

\$65b land deal ultimatum

Legislators asked to approve \$4b or accord collapses

By CHRIS YEUNG and LINDA CHOY

CHINA will inherit all British military sites if legislators reject a Sino-British deal on the hand-over of defence lands; Hong Kong's share of which will reap \$65 billion from redevelopment.

Informed sources warned yesterday there would be "no deal" if the Legislative Council voted down a government request for the \$4 billion to re-provision military facilities for the Chinese garrison.

The funding is an integral part of the long-awaited agreement in the Sino-British Joint Liaison Group (JLG) at the end of a "hard-fought" battle that has plagued the diplomatic body for seven years.

Chief Secretary Anson Chan Fang On-sang claimed the arrangement that sees China get 14 sites totalling 2,750 hectares and Hong Kong 25 sites totalling 139 hectares was a good one and was "important not only in its own right".

The administration hoped it marked the beginning of renewed co-opera-

tion in the JLG that would enable the backlog of transitional matters to be cleared, she said.

The accord, reached during a JLG session that was adjourned twice for defence experts to tickle the final wording, comes in the form of an exchange of diplomatic notes.

It will be signed after the \$4 billion funding has been approved by Legco.

The agreement was endorsed just hours after legislators approved a set of electoral reform proposals which caused a deep rift in Sino-British links.

• More reports on Pages 2 and 3

The 14 sites to be handed over to the People's Liberation Army are designated "exclusively for defence use" after 1997.

The other 25 sites, including prime locations in Central and Wan Chai such as east Tamar, will be released to the Government for disposal.

China will make a separate statement declaring that it will return any sites it does not require to the Special Administrative Region government.

Mrs Chan said the sites to be released to the Govern-

ment had excellent potential for housing development. About 35 hectares of it was in built-up areas.

The Government estimated there was enough land for about 15,000 flats, as well as much-needed open space and community facilities, she said.

"The revenue generated is projected to be about \$65 billion at April 1994 prices," she said.

The Government has undertaken to re-provision some of the defence facilities which will be lost as a result of the permanent release of certain urban area sites such as the Tamar naval base.

These facilities are a naval base at Stonecutters Island; a \$640 million hospital at Gun Club Hill Barracks to replace the British Military Hospital, a depot at Sek Kong costing \$541 million and a \$29 million airport freight and baggage handling unit at Chek Lap Kok.

The funding will be discussed at the Legco's last Finance Committee meeting next Friday. Mrs Chan added that an extra meeting might be arranged if legislators wanted more time for study the arrangement.

Mrs Chan emphasised that the agreement was a "package deal" and any attempt to unpick the package would run the risk of the entire military estate having to be handed to the Chinese garrison.

She insisted, however, that Legco was not being treated as a rubber stamp.

Legislators welcomed the accord, but some queried why Hong Kong had to foot the \$4 billion bill.

Sources said Britain only had an obligation to "seek funds" for the re-provisioning of the military facilities.

"There's no guarantee of the funding... There will be no deal if the Legco rejects it. There's no possibility that the British Government will pay for it. Hong Kong is the one who wants the projects. There's no benefit to the British Government," a source said.

The British Government held the view that the JLG had ensured "proper preparation for the stationing of the Chinese troops in time", another source said.

(Cont'd on Page 3, Col 9)

Defence package hinges on Legco

(Cont'd from Page 1)

"And it is a good deal for investing \$4 billion and getting back \$65 billion."

The source indicated that Britain succeeded in convincing China that it should have fewer quarters for its troops than Britain had, citing the fact that most of the families of the soldiers would not be living in the territory.

Chinese JLG team leader Guo Fengmin described the handover of defence lands as "an important part of the sovereignty change".

He said that in considering the disposal of the sites, it was important to balance the needs of defence with the social and economic development.

"Looking at the final agreement, we can say that the Chinese Government is taking care of the needs of the social and economic development of Hong Kong to the maximum extent.

"The basic idea of the Chinese Government is to promote the social and economic development of Hong Kong and to ensure a smooth transition," he said. Mr Guo declined to reveal the size of the garrison intended for Hong Kong.

Secretary for Security Alistair Asprey said the number of soldiers stationed here was "a matter for them".

"Given the number of sites that will be left for the Chinese Garrison . . . it would be difficult to see how they would be able to have a garrison bigger than the current British force," he said.

British Forces Commander Major-General Sir John Foley welcomed the deal and was pleased that the seven-year-long negotiation had finally borne fruit.

"It provides a firm basis on which to plan the transfer of defence responsibilities in Hong Kong, as one contribution to the smooth transition of sovereignty," he said in a statement.