



DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
GARDEN ROAD, 5th-8th FLOORS, MURRAY BUILDING,
HONG KONG. TEL.: 2842 8777

Thursday, January 23, 1997

| <u>Contents</u> | <u>Page No.</u> |
|--|-----------------|
| Statement by the Governor to the Legislative Council | 1 |
| Governor's question-and-answer session | 2 |
| Going for win/win with HK/US trade relations: FS | 19 |
| Stranded waste to leave Hong Kong | 22 |
| Consumer price indices for December 1996 released | 23 |
| Measures to enhance proper use of the Internet announced | 29 |
| New licence to facilitate media coverage of handover | 30 |
| New recorded delivery service to be introduced | 31 |
| International conference on drug education to be held | 32 |
| Royal Observatory awards it best weather announcers | 33 |
| Courier of fake documents given two years' imprisonment | 35 |
| Hong Kong Monetary Authority interbank liquidity | 36 |

Statement by the Governor to the Legislative Council

* * * * *

Following is the statement by the Governor, the Rt Hon Christopher Patten, to the Legislative Council today (Thursday):

As Honourable Members may know, I visited London from 9-15 January. I wanted to visit Britain well in advance of the General Election, which must be held before the middle of May this year.

During my visit, I delivered the Annual NatWest Lecture, and saw a large number of Ministers and Parliamentarians.

In particular, I had meetings with the Prime Minister, the Foreign Secretary and the Home Secretary, as well as with the Minister of State for Hong Kong. I discussed with Ministers the latest developments concerning the transition, including China's extremely misguided decision to appoint a body to replace this properly elected legislature. I also pressed with Ministers once more the deserving claims of the non-Chinese ethnic minorities to full British citizenship. Most of my meeting with the Home Secretary was devoted to this subject, but it formed an important part of my meeting with the Prime Minister and my meeting with the Foreign Secretary as well.

I also had meetings with Tony Blair, John Prescott, and Robin Cook, as well as Paddy Ashdown. I raised the issue of the ethnic minorities with them too. As Honourable Members may know, the Labour Party has now joined the Liberal Democrats in supporting full British citizenship for the ethnic minorities. Robin Cook, the Shadow Foreign Secretary, made clear in the debate in the House of Commons in November that his party would support legislation to grant them citizenship. This pledge was reaffirmed in my meeting with Labour Party leaders, and by John Prescott in Hong Kong this week. I also raised the ethnic minorities in meetings with the Foreign Affairs Select Committee, and with the British Hong Kong Parliamentary group. Both were extremely supportive.

As for the British Government's position, while I very much welcomed the Prime Minister's strengthened reassurance to the ethnic minorities which he gave during his visit in March, I am sorry that the Government has still not yet accepted that this unique group of people merit full British passports. I will continue to press their strong case as hard as I can over the remaining months.

In general, I found in London considerable and growing interest in Hong Kong and the handover - interest coupled with optimism about Hong Kong's economic prospects, but concern at some of the recent actions by China on the political front. The announcement this week by the Legal, Legal, Sub-Group of the Preparatory Committee will, I fear, have done little to dispel those worries. Britain and the Hong Kong Government have made very clear where they stand on the Sub-Group's proposals to undermine Hong Kong's Bill of Rights and to restore outdated ordinances which are in conflict with the Bill of Rights and the International Covenant.

I would be happy to take Honourable Members' questions on the latter subject, as well as on issues arising from my visit to London.

End

Governor's question-and-answer session

* * * * *

Following is the transcript of the Governor, the Rt Hon Christopher Patten's question-and-answer session in the Legislative Council today (Thursday):

Mr Cheung Bing-leung (in Chinese): Mr Governor, under the original through-train model, for certain laws which need to be localised, amended or adapted, they should first go through the JLG channel so that before July 1, 1997, the Hong Kong Government would introduce such Bills into this Council and we will pass it into law. But now, the Chinese Government as well as the Preparatory Committee has indicated that the Provisional Legislature will go through the three readings of such legislation before July 1st 1997. Does it mean the model originally proposed is a failure?

Governor: Well, I am not entirely sure what it's proposed that the Provisional so-called Legislature is going to do. But as the honourable gentleman knows, if it purports to legislate - even if that is localising laws - if it purports to legislate before 30 June, that action is almost certain to be the subject of legal challenge after 30 June. We are still proceeding with our localisation programme which has gone pretty well. It has been one of the more successful areas of the work of the JLG. I think I am right in saying that there are only 8 localisation items which still need to be agreed with the Chinese side in order for all localised Bills to be enacted by June 1997. So we have made pretty good progress and I hope we can continue to do so through those channels which are agreed between Britain and China.

Mr Cheung Bing-leung (in Chinese): Mr President, some officials from China indicate that the Provisional Legislature, before July 1st, 1997 will pass certain Bills into legislation - before July 1st 1997 - and just now the Governor said they will be subject to legal challenge. So I would like to know: the Hong Kong Government as well as the British Government, over the past few months, through what channels have you ascertained with the Chinese Government about this issue and what sort of explanation have you received from the Chinese side?

Governor: The simple point is that the Provisional so-called Legislature can't legislate; it has no constitutional power to legislate or purport to legislate for Hong Kong. I'll tell you what sort of assurances we have had. The clearest assurances we have had have been from the Vice Premier of the People's Republic of China who made it clear to the British Foreign Secretary, in April, that there could be only one legislature before 30 June - and I assume after 30 June - just as there could be only one judicial appeal system and only one governor and government. If Mr Qian Qichen is now seeking to resile from that commitment made to the British Foreign Secretary, I think he should explain why.

Mr Fred Li (in Chinese): Mr President, I would like to ask a question about livelihood. Recently, certain organisations have released a report on a survey on poverty in Hong Kong. Can I ask such a question? And the result of the survey shows that many low-income earners actually are becoming more and more worse-off and the poverty situation is getting from bad to worse, and the Administration has yet to make one single comment on these survey findings. I would like to know whether departments of the government have done any study on the reports and whether they have come up with any measures in order to reduce the hardships faced by people from the lower-income group?

Governor: The honourable gentleman should not forget that he is addressing the question to somebody who has been widely denounced for his excessive socialism and welfare-spending over the last four and a half years. I am grateful to be attacked from the other flank on this occasion.

I have to say that the report to which the honourable gentleman refers was not a prominent issue on my agenda when I went to London, though perhaps it should have been. Had it been, I am sure that I would have been able to point out that among sociologists and economists there are a number of different models for defining people's poverty and for discussing redistribution of income. I think that this particular model underestimates the impact on people's living standards over the last few years not just of increases in CSSA payments but of increases in investment in health-care, in education and in other things which help to raise the overall standard of living of those who are poor.

But obviously, the future of social policy in Hong Kong is an extremely important political issue now and over the next few years and this community, like others, will need to find ways in which it can share its growing wealth with those in need without pushing up taxes so as to choke-off further growth.

Mr Fred Li (in Chinese): I do not intend to dispute with the Governor what is the definition for poverty but the fact is many people are having a very low standard of living. So my question, to follow-up, is: Because poverty involves many government branches and departments - EMB and HWB - I would like to know whether an inter-departmental working group will be set up in order to look at these reports and then to come up with a response?

Governor: These reports, inevitably, involve government in looking across departments at the impact of our overall policies on those groups concerned, and I am sure that will be done in this particular case. I don't seek to belittle the importance of the honourable gentleman's argument in pointing out that for most people in Hong Kong over the last few years the standard of living has risen very substantially. Most people have shared in the spectacular economic growth which Hong Kong has enjoyed. But all of us have to be aware of those who have been left behind while the economy has surged forward and I agree with the honourable gentleman that we have to try to ensure that our welfare policies help them too.

Mr Lee Wing-tat (in Chinese): Mr President, I would like to ask a question in relation to human rights. About ten days ago, when the Vice Premier of China visited France, he said China was considering whether she would accede to the two International Covenants. The Democratic Party supports such a move. But one week later in the Preparatory Committee, the Legal Sub-group recommended that two laws should be repealed, one is the Public Order Ordinance and the other is the Societies Ordinance. This created some confusion in the international community and that is they do not know whether China wants to improve the human rights situation in Hong Kong rather than restrict human rights in Hong Kong.

So I would like to ask you, Mr Governor, a question. I am sure you have received all these two messages. I don't know whether you get confused as well. And have you asked the Chinese Government through diplomatic channels what the Chinese Government is up to; whether China wants to improve the human rights situation in Hong Kong or restrain or hobble Hong Kong's human rights?

Governor: I noticed the report which the honourable gentleman refers to. I think, to be fair to the Chinese side, it represented, though it was not denied, the French Government's version of the meeting rather than the PRC Government's version of the meeting. But nevertheless, it sounded helpful and hopeful, and I think that the whole international community, and certainly people in Hong Kong, would greatly welcome any positive indication that the PRC was intent on becoming a signatory of the International Covenants. I think it would send a message of confidence to Hong Kong and would greatly please the international community.

That statement was completely at variance with the message which came out of the Legal Sub-committee to which I referred a moment or two ago, a message which - if I can borrow a word which perhaps has been over-used in the last 24 hours - a message which certainly shocked people in Hong Kong and shocked people outside Hong Kong as well.

But I just want to say this. These are recommendations - recommendations - and I very much hope that wiser views will prevail. People very often say, "What is Britain or what is the international community going to do about this or that issue in Hong Kong?" And those are reasonable questions to put to a British Governor. But there are things that people in Hong Kong can do in this particular case, and one thing they could do is to recall what they have done and said in the past. I hope honourable members will bear with me if I recall some of the past discussions of human rights here in Hong Kong.

We look back to the Bill of Rights itself, the Bill of Rights which was agreed by an Executive Council containing many very distinguished members whose names I will recall to you in a few moments. During those debates, in the first debate - let me get the date right - on 27 June 1990, one speaker, Maria Tam, then a member of this Legislative Council, set out the issue on one question which has been raised in the last few days which she then dealt with extraordinarily cogently. Let me quote:

"There has been worry expressed as to the method of entrenchment and the question of supremacy. The convenor of the ad hoc group had already explained how the group dealt with the Administration's proposal of indirect entrenchment through amendment of the Letters Patent and the administrative measure that could be taken in later days to ensure that future legislation would not conflict with the Bill of Rights. This I regard as the best way to answer any worries that either the Bill of Rights will be superior to the Basic Law or override the interpretation of the Basic Law under Article 159."

Then again, when the Bill of Rights was debated on 5 June 1991, Maria Tam said as follows:

"The Bill before Council today does no more than transform the contents of the International Covenant on Civil and Political Rights, as it is applied to Hong Kong, into a local piece of legislation to make such provision enforceable in the courts of Hong Kong, and I believe we have not contravened the Basic Law. I believe this to be a proper arrangement in safeguarding the rights of those who live in this territory now and in the years to come."

Other people made extremely good speeches, as well. We have a speech here, in 1990, on the same legislation, by the former honourable member, Peggy Lam:

"With its present day progress, Hong Kong has a genuine need to introduce legislation to safeguard human rights instead of relying solely on international covenants. In my view, the promulgation of a Bill of Rights Ordinance should be regarded as a factor conducive to the maintenance of stability and prosperity in Hong Kong, and a step forward in promoting Hong Kong's rule of law system. It is, moreover, an indispensable part of the journey towards civilised social development."

"It is apparent" - she went on "that the Bill of Rights Ordinance, once enacted, will not claim superiority over the Basic Law. I think that the enactment and promulgation of the Bill of Rights Ordinance will be conducive to perfecting Hong Kong's laws and promoting Hong Kong people's consciousness of human rights."

Then we had a particularly moving speech from the honourable member, Mr Paul Cheng:

"It is only right that a Bill of Rights is put into place at a time when the Hong Kong community begins its evolution towards a self-government under 'one country, two systems'. Given the responsibility of contributing to a successful transfer of sovereignty, we Legislative Council Members are enabled through this draft Bill of Rights to strengthen the foundations of the existing legal system by giving due recognition to the civil and political rights of our territory."

"It is incumbent upon us as legislators preparing for the effective running of Hong Kong as a special administrative region to ensure that we will entrench essential freedom in line with the International Covenant. A Bill of Rights will allow for this in the most expedient manner."

There was a very good speech by the honourable member Mr Edward Ho:

"As the sovereignty over Hong Kong, a blatantly capitalist society, will be transferred back to China, a steadfast communist society" - the honourable member's words - "there is a natural and deep concern amongst the people of Hong Kong that the values attached to fundamental freedoms and rights of the individual, as we know them, will be different. Few would disagree with me that our worst fear of the future is not so much a lowering of our standard of living; but the diminution of our freedoms, and the rule of law. Thus, it is natural that the people of Hong Kong desire that their civil liberties be codified and enshrined in the legal system, so that, as far as possible, such liberties would be protected against the abuse of public powers."

The honourable gentleman then made a passionate and extremely well-informed contribution to the question of whether or not the Bill of Rights would contravene the Basic Law and whether or not it would take precedence over the Basic Law. And he came down on the same side as Maria Tam on those issues - and I hope that he still does.

We had an extraordinarily good speech, as well, from the honourable member Selina Chow, and I want to conclude this anthology with the honourable member's remarks:

"I am convinced" - 27 June 1990 - "I am convinced a Bill of Rights however imperfect, will boost the confidence of our people. It should be seen as an integral part of our democratic evolution."

I'm not quite sure where the provisional legislature fits in to our democratic evolution.

"I cannot agree with the thinking that we should let well alone. Is that not a familiar system? The fundamental flaw in the 'Don't rock the boat' school of thought is a failure to recognise that the boat is rocking."

You can say that again.

"Sir there is much to be done and we have lost much time. I appeal to Government to do all it can to promote the concept of human rights within a free and responsible society in anticipation of the Bill which clearly enjoys the support of our people."

Thinking back to the remarks of the ubiquitous Foreign Affairs spokesman in Peking the other day, I am not quite sure who is misleading whom.

I'd go on, we have a moving speech from the honourable member Mr Arculli, in which he criticises the Bill of Rights for not going far enough.

Now, that Bill of Rights was introduced by the Government when members of the Executive Council included the aforementioned Maria Tam, Mr Allen Lee and Mrs Rita Fan. It was passed by the Legislative Council on a voice vote with nobody voting against it.

What about the Societies Ordinance? Well, among those existing Legislative Council members who supported the Societies Ordinance, which is now apparently to be struck down, were Mr Allen Lee, Mrs Selina Chow, Mr Ngai Shiu-kit, Andrew Wong, Lau Wong-fat, Edward Ho, Ronald Arculli, Miriam Lau, Leung Chi-hung, Eric Li, Philip Wong and Howard Young.

The Public Order Amendment Bill was passed by a voice vote with nobody voting against it.

Then we come to the Boundaries ... or the Societies Ordinance, perhaps I should mention one or two other people who voted for the Societies Ordinance. They included, on the third reading, Rita Fan and Elsie Tu.

We then come to the Boundaries and Election Committee - a Bill which was passed by this Legislative Council because this Legislative Council believes that these matters of electoral arrangements should be handled by an independent body in order to ensure that the arrangements are fair.

I am not quite sure what it is about having fair elections which is thought to contravene the Basic Law, but I will leave that to others to describe.

Boundaries and Election Committee - members of the present Legislative Council who voted for it included Selina Chow, Ngai Shui-kit, Andrew Wong, Edward Ho, Ronald Arculli, Miriam Lau, Leung Chi-hung and so on.

So, to return to my starting point, whether or not these vital elements in maintaining Hong Kong's way of life are maintained is very much in the hands of Hong Kong people - some very distinguished Hong Kong people who have already told us how important this legislation is.

President (in Chinese): That was a very thorough answer. I don't believe there is any room for follow-up.

Mr Lee Wing-tat (in Chinese): I think the Governor should express appreciation towards my question because it gave him a chance to read out parts of history. But one thing the Governor has yet to learn is that many Legislative Councillors actually can make an about-turn or change their position, even at this point in time.

Concerning the recommendation from the Legal Sub-group, the Chinese Government is going to make a final decision only next week. I would like to know, in the remaining week, in the remaining time, what else can you do about this?

Governor: I just make one gentle remark in relation to what the honourable gentleman has said about about-turns. There is a difference between an about-turn and a revolving-door. And I really do think that people are going to be required to stand up for the way of life which they say they believe in and which has been guaranteed by the Joint Declaration.

But let me tell you what I am going to do - what I'm going to do. I am going to go on speaking out for those values which have made Hong Kong so successful. I notice that that same Foreign Affairs spokesman said the other day that the PRC had changed in the last 40 or 50 years, hadn't we realised that? Absolutely! I am sure that he has noticed that Hong Kong has changed as well; that Hong Kong today is one of the most sophisticated cities in the world and it would be extraordinary to argue that a first-world economy should be saddled with the sort of political institutions which would be rejected by a third-world economy. That's the truth of the matter, and the Foreign Affairs spokesman should, I think, recognise that.

I think the honourable gentleman will have noticed that it is not just the Governor of Hong Kong who has expressed his concern. Right around the world newspaper editorials, governments, political leaders and others have expressed their concern. So I really do urge those who are responsible for these matters to think again and think again hard. This is a very responsible community. It is a mature community. It is a law-abiding community. Allowing people to use a loud-hailer is not going to bring civilised society as we know it crashing down.

Governor (cont'd): I would remind some of those who will be responsible for Hong Kong in the future, of a very wise remark of the political philosopher Edmund Burke - (1729-97) In a letter to Charles James Fox, 8 October 1777 - he wrote:

"People crushed by law have no hope ... If laws are their enemies, they will be enemies to laws;"

The law has to serve the values and decency of a society like this. The law does serve those values at the moment. I hope it will continue to do so.

Mrs Elizabeth Wong: Mr President, with deference to Mr President, sir, I would like to ask the Governor a question, and the question I would like to ask the Governor is this. Governor, are you sitting comfortably, right next to an honourable gentleman who aspires to be the President of the Provisional Legislature that you considered a moment ago to be illegal?

Governor: Well, I am a man of legendary charity...

President: Same here.

Governor: ... and everybody has to justify their actions, particularly to those in a democracy who elected them, and everybody has to be, I guess, easy with their own conscience, and I don't seek to be judgmental about individuals. But I do take the view that if Hong Kong is to have the democratic evolution of which the honourable member spoke and which has been promised to it, then it is perfectly clear that those who are going to play the most prominent part in that democratic evolution are those who stand for the principles of democracy and don't compromise them.

I think that The New York Times was right the other day when it said that Hong Kong is a place of the future - "represents a slice of the future" to get it absolutely accurate - and I think the future in Hong Kong will combine political and economic liberty, whatever the problems of the next year or two.

Mrs Elizabeth Wong: One follow-up. In many countries, parliamentary members can't really serve two sovereign powers at once because it would offend in one way or another the law of that particular land. Have you considered, Governor, or has your Administration considered, the legality of honourable members of this distinguished council serving under the sovereign power of another council either simultaneously or consecutively or concurrently? In other words, is the legal position very clear that honourable members of this Council under British sovereignty can sit at the same time as members of the Provisional Legislature coming under the Chinese sovereignty?

Governor: Well, it's said by Mr Qian Qichen not to be a legislature. It is clearly going to be a rather exotic debating society which meets on occasional Saturday mornings in Shenzhen. But if what it then does purports to be legislation and if that legislation takes effect on 1 July 1997, I imagine that there will be people who will wish to challenge it under the Basic Law. I mean I don't do other than repeat what every lawyer in town will tell you.

Mr Chan Wai-yip (in Chinese): Mr Governor, previously you said that you are more familiar with the Basic Law than the Bible. I think recently you must have read the LegCo record of proceedings more frequently than the Bible. Just now you read out many speeches from the past and they were made by Legislative Councillors and many words from those speeches were inspiring and Hong Kong people would really like to study those very closely. I would like to know whether you would recommend your department to compile all these very inspiring speeches into publications so that in future when we study democracy and we study human rights we can really learn from the wisdom of our predecessors? I am talking about my seniors, so I would like to correct my choice of words. It looks like these past few days LegCo has made quite a number of errors with regard to choice of words, so are you going to compile them into books?

Governor: It is certainly an interesting suggestion. I think that I am far too charitable to want to inflict on too wide a community too large a selection of readings from speeches made, even in a chamber as august as this one. I think that on reflection, having read some of these speeches and having read again the Basic Law, I am in future going to spend more time reading the Bible.

Mr Andrew Cheng (in Chinese): Mr Governor, the British side has summoned the Chinese Ambassador in Britain in opposition of the proposal of the Legal Sub-group. But in the Hong Kong Government, apart from the statement - which I think is not strong enough - which you made on Monday, you did not take any concrete measure. And recently, I understand that you are going to second 27 AOs to the Chief Executive designate. In view of the fact that the Chinese Government is quite insistent on restoring these draconian laws, I would like to know how the Hong Kong Government can assure that these officials who are going to be seconded to the Chief Executive designate will not do anything which will breach the Bill of Rights or the human rights situation in Hong Kong? And how can you make sure that they will not be serving as accomplices to the restoration of draconian laws?

Governor: I think the honourable member will recognise the difficulty, the dilemma that we face. We wish, and it is a genuine wish, to be as helpful to Mr Tung as possible. At the same time we don't wish to put civil servants in difficult or awkward or embarrassing situations. I have taken the view, and the Chief Secretary and Financial Secretary I think share that view, that the best way we could try to deal with this dilemma was to second civil servants to Mr Tung's private office in the same way that we would second civil servants to bodies outside government. Mr Tung has said that he recognises the importance of not putting civil servants in awkward situations and I hope that that can be avoided. But ultimately, I guess, Mr Tung is going to have to explain what he asks civil servants to do and the reasons for those actions.

I certainly think that the community also recognises that it would be totally wrong of us to provide parliamentary draftsmen to draft legislations for the Shenzhen politicians. So we have to try to deal with these matters in a way which helps meeting Mr Tung's legitimate requirements while at the same time ensuring that the civil service retains its reputation for being politically neutral and meritocratic.

I just want to add a couple of points. It is not unusual for civil servants to be seconded to bodies which take a different line from the government. I don't say that it is a strictly accurate analogy but it is, I think, worth bearing in mind.

And the second point that I wanted to make is that civil servants will still be, of course, obliged to operate according to the high standards of conduct which would have applied if they had not been seconded. They will be expected to abide by the Official Secrets Act, they will be expected to abide by the Civil Service Regulations and so on.

Mr Andrew Cheng (in Chinese): Mr President, it seems to me that Mr Governor fails to provide me with a satisfactory reply. I would like to follow-up. I am not opposing the Hong Kong Government in seconding officials to the Chief Executive designate's office. But if two policies are contradictory to each other, what sort of concrete action could you take? Well, at the very least, would you talk to the Chief Executive designate and reflect your views about the recommendation to restore draconian laws to the Chief Executive?

Governor: I think the Chief Executive designate is very well aware of my views and he heard my views on this human rights legislation for a number of years in the Executive Council. I understand that he is going to give his own thoughts on this issue tonight and I think the whole community will welcome that and will be interested in what he has to say. I hope he has had the benefit, as I have, of reading what some of his friends and acquaintances and colleagues have themselves said on this question, the sagacious advice they have been able to give in the past.

I do think we have got to address one pretty central question. Are Hong Kong's freedoms, civil liberties, after 1997, going to be the same as they are today, yes or no? If the answer to that question is: "Yes, of course they are; don't confuse people, don't worry people." Then why the need for these changes in the law? And why the refusal - which is all of a piece with these changes and which raises our anxieties even further - why the continuing refusal, to which many honourable members have referred in the past, to accept the reporting obligations to Geneva under the International Covenants? If there is nothing to worry about, why be concerned about reporting?

If, on the other hand, Hong Kong isn't to have the same freedoms as it has got today - a point which many people have inferred from what, for example, Vice Premier Qian Qichen has said - then we are entitled to know in what way those liberties are going to be curtailed and how that is consistent with the Joint Declaration, with the Basic Law and of course with the International Covenants which are applied to Hong Kong? I think that is the central question which has to be addressed and I hope it will be clearer as a result of today's speech.

Mr Howard Young: You mentioned just now the subject of ethnic minorities and you said that the Labour Party and the Liberal Party would support legislation to grant them full British nationality, and they may or may not command the majority in parliament, it depends who turns up to vote or who is away at the time. But the Governing Party has not said that they will initiate legislation and the Labour Party merely said that they would support legislation, so if no one initiates it there is nothing to support. Can you tell us whether you are aware, is there any sentiment within the ruling party in UK now to initiate the legislation so that it can be supported? Or on the other hand, is it a topic that is possible to be dealt with by Private Members' Bills from the Opposition?

Governor: At the moment it is being dealt with by a Private Member's Bill which was started in the House of Lords - and I think has been introduced by a Conservative Peer in the House of Lords. The Bill is proceeding through the House of Lords and I think I am right in saying that a Conservative Member of Parliament is minded to introduce the Bill in the House of Commons; a Conservative Member of Parliament, Sir Patrick Cormack who was here a few months ago and was totally convinced by the arguments he heard from a number of honourable members about the ethnic minorities.

I have to say that I detect in the House of Lords, in the House of Commons, very little opposition among ordinary back-bench members to the proposal that the ethnic minorities should get a fair and honourable deal. I am pleased that the Labour Party has officially changed its position. It would be a curious paradox if I was to prove more successful in convincing Labour politicians of these matters than those who belong to other parties. But the Labour Party has, I think, changed its position officially and I don't think that there is any sleight of hand on the part of Labour politicians. I think when they say they would support legislation the implication is that if they were in government they would propose legislation as well. They have moved from a position in which they supported right of abode for the ethnic minorities, which was a substantial step forward, to a position in which they support outright legislation on nationality.

I hope that in the weeks and months which remain to me, I will be able to convince the Conservative leadership of the importance of moving beyond the position which Mr Major staked-out in a welcome statement last March.

I said yesterday in a speech, that as far as I was concerned this was one of the main tasks for my last weeks and months as Governor. I would find it - and I will say this very openly to the Council - I would find it very difficult to depart on 30 June - that is not to suggest that I am not going to depart on 30 June - I would find it extremely difficult to depart on 30 June leaving behind some thousands of people who had right of abode in Hong Kong but no nationality here, a sort of nationality in Britain but no right of abode there. That may not, literally, be statelessness but it looks awfully like statelessness to those who are in that position. I think it would be an exceptionally unfortunate way for Britain to bring the curtain down in this last of its great colonial dependencies.

Mr Howard Young: With your knowledge of parliamentary experience in London, if the Election is held as late as, say, middle of May, does it look likely that such a Bill could physically pass through Parliament, bearing in mind the Easter recess and all of that?

Governor: I think, to be honest, whenever the Election came, a commitment by the government of the day, either not to oppose Private Members' legislation or to put forward legislation itself, would pretty well deal with the question of the ethnic minorities even if that legislation had not completed all its stages before 30 June. I think they would be content to know that they were going to get a passport. In an ideal world that would all be accomplished before the middle of the summer but I think, to be realistic, those who have campaigned so eloquently and so decently for a fair deal for the ethnic minorities would be pretty satisfied by a pledge to legislate even if it could not be guaranteed that that legislation would be in place before the change of sovereignty.

Mr Sin Chung-kai (in Chinese): I would like to go back to the question on human rights. Assuming that the Preparatory Committee is going to go along with the views of the Legal Sub-group to repeal the Societies Ordinance and Public Ordinance, do you think such a move is in breach of the Joint Declaration? If that is the case, what can the Hong Kong and British Governments do?

Governor: Well, what is it in breach of if this is done? First of all, it seems to me that what is proposed is in breach of all sense. As I understand it, what has been proposed is that these Ordinances should be struck-down, and the implication is that the old out of date colonial Ordinances should be put in their place. But if you repeal these Ordinances you do not automatically put another law in their place, unless, that is, that the NPC says that it is now going to legislate for these matters in Hong Kong as well. If you just strike the legislation down you are left with a legal vacuum. So what would the Public Order legislation in Hong Kong be on the 1st of July or the 2nd of July? The proposal makes no sort of legal sense.

Secondly, we would be left in a situation in which there were provisions of the International Covenants which were directly contradictory to the laws on the Hong Kong Statute Book, and that would be bound to lead to one legal challenge after another in Hong Kong's courts. It is also, of course, the case that some provisions of the Basic Law - for example those that deal with freedom of assembly and freedom of association - would be contravened by Bills being put back on to the Statute Book which have been amended or changed precisely because of our concerns about their relationship to the International Covenants.

So the whole thing would create, in our judgment, a terrible legal muddle. It would mean, inevitably, that the early months of the SAR Government would be dominated by battles fought out in Hong Kong's courtrooms. And I can't for the life of me think how that is thought to be for the good of Hong Kong's stability and prosperity. We hear quite a lot about Hong Kong being too politicised these days. If you want to know how to really politicise Hong Kong, follow that course of action.

So quite apart from the fact, as I said, that these proposals seem to us to be in breach of the International Covenants and therefore a challenge to what has been promised in the Joint Declaration and the Basic Law, they are also in breach of all good sense and they are clearly in breach of what is in the best interests of Hong Kong.

Mr Sin Chung-kai (in Chinese): Mr Governor, there is a comment saying that the Provisional Legislature could immediately legislate to restore the colonial laws, for example the original Public Order Ordinance and Societies Ordinance. If that is the case, would that constitute a breach of the Joint Declaration and the Basic Law?

Governor: My first observation is, I am not quite sure why it is that anybody should want the first act of the SAR Government after the return of Hong Kong to Chinese sovereignty to be to put out of date so-called colonial laws on the Statute Book, laws which are no longer appropriate to a sophisticated modern city like Hong Kong. But precisely whether anything is in breach of the Joint Declaration or in breach of the International Covenants depends, I suppose, on what precisely is done and what precisely the law says. But it is incredibly difficult to imagine how putting a law back on the Statute Book which had been taken off the Statute Book because it was in contravention of the International Covenant, could be other than in contravention of the International Covenant. And the Chinese side have signed-up to the International Covenants being applied to Hong Kong, both in the Joint Declaration and in the Basic Law.

Dr Yeung Sum (in Chinese): I am sorry to see that concerning the ethnic minorities the British Government is still falling short of giving them a full passport. I think it is not only a moral question for anybody but it is also a moral question for the British Government.

Now, back to the Legal Sub-group of the Preparatory Committee, they are recommending that the (inaudible) of legislation and if it is passed by the Preparatory Committee then NPC would accept it and they will have to legislate before 1997. When the Provisional Legislature is to proceed with legislating for these Ordinances, are you going to pass this issue to the Hong Kong courts for handling?

Governor: Just on the first point the honourable gentleman made. I agree it is a moral issue and a question of honour.

Secondly, if the Provisional Legislature purports to legislate before 30 June, I don't even think that some of its noisiest and most ideological and dogmatic adherents have suggested that what it does can become law before 30 June. But if it is involved in a process which clearly produces a law after 30 June, then that is - I think what lawyers have all said - is likely to be challenged in the courts. But these Shenzhen debates, I don't think could come under any present Hong Kong law. In our judgment they have no constitutional status or legal status whatsoever.

Can I just add one point about the central issue. It is sometimes argued that this has to be done because these are Bills which were introduced since 1984. Now, is it suggested that the clock should have been stopped in 1984? I don't hear Chinese officials saying, "All the economic growth and development, all the infrastructure investment that has taken place since 1984 in Hong Kong should be removed". I don't know - taken back to Britain, donated to Oxfam - I'm not sure what the proposal is.

Nor do I understand how anybody can suggest that Hong Kong could have lived without changing the law from time to time since 1984. There have been hundreds of new laws passed since 1984. But it is just this handful which appear to have some relationship to political control, which the Chinese side have turned their fire on.

And does the Bill of Rights represent the sort of fundamental change which the Chinese side say they are legitimately opposing? What we are talking about is not legislation which fundamentally changes Hong Kong, but legislation whose purpose is to try to ensure that Hong Kong doesn't change. It is the Chinese side, it is this so-called Legal Sub-group which is proposing the changes, and very fundamental changes they would be too.

Dr Yeung Sum (in Chinese): My question is very simple. When the NPC says that the Societies Ordinance and the Public Order Ordinance violate the Basic Law, if that happens, will you, before 1 July 1997 when Hong Kong is still under your rule, turn this matter over to the courts for handling, if that happens before 1 July 1997?

Governor: I am not sure that an action by the NPC in Peking would be justiciable in the Hong Kong courts before 30 June. I don't think it would have any standing in the Hong Kong courts before 30 June. I mean I will take legal advice on that. The honourable gentleman and I both suffer from the disadvantage, or have the advantage, of not being lawyers, but I think that would be my understanding of the situation.

What I repeat though, is perfectly clear, is even if the NPC can strike-down Hong Kong laws, the consequence of striking-down those laws is not the reinstatement of the laws which were there before. That requires new legislation. Unless, that is, the NPC is proposing to take on a legislative role in Hong Kong in relation to matters which are specifically - specifically - part of Hong Kong's autonomy under the Basic Law and under the Joint Declaration.

Dr Yeung Sum: Are you prepared to take some legal advice?

Governor: Yes. Absolutely.

Miss Christine Loh: I would like to go back to the problem of statelessness. There are actually two groups here. One group is the ethnic minorities which the Governor has addressed. But to follow on from that - I am happy to hear, Governor, that you say you will press as hard as you can in the final months - is there something that this Council can do? If there is something that in your opinion will be helpful to the cause, I think we would like to know.

Secondly, just now you talked about the possibility of legislation only being passed perhaps even after 30 June 1997. If that is the case, in order to identify the deserving cases amongst the ethnic minorities that will qualify for full British citizenship, can we be assured of having the full co-operation of the Hong Kong Immigration Department? I believe that is where the files rest for those people right now in Hong Kong.

Governor, the other group that could be a problem are the Vietnamese migrants; a small group of people where Vietnam has said that these people are not their nationals. They are right now in Hong Kong. It seems that if that continues to be the situation, even if they volunteer to go back to Vietnam, Vietnam won't take them, they will have nowhere to go and they could very well, also, effectively become stateless. Hong Kong should be doing the decent thing; if they have nowhere to go, perhaps that very small group of people will have to stay until some other international solution is found. Has Britain been looking into this issue and whether there is any update on what might be a possible course of action?

Governor: Yes, Britain has been looking at this issue and exploring it at every opportunity and at every level with representatives of the Vietnamese Government. It has been raised by the Prime Minister, by the Foreign Secretary and by the Minister of State, to take three examples. I think there are two problems, and they have to be set against the considerable success we have had over the last year in reducing the number of migrants in the camps. Last year, I think I am right in saying we sent home over 15,000 migrants which should have put us well on course for completing the task before 30 June.

The problem we have is the number of Vietnamese in the camps who still are not cleared for repatriation to Vietnam and the number of that group who are ethnically-Chinese and whom the Vietnamese authorities have been resisting taking back for reasons which we have discussed in this chamber before. Principally, the fact that the Vietnamese authorities clearly see them as a precedent for the 260,000 or so ethnically-Chinese Vietnamese migrants who are in China at the moment. I hope that the Vietnamese authorities will speed-up the clearance of migrants and will, in particular, address this question more positively of the ethnic-Chinese migrants.

And it would be more helpful for, I think, the Chinese authorities to help on that issue rather than just wagging their fingers at the British authorities from time to time and saying we are not dealing with the problem rapidly enough. We have dealt with the problem extremely rapidly over the last year and I think that should, with assistance, help us to reach a complete solution.

On the question of the ethnic minorities. First of all, so far as legislation is concerned - I don't want to get the matter out of proportion - I would hope that legislation could be passed before 30 June. The point I was trying to make was that if that did not prove possible, I was sure that the ethnic minorities would recognise that the commitment to legislate, even if the legislation came a bit later, would pretty well satisfy their demands. And I can't imagine that the Hong Kong Immigration Department would find any difficulty in being helpful. After all, these are a group who can't acquire Chinese nationality because of the ethnic provisions of Chinese Nationality law. So it would be a bit unreasonable not to give them at least some assistance in those circumstances.

The honourable lady's first question?

Miss Christine Loh: Basically, in your opinion, whether there is something that this Council can do to promote the cause of the ethnic minorities.

Governor: I think this Council has been extremely helpful in promoting their cause. It has been a considerable help that both the Executive Council and all sides of this Council have been united on this issue. It has been a considerable help in lobbying visiting Members of Parliament, in lobbying Ministers. I think the Council should continue to keep up the pressure but I don't think there is any particular new initiative which the Council needs to take.

End

Going for win/win with HK/US trade relations: FS

* * * * *

The Financial Secretary, Mr Donald Tsang, today (Thursday) described the Hong Kong/United States trade relations in 1997 and beyond as a win/win position.

Speaking to a luncheon of the American Chamber of Commerce, Mr Tsang said the diligence, vigour and entrepreneurship of Hong Kong people were second to none, and a smooth and successful transition was their common aim.

He said: "I fully understand and appreciate our trading partners' interest in Hong Kong's success in the transition. A strong message that Hong Kong matters to them is coming from all round, loud and clear.

"To the United States, Hong Kong certainly matters a great deal."

Quoting statistics, Mr Tsang said Hong Kong was an excellent market for US exports, taking more American goods per capita than almost anywhere else in the world.

Hong Kong is also the base for over 1,000 US firms and over 30,000 Americans doing business with the entire Asia-Pacific Region as well as the destination of US\$14 billion foreign direct investment from the States, the second largest destination for US investment in Asia following Japan.

He said there was a tremendous amount of goodwill in the United States towards Hong Kong.

"We have worked hard for it. And we do not work just to please others," Mr. Tsang said.

The Financial Secretary referred particularly to the work which the Government had carried out in preserving and enhancing the integrity of Hong Kong's trade control system in three areas - protection of intellectual property rights, strategic trade control and action against illegal transshipment of textile products.

He said there had been questions about the Government's determination in this regard.

In response to these questions, Mr Tsang said : "In the current important period of Hong Kong's development, we simply cannot afford to let any doubt germinate and undercut the very foundation of our status as an international trade and financial centre.

"I wish to say loud and clear that we are going the extra mile in exerting the rule of law. We are co-operating actively with our trading partners within the confines of our law, and we are taking vigorous enforcement to eradicate irregularities and malpractices.

"We know, more than anyone, how much free trade depends upon confidence and trust. And we can only build confidence and trust on well established enforcement regimes."

He went on to elaborate the work done in these three areas.

On protection of intellectual property rights, Mr Tsang said Hong Kong took very seriously its obligations under the World Trade Organisation Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) and other treaties and conventions.

Apart from establishing and maintaining close contacts with IPR enforcement authorities in China and foreign enforcement authorities, he said territory-wide mega raids had also been conducted by customs officers to tackle the problem of intellectual property right infringement at retail level.

"We have enacted laws to empower customs officers to tackle organised syndicates that mastermind cross-border copyright piracy activities," he said.

"We are preparing new comprehensive legislation to localise our laws in respect of patents, copyright and registered designs and to modernise trade marks law."

He said that the Government would continue to do its utmost to put in place a stringent IPR regime and to enforce the regime robustly.

"We look forward to working together with IP right owners from the US and other countries to bring offenders of our IP laws successfully to the justice of the courts," he said.

Turning to strategic trade control, Mr Tsang cited the recent case of seizure as a vivid example of the effectiveness of the Hong Kong system.

He said Hong Kong certainly had a more stringent system than that of most of its trading partners.

"Our requirement for both import and export licensing means that each and every shipment of goods in transshipment is subject to our licensing control," he said.

"The scope of our control follows closely the international control lists and is fully backed up by law. Our enforcement is vigorous and results oriented."

On action against illegal transshipment of textile products, the Financial Secretary said for a long time, the Government had been devoting a lot of resources and attention to maintain an effective control against illegal transshipment.

"Again, I do not claim our system to be the best but it must rank top class by international standards," he said.

"We keep on improving it to meet changing circumstances. For example, we have adopted a new targeted strategy in factory checks. Our determination is clear.

"In the spirit of co-operation, the Hong Kong Customs has invited two teams of US Customs officers for a month-long joint factory visits.

"They are in town now. We hope to find a mutually satisfactory solution to the current problem between the US and Hong Kong in this area at the end of the joint visit."

Summing up, Mr Tsang said as a free trader, Hong Kong did not impose control on the circulation of goods and services, unless there were very good reasons to do so.

"Once we have established the need, we will make every effort to maintain the highest standard of control, both in terms of enforcement and legislation, as from 1 July 1997.

"We know what the result will be if we start compromising our standards or relaxing our strict adherence to the law," he added.

End

Stranded waste to leave Hong Kong

* * * * *

The Environmental Protection Department (EPD) announced today (Thursday) that 50 containers of municipal and soiled plastic waste stranded in Hong Kong are scheduled to return to the Netherlands on Monday (January 27).

"The carrier who brought the waste, around 700 tonnes in weight, into Hong Kong will undertake the ship back operation," Principal Environmental Protection Officer (Waste and Water Management) of the EPD, Dr Ellen Chan, said.

She pointed out that the waste had been stored in the original containers and none of it was disposed of in Hong Kong.

"The German and Dutch authorities have agreed to the return of the waste to Rotterdam, the Netherlands. They will continue to sort out the responsibilities and disposal arrangement of the waste in Europe," she added.

The waste, believed to be mostly of German origin, was shipped from the Netherlands in three separate shipments and was left unclaimed since its arrival in Hong Kong in April last year.

"After learning of the incident in late October 1996, the EPD has been liaising closely with the relevant authorities in Europe.

"As these shipments were despatched to Hong Kong without any prior notification or consent, they were considered to be 'illegal traffic' as defined under the Basel Convention and therefore must be returned to the country of export/origin as soon as possible," Dr Chan explained.

Enhanced control on the import and export of waste in Hong Kong under the Waste Disposal Ordinance came into operation on September 1, 1996.

Any person who imports or exports hazardous or non-recyclable waste (including municipal waste) without a permit issued by the EPD is liable to a maximum fine of \$200,000 and six months' imprisonment upon first conviction.

End

Consumer price indices for December 1996 released

* * * * *

Consumer price inflation, in terms of the year-on-year rate of increase of the Consumer Price Index (A), was 6.7% in December 1996, as compared with the corresponding figure of 5.8% in November 1996.

The year-on-year rates of increase in the Consumer Price Index (B) and Hang Seng CPI were also higher in December than in November - 6.5% against 6.1% for the CPI(B); and 6.7% against 5.8% for the Hang Seng CPI.

The Composite CPI, which is compiled based on the combined expenditure pattern of all households, showed a year-on-year increase of 6.6% in December 1996, against 5.9% in November.

The Census and Statistics Department released today (Thursday) the Consumer Price Index (CPI) figures for December 1996.

A government spokesman said the faster increases in the CPI(A) and CPI(B) in December than in November were largely due to a low base of comparison in the preceding year, particularly in respect of some fresh food items and miscellaneous consumer goods. Moreover, higher prices of fuel as well as higher public housing rentals also contributed to the pick-up in consumer price inflation.

As for the Hang Seng CPI, the faster increase in December than in November was mainly due to faster increase in the prices of outer-clothing.

Analysed by component, faster year-on-year increases than the overall average in December were recorded for clothing and footwear (11.7% in CPI(A) and 12.5% in Composite CPI); housing (9.6% in CPI(A) and 9% in Composite CPI) and fuel and light (8.7% in both CPI(A) and Composite CPI).

Meanwhile, those components with slower year-on-year increases in prices than the overall average were durable goods (2.1% in CPI(A) and 2.4% in Composite CPI); meals bought away from home (3.8% in CPI(A) and 3.4% in Composite CPI); food (excluding meals bought away from home) (4.5% in CPI(A) and 4.4% in Composite CPI); transport (6% in CPI(A) and 5.8% in Composite CPI) and alcoholic drinks and tobacco (6.1% in both CPI(A) and Composite CPI).

Comparing December 1996 with November 1996, the CPI(A) and CPI(B) increased by 0.6% and 0.3% respectively. The corresponding increases for the Hang Seng CPI and Composite CPI were both 0.4%.

For the three months ended December 1996, the CPI(A) and CPI(B) were, on average, higher by 6% and 6.1% respectively over a year earlier. The corresponding increases for the Hang Seng CPI and Composite CPI were 6.2% and 6.1% respectively.

For 1996 as a whole, the CPI(A) and CPI(B) were, on average, higher by 6% and 6.4% respectively than 1995. The corresponding increases for the Hang Seng CPI and Composite CPI were 6.6% and 6.3% respectively.

The seasonally adjusted monthly rates of increase in the CPI(A) and CPI(B) averaged at 0.7% and 0.6% respectively during the three months ended December 1996. The corresponding increases for the Hang Seng CPI and Composite CPI were 0.7% and 0.6% respectively.

Further details are shown in Tables 1 and 2 and Charts 1 to 4.

More details are given in the "Consumer Price Index Report" for December 1996, which is available at \$37 per copy from the Government Publications Centre, Queensway Government Offices, Low Block, ground floor, 66 Queensway, Hong Kong; or the Publications Unit of the Census and Statistics Department, 19th floor, Wanchai Tower, 12 Harbour Road, Wan Chai, Hong Kong. For local and overseas mailings, contact should be made with the Information Services Department, 28th floor, Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong.

For enquiries about the indices, please telephone the Consumer Price Index Section of the Census and Statistics Department on 2805 6403.

Table 1 Consumer Price Indices and Rates of Increase for December 1996
(Oct. 94 - Sep. 95 = 100)

| <u>Component</u> | <u>CPI(A)</u> | | <u>CPI(B)</u> | | <u>Hang Seng CPI</u> | | <u>Composite CPI</u> | |
|---|----------------|---------------------------|----------------|---------------------------|----------------------|---------------------------|----------------------|---------------------------|
| | Index | % | Index | % | Index | % | Index | % |
| | for Dec. 96 | change over Dec. 95 | for Dec. 96 | change over Dec. 95 | for Dec. 96 | change over Dec. 95 | for Dec. 96 | change over Dec. 95 |
| Food | 106.4 | +4.1 | 106.5 | +3.8 | 105.5 | +3.1 | 106.4 | +3.8 |
| Meals bought away from home | 107.4 | +3.8 | 107.0 | +3.4 | 105.3 | +2.6 | 106.9 | +3.4 |
| Food, excluding meals bought away from home | 105.1 | +4.5 | 105.6 | +4.4 | 106.0 | +4.5 | 105.4 | +4.4 |
| Housing | 117.6 | +9.6 | 117.0 | +8.5 | 119.1 | +9.2 | 117.8 | +9.0 |
| Fuel and light | 111.4 | +8.7 | 111.1 | +8.5 | 111.6 | +9.0 | 111.3 | +8.7 |
| Alcoholic drinks and tobacco | 109.0 | +6.1 | 109.1 | +6.3 | 108.2 | +6.1 | 108.9 | +6.1 |
| Clothing and footwear | 118.8 | +11.7 | 120.2 | +12.7 | 115.9 | +12.7 | 118.4 | +12.5 |
| Durable goods | 104.2 | +2.1 | 104.5 | +2.7 | 104.8 | +2.3 | 104.5 | +2.4 |
| Miscellaneous goods | 108.1 | +9.2 | 106.7 | +6.3 | 105.3 | +3.8 | 106.8 | +6.6 |
| Transport | 110.0 | +6.0 | 109.8 | +5.7 | 109.0 | +5.7 | 109.6 | +5.8 |
| Miscellaneous services | 113.0 | +6.8 | 112.0 | +6.6 | 109.6 | +5.4 | 111.5 | +6.3 |
| All items | 110.9 | +6.7 | 111.4 | +6.5 | 111.9 | +6.7 | 111.4 | +6.6 |

Monthly consumer price indices are compiled on the basis of (a) expenditure patterns of relevant households and (b) prices collected currently in the month. The expenditure patterns underlying the 1994/95-based consumer price indices are based on those patterns derived from the 1994/95 Household Expenditure Survey. The CPI(A) is based on the expenditure pattern of about 50% of households in Hong Kong, which had an average monthly expenditure of \$4,000-\$15,999 in 1994/95. The CPI(B) is based on the expenditure pattern of the next 30% of households, which had an average monthly expenditure of \$16,000-\$29,999 in 1994/95. The Hang Seng CPI is based on the expenditure pattern of the next 10% of households, which had an average monthly expenditure of \$30,000-\$59,999 in 1994/95.

Whereas the CPI(A), CPI(B) and Hang Seng CPI are based on the expenditure patterns of groups of households with different magnitudes of household expenditure, the Composite CPI is compiled based on the expenditure pattern of all these households taken together. Thus, while the CPI(A), CPI(B) and Hang Seng CPI show the impact of consumer price changes on different groups of households, the Composite CPI shows the impact of consumer price changes on the household sector generally.

Table 2 Consumer Price Indices and Year-on-year Rates of Change for
October 1995 - December 1996
 (Oct. 94 - Sep. 95 = 100)

| <u>Year/month</u> | | <u>CPI(A)</u> | | <u>CPI(B)</u> | | <u>Hang Seng CPI</u> | | <u>Composite CPI</u> | |
|-------------------|-----------|---------------|--|---------------|--|----------------------|--|----------------------|--|
| | | <u>Index</u> | <u>Year-on-year rate of change (%)</u> | <u>Index</u> | <u>Year-on-year rate of change (%)</u> | <u>Index</u> | <u>Year-on-year rate of change (%)</u> | <u>Index</u> | <u>Year-on-year rate of change (%)</u> |
| 1995 | October | 104.3 | 8.0 | 104.5 | 8.4 | 104.7 | 8.7 | 104.5 | 8.4 |
| | November | 104.3 | 7.8 | 104.7 | 8.1 | 105.4 | 8.2 | 104.7 | 8.1 |
| | December | 103.9 | 6.4 | 104.6 | 7.2 | 104.9 | 7.2 | 104.5 | 7.0 |
| 1996 | January | 104.1 | 5.8 | 104.8 | 6.6 | 105.1 | 7.3 | 104.7 | 6.5 |
| | February | 105.4 | 6.4 | 105.9 | 7.0 | 105.7 | 7.5 | 105.7 | 6.9 |
| | March | 106.1 | 6.5 | 106.4 | 7.0 | 106.3 | 7.5 | 106.3 | 7.0 |
| | April | 107.3 | 6.8 | 107.8 | 7.0 | 107.5 | 7.1 | 107.6 | 7.0 |
| | May | 107.1 | 6.1 | 107.9 | 6.6 | 108.5 | 6.9 | 107.8 | 6.5 |
| | June | 107.8 | 6.1 | 108.3 | 6.4 | 109.1 | 6.6 | 108.4 | 6.4 |
| | July | 108.0 | 6.1 | 108.5 | 6.4 | 108.6 | 6.2 | 108.4 | 6.2 |
| | August | 108.2 | 4.9 | 108.7 | 5.5 | 108.9 | 5.9 | 108.6 | 5.4 |
| | September | 109.6 | 5.2 | 109.9 | 5.9 | 109.7 | 5.6 | 109.7 | 5.6 |
| | October | 109.9 | 5.4 | 110.6 | 5.8 | 110.9 | 6.0 | 110.5 | 5.7 |
| | November | 110.3 | 5.8 | 111.0 | 6.1 | 111.5 | 5.8 | 110.9 | 5.9 |
| | December | 110.9 | 6.7 | 111.4 | 6.5 | 111.9 | 6.7 | 111.4 | 6.6 |

Chart 1 Year-on-year Rates of Increase
in CPI(A)

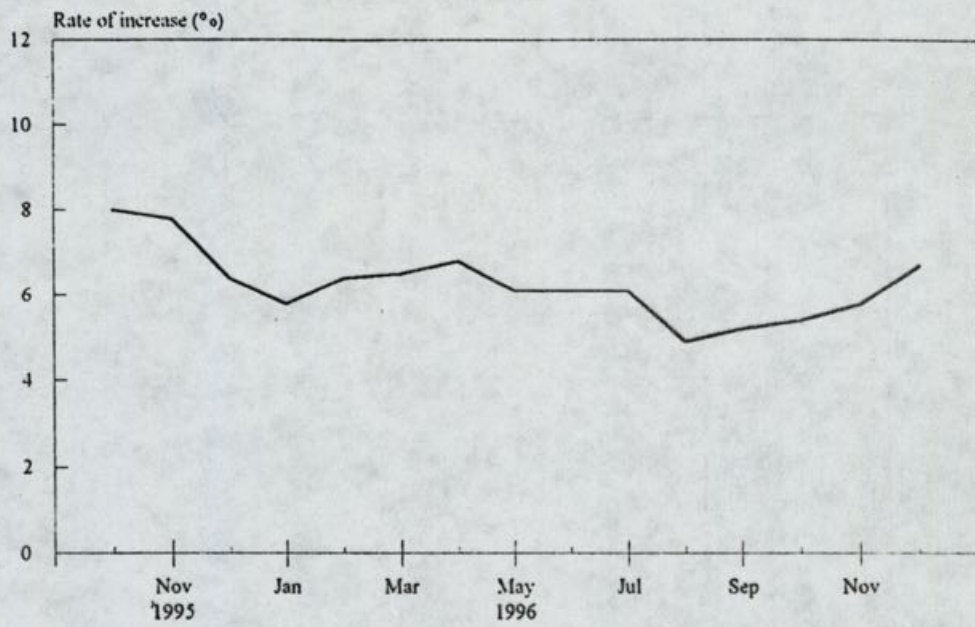


Chart 2 Year-on-year Rates of Increase
in CPI(B)

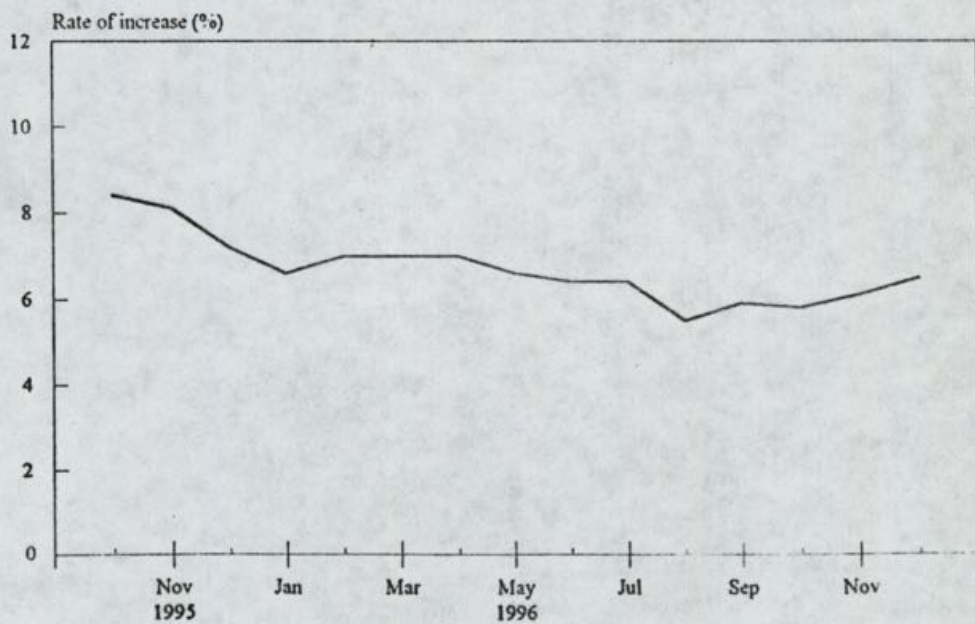


Chart 3 Year-on-year Rates of Increase
in Hang Seng CPI

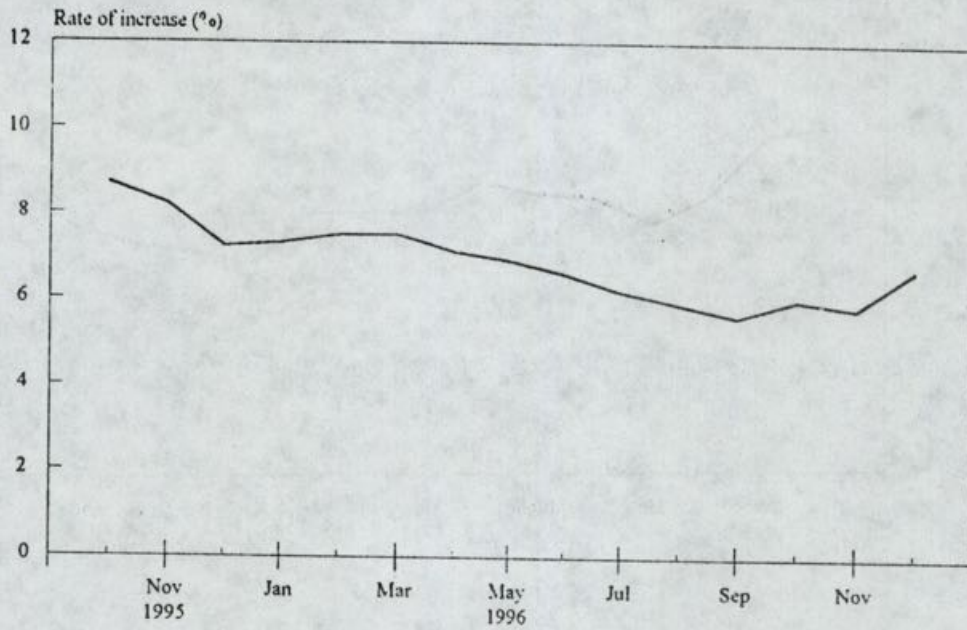
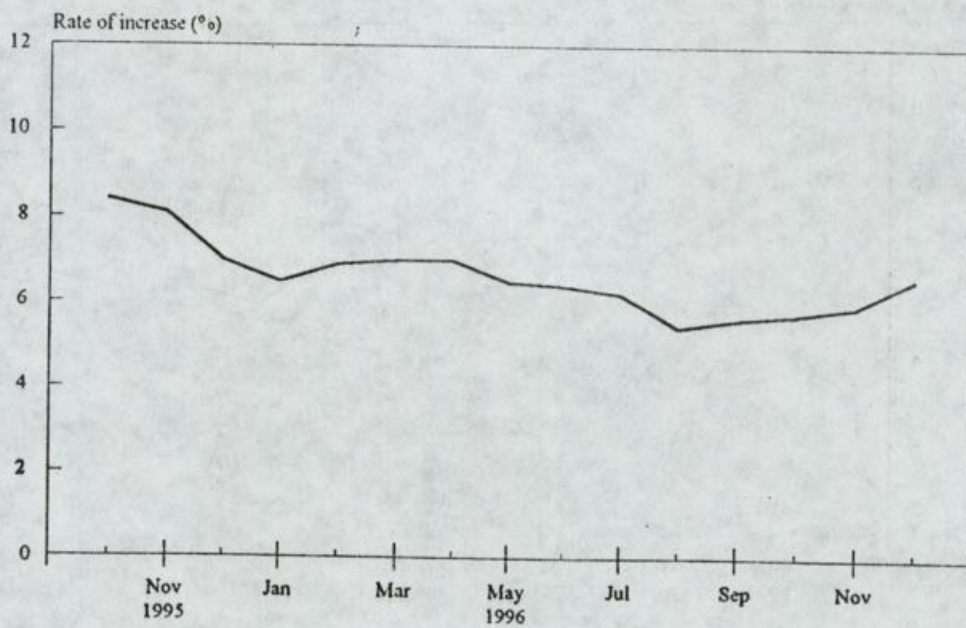


Chart 4 Year-on-year Rates of Increase
in Composite CPI



Measures to enhance proper use of the Internet announced

* * * * *

The Government has decided not to introduce regulatory controls on the Internet at this stage but will take some appropriate actions to address the concerns over the availability of obscene and indecent materials on this new medium.

This was announced by the Deputy Secretary for Broadcasting, Culture and Sport, Mrs Rita Lau, at a LegCo Panel meeting today (Thursday).

Mrs Lau noted that the decision was reached after the most careful consideration. Comments received from the consultation exercise have been taken fully into account.

"In considering whether content regulation should be applied, we need to strike a balance between protecting our young people and preserving the free flow of information," Mrs Lau said.

"Individual's right and freedom of access to information and of expression will also need to be safeguarded. The impact of regulation on the development of information technology is also an important consideration. We should promote and facilitate technological development and not obstruct it.

"Unlike other forms of publication, the chance of people being involuntarily exposed to pornographic materials on the Internet is minimum.

"In fact, it can be argued that unless a user decides to access the Internet and search for such sites, such materials will not come in his way at all."

To enhance the proper use of the Internet, Mrs Lau said that the Government will pursue the following measures :

- * To build on the existing dialogue with the ISP industry and assist them to develop an industry-developed Code of Practice;
- * To actively encourage and promote the use of filtering and/or labelling tools to enable parental guidance to be exercised; and
- * To promote computer literacy and the proper use of the Internet in schools, and launch publicity campaigns to arouse public awareness.

Mrs Lau explained that the existing Control of Obscene and Indecent Articles Ordinance (COIAO) already applied to electronic publications. No legislative amendments to COIAO will be considered for the time being but a review will be conducted one year after the introduction of a Code of Practice in order to assess its effectiveness, she added.

The Government will brief the ISPs of these decisions and will work with them to achieve the objectives.

End

New licence to facilitate media coverage of handover

* * * * *

The Office of the Telecommunications Authority (OFTA) announced today (Thursday) that the Governor in Council has approved the creation of a new type of licence - Self-Provided External Telecommunication System (Short Term) Licence - under the Telecommunication Ordinance.

The new licence is designed to facilitate the short-term use of telecommunications equipment to communicate with places outside Hong Kong. An immediate use of the licence is in connection with news reporting of the sovereignty handover ceremony and associated events.

"Foreign broadcasters and news agencies wishing to use satellite news gathering equipment for reporting the sovereignty handover ceremony and associated events should apply for a self-provided external telecommunication system (short-term) licence," said a spokesman for OFTA.

A large number of foreign broadcasters and news agencies are expected to come to Hong Kong to report the sovereignty handover events. They will wish to send their live or recorded signals back to their studios or head offices for immediate broadcast to their audience or for compilation of news reports.

Some will use the transmission services of Hong Kong Telecom International Limited, but others will wish to bring in their satellite communications equipment to transmit their signals back to their own countries directly.

As the satellite radiocommunications equipment uses radio frequencies, licensing of the equipment is necessary to prevent radio interference and to comply with international radio regulations.

"The new licence allows the licensee to transmit and receive its own signals only," said the spokesman.

"It is not a satellite broadcasting licence. It does not allow the licensee to provide a public telecommunications service to customers. Nor does it allow the licensee to operate a broadcasting service from the equipment."

OFTA will, through the Government Information Services, disseminate the information on the new licence. Any broadcasters or news agencies wishing to bring in their own satellite equipment may apply for a licence from OFTA.

Details of the new licence may also be obtained from the OFTA Homepage on the Internet at URL <http://www.ofta.gov.hk>.

End

New recorded delivery service to be introduced

* * * * *

The Postmaster General, Mr Robert Footman, announced today (Thursday) that to provide new and improved services and to meet changing needs, a number of amendments to the Post Office Regulations will be introduced.

The amended regulations will take effect on March 7.

"We shall introduce a public Recorded Delivery service from that date," said Mr Footman.

"The fee will be \$11 for a postal packet and is cheaper than the \$13 fee for registered mail."

At present, the recorded delivery service is only available to government departments. It is very similar to the registration service in that the Post Office has to provide proof of posting and delivery, but the tracking of the mail item at each processing stage is not provided as in the case of registered mail.

"To provide a better customer service, we shall cancel the current \$7 fee for making inquiries about a posted parcel or registered item," Mr Footman continued.

"Postal services for letters on postal business addressed to the Postmaster General will no longer be free."

Such free postal service has to cease as the Post Office moves onto trading fund operation. This type of mail is however minimal and in practice is usually stamped.

Other amendments include setting fees for ordering certain philatelic products.

For further inquiries on this subject, please contact Ms Aubrey Au on 2921 2261.

End

International conference on drug education to be held

* * * * *

Schools heads, teachers and interested parties are invited to participate in an international conference on drug education in schools next month.

Organised by the Education Department, the conference will be held at the Hong Kong Science Museum on February 18 and 19.

Nine renowned experts from Pacific Rim are invited to introduce recent developments on drug education in schools in their countries and territories.

They are Mr Peter Slattery from Australia, Professor Eric Single from Canada, Dr Sun Jiang-ping from China, Professor Shingo Katsuno from Japan, Mr Yoon Sung-tae from Korea, Dr Jit Singh from Malaysia, Dr Ong Teck-hong from Singapore, Mr Prasert Tanskul from Thailand and Professor Patricia Morgan from the USA.

Professor Chen Char-nie from Action Committee Against Narcotics and Mrs Jenny McGlynn from Life Education Activity Programme will share local experience with the overseas experts.

Conducted in English, the two-day conference will accommodate some 300 participants. No fee will be charged.

Completed registration form must be returned to the Advisory Inspectorate of the Education Department, 12th floor, Wu Chung House, 213 Queen's Road East, Wan Chai by post or by fax: 2573 2805 on or before Saturday, February 1.

For enquiries, please call 2892 6541, 2892 6543 and 2892 6546.

End

Royal Observatory awards its best weather announcers

* * * * *

Two Royal Observatory staff recently received awards for being the best "Dial-a-Weather" announcers in the department.

They are Ms Chan Man-yee and Mr Ho Ka-hon for announcements in English and Cantonese respectively.

The awards are funded by the Government "Serving the Community" scheme.

Both Ms Chan and Mr Ho feel very much encouraged by the awards. They feel they are doing a useful job because their voices (and those of their colleagues) are now routinely heard by more than 60,000 callers every day.

"I feel very close to the people she serves whenever she makes recordings for Dial-a-Weather," said Ms Chan.

"For example, parents could decide what their young children should put on after getting temperature readings from the service."

Mr Ho remarked that converting weather bulletin written in Chinese into an announcement in colloquial Cantonese required some skills and was not easy at all.

Dial-a-Weather is a service whereby members of the public could call the Observatory to listen to tape recordings of current readings and weather forecasts.

In 1996, the Royal Observatory's Dial-a-Weather service handled a total of over 23 million calls, making it probably the most used hot-line service in Government. The figure reflects a 50-fold increase since the service began 10 years ago.

The popularity of the service is also demonstrated by repeated requests from members of the public to expand the information contents of the service. The observatory is currently planning to increase the number of Dial-a-Weather lines and to introduce an interactive telephone enquiry service later this year.

To supplement the Dial-a-Weather service, the observatory commenced its Internet home-page service in early 1996. The home-page features the latest weather readings, forecasts and warnings in force, satellite cloud pictures, the weather of overseas cities, as well as topics of general interest including tropical cyclone, earthquake monitoring, astronomical and tidal information. A Chinese version was added last December.

The number of visits to the observatory Web site topped the one million mark in 1996. The observatory home-page is currently accounting for roughly a quarter of all visits to Hong Kong Government home pages.

"Dial-a-Weather" telephone numbers:

Latest weather information and forecast

187 8066 (English)
187 8200 (Cantonese)

Weather information for south China coastal waters

187 8970 (English)
187 8001 (Cantonese)

Internet Home-page address:

<http://www.info.gov.hk/ro/index.htm>

End

Courier of fake documents given two years' imprisonment

* * * * *

A courier of fake travel documents, who was arrested at Airport just on his way to overseas despatch, received a two-year imprisonment sentence for possession of nine pieces of forged Hong Kong travel documents and identity cards.

The 37-year-old man was found guilty at the District Court for two counts of possession of forged, false, unlawfully obtained or unlawfully altered travel document and one count of possession of forged identity card. He was sentenced to 24 months imprisonment for each charge, to run concurrently.

The local merchant claimed he was asked to put a forged British National (Overseas) passport at a specified location for his client at the Airport Transit Lounge on September 2 last year. He would then despatch another three BNO passports, one Hong Kong Certificate of Identity and four Hong Kong identity cards to Sai Pan by flight. He was paid HK\$10,000 for the assignment.

The defendant was stopped by Immigration Special Operation Team members at Kai Tak Airport Transit Lounge after the investigators found the defendant had put a travel document into a magazine at the airport bookstore.

During subsequent enquiries and search, three other BNO passports, one Certificate of Identity and four identity cards were found in his hand carry baggage. Forensic examination revealed that the travel documents were photo-substituted whereas the identity cards were counterfeit.

"It is an offence in law to have in possession of forged, false or unlawfully altered travel documents, offenders are liable to prosecution and upon conviction the maximum penalty will be a fine of \$150,000 and imprisonment for 14 years," a spokesman for the Immigration Department said today (Thursday).

The spokesman added that possession of forged identity card was a serious offence. The maximum penalty is a fine of \$100,000 and imprisonment for 10 years.

End

Hong Kong Monetary Authority interbank liquidity

| | | Time | Aggregate Balance Of Settlement Accounts |
|---------------------------|------------|---------|---|
| Opening Aggregate Balance | 695 MN | 0930 HR | 7,503 MN |
| Closing Aggregate Balance | 467 MN | 1000 HR | 11,787 MN |
| Change Attributable To : | | 1100 HR | 19,231 MN |
| Money Market Activity | - 13 MN | 1200 HR | 27,510 MN |
| Laf Reversal | +6,318 MN | 1500 HR | 31,739 MN |
| Laf Today | - 6,533 MN | 1600 HR | 30,901 MN |

Laf Rate 4.00% Bid/6.00% Offer TWI 126.6 *+0.2* 23.1.97

Hong Kong Monetary Authority

| EF Bills | | EF Notes/MTRC Notes | | | | |
|-----------|-------|---------------------|-------|--------|--------|-------|
| Terms | Yield | Terms | Issue | Coupon | Price | Yield |
| 1 week | 3.83 | 2 years | 2811 | 5.72 | 100.29 | 5.62 |
| 1 month | 4.20 | 3 years | 3001 | 6.17 | 100.32 | 6.14 |
| 3 months | 4.42 | 5 years | 5112 | 6.57 | 100.38 | 6.58 |
| 6 months | 4.68 | 7 years | 7311 | 6.80 | 100.65 | 6.79 |
| 12 months | 5.03 | 10 years | 1610 | 7.37 | 103.30 | 7.02 |
| | | 5 years | M503 | 7.35 | 102.28 | 6.87 |

Total Turnover Of EF Bills and Notes - \$35,331 MN

Closed January 23, 1997

End