

HONG KONG STANDARD
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\$30b price tag on airport agreement

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HONGKONG will need at least \$30 billion in equity to buy China's agreement on financing for the new airport, a source close to the government has said.

The estimate is three times higher than has been speculated in recent weeks.

Less than a week before the two sides meet again under the umbrella of the Joint Liaison Group to discuss financing, sources have said the government will find it difficult to meet the equity requirement.

It was revealed yesterday that \$30 billion was the minimum requirement of government equity needed to be injected into the project to meet the borrowing limit set in the Memorandum of Understanding.

The government would face difficulties raising the \$30 billion if its Reserve Fund were to be left intact - an

other stipulation of the memorandum.

Sources said the 15-month funding row could be settled within three months if Britain agreed to China's specified level of equity.

Chinese authorities and the Hongkong government are consulting local professionals and relevant personnel on how to raise the necessary equity.

China has maintained its stance that any government borrowings on the airport and its associated projects must not exceed an agreed ceiling of \$5 billion.

Both countries differ on their interpretation of that ceiling.

China maintains it covers all airport borrowing but Britain argues it should only include government borrowing.

It says borrowings by the Airport Authority and the Mass Transit Railway Corporation should not fall into this category.