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FM HONG KONG 140345Z JAN 64

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TO IMMEDIATE FCO

Sr P Craddock

TELEGRAM NUMBER 104 OF 14 JANUARY

Rc Jaro D

INFO IMMEDIATE HONG KONG GOVERNMENT OFFICE LONDON, PEKING,  
HK GOVT REPS WASHINGTON, CG NEW YORK, BRUSSELS, UKMIS GENEVA

HKGO, London

MIPT REFERS. THE FOLLOWING IS THE TEXT OF THE PRESS RELEASE  
ISSUED BY THE UMELCO OFFICE AT 0100 HOURS TODAY:

QUOTE MEMBERS OF UMELCO LED BY DR HARRY S.Y. FANG HELD A  
LENGTHY DISCUSSION WITH REPRESENTATIVES OF THE TAXI TRADE  
LAST (FRIDAY) EVENING.

THEY THEN DISCUSSED AMONG THEMSELVES THE VARIOUS ISSUES RAISED  
BY THE TRADE AND CAME TO A VIEW THAT THE MEASURES PROPOSED,  
NAMELY A SHARP INCREASE IN THE FIRST REGISTRATION TAX AND  
ANNUAL LICENCE FEES, AS WELL AS THE IMPOSITION OF A DIESEL  
SURCHARGE ON TAXIS, REPRESENTED AN UNREASONABLE BURDEN ON  
MANY TAXI OPERATORS.

THEY ACCORDINGLY ADVISED THE TAXI TRADE REPRESENTATIVES THAT  
THEY WOULD OPPOSE THE BILLS AT THE FORTHCOMING LEGCO MEETING  
ON WEDNESDAY, JANUARY 15.

THEY ACCORDINGLY ADVISED THE TAXI TRADE REPRESENTATIVES THAT  
THEY WOULD OPPOSE THE BILLS AT THE FORTHCOMING LEGCO MEETING  
ON WEDNESDAY, JANUARY 18.

AT THE SAME TIME THEY URGED THE TAXI OPERATORS TO RESUME NORMAL  
OPERATIONS IMMEDIATELY, IN THE GENERAL INTEREST OF THE COMMUNITY.  
THE REPRESENTATIVES GAVE AN UNDERTAKING TO DISPERSE THEIR TAXI  
BLOCKADES WITHOUT DELAY.

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FM HONG KONG 140345Z JAN 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 103 OF 14 JANUARY

INFO IMMEDIATE HONG KONG GOVERNMENT OFFICE LONDON, PEKING, HK GOVT REPS WASHINGTON, CG NEW YORK, BRUSSELS, UKMIS GENEVA

OUR TELNO 96 OF 13 JANUARY: INCREASE IN REGISTRATION TAX AND LICENCE FEES FOR TAXIS.

THE FOLLOWING WAS THE POSITION AT 0900 HOURS TODAY.

2. COMPLEX NEGOTIATIONS CONTINUED DURING THE LATE EVENING. TAXI DRIVERS CONTINUED NEGOTIATIONS WITH UNOFFICIALS AT UMELCO AND THE ACTING GOVERNOR WAS IN DIRECT CONTACT THROUGHOUT WITH THE LEADER OF THE UNOFFICIALS DR HARRY S.Y. FANG. AT 0100 THE UMELCO OFFICE ISSUED A FORMAL PRESS STATEMENT THE TEXT OF WHICH IS IN MIFT. EARLIER ANNOUNCEMENTS OF THE UMELCO DECISION IN THE MEDIA DISTORTED THIS STATEMENT AND WERE TO THE EFFECT THAT UNOFFICIALS WOULD OPPOSE THE BILLS ON THE CONDITION THAT THE TAXI DRIVERS CEASED THEIR PROTEST ACTION. THIS IS THE WORDING UNFORTUNATELY USED IN THE GREAT MAJORITY OF MEDIA COVERAGE.

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3. THE SITUATION ON THE GROUND IS NOW NORMAL WITH NO TRAFFIC CONGESTION AND THE TAXI DRIVERS' PROTEST HAS EFFECTIVELY CEASED. THE SITUATION WAS AT ITS MOST SERIOUS FOR A SHORT PERIOD OF ABOUT TWO OR THREE HOURS COMMENCING 22.00 HOURS IN THE NATHAN ROAD AREA OF MONGKOK AND YAUMATEI IN KOWLOON. THE SITUATION IN DETAIL DURING THE PERIOD UNDER REPORT WAS AS FOLLOWS:

HONG KONG ISLAND: THE SITUATION REMAINED UNCHANGED UNTIL AROUND MIDNIGHT WHEN SOME TAXIS BEGAN GRADUALLY LEAVING THEIR POSITIONS ON CONNAUGHT ROAD AND OTHER MAIN ROADS IN CENTRAL DISTRICT. BY 0140 HOURS THE SITUATION HAD RETURNED TO NORMAL.

KOWLOON: AN UNRULY CROWD ESTIMATED AT ONE STAGE TO BE AS HIGH AS 10,000 AT ABOUT 2230 HOURS BEGAN TO TAKE ADVANTAGE OF THE SITUATION TO STIR UP TROUBLE INCLUDING ROBBERY, CRIMINAL DAMAGE, THEFT AND ARSON. SEVERE DAMAGE TO PROPERTY WAS CAUSED BETWEEN TSIM SHA TSUI AND MONGKOK WITH THE CROWDS DAMAGING SHOP WINDOWS, PARKED VEHICLES AND LITTER BINS. THERE WERE NUMEROUS CASES OF LOOTING. THE POLICE WERE OBLIGED TO USE TWO SMOKE GRENADES TO DISPERSE A MOB AT THE JUNCTION OF NATHAN ROAD AND SHANTUNG STREET AT 22.25 HOURS. THE POLICE TACTICAL UNIT SUCCEEDED IN DISPERSING THE CROWD AND BY 0130 THE SITUATION WAS BEGINNING TO RETURN TO NORMAL. NINETY EIGHT PEOPLE HAD SUFFERED MINOR INJURIES, THERE WERE FOUR MINOR POLICE CASUALTIES AND A TOTAL OF 150 PERSONS HAD BEEN ARRESTED FOR VARIOUS CRIMINAL OFFENCES 101 OF WHOM WERE ARRESTED IN MONGKOK. THE RIOTERS WERE PRIMARILY UNRULY LOCAL YOUTHS EXPLOITING THE TENSE SITUATION CREATED AS A RESULT OF THE LARGE NUMBERS OF TAXIS BLOCKING NATHAN ROAD.

NEW TERRITORIES: THE SITUATION REMAINED UNCHANGED UNTIL ABOUT MIDNIGHT WHEN TAXIS SLOWLY BEGAN TO LEAVE THE ROADS THEY HAD BEEN BLOCKING. BY 0140 HOURS ALL ROADS IN THE N.T. WERE CLEARED OF TAXIS.

4. A FURTHER TELEGRAM EXPLAINING THE BACKGROUND TO THE UMELCO PRESS RELEASE WILL FOLLOW AS SOON AS POSSIBLE.

5. PLEASE PASS A COPY OF THIS TELEGRAM TO SIR E. YOUDE.

HADDON-CAVE



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DESKBY 140730Z  
FM HONG KONG 140250Z JAN 84  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 101 OF 14 JANUARY  
INFO IMMEDIATE PEKING, HONG KONG GOVERNMENT OFFICE LONDON,  
HK GOVT REPS WASHINGTON, CG NEW YORK, BRUSSELS, UKMIS GENEVA

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Ho/Alan Def  
Ho/FED  
PS (6)  
PS/Mr Luce  
PS/Pus  
Mr Donald

MIPT: BBC NEWS ITEM ON DISTURBANCES IN HONG KONG

1. FOLLOWING IS TRANSCRIPT:

No 10 DS  
Sir ? Eradach  
(Nuis)

RIOT POLICE IN HONG KONG HAVE SEALED OFF A MAIN SHOPPING AREA IN  
THE KOWLOON PENINSULA AFTER STREET DISTURBANCES INVOLVING  
THOUSANDS OF PEOPLE. AT LEAST A HUNDRED ARRESTS WERE MADE AND  
ABOUT THIRTY PEOPLE WERE INJURED. SHOPS WERE LOOTED, BUSES  
HIJACKED, AND A POLICE STATION ATTACKED.

RC/MOD  
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THE BBC FAR EAST CORRESPONDENT SAW A CROWD OF SEVERAL THOUSAND  
PEOPLE ENCOURAGING LOOTERS. HE SAID THE POLICE RESPONSE WAS SLOW,  
PROBABLY BECAUSE THEY WERE PRE-OCCUPIED WITH THE TAXI DRIVER STRIKE,  
WHICH HAD BROUGHT TRAFFIC TO A STANDSTILL IN PART OF HONG KONG.  
LAST, A SPOKESMAN FOR THE CHINESE FOREIGN MINISTRY SAID CHINA  
MIGHT MOVE TO REGAIN SOVEREIGNTY OVER HONG KONG BEFORE THE DEADLINE  
OF 1997 IF SPECIAL PROBLEMS OCCUR, SUCH AS SERIOUS DISTURBANCES  
IN THE TERRITORY.

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INFO IMMEDIATE PEKING, HONG KONG GOVERNMENT OFFICE LONDON,  
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PS/Mr Luce

PS/Rus

Mr Donald

No 10 DS

Mr P Craddock

RC/MSD

H/KG, London

Re

BBC NEWS ITEM ON DISTURBANCES IN HONG KONG

1. MIFT CONTAINS A TRANSCRIPT OF A REPORT ON LAST NIGHT'S  
DISTURBANCES CARRIED IN THE BBC WORLD SERVICE NEWS HEARD  
HERE AT 0700 AND 0800 LOCAL TIME.

2. AS SEEN FROM HERE THE REFERENCE TO CHINESE PUBLIC STATEMENTS  
THAT CHINA MIGHT RECONSIDER ITS TIMETABLE FOR THE RECOVERY OF  
SOVEREIGNTY IN THE EVENT OF DISTURBANCES IN HONG KONG IS  
UNNECESSARY AND UNHELPFUL. YOU MAY THINK IT WORTH SUGGESTING  
TO THE BBC THAT IT BE OMITTED FROM FUTURE NEWS BROADCASTS.

3. RESIDENT CLERK PLEASE INFORM CLIFT, HKD AND DUTY OFFICER,  
NEWS DEPARTMENT.

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FM HONG KONG 131535Z JAN 64 (collected version)

TO IMMEDIATE FOO

TELEGRAM NUMBER 99 OF 13 JANUARY

INFO IMMEDIATE HONGKONG, PEKING, HK GOVT REPS WASHINGTON, CG NEW YORK, BRUSSELS, UKMIS GENEVA

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H.K.G.O. London

H.I.P.T. REFERS. THE FOLLOWING IS THE TEXT OF THE STATEMENT MADE BY THE ACTING GOVERNOR ON THE EVENING OF 13 JANUARY:

QUOTE I HAVE, OF COURSE, BEEN TAKING VERY CAREFUL NOTE OF THE UNFAVOURABLE REACTION OF TAXI OPERATORS AND INDEED OF THE DEGREE OF PUBLIC DISQUIET LINKED WITH THE PROPOSED INCREASE IN FIRST REGISTRATION TAX AND ANNUAL LICENCE FEES.

THE PROPOSALS WHICH WERE BEFORE THE LEGISLATIVE COUNCIL LAST WEDNESDAY RESULTED FROM A MAJOR STUDY OF THE TAXI TRADE WHICH FOLLOWED MUCH CONSULTATION WITH ALL CONCERNED OVER MANY MONTHS INCLUDING THE TAXI OPERATORS THEMSELVES.

NOW, WE ALL KNOW THAT IT IS MOST IMPORTANT THAT THE VIEWS OF ANY GROUP IN OUR COMMUNITY SHOULD BE MADE KNOWN TO THE GOVERNMENT AND TO THE PUBLIC AT LARGE WHEN MEASURES ARE ANNOUNCED WHICH DIRECTLY OR INDIRECTLY AFFECT THEM. THAT IS WHY THERE ARE CHANNELS WITHIN OUR OPEN SOCIETY WHICH ALLOW FOR THE FREE EXPRESSION OF VIEWS IN A MANNER WHICH DOES NOT DISRUPT THE NORMAL LIFE OF THE COMMUNITY. IT IS IMPORTANT THAT THESE CHANNELS ARE USED AND I AM GLAD THAT THEY HAVE BEEN DURING THE PAST 24 HOURS OR SO.

REPRESENTATIVES OF THE TAXI OPERATORS HAVE MET FOR MANY HOURS WITH UNOFFICIAL MEMBERS IN THE UMELCO OFFICE AND I HAVE SPOKEN TO THESE UNOFFICIAL MEMBERS MYSELF AT SOME LENGTH AND THE TAXI OPERATORS MADE REPRESENTATIONS TO UNOFFICIAL MEMBERS WHICH WILL BE GIVEN VERY CAREFUL CONSIDERATION BY THEM AND BY THE GOVERNMENT.



OPERATORS MADE REPRESENTATIONS TO UNOFFICIAL MEMBERS WHICH WILL BE GIVEN VERY CAREFUL CONSIDERATION BY THEM AND BY THE GOVERNMENT.

THE MEASURES THAT HAVE BEEN PUT FORWARD ARE PROPOSALS ONLY, AND THEY HAVE TO BE AGREED TO BY THE LEGISLATIVE COUNCIL BEFORE THEY CAN BECOME PART OF THE LAWS OF HONG KONG. THOSE PROPOSALS HAVE BEEN INTRODUCED INTO THE LEGISLATIVE COUNCIL LAST WEDNESDAY, AND DEBATE ON THEM WILL BEGIN THIS COMING WEDNESDAY, A WEEK EARLIER THAN PREVIOUSLY ENVISAGED, AT THE REQUEST OF UNOFFICIAL MEMBERS, IN VIEW OF THE PUBLIC INTEREST AND CONCERN WHICH HAS BEEN EXPRESSED, AND, I SHOULD STRESS, THAT UNOFFICIAL MEMBERS ARE AS CONCERNED AS I AM, AT THE REACTION OF TAXI OPERATORS, AT THE LEVEL OF PUBLIC DISQUIET, AND, I MIGHT ADD, AT THE INCONVENIENCE CURRENTLY BEING EXPERIENCED AS THE RESULT OF DISRUPTION TO NORMAL TRAFFIC FLOWS.

IT SURELY MUST BE CLEAR TO TAXI OPERATORS THAT THE PROPOSED INCREASES WILL BE EXAMINED VERY CAREFULLY INDEED BEFORE ANY FINAL DECISION IS REACHED IN THE LEGISLATIVE COUNCIL, AND I HOPE THAT, MEANWHILE, THEY WILL BE PATIENT AND GOOD CITIZENS AND RESUME THEIR SERVICES TO THE PUBLIC. NOTHING, I FEAR, CAN BE GAINED BY ANY OTHER COURSE UNQUOTE.

2. THE FOLLOWING IS THE TEXT OF THE STATEMENT ISSUED ON BEHALF OF THE UNELCO OFFICE SHORTLY AFTERWARDS:

QUOTE THE UNOFFICIAL MEMBERS OF THE UNELCO HAVE HAD A THOROUGH DISCUSSION AMONGST THEMSELVES AND WITH THE ADMINISTRATION AND HAVE REPRESENTED VIVIDLY AND STRONGLY THE FEELINGS AND THE GRIEVANCES OF THE REPRESENTATIVES OF THE TAXI TRADE. THE UNOFFICIALS ARE GENERALLY SYMPATHETIC WITH THE OPERATORS' COMPLAINTS AND WELCOME THE ADMINISTRATION'S PROMPT AGREEMENT TO THEIR REQUEST FOR AN EARLIER SITTING OF LEGISLATIVE COUNCIL WHEN THE PROS AND CONS OF THE PROPOSALS WILL BE FULLY AIRED AND DISCUSSED. IN THE MEANTIME, THE UNOFFICIALS WILL, IN THE NEXT FEW DAYS, STUDY AND DISCUSS IN MORE DETAIL THE VARIOUS POINTS OF CONTENTION.

APART FROM ASKING THE ADMINISTRATION TO ADVANCE THE DATE OF THE LEGISLATIVE COUNCIL SITTING, MEMBERS ARE TO PRESS FOR SUBSTANTIAL AMENDMENTS TO THE BILLS WITH A VIEW TO MAKING IT FAIR AND REASONABLE FOR TAXI OPERATORS. FAILING THIS, MEMBERS MAY REJECT THE BILLS ALTOGETHER.

WE BELIEVE WE WILL BE ABLE TO PRESENT SOME USEFUL SUGGESTIONS THAT WILL ALLEVIATE THE HARDSHIP OF TAXI OPERATORS. WE SINCERELY HOPE THAT REPRESENTATIVES OF THE TAXI TRADE WILL BE SUCCESSFUL IN APPEALING TO THEIR COLLEAGUES, IN THE GENERAL INTEREST OF THE COMMUNITY, TO RESUME NORMAL OPERATIONS UNQUOTE.

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FM HONG KONG 140540Z JAN 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 108 OF 14 JANUARY 84

INFO IMMEDIATE HONG KONG GOVERNMENT OFFICE LONDON, PEKING,  
HK GOVT REPS WASHINGTON, CG NEW YORK, BRUSSELS, UKMIS GENEVA

OUR TELNOS 103 AND 104: INCREASE IN REGISTRATION TAX AND LICENCE  
FEES FOR TAXIS.

FURTHER TO PARAGRAPH 4 OF OUR TELNO 103, THE BACKGROUND TO THE  
UMELCO PRESS RELEASE IS A COMPLICATED ONE. TO SUMMARISE IT, THE  
PACKAGE WE AND UMELCO HAD AGREED UMELCO SHOULD TRY TO GET THE  
TAXI OPERATORS TO ACCEPT WAS:

- (A) UMELCO HAD LISTENED CAREFULLY TO THE TAXI OPERATORS  
REPRESENTATIONS:
- (B) UMELCO HAD BEEN IMPRESSED BY THE ARGUMENTS UNDERLYING THESE  
REPRESENTATIONS:
- (C) UMELCO WOULD, THEREFORE, PRESS THE ADMINISTRATION TO ACCEPT  
APPROPRIATE AMENDMENTS TO THE TWO BILLS AND REGULATIONS:
- (D) SHOULD THE ADMINISTRATION NOT ACCEPT THE PROPOSED AMENDMENTS  
THEN UNOFFICIALS WOULD VOTE AGAINST THE BILLS IN LEGISLATIVE  
COUNCIL.

2. AFTER LENGTHY DISCUSSIONS WITH THE TAXI OPERATORS, UMELCO  
WERE PERSUADED THAT THESE FOUR POINTS DID NOT AMOUNT TO A  
SUFFICIENTLY STRONG UNDERTAKING TO PREVENT THE BILLS AS DRAFTED  
COMING INTO FORCE TO SATISFY THE TAXI OPERATORS. UMELCO  
CONCLUDED THAT THE ONLY WAY TO GET THE DRIVERS BACK TO WORK  
WAS AN UNAMBIGUOUS STATEMENT THAT UNOFFICIALS WOULD OPPOSE THE  
BILLS AS DRAFTED IN LEGISLATIVE COUNCIL ON 18 JANUARY, I.E. THEY  
WOULD NOT PUT FORWARD ANY AMENDMENTS AT THE COMMITTEE STAGE BUT



BILLS AS DRAFTED IN LEGISLATIVE COUNCIL ON 18 JANUARY, I.E. THEY WOULD NOT PUT FORWARD ANY AMENDMENTS AT THE COMMITTEE STAGE, BUT JUST VOTE THE BILLS OUT ON THE SECOND READING. I ARGUED STRONGLY AGAINST SUCH A STATEMENT ON THE GROUNDS THAT IT WOULD INVOLVE A COMPLETE CAPITULATION TO FORCE WITH SERIOUS IMPLICATIONS FOR THE FUTURE. THEY WERE NOT TO BE PERSUADED AND BEFORE MIDNIGHT INSISTED ON ANNOUNCING THEIR REVISED POSITION TO THE PRESS. SUBSEQUENTLY, IN THE COURSE OF MEDIA INTERVIEWS, SEVERAL MEMBERS, NOTABLY FANG AND BROWN, WENT EVEN FURTHER BY SAYING THAT THEIR UNDERTAKING TO VOTE OUT THE BILLS WAS CONDITIONAL UPON THE TAXI OPERATORS DISPERSING AND RETURNING TO NORMAL DUTIES, DESPITE OUR CLEAR UNDERSTANDING THAT THE UNOFFICIALS DID NOT SEE THE ONE AS A TRADE-OFF FOR THE OTHER. THIS CAN FAIRLY BE HELD RESPONSIBLE FOR THE MANY REFERENCES TO 'CAPITULATION' IN TODAY'S PRESS STORIES.

3. WE ARE NOT CONSIDERING HOW BEST TO HANDLE THE RESUMED LEGISLATIVE COUNCIL DEBATE ON 18 JANUARY AND I HAVE COME THE FOLLOWING PRELIMINARY VIEWS:

(A) DEPENDING ON JUST HOW UNOFFICIALS SPEAK, AND ALONG WHAT LINES, AND THE DEGREE OF UNANIMITY OR OTHERWISE, WE SHALL FIELD 2-3 OFFICIAL SPEAKERS IN ADDITION TO THE SECRETARY FOR TRANSPORT. ESSENTIALLY, THEY WILL RESPOND TO SPECIFIC CRITICISMS AND REHEARSE THE CASE FOR THE POLICY BEHIND THE PACKAGE:

(B) OFFICIALS WILL BE INSTRUCTED TO ABSTAIN FROM VOTING  
THEREBY ALLOWING THE BILLS TO BE VOTED OUT ON THE SECOND READING:

(C) AS TO THOSE ELEMENTS OF THE PACKAGE WHICH ARE NOT PART OF THE BILLS, LEGISLATIVE COUNCIL WILL BE TOLD THAT THE ADMINISTRATION'S INTENTION IS TO SEEK EXECUTIVE COUNCIL'S ADVICE ON

(I) TO RETAIN THE FREEZE ON THE ISSUE OF FURTHER TAXI LICENCES: AND

(II) ON THE QUESTION OF FARE INCREASES.

4. AS REGARDS PARAGRAPHS 3(C)(I): IT REMAINS IMPORTANT, ON TRANSPORT POLICY GROUNDS TO LIMIT THE GROWTH OF THE URBAN TAXI FLEET AND SO WE REALLY CANNOT AVOID GIVING AWAY THIS CARD (REGRETTABLY). THE RETENTION OF THE FREEZE WILL INVOLVE A LOSS OF REVENUE FROM TENDER PREMIA OF SOME DOLLARS 170 MILLION.

5. AS REGARDS PARAGRAPH 3(C)(II): THIS IS NECESSARY BECAUSE THE INCREASES AS AT PRESENT PROPOSED INCLUDE AN ELEMENT IN RECOGNITION OF THE INCREASES IN FRT AND ALF WHICH WILL NOW LAPSE WITH THE BILLS.

6. WHEN PASSING A COPY OF THIS TELEGRAM TO SIR E. YOUDE AT HIS HOTEL PLEASE TELL HIM THAT I SHALL TRY TO TELEPHONE HIM AT A CIVILISED HOUR OVER THE WEEKEND. I SHALL BE AVAILABLE ON 96696 APART FROM THE LATTER PART OF THIS AFTERNOON AND BETWEEN 0830 HOURS AND 1100 HOURS TOMORROW MORNING (SUNDAY).

HADDON-CAVE



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Sir P Crockett

FM HONG KONG 140445Z JAN 84

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TO IMMEDIATE FCO

HKGO, London

TELEGRAM NUMBER 107 OF 14 JANUARY

INFO IMMEDIATE HONG KONG GOVERNMENT OFFICE LONDON, PEKING  
INFO ROUTINE HK GOVT REPS WASHINGTON, CG NEW YORK, BRUSSELS,  
UKMIS GENEVA

TAXI OPERATORS DISPUTE: PRESS COVERAGE.

ALL NEWSPAPERS DEVOTED FULL-PAGE COVERAGE TO THE TAXI OPERATORS DISPUTE AND THEIR DECISION IN THE EARLY HOURS OF THIS MORNING TO CALL OFF THEIR PROTEST ACTION. ALL NEWSPAPERS DREW A DISTINCTION BETWEEN THAT DISPUTE AND YESTERDAY EVENING'S DISTURBANCES IN KOWLOON CAUSED BY 'UNRULY AND IRRESPONSIBLE ELEMENTS'.

2. ALL PAPERS REPORTED THE ANNOUNCEMENTS MADE BY MYSELF AND UMELCO (MY TELNO 98). THERE WAS PREDICTABLE INTEREST TOO IN THE TAXI OPERATORS UNIONS CALL ON NCNA YESTERDAY AND A STATEMENT ISSUED BY NCNA DEPUTY DIRECTOR QU FENG, AND REPORTED PROMINENTLY IN THE COMMUNIST PRESS. FULL TEXT READ (NCNA TRANSLATION):

'WE HAVE BEEN SHOWING CONCERN ON THE MATTER ALL THE TIME, BUT THE LOCAL OFFICE OF THE XINJUA NEWS AGENCY IS NOT THE HONG KONG GOVERNMENT. THE HONG KONG GOVERNMENT HAS SPECIAL DEPARTMENTS TO DEAL WITH THE MATTER. SINCE YOU HAVE APPLIED THROUGH THE CHANNEL OF MANY ELECTED COUNCILLORS TO SOLVE YOUR REQUEST IN A REASONABLE WAY, WE BELIEVE THE CONCERNED PARTIES WILL ADOPT PROMPT MEASURES TO SOLVE THE ISSUE, WITH THE PURPOSE OF MAINTAINING HONG KONG'S STABILITY AND PROSPERITY. WE HOPE YOU ALL CAN KEEP CALM AND



TO SOLVE THE ISSUE, WITH THE PURPOSE OF MAINTAINING HONG KONG'S STABILITY AND PROSPERITY. WE HOPE YOU ALL CAN KEEP CALM AND PREVENT THE INTERFERENCE OF DISTURBING FACTORS AND PAY ATTENTION TO SOLIDARITY AMONG YOURSELVES.''

3. IN ADDITION TO THE NCNA STATEMENT, WEN WEI PO AND TA KUNG PAO (BOTH COMMUNIST) PUBLISHED EDITORIALS APPLAUDING THE FACT THAT THE TAXI OPERATORS DISPUTE HAD BEEN RESOLVED 'WITHIN 32 HOURS' AND PRAISED 'THE AUTHORITIES' AND THE TAXI OPERATORS FOR REACHING A REASONABLE SETTLEMENT THROUGH NEGOTIATION AND COMPROMISE. BOTH PAPERS CONDEMNED THE UNRULY THUGS WHO HAD CAUSED THE DISTURBANCES IN KOWLOON. THEIR ACTIONS THREATENED TO UNDERMINE HONG KONG'S STABILITY AND PROSPERITY. TA KUNG PAO SAID THAT THE YEARS AHEAD CALLED FOR COOPERATION AMONG THE PEOPLE OF HONG KONG TO MAINTAIN THE TERRITORY'S PROSPERITY AND STABILITY. THE PRESENT STORM HAD NOW CLEARED AND THE PAPER HOPED THAT THE APPROPRIATE LESSONS HAD BEEN LEARNED. WEN WEI PO SUGGESTED THAT THE WHOLE INCIDENT COULD BE SEEN IN THE CONTEXT OF THE TALKS ON HONG KONG'S FUTURE. THE PAPER HOPED THAT THE AUTHORITIES WOULD TAKE INTO ACCOUNT THE 'HARDSHIPS' CAUSED BEFORE INTRODUCING SUCH TAX INCREASES IN FUTURE.

4. THESE THEMES WERE ECHOED IN THE MINOR LEFT-WING PRESS ALTHOUGH TIN TIN DAILY NEWS (PRO-CHINA) CRITICISED THE HONG KONG GOVERNMENT FOR LEAVING TO UMELCO THE TASK OF NEGOTIATING WITH THE TAXI OPERATORS.

5. EDITORIAL COMMENT IN MOST INDEPENDENT NEWSPAPERS TOOK THE VIEW THAT THE HONG KONG GOVERNMENT HAD BEEN FORCED TO BACK DOWN OVER THE PROPOSED INCREASES IN REGISTRATION TAX AND LICENCE FEES FOR TAXIS. ITS CREDIBILITY HAD INEVITABLY BEEN AFFECTED AS A RESULT OF THE MANNER IN WHICH THE INCREASES WERE INTRODUCED, WHICH MOST EDITORIALS DESCRIBED AS BEING HASTY AND WITHOUT PROPER CONSULTATION.

6. REACTION IN THE INDEPENDENT PRESS TO THE NCNA STATEMENT WAS ALMOST UNANIMOUSLY FAVOURABLE. THE INDEPENDENT PAPERS AND EVEN THE EXPRESS AND KUNG SHEUNG DAILY NEWS (BOTH PRO-KMT) DESCRIBED NCNA'S ROLE AS 'APPROPRIATE' OR 'RATIONAL'. A COLUMNIST IN THE ECONOMIC JOURNAL, HOWEVER, CONSIDERED THE PRESENCE OF URBAN COUNCILLOR AUGUSTINE CHUNG DURING THE TAXI OPERATORS CALL ON NCNA A 'COMPLICATION' THAT WOULD GIVE THE IMPRESSION OF THE HONG KONG GOVERNMENT'S HAVING BACKED DOWN UNDER PRESSURE FROM NCNA. THIS WOULD UNDERMINE THE GOVERNMENT'S CREDIBILITY.