not, as I have said, proposals for a great extension in democracy in Hong Kong, whatever some of the headlines may occasionally have said subsequently. They were proposals for accomplishing what is my bottom line: that is, that the elections in 1995 should be held on a basis which is clean

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and fair. We also argued that it was more likely that one would promote political stability if the proposals for elections in Hong Kong were acceptable to the community.

After I had put the proposals to the Legislative Council I went to China for a couple of days to discuss them, among other matters, although mostly to discuss them with Chinese officials. We had two days of vigorous but wholly courteous exchanges. At the end of that, just before the - what George Schultz presciently described to me as the 'post visit blast' - at the end of those discussions it was suggested that, since we had not managed to find common ground in Beijing, we should continue the discussions in the Joint Liaison Group, in discussions between the foreign ministers or in other forums.

I then left Beijing, accompanied, as I have said, by the blast, at which point the Chinese position appeared to change. From that point on, through the winter, the Chinese position was that they would only talk to us if we withdrew the proposals that we had put forward in October, despite the fact that, by then, those proposals had twice received the broad endorsement of the Legislative Council.

Through the winter there were between 2 - 3 million words of not always useful abuse from pro-Beijing newspapers and so on, exercising that freedom of speech and freedom of the press which I hope they will continue to stand for. But despite all that, community support remained pretty solid and in early February the Executive Council decided that it would put in legislative form to the Legislative Council the proposals which I had originally put forward in October.

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We sent a copy of the Bill that we intended to put into the Legislative Council to Chinese officials in early February, accompanied by a message reiterating a point that we had made privately and publicly a number of occasions - reiterating that we were prepared to have talks with China at any time about the electoral arrangement for 1994 and 1995.

We were due to publish our Bill on 12 February. The day before that, on 11 February, China came back to us at, as it were, the eleventh hour, but better than not at all, and said that they would be happy to have talks. We immediately went back to China and proposed that talks should begin on 24 February. Then, alas, there was first of all silence and then complicated discussions about the precise basis for talks which, alas, got nowhere.

After five weeks, we were arguing about representation. We were arguing about secrecy - not about secrecy regarding the contents of the talks but secrecy regarding the fact that talks were taking place, and we had not agreed a date for the commencement of talks nor yet a date on which we could announce a date for the commencement of talks. So it had been a rather frustrating period, I am sure, all round.

I would like to make three points absolutely clear about talks which I still hope we can see starting sooner rather than later. That is a point which we say, day after day, publicly and privately, to Chinese officials.

First of all, there is no dispute as far as we are concerned that the talks are between the present sovereign power and the future sovereign power. There is no question that the talks are

between Britain and China. So put furniture metaphors on one side. We have no doubt at all that the talks are between Britain and China.

Second, there is no question either that the talks will take place in Beijing. I do not think, even if the talks take place in Beijing, that it is possible to hold talks about the future of Hong Kong in Beijing without somebody in the media finding out about it. But that remains an unresolved issue between Britain and China.

Third, there is no question of the basis of talks. The Chinese suggested that the talks should be on the basis of:

- (i) the Joint Declaration,
- (ii) convergence with the basic law,
- (iii) the relevant understandings and agreements between Britain and China.

And we said, 'Absolutely fine' to that. So, on that basis, talks could start tomorrow. Indeed, on that basis, talks could start this afternoon.

Who proposed talks - Britain or China? Britain. Who has raised pre-conditions for those talks - Britain or China? Well - let me show how diplomatic I have become - not Britain. I repeat what I said earlier. I hope that talks can start. I hope that talks can start very soon. I hope that talks can start in, to borrow a phrase, a spirit of sincerity on both sides. I do not kid myself any more than, I am sure, Director Lu Ping would kid himself that talks would be a pushover. Talks, were they to take place, would be extremely difficult, because we are clearly discussing issues on which both of us feel very strongly.

But talks would have many advantages. Talks would, for example, give Chinese officials the opportunity which they have been very restrained about taking so far to explain what they would like to do about the 1994 and 1995 elections if they do not like our own proposals. We are still waiting to learn what their proposals would be and I think talks would give us an excellent opportunity to discuss that.

Secondly, talks would also give us the opportunity of discussing exactly how the through train might work, exactly how the transition might work, and exactly, for example, how it would affect legislators elected in 1995, elected and committed to agreeing to the basic law. It would be interesting to find out whether legislators who were elected in that way would be able to travel through 1997 to the end of Legislative Council period of 1999. Those are issues, and there are many others, I am sure, which it would be valuable for us to explore in talks between Britain and China.

If there are not talks then, given our responsibilities for electoral arrangements in 1994 and 1995, we shall have to put our proposals to the Legislative Council which has the constitutional responsibility for dealing with legislation like that. I am sure that the Legislative Council will deal with those proposals conscientiously and our position remains today what it has been - that we do not wish to go further than the people of Hong Kong wish to go in making these arrangements, but nor do we wish to go less far than they wish to go.

Hard times or great expectations? Well, I hope that we can resolve these political problems swiftly. I am sure that we will

be able to put them behind us in due course. I do not believe that these problems would be any easier to solve if we were to put off the time when we came at them, but the sooner we can get them out of the way, the better. With those problems out of the way the future of Hong Kong is, I believe, extremely bright.

It is, as many of you will know, a unique mixture: a community which stands at the gateway to the economic revolution which is taking place in China now to the benefit not only of China but of the whole world. It is a community which stands at the crossroads of Asia, the fastest growing region in the world. It is a community which brings together all the attributes of a market economy and of the rule of law. I think that, provided the rule of law and the market economy continue to operate hand in hand, then Hong Kong will have an extraordinarily successful future. Those who see it playing in relation to mainland China, economically, the same sort of role that New York plays in relation to the opening up of the American economy a century ago, are not far-fetched in their predictions.

I do think for reasons that I have argued on a number of occasions, that a credible - I do not say a democratic - but a credible Legislative Council is part of the framework of the rule of law and, if one were to take that away, just as if one were to take away freedom of speech, Hong Kong would not only be a less agreeable and tolerant community in which to live, but it would also be a less prosperous and successful community too.

When considering how best to exercise, how best to discharge our responsibilities to 6 million people in Hong Kong, there are at least a couple of questions that we need to address. First

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of all, is discharging that responsibility a value-free zone? If it is not, if there are values which we have to hold on to, I would guess that at least a minimum value is that we should try to ensure that the last election held under British sovereignty are clean and fair and not rigged.

The second question we have to answer is, if from time to time, the United Kingdom has a bottom line, should it allow that bottom line to sag every time others disagree with where we have drawn it? I think, if that is one's attitude to bottom lines then it is better not to have bottom lines at all.

Discharging our responsibilities to Hong Kong, a uniquely different task to our other colonial responsibilities, faces us with a long agenda of arduous choices. In order to make those choices in the best long-term interests of the people of Hong Kong, it is important to remember from time to time the importance both of bottom line and of values. If we do that, I am sure we will be able to discharge those responsibilities decently and competently and honourably (Applause)

**QUESTIONS AND ANSWERS**

**PROFESSOR MARTIN:** Ladies and gentlemen, we have almost half an hour for your questions and discussion. The Governor has said that he would prefer to do this standing.

**JACK THOMPSON (BBC World Service Television News):** As I am sure you are well aware, on 2 April the Chinese language newspaper in Hong Kong, Sing Pao, reported from Beijing remarks made by the CCP General Secretary, Jiang Zemin:

'If the situation between Britain and China continues, the Joint Declaration will actually be discarded by Britain and will no more be binding on the two countries. To safeguard China's sovereignty and to protect Hong Kong's compatriots' interests, we have the power to take decisive measures to take over Hong Kong ahead of schedule when necessary.'

My rather plain question to those rather ominous remarks is: how do you construe them?

**CHRIS PATTEN:** I have heard a lot of things said in the last few months and some of them might have been better not said. But overall, I have noticed again and again Chinese officials saying that they would abide by the Joint Declaration, as I would expect, given that it is in effect a binding treaty between Britain and China. I have heard them say that they have no question of attempting to resume sovereignty before 1997. I have heard them underlining their commitment to co-operation in order to guarantee the the well-being, the livelihood and the standard

of living of the people of Hong Kong. I take all those commitments by a number of Chinese leaders, including the leader whom you have just quoted, at their face value.

No one argues about the reality of the resumption of Chinese sovereignty and, I assume, no one argues about the important role that Hong Kong can play as a part of one country if its system continues to thrive and prosper. I do not suggest for one moment that Hong Kong does not derive huge benefits from the successful economic revolution in China - of course it does. But it is a symbiotic relationship and Hong Kong, for its part, is helping to carry forward that revolution as well. Hong Kong today represents about 19% of China's GNP. Hong Kong and Guandong represent about 29% of China's GNP. It is in Hong Kong's interest, it is in China's interest and it is in the world's interests. The prosperity of which Hong Kong is part and which Hong Kong has helped to create continues. I would have thought that that was a reality, if you like, to go back into history - a Marxist reality - which will continue to obtain.

ROSEMARY WRIGHT (The Times): Mr Patten, if talks were to take place, you have said they would be difficult. You have also said that your responsibility is to discharge, in time for the elections in 1994 and 1995 - what would be the risk in your view, that these difficult talks would drag on so long that they would rather overtake the timetable for elections in 1994 and 1995?

CHRIS PATTEN: There is, of course, a danger that the later you start talks the more of a problem you have in both

concluding them and legislating on the basis of them, if that proves possible, in time to have satisfactory electoral arrangements there for 1994 and 1995. That is plainly a problem, and it is a problem which we would have to confront with the Chinese side in any talks and with the community in Hong Kong if talks got underway and if talks were taking a long time and if talks were getting somewhere. Because there would be no point on either side, I would guess, in just talking for the sake of talking unless one was actually making progress.

The Chinese officials who are most involved in monitoring Hong Kong affairs appreciate the urgency for having arrangements in place with a decent interval before the elections actually happen. For example, so far as the 1994 District Board elections are concerned, by about this autumn those who intend to be candidates will want to know about their constituencies, they will want to be getting to know the communities which they hope to represent and it would be difficult for them if the District Board electoral arrangements were not on the table by then. So there are practical problems. That is one reason why we wanted talks to begin on 24 February, and another reason why I would be very happy if talks started this afternoon.

JONATHAN MIRSKY (Observer): In order to get talks or keep talks going, are there any circumstances at all in which you would give way on the nature of the talks? In other words, is it absolutely a bottom line that Hong Kong be represented fully on the team? Two, is it a bottom line that the through-train contains every single member elected to the Legislative Council

in 1995? Three, is it a bottom line that the Legislative Council has the last word after the negotiations are finished?

CHRIS PATTEN: Let me deal with your bottom lines in reverse order. Thirdly, the constitutional position is perfectly clear. The Legislative Council has to agree on the electoral arrangements, on the legislation to the electoral arrangements within Hong Kong. It is quite interesting to see what the basic law says about the Legislative Council's role in relation to electoral arrangements as well.

The Letters Patent and the Royal instructions are absolutely clear. That has not been disputed. I very much doubt whether proposals which were acceptable to Britain and China would be unacceptable to the Legislative Council. That is a statement again of reality. I would certainly not wish proposals to emerge from talks between Britain and China which I would not commend to the Community, otherwise it would put me in an impossible position. I am sure it would put Her Majesty's Government in an impossible position. My judgment is that if we could reach an agreement with China which we were able to recommend to the Community, the Legislative Council would be likely to pass it.

Secondly, the through-train and the position of Legislative Councillors. Let me explain the position. It is of course for the sovereign power in July 1997 to make decisions about these matters, but the Community needs to be sure what it is getting for the through-train if it is making sacrifices in its aspirations in 1994 and 1995 in order to secure this mode of transport. If the through-train is not only to be so designed

as to exclude some people from travelling on it at all, but is also to have an automatic ejector seat for liberals who are not greatly liked in July 1997, then it has fewer attractions than a through-train should have. These are issues which have been insufficiently debated and deserve to be given a little more public attention.

It cannot be a bottom line in the sense that other things plainly are, when the ultimate decision will rest not only with the British Government but with the Chinese Government. The Hong Kong Government and Hong Kong Community, as well as the British Government, would like to know exactly what is intended so far as legislators, properly elected in 1995, are concerned. Some of those legislators would like to know too.

Firstly, it is our position that Britain should be represented as it always has been, as it was in negotiating the Joint Declaration, as it is in the Joint Liaison Group which is where, after all, we could be having these discussions if the original Chinese suggestion had come to fruition.

I do not understand what the problem is. I have stated unequivocally as I am sure has the Foreign Secretary that the talks are between the two sovereign powers. Some may think that it was an aspect of our sovereignty that we should be able to choose who represented Britain. But I do not want to push that matter too hard in case it makes talks about talks about talks more difficult.

I have a problem in understanding what the snag is. A foreign ministry spokesman in Beijing said after the breakdown of the talks about talks, that Hong Kong Government officials did

not have the right to talk if there were talks. A spokesman of the NCNA said Hong Kong Government officials had no right to be part of any British team. These are curious things to be saying after 11 or 12 years in which we have not always had as successful or as amiable discussions as we might have liked, but we have managed to establish a dialogue, a discourse, on a basis which would cause no difficulties with any other sovereign powers in the world.

JIM KERR (Emeritus Professor): First of all, as a member of Chris Patten's former constituency at Bath, I might say how delighted I am to see him here!

A few years ago, I spent some time at the University of Macao. The question I would like to put is, does the Governor think that there might be some lessons to be drawn from the way the Portuguese Government has handled the question of the return of Macao to China in 1999? As a footnote, I would add that there is a huge airport being built in Macao with full Chinese co-operation.

CHRIS PATTEN: First of all, thank you very much indeed for the compliment which Rab Butler would have been proud of! I put it in the same category as the telegram he once sent to a dinner I was attending for a retiring senior Conservative neighbour. Rab telegraphed us from Trinity College saying, "Sorry I cannot be with you this evening because of flu. There is no-one whose farewell dinner I would rather have attended"! I know, Jim, it was well intended - at least, I think it was well intended!

Much as I admire my friend, the Governor of Macao, I am not sure that he would argue that we have very much to learn from the Portuguese experience of conducting its relationship with China during the transition to Chinese sovereignty over Macao. It is very different. The Portuguese during the Portuguese revolution took the view I recall that they should quit all their dependent territories. That was the background to subsequent discussions with China about them actually staying on and staying on until 1999. There is a considerable difference. There were differences in the scale and size of the two dependent territories and I suspect that some Portuguese officials would say that perhaps they have benefitted a little from being much smaller than us and managing to move along in the M-slipstream. I hope that their Joint Liaison Group is even more successful and expeditious in dealing with business than ours is.

JOHN DICKEY: Governor, in view of your differences with Beijing over whether your proposed electoral procedures are consonant with the base of law, is there not a good reason for the people of Hong Kong to be extremely worried that after 1997, any interpretation of the basic law will be totally one-sided?

Secondly, may I take it from what you have been saying this afternoon, that there is no question that if a point were reached where uncertainties over your proposed electoral procedures were causing damage to the prosperity of Hong Kong and to investment from outside, that you would in any way seek to modify your proposals?

CHRIS PATTEN: First of all, it is true that the

interpretation of the basic law is a matter for China, for, as I recall, the NPC. That is a point which China has made clear repeatedly. It can get one into a fairly Kafkaesque discussion about whether or not this or that is a breach of the basic law. I have had plenty of those discussions. Trying to establish what exactly it is about my proposals which is against the basic law is to borrow the phrase, a little like "trying to shoot fish in a barrel".

I believe it was senior Minister Lee Kuan Yew who said that my proposals appeared to have filled in gaps in the basic law and that is right. I have passed copies of the basic law over the table, asking Chinese officials to point out where what I have said is in breach of the basic law. It is rather more than a rhetorical device, and it is quite effective. It then gets one into a complicated discussion about the spirit of the basic law which is not written down on the page!

I hope that one of the things which the advisers will urge on Chinese officials is the importance of securing as much confidence as possible on the part of the people of Hong Kong in the governing institutions of Hong Kong after 1997, and in the basic law as well.

Your second question raises a nice point of moral equivalents. The United Kingdom Government and the Hong Kong Government are keen to go ahead with infrastructure projects, the airport, with container terminals and so on. We are very keen to see the prosperity of Hong Kong continue to surge. Are we to be blamed when Chinese officials threaten that they will not cooperate? Are we to be blamed when it takes, in all conscience,

rather longer than it should do to reach agreement on financing an airport, even after the British Prime Minister has flown around the world to discuss it with his opposite Chinese number. I am not sure that those are questions for Hong Kong Government officials. They are questions which Chinese officials have to answer and they are issues which Chinese officials have to explain in the context of their repeated commitments to Hong Kong's well being.

Of course, we do not wish to do anything in Hong Kong which does other than promote Hong Kong's prosperity and stability. What would undermine Hong Kong's long-term and medium-term prosperity and stability is if we did things which connived at the undermining of the rule of law, which connived at establishing a rubber stamp legislator rather than a credible legislator. All those things would have economic consequences.

Lastly, I say what I have said before. We do not want to go further or less far than people in Hong Kong wish to go. I wish that their judgments on these matters could be made in a rather calmer atmosphere in which matters in dispute were dealt with by national discourse rather than by raiding the equivalent of Roget's Thesaurus for new words of abuse.

**SPEAKER:** After 1997, could not Hong Kong become an Anglo-Chinese condominium? I have in mind a comparison with the Anglo-Egyptian situation- !

**CHRIS PATTEN:** Were I to answer that in the affirmative, anything you have read so far in the People's Daily would pale into insignificance!

No. I hope the NCA are listening, but just in case they are not, I will say it again, no. The resumption of Chinese sovereignty is right for Hong Kong, it is agreed for Hong Kong. The terms of that are agreed in the Joint Declaration. I understand the aspirations of Chinese officials, looking at 1997 perhaps through the prism of the history of the 19th century which they have learned, and I hope those aspirations can be achieved in a way which is wholly in the interests of Hong Kong and is as smooth as possible.

MARK GALL: I would like to ask the Governor a question relating to the 'great expectations' as opposed to the 'hard times'. He has shared his thoughts with us on the hard times and perhaps we could ask him to expand a little on the expectations of British and other companies who would like to be involved in the economic miracle to which he referred in mainland China and perhaps are considering involvement with Hong Kong-based firms as a cultural bridge into that rapidly expanding market. What advice would he give them in the short and medium-term?

CHRIS PATTEN: It is a subject with which I am reasonably familiar, because one of my jobs when I was Minister for Overseas Development was to negotiate the last big concessional financing arrangement between Britain and China which has provided the base for the number of British-funded projects in China and which has provided the base for a good deal of trade between Britain and China. I would like to see that trade grow.

At the moment the last figures showed a substantial Chinese surplus in our trading relationship - a surplus as I recall of about £500 million. Obviously it is in our economic interests to do rather better from our side of the balance sheet. I would certainly advise British firms to see Hong Kong as a gateway, as many of them are, as Japanese investors and firms have done. I would also advise British firms to follow the Minister of Trade, Richard Needham's, banner in taking a greater interest in the Chinese market and Chinese opportunities. If you compare what we have done so far there with what some other countries have done, and if you compare what we have done there with what we have achieved in trade terms in some neighbouring countries, it is not as successful a story as we all should like.

I would also remind those concerned with British trade and those concerned with Chinese trade that Britain has been the most consistent advocate of keeping politics and trade separate. We have taken that point of view in the European Community in relation to goods from outside, not least when we have been arguing against some anti-dumping measures which we thought were not justified. We have taken that view in relation to Gatt and Chinese membership of Gatt. We have taken that point of view in the arguments we have put forward, and which I will be putting forward again next month, on the extension of most-favoured nation status for China. That is an important backdrop to what I hope will be increased trade over the next years between Britain and China, increases in trade which the Vice Premier has also welcomed.

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PROFESSOR MARTIN: I am afraid that because the Governor has given us very full and frank answers to your questions, our time is now up and although we earn ill-will from those who have been frustrated, in the long run we would earn greater ill-will from the audience and speaker if we let our reputation collapse.

May I briefly, but nonetheless sincerely, thank you very much, sir, for what seems to me to have been a masterly balance between frankness and carefulness. We recognise that the one is desirable and the other is necessary. We are grateful to you. I am sure we have all profited from your talk on 'Hard Times - Great Expectations'. I hope you will come back before very long and be able to work our mutual friend into your title!

[Applause]

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BUS RESTRICTIONS IN TRANSIT SERVICE AREA TO BE LIFTED

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THE GOVERNMENT AND THE KOWLOON-CANTON RAILWAY CORPORATION (KCRC) HAVE AGREED THAT THE EXISTING BUS RESTRICTIONS IN THE TRANSIT SERVICE AREA (TSA) IN TUEN MUN AND YUEN LONG SHOULD BE LIFTED AS SOON AS POSSIBLE.

THE DECISION HAS BEEN TAKEN FOLLOWING COMPLETION OF A JOINT REVIEW UNDERTAKEN BY THE ADMINISTRATION AND THE CORPORATION ON THE IMPLICATIONS OF OPENING UP THE TSA FOR THE LIGHT RAIL TRANSIT (LRT).

FULL ACCOUNT HAS BEEN GIVEN TO THE VIEWS OF THE PUBLIC ON THE MATTER.

FOR THE TRAVELLING PUBLIC, IT WILL NOW MEAN THAT ONE CAN FREELY CATCH OR DISEMBARK FROM A BUS OF THE KOWLOON MOTOR BUS CO. ON ANY EXISTING ROUTE WITHIN THE TSA.

"REMOVING BUS RESTRICTIONS IN THE TSA WILL OFFER LOCAL RESIDENTS MORE CHOICES AND COMPETITIVE FARES," A GOVERNMENT SPOKESMAN SAID.

"UNDER THE NEW ARRANGEMENTS, KCRC WILL CONTINUE TO RUN THE LRT FEEDER BUS SERVICES. LRT PASSENGERS WILL ALSO CONTINUE TO ENJOY INTEGRATED FARES, INCLUDING FREE TRANSFER BETWEEN THE LRT AND ITS FEEDER BUSES."

"THE TUEN MUN AND YUEN LONG DISTRICT BOARDS WILL BE CONSULTED ON THE TIMING FOR LIFTING THESE RESTRICTIONS IN THE TSA AND THE RESULTANT TRAFFIC RE-ARRANGEMENTS," THE SPOKESMAN ADDED.

SINCE THE LRT CAME INTO OPERATION IN 1988, IT HAS EXPANDED ITS NETWORK BY ADDING 7.7 KM RAIL TRACK, INCLUDING THE RECENT COMMISSIONING OF THE TIN SHUI WAI LINK.

THE DAILY PATRONAGE OF LRT HAS INCREASED STEADILY FROM 180,000 PASSENGER TRIPS IN LATE 1988 WHEN IT FIRST STARTED OPERATION TO 320,000 IN MARCH THIS YEAR.

IT IS INTENDED THAT THE NEW ARRANGEMENTS COME IN EFFECT AS SOON AS POSSIBLE, AND NOT LATER THAN JUNE THIS YEAR.

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MORE MARK SIX PROCEEDS FOR WELFARE

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THE GOVERNOR IN COUNCIL HAS DECIDED TO INCREASE THE PERCENTAGE OF THE MARK SIX LOTTERY PROCEEDS GIVEN TO THE LOTTERIES FUND SO THAT MORE MONEY WILL BE AVAILABLE FOR SOCIAL WELFARE AND REHABILITATION SERVICES.

ANNOUNCING THIS TODAY (TUESDAY), A GOVERNMENT SPOKESMAN EXPLAINED THAT THE EXECUTIVE COUNCIL HAD ACCEPTED AN OFFER BY THE ROYAL HONG KONG JOCKEY CLUB TO REDUCE ITS FEE FOR RUNNING THE MARK SIX LOTTERY.

AT PRESENT, THE JOCKEY CLUB RECEIVES 7.5% OF THE PROCEEDS OF THE LOTTERY. ITS SHARE WILL BE REDUCED TO 6% IN FAVOUR OF THE LOTTERIES FUND. THE FUND'S SHARE WILL BE INCREASED FROM 3.5% TO 5%.

THIS WILL PROVIDE A FURTHER BOOST TO THE FUNDING OF SOCIAL WELFARE AND REHABILITATION SERVICES ON TOP OF THE DECISION ANNOUNCED IN THE GOVERNOR'S POLICY ADDRESS TO INJECT \$2.3 BILLION INTO THE LOTTERIES FUND.

THE GOVERNMENT ALSO ANNOUNCED THAT THE HONG KONG LOTTERIES BOARD'S APPLICATION TO EXPAND SALES OUTLETS FOR MARK SIX LOTTERY TICKETS HAD BEEN REJECTED.

THE SPOKESMAN EXPLAINED THAT IN MARCH 1990 THE HONG KONG LOTTERIES BOARD APPLIED TO THE GOVERNMENT TO EXPAND MARK SIX SALES OUTLETS OUTSIDE OFF-COURSE BETTING CENTRE (OCBCS).

AFTER CONSULTING THE EXECUTIVE COUNCIL, THE GOVERNMENT DECIDED TO RUN A PILOT SCHEME WHICH TOOK PLACE BETWEEN OCTOBER 1991 AND APRIL 1992 IN 12 CSL SHOPS. TWO OPINION SURVEYS WERE CONDUCTED AND ALL DISTRICT BOARDS WERE CONSULTED.

IN VIEW OF THE COMMUNITY'S RESERVATION THAT EXPANDING MARK SIX SALES OUTLETS MAY ENCOURAGE GAMBLING, THE GOVERNOR IN COUNCIL DECIDES THAT THE PROPOSAL BE REJECTED, THE SPOKESMAN EXPLAINED.

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NEW APPOINTMENTS TO DUKE OF EDINBURGH'S AWARD COUNCIL

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THE GOVERNOR HAS APPOINTED TWO NEW MEMBERS TO THE AWARD COUNCIL OF THE DUKE OF EDINBURGH'S AWARD SCHEME FOR A TWO-YEAR TERM AS FROM APRIL 1.

THEY ARE MISS TANG YUEN-YU AND MRS CHAN SIU MIU-CHEE.

MR WILLIAM WAN HON-CHEUNG, MR LINCOLN SOO HUNG-LEUNG AND MR ALEX WONG PO-HANG HAVE BEEN RE-APPOINTED TO SERVE FOR ANOTHER TWO-YEAR TERM, STARTING FROM THE SAME DATE.

INTRODUCED TO HONG KONG IN 1961, THE SCHEME WAS THE BRAINCHILD OF HIS ROYAL HIGHNESS PRINCE PHILIP WITH THE OBJECTIVE OF ENCOURAGING YOUNG PEOPLE TO MAKE GOOD USE OF THEIR LEISURE TIME BY TAKING PART IN VARIOUS ADVENTUROUS ACTIVITIES.

A FULL LIST OF THE MEMBERSHIP IS AS FOLLOWS:

MR RONALD JOSEPH ARCULLI (CHAIRMAN)

MR CHAU CHAM-SON (VICE-CHAIRMAN)

MR PAUL LEE KAI-YU

MR LINCOLN SOO HUNG-LEUNG

MR ALEX WONG PO-HANG

MR PAUL YOUNG TZE-KONG

MR WILLIAM WAN HON-CHEUNG

DR LINDA KOO

MR PAUL FAN CHOR-HO

MISS ADA WONG YING-KAY

MR CLAUDE HO

MISS TANG YUEN-YU

MRS CHAN SIU MIU-CHEE

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PROTOCOL IN TECHNICAL MODIFICATION FOR FISHING VESSELS

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THE INTERNATIONAL CONFERENCE ON SAFETY OF FISHING VESSELS HELD RECENTLY IN SPAIN HAD ADOPTED A PROTOCOL IN MODIFYING THE TECHNICAL REQUIREMENTS FOR FISHING VESSELS.

MARINE DEPARTMENT'S ASSISTANT DIRECTOR (MULTI-LATERAL POLICY), MR S Y TSUI SAID: "THE PROTOCOL RELATES TO THE TORREMOLINOS INTERNATIONAL CONVENTION FOR THE SAFETY OF FISHING VESSELS 1977.

"THE PURPOSE OF THE CONFERENCE, WHICH LASTED FROM MARCH 22 TO APRIL 2, WAS TO CONSIDER A PROTOCOL IN MODIFYING THE TECHNICAL REQUIREMENTS CONTAINED IN THE 10 CHAPTERS OF THE ANNEX TO THE 1977 CONVENTION."

DELEGATES FROM 49 COUNTRIES PLUS FIVE INTERNATIONAL ORGANISATIONS ATTENDED THE CONFERENCE AT TORREMOLINOS IN SPAIN.

THE MARINE DEPARTMENT WAS REPRESENTED BY SENIOR SURVEYORS MR HO WING-SHING AND MR HUI KIT WHILE THE AGRICULTURE AND FISHERIES DEPARTMENT WAS REPRESENTED BY SENIOR FISHERIES OFFICER, DR MAK MO-SHUN.

THE CONFERENCE, AFTER TWO WEEKS' DELIBERATION, ADOPTED THE PROTOCOL ON APRIL 2, MR TSUI SAID.

/MR TSUI .....

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MR TSUI SAID THE MAJOR CHANGE WAS TO RAISE THE LOWER LENGTH LIMIT OF FISHING VESSELS FROM 24 TO 45 METRES FOR APPLICATION OF THE TECHNICAL REQUIREMENTS IN MACHINERY AND ELECTRICAL INSTALLATIONS; FIRE PROTECTION, FIRE DETECTION, FIRE EXTINGUISHING AND FIRE-FIGHTING; LIFE-SAVING APPLIANCES AND ARRANGEMENTS, AND ALSO RADIO-COMMUNICATIONS.

THE PROTOCOL ALSO PROVIDED A MECHANISM FOR REGIONAL STANDARDS RELATING TO THESE REQUIREMENTS TO BE DEVELOPED FOR FISHING VESSELS BETWEEN 24 AND 45 METRES IN LENGTH, HAVING REGARD TO THE CIRCUMSTANCES IN WHICH THESE VESSELS WOULD OPERATE.

"THE IMPACT OF THE PROTOCOL ON EXISTING FISHING VESSELS IN HONG KONG IS CONSIDERED MINIMAL AS MOST OF ITS PROVISIONS APPLY TO NEW FISHING VESSELS," MR TSUI SAID.

THE PROTOCOL, WHICH HAS BEEN ADOPTED, WOULD ENTER INTO FORCE 12 MONTHS AFTER THE DATE ON WHICH IT HAS BEEN RATIFIED BY NOT LESS THAN 15 COUNTRIES WHOSE AGGREGATE NUMBER OF FISHING VESSELS OF 24 METRES IN LENGTH AND OVER IS NOT LESS THAN 14,000.

AT PRESENT, THERE ARE SOME 4,500 FISHING VESSELS LICENSED IN HONG KONG, OF WHICH 1,400 ARE BETWEEN 24 AND 45 METRES IN LENGTH AND NONE IS OF 45 METRES OR OVER.

THE TORREMOLINOS INTERNATIONAL CONVENTION FOR THE SAFETY OF FISHING VESSELS WAS ADOPTED BY THE INTERNATIONAL CONFERENCE HELD UNDER THE AUSPICES OF THE INTERNATIONAL MARITIME ORGANISATION ON APRIL 2, 1977, IN AN ATTEMPT TO ESTABLISH, FOR THE FIRST TIME, INTERNATIONAL STANDARDS FOR FISHING VESSELS.

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DB CHAIRMEN TO VISIT FIRE SERVICES DEPT  
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NINETEEN DISTRICT BOARD CHAIRMEN, ACCOMPANIED BY CITY AND NEW TERRITORIES ADMINISTRATION OFFICIALS, WILL VISIT THE FIRE SERVICES DEPARTMENT HEADQUARTERS TOMORROW (WEDNESDAY) MORNING.

THE PURPOSE OF THE VISIT IS TO ENHANCE COMMUNICATION BETWEEN THE DISTRICT BOARDS AND THE DEPARTMENT AND TO LET BOARD MEMBERS HAVE A BETTER UNDERSTANDING OF THE DEPARTMENT'S DAILY OPERATION.

THE VISITORS WILL BE SHOWN HOW THE COMMUNICATION CENTRE WORKS. THIS WILL BE FOLLOWED BY A FIRE-FIGHTING DEMONSTRATION AND A STATIC DISPLAY IN TSIM TUNG FIRE STATION.

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/ATTENTION NEWS .....

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ATTENTION NEWS EDITORS:

YOUR REPRESENTATIVES ARE INVITED TO COVER THE VISIT WHICH WILL START AT 11.30 AM TOMORROW (WEDNESDAY).

THOSE WHO WISH TO COVER ARE REQUESTED TO ASSEMBLE AT THE RECEPTION ROOM ON THE GROUND FLOOR OF THE FIRE SERVICES DEPARTMENT HEADQUARTERS BUILDING, AT 1 HONG CHONG ROAD, TSIM SHA TSUI EAST (NEAR NIKKO HOTEL).

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60 VIETNAMESE MIGRANTS TO RETURN UNDER ORDERLY  
REPATRIATION PROGRAMME

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A GROUP OF ABOUT 60 VIETNAMESE MIGRANTS SCREENED OUT AS NON-REFUGEES WILL RETURN TO VIETNAM TOMORROW (WEDNESDAY) ON THE 10TH FLIGHT UNDER THE ORDERLY REPATRIATION PROGRAMME, A GOVERNMENT SPOKESMAN ANNOUNCED TODAY (TUESDAY).

A TOTAL OF 456 NON-REFUGEES HAVE SO FAR BEEN RETURNED TO VIETNAM UNDER THIS PROGRAMME.

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ATTENTION NEWS EDITORS:

THE FOLLOWING ARRANGEMENTS HAVE BEEN MADE TO FACILITATE MEDIA COVERAGE:

A FIXED POSITION WILL BE SET UP ON THE AIRPORT TARMAC WHERE JOURNALISTS CAN WITNESS THE RETURNEES BOARDING THE PLANE TO VIETNAM.

MEDIA REPRESENTATIVES WISHING TO MAKE USE OF THIS FACILITY SHOULD ASSEMBLE AT THE AIRPORT PRESS ROOM IN THE ARRIVAL HALL NOT LATER THAN 8.15 AM. TELEPHOTO LENSES WILL BE NECESSARY.

EDITORS ARE REMINDED THAT THEIR REPORTERS AND PHOTOGRAPHERS MUST BE ABLE TO PRODUCE PROOF THAT THEY ARE BONA FIDE JOURNALISTS BEFORE THEY ARE ALLOWED TO USE THE FACILITY.

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EASTER HOLIDAY CLINIC SERVICE

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THE DEPARTMENT OF HEALTH TODAY (TUESDAY) ANNOUNCED THAT THERE WOULD BE NO GENERAL OUT-PATIENT CLINIC SERVICE ON GOOD FRIDAY (APRIL 9) AND EASTER MONDAY (APRIL 12).

HOWEVER, EIGHT OUT-PATIENT CLINICS WILL BE OPEN BETWEEN 9 AM AND 1 PM ON APRIL 10 AND 11.

THE CLINICS ARE VIOLET PEEL HEALTH CENTRE AND SHAU KEI WAN JOCKEY CLUB CLINIC ON HONG KONG ISLAND; KWUN TONG JOCKEY CLUB HEALTH CENTRE, ROBERT BLACK HEALTH CENTRE, YAU MA TEI JOCKEY CLUB CLINIC IN KOWLOON; AND LADY TRENCH POLYCLINIC, SHEK WU HUI JOCKEY CLUB CLINIC AND YUEN LONG JOCKEY CLUB HEALTH CENTRE IN THE NEW TERRITORIES.

THERE WILL BE NO EVENING CLINIC SERVICE DURING THE HOLIDAYS.

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WATER STORAGE FIGURE

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STORAGE IN HONG KONG'S RESERVOIRS AT 9 AM TODAY (TUESDAY) STOOD AT 51.5 PER CENT OF CAPACITY OR 301.551 MILLION CUBIC METRES.

THIS TIME LAST YEAR THE RESERVOIRS CONTAINED 216.205 MILLION CUBIC METRES OF WATER, REPRESENTING 36.9 PER CENT OF CAPACITY.

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HONG KONG GOVERNMENT EXCHANGE FUND

TENDER RESULTS

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|                        |              |
|------------------------|--------------|
| TENDER DATE            | 6 APR 93     |
| PAPER ON OFFER         | EF BILLS     |
| ISSUE NUMBER           | Q314         |
| AMOUNT APPLIED         | HK\$2,765 MN |
| AMOUNT ALLOTTED        | HK\$1,000 MN |
| AVERAGE YIELD ACCEPTED | 2.92 PCT     |
| HIGHEST YIELD ACCEPTED | 2.93 PCT     |
| PRO RATA RATIO         | ABOUT 44 PCT |
| AVERAGE TENDER YIELD   | 2.94 PCT     |

HONG KONG GOVERNMENT EXCHANGE FUND

TENDERS TO BE HELD IN THE WEEK BEGINNING 12 APRIL 1993 -

|                 |                    |                 |
|-----------------|--------------------|-----------------|
| TENDER DATE     | 13 APR 93          | 13 APR 93       |
| PAPER ON OFFER  | EF BILLS           | EF BILLS        |
| ISSUE NUMBER    | Q315               | H362            |
| ISSUE DATE      | 14 APR 93          | 14 APR 93       |
| MATURITY DATE   | 14 JULY 93         | 13 OCT 93       |
| TENOR           | 91 DAYS            | 182 DAYS        |
| AMOUNT ON OFFER | HK\$1,000 + 200 MN | HK\$400 + 80 MN |

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 HONG KONG GOVERNMENT EXCHANGE FUND  
 MONEY MARKET OPERATIONS  
 \* \* \* \* \*

|                                | \$ MILLION<br>-----     |
|--------------------------------|-------------------------|
| OPENING BALANCE IN THE ACCOUNT | 1,850                   |
| REVERSAL OF LAF                | +300                    |
| BALANCE AFTER REVERSAL OF LAF  | 2,150                   |
| NET INJECTION/WITHDRAWAL TODAY | NIL                     |
| EFFECT OF LAF TODAY            | -730                    |
| CLOSING BALANCE IN THE ACCOUNT | 1,420                   |
| LAF RATE 2.00 BID/4.00 OFFER   | TWI 113.0 *+0.1* 6.4.93 |

HONG KONG GOVERNMENT EXCHANGE FUND

| EF BILLS  |          |           | HONG KONG GOVERNMENT BONDS |        |        |       |
|-----------|----------|-----------|----------------------------|--------|--------|-------|
| TERMS     | YIELD    | TERM      | ISSUE                      | COUPON | PRICE  | YIELD |
| 1 WEEK    | 3.14 PCT | 13 MONTHS | 2405                       | 5.50   | 102.37 | 3.34  |
| 1 MONTH   | 2.86 PCT | 16 MONTHS | 2408                       | 4.375  | 101.18 | 3.51  |
| 3 MONTHS  | 2.91 PCT | 19 MONTHS | 2411                       | 4.625  | 101.48 | 3.70  |
| 6 MONTHS  | 3.08 PCT | 22 MONTHS | 2502                       | 4.75   | 101.53 | 3.93  |
| 12 MONTHS | 3.33 PCT |           |                            |        |        |       |

TOTAL TURNOVER OF BILLS AND BONDS - 9,695MN

CLOSED 6 APRIL 1993