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## A blow to confidence says Chinese press

The Chinese press yesterday expressed shock at the decision by Jardine Matheson to establish a holding company in Bermuda, describing it as a move with far-reaching repercussions.

However you look at it and while there might be some legitimacy for Jardines to preserve its interests, the decision is nevertheless a blow to the confidence of Hongkong at a time when talks are going smoothly in Peking, the press said.

Some newspapers defended the Jardines move on commercial grounds but they, including the leftwing newspapers which called it "an unwise decision," expressed deep concern as to the adverse effects this would have on Hongkong's economy — and not just the stock market.

The Hongkong Economic Journal agreed that the move was a responsible one as far as the shareholders are concerned because the action is tantamount to purchasing political insurance for the shareholders.

Should Hongkong become "Shanghaiised" (an allusion to the communists' taking over Jardines assets in Shanghai), the shareholders could still receive their dividends from Bermuda.

The object of the Jardines' decisive and unprecedented move was obvious because its Hongkong companies will become its overseas subsidiaries and it is believed the move is the first of the Keswick family's global strategies, giving them the opportunity of advancing or retreating.

Hence it would be unfair to describe the move as a retreat by Jardines, the Economic Journal said.

At the same time, it must be accepted that Jardines, as a commercial empire that has been working closely with the colonialists, will most likely encounter confrontational and unfriendly treatment.

Hence, its present action may be regarded as a safeguard against the future.

However, it is certain the Jardines' decision will exert a widespread buffeting.

Because whatever reason might be advanced, such an action is equivalent to taking a very dim view of Hongkong's future.

At the same time, because of Jardines' labyrinth of relations with the Conservative Party, the establishment of the holding company in

Bermuda will inevitably lead one to believe that the company took the decisive action after having received "inside information."

And such "inside information" must inevitably be that Britain has decided to hand the whole of Hongkong to China and the British Government is not at all optimistic about a future for a Hongkong without British participation.

The bombshell would also bring an adverse effect on other foreign investment because such investors will naturally take a dim view of Hongkong's future when they are confronted with the fact that even the conglomerate with the closest link with the Government will have to make alternative arrangements.

Obviously, such foreign investors will have certain grave doubts about investing in Hongkong, the Economic Journal said.

From a political point of view, the newspaper went on, Jardines' action was undoubtedly a great embarrassment to China — because this fully demonstrated that a company with more than 150 years of history in Hongkong has already cast a vote of no confidence well before China's promise of 50 years of unchangeability.

China will find it most difficult to tackle this unexpected development.

To begin with, China has repeatedly said that "the British link" is not important and should any British businessmen decide to leave, they could do so because other foreign investors will step into their shoes.

On the other hand, should the New China News Agency or any other organisations in China condemn the act, when that British influence is still here, one would naturally be apprehensive of the likely situation when that British influence is no longer around after 1997.

The newspaper said the best solution is for China to prove that its policies of maintaining prosperity and stability were feasible.

Only then could capital and talent be persuaded to stay here.

It will be futile merely to blame those who are only thinking of insuring their future elsewhere.

The Hongkong Daily News said it was not yet established whether the Jar-

dines' move would have any special meaning to the Peking talks, but it is undeniable that the move was related to Hongkong's future.

It said Jardines should not be faulted for protecting its own benefits.

However, it is also clear that Jardines' move had caused a great deal of unease and it could well induce other major conglomerates to follow suit.

The newspaper concluded by saying it will continue to do business in Hongkong and with China.

In the past there have been cases of companies coming and going.

"What we need is to maintain confidence," the newspaper said.

"Only by having confidence could one have stability and prosperity."

Wen Wei Po, however, described Jardines' move as an "unwise" act.

Everyone knows the kind of relations between the Hongkong British authorities and Jardines.

Jardines' ability to become a colossal British conglomerate is inseparable from the very advantageous conditions provided by Britain.

Hence it may be said that such an important move by Jardines not only is not sudden but it could not have been reached without consultations (with the British).

Wen Wei said although Jardines reiterated it would continue to invest in Hongkong, its decision has already cast a shadow on the Hongkong market.

If Hongkong's economy is affected, this would not only be detrimental to the territory, but it would not be beneficial to either Jardines or Britain.

China has been endeavouring to maintain Hongkong's prosperity and stability.

Britain has also declared it has the same objectives.

As a major British conglomerate in Hongkong, Jardines should have more responsibility in promoting Hongkong's prosperity and development.

Hence, even if Jardines' decision is purely commercial, it could not be described as a wise move, Wen Wei said.

The New Evening Post also questioning the timing of the Jardines' announcement — when progress was being made at the Sino-British talks and when the British Foreign Secretary, Sir Geoffrey Howe, was about to visit China.

The announcement, it added, was not in harmony with the trend when Hongkong's economy was improving and commercial confidence was being strengthened.

It recalled a recent visit by the chairman of Swires, Mr John Swire, to Peking where he was received by a vice-premier, Mr Li Peng.

Mr Swire said, the newspaper recalled, that some short-sighted people might stop short of moving ahead under the present circumstances in Hongkong, but for those far-sighted ones, this would be the best time to invest.

China's official media, including the New China News Agency and the People's Daily, have yet to report or make any comment on Jardines' action.

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