

CCBL-SG/EXA-04-MI01-860717(E)

SUMMARY OF THE FOURTH MEETING OF
THE SPECIAL GROUP ON EXTERNAL AFFAIRS

DATE : 28 May, 1986 (Wednesday)
TIME : 5:30 p.m.
VENUE : CCBL Premises
CONVENOR : Mr Cheung Pak Chi
TOPIC : General Agreement on Tariffs and Trade
SPEAKER-COURTS : 100

MEMBERS OF THE SPECIAL GROUP :-

Kenneth Chow	Zee Sze Yong *	Leung Chun Ying
Annie Ng	To Shui Moon	Ronnie M.C. Wong
Lo Tai Shing	Lamborun, J.S *	Sohmen, H *
Sales, A.de O	Shek Wai	Harold T. Wu *
Cheung Pak Chi #	Edwin H.C. Tao	Lam Kwong Yu *
Steve Ng *	Wilfred Y.W. Wong	C.H. Leong
Howard Yeung	Chan Wing Kee	Man Hon Ming
Lee Kai Ming *	Chan Pun	Fung Wai Kwong *
Mak Chan	William W.L. Fung *	

Convenor

* Present at this meeting

SUMMARY:

1. The decision made by the members regarding the next three meetings was as follows:

Date	Convenor	Topic
25th June	Mr Fung Wai Kwong	Postage and tele- communication
9th July	Mr William K.L. Fung	Overseas office
23rd July	to be decided	Matters concerning travel documents and visas

2. The discussion of the meeting was concluded as follows:

2.1 To maintain HKSAR as a separate customs territory

It was stated in Clause 6 of Annex 1 of the Sino-British Joint Declaration and "The Structure of the Basic Law (Draft)" that HKSAR would retain its status as a separate customs territory. Recently Hong Kong had been accepted as a separate contracting party to the General Agreement on Tariffs and Trade (GATT). Thus it would not be hard for Hong Kong to retain that status provided that the conditions in the GATT would be observed in the future and the present policies, such as the absence of openly subsidized industries, or restriction on tariff, were unchanged. Some members thought that since Hong Kong relied heavily on import and export trade, both the GATT and the Multi-Fibre Agreements were very important to the territory. In order to have a substantial guarantee, the members hoped that it would be stated in the Basic Law that the future SAR's Government had to observe the conditions imposed on the SAR by the GATT, or would not interfere with Hong Kong's status in the GATT.

2.2 Many members thought that it would be necessary for HKSAR to have independent or separate (Note: regarding the meaning of "independent" or "separate", some members thought that the word "separate" which appeared in the Joint Declaration referred to the situation in which Hong Kong was allowed to make its own decision but the Central Government reserved the right of control, whereas the word "independent" meant that Hong Kong was able to make its own decision without any intervention.) free trade and economic policies. For instance, Hong Kong should have the right to act on its own decision when China exercised economic sanction against certain countries. Some members suggested that, in this respect, the power of policy-making granted to the SAR's Government should be clearly defined so that a line could be drawn between matters which were solely subject to the decision of the Central Government and matters which were at the SAR Government's discretion.

2.3 Some members pointed out that Hong Kong only had limited power in trade negotiations and asked whether Hong Kong could, through China, gain a better position in such negotiations after the reversion of sovereignty to China. But in such a case, Hong Kong might lose considerably her power of decision-making. As it was difficult to determine the desirability of this practice, some members thought that to state it in the Basic Law would be unnecessary, if not impossible. However, in practice, Hong Kong could cleverly let its trading partners realize that China's economy would not be affected, even indirectly, by the actions which had economic effects on Hong Kong.

3. It was agreed that government officials who were familiar with the discussion topics would be invited to the meeting for providing relevant information and briefing the members before the discussion. Moreover, it was hoped that those members with had a good knowledge of the topics concerned would submit their written opinions as discussion papers.

Convenor: _____

* If there is any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.