



## DAILY INFORMATION BULLETIN

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Governor's question-and-answer session in LegCo

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

Let me begin by saying a few words about my visit to the Philippines and then I will be happy to answer questions on that subject or on the overall question of the economy.

I had a very useful and productive visit to the Philippines from 10-13 December. I am very grateful to President Ramos for his kind invitation and for all the arrangements which were made for me and my party. I am particularly grateful to the Philippine authorities for helping to get me home yesterday.

I had an hour long meeting over breakfast with President Ramos on Monday, followed by a meeting with Archbishop Jaime Cardinal Sin. I spoke at a seminar organised by the Asia Pacific University, and also gave speeches to Hong Kong and Filipino business representatives. On Tuesday morning I met the President of the Senate, Senator Gonzalez, and the Chairman of the Senate Foreign Relations Committee, Senator Maceda. I also visited Subic Bay and saw for myself the impressive developments underway there, which included of course investments from Hong Kong.

I believe that my visit helped to confirm the very strong commercial and trading relationship between Hong Kong and the Philippines, and will have strengthened our partnership in APEC. Hong Kong is the second largest direct investor in the Philippines. Last year we invested some US\$290 million there. So we have an important stake in the future of the Philippines, and it is important to keep our overall relationship in good repair.

I also had the opportunity of discussing with President Ramos and others the position of the substantial Filipino community in Hong Kong. I assured the President that we would continue to do our best to ensure that domestic helpers, who constitute the overwhelming majority, although not the entirety, of the Filipino community in Hong Kong, enjoyed proper legal protection. The President and his colleagues were appreciative of the efforts made by the Hong Kong government and by the whole community on behalf of domestic helpers here.

I also took the opportunity to raise with President Ramos the one cloud over the otherwise fine relationship between Hong Kong and the Philippines, namely the position of Mr Au and Mr Wong who have been in prison since 1991 in Manila. I also sent one of my staff to see Mr Au and Mr Wong to underline to them the concern we have for their case, and to report to them my discussion with President Ramos. As honourable members know, there is a great deal of concern in the community about this case, as well as in this Council and in the media. I intend to continue to take a close interest in what happens to Mr Au and Mr Wong. We will be keeping in touch with the case and with the Filipino authorities. Mr Au and Mr Wong will continue to receive regular visits from the British Embassy, who report back to us. President Ramos assured me that he understood the concern in Hong Kong about the case and would be contacting the Justice Ministry about it. I told Mr Ramos that we had no wish to interfere in the judicial process in the Philippines. We were asking for that judicial process to take place as rapidly as possible as both Mr Au and Mr Wong have been waiting for a very, very long time. I think that no one in the Philippines or in the Filipino government will have been surprised at our concern about two of our citizens, given the concern which the Filipino authorities themselves have expressed about the position of Filipinos in difficulties overseas.

So, I repeat, a useful, busy, visit. I will be happy now to take questions from honourable members.

Mr Cheung Man-kwong (in Chinese): Mr President, I have a question for the Governor. Hong Kong's economic prosperity depends on the rule of law and as we all know, yesterday the Beijing Procuratorate gave Wei Jingsheng 14 years of imprisonment for subversion and this to the outside world is very rash and Hong Kong people have worries about the rule of law after 1997.

Previously there was an agreement between the two sovereign states on the Court of Final Appeal and it cannot touch on anything that is related to defence and foreign affairs and also acts of state, and as a result Hong Kong will be affected. And according to our ordinance, when we talk about subversion it might be considered acts of state and therefore it cannot be taken up in Hong Kong courts and as a result there will be political trials similar to Wei Jingsheng case in Hong Kong after 1997.

Will the Government do anything to alleviate our fears and will anything be done to reflect the worries of Hong Kong people?

Governor: Let me first of all agree with the honourable member about the relationship between Hong Kong's economic prospects, the main subject on which I was proposing to answer questions today, and Hong Kong's way of life. It's naive of people purporting from time to time to speak for Hong Kong or to speak for the business or economic interests of Hong Kong to argue that there isn't the relationship between our freedoms, our pluralist values, the accountability of our legislature and our prosperity, there plainly is, and when you go to other countries in the Region, that is a point that people make to me and to others explicitly. Hong Kong would not be so successful if it was not so free. So the first point on which I agree with the honourable member is that there is a clear and explicit and intimate relationship between the sort of place Hong Kong is and the extraordinary developments in Hong Kong's economy over the years.

Hong Kong has, of course, been a haven over the years for those who have fled from events elsewhere and arrive in Hong Kong with a very sharp and marked appreciation of the benefits of living in a free and open society.

Secondly, we know from the recent expressions of concern, by this Legislative Council and by the community, that the future of our way of life, the future protection of our civil liberties is a matter of major importance to people from all professions, from all backgrounds in Hong Kong. We know that when things were said by those who, sometimes it seems to me rather ill advisedly, tell PRC officials what they think should happen in Hong Kong and when things were said by PRC officials about gutting the Bill of Rights, about removing from our statute book laws which brought our own legislative framework into line with the international covenants, we know that when those things were said it sends a real worry, a real shiver of concern around the community. I don't make those things up. If anything I rather understate them. Just look at what the editorials in virtually the whole of the Chinese language press said about those matters. The Legislative Council when it voted was clearly in line with the overwhelming majority of opinion in this community.

So against that background, it's not very surprising that an event like the sentencing of Mr Wei yesterday causes further concern in the community, because people understandably worry about how substantial our protections, their protections are, after 1997.

Now I add two things. First of all, as the Honourable gentleman knows, I don't agree with him that after 1997, the agreement made this summer on the Court of Final Appeal means that anyone who wished could drive a coach and horses through the English common law in Hong Kong. I think it is defeatist to take the view that the tensions which undoubtedly exist between the Basic Law, Hong Kong's constitution and the common law won't be worked out in the courts, in the independent courts, by an independent judiciary, here in Hong Kong. I think that's an important point for us to recognise.

Secondly, I'm sure that the international community will understandably express its concern about Mr Wei's position. The British Government, the present sovereign power in Hong Kong, was associated, strongly supported, the European Union initiative that was made on Mr Wei's behalf in early December, and I am sure will be discussing with its European colleagues and with others what more can be done to try to persuade the Chinese authorities that what has happened to Mr Wei is understandably a matter of international concern and a matter which inevitably affects people's attitudes towards the PRC, a great country which surprises many people when it behaves in this way. Those who have understandable cause to be most clearly concerned are the people of Hong Kong because 1997 is an event in our calendar, not in anyone else's.

Mr Cheung Man-kwong (in Chinese): Mr President, Article 23 of the Basic Law says that in relation to any act of treason, secession, sedition, subversion, then there can be law against the central people's government and then the PWC considers that probably this will have to be taken up after 1997. So the question is, will you continue, at the forum of JLG, continue to talk to the Chinese authorities in relation to Article 23 and relevant law? And is it possible that before 1997, we can establish legislation because when we talk about treason, secession, sedition and subversion, there might be great impact on people with dissenting views, after 1997?

Governor: That is certainly what we would like to be able to do. We've put a number of proposals to Chinese officials in the JLG, for example on official secrets as well as the matters that the honourable gentleman has mentioned. Our proposals are, in our judgement, entirely in line with the international covenants and with the Joint Declaration and the Basic Law and I hope that we can make progress on them.

These matters have a great deal more resonance, have a great deal more impact and importance because of the particular circumstances in which Hong Kong finds itself. Under normal circumstances, I don't think anybody in this Legislative Council would be particularly worried about official secrets for example. We have never, so far as my researchers can tell me, we have never actually used the official secrets legislation to prosecute anyone in Hong Kong, but because of our particular circumstances and because of events like yesterday's, this is the sort of thing which legislators are concerned about and which the whole community is concerned about, because these worries cast a shadow over people's aspirations, over people's ambitions, over people's concerns about their way of life.

I repeat, the Legislative Council, the Administration, the Governor of Hong Kong, aren't making these anxieties up and when people give the impression that they are, to Chinese officials, or when they give the impression that these things are simply fabricated, when they're talking to people in the United States or elsewhere, they are doing a profound disservice to Hong Kong.

Mr Howard Young: Mr Governor, welcome back to Hong Kong after your many attempts. I suppose three is a lucky number.

I, myself, and many members of the legislature, and also the tourism industry, is indeed very grateful for you having raised the case of Messrs Au and Wong in the Philippines, which is an issue which has been pursued by the tourism industry for four years now, and recently upgraded to LegCo.

During your absence from Hong Kong it was shown on television that apparently during an interview with Mr Au, he seemed to convey the message that there was an option of dropping the appeal and just waiting for clemency. Now, I am a bit puzzled by that and I was wondering whether this sort of option came up during your discussions with the Philippine authorities or whether, when your aides went and visited the two in prison, whether they had expressed any indication of what they actually desired to do in this respect?

Governor: Can I, in expressing my gratitude to the honourable member for his gratitude that I managed to return to Hong Kong - I know that view is widely shared in Happy Valley - can I say to the honourable gentleman that we are, in the Administration, grateful for the interest taken by him and other honourable members in the case of Mr Au and Mr Wong, grateful for the interest and support given by the Hong Kong Tourist Authority, and understand that until the case is resolved one way or the other, honourable members like the honourable member, and other representatives of the community, will continue to press both the Philippine authorities and the Hong Kong Government about the position in which Mr Au and Mr Wong find themselves.

I'm sure the honourable member will appreciate it when I say that legislators or governors are always in a difficult position when pursuing a case like this, because none of us wants to put ourselves in the position in which we are, as it were, second-guessing legal advice, in which we are jumping over the concerns of a family, in which we are steering or leading the opinion of those concerned, in a way which might be unjustified. It is very difficult to give advice responsibly in these circumstances.

It is true that in my discussions with the Philippine authorities it was pointed out that a pardon can only be offered when all the legal hoops have been gone through. But that wasn't, I believe, an offer or a suggestion of a bargain, it was a straightforward description of what the position is.

I don't think that I can do more in my representations than to argue that the Philippine authorities should deal with the issue as expeditiously as possible. I don't think that I should do anything which appears to second-guess the judicial authorities in the Philippines or to intervene in the judicial process in the Philippines, but it is reasonable for us to say: this has been going on for an unconscionably long time.

These men were sentenced in 1991. Their appeal has, as the honourable member knows, been there since 1993. It is a matter of concern to the Legislative Council and to the community that they are having to wait so long for their appeal to be considered, and that is the point on which we have to press.

Now, we have been pressing. To my knowledge, the issue has been raised vigorously by two British ministers visiting the Philippines. To my knowledge, it has been raised by British officials visiting the Philippines on a number of occasions, and regularly raised by the British Ambassador. It has been raised with the Philippine authorities by members of this Legislative Council. The Legislative Council have discussed it and made their own position absolutely clear.

I hope we can resolve it quickly. I pointed out to the President that we have an amicable relationship; that it is a relationship sufficiently robust to enable us to address one another on a matter like this in fairly vigorous terms; and I think that the President, who has after all addressed himself to similar issues with equal or perhaps greater vigour, I think the President recognised that we had a legitimate interest and I assured him that I would be keeping in touch with him about this matter if it wasn't resolved quickly.

Mr Howard Young: Thank you Governor. Tomorrow morning it will be exactly one month since I myself and five other legislators handed three letters to the Philippine Consulate asking for a date for us to go down to see the President, to speak to their Parliament and also the Justice Minister, to express our views directly on the case. To date we have not received any sort of reply.

Now, during your discussions with Philippine officials did you get the impression that they had not received our request, or thought it was not necessary, or was it at any time raised that we should be preparing ourselves to get a reply and go soon? Not that we want to add to the Christmas traffic peak season in the Philippines, but perhaps, I would have thought we would at least hope to go some time between Christmas and Chinese New Year.

Governor: We will be happy to remind the Government in the Philippines of the honourable member's request and that of other honourable members. And I hope that that visit can be arranged, if it is necessary, reasonably quickly, but I hope it won't be necessary because I hope that Mr Au and Mr Wong will have their appeal heard sooner rather than later.

There have, as the honourable member knows, been one or two unfortunate events which have apparently delayed the appeal. But that said, judicial delay is always a cause of very considerable frustration, as anybody will know from reading 'Bleak House', or from other events in legal history.

Mr Frederick Fung (in Chinese): Thank you Mr President. A question for the Governor. Sir, regarding the imprisonment of Mr Wei Jingsheng for 14 years, it has a very huge impact on the people of Hong Kong. We are all very worried. Dissenting views with the authority in China has resulted in conflict. I think many people in Hong Kong have dissenting views from that of mainland China and yet Mr Wei has been accused of subversion. I have asked the opinions of some legal professionals and in the common law we don't have the concept of subversion but in Article 23 of the Basic Law we do have a mention of the concept of subversion. Mr Cheung Man-kwong referred to the situation after 1997, when Hong Kong is reverted to China. Have you considered asking China to clearly define what is meant by subversion and how does it relate to the common law?

Governor: On the first point that the honourable member made, I hope that if I don't set out again my thoughts on this particular case, the honourable member won't think it's disrespectful or shows a lack of concern about Mr Wei's position. I think I set out my views in response to the earlier question fairly extensively and I wouldn't want to go on repeating arguments which I feel very strongly.

On the second part of the honourable member's question, the question he raised is one that we will hope to be pursuing through the Joint Liaison Group when the Chinese authorities respond to proposals that we've put to them. But, of course, the honourable gentleman is correct in drawing attention to the difficulty of accommodating the concept which has plainly been implemented in Peking in the last 24 hours, with the common law. I could draw some parallels from English political history, but they might be parallels that got me into difficulty. But I do think that there are tensions, as I've said before, between the Basic Law and the common law and that our independent courts are the right place to resolve those tensions. Many honourable members write and say things about the Hong Kong Government, but they're still here asking me questions today.

Dr John Tse Wing-ling (in Chinese): Recently, the Gini co-efficient shows that there is a disparity between the rich and the poor and the situation is getting worse. Yesterday we passed a motion on the Old Age Pension Scheme and only 70,000 elderly people are recipients of CSSA and they are below the subsistence level. Now without crashing the car, how can we resolve this problem Mr Governor?

Governor: Well I don't think there's any danger of us crashing the car. We have after all passed the advanced motoring test, as the International Monetary Fund have just pointed out, it's something to which I shall refer again if I get the opportunity. We've just had our regular consultation with the International Monetary Fund, the so-called article 4 consultations. The International Monetary Fund review the economy of individual countries from time to time. They've given us about as favourable report as one could possibly hope to receive. Their only concerns are that we might be encouraged to depart from the policies that we've been pursuing, but there's no question of us doing that. I very much hope that when the Chinese executive director of the World Bank is told about those findings by the UK representative to the International Monetary Fund and the IBRD, he'll pass on the good news to other Chinese officials so they will be better informed in any future discussions of the Hong Kong economy and its management.

The honourable member refers to a widening gap between the rich and poor in Hong Kong. I'm not entirely sure what figures he's referring to, whether he's referring to increases in personal income or to other figures. What is true is that by and large, everybody has got better off, though some have become even better off than others, but the honourable member is right to say that as a prosperous community we have a particular responsibility to those who are not well off, to those who are in need, to those who are deprived, to those who are handicapped, to those who are sick, to those who have other sorts of need, and we recognise that responsibility, which is one reason why social welfare payments have increased in the last five years by 66 per cent, while at the same time we've kept public spending growth within the overall growth rate in the economy because during the same period, spending as a whole has increased by 30 per cent against a 32 per cent increase in our GDP. So what we've been doing is reallocating resources sensibly so that while we have a prudent control of public spending, we give more to those who need it.

The honourable member also mentioned the pension scheme. I assume by his body language that the honourable member voted for the pension scheme yesterday. All I can say is, why didn't we have the honourable gentleman a few months ago when we needed him, when we had a discussion about the pension scheme in this Legislative Council, we'd love to have had the honourable gentleman then supporting the Government in its hour of need. Unfortunately, when that debate took place only one member of the Legislative Council supported anything like the pension proposal we'd put forward. We can't to and fro, come and go on this issue in favour of pensions in the spring and the autumn, in favour of mandatory provident funds in the summer and winter. We actually have to take a view and stick to it. We tried to implement the pension scheme. I don't recall when I was out arguing for it in front of the television cameras, very many legislators joining me in that enduring battle. W. K. Lam and I were out there arguing for it, I don't remember anybody else being around to help. When the Legislative Council gave that a thumbs down, we conscientiously brought forward further proposals, they gained a mandate in this Council and we're now trying to implement them and will continue to try to implement them and if we can't, then I'm afraid any proposals for the long-term financial support of the elderly will have to wait. But it won't be the Government which is to blame for them waiting.

Dr John Tse Wing-ling (in Chinese): The Governor talked about the disabled and the difference between the more affluent and those who are in need and according to a report 80 per cent of those working in sheltered workshops. Now every month, every month, the monthly earning is less than \$500. The Hong Kong Government is the biggest employer in Hong Kong with 180,000 employees and there are only 34 mentally handicapped within the civil service and so the percentage in fact is extremely low and even in the fast food chain they employ more mentally handicapped than the Government does. So how can you enhance employment for the mentally handicapped, particularly in the civil service because in this way we will be able to narrow the gap between the rich and the poor?

The President: We asked for elucidation only but if the Governor is prepared to answer your question.

Governor: Always prepared to answer everything. Sometimes in a more circumlocutory way than others.

We've had two extremely useful summit meetings on the employment prospects of those with disability, just as we've had now I think three similar meetings on the transport requirements of those with disability. I think we've been more successful at moving things forward on the transport front, not least thanks to the excellent reactions from the MTRC and the Kowloon Canton Railway. But even on employment prospects for those with disability, we've made some progress. I think that we are in Government making progress in offering more opportunities for those with disabilities, as a whole, though I'm not sure of the breakdown and I'm not sure exactly how many of those who are mentally handicapped feature among the quite large number of disabled that we employ. But I know that some of the groups representing the disabled think that the Government sometimes draws the bounds of disability too wide when its defining the employment prospects that it offers to the disabled. But we will continue to do more. We will continue to try to encourage our management to give the disabled the opportunity of applying for jobs and taking on jobs and we'll continue to try to give a lead to other employers. I think it's fair to say that both the Housing Authority and the Hospital Authority give a very good lead. If one looks at the commercial sector, some firms in the sector do extremely well. One of our broadcasters does extremely well in offering employment prospects for those with disabilities, others do, it seems very little. So there is plainly more that everybody could do and I'll be holding another summit on this subject next year so that we can review progress since the last summit.

I say now, as I've said before, that Hong Kong needs everyone's talents. The talents of those with disabilities I include very high up on that list. We're not so prosperous that we can afford to do without the talents of any of our citizens.

Mr Leung Yiu-chung (in Chinese): Mr President, recently, the economy has slackened; many medium and small businesses are shrinking and as a result many employees have lost their jobs or they have become unemployed or under-employed. It is because, in the past, the entire society of Hong Kong as well as the Hong Kong Government, lacked a long term economic policy and an industrial policy. So a question for the Governor.

In the light of the circumstances, what solid measures, what concrete measures, will be taken up by the Government to solve the problem? What sort of a role will be played by the Government so that people would not remain unemployed?

Governor: I hope the honourable gentleman won't take it personally if I say that I take exception to his argument that we don't have a long term economic policy and happen to think that the endorsement of the International Monetary Fund, the World Economic Forum and the Heritage Foundation, are perhaps of greater moment than his criticism of government policy.

The one anxiety expressed by the IMF whose report is and I quote in their own words, "highly positive and favourable", the one concern that they have is that we won't stick to present policies. Present policies which have brought us now, I think it is, 36 years of uninterrupted economic growth. Present policies which have made this community, as far as the region and the world is concerned, a model about how to run a free market economy.

Now, of course from time to time we have to make adjustments, but I don't think that one of the adjustments that we should make is into - and I don't mean this in any political sense of course - is into old style socialism. I don't think that we should start getting into the sort of interventionist policies which have caused so much havoc elsewhere in the world.

That does not mean that we don't do anything to help our industry. Let me give the honourable member three examples of what I am talking about. First of all, the most helpful thing you can do with industry is to tax it less, and there is hardly any commercial activity in the region or the world which operates within a more benign tax regime than happens in Hong Kong.

Secondly, we do recognise that the substantial shift in employment to the service sector in Hong Kong means that we need to look again at our policies and the support that we give employment creation and wealth creation as a whole. That is why my honourable friend, the Financial Secretary, has set up a task force, including some members of this Council, to look at the support that we give service industries and to see what more we can do for service industries, where I believe I am right in saying we have created about a million extra jobs in the last few years.

Thirdly, let me turn to the manufacturing industry -and I recognise that even though the share of employment in manufacturing has gone down in the last few years and even though the manufacturing share of GDP has gone down in the last few years, the manufacturing sector remains a vital part of Hong Kong's wealth creation. In the manufacturing sector we are working in subtle ways to help employers and wealth creators.

First of all we are helping through the provision of land and the provision of space for those who want to set up factories. That is what the Industrial Estates Corporation does, that is what the Industrial Technology Centre does. The latter, for example, providing space for companies to undertake their R&D.

Secondly, we are helping our manufacturing sector with the creation of the skills that are required for the industries of the future. That is what our universities are doing. That is what the Vocational Training Council is doing, not least in the work that it is doing on university campuses.

Thirdly, we are helping with technology transfer. That is what the Applied Research Centre is doing, that is what the Productivity Council is doing, that is what the Industrial Technology Centre - to refer to it again - is doing.

And fourthly, we are providing substantial amounts of money - for example, through the Industrial Support Fund where the allocation has gone up to 210 million this year - to help them with high technology developments which can be commercially successful in Hong Kong.

So we help in a number of ways. It is not true that we don't have a long term vision of Hong Kong. But my long term vision of Hong Kong happens to be that it will stay the same open free economy that it is today.

President: Mr Leung, do you wish to have a follow up?

Mr Leung Yiu-chung (in Chinese): Mr President, in his reply the Governor referred to the non-interventionist policy. He also referred to a number of ways to assist the industry. But I just doubt the effectiveness of the measures. So even though the Governor has referred to the Industrial Technology Centre, etc, etc, but my understanding is that the Government has suggested the idea of a Science Park, but I don't think it will do any particular good to us. It is only a centre for the re-export of technology from China to overseas countries or the other way round. It won't help a lot in the case of the local industries. So can you tell us about other measures as well as the actual benefits to be brought by the Science Park to the industries of Hong Kong?

Governor: I am glad the honourable member is reminding me of things I didn't mention, and the possibility of creating a Science Park is one of them. But I really don't believe that the creation of a Science Park would merely be, as it were, a sort of trampoline for technology from China to bounce out of Hong Kong into the wider world. A Science Park would be a way in which we could not only help local manufacturers but also, conceivably, a way in which we could bring together Chinese researchers and local manufacturers, or Chinese researchers, Hong Kong researchers and local manufacturers, in the common or wider good.

I don't think that the honourable member should argue as though Hong Kong could succeed as a closed economy. We are an open economy - perhaps the most open in the world. We are an economy where in the first nine months of this year our exports in manufactured goods went up by 14 per cent, our exports of services went up by 13 per cent. We are an open economy where there is substantial inward investment from other communities into our own manufacturing. We are an open economy where the private sector will have increased its investment so far this year by over 20 per cent in plant and machinery. So we are a successful open economy. And a successful open economy welcomes ideas and their resources and people and skills from elsewhere, adds value to them and gets richer in the process.

Mrs Elizabeth Wong: Mr President, thank you. I would like to ask Governor Patten an important question on factors which will affect Hong Kong's future economic success.

Sir, according to some newspaper reports, it is reported that Mr Lu Ping, your good friend, said that our future Chief Executive might be a dark horse. Now, one wouldn't care very much if it was a black horse or a white horse so long as it is a good horse. Sir, I would like to be asking one question of the Governor: I will be grateful for his view as to what are the factors in the Chief Executive which will affect Hong Kong's economic success? What kind of person? What kind of process, should we go through to maintain Hong Kong's economic success in the future through a very important person, the Chief Executive?

Governor: First of all the honourable lady has given me the opportunity of wishing Director Lu a very Merry Christmas and a Happy New Year, and I hope that his recovery to full health continues. And I hope that next year he will find more opportunities of visiting Hong Kong and visiting it frequently, and I hope that his diary won't on every occasion be so busy that he is not able to see the Governor of Hong Kong.

Secondly, whatever sort of horse the honourable lady or others have in mind, the one thing which is imperative is that the Governor of Hong Kong should not back it or bet on it, because if the Governor of Hong Kong bets on horses they never win as I have discovered from two recent outings to Sha Tin and Happy Valley.

To be serious, I thought the general criteria which the Director of the Hong Kong Macau Affairs Office set out seemed very sensible. It is not right for me to say who should be the Chief Executive of the SAR, and I don't seek to impose or insert my views into the process. But I think that taking the relatively narrow point raised by the Honourable lady in her question - that is: what sort of qualities help towards the creation of a successful economy in Hong Kong? - I would say that anyone who was dedicated 101 per cent to the continuance of the rule of law in Hong Kong; anybody who was dedicated 101 per cent to continuing to do business in Hong Kong on the same basis that we have in the past, that is with clear and open procedures for franchises and public contracts; anybody who was determined to keep a level playing-field for business in Hong Kong; anybody who was determined to continue to run Hong Kong as an open free economy with low taxes and prudent control of spending; anybody who was determined - determined - to ensure that Hong Kong's economy was run by him or her and Hong Kong people; anybody who had those attitudes would help to ensure that the Hong Kong economy continued to be prosperous.

I mentioned the last of those factors with some vigour because I think it is exceptionally important. When the IMF refers to our success, when the World Economic Forum refers to our success, when others refer to our success, they are referring to the success created by Hong Kong people; Hong Kong people running this economy.

Does anybody seriously suppose that even though Britain is the sovereign power at the moment that the British Chancellor of the Exchequer or British Treasury officials tell us how to run our economy? They have got quite enough to do in trying to run Britain's economy without running this one.

The reason for our success is because we have been pursuing, ourselves, successful policies and we have not had others interfering and intervening. As a result of that - as a result of that - the fiscal reserves of Hong Kong in 1997 will total about 150 billion; the fiscal reserves of Hong Kong by 1998, when you add in the Land Fund, should total about 325 billion. Those are the best possible indications of success. And I hope that anyone who is Chief Executive of the SAR - and our prayers and best wishes will go to whoever it is - will be as successful in running the Hong Kong economy as Hong Kong officials have been for the last 40 or 50 years.

Dr David Li: Governor, in view of Hong Kong's sluggish economy, high inflation, soaring costs, rising wages and high rents, will you advise this Council what measures will be adopted to safeguard our competitive edge as an international financial centre?

Governor: Heavens above! I wonder where the honourable member is talking about. The honourable member knows even more about the International Monetary Fund than I do. I am sure that he will want to study as carefully as the rest of the Council, when it comes out, the IMF's Report. In view of the question he put he will, presumably, be amazed by the IMF Report - but I don't think anybody else will be.

Of course there are problems in Hong Kong. Inflation is higher than we would like it to be, though at nine per cent it is almost five per cent less than it was in the year before the 28th Governor arrived in Hong Kong. Of course we would like our GDP growth to be even higher than it is, but at around five per cent, with that predicted to continue by the Asian Development Bank and others - the other Asian Development Bank and others - into next year, we are still doing pretty well. Of course at 3.5 per cent, unemployment is too high but we have created, I think, about 2.5 per cent more jobs overall in our economy over the last year - and the problem has been that the work force has increased by four per cent with a resulting increase in unemployment. All those things could be improved, and I hope they will be improved.

What we won't, I think, see in the next year or so is any decrease in our competitiveness. We came third in the World Economic Forum's Table - that is up one on where we were last year. That seems to me to represent pretty good progress.

In the property sector we have seen prices in the secondary market fall by about a quarter from their peak in April of 1994; we have seen the prices of new property decrease by between 30 and 40 per cent from the peak, though prices are still above where they were in January 1993. So I think we have managed to dampen down property prices pretty successfully.

Overall, there is always more to do and always new challenges to rise to, but I think at the end of the day, the success of the economy speaks for itself. And I am sure that at least a part of the success of the bank which the honourable member chairs with such distinction, is due to the success of the Hong Kong economy as a whole.

One can always, when one looks at one's term's report, see ways in which we can do better. But I don't think, in examining ways in which we can do better, we should forget just how well we have done - not the Governor of Hong Kong but his officials and those who actually make the economy hum.

Miss Emily Lau: Mr President, I want to ask the Governor a question about the future of the - is it 140,000? - Filipino domestic helpers in Hong Kong, and whether that question was discussed during his recent visit. I am sure the Governor is aware of a lot of speculation within the community about their future. Many of these people think that they do not have a future. In fact some have, a few years ago, begun emigrating to Canada - like the rest of the more fortunate Hong Kong people. And some Hong Kong people, including members of this council, have said that the Government should not allow them to come, even before 1997. And maybe people on the mainland have said that there is this pot of gold, why should we allow foreigners to take advantage of it.

So there is all this speculation. Of course you will probably say that after 1997 is none of your business. But I don't know whether you can share with this council the current thinking of the Administration. Because, after all, I think we owe these people something: to tell them, as far as we can see, what their future is, especially for those whose contracts may run out next year - whether their contracts will be renewed, whether the Government is in a position to renew their contracts, and whether you have been given any indication by the Chinese authorities that they are going to stay or they will all definitely be kicked out.

Governor: I did, of course, discuss this issue when I was in the Philippines. Understandably, it is of considerable concern to the Philippine authorities. There are at present 129,000 Filipino domestic helpers in Hong Kong. There are about 140,000 members of the Filipino community but the others are either about 1,000 working in other labour importation schemes, or about 10,000 in professional and managerial capacities, including 1,000 members of the staff of Cathay Pacific.

One hundred and twenty-nine thousand Filipino domestic helpers - up 47,000 since I arrived in 1992 - a very steep increase over the last decade. And, I think, the whole community recognises that those domestic helpers play an extremely important part in our society. First of all in helping to keep together families in a stable way. Secondly, giving spouses the opportunity to work who would not otherwise be able to do so. So they make a major contribution to our harmony as a society and to our economic prospects.

There are problems from time to time, and there are occasional abuses, and we have to deal with those. But by and large it is a story of 129,000 people giving a lot of support to Hong Kong.

I did have to point out, when I was asked by President Ramos and by others, that there was a limit to how much reassurance I could give because the policy after 1997 would be one for the SAR Government. But let me underline that: it is a policy not to be decided by the authorities in Peking but by the SAR Government. Under the Basic Law, labour policy is a matter for the SAR. It is not a matter for anybody else. So it will be for the Chief Executive and her or his team to decide whether or not the present policies regarding Filipino domestic helpers should continue.

I find it difficult to imagine any sense in which things could change so dramatically in 1997 as to mean that the reasons for employing 129,000 people in 1996 suddenly were not there in 1998. It seems to me that if we concede, if we agree, that there is a substantial job for these 129,000 women, and a few men, to do before 1997, then that job is going to continue, in all probability, to be there after 1997, and I would find it difficult to imagine circumstances in which that was not the case. I said all that to President Ramos and to his officials when I was asked, and they seemed reasonably satisfied with the reply.

I also pointed out that under the Joint Declaration and the Basic Law, Hong Kong's economic and social system were to stay the same after 1997, and the economic and social system, today, is one in which there are these 129,000 people working so well for us. So I hope that they will be reasonably reassured. We will continue to operate our labour policy until 1997, looking at applications for new contracts as they arise, and it will be for the SAR Government to do so afterwards.

Perhaps I can add one point. President Ramos went out of his way to express his gratitude to Hong Kong for the way in which we offer a warm welcome to domestic helpers and ensure, by and large, that they work within the terms of the International Labour Conventions and with the full protection of the law. I think that many Filipinos would wish that their domestic helpers in other countries were protected as well as they are in Hong Kong.

Miss Emily Lau: Mr President, just a very short follow up. Right now, of course, the Government has its own reasons for not allowing mainlanders to come to Hong Kong to work as domestic helpers. Do you think those reasons will still be valid after 1997, and hence there will still be a need for us to employ domestic helpers from the Philippines, Thailand and Indonesia?

Governor: I imagine that by and large the same civil servants will be writing submissions on these issues after 1997. And the submissions that I would receive today on the question would, I am sure, point to the difficulties of the immigration tale which would follow if you were to try to replace 129,000 Filipino domestic helpers with domestic helpers from the mainland. I am sure that the same arguments would be put after 1997, but I have to be careful not to sound as though I am making post-1997 decisions.

President: Before I adjourn the council for the Christmas break, may I take this opportunity to wish the Governor, honourable members and public officers and their families, a very holy Christmas and a most successful 1997-- I mean 1996. I'm in a hurry.

Governor: I am sure next year will flash past - but we seem to have disposed of the Preparatory Committee. I am sure it won't pass that quickly.

Can I wish the President a Merry Christmas and a Happy New Year. Can I wish all honourable members the same. And can I wish some of those who would choose not to be spending Christmas in the circumstances in which they will find themselves, a Happy Christmas and a Happier New Year than the one they have only recently, alas, enjoyed.

End

New air services arrangements with Australia reached

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The Government announced today (Thursday) that it had reached an agreement with the Australian Government over future air services arrangements.

The two sides had agreed on June 26 to renegotiate the existing arrangements in order to settle a dispute over the level of fifth freedom traffic carried by Qantas between Hong Kong and Singapore and Hong Kong and Bangkok.

A government spokesman said these negotiations had now concluded and a new Memorandum of Understanding (MOU) had been signed today by representatives of the two governments.

"From our perspective, the key element in the new package is the agreement to cap fifth freedom loads. This was the nub of the original dispute, and we are pleased that the issue has been settled once and for all," said the spokesman.

Due to commercial confidentiality, the exact terms of MOU would not be disclosed.

However, the spokesman said in addition to the understanding reached on fifth freedom traffic, the two sides had also agreed to review capacity arrangements for services between Hong Kong and Australia, the aim being to complete that exercise within six months.

End

Statistics on insurance industry released

\* \* \* \* \*

The Hong Kong insurance industry grew by 20 per cent last year, according to the provisional statistics for 1994 released today (Thursday) by the Commissioner of Insurance, Mr Ros Lam.

The total income of general and long term business amounted to \$39.2 billion which represents about 3.8 per cent of the Hong Kong Gross Domestic Product.

Gross premiums of general business maintained a healthy growth of 16 per cent to \$19.7 billion. Direct business and reinsurance inward business grew to \$14.8 billion and \$4.9 billion respectively.

Except motor vehicle business, all classes of business experienced growth in gross premiums, with general liability business achieving the highest growth of 46 per cent.

"Property damage business remained the largest class of business, accounting for 27 per cent of total gross premiums.

"Motor vehicle business still maintained its position as the second largest class although its share declined from 25 per cent in 1993 to 21 per cent in 1994," Mr Lam stated.

Net premiums, that is gross premiums less premiums for reinsurance, rose by 17 per cent to \$12.4 billion. Retention ratio of the industry increased slightly from 62 per cent in 1993 to 63 per cent in 1994. Motor vehicle business continued to be the largest contributor, with a share of 25 per cent of net premiums in 1994.

This was followed by property damage and general liability business with a share of 23 per cent and 20 per cent respectively.

Total claims paid of general business fell by three per cent to \$7.2 billion. After deducting reinsurance recoveries of \$3 billion, total net claims paid amounted to \$4.2 billion.

"The claims experience of general business continued to show improvement in 1994," Mr Lam said.

The overall net claims incurred ratio, that is net claims incurred to net earned premiums, improved slightly from 53 per cent in 1993 to 52 per cent in 1994.

As regards the underwriting performance of the general insurance industry, Mr Lam remarked that this continued to enjoy a profit for the second consecutive year in 1994. An overall underwriting profit of \$1.2 billion was made, which represents 10 per cent of net earned premiums.

Turning to the long term insurance business, Mr Lam said it achieved a faster growth with office premiums increased by 26 per cent to \$19.5 billion in 1994, compared with 19 per cent in 1993.

"In 1994, a total of 569,578 new individual life policies were sold, generating office premiums of \$4.4 billion, an increase of 12 per cent over the prior year," he added.

Of these policies, non-linked business accounted for 71 per cent of total office premiums while linked business accounted for 29 per cent.

Whole life insurance remained the main type of non-linked policy sold, accounting for 48 per cent of total office premiums for new individual policies.

"As a result of sustained growth in new business, individual business in force at the end of 1994 continued to grow with office premiums in force expanding by 30 per cent to \$14 billion," Mr Lam explained.

The growth in office premiums of in-force business was mainly attributable to the expansion of whole life policies by 18 per cent to \$8.4 billion.

At the end of 1994, the number of individual life policies in force exceeded 2.5 million which covers about 40 per cent of Hong Kong population, compared with 37 per cent at the end of 1993.

Net liabilities for these policies increased by 23 per cent from \$21.2 billion to \$26 billion in 1994.

On the other hand, office premiums in force for group policies grew by 30 per cent while the number of policies in force increased by nine per cent to 8,327 policies.

"Total number of retirement schemes management policies increased by 22 per cent to 11,057," Mr Lam said.

The amount of contributions also grew by 13 per cent to \$4.9 billion, representing 25 per cent of total long term business income. Net liabilities rose slightly by two per cent to \$22.3 billion.

End

Modern correctional system needed to help offenders

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A cosmopolitan society like Hong Kong needs a modern correctional system aims at providing inmates with the opportunity to develop or maintain their skills that would enhance their chances of living a crime-free life after they are released, skills which lead to responsibility, self-reliance and self-discipline.

Speaking at a luncheon meeting of the Y's Men's Club of Hong Kong today (Thursday), the Assistant Commissioner (Vietnamese Migrant) of Correctional Services Department (CSD), Miss Bonnie Wong, said CSD had conducted various in-centre programmes and post-release supervision to achieve these aims.

"These programmes all aim at helping offenders to live a law-abiding life after their release," she stressed.

At present, the department runs four in-centre programmes. They are the prison programme, Training Centre programme, Drug Addiction Treatment Centre Programme and Detention Centre Programme.

"Apart from running these programmes, the CSD is also involved in making recommendations to the courts on the most appropriate sentence to be imposed on young offenders and drug addicts," Miss Wong said.

Moreover, CSD is also responsible for the statutory post-release supervision of released offenders.

"This service, previously only available to young offenders and those sentenced under the Drug Addiction Treatment Centre Ordinance, has now been extended to adult prisoners serving long and medium term sentences," she said.

"Many modern penal legislation is directed to the rehabilitation of offenders, and there are people who maintain that reformation should be the main, if not the only, object of sentencing.

However, Miss Wong agreed that rehabilitation of offenders was not easy.

"It is never easy to change a person," she said.

"While we cannot guarantee that prisoners' experience behind bars will not have involved emotional or social suffering, we should at least provide them with the best possible opportunity to become law-abiding member of the society afterwards."

End

### Maximum support for manufacturing industry

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The Government will provide maximum support for Hong Kong's manufacturing industry to move into higher technology, higher value-added production which is the key to sustaining its international competitiveness.

In her keynote speech at the "Symposium on The Hong Kong Science Park" today (Thursday), the Director-General of Industry, Mrs Regina Ip, said the Government helped the manufacturing industry move up the technology ladder mainly through the nurturing of indigenous, technology-based businesses, promoting technology transfer and regional co-operation.

"In recent years, we have provided additional incentives for local industry support organisations and companies to undertake more applied R&D, either on their own or in collaboration with researchers in China, through the introduction of the Industrial Support Fund, the Applied R&D Scheme and the Co-operative Applied R and D Scheme," she said.

Mrs Ip said a science park would have a decisive role to play in the further development of Hong Kong's manufacturing industry.

A science park in Hong Kong would contribute enormously towards helping the manufacturing sector to leapfrog in technological development by bringing together multinationals, technology-based firms from China and local enterprises with technological competence in particular niches, she said.

Public consultation on a consultancy study on the setting up of a science park in Hong Kong will complete by end-December 1995.

Commenting on the outflow of lower-skilled, lower value-added manufacturing processes to lower cost regions, Mrs Ip said Hong Kong was part of a world-wide trend of globalisation of production.

However, she stressed that there was no question of the "hollowing-out" of the manufacturing industry, as manufacturers continue to undertake most functions of a manufacturing process other than actual assembly in Hong Kong.

"The manufacturing activities undertaken in Hong Kong, such as R and D, product design, prototype development, material and component sourcing, tooling and making precision parts and components, and quality control are creating more value," she said.

With the retention of the higher skilled, higher value added processes, Hong Kong had become the manufacturing control centre of production across a wide geographical spread in the Asia Pacific region, Mrs Ip continued.

She added that there were Hong Kong companies which demonstrated a competitive advantage by world standards by engaging in technology-based production, citing successful examples in making electronic learning aids and high frequency digital cordless telephones, IC packaging and testing, multi-layer printed circuit board assembly, and liquid crystal display technology.

The gross output and productivity of the manufacturing sector has sustained healthy increases in the past decade, and a higher percentage of the manufacturing workforce is engaged in higher skilled and better paid jobs.

"During the period 1983 to 1993, the gross output of our manufacturing and productivity of the manufacturing sector increased at the average growth rates of 6.2 per cent and 14.4 per cent respectively," said Mrs Ip.

End

#### Supplementary Labour Scheme

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In response to press enquiries, the acting Secretary for Education and Manpower, Miss Jacqueline Willis, today (Thursday) said discussions with Legislative Councillors, members of the Labour Advisory Board, employee and employer representatives on the proposed Supplementary Labour Scheme had reached an advance stage.

"We will be putting forward our proposal to the Executive Council very soon," Miss Willis said.

End

### CS presents \$10 million cheque to Community Chest

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The Chief Secretary, Mrs Anson Chan, today (Thursday) presented a cheque of \$10 million to the Community Chest at a ceremony held at the Police Officers' Club in Causeway Bay.

The money was raised by about 10,000 civil servants, representing 15 policy branches and 73 departments, who took part in a charity walk held at the Sha Tin Park in October.

Mrs Chan also presented awards to 10 highest fund raising departments and to departments with the highest number of participants.

The Secretary for the Civil Service, Mr Michael Sze, also presented awards to 10 departments with the highest contribution per participant and 10 departments with the highest participation rate while the Chest presented awards to 13 top individual fund raisers.

End

### Education Board members visit Astronomical Centre

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The Chairman of Board of Education, Dr Tam Man-kwan, and seven other members, accompanied by Senior Assistant Director, Hsu Show-hoo, today (Thursday) visited Ho Koon Nature Education cum Astronomical centre at Tsuen Wan.

The members were Dr Cheng Hon-kwan, Dr Pang King-chee, Sister Marie Remedios, Mr Chan Tak-hang, Mr Michael Hong Man-hoi, Mr Isaac Tse Pak-hoi and Mrs Chu Tang Lai-kuen.

On arrival, the group was welcomed by the principal of the centre, Dr Philip Tsoi Hack-kie, who briefed them while touring around the centre.

The centre, which started operation in April, consists of the field study centre and the astronomical centre.

The field study centre is to provide a venue for Secondary 6 and 7 full time students to carry out residential ecology or geography studies.

In the 1995-96 school year, the centre has organised 11 Biology and 11 Geography weekly residential field studies courses.

End

Office hours for collection of BN(O) passports extended

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A spokesman for the Immigration Department announced today (Thursday) that the extended working hours to 3 pm on Saturdays in some of the offices to facilitate applicants in collecting their BN(O) passports had been further extended for another three months.

The arrangement will be reviewed by the end of February 1996.

The Offices with extended working hours are:

- \* Travel Document (passport) Section at the Immigration Headquarters in Wan Chai
- \* Immigration - East Kowloon Office
- \* Immigration - West Kowloon Office
- \* Immigration - Sha Tin Office
- \* Immigration - Tai Po Office
- \* Immigration - Fanling Office
- \* Immigration - Tsuen Wan Office
- \* Immigration - Tuen Mun Office
- \* Immigration - Yuen Long Office
- \* Hong Kong Island Re-entry Permit and Passport Issuing Office

Applicants who have been notified to collect their BN(O) passports are reminded that for their convenience, they should pick up the documents at the specified office within two months from the date when the passport is ready for collection.

They may be required to collect their passports at another office if they do not do so within the specified period.

For enquiry, members of the public may telephone 2824 6111 or use faxline 2877 7711.

End

Hong Kong Monetary Authority money market operations

\* \* \* \* \*

	\$ million	Time (hours)	Cumulative change (\$million)
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Opening balance in the account	1,489	0930	-56
Closing balance in the account	2,120	1000	-56
Change attributable to :		1100	-56
Money market activity	-94	1200	-56
LAF today	+725	1500	-56
		1600	-94

LAF rate 4.25% bid/6.25% offer TWI 122.6 \*+0.0\* 14.12.95

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.84	2 years	2711	5.60	99.93	5.72
1 month	5.83	3 years	3810	6.15	100.73	5.95
3 months	5.68	5 years	5009	6.95	102.45	6.44
6 months	5.63	7 years	7211	6.82	100.45	6.85
12 months	5.61	5 years	M502	7.30	102.15	6.89

Total turnover of EF bills and notes - \$12,757 million

Closed December 14, 1995

End

Transcript of the Governor's media session

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The following is a transcript of a stand up press session given by the Governor, the Rt Hon Christopher Patten, after a formal breakfast meeting with President Fidel V Ramos on Monday (December 11) in Manila:

Governor: I've had a good discussion for about an hour with the President. We reviewed our work together in APEC; we talked about the substantial economic and trading relationship between Hong Kong and the Philippines; we talked about the very substantial Hong Kong investment in the Philippines; and, of course, the work and role of Filipino domestic helpers in Hong Kong.

We also talked about the importance of concluding negotiations on the Air Service Agreement between Hong Kong and the Philippines and some other bilateral issues of that sort.

There was one other issue that I raised with the President: I pointed out that there was one shadow over our relationship and that while it was marvellous that so many of you had come from Hong Kong to the Philippines, alas, you hadn't come here to report on the economic relationship between Hong Kong and the Philippines, you had come here mainly because of substantial public concern about two Hong Kong citizens who have been in prison in the Philippines for four years.

I noted that just as the Government in the Philippines was concerned about the welfare of its citizens when they were abroad, so we too in Hong Kong were concerned about the welfare of our men and women when they were abroad; and that there was very substantial concern in the community, in the Legislative Council, in the media, about the fact that the appeal process for Mr Au and Mr Wong had taken so very long. I underlined the fact that none of us in Hong Kong were in any way questioning the Judiciary or the judicial process in the Philippines; we weren't seeking to interfere or intervene. But we were worried, and understandably worried about the length of time it was taking to bring these matters to a conclusion.

The President said that he understood that concern and worry, that he would speak with his Justice Ministry about what could be done to expedite the case, and that he would let me know what the conclusion was. I did say that speaking between friends, that I wanted him to know that I would continue to take an interest in this case and that everybody in Hong Kong would expect me to continue to take an interest in this case.

While I am in the Philippines, one of the members of my staff who speaks Cantonese will be going with the British Consul to see the two Hong Kong citizens involved, just so that he can report to me personally about their state of mind and about what they are thinking. But I think that the Government in the Philippines, our friends in the Philippines, are aware of our deep concern about this matter.

Question-and-Answer session

Question: Did ... consider to give a pardon to the Hong Kong men?

Governor: No.

Question: Any concrete promise on Paul Au's case?

Governor: On?

Question: On Paul's case; any concrete promise?

Governor: No, I've told you exactly what was said to me.

Question: Did you tell the President about Mr So's recommendations on domestic workers?

Governor: I told the President that COMAC was producing a report today covering issues like the accommodation of domestic workers and that the Government supported the main thrust of those recommendations.

End

Transcript of the Governor's press conference

\* \* \* \* \*

Following is a transcript of a press conference given by the Governor, the Rt Hon Christopher Patten, at the Manila Peninsula Hotel, Manila, on Monday (December 11):

Governor: Do you want to go straight into questions rather than an opening statement? You heard my speech earlier. I am delighted to be making this first official visit by a Governor of Hong Kong to the Philippines. I was very grateful for the President's invitation and I much enjoyed my discussion with him this morning. We discussed, obviously, the growing economic trade relationship between Hong Kong and the Philippines; growing at the rate of 25% a year. We discussed the substantial --

(Interruption by members of the press)

Governor: I am delighted that I was able to accept the President's invitation to visit the Philippines. There is a very strong economic relationship between Hong Kong and the Philippines, manifested both in our trade which is growing at about 25% a year as shown, as well, in the investment by Hong Kong in the Philippines - last year US\$290 million was invested here from Hong Kong - and shown, as well, by the very substantial contribution which the Filipino community makes to our well-being in Hong Kong.

We have got common interests in APEC, which I was able to discuss with the President this morning. We have got some issues that we have not yet resolved - like concluding an Air Service Agreement, which I hope we will be able to manage in the New Year. And we have got much that we share, both in terms of our values as well as in terms of our commercial activities. So it is a useful visit for me. I am looking forward to further meetings with political and business leaders, and, of course, to my visit to Subic Bay tomorrow. Questions?

Questions: Mr Governor, during your meeting with President Ramos this morning, did you discuss with him the issue, or did you appeal for the pardon of Hong Kong national Paul Au? Did you discuss that issue with him then?

Governor: Let me repeat what I said at the Palace this morning after my meeting with the President. I said to the President that there was only one shadow over our relationship and that was the great degree of concern in Hong Kong about the case of two Hong Kong citizens, Mr Au and Mr Wong, who have been in prison since 1991, and whose appeal has been waiting adjudication since 1993. I said that no one in Hong Kong wanted to challenge the Judiciary in the Philippines or interfere in the judicial process, but that we did feel very strongly about the amount of time that Mr Au and Mr Wong had had to await the consideration of their appeal.

I noted that the Government here felt very strongly about the treatment and the welfare of Filipinos when they were abroad, and nobody should therefore be very surprised when we, the Administration, our Legislative Council, our media and the whole community felt just as strongly about the position of our citizens when they were in other countries. I said that I hoped that the appeal process could be expedited. The President said that he would speak to the Justice Ministry about the issue, that he would let me know the outcome. He understood our concern and he recognised my interest, and I said that that interest was not merely something for a Monday in December when I was visiting the Philippines, it was something that I intended to continue to pursue, if necessary, though I hope that won't prove necessary.

I said to the President that I spoke as I did because I thought that it was better between friends to say these things absolutely clearly and plainly. We are friends. But when there is a problem like this that concerns us, it is right for us to address it as I did this morning. And I hope it can be resolved very quickly.

Question: Didn't you ask - because President Ramos is, after all, the ... for a pardon - didn't you ask for a pardon for Mr Au? And since we are in the area of prisoners, there are 12 Filipinos in Hong Kong and they are serving long sentences; did President Ramos say anything about repatriating the Filipinos to the Philippines?

Governor: The answer to the second question is no. The answer to the first question is, it would have been wholly improper of me, without consultation, to have proposed that two citizens of Hong Kong should drop appeals which they have lodged in good faith. That is entirely a matter for them and it would have been entirely improper for me to have usurped their position or that of their lawyers. When government leaders make interventions, as I have done, you have to be extremely careful of the ground on which you do so; you have to be extremely careful to honour the sovereignty and the judicial independence of the country in which you are speaking - and that is something recognise. And above all, you have to be very, very careful not - in order to make what sounds like a sharp point - to make the position of the people on whose behalf you are intervening worse than it would otherwise have been.

I'm not Mr Au or Mr Wong's lawyer; I'm not a member of their family. What I want to do is to help them rather than to make a very, very difficult position worse. I think that it has had some impact on their health and obviously a considerable impact on them rather than that of their friends and families, and the sooner it can be resolved one way or the other, the better.

Question: Is a prisoner exchange a possibility - from Hong Kong's perspective?

Governor: I don't quite understand why one or two people have been raising this issue, since prisoner exchange does not deal with the question of the appeal against the sentence. That is the issue. And I don't honestly think that prisoner exchange is something which has been put by them, and it certainly hasn't been put to me. I want to underline the point: it has not been put to me by the Government.

Question: Mr Patten, what is the purpose and the content of your meeting with Cardinal Sin?

Governor: The purpose of my meeting Cardinal Sin was first of all that he is one of the most distinguished and internationally renowned members of this community, whose views on moral and other issues around the world carry considerable weight. Secondly, I know that he has many admirers in the Filipino community in Hong Kong - a number of whom I hear singing most Sunday mornings. And thirdly, having heard him preach in the past, I was very keen to meet him myself. He has got a global reputation and has much to contribute to anyone's understanding of Asia and the tensions and pressures of life in Asia.

I had an extremely interesting discussion with him about the past and the present, and indeed the future, and was struck one again - as I had been when I heard him preach - was struck once again by his considerable eloquence and humour.

Question: Was the Spratleys issue one of the things you discussed with ... this morning?

Governor: Sorry?

Question: Was the Spratleys issue one of the things you discussed with ...? The issue of the Spratleys Islands.

Governor: No. The Spratleys Islands have not come up in any of the discussions that I have had.

Question: Governor, regarding on Paul Au's case, you said that you would send one of the Hong Kong officials to the prison to visit Paul Au. What is the purpose of the visit and what message will the Hong Kong official bring to him?

Governor: Well, I am asking one of the officials who is travelling with me, who speaks Cantonese, to visit Mr Au and Mr Wong with the British Consul, and he will be relaying what I have said in my discussions today. He will be relaying the concern of the community in Hong Kong, not least the Legislative Council, who as you know have raised the issue a number of times, and he will be undertaking to keep in touch with Mr Au and Mr Wong.

Question: How about the issue of Filipino maids - did you discuss it with President Ramos?

Governor: Yes.

Question: And did you or Mr Ramos detail a programme of action of the plight of Filipino maids after 1997?

Governor: It is not for me to say what the status of domestic helpers - which I think is a fairer description - will be after 1997. What I did was first of all explain to him what the situation is today. That we are, I think, one of the perhaps minority of communities which has regulations governing the employment of domestic helpers which are entirely in line with the International Labour Covenants. I pointed out that we would apply those covenants faithfully and accurately as far as the Filipino community was concerned.

I also told him that today our Commissioner on Administration, that is our Ombudsman, has produced a report on improving the living conditions and the accuracy of the contracts of Filipino domestic helpers, and that we would be accepting the main thrust of those recommendations.

And I pointed out, as well, that we were grateful not only for the contribution of 129,000 Filipino domestic helpers but about 1,000 other workers who come in under our various Labour Importation Schemes on contract, and to the 10,000 or so professionals and managerial staff from the Philippines who work in Hong Kong, about 1,000 of them from Cathay Pacific.

The President was complementary about the way in which we have tried to provide decently for the Filipino community in Hong Kong. He knows the efforts that we have made to provide activity centres for Filipino domestic helpers. He knew about the service centre that we recently opened in Kennedy Town, and the further service centre that we intend to open in Mong Kok. And I told him about the Methodist Centre for those Filipino domestic helpers who get into difficulties during their contracts, that my wife and I opened a few months ago in Stanley. So obviously, he and his wife are very well briefed about the position of Filipino domestic helpers in Hong Kong.

As for the future, I noted that the Special Administrative Region Government would have autonomy in labour issues, including matters affecting Filipino domestic helpers; that the Joint Declaration and the Basic Law made that clear, as they equally made clear the continuance of Hong Kong's economic and social lifestyle after 1997. And while I could give no guarantees as to what the SAR Government would do after 1997, I saw no reason at the moment why anybody should wish to change a situation which plainly is to the advantage of Hong Kong and to the Philippines.

Question: Mr Patten, did President Ramos raise any concerns about the existing ...?

Governor: No. The President expressed gratitude for the arrangements made in Hong Kong for the employment of Filipino domestic helpers. I think that there is general recognition, frankly, that Filipino domestic helpers are probably treated better, more decently, in a more civilised way in Hong Kong than pretty well anywhere else in the region. But that is not a reason for us being complacent about the way we treat any of our workers, imported or those who have always lived in Hong Kong.

There are problems from time to time. There are abuses from time to time. One of the things that the Ombudsman has urged us to do is to try to check on bad employers more accurately from time to time, so that we can stop them abusing the situation.

Question: Mr Patten, did President Ramos ever agree to ... and from the ... reports how confident are you that you might ...such powers for LegCo? ...

Governor: No proposal was made to me to convey to Mr Au and Mr Wong. But what President Ramos did say was that he understood my concern and Hong Kong's concern, that he would reflect that to the Justice Ministry and to the other parts of the Administration involved, and that he would come back to me and let me know the outcome. Of course I recognise that he has powers of pardon when the judicial process has been completed, and that is something that I think we touched on elsewhere in our conversation. But there wasn't, as has been hinted in some of the media, an explicit proposal made. And I don't think it would have been right in the circumstances. The President and I are not in the business of, as it were, haggling or negotiating about these men's fate. What we are talking about is the judicial process operating as rapidly as possible and not dragging on forever.

Question: Did he indicate when he will come back to you?

Governor: No, but he knows that I am very concerned about the issue. And I have written to him twice on it so far, once in November, once just before I came to Hong Kong. I don't want to either understate the importance of the issue or to overstate its importance in our bilateral relationship. I think the fact that I was able to discuss it forcefully, vigorously, but without it being in any way an acrimonious discussion, is an indication of the maturity of our relationship. And I suspect that what has some effect on opinion here, is that people in the Philippines know how much concern is aroused locally in the community when you consider the plight of your own citizens in other countries.

Question: Mr Patten, what were your discussions with the Security Council this morning?

Governor: I had a discussion with them both about the debate on Asian values and the place of the Philippines and Hong Kong in the context of that debate. I think that the remarks I made will be available on the record later on. They won't surprise you very much, since I've made them in the past and occasionally aroused a touch of controversy as a result. But they are less controversial in a free society.

Question: Governor, was there any concern expressed about China's ... and perhaps ...?

Governor: No.

Question: In your discussions with Cardinal Sin you said you spoke about the future. Did that include the future of religious freedoms in Hong Kong?

Governor: Yes, I told him what the Joint Declaration and the Basic Law say about the freedom of religious organisation and religious worship. And we also briefly discussed relations with the church in China, which obviously aren't a matter for me but are a matter on which he is very knowledgeable.

Question: Were the concerns ..?

Governor: He did not express concern.

Question: Mr Patten, some people are just hoping that some of the business that will close and will actually move out after 1997 from Hong Kong will come to the Philippines. Would you think there is a chance that ... international situation?

Governor: I hope you will take it in good heart if I say that my enthusiasm for all that you have achieved in the last few years in the Philippines does not extend to hoping that Hong Kong firms will depart from our territory and set up in your own country. I think there is every reason why Hong Kong firms should retain their roots in Hong Kong. But of course Hong Kong businessmen and Hong Kong investors have prospered over the years by investing overseas as well as in Hong Kong; US\$290 million has been invested from Hong Kong in the Philippines in 1994. I hope that is an indication of our international view but I don't think you can expect us to do any more than that.

Question: It seems that the Philippine Government is going to ...Filipino domestic workers back to the country ... so do you think that it will affect Hong Kong?

Governor: I don't believe anything that anybody has said to me suggests to me that it is true, particularly given the importance of the repatriation of overseas earnings to the Philippines economy. Were it to be true, though I don't believe it is, it would obviously have an impact on Hong Kong as well as an impact on the Philippines. But I repeat that I don't believe it's true. And nobody, while I've been in the Philippines, has suggested that it is about to happen.

End

Transcript of the Governor's press session

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Following is a transcript of a roundup press session given by the Governor, the Rt Hon Christopher Patten, at the Villamor Air Base, Manila, on Tuesday (December 12):

I am very grateful to the President for his very kind invitation to the Philippines, and I am grateful to all those officials who have helped to make my visit so enjoyable and successful. I hope and believe that it will have confirmed the very strong commercial and trading relationship between Hong Kong and the Philippines, and will have also strengthened our partnership together in APEC.

I have enjoyed my meeting with political leaders and with business leaders, and I particularly enjoyed today my visit to Subic Bay. Subic Bay has, of course, already attracted the interest of a number of Hong Kong investors as well as investors from the rest of the world. Hong Kong, last year, invested overall US\$290 million in the Philippines and at least some of that was in Subic Bay. Subic Bay is impressive, but I don't think any of us in Hong Kong have ever been worried about competition. I think we have always believed that other cities and communities developing and honing their competitive edge was something we could welcome and live with rather than resent and try to elbow out of the game. So it was an extremely interesting experience for me visiting Subic Bay, meeting a number of Hong Kong entrepreneurs who are working there, and seeing again Chairman Gordon's excellent work which I am sure will be beneficial to the whole Philippine economy.

I have also, of course, had the opportunity of discussing with Philippine officials the position of the Filipino community in Hong Kong, and given such reassurance as I am able to give about their position.

And, of course, I was able to discuss, yesterday, with the President, the position of Mr Au and Mr Wong, and one of my staff today, Mr Kim Salkeld went to see Mr Au and Mr Wong and you'll know the results of that visit.

So, an action-packed 48 hours. A useful one, I think, for Hong Kong, given that the Philippines is one of our closest friends and partners.

Question-and-Answer session

Question: Have you discussed the issue of Mr Au and Wong with the Senators this morning?

Governor: No, because I raised it with the President and they obviously don't have any specific locus in that issue. I was meeting the President of the Senate, and the Chairman of the Senate Foreign Relations Committee.

Question: Did you discuss the question of domestic helpers with them?

Governor: They raised it with me and I set out the position which I referred to, I think, in my press conferences and interviews yesterday.

Question: Are you going to send people to visit Mr Alan Wong in the future?

Governor: There will be regular visits from the Consul, the British Embassy, and we assured Mr Au and Mr Wong today that we would be keeping in touch with their case and that I would be keeping personally in touch with it and with the Filipino authorities. We are also taking back from Mr Au and Mr Wong some letters for their family and friends.

Question: We talked to Mr Au and Mr Wong this morning and they are very pleased about what you did yesterday. But they are a little bit worried. What Mr Wong said -- maybe he will speak to the Justice Office may be only a kind of courtesy to you. And he is not really clear on the matter. So, also, for example, last night the Justice Department -- I don't know whether he is talking about ...

Governor: First of all, the Philippine's Government knows that as far as I am concerned, concern about Mr Au and Mr Wong isn't simply a ceremonial issue; isn't something that I have raised just because I was meeting the President, and now intend to forget. The whole community in Hong Kong is worried about Mr Au and Mr Wong; the Legislative Council is worried about Mr Au and Mr Wong; the media in Hong Kong are worried about them; and, of course, their family and friends are particularly concerned. As the leader of the community, as the representative of the community, when I travel abroad I intend to take a continuing interest in what happens to them and hope that I don't have to do so for too long, because we very much hope that the appeal which they have lodged will be brought forward as rapidly as possible.

I repeat that we have at no stage wished to interfere with the judicial process in the Philippines. That is not what we are asking for, that is not what we are pressing for at all. What we are asking for is that the judicial process takes place as rapidly as possible. And no fair minded person, I think, could deny that Mr Au and Mr Wong have been waiting for a very, very long time.

I think because of the concern which they have themselves expressed about the position of Filipinos in other communities, the leaders of the Government, and others in public life in the Philippines, understand why we are concerned about two of our citizens.

Question: Do you think there's a ... in the case of Paul Au, and Wong?

Governor: It's too early to say, and it would be unfair to them to raise expectations without any solid evidence. All that I will say is that I very much enjoyed my meeting with President Ramos and believe that he was entirely sincere in the concern he expressed and in what he said to me about contacting the Justice Ministry and getting back to me about the position of Mr Au and Mr Wong. But I would not want to offer more hope than has been justified by the discussions that I have had.

Question: Do you expect to get back instructions pretty soon?

Governor: I hope so. And so, I imagine, do Mr Au and Mr Wong.

Question: After the meeting this morning about Mr Au and Mr Wong, are you now satisfied that the right course forward is, as you said yesterday, to pursue the appeal as quickly as possible?

Governor: We will continue - and this is always our position when dealing with these sort of cases - we will continue to keep in the closest touch with Mr Au and Mr Wong themselves, and with their families and legal advisers, because one never wants to be in a position in which one is taking action which isn't in line with what the accused themselves want to have done. So we will be continuing to keep in touch with them and I hope that any action that we take will continue to be in line with their expectations and wishes.

End