



## DAILY INFORMATION BULLETIN

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WEDNESDAY, SEPTEMBER 26, 1984

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WEDNESDAY, SEPTEMBER 26, 1984

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GOVERNOR'S ADDRESS ON DRAFT AGREEMENT  
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FOLLOWING IS THE TEXT OF THE GOVERNOR, SIR EDWARD YOUDE'S ADDRESS IN THE LEGISLATIVE COUNCIL TODAY:

+EARLIER TODAY AN AGREEMENT BETWEEN THE UNITED KINGDOM AND THE PEOPLE'S REPUBLIC OF CHINA WAS INITIALLED ON THE FUTURE OF HONG KONG. IT IS AN HISTORIC AGREEMENT WHICH WILL GOVERN THE FUTURE OF THIS TERRITORY FOR MORE THAN HALF A CENTURY TO COME. IT IS THE OUTCOME OF TWO YEARS OF LONG AND INTENSIVE NEGOTIATIONS. THE OBJECTIVES OF THE NEGOTIATIONS WERE SET OUT AT AN EARLY STAGE. THEY WERE ELABORATED IN SOME DETAIL BY THE SECRETARY OF STATE, SIR GEOFFREY HOWE, WHEN HE VISITED HONG KONG IN APRIL THIS YEAR, WHEN HE ALSO SPOKE ABOUT THE POSITION WHICH HAD BEEN REACHED IN THE NEGOTIATIONS. IN AUGUST HE GAVE A FURTHER ACCOUNT OF THE PROGRESS MADE. NEVERTHELESS, THE LENGTH OF THE NEGOTIATIONS, AND THE CONFIDENTIALITY IN WHICH THEY HAVE HAD TO BE CONDUCTED, HAVE IMPOSED A CONSIDERABLE STRAIN ON THE PEOPLE OF HONG KONG WHO HAVE BEEN UNDERSTANDABLY ANXIOUS TO KNOW WHAT ARRANGEMENTS WILL BE MADE FOR THEIR FUTURE. I SHOULD LIKE TO PAY TRIBUTE TO THE RESILIENCE AND FORBEARANCE WHICH THEY HAVE SHOWN DURING THIS DIFFICULT PERIOD.

+THE ESSENTIAL PROVISIONS OF THE AGREEMENT ARE THESE. THE UNITED KINGDOM WILL CONTINUE TO BE RESPONSIBLE FOR THE ADMINISTRATION OF HONG KONG UNTIL JULY 1, 1997. ON THAT DATE CHINA WILL RESUME THE EXERCISE OF SOVEREIGNTY, AND HONG KONG WILL BECOME A SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA WITH A HIGH DEGREE OF AUTONOMY. THE AGREEMENT PROVIDES FOR THE CONTINUATION OF HONG KONG'S UNIQUE SOCIAL, ECONOMIC, LEGAL AND OTHER SYSTEMS FOR 50 YEARS AFTER 1997, AND FOR A SMOOTH TRANSITION TO HONG KONG'S NEW STATUS.

+BEFORE I SPEAK ABOUT THE CONTENT OF THE AGREEMENT, I SHOULD LIKE TO RECALL A FEW BASIC FACTS WHICH FORMED THE BACKGROUND TO THE NEGOTIATIONS AND WHICH SHAPED SOME OF THE PROVISIONS IN THE AGREEMENT ITSELF.

FIRST, THE 1997 DEADLINE WAS A FACT INHERITED FROM HISTORY. THE PROBLEM WAS NOT OF OUR MAKING. IT EXISTED AND HAD TO BE DEALT WITH. THE NEGOTIATIONS DEMONSTRATED INCONTESTABLY THAT CHINA WOULD NOT AGREE TO THE CONTINUATION OF BRITISH ADMINISTRATION OVER ANY PART OF HONG KONG BEYOND THAT DATE.

SECOND, THE PROBLEM HAD TO BE DEALT WITH NOW. IT WOULD NOT HAVE BEEN RIGHT TO LEAVE THE COMMUNITY OF HONG KONG IN CONTINUING DOUBT ABOUT ITS FUTURE. AND IN AN ADVANCED INDUSTRIAL AND COMMERCIAL ECONOMY LIKE THAT OF HONG KONG, THE DEADLINE WAS BOUND TO CAST A LONG SHADOW FORWARD, AFFECTING INVESTMENT DECISIONS MANY YEARS BEFORE 1997.

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THIRD, THE MAJOR PART OF HONG KONG IS DUE TO REVERT TO THE PEOPLE'S REPUBLIC OF CHINA IN 1997. THE REMAINDER WOULD NOT HAVE BEEN VIABLE ALONE. THIS PROBLEM HAD THEREFORE TO BE DEALT WITH BY NEGOTIATIONS WITH THE CHINESE GOVERNMENT. IN ANY CASE IT IS A FACT OF GEOGRAPHY, AND AN INESCAPABLE ELEMENT OF HONG KONG'S UNIQUE POSITION TODAY, THAT IT NEEDS A SOUND RELATIONSHIP WITH ITS GREAT MAINLAND NEIGHBOUR.

+ALTHOUGH THE PROBLEM WAS ONE WHICH NEEDED A SOLUTION NOW, THE DISCUSSIONS WERE LARGELY DOMINATED BY THE NEED TO SET OUT WHAT WILL HAPPEN IN 13 YEARS' TIME. THERE WAS A CLEAR REQUIREMENT TO SET OUT FOR ALL THOSE CONCERNED IN HONG KONG, AND OUTSIDE, WHAT WOULD CHANGE AND WHAT WOULD REMAIN ESSENTIALLY THE SAME. THE TASK WAS TO REMOVE THE UNCERTAINTY WHICH THE 1997 DEADLINE IMPOSED, AND TO REPLACE IT WITH A BASIS ON WHICH THE PEOPLE OF HONG KONG COULD BUILD A REASONABLE FUTURE FOR THEMSELVES. HER MAJESTY'S GOVERNMENT AND THE EXECUTIVE COUNCIL OF HONG KONG BELIEVE THAT THE DRAFT AGREEMENT IS ONE WHICH THEY CAN COMMEND TO THE PEOPLE OF HONG KONG AND TO THE BRITISH PARLIAMENT AS A SOUND BASIS FOR THAT FUTURE. IT PROVIDES A FRAMEWORK WITHIN WHICH THEY CAN CONTINUE TO PLAN THEIR LIVES, WORK AND RAISE THEIR FAMILIES IN HONG KONG IN PEACE AND SECURITY WITH THEIR RIGHTS AND FREEDOMS PROTECTED UNDER THE LAW. I WILL EXPLAIN THE REASONS FOR THIS CONVICTION.

+WHATEVER VIEW ONE TAKES OF THE CIRCUMSTANCES IN WHICH HONG KONG'S LINK WITH BRITAIN WAS FORGED, IT IS THAT LINK WHICH HAS PROVIDED HONG KONG WITH THE FOUNDATIONS OF ITS PRESENT SYSTEMS. THE LINK WITH BRITAIN HAS IN PRACTICE AND BY CONVENTION COME TO ALLOW HONG KONG A HIGH DEGREE OF AUTONOMY IN THE REGULATION OF ITS AFFAIRS. WITHIN THAT FRAMEWORK THE SYSTEM WHICH HAS EVOLVED IN HONG KONG ON THIS BASIS IS DIFFERENT FROM THAT ON THE MAINLAND OF CHINA. SINCE THE ONLY BASIS FOR A SOLUTION ACCEPTABLE TO THE CHINESE GOVERNMENT WAS THAT CHINA SHOULD RESUME THE EXERCISE OF SOVEREIGNTY OVER HONG KONG IN 1997 AND THUS THAT THE CONSTITUTIONAL LINK WITH BRITAIN SHOULD BE SEVERED, IT WAS OBVIOUSLY NECESSARY TO FIND A WAY OF ENSURING THAT THE DIFFERENT SYSTEMS IN FORCE IN HONG KONG COULD BE MAINTAINED AND THAT PEOPLE WOULD HAVE CONFIDENCE THAT THIS WOULD BE SO. THE CHINESE LEADERS HAVE THEMSELVES ACKNOWLEDGED THIS IN THEIR FARSIGHTED AND IMAGINATIVE PROPOSAL FOR A +ONE COUNTRY, TWO SYSTEMS+ ARRANGEMENT.

+IN CONSEQUENCE, IN THE VIEW OF THE BRITISH GOVERNMENT, ANY AGREEMENT BETWEEN THE UNITED KINGDOM AND THE PEOPLE'S REPUBLIC OF CHINA HAD TO MEET THE FOLLOWING ESSENTIAL REQUIREMENTS:

IT HAD TO PROVIDE SUFFICIENT DETAIL, AND IN LANGUAGE FAMILIAR TO THOSE LIVING AND WORKING IN HONG KONG, FOR CONTINUITY OF THEIR SOCIAL, ECONOMIC, FINANCIAL, MONETARY, JUDICIAL AND OTHER SYSTEMS, EXCEPT FOR THOSE CHANGES REQUIRED BY THE TRANSFER OF SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION TO THE PEOPLE'S REPUBLIC OF CHINA.

/TO GIVE .....

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TO GIVE CONFIDENCE BOTH IN HONG KONG AND TO THE WORLD AT LARGE IN ITS PROVISIONS THERE HAD ALSO TO BE A BINDING COMMITMENT ON THE PART OF BOTH GOVERNMENTS TO IMPLEMENT ALL THE PROVISIONS OF THE AGREEMENT.

+THE AGREEMENT PUBLISHED TODAY MEETS SQUARELY THESE ESSENTIAL REQUIREMENTS. IT SPELLS OUT THE CHINESE GOVERNMENT'S INTENTION TO PRESERVE IN ALL ESSENTIAL ASPECTS THE SYSTEMS AND POLICIES WHICH HAVE HELPED HONG KONG TRANSFORM ITSELF IN 40 YEARS FROM CONDITIONS OF DEVASTATION TO ONE OF THE WORLD'S LEADING MANUFACTURING, TRADING AND FINANCIAL CENTRES. THE KEY PROVISIONS ENSHRINE AN UNEQUIVOCAL COMMITMENT BY THE TWO GOVERNMENTS TO IMPLEMENT THE TERMS OF THE AGREEMENT AND ITS ANNEXES, ALL OF WHICH ARE EQUALLY BINDING. IN ENTERING INTO SUCH FREELY NEGOTIATED COMMITMENTS, SOVEREIGN STATES STAKE THEIR REPUTATION AND STANDING IN THE EYES OF THE WORLD.

+THE CENTRAL CONCERN OF THE COMMUNITY IN HONG KONG, AS OF ANY OTHER SOCIETY, IS TO KNOW HOW IT IS TO BE GOVERNED AND BY WHOM: WHERE IT WILL LOOK FOR JUSTICE: WHAT WILL BE THE ESSENTIAL FEATURES OF ITS SOCIETY: AND HOW IT WILL BE ABLE TO EARN A LIVING.

+IT IS NOT YET PRACTICABLE TO SET OUT ALL THE DETAILS OF THE STRUCTURE OF HONG KONG'S FUTURE GOVERNMENT. DEBATE ON THIS HAS ONLY RECENTLY BEGUN IN HONG KONG AND PROGRESSIVE CHANGE IS INEVITABLE. BUT THE ESSENTIALS HAVE BEEN COVERED. THE AGREEMENT PROVIDES THAT, AS A SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA, HONG KONG WILL ENJOY A HIGH DEGREE OF AUTONOMY. THERE WILL BE AN ELECTED LEGISLATURE, WHICH WILL CONTINUE TO HAVE THE AUTHORITY TO MAKE LAWS FOR HONG KONG IN ACCORDANCE WITH HONG KONG'S NEEDS. THE EXECUTIVE AUTHORITY WILL BE ACCOUNTABLE TO THE LEGISLATURE AND BE BOUND TO ACT IN ACCORDANCE WITH THE LAW. THE CHIEF EXECUTIVE HIMSELF WILL BE CHOSEN BY ELECTION OR CONSULTATION. THESE PROVISIONS WILL ALLOW SCOPE FOR THE DEVELOPMENT OF HONG KONG'S GOVERNMENTAL SYSTEM AS THE YEARS PROGRESS. AS YOU KNOW, OUR OBJECTIVE IN THE YEARS IMMEDIATELY AHEAD IS TO USE THAT PROCESS TO ROOT POLITICAL POWER IN THE COMMUNITY WHERE IT BELONGS.

+THE AGREEMENT SPECIFICALLY PROVIDES THAT THE FUNDAMENTALS OF THE JUDICIAL SYSTEM WILL REMAIN UNCHANGED. THE CITIZENS OF HONG KONG MAY THEREFORE BE CONFIDENT THAT THE LAW WILL BE ADMINISTERED IMPARTIALLY, AND THAT THE COURTS WILL CONTINUE TO PROTECT THOSE RIGHTS AND FREEDOMS WHICH ARE PRESENTLY ENJOYED IN HONG KONG, AND WHICH ARE ASSURED BY THE APPLICATION OF INTERNATIONAL COVENANTS.

+IN ANY SOCIETY THE IMMEDIATE INTERESTS OF THE ORDINARY MAN ARE IN THE RIGHT TO EARN HIS LIVING AND TO ENJOY THE REWARDS OF HIS ENDEAVOURS, TO GO ABOUT HIS DAILY LIFE WITHOUT INTERFERENCE, TO EDUCATE HIS CHILDREN AND TO SPEND HIS LEISURE TIME AS HE WILL. THE AGREEMENT PRESERVES HIS RIGHTS IN ALL THESE FIELDS.

/+THE AGREEMENT .....

+THE AGREEMENT ALSO ENSURES THAT HONG KONG'S ECONOMIC LIFEBLOOD CAN CONTINUE FLOWING WITH THE SAME VIGOUR IN THE FUTURE AS IT HAS IN THE PAST. THE FOUNDATIONS OF HONG KONG'S ECONOMIC SUCCESS HAVE BEEN A FREE MARKET ECONOMY, A FREE PORT, DYNAMIC INDUSTRIES, ASSURED ACCESS TO MARKETS IN THE INDUSTRIALISED WORLD AND A FREELY CONVERTIBLE CURRENCY. THE CONTINUATION OF ALL THESE KEY ELEMENTS IS PROVIDED FOR IN THE TEXTS.

+THE IMPLEMENTATION INTERNATIONALLY OF SOME OF THE PROVISIONS OF THE AGREEMENT REQUIRES FURTHER WORK BY THE BRITISH AND CHINESE GOVERNMENTS, IN SOME CASES IN CONSULTATION WITH OTHER GOVERNMENTS, NOTABLY THOSE OF HONG KONG'S PRINCIPAL TRADING PARTNERS. THIS WILL BE ONE OF THE FIRST MATTERS FOR DISCUSSION WITHIN THE SINO-BRITISH JOINT LIAISON GROUP, WHICH IS TO BE SET UP AS SOON AS THE JOINT DECLARATION COMES INTO FORCE. I AM CONFIDENT THAT THE GOVERNMENTS OF HONG KONG'S MAIN PARTNERS CAN BE PERSUADED TO ACCEPT THAT THE SUCCESS OF THIS AGREEMENT WILL BE IN THE WIDER INTEREST. THIS WILL ENABLE HONG KONG'S NETWORK OF EXTERNAL ECONOMIC RELATIONS TO BE MAINTAINED AND DEVELOPED, AND IN PARTICULAR ALLOW THE RIGHTS OF ACCESS TO OVERSEAS MARKETS FOR HONG KONG'S GOODS, NOW SET OUT IN A SERIES OF MULTILATERAL AND BILATERAL AGREEMENTS, TO BE PRESERVED.

+LAND HAS ALWAYS PLAYED AN IMPORTANT ROLE IN THE ECONOMY OF HONG KONG. THE AGREEMENT PROVIDES FOR THE CONTINUATION OF EXISTING LAND GRANTS; AND THE MEANS WHEREBY NEW LAND MAY CONTINUE TO BE MADE AVAILABLE TO MEET HONG KONG'S FUTURE NEEDS. MANY EXISTING LEASES EXTEND BEYOND 1997; SUCH LEASES, AND THE RIGHTS IN SUCH LEASES, WILL CONTINUE TO BE RECOGNISED AFTER THE ESTABLISHMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION. OTHER LEASES, WHICH ARE DUE TO EXPIRE ON OR BEFORE 1997, MAY BE RENEWED FOR 50 YEARS AFTER THAT DATE; NEW LEASES WILL BE GRANTED EXTENDING UP TO THE YEAR 2047. THE UNCERTAINTY CONCERNING EXISTING RIGHTS IN LAND AND FUTURE LAND TENURE HAS THUS BEEN REPLACED BY DETAILED PROVISIONS WHICH SHOULD GIVE CONFIDENCE AND ENCOURAGE INVESTMENT.

+THE CHINESE GOVERNMENT HAS ALWAYS REGARDED ALL HONG KONG CHINESE AS CHINESE NATIONALS; THE MAJORITY OF THEM HAVE BEEN REGARDED AS BRITISH NATIONALS UNDER BRITISH LAW. IN SUCH CIRCUMSTANCES A SOLUTION WAS NOT EASY. IT HAS BEEN FOUND IN A PRACTICAL ARRANGEMENT. IT IS OBVIOUS THAT THE STATUS OF BRITISH DEPENDENT TERRITORIES CITIZEN CANNOT CONTINUE AFTER 1997. BUT ALL PRESENT BRITISH DEPENDENT TERRITORIES CITIZENS AND THOSE WHO WILL BECOME BRITISH DEPENDENT TERRITORIES CITIZENS UP TO JUNE 30, 1997 WILL BE ELEGIBLE FOR A NEW STATUS. THIS WILL ENABLE THEM TO OBTAIN BRITISH PASSPORTS OF A NEW TYPE BEFORE THIS DATE, AND TO CONTINUE TO TRAVEL ON THEM AFTER THAT DATE IF THEY SO WISH. THEIR RIGHT TO TRAVEL FREELY IS ENSHRINED IN THE AGREEMENT.

/+I RECOGNISE .....

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+I RECOGNISE THAT THIS AGREEMENT MAY NOT BE REGARDED AS COMPLETELY SATISFACTORY BY ALL WHOM IT AFFECTS ON ALL POINTS. NO AGREEMENT COULD ACHIEVE THAT. BUT THROUGHOUT THESE NEGOTIATIONS WE HAVE LISTENED CAREFULLY TO THE PEOPLE OF HONG KONG. THERE HAS BEEN A CONSTANT FLOW OF INFORMATION, COMMENT AND ADVICE ON WHAT THE PEOPLE OF HONG KONG WOULD WISH TO SEE IN THE AGREEMENT. THESE VIEWS HAVE BEEN CONVEYED TO HER MAJESTY'S GOVERNMENT IN LONDON AND TAKEN FULLY INTO ACCOUNT IN THE NEGOTIATIONS. IN THE LIGHT OF THIS I CAN SAY WITHOUT HESITATION THAT THE AGREEMENT PROVIDES A SOUND BASIS ON WHICH THE COMMUNITY IN HONG KONG CAN BUILD ITS FUTURE BECAUSE IT PROVIDES FOR THE CONTINUATION OF THOSE ELEMENTS WHICH THE COMMUNITY OF HONG KONG HAVE MADE CLEAR THAT THEY REGARD AS ESSENTIAL.

+IN DOING SO IT REMOVES AN OBSTACLE. THE STORY OF HONG KONG OVER THE PAST FORTY YEARS HAS BEEN ONE OF INCREASING ECONOMIC SUCCESS AND AN IMPROVING STANDARD OF LIFE. THOSE WHO HAVE BEEN BORN HERE OR HAVE COME FROM OTHER PLACES HAVE WON THE ADMIRATION OF THE OUTSIDE WORLD FOR THEIR VITALITY, THEIR CAPACITY FOR HARD WORK, THEIR SKILLS AND TALENT FOR ADAPTABILITY. BUT THE UNCERTAINTY ABOUT 1997 BECAME A DETERRENT TO CONFIDENCE AND PROGRESS. NOW HONG KONG CAN MOVE AHEAD ONCE MORE.

+FOR ITS PART, YOUR GOVERNMENT IS DETERMINED TO PLAY ITS PART IN CONTINUING TO PROVIDE THE PEOPLE OF HONG KONG WITH THE FOUNDATIONS ON WHICH THEY CAN BUILD THEIR FUTURE WITH CONFIDENCE. IT WILL DISCHARGE ITS DUTY OF GOVERNING HONG KONG IN THE INTERESTS OF THE COMMUNITY, AND IN MEETING THE NEED FOR HOUSING, SCHOOLS, HOSPITALS AND PUBLIC SERVICES OF ALL KINDS, SO THAT EVERYONE IN HONG KONG WILL BE ENCOURAGED TO HAVE FAITH IN THE FUTURE BECAUSE THEY KNOW AND CAN SEE THAT THE GOVERNMENT ITSELF HAS THAT FAITH. I SHALL EXPLAIN IN MORE DETAIL THE GOVERNMENT'S PLANS FOR THE COMING YEAR IN MY ANNUAL ADDRESS TO THIS COUNCIL ON OCTOBER 4.

+THE TEXT OF THE AGREEMENT IS BEING PUBLISHED TODAY SIMULTANEOUSLY IN LONDON, PEKING AND HONG KONG. IT HAS BEEN INCLUDED, WITH AN INTRODUCTORY MEMORANDUM AND EXPLANATORY NOTES, IN A WHITE PAPER FOR PRESENTATION TO PARLIAMENT. THE WHITE PAPER IS ALSO BEING PUBLISHED HERE. IT IS NOW FOR THE PEOPLE OF HONG KONG TO CONSIDER AND DISCUSS THE AGREEMENT. THIS COUNCIL HAS ALREADY RESOLVED TO DEBATE THE MATTER. THE ARRANGEMENTS FOR TESTING PUBLIC REACTION AND FOR MONITORING THAT PROCESS HAVE ALREADY BEEN ANNOUNCED. THE VIEWS WHICH ARE EXPRESSED ON THE AGREEMENT WILL BE CONSCIENTIOUSLY RECORDED AND IMPARTIALLY ASSESSED.

+I NOW URGED EVERYONE IN HONG KONG TO READ THESE DOCUMENTS MOST CAREFULLY AND TO COME FORWARD WITH THEIR VIEWS. IT IS VITAL THAT THE BRITISH PARLIAMENT SHOULD HAVE THE FULLEST POSSIBLE ACCOUNT OF THE VIEWS OF HONG KONG PEOPLE WHEN THE TIME COMES FOR PARLIAMENT TO CONSIDER THE MATTER AND TO DECIDE WHETHER THE BRITISH GOVERNMENT SHOULD BE AUTHORISED TO SIGN AN AGREEMENT ON WHICH THE FUTURE WELL-BEING OF HONG KONG'S MORE THAN FIVE MILLION PEOPLE WILL DEPEND.

/+BEFORE CONCLUDING .....

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+BEFORE CONCLUDING I SHOULD LIKE TO PAY A TRIBUTE TO THE MEMBERS OF BOTH THE EXECUTIVE AND LEGISLATIVE COUNCILS. MEMBERS OF BOTH COUNCILS HAVE BEEN RESOLUTE, SINCERE AND SELFLESS IN REFLECTING THE VIEWS OF THE PEOPLE OF HONG KONG. NO COMMUNITY COULD HAVE BEEN BETTER SERVED BY ITS COUNCILLORS.

+LET ME SUM UP. THE AGREEMENT INITIALLED TODAY IS AN AGREEMENT WHICH TAKES ACCOUNT OF HONG KONG'S NEEDS AND THE REALITIES OF HISTORY. IT FORESEES THAT CHANGE MUST COME BUT IN PROVIDING FOR THAT CHANGE IT PROVIDES ALSO FOR THE PRESERVATION OF THE ESSENTIAL ELEMENTS IN OUR SOCIETY. IN AS FAR AS IT IS POSSIBLE FOR GOVERNMENTS TODAY TO PROVIDE FOR THE FUTURE, IT REMOVES THE UNCERTAINTY WHICH EXISTED BECAUSE OF THE 1997 DEADLINE. IT CONSTITUTES A BLUEPRINT FOR A NEW STAGE IN HONG KONG'S DEVELOPMENT. AS SUCH I COMMEND IT TO THIS COUNCIL AND THE COMMUNITY AT LARGE. WITH THEIR WIDELY RECOGNISED ABILITY TO ADAPT TO CHANGE AND OPPORTUNITY I HAVE NO DOUBT THAT THE PEOPLE OF HONG KONG CAN MAKE IT WORK, AND CAN BUILD FOR THEMSELVES A SUCCESSFUL FUTURE.+

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LAST REGULAR TRIP TO PEKING -- GOVERNOR SAYS  
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THE GOVERNOR, SIR EDWARD YOUDE, TOLD WAITING PRESS MEMBERS ON HIS RETURN THIS AFTERNOON THAT IT WAS HIS LAST REGULAR TRIP TO PEKING.

HE ALSO THANKED THE PRESS CORPS IN BOTH PEKING AND HONG KONG FOR THEIR CHEERFULNESS AND FRIENDLINESS DURING THE PAST TWO YEARS.

+I THINK YOU HAVE ADDED A NEW DIMENSION TO LIFE,+ HE TOLD THEM.

THE GOVERNOR WAS MET ON ARRIVAL AT THE AIRPORT BY THE CHIEF SECRETARY, SIR PHILIP HADDON-CAVE; SIR S.Y. CHUNG, SENIOR UNOFFICIAL MEMBER OF THE EXECUTIVE COUNCIL; MR ROGER LOBO, SENIOR UNOFFICIAL MEMBER OF THE LEGISLATIVE COUNCIL, AND MR TAN GAN, VICE-CHIEF EDITOR OF THE XINHUA NEWS AGENCY (HONG KONG BRANCH).

FOLLOWING IS THE TEXT OF SIR EDWARD'S STATEMENT:

+I MUST SAY THAT YOU ARE VERY FAITHFUL, IF I MAY SAY SO. AS YOU KNOW, I'VE JUST COME BACK FROM THE INITIALLING CEREMONY IN PEKING, AND THIS WAS A VERY SIGNIFICANT EVENT FOR HONG KONG, SINCE THE AGREEMENT WHICH WE INITIALLED HAS AS ITS OBJECTIVE A SOUND FUTURE FOR HONG KONG.

/+SINCE I .....

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+SINCE I AM GOING TO BE MAKING A STATEMENT IN THE LEGISLATIVE COUNCIL IN JUST UNDER TWO HOURS, I WON'T SAY ANY MORE ABOUT IT NOW, BUT PERHAPS I COULD TAKE THIS OPPORTUNITY JUST TO SAY -- AND SEND -- MY GREETINGS TO THE HONG KONG PRESS CORPS, BECAUSE WE HAVE SEEN QUITE A LOT OF EACH OTHER OVER THE LAST TWO YEARS.

+THIS WILL BE MY LAST REGULAR TRIP TO PEKING, AND I THINK THAT ONE OF THE NICE FEATURES HAS BEEN THE CHEERFULNESS AND FRIENDLINESS OF THE PRESS CORPS BOTH HERE AND IN PEKING.

+I THINK YOU HAVE ADDED A NEW DIMENSION TO LIFE. VERY NICE TO SEE YOU.+

THE GOVERNOR WAS ACCOMPANIED ON HIS RETURN BY: DR DAVID WILSON, ASSISTANT UNDER-SECRETARY OF STATE IN THE FCO; MR FRED BURROWS, LEGAL ADVISER, FCO; MR ROBIN MCLAREN, POLITICAL ADVISER; MR JEREMY MATHEWS, CROWN SOLICITOR, LEGAL DEPARTMENT, AND MR Y.P. CHENG, CHIEF INTERPRETER.

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HONG KONG'S VITAL TRADE ROLE STRESSED  
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AUSTRIAN BUSINESSMEN WERE TOLD TODAY (WEDNESDAY) OF THE ADVANTAGE OFFERED BY HONG KONG AS A BUSINESS CENTRE SERVING BOTH THE PACIFIC REGION AND CHINA.

SPEAKING AT A SEMINAR IN VIENNA ORGANISED BY THE OBSTERREICHISCHE LAENDERBANK, MR PETER JOHNSON, ASSISTANT DIRECTOR OF INDUSTRY POINTED OUT THAT THE UNITED STATES AND OTHER COUNTRIES OF THE PACIFIC RIM, SUCH AS AUSTRALIA, CANADA AND JAPAN, HAD ALREADY RECOGNISED THE ENORMOUS OPPORTUNITIES IN THE PACIFIC ASIA REGION, AND THAT THE REGION CONTINUES TO ENJOY HIGHER GDP GROWTH THAN THE INDUSTRIALISED WESTERN ECONOMIES.

IN 1983 U.S. TRADE WITH PACIFIC ASIA WAS US\$29 BILLION HIGHER THAN U.S. TRADE WITH WESTERN EUROPE. THE U.S. AND JAPAN, MORE THAN ANY OTHER INDUSTRIALISED NATIONS, HAD ALSO RECOGNISED THE INDUSTRIAL OPPORTUNITIES OFFERED BY THE REGION. U.S. COMPANIES HAD, FOR EXAMPLE, INVESTED NEARLY US\$7 BILLION IN MANUFACTURING OPERATIONS IN SINGAPORE AND WERE THE LARGEST SOURCE OF OVERSEAS INDUSTRIAL INVESTMENT IN HONG KONG AND OTHER PLACES IN THE REGION. THE JAPANESE WERE NOT FAR BEHIND, HE SAID.

+WHAT WE ARE SEEING IS A FUNDAMENTAL SHIFT IN THE CENTRE OF GLOBAL ECONOMIC ACTIVITY FROM THE ATLANTIC TO THE PACIFIC, IT IS PERHAPS TIME THAT MORE PEOPLE IN EUROPE WOKE UP TO THE POSSIBILITIES.

/+AS YOU .....

+AS YOU MIGHT EXPECT, HONG KONG PLAYS A LEADING ROLE IN ALL THIS ACTIVITY AS THE MAIN FINANCIAL CENTRE AND ONE OF THE PRINCIPAL MANUFACTURING AND TRADING CENTRES IN THE REGION,+ MR JOHNSON SAID.

CITING FIGURES ON HONG KONG'S EXTERNAL TRADE, MR JOHNSON SAID THAT OF THE TOP EIGHT MARKETS FOR HONG KONG'S EXPORTS, SIX OF THEM - THE U.S., CHINA, JAPAN, CANADA, AUSTRALIA AND SINGAPORE - ARE IN THE PACIFIC.

LAST YEAR, IMPORTS VALUED AT US\$18 BILLION - OR OVER 80 PER CENT OF HONG KONG'S TOTAL IMPORTS - CAME FROM PACIFIC RIM COUNTRIES, HEADED BY CHINA, JAPAN, THE U.S., TAIWAN AND SINGAPORE.

+BEHIND ALL THIS, OF COURSE, LIES THE BIGGEST AND POTENTIALLY THE MOST POWERFUL ECONOMY OF THEM ALL - CHINA,+ MR JOHNSON SAID.

THE ECONOMIC RELATIONSHIP BETWEEN HONG KONG AND CHINA WAS STABLE, OF LONG STANDING AND BROUGHT BENEFIT TO BOTH SIDES, HE SAID.

HONG KONG TOOK ABOUT 25 PER CENT OF CHINA'S TOTAL VISIBLE EXPORTS, AND CHINA WAS NOW THE THIRD LARGEST MARKET FOR HONG KONG'S DOMESTIC EXPORTS AFTER THE U.S. AND THE UNITED KINGDOM. CHINA TOOK US\$581 MILLION OF SUCH EXPORTS IN THE FIRST HALF OF THIS YEAR. CHINA WAS ALSO HONG KONG'S LARGEST RE-EXPORT MARKET, TAKING US\$1.6 BILLION WORTH, 22 PER CENT OF HONG KONG'S TOTAL RE-EXPORTS LAST YEAR. HONG KONG'S RE-EXPORTS TO CHINA HAD INCREASED OVER NINE TIMES IN THE PAST FIVE YEARS.

ON THE INDUSTRIAL FRONT, A LARGE NUMBER OF HONG KONG COMPANIES, BOTH LOCAL AND OVERSEAS OWNED, HAD MANUFACTURING OPERATIONS IN CHINA. IN THE OTHER DIRECTION, IT WAS ESTIMATED THAT DURING THE PAST FOUR YEARS, CHINA HAD INVESTED ABOUT US\$4 BILLION IN HONG KONG IN A NUMBER OF FIELDS, INCLUDING TRADE, TRANSPORTATION, CONSTRUCTION, REAL ESTATE, MANUFACTURING AND FINANCIAL SERVICES.

+CHINA HAS MADE NO SECRET OF THE FACT THAT HONG KONG HAS AN IMPORTANT ROLE TO PLAY IN THE FOUR MODERNISATIONS. FOR ITS PART, HONG KONG IS A SOPHISTICATED MODERN CITY WITH FIRST CLASS FINANCE, COMMUNICATIONS AND OTHER SERVICES.

+WE HAVE A LONG HISTORY OF DOING BUSINESS WITH CHINA, AND AS A RESULT OF OUR ACCUMULATED EXPERIENCE, ARE PERFECTLY PLACED TO OFFER A UNIQUE SERVICE TO THOSE FROM ELSEWHERE WHO ARE SEEKING TO ESTABLISH CONTACTS WITH CHINA FOR THE FIRST TIME,+ MR JOHNSON SAID.

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MP'S VISIT SCHOOL  
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TWO CONSERVATIVE MEMBERS OF PARLIAMENT, MR PETER LLOYD AND MR DAVID HEATHCOAT-AMORY, SPENT ABOUT AN HOUR THIS AFTERNOON VISITING THE BELILIOS PUBLIC SCHOOL AT TIN HAU TEMPLE ROAD. THEY MET THE PRINCIPAL, MRS LILLIAN TAN, AND SPOKE TO THE TEACHING STAFF AND PUPILS.

THE TWO MP'S WERE ACCOMPANIED BY THE ACTING ASSISTANT DIRECTOR OF EDUCATION (SCHOOLS), MR CHAN YAM-PANG.

LATER THEY HAD A MEETING WITH THE DIRECTOR OF EDUCATION, MR COLVYN HAYE, AT EDUCATION DEPARTMENT HEADQUARTERS.

THEY ALSO HAD TEA AND DISCUSSIONS WITH STAFF SIDE REPRESENTATIVES OF THE DEPARTMENT'S CONSULTATIVE COMMITTEE.

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NEW DESIGN FOR AMBULANCE DEPOT  
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THE FIRST OF A SERIES OF NEWLY-DESIGNED AMBULANCE DEPOTS WILL BE OFFICIALLY OPENED BY THE CHIEF FIRE OFFICER, MR LAM LOK-BUN, ON FRIDAY (SEPTEMBER 28) AT 11 AM.

THE CHEUNG SHA WAN AMBULANCE DEPOT, WHICH CAN ACCOMMODATE EIGHT AMBULANCES, IS THE FIRST SUCH DEPOT BASED ON THE DESIGN OF A SUB-DIVISIONAL FIRE STATION.

NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE OFFICIAL OPENING OF THE CHEUNG SHA WAN AMBULANCE DEPOT AT 11 AM ON FRIDAY (SEPTEMBER 28). THE DEPOT IS LOCATED AT THE JUNCTION BETWEEN CHEUNG SHA WAN ROAD, FAT TSEUNG STREET AND HING WAH STREET.

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SHORT-TERM TENANCIES OFFERED FOR SITES  
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THE LANDS DEPARTMENT IS INVITING TENDERS FOR SHORT-TERM TENANCIES ON FOUR SITES OPPOSITE THE CHINESE UNIVERSITY IN SHA TIN.

TWO OF THE SITES, MEASURING ABOUT 6 098 SQUARE METRES AND 5 038 SQUARE METRES, ARE FOR USE AS BUILDING CONTRACTORS' PLANT MAINTENANCE AND STORAGE DEPOT.

THE THIRD SITE, OF ABOUT 1 810 SQUARE METRES, IS FOR USE AS A VEHICLE AND PLANT MAINTENANCE DEPOT.

THE REMAINING ONE, MEASURING ABOUT 2 379 SQUARE METRES, IS EARMARKED FOR OPEN STORAGE OF VEHICLES, PLANT AND EQUIPMENT.

TENANCIES WILL BE FOR THREE YEARS INITIALLY AND QUARTERLY THEREAFTER.

TENDERS MUST BE PLACED IN THE PUBLIC WORKS TENDER BOX AT THE ENTRANCE HALL, GROUND FLOOR OF MURRAY BUILDING, GARDEN ROAD, HONG KONG, BEFORE NOON ON FRIDAY, OCTOBER 12:

TENDER FORMS, COPIES OF THE TENDER NOTICE AND CONDITIONS MAY BE OBTAINED FROM, AND THE TENDER PLAN INSPECTED AT, THE FOLLOWING LOCATIONS:

- \* DISTRICT LANDS OFFICE, SHA TIN, 2 TUNG LO WAN HILL ROAD, SHA TIN;
- \* LANDS DEPARTMENT SURVEY DIVISION, MURRAY BUILDING, 5TH FLOOR, GARDEN ROAD, HONG KONG; AND
- \* DISTRICT LANDS OFFICE, KOWLOON, YAU MA TEI CAR PARK BUILDING, 10TH FLOOR, 250 SHANGHAI STREET, KOWLOON.

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WEDNESDAY, SEPTEMBER 26, 1984

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SEARCH FOR CLEANEST BUILDING  
\* \* \* \*

A MAJOR COMPETITION WILL BE LAUNCHED NEXT MONTH TO FIND THE CLEANEST BUILDING IN EASTERN DISTRICT.

ITS AIM IS TO ENCOURAGE RESIDENTS TO IMPROVE THEIR ENVIRONMENT.

THE CONTEST IS ORGANISED BY THE DISTRICT BOARD, DISTRICT OFFICE, THE EASTERN DISTRICT CLEAN HONG KONG COMMITTEE AND THE EASTERN DISTRICT FEDERATION OF MULTI-STOREY BUILDING ORGANISATION, AND IS OPEN TO ALL OWNERS CORPORATIONS, MUTUAL AID COMMITTEES AND BUILDING MANAGEMENT COMMITTEES IN THE DISTRICT.

ENTRIES MUST BE SUBMITTED UNDER THE NAME OF A BUILDING BY SUNDAY (SEPTEMBER 30).

THERE WILL FIRST BE A PRELIMINARY COMPETITION ON AN AREA BASIS, WITH THE FIRST AND SECOND WINNERS IN EACH AREA ENTERING THE FINALS.

THE PRELIMINARIES WILL BE JUDGED BY AREA COMMITTEE MEMBERS OF THE RESPECTIVE AREAS, AND THE FINALS BY REPRESENTATIVES FROM THE CITY SERVICES DEPARTMENT, EASTERN DISTRICT CLEAN HONG KONG COMMITTEE AND THE EASTERN DISTRICT FEDERATION OF MULTI-STOREY BUILDING ORGANISATIONS.

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## DAILY INFORMATION BULLETIN - SUPPLEMENT

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

WEDNESDAY, SEPTEMBER 26, 1984

SIR GEOFFREY HOWE SPEAKS ON DRAFT AGREEMENT IN NEW YORK

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FOLLOWING IS THE STATEMENT BY SIR GEOFFREY HOWE, SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS, AT A PRESS CONFERENCE HELD IN NEW YORK THIS (WEDNESDAY) MORNING (NEW YORK TIME) ON THE DRAFT AGREEMENT ON THE FUTURE OF HONG KONG:

+THE AGREEMENT WHICH THE BRITISH AND CHINESE GOVERNMENTS HAVE PUBLISHED TODAY IN LONDON, PEKING AND HONG KONG IS AN HISTORIC AND REMARKABLE ONE. IT SETS OUT, IN CONSIDERABLE DETAIL, THE FRAMEWORK IN WHICH A COMPLEX AND SOPHISTICATED COMMUNITY OF FIVE AND HALF MILLION PEOPLE WILL LIVE AND WORK UNDER CHINESE SOVEREIGNTY IN THE 50 YEARS UP TO THE YEAR 2047. MUCH OF THE IMPORTANCE - AND INDEED MUCH OF THE ACHIEVEMENT - OF THE AGREEMENT LIES IN ITS DETAIL AND MUCH OF THE DEBATE IN THE WEEKS TO COME - ESPECIALLY IN HONG KONG - WILL RIGHTLY FOCUS ON THE DETAILS. TODAY IS NOT THE DAY FOR THAT. IT IS FOR READING AND UNDERSTANDING THE AGREEMENT AS A WHOLE.

+SO I DO NOT PROPOSE TO SUMMARISE OR DESCRIBE THE AGREEMENT. TO BE UNDERSTOOD IT NEEDS TO BE READ IN FULL. I WANT INSTEAD TO UNDERLINE FIVE POINTS:

FIRST, THE AIM WHICH HAS GUIDED THE BRITISH AND CHINESE NEGOTIATORS IS THE MAINTENANCE OF THE STABILITY AND PROSPERITY OF HONG KONG. THE AGREEMENT PROVIDES FOR A VERY HIGH DEGREE OF CONTINUITY AND AUTONOMY. IT ENSHRINES THE IMAGINATIVE CONCEPT OF 'ONE COUNTRY, TWO SYSTEMS'. HONG KONG'S DISTINCTIVE ECONOMIC AND SOCIAL SYSTEMS AND LIFESTYLE - SO DIFFERENT FROM THOSE IN THE MAINLAND OF CHINA - WILL REMAIN UNCHANGED. THESE ARE THE CHARACTERISTICS WHICH HAVE CONTRIBUTED TO HONG KONG'S SUCCESS IN THE PAST. THEIR PRESERVATION IS THE BEST WAY TO ENSURE HONG KONG'S CONTINUED SUCCESS IN THE YEARS UP TO AND BEYOND 1997. FOR A UNIQUE SOCIETY UNIQUE ARRANGEMENTS HAVE BEEN WORKED OUT.

/SECOND, WE .....

SECOND, WE HAVE ENSHRINED THE RESULT OF OUR NEGOTIATIONS IN AN INTERNATIONAL AGREEMENT, BINDING IN ALL ITS PARTS. THE POLICIES RECORDED IN THE AGREEMENT WILL BE STIPULATED IN THE BASIC LAW OF THE HONG KONG SAR TO BE PASSED BY CHINA'S NATIONAL PEOPLE'S CONGRESS AND WILL BE THE BASIS ON WHICH HONG KONG WILL BE RUN FOR 50 YEARS AFTER 1997.

THIRD, THE ADMINISTRATION OF HONG KONG WILL BE IN LOCAL HANDS. IT WILL HAVE AN EXECUTIVE ACCOUNTABLE TO AN ELECTED LEGISLATURE; ITS EXISTING LEGAL SYSTEM WITH A COURT OF FINAL APPEAL IN HONG KONG; A PUBLIC SERVICE ON PRESENT LINES AND ITS OWN FINANCES.

FOURTH, HONG KONG WILL BE ABLE TO CONTINUE AS A WORLD COMMERCIAL, FINANCIAL AND COMMUNICATIONS CENTRE. IT WILL BE RESPONSIBLE FOR ITS OWN EXTERNAL TRADE. IT WILL RETAIN ITS OWN CURRENCY, THE HONG KONG DOLLAR. THERE WILL BE NO EXCHANGE CONTROL: INVESTORS WILL BE FREE AS NOW TO MOVE THEIR CAPITAL IN AND OUT. THE FUTURE SPECIAL ADMINISTRATIVE REGION WILL BE ABLE TO PARTICIPATE IN AGREEMENTS LIKE THE GENERAL AGREEMENT ON TARIFFS AND TRADE. IT WILL MAKE ITS OWN SHIPPING POLICY AND ENJOY A SIGNIFICANT DEGREE OF AUTONOMY IN CIVIL AVIATION MATTERS. IN SHORT, HONG KONG WILL BE ABLE TO PLAY THE DISTINCTIVE, DYNAMIC ROLE THAT IT PLAYS TODAY. IT IS IMPORTANT THAT HONG KONG'S TRADING PARTNERS AROUND THE WORLD RECOGNISE THAT.

FINALLY, THE QUESTION WHICH MANY ARE ALREADY ASKING IS HOW CAN YOU BE SURE THAT THE AGREEMENT WILL WORK AND THAT BOTH SIDES WILL IMPLEMENT IT. THE SIMPLEST ANSWER IS THAT THIS IS A FORMAL, LEGALLY BINDING AGREEMENT, THE HIGHEST FORM OF COMMITMENT THAT CAN BE ENTERED INTO BETWEEN TWO SOVEREIGN STATES. BOTH THE BRITISH AND CHINESE GOVERNMENTS TAKE PRIDE IN THEIR IMPRESSIVE RECORD FOR OBSERVING INTERNATIONAL AGREEMENTS. MOREOVER THE AGREEMENT TAKES PROPER ACCOUNT OF THE INTERESTS OF BOTH SIDES, INCLUDING THE ENORMOUS INTERESTS THAT BRITAIN AND CHINA SHARE IN HONG KONG'S CONTINUATION AS THE DYNAMIC SOCIETY IT IS TODAY.

+THIS IS A SOCIETY THAT THE PEOPLE OF HONG KONG HAVE THEMSELVES CREATED. ITS FUTURE DEPENDS MAINLY ON THEIR TALENT, THEIR INDUSTRIOUSNESS AND THEIR CONFIDENCE. IT IS THEY WHO HAVE MADE HONG KONG THE THIRD BIGGEST FINANCIAL CENTRE IN THE WORLD, THE WORLD'S THIRD BIGGEST CONTAINER PORT AND AN ECONOMY WITH ONE OF THE MOST CONSISTENTLY RAPID RATES OF GROWTH. THEY ARE NOW BEING ASKED TO JUDGE THIS AGREEMENT FOR THEMSELVES.

+I WILL BE HAVING ANOTHER MEETING WITH FOREIGN MINISTER WU XUEQIAN LATER THIS MORNING. FOR BOTH OF US TODAY MARKS THE END OF MANY MONTHS OF INTENSIVE NEGOTIATIONS IN WHICH WE HAVE BEEN VERY PERSONALLY INVOLVED. IT ALSO MARKS THE BEGINNING OF A MUCH LONGER PERIOD, OF COOPERATION BETWEEN THE BRITISH AND CHINESE GOVERNMENTS, ON THE BASIS OF STILL CLOSER AND WARMER RELATIONS, TO ENSURE THE BEST POSSIBLE CONDITIONS FOR HONG KONG'S ENTRY INTO THE 21ST CENTURY.

+THIS AGREEMENT IS THE RESULT OF LONG AND HARD NEGOTIATION. THERE HAS BEEN GIVE AND TAKE ON BOTH SIDES. BUT NEGOTIATION HAS ALWAYS HAD AS ITS BASIS THE EXCELLENT RELATIONS THAT EXIST BETWEEN BRITAIN AND CHINA AND THE JOINT DETERMINATION OF BOTH GOVERNMENTS TO MAINTAIN HONG KONG'S STABILITY AND PROSPERITY. THE PRIME MINISTER AND I HAVE NO DOUBT THAT THE AGREEMENT IS A GOOD AGREEMENT AND ONE WHICH WE CAN CONFIDENTLY COMMEND TO THE HONG KONG PEOPLE AND THE BRITISH PARLIAMENT.+

FOLLOWING ARE THE QUESTIONS AND ANSWERS:

Q. ON BEHALF OF THE UNITED NATIONS CORRESPONDENTS ASSOCIATION I WELCOME YOU SIR AND I WOULD LIKE, FIRST, TO ASK YOU, WOULD YOU EXPECT ANY PROBLEMS REGARDING THE ENDORSEMENT OF THE PARLIAMENT FOR THIS AGREEMENT AND WHEN THE PARLIAMENT WILL LOOK INTO THAT QUESTION.

A. AS I HAVE SAID IN MY STATEMENT, IT IS AN AGREEMENT THAT WE CAN CONFIDENTLY COMMEND TO THE BRITISH PARLIAMENT AND TO THE PEOPLE OF HONG KONG. YOU ARE QUITE RIGHT TO EMPHASISE THAT BOTH THOSE CONSIDERATIONS ARE IMPORTANT. THE EXPECTATION IS THAT PARLIAMENT WILL HAVE THE OPPORTUNITY OF DEBATING IT BEFORE THE END OF THIS YEAR - SOMETIME PROBABLY IN DECEMBER - SO THAT THE AGREEMENT CAN PROCEED TO SIGNATURE AT THE END OF THAT TIME= SUBJECT OF COURSE TO THE POINTS YOU HAVE MADE.

JIMMY HO, ATV NEWS, HONG KONG:

Q. THE WORRY OF MANY IN HONG KONG IS THAT THE JOINT LIAISON GROUP WOULD BE USED BY PEKING AS A SHADOW GOVERNMENT, UNDERMINING THE ADMINISTRATION IN HONG KONG, AS WELL AS ITS AUTONOMY. CAN YOU COMMENT ON THAT?

A. I AM GLAD YOU HAVE RAISED THE POINT. I KNOW THAT IT HAS BEEN ONE OF THE WORRIES COMMUNICATED TO US IN THE EARLIER STAGES BY THE PEOPLE OF HONG KONG. WE HAVE, THEREFORE, SECURED VERY PLAIN AGREEMENT THAT THE JOINT LIAISON GROUP IS A GROUP FOR LIAISON. IT IS NOT AN ORGAN OF POWER. IT WON'T TAKE PART IN OR SUPERVISE THE ADMINISTRATION OF HONG KONG. THE AGREEMENT RECOGNISES THAT THE ADMINISTRATION OF HONG KONG UNTIL 1997 WILL REMAIN A BRITISH RESPONSIBILITY AND THE CHINESE GOVERNMENT COMMIT THEMSELVES TO SUPPORTING JUST THAT SET OF ARRANGEMENTS. THE LIAISON GROUP, I THINK, WILL, OF COURSE, HAVE IMPORTANT WORK TO DO BETWEEN THE TWO GOVERNMENTS, AND TAKING ACCOUNT OF THE VIEWS OF THE PEOPLE OF HONG KONG, IN MAKING SURE THAT THE TRANSITION IS SMOOTH. THE TASK OF LIAISON WILL BE IMPORTANT. THE GROUP WILL BE APPLYING ITSELF TO THAT BUT IT WILL NOT BE INTRUDING IN - OR SUPERVISING - THE GOVERNMENT OF HONG KONG.

/Q: ? .....

Q: ? ..... AFTER THE YEAR 2000

A: OH, AFTER THE YEAR THE 2000 THE GROUP, I THINK, WILL CEASE TO EXIST. BUT THE IMPORTANT THING IS THAT GROUP DOES NOT COME TO AN END ON THE DATE OF JUNE 30, 1997. IT REMAINS IN EXISTENCE UNTIL THE BEGINNING OF THE 21ST CENTURY.

Q: MR LAU OF TVB NEWS, HONG KONG

NOW THE JOINT DECLARATION HAS BEEN INITIALLED IN PEKING AND LONDON, THE PEOPLE OF HONG KONG WILL BE ASKED TO PARTICIPATE IN THE DRAFTING OF THE BASIC LAW THAT IS GOING TO GOVERN THE SHAPE OF THE FUTURE OF HONG KONG IN YEARS TO COME. WOULD THE UNITED KINGDOM GOVERNMENT AND THE HONG KONG GOVERNMENT TAKE SPECIFIC PLANS TO HELP PEOPLE OF HONG KONG IN THE DRAFTING OF THIS BASIC LAW?

A: THE BASIC LAW IS GOING TO BE A BASIC LAW PRODUCED BY THE GOVERNMENT OF CHINA BUT IT IS A VERY IMPORTANT FEATURE THAT THE PROVISIONS OF THE AGREEMENT WILL BE INCORPORATED IN THAT BASIC LAW AND THAT IS ONE OF THE MATTERS, WHICH OBVIOUSLY WE SHALL REGARD, AND THE CHINESE GOVERNMENT WILL REGARD AS SOMETHING OF GREAT IMPORTANCE.

Q. WHAT SPECIFIC PLANS DO THE UK GOVERNMENT AND THE HONG KONG GOVERNMENT HAVE IN ORDER TO HELP HONG KONG PEOPLE TO DRAFT THE BASIC LAW?

A. WELL, THE UK GOVERNMENT AND THE HONG KONG GOVERNMENT AND THE CHINESE GOVERNMENT WILL ALL REMAIN INTENSELY INTERESTED AND COMMITTED TO THE FULFILLMENT AND CARRYING THROUGH OF THE AGREEMENT - INCLUDING THAT PART OF IT.

Q. I AM A CORRESPONDENT FROM SHANGHAI BUT I AM ALSO REPRESENTING THE HONG KONG DAILY, WEN WEI PAO. MY QUESTION IS THAT: DO YOU THINK THE AGREEMENT BETWEEN CHINA AND BRITAIN ON THE FUTURE OF HONG KONG WILL OPEN UP NEW POSSIBILITIES FOR CLOSER COOPERATION AND MUTUAL BENEFIT BETWEEN THE TWO COUNTRIES IN THE DEVELOPMENT OF HONG KONG?

A. I CERTAINLY BELIEVE THAT TO BE THE CASE. I THINK THAT THE WAY IN WHICH TWO GOVERNMENTS OF TWO COUNTRIES FROM SUCH DIFFERENT HISTORIC AND CULTURAL BACKGROUNDS HAVE WORKED TOGETHER, AS THE CHINESE FOREIGN MINISTER AND I HAVE WORKED TOGETHER, AS OUR NEGOTIATORS HAVE WORKED TOGETHER, HAS GIVEN ME AT LEAST A TREMENDOUSLY VALUABLE INSIGHT INTO THE WAY IN WHICH THE CHINESE PEOPLE SEE THE FUTURE. WE BOTH BELIEVE THAT THIS WILL CERTAINLY GIVE OPPORTUNITIES FOR FURTHER CLOSER COOPERATION IN A WIDER FIELD.

/q. TREVOR MACDONALD, .....

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Q. TREVOR MACDONALD, SIR GEOFFREY, FROM ITN LONDON. I WONDER WHETHER YOU COULD COMMENT ON THIS, SIR. IN THE DRAFT AGREEMENT IT SAID THAT HER MAJESTY'S GOVERNMENT HAVE A DUTY TO MAKE CLEAR BEYOND ANY POSSIBILITY OF MISUNDERSTANDING, THAT THERE IS NO POSSIBILITY OF AN AMENDED AGREEMENT. AND YET THE VIEWS OF THE PEOPLE OF HONG KONG ARE BEING INVITED ON THE ACCEPTABILITY OF THE AGREEMENT. IS THERE NOT A FUNDAMENTAL INCOMPATIBILITY ABOUT THOSE TWO STATEMENTS, SIR. YOU ARE SAYING TO THE PEOPLE OF HONG KONG: THIS IS IT. YOU EITHER TAKE IT OR LEAVE IT.

A. I THINK IT IS VERY HELPFUL YOU HAVE READ FROM THE WHITE PAPER WHICH DEALS WITH THIS MATTER BECAUSE WHAT WE SAY IN THE PRECEDING PARAGRAPH IS, AS IS NORMAL WITH INTERNATIONAL AGREEMENTS NEGOTIATED BETWEEN NATIONS, THERE IS NO REALISTIC POSSIBILITY OF AMENDING THE TEXT. THE AGREEMENT, WE SAY, MUST BE TAKEN AS A WHOLE. WE HAVE WORKED LONG AND HARD WITH OUR CHINESE PARTNERS IN THIS EXERCISE TO PRODUCE AN AGREEMENT WHICH REPRESENTS THAT WHICH WE BELIEVE IS NECESSARY AND IMPORTANT. I DON'T THINK IT WOULD BE HELPFUL TO THE PEOPLE OF HONG KONG, OR ANYBODY ELSE, TO SUGGEST THAT THEY, OR YOU, OR I, COULD NOW BEGIN GOING BACK AND UNSTITCHING THIS OR UNSTITCHING THAT. THE CHOICE IS BETWEEN THIS AGREEMENT OR NO AGREEMENT - AS THE WHITE PAPER MAKES CLEAR - AND WE BELIEVE IT IS RIGHT TO PRESENT THAT CHOICE PLAINLY TO THE PEOPLE OF HONG KONG.

Q. THE POINT ABOUT THEIR BEING GIVEN A CHANCE TO TEST THEIR ACCEPTABILITY. TO WHAT END? THEY CAN'T CHANGE IT, SO WHAT WILL THEY BE DOING?

A. WHAT THEY'LL BE DOING WILL BE EXPRESSING THEIR VIEWS ON THE ACCEPTABILITY OF THE AGREEMENT AS A WHOLE. I SAY THE CHOICE THROUGHOUT THIS EXERCISE HAS BEEN BETWEEN GETTING A BAD AGREEMENT OR GETTING A GOOD AGREEMENT, OR ENDING UP WITH NO AGREEMENT. BECAUSE THE LEASE OVER 92 PER CENT OF THE TERRITORY OF HONG KONG RUNS OUT IN 1997. NOW, WE HAVE WORKED FOR A GOOD AGREEMENT. WE BELIEVE WE HAVE GOT A GOOD AGREEMENT. WE ARE OFFERING, THEREFORE, TO THE PEOPLE OF HONG KONG THE QUESTION: 'DO YOU FIND THAT GOOD AGREEMENT ACCEPTABLE, OR WOULD YOU RATHER TAKE THE ALTERNATIVE, WHICH IS NO AGREEMENT AT ALL?' THAT'S A CHOICE WHICH WE HAVEN'T IMPOSED. IT'S A CHOICE THAT FOLLOWS FROM HISTORY - FROM THE FACT THAT 92 PER CENT OF THE TERRITORY IS ON A LEASE THAT RUNS OUT IN 1997.

Q. SIR GEOFFREY, DOES THAT MEAN THAT THE PEOPLE OF HONG KONG WHOM YOU ARE NOW CONSULTING SAY THE AGREEMENT IS NOT ACCEPTABLE, THEN THERE'S JUST NO AGREEMENT. OR DOES IT MEAN THE AGREEMENT IS GOING TO BE FORCED DOWN THEIR THROATS ANYWAY?

/A. NO, THE .....

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A. NO, THE CHOICE, AS WE SAY VERY PLAINLY IN THE WHITE PAPER, IS A CHOICE BETWEEN REVERSION OF THE TERRITORY AT THE END OF THE LEASE, TO CHINA, WITHOUT AN AGREEMENT. OR, REVERSION ON THE BASIS OF THE ARRANGEMENTS AGREED AND SET OUT SO FULLY IN THIS DOCUMENT. IN SAYING THAT, TO USE A CHINESE PHRASE, A PROBLEM LEFT OVER FROM HISTORY. IN 1997 THAT LEASE RUNS OUT. THE CHINESE GOVERNMENT, THE BRITISH GOVERNMENT, WANT TO SEE THAT DATE GO BY WITH THE ASSURANCE OF CONTINUED STABILITY AND PROSPERITY FOR HONG KONG AFTER THAT DATE. WE BELIEVE WE HAVE FOUND THE RIGHT ARRANGEMENTS TO ASSURE IT. WE'RE COMMENDING IT TO THE PEOPLE OF HONG KONG.

Q. SIR GEOFFREY, PETER RUTLEDGE REPRESENTING TVB NEWS IN HONG KONG: HOW WILL YOUR GOVERNMENT GO ABOUT PERSUADING OTHER FOREIGN COUNTRIES TO ACCEPT THE INTERNATIONAL TRAVEL DOCUMENT THAT THE UK WILL ISSUE TO THE CITIZENS OF HONG KONG AS A VALID DOCUMENT?

A. ON THE BASIS THAT IT WILL BE ESSENTIALLY A CONTINUATION OF THE DOCUMENTS THAT THE PEOPLE OF HONG KONG, THE RELEVANT PEOPLE -- THE PEOPLE WHO QUALIFY AS BRITISH DEPENDENT TERRITORIES CITIZENS UNDER PRESENT LAW -- NOW HAVE. AND I THINK THAT THE FEATURE THAT ENCOURAGES ME MOST IN THE REACTION SO FAR TO THE AGREEMENT HAS BEEN THE VERY STRONG, POSITIVE AND ENCOURAGING RESPONSE WE'VE GOT FROM OTHER COUNTRIES AROUND THE WORLD. THEY REGARD IT AS IMPORTANT FOR ITS OWN SAKE THAT HONG KONG SHOULD SUCCEED-- THEY REGARD THE ACHIEVEMENT OF THIS AGREEMENT AS AN IMPORTANT FEATURE. I THINK THAT, I SHALL BE VERY SURPRISED, IF OTHER COUNTRIES WHO HAVE ALREADY WELCOMED THE AGREEMENT SO STRONGLY WERE TO REACT WITHOUT UNDERSTANDING ON THE PARTICULAR POINT YOU'VE RAISED.

Q. .... ONE, IS THIS A BINDING INTERNATIONAL AGREEMENT IN INTERNATIONAL LAWS? SECONDLY, HOW THE VIEWPOINT OF THE PEOPLE IN HONG KONG HAS BEEN REPRESENTED IN THIS CASE?

A. FIRST POINT. YES, IT IS A BINDING INTERNATIONAL AGREEMENT AND AS THE AGREEMENT ITSELF SAYS 'BINDING IN ALL ITS PARTS' -- INCLUDING THE ANNEXES. IT'S A BINDING AGREEMENT BETWEEN TWO SOVEREIGN STATES -- THE HIGHEST KIND OF COMMITMENT THEY CAN GIVE TO EACH OTHER IN THAT RESPECT. AND, MOST IMPORTANT OF ALL, IT'S A BINDING INTERNATIONAL AGREEMENT BUILT ON THE FOUNDATION OF COMMON INTEREST. WE WANT THIS TO SUCCEED, THE BRITISH GOVERNMENT WANTS THIS TO SUCCEED. THE PEOPLE OF HONG KONG, OF COURSE, WANT IT TO SUCCEED, AND THE GOVERNMENT AND PEOPLE OF CHINA WANT IT TO SUCCEED. AND THAT IS THE CEMENT, THE FOUNDATION OF GOOD WILL, WHICH UNDERPINS AND SUSTAINS THIS BINDING INTERNATIONAL AGREEMENT. OF COURSE YOU'RE RIGHT, IN YOUR SECOND QUESTION, TO EMPHASISE THE IMPORTANCE OF PAYING ATTENTION TO THE VIEWS OF THE PEOPLE OF HONG KONG. AND DURING THE LAST TWO YEARS, AND WITH INCREASING INTENSITY AS THE MONTHS HAVE GONE BY, WE HAVE BEEN IN CONSULTATION WITH THOSE PEOPLE. MYSELF, OTHER MINISTERS HAVE BEEN TO HONG KONG. REPRESENTATIVES OF THE HONG KONG PEOPLE, THE EXECUTIVE COUNCIL AND OTHERS HAVE BEEN IN LONDON. I HAVE MADE STATEMENTS IN HONG KONG AND CANVASSED OPINION THERE, IN ORDER TO BE SURE THAT THE AGREEMENT WE'RE WORKING FOR IS AN AGREEMENT THAT WILL FULFIL WHAT THE PEOPLE OF HONG KONG WANT. WE'VE TRIED TO DO THAT VERY HARD. I HOPE AND BELIEVE WE'VE SUCCEEDED.

/q. .... FROM .....

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..... FROM THE SPANISH NEWS AGENCY. IN THIS CASE LONDON DOES NOT ASK FOR SELF DETERMINATION OF A FIFTH OF THE POPULATION. ISN'T THAT A MAJOR CHANGE IN THE CURRENT POLICY OF YOUR COUNTRY?

A. BY NO MEANS. NO. I THINK THAT IT IS VERY IMPORTANT TO UNDERSTAND THAT THE POSITION OF HONG KONG IS VERY DIFFERENT FROM THE POSITION OF OTHER TERRITORIES AROUND THE WORLD. HISTORICALLY, GEOGRAPHICALLY, LEGALLY, CONSTITUTIONALLY, HONG KONG IS UNIQUE. IT IS THE ONLY TERRITORY HELD OVER 92 PER CENT OF THE LAND AREA ON A LEASE THAT RUNS OUT IN 1997. IN OTHER RESPECTS OUR SOVEREIGNTY IS BUILT ON QUITE DIFFERENT AND SURE FOUNDATIONS.

Q. THAT MEANS THAT THERE IS ANY POSSIBILITY THAT YOUR COUNTRY COULD NEGOTIATE AN ACCORD WITH SIMILAR RESULT LIKE HONG KONG ABOUT MALVINAS AND GIBRALTAR?

A. WELL, I MAKE THE POINT AGAIN: THE THREE CASES COULD NOT BE MORE DIFFERENT FROM EACH OTHER. HONG KONG WAS FOUNDED ON A DIFFERENT HISTORICAL, GEOGRAPHICAL, LEGAL BASIS= ON A LEASE THAT RUNS OUT IN 1997. OUR WHITE PAPER MAKES IT CLEAR THAT THE EIGHT PER CENT OF HONG KONG THAT WAS NOT ON A LEASEHOLD WOULD NOT BY ITSELF BE VIABLE. BUT IT IS QUITE DIFFERENT FROM THE OTHER TERRITORIES THAT YOU HAVE MENTIONED.

Q. NIGEL HAWKES, THE OBSERVER: YOU SAID IN YOUR OPENING REMARKS THAT THE ACHIEVEMENT OF THIS AGREEMENT LAY IN ITS DETAIL. I WONDER IF YOU COULD EXPLAIN WHY ALL THAT DETAIL APPEARS AS AN ANNEXE, WHICH ELABORATES THE VIEWS OF THE GOVERNMENT OF CHINA, RATHER THAN IN THE JOINT DECLARATION ITSELF?

A. IT IS, IN FACT, A CONVENIENT WAY OF SETTING IT OUT. IT REPRESENTS THE REALITY OF THE BASIS OF THE NEGOTIATIONS. IF YOU LOOK AT THE TEXT OF THE AGREEMENT, PARAGRAPH SEVEN SAYS THAT THE GOVERNMENT OF THE UNITED KINGDOM AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA AGREE TO IMPLEMENT THE PRECEDING DECLARATIONS AND THE ANNEXES TO THIS JOINT DECLARATION. SO WHAT WE HAVE HERE ARE DECLARATIONS ON THE ONE HAND BY THE CHINESE GOVERNMENT AND ON THE OTHER BY THE UNITED KINGDOM GOVERNMENT. WE BOTH AGREE TO IMPLEMENT THOSE DECLARATIONS AND THE ANNEXES AND IN THE NEXT PARAGRAPH IT IS MADE EQUALLY CLEAR THIS JOINT DECLARATION AND ITS ANNEXES WILL BE LEGALLY BINDING. I THINK ONE OF THE MOST REMARKABLE AND ENCOURAGING THINGS ABOUT THE AGREEMENT ACTUALLY IS THAT WE WERE ABLE TO START ON THE FOUNDATION OF A DECLARATION OF POLICY BY THE CHINESE GOVERNMENT FOR HONG KONG. THE VERY CONCEPT THAT I MENTIONED IN MY REMARKS OF ONE COUNTRY TWO SYSTEMS IS, I THINK, AN UNPRECEDENTED, REVOLUTIONARY, PROPOSITION. THAT THE WORLD'S LARGEST COMMUNIST COUNTRY SHOULD BE SETTING OUT TO MAINTAIN, WITH ALL ITS VITALITY, PROBABLY THE MOST LIVELY, MOST DYNAMIC, MOST SUCCESSFUL, CAPITALIST COMMUNITY IS AN ASTONISHING PROPOSITION. AND WE STARTED FROM THAT CHINESE DELCARATION. IN DISCUSSIONS WITH THEM THAT DECLARATION HAS BEEN FILLED OUT AND AMPLIFIED INTO THE SUBSTANTIAL DETAIL SET OUT IN, I THINK, 18 PAGES OF THE AGREEMENT ALTOGETHER. AND, THEN, HAVING ACHIEVED THAT, BOTH DECLARATIONS ARE MADE, WE BOTH AGREE TO FULFILL THE DECLARATIONS AND WE ALL AGREE THAT THEY ARE LEGALLY BINDING AND ALL THOSE FACTS. IT IS A VERY SECURE FOUNDATION.

BBC RADIO:

Q. SIR GEOFFREY, BEFORE 1997. HOW FAR DO YOU EXPECT TO SEE THE INTERNAL POLITICAL MECHANISMS FOR CONSULTATION EVOLVE IN HONG KONG?

A. THAT'S TO A VERY LARGE EXTENT A MATTER FOR THE GOVERNMENT OF HONG KONG. AS YOU KNOW, WE HAVE PUBLISHED -- THEY HAVE PUBLISHED -- A GREEN PAPER FORESHADOWING POSSIBLE CHANGES IN THE REPRESENTATIVE STRUCTURE OF GOVERNMENT THERE. THAT WILL BE THE FOUNDATION FOR CHANGES IN THE NEAR FUTURE. I'M SURE THERE WILL BE FURTHER EVOLUTION ON THE GROUND, IN THE LIGHT OF WHAT PEOPLE THERE THINK, AND WANT. AND WHAT WILL HAPPEN IS THAT IN 1997, THERE WILL BE A CONTINUITY OF THE SYSTEM, BY THEN, ESTABLISHED.

PRESS OFFICER: THE LAST QUESTION SHOULD GO TO A HONG KONG CORRESPONDENT. WOULD YOU LIKE TO ASK IT?

Q. ON WHAT GROUNDS, SECRETARY, DO YOU FEEL THE CONFIDENCE ON THE 'ONE COUNTRY, TWO SYSTEMS' THAT IS GOING TO BE PRACTISED IN HONG KONG?

A. I THINK THE MOST IMPORTANT GROUND IS ITS EXTREME SENSIBILITY AND GOOD SENSE. THE CHINESE GOVERNMENT SEES IN HONG KONG, AS WE ALL SEE, TREMENDOUS ACHIEVEMENT OF THE PEOPLE WHO LIVE AND WORK THERE. NOBODY, LEAST OF ALL THE CHINESE GOVERNMENT, WANT TO SEE THAT DESTROYED. THEY WANT, AS WE WANT, TO SEE THAT CONTINUITY, STABILITY, PROSPERITY OF THE ECONOMY AND ITS LIFE STYLE ARE CONTINUED. AND I THINK THAT THE FACT THAT THIS AGREEMENT ENSHRINES WHAT IS IN THE INTERESTS OF CHINA, OF GREAT BRITAIN AND OF HONG KONG, IS THE STRONGEST POSSIBLE FOUNDATION FOR MY CONFIDENCE IN ITS VALUE AND SUCCESS.



## DAILY INFORMATION BULLETIN – SUPPLEMENT

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

Following is the Address by the President, Sir Edward Youde, on "A Draft Agreement between The Government of the United Kingdom of Great Britain and Northern Ireland and The Government of the People's Republic of China on the Future of Hong Kong" in the Legislative Council today, September 26, 1984.

1 Earlier today an agreement between the United Kingdom and the People's Republic of China was initialled on the future of Hong Kong. It is an historic agreement which will govern the future of this territory for more than half a century to come. It is the outcome of two years of long and intensive negotiations. The objectives of the negotiations were set out at an early stage. They were elaborated in some detail by the Secretary of State, Sir Geoffrey Howe, when he visited Hong Kong in April this year, when he also spoke about the position which had been reached in the negotiations. In August he gave a further account of the progress made. Nevertheless, the length of the negotiations, and the confidentiality in which they have had to be conducted, have imposed a considerable strain on the people of Hong Kong who have been understandably anxious to know what arrangements will be made for their future. I should like to pay tribute to the resilience and forbearance which they have shown during this difficult period.

2 The essential provisions of the agreement are these. The United Kingdom will continue to be responsible for the administration of Hong Kong until 1 July 1997. On that date China will resume the exercise of sovereignty, and Hong Kong will become a Special Administrative Region of the People's Republic of China with a high degree of autonomy. The agreement provides for the continuation of Hong Kong's unique social, economic, legal and other systems for 50 years after 1997, and for a smooth transition to Hong Kong's new status.

3 Before I speak about the content of the agreement, I should like to recall a few basic facts which formed the background to the negotiations and which shaped some of the provisions in the agreement itself.

First, the 1997 deadline was a fact inherited from history. The problem was not of our making. It existed and had to be dealt with. The negotiations demonstrated incontestably that China would not agree to the continuation of British administration over any part of Hong Kong beyond that date.

Second, the problem had to be dealt with now. It would not have been right to leave the community of Hong Kong in continuing doubt about its future. And in an advanced industrial and commercial economy like that of Hong Kong, the deadline was bound to cast a long shadow forward, affecting investment decisions many years before 1997.

Third, the major part of Hong Kong is due to revert to the People's Republic of China in 1997. The remainder would not have been viable alone. This problem had therefore to be dealt with by negotiations with the Chinese Government. In any case it is a fact of geography, and an inescapable element of Hong Kong's unique position today, that it needs a sound relationship with its great mainland neighbour.

4 Although the problem was one which needed a solution now, the discussions were largely dominated by the need to set out what will happen in 13 years' time. There was a clear requirement to set out for all those concerned in Hong Kong, and outside, what would change and what would remain essentially the same. The task was to remove the uncertainty which the 1997 deadline imposed, and to replace it with a basis on which the people of Hong Kong could build a reasonable future for themselves. Her Majesty's Government and the Executive Council of Hong Kong believe that the draft agreement is one which they can commend to the people of Hong Kong and to the British Parliament as a sound basis for that future. It provides a framework within which they can continue to plan their lives, work and raise their families in Hong Kong in peace and security with their rights and freedoms protected under the law. I will explain the reasons for this conviction.

5 Whatever view one takes of the circumstances in which Hong Kong's link with Britain was forged, it is that link which has provided Hong Kong with the foundations of its present systems. The link with Britain has in practice and by convention come to allow Hong Kong a high degree of autonomy in the regulation of its affairs. Within that framework the system which has evolved in Hong Kong on this basis is different from that on the mainland of China. Since the only basis for a solution acceptable to the Chinese Government was that China should resume the exercise of sovereignty over Hong Kong in 1997 and thus that the constitutional link with Britain should be severed, it was

obviously necessary to find a way of ensuring that the different systems in force in Hong Kong could be maintained and that people would have confidence that this would be so. The Chinese leaders have themselves acknowledged this in their far-sighted and imaginative proposal for a "one country, two systems" arrangement.

6 In consequence, in the view of the British Government, any agreement between the United Kingdom and the People's Republic of China had to meet the following essential requirements:

It had to provide sufficient detail, and in language familiar to those living and working in Hong Kong, for continuity of their social, economic, financial, monetary, judicial and other systems, except for those changes required by the transfer of sovereignty and the right of administration to the People's Republic of China.

To give confidence both in Hong Kong and to the world at large in its provisions there had also to be a binding commitment on the part of both Governments to implement all the provisions of the agreement.

7 The agreement published today meets squarely these essential requirements. It spells out the Chinese Government's intention to preserve in all essential aspects the systems and policies which have helped Hong Kong transform itself in 40 years from conditions of devastation to one of the world's leading manufacturing, trading and financial centres. The key provisions enshrine an unequivocal commitment by the two Governments to implement the terms of the agreement and its annexes, all of which are equally binding. In entering into such freely negotiated commitments, sovereign states stake their reputation and standing in the eyes of the world.

8 The central concern of the community in Hong Kong, as of any other society, is to know how it is to be governed and by whom: where it will look for justice: what will be the essential features of its society: and how it will be able to earn a living.

9 It is not yet practicable to set out all the details of the structure of Hong Kong's future Government. Debate on this has only recently begun in Hong Kong and progressive change is inevitable. But the essentials have been covered. The agreement provides that, as a Special Administrative Region of the People's Republic of China, Hong Kong will enjoy a high degree of autonomy. There will be an elected legislature, which will continue to have the authority to make laws for Hong Kong in accordance with Hong Kong's needs. The executive authority will be accountable to the legislature and be bound to act in accordance with the law. The Chief Executive himself will be chosen by election or consultation. These provisions will allow scope for the development of Hong Kong's governmental system as the years progress. As you know, our objective in the years immediately ahead is to use that process to root political power in the community where it belongs.

10 The agreement specifically provides that the fundamentals of the judicial system will remain unchanged. The citizens of Hong Kong may therefore be confident that the law will be administered impartially, and that the Courts will continue to protect those rights and freedoms which are presently enjoyed in Hong Kong, and which are assured by the application of international covenants.

11 In any society the immediate interests of the ordinary man are in the right to earn his living and to enjoy the rewards of his endeavours, to go about his daily life without interference, to educate his children and to spend his leisure time as he will. The agreement preserves his rights in all these fields.

12 The agreement also ensures that Hong Kong's economic lifeblood can continue flowing with the same vigour in the future as it has in the past. The foundations of Hong Kong's economic success have been a free market economy, a free port, dynamic industries, assured access to markets in the industrialised world and a freely convertible currency. The continuation of all these key elements is provided for in the texts.

13 The implementation internationally of some of the provisions of the agreement requires further work by the British and Chinese Governments, in some cases in consultation with other governments, notably those of Hong Kong's principal trading partners. This will be one of the first matters for discussion within the Sino-British Joint Liaison Group, which is to be set up as soon as the Joint

Declaration comes into force. I am confident that the governments of Hong Kong's main partners can be persuaded to accept that the success of this agreement will be in the wider interest. This will enable Hong Kong's network of external economic relations to be maintained and developed, and in particular allow the rights of access to overseas markets for Hong Kong's goods, now set out in a series of multilateral and bilateral agreements, to be preserved.

14 Land has always played an important role in the economy of Hong Kong. The agreement provides for the continuation of existing land grants: and the means whereby new land may continue to be made available to meet Hong Kong's future needs. Many existing leases extend beyond 1997: such leases, and the rights in such leases, will continue to be recognised after the establishment of the Hong Kong Special Administrative Region. Other leases, which are due to expire on or before 1997, may be renewed for 50 years after that date: new leases will be granted extending up to the year 2047. The uncertainty concerning existing rights in land and future land tenure has thus been replaced by detailed provisions which should give confidence and encourage investment.

15 The Chinese Government has always regarded all Hong Kong Chinese as Chinese nationals: the majority of them have been regarded as British nationals under British law. In such circumstances a solution was not easy. It has been found in a practical arrangement. It is obvious that the status of British Dependent Territories Citizen cannot continue after 1997. But all present British Dependent Territories Citizens and those who will become British Dependent Territories Citizens up to 30 June 1997 will be eligible for a new status. This will enable them to obtain British passports of a new type before this date, and to continue to travel on them after that date if they so wish. Their right to travel freely is enshrined in the agreement.

16 I recognise that this agreement may not be regarded as completely satisfactory by all whom it affects on all points. No agreement could achieve that. But throughout these negotiations we have listened carefully to the people of Hong Kong. There has been a constant flow of information, comment and advice on what the people of Hong Kong would wish to see in the agreement. These views have been conveyed to Her Majesty's Government in London and taken fully into account in the negotiations. In the light of this I can say without hesitation that the agreement provides a sound basis on which the community in Hong Kong can build its future because it provides for the continuation of those elements which the community of Hong Kong have made clear that they regard as essential.

17 In doing so it removes an obstacle. The story of Hong Kong over the past forty years has been one of increasing economic success and an improving standard of life. Those who have been born here or have come from other places have won the admiration of the outside world for their vitality, their capacity for hard work, their skills and talent for adaptability. But the uncertainty about 1997 became a deterrent to confidence and progress. Now Hong Kong can move ahead once more.

18 For its part, your Government is determined to play its part in continuing to provide the people of Hong Kong with the foundations on which they can build their future with confidence. It will discharge its duty of governing Hong Kong in the interests of the community, and in meeting the need for housing, schools, hospitals and public services of all kinds, so that everyone in Hong Kong will be encouraged to have faith in the future because they know and can see that the Government itself has that faith. I shall explain in more detail the Government's plans for the coming year in my annual address to this Council on 4 October.

19 The text of the agreement is being published today simultaneously in London, Peking and Hong Kong. It has been included, with an introductory memorandum and explanatory notes, in a White Paper for presentation to Parliament. The White Paper is also being published here. It is now for the people of Hong Kong to consider and discuss the agreement. This Council has already resolved to debate the matter. The arrangements for testing public reaction and for monitoring that process have already been announced. The views which are expressed on the agreement will be conscientiously recorded and impartially assessed.

20 I now urge everyone in Hong Kong to read these documents most carefully and to come forward with their views. It is vital that the British Parliament should have the fullest possible account of the views of Hong Kong people when the time comes for Parliament to consider the matter and to decide whether the British Government should be authorised to sign an agreement on which the future well-being of Hong Kong's more than five million people will depend.

21 Before concluding I should like to pay a tribute to the Members of both the Executive and Legislative Councils. Members of both Councils have been resolute, sincere and selfless in reflecting the views of the people of Hong Kong. No community could have been better served by its Councillors.

22 Let me sum up. The agreement initialled today is an agreement which takes account of Hong Kong's needs and the realities of history. It foresees that change must come but in providing for that change it provides also for the preservation of the essential elements in our society. In as far as it is possible for governments today to provide for the future, it removes the uncertainty which existed because of the 1997 deadline. It constitutes a blueprint for a new stage in Hong Kong's development. As such I commend it to this Council and the community at large. With their widely recognised ability to adapt to change and opportunity I have no doubt that the people of Hong Kong can make it work, and can build for themselves a successful future.