

\$100m GAP IN GARRISON PAY TALKS

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BRITISH Defence Minister William Rodgers is likely to fly out on Saturday — without having reached any agreement on Hongkong's payment towards keeping the garrison here.

The two sides in the high-level talks which enter their third day this morning are understood to be more than \$100 million away from striking a bargain.

An informed Hongkong Government source yesterday revealed that their negotiating team had so far

agreed to pay no more than \$206 million of the estimated \$440 million defence costs.

That is about double Hongkong's present contribution which consists of an annual cash contribution of about \$80 million and this year includes \$30 million for capital works projects.

When asked about persistent speculation that the British side was asking Hongkong to pay 75 per cent of the cost — that is about \$330 million a year — Mr Robin Goodfellow, who is the minister's press secretary, told the Standard: "I wouldn't want to officially confirm it but I wouldn't either want to deny that it could be at least of that order."

He added that there were a number of possibilities open to the negotiators. One was that they might agree on a proportion that Hongkong would eventually pay but that the territory would build up the size of its contribution over a number of years.

Mr Goodfellow confirmed: "The proposal is that we will leave on Saturday afternoon by RAF aircraft and that the whole team will come with us....unless anything untoward happens."

"It's always on the cards that if we need to stay on to tie up loose ends we will do so."

But he added: "A number of newspapers have made the point that we will stay until an agreement is reached. I wouldn't go along with that."

"If it comes to a point where a proposal is made that is beyond Mr Rodgers' brief so that it needs to be referred back to the Cabinet or the Prime Minister there might be a far better chance of achieving success if he is there to put the case himself."

He said the British side were not "desperate" to reach an agreement as the present deal does not run out until next March.

"If a proposal was put forward that might get the brush-off if we signalled it to London, it might tip the balance if Mr Rodgers went himself to explain the case," Mr Goodfellow said.

He thought there was little chance of an agreement being reached before Saturday.

"There is such a wide gap between the two sides that I can't see us doing it."

But he added: "We have reached a much better level of understanding. What we now have to do is to close the gap — which is strictly a financial gap."

"We are not deadlocked yet by any means, but there is still a lot of hard bargaining to be done."

Mr Rodgers himself declined to say whether he expected to return for a further round of negotiations but he added: "I'm not coming back next week."

Mr Goodfellow said that Hongkong and Britain were agreed on at least two points.

"Both sides agree that a garrison is essential and that Britain must make a contribution. What we are talking about as well as the proportion of payment is the size of the garrison that it is militarily suitable to have here."

He said it might be possible to "whittle down" the size of the garrison further, so saving costs, but he could not say how many more troops might be withdrawn.

The talks are proceeding at two levels.

The full negotiating teams have been getting together at least once a day, headed by Governor Sir Murray MacLehose on the Hongkong side and Mr Rodgers on the other.

At other times the two groups split into working parties to discuss details.

A Hongkong government spokesman said the full teams met for an hour and 10 minutes yesterday morning while smaller groups continued detailed discussions throughout the afternoon.

Despite the gulf that divides the two sides on the defence costs agreement, the negotiations are apparently taking place in amicable fashion.

Relations were so cordial over dinner at Government House on Tuesday evening that the Hongkong negotiators led the two sides in a hearty rendering of "Happy Birthday To You", in celebration of Mr Rodgers' 47th birthday which was that day.

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