

Report on the Legislative Council Delegation's

Visit to Japan (23 - 27 February 1999)

I. Introduction

On 13 November 1998, the House Committee endorsed the recommendation of the Parliamentary Liaison Subcommittee that a delegation of Legislative Council Members visit Japan in late February 1999. The objectives of the visit were to strengthen the ties established with members of the Japan Hong Kong Parliamentarian League and to gain first-hand information on Japan's experience with the financial turmoil in the country and Asia. A delegation comprising the following Members was formed:

- Hon Edward HO Sing-tin, JP (*Leader of delegation*)
- Prof Hon NG Ching-fai (*Deputy Leader of Delegation*)
- Hon Fred LI Wah-ming
- Dr Hon LUI Ming-wah, JP
- Hon NG Leung-sing
- Hon CHAN Kwok-keung
- Hon CHAN Kam-lam
- Hon YEUNG Yiu-chung
- Hon CHOY So-yuk

2. Mrs Florence LAM, Clerk to the Parliamentary Liaison Subcommittee, accompanied the delegation during the visit.

II. Programme

3. The visit took place from 23 to 27 February 1999. During the five-day visit, the delegation held a meeting with the Honourable Tsutomu Hata (羽田孜), former Prime Minister and Chairman of the Japan Hong Kong Parliamentarian League, called on the Honourable Keizo Takemi (武見敬三), State Secretary for Foreign Affairs and the Honourable Takashi Sasagawa (笹川堯), Director-General, International Affairs Bureau of the Liberal Democratic Party.

4. The delegation received briefings from Mr Akira Kanno (菅野明), Vice Chairman of the Federation of Bankers' Associations of Japan and from Mr Hirotaro Higuchi (樋口廣太郎), Chairman of the Economic Strategy Council on Japan's economy and the measures to stimulate the economy. The Ministry of Labour, the Ministry of Health and Welfare and the Tokyo Metropolitan Government respectively conducted briefings for the delegation on various policy areas including employment, welfare and public housing.

5. The delegation also visited the Diet (Japanese Parliament), the Hong Kong Economic and Trade Office, the Ariake Incineration Plant, and the Tsukuba Science City covering the Tsukuba Information Centre, the National Institute for Advanced Interdisciplinary Research, Tsukuba Space Centre and the National Institute for Environmental Studies.

6. The Japan Hong Kong Parliamentarian League hosted a luncheon in honour of the delegation on 24 February 1999. On the same day, the delegation had dinner with the Japan Hong Kong Society and Japan Hong Kong Business Co-operation Committee. On 25 February 1999, the delegation attended a luncheon meeting with representatives of Japan's tourism industry. The delegation and the Principal Representative, Hong Kong Economic and Trade Office co-hosted a dinner for members of the Japan Hong Kong Parliamentarian League, government officials and senior business executives. The visit programme is in *Appendix I*.

III. Main points of discussions

24 February 1999

Briefing by Mr Akira Kanno, Vice Chairman, the Federation of Bankers' Associations of Japan

7. The delegation called on Mr Akira Kanno, Vice Chairman of the Federation of Bankers' Association of Japan, and received a briefing on Japan's economy and the prospect for recovery. The main points are set out in the following paragraphs.

8. The Federation of Bankers' Association of Japan was established in 1945 as an umbrella organisation for the regionally based bankers' associations in Japan. As at November 1998, the Federation had a membership of 145. Its main objective was to improve the banking business for general economic prosperity.

9. Japan was undergoing a vicious cycle of economic downturn, which was a legacy of the bubble economy. The results of economic reforms and stimulus measures were not as satisfactory as they should have been. The general atmosphere was still pessimistic. Individuals and enterprises were worried about the future of the economy. There were anxieties about redundancy, employment prospects and reduction of benefits. The phenomenon was unprecedented in Japan.

10. Some people predicted that the Japanese economy would improve in the second half of 1999. There were some signs of recovery, which included an increase in car sales, an increase of activities in the residential construction industry and a lowering of interest rate. It was hoped that the provision of tax incentives and low interest rate would encourage potential home-buyers to purchase properties.

11. The problem of bad debts was serious among Japanese banks. Many financial institutions had no resources to invest in new projects. This had affected their overseas operation and investment and financing services for enterprises. In view of the difficulties faced by the banking community, the Japanese Government had planned to inject public funds into 14 to 15 banks at the end of March to relieve their liquidity problem. The effect of this rescue plan had yet to be ascertained.

12. The shrinkage of the financial institutions' overseas operations should be looked upon as a temporary phenomenon. It was not the intention of Japanese banks to withdraw their capital from overseas. In fact, many were exploring investment opportunities and identifying markets with potential. Mainland China and Hong Kong were still their prime targets for investment in the medium and long term.

13. It was believed that maintenance of a low interest rate would facilitate economic recovery. A negative interest rate was unlikely to be pursued. The exchange rate of US\$1.00 to ¥120.00 was considered an optimum level. The lowering of this rate would facilitate exports from Japan but might not be welcomed by the banks.

14. The delegation shared with Mr Kanno the latest economic situation in Hong Kong and the measures taken by the Special Administrative Region Government to revitalise the economy. Members also pointed out that the presence of Japanese financial institutions, especially their investment in infrastructure projects, was important to Hong Kong. Mr Kanno was urged to convey this message to his colleagues in the banking community.

Visit to the Hong Kong Economic and Trade Office

15. The delegation paid a brief visit to the Hong Kong Economic and Trade Office (HKETO) in Tokyo which had just moved into its new premises earlier in the month. Mr Paul LEUNG, Principal Representative, introduced the work of the HKETO and showed members the facilities in the new office.

Call on Hon Keizo Takemi, State Secretary for Foreign Affairs

16. The delegation took the opportunity to brief Hon Keizo Takemi on the latest political and economic situation in Hong Kong after reunification with China.

17. Mr Takemi advised members that the political system in Japan had become more transparent and was maturing, especially after the successive political scandals in recent years. On Hong Kong's situation, the Japanese Government considered that the basic rights encompassing freedom of speech and an open system should be maintained for the continuing prosperity of Hong Kong.

18. Mr Takemi also commented on the Guangdong International Trust and Investment Corp (GITIC) issue and expressed concern about the existence of grey areas in the relationship between commercial enterprises and government liability, which would have adverse effects on the confidence of foreign investors in the financial system in China. A member of the delegation pointed out that the GITIC issue was a unique case and should not be taken as a common phenomenon. The delegation also pointed out that despite the economic downturn in the past year, the situation in Hong Kong had stabilised and that the continuation of Japanese investment was vital to Hong Kong's recovery.

19. In the light of the fact that over 560,000 Hong Kong tourists visited Japan in 1998, the delegation asked whether the Japanese Government would consider granting visa-free treatment to Hong Kong Special Administrative Region (HKSAR) residents. It was believed that this would facilitate exchanges on all fronts and strengthen the relationship between the two places. A related issue was the difference in fees charged for processing visas to enter Japan for holders of British National Overseas (BNO) passports and Special Administrative Region (SAR) passports.

20. Mr Takemi explained that the Japanese Government had laid down very clear legal procedures for foreign nationals to enter Japan. The purpose of doing so was to close all channels of illegal immigration so as to protect the local labour force. In respect of the fees for visas, the Japanese Government had an agreement with the United Kingdom Government for processing visa applications from BNO passport-holders, which could not be similarly applied to SAR passport-holders. However, he noted the delegation's views and agreed to take this up within the Government.

21. The delegation reassured Mr Takemi that the security features of SAR passports were of a high standard and only the Immigration Department of the HKSAR Government had the authority to issue such passports. As an alternative to granting visa-free treatment to Hong Kong residents, the Japanese Government could also consider giving 'indefinite' multiple entry visas for the life of the applicants' passports, a practice adopted by the United States Government in processing visa applications in Hong Kong. Mr Takemi noted this suggestion.

**Luncheon Meeting with members of the Japan Hong Kong
Parliamentarian League**

22. Hon Tsutomu Hata, Chairman of the Japan Hong Kong Parliamentary League (JHKPL), and ten members attended the luncheon meeting. In the opening remarks, the Secretary General of the JHKPL, Hon Shozaburo Jimi, extended a warm welcome to the delegation.

23. Hon Edward HO, Leader of the delegation, said in his speech that since 1992, the Parliamentary League had provided a most valuable link between the two legislatures. Members of the first Legislative Council of the Hong Kong Special Administrative Region were delighted to renew these ties and hoped that the delegation's visit would facilitate further exchanges. Mr HO also took the opportunity to brief the Japanese parliamentarians on the latest political and economic developments in Hong Kong. He also pointed out that Japanese investment and tourist arrivals had always been important to Hong Kong, and hoped to see the return of a strong Japanese participation in the Hong Kong economy.

24. Hon Tsutomu Hata expressed confidence in Hong Kong's economy and assured the delegation that Japanese companies and financial institutions would continue to invest in Hong Kong. With regard to tourism, there was an increasing interest in Hong Kong as a place to visit. He also pointed out that for Hong Kong to remain prosperous, the successful implementation of the 'One Country, Two Systems' concept was important.

25. In the ensuing discussion, members of the delegation and the JHKPL exchanged views on a variety of subjects including the promotion of co-operation in science and technology between Japan and Hong Kong, and exchanges between Hong Kong and Taiwan.

26. The JHKPL planned to visit Hong Kong in late April/early May 1999 and expressed an interest in meeting Members of the Legislative Council for further exchanges.

Visit to the National Diet of Japan

27. Hon Shozaburo Jimi, Secretary General of the JHKPL, briefed the delegation on the composition of the House of Representatives and the history of the National Diet. The delegation was invited to undertake a tour of the Chamber, the Emperor's Room and the Secretariat of the Liberal Democratic Party in the Diet Building.

Call on Mr Hirotaro Higuchi, Chairman, the Economic Strategy Council

28. The delegation called on Mr Hirotaro Higuchi, Chairman of the Economic Strategy Council. The Economic Strategy Council was inaugurated in August 1998 as an advisory board to Prime Minister Keizo Obuchi. It was composed of ten members. Its mission was to discuss and make long-term proposals for reviving the Japanese economy and for building a prosperous economic society in the 21st century.

29. During the meeting, the delegation was presented with a copy of the Interim Report on Strategies for Reviving the Japanese Economy published by the Economic Strategy Council. According to Mr Higuchi, the Final Report would be submitted to the Prime Minister at the end of February 1999.

30. Mr Higuchi told the delegation that Japan's National Budget for Fiscal 1999 was passed at a record time on 19 February 1999 so that the proposed measures to revitalise the economy could be implemented immediately. Economic stimulus packages totalling 76 trillion yen (HK\$4,903 billion)¹ would be implemented to cope with the economic downturn brought on by the bursting of the bubble economy, and the rapid decline of tax revenues in the central and local governments. Public funds amounting to 25 trillion yen (HK\$1,612.8 billion) would also be injected into the banking sector to revitalise their overseas operations. There was an urgent need for the financial institutions to implement drastic structural reforms to restore confidence in the financial system and to meet future challenges.

31. Other economic stimulus measures included 'mobilising real estate' through the deregulation and fostering of investment in the real estate market, selling government land, introducing tax reforms to reduce the personal tax (from 65% to 52%) and corporate tax and to increase the consumers' tax in the long run, and streamlining the civil service by 20%.

32. Japan had experienced a 4% negative growth. The forecast growth for 1999 was 0.5%. It was hoped that a 2% growth rate could be regained by 2001. It was also predicted that the various short-term economic policies as enshrined in the National Budget would achieve their effect in two years' time. Through legislation and the implementation of structural reforms in both the public and private sectors, Japan's economy was expected to recover in ten years' time.

33. Japan hoped that the disorder in Asia would soon be corrected as the Asian economies were complementary to one another. It had offered a loan of about US\$70 billion (HK\$542.5 billion) to Thailand, Indonesia, Philippines and Korea to help them recover. Japan was also committed to the economic development in Mainland China. For example, 1,200 out of 2,000 enterprises in Dalian were financed by Japanese capital.

¹ Exchange rate as at 31.3.99 : ¥100 = HK\$6.4513 ; US\$1 = HK\$7.75

34. The delegation informed Mr Higuchi that Japan's experience would provide very useful reference for Hong Kong, as we were experiencing similar problems. As Japan's economy was the largest in Asia, Hong Kong looked to Japan for leadership in helping the Asian economies to recover. Upon the delegation's request, Mr Higuchi kindly agreed to forward to the delegation a copy of the Final Report on Strategies for Reviving the Japanese Economy as soon as it was ready for release.

Briefing by the Ministry of Labour on Japan's unemployment problem

35. Mr Kenji Tsunekawa , Director of the International Labour Affairs Division and Mr Shun-ichi Uemura (上村俊一), Director of Overseas Labour Information Office briefed the delegation on Japan's employment policy and specific measures to address the unemployment problem which had worsened because of the recent economic downturn. The Ministry of Labour was charged with responsibility to increase the availability of job opportunities, to offer alternative employment to ensure continuing employment, and to provide social security and job training.

36. Some specific measures under the 'Comprehensive Plan for Employment Activation', which was one of the action plans of the 'Emergency Economic Measures' adopted by the Japanese Government in November 1998, included:

- strengthening the support for job creation in small and medium-sized enterprises (SMEs);
- implementing comprehensive support measures for the development of venture companies;
- providing temporary and short-term employment opportunities for middle-aged, elderly and disabled workers through various incentive measures and implementation of trial employment;
- providing assistance and support to employers who hired disadvantaged workers (for example, an employer would be given 300,000 yen (HK\$19,354) for creating a new job for the employment of a middle-aged or elderly worker);
- providing vocational training and counselling for job seekers;
- implementing model projects to promote employment through matching labour supply and demand; and
- implementing positive measures to assist young people in seeking jobs.

37. As a short-term relief, unemployed workers were provided with unemployment benefits. To qualify for these benefits, workers were required to contribute to the Unemployment Insurance Fund at least for six months prior to application. Both employers and employees contributed 0.4% respectively to the Fund. On top of this, employers paid another 0.3% to the government. The government's contribution to the Fund was 1.4%. Payments from the Fund amounted to 60% to 80% of the workers' former wages. Elderly workers could claim the benefits up to a period of one year but young workers could only claim up to three months. The period of entitlement could be extended if the claimants were receiving vocational training. Job consultation was offered to the claimants. Job counsellors would visit local companies and industrial undertakings to look for jobs for the unemployed. Claimants who were not willing to work would have their benefits reduced.

**Call on Hon Takashi Sasagawa,
Director-General, International Affairs Bureau, Liberal Democratic Party**

38. Hon Edward HO updated Hon Takashi Sasagawa and his colleagues on the latest political and economic developments in Hong Kong. He also urged for closer co-operation between Hong Kong and Japan in trade and tourism.

39. In response to the delegation's interest in Japan's electoral system, Mr Sasagawa provided the following information. The present election system, which was adopted in 1996, was a combination of the single-seat constituency system and proportional representation. Out of 500 Members in the House of Representatives, 300 were elected from single-seat constituencies, and the remaining 200 by proportional representation. For proportional representation, the nation was divided into 11 electoral blocs which, according to the size of each bloc, would return between seven and 33 Members. Voters cast two ballots: one for an individual candidate in the single-seat constituency, and another one for a political party in the proportional representation election. For elections to the House of Councillors, 100 of the 252 Members were elected by proportional representation from a single nationwide electoral district. The remaining 152 were elected in 47 prefectural constituencies, each returning two to eight Members. Voters cast two ballots: one for a political party (proportional representation) and one for an individual candidate.

40. Currently, the Liberal Democratic Party held 266 seats in the House of Representatives and 104 seats in the House of Councillors.

41. With regard to the role of political parties during the elections, Mr Sasagawa was of the view that in Japan, personal relations were more important than political affiliation. This was illustrated by the fact that over 50% of voters cast their votes not because of the candidates' party affiliation. This phenomenon should not be taken to prove the diminishing role of political parties. On the contrary, it demonstrated the importance of the work done by candidates for their respective constituencies and the increasing political maturity of the Japanese electorate.

42. Election budgets varied according to the size of the constituencies and were strictly monitored. For a constituency with a population of 400,000, a candidate could spend up to 20,000,000 yen (HK\$1.3 million) on electioneering activities. Individual candidates could not publicize on television, though political parties were allowed to do so.

43. Despite the current political instability within the Liberal Democratic Party, Mr Sasagawa was confident that the Party would win the next election as the effects of the economic policies implemented by the incumbent government would be achieved by then.

**Dinner with the Japan Hong Kong Society
and Japan Hong Kong Business Co-operation Committee**

44. The Japan Hong Kong Society was established in 1988 with the objectives of deepening Japanese' understanding of Hong Kong and promoting economic and cultural exchanges between the two places. It had over 1,100 individual and corporate members from different sectors including trading, manufacturing, finance, retailing, construction, transportation, media, communication and government organisations.

45. The Japan Hong Kong Business Co-operation Committee was established in 1979 with the objectives of fostering understanding between the business communities of Hong Kong and Japan, and promoting trade, investment and other economic co-operation between the two territories.

46. The dinner was organised by the Hong Kong Trade Development Council for the delegation to meet members of the Japan Hong Kong Society and Japan Hong Kong Business Co-operation Committee, and other business executives. There were ample opportunities for sharing and exchanges during the reception and dinner. Hon Edward HO, in his speech delivered at the dinner, called for a strengthening of the cultural and business ties between Japan and Hong Kong and urged Japan to lead the region out of economic hardship. Mr Akira Okada (岡田晃), former Japanese Consul-General to Hong Kong and Chairman of the Japan Hong Kong Society, pledged the Society's support for Hong Kong and expressed confidence in the Hong Kong economy.

25 February 1999

Briefing by the Ministry of Health and Welfare on Japan's social security system

47. Mr Teiichi Fujiwara (藤原禎一), Deputy Director of the International Affairs Division briefed the delegation on the changes in Japan's population and family structures which had affected the social security system. In 1996, the average life expectancy for Japanese men was 77.01 years old and that for women was 83.59 years old. At the same time, the number of child-births had dramatically decreased. The total fertility rate in 1998 was 1.43. For these reasons, the Japanese population was rapidly aging. In 1997, the ratio of the elderly population (65 and older) to the total population was 14.6%. It was expected to continue to increase to 27.4% by 2025. Coupled with increases in the number of working women and elderly persons living alone, there was a high demand on the social security system.

48. In 1998, the total expenditure for implementing various social security programmes was 78 trillion yen (HK\$5,032 billion). This amounted to one-third of the total government expenditure.

49. In view of an increasing demand on the social security system and changes in the economic conditions, the Japanese Government considered it important to implement structural reforms of the system according to the

following principles:

- the needs of the Japanese people should be properly met while maintaining a balance with the national economy;
- establishing an efficient and user-oriented framework for providing services with emphasis on in-home services to assist people in becoming self-sufficient; and

- promoting involvement of the private sector through deregulation and other measures while keeping an appropriate balance between the public and the private sectors.

The target of these reforms was to keep the ratio of tax and social security burden to national income at 50% or less at the peak of the aging of the population.

50. In response to the delegation's interest in Japan's public pension schemes, Mr Fujiwara provided the following information. The current public pension schemes had a two-tier structure. The National Pension covered every Japanese citizen with basic benefits. The Employees' Pension Insurance and Mutual Aid Pension provided employees with pensions which supplemented the National Pension and were proportional to the employees' remuneration. The current monthly insurance contribution to the National Pension from citizens within the age range of 20 to 60 was 12,800 yen (HK\$826). The pension benefit amount was revised every year according to increases in the consumer price index. It was also reviewed at least once every five years to take into account improvements in the living standard and other factors.

51. Under the social security system, public assistance was offered to the elderly, the disabled, the unemployed, families with children, single-parent families and low-income families (income below 176,316 yen (HK\$11,375) for a three-person family and 108,000 yen (HK\$6,967) for a 70-year-old elderly person in Tokyo). In determining the level of assistance, regional differences and the applicants' all other sources of income and assistance would be taken into account. Applicants had to dispose of all their assets, other than the property they occupied, in order to qualify for assistance.

Luncheon meeting with Japan tourism industry representatives

52. The luncheon meeting was organised by the Hong Kong Tourist Association (HKTA). Six tourism industry representatives, who were Presidents or Chief Executives of major tourist corporations in Japan, were invited to meet members of the delegation. At the speech delivered at the meeting, Hon Edward HO conveyed the message that despite the economic downturn, Hong Kong remained the attractive cosmopolitan city in Asia and the tourism industry was beginning to show some signs of recovery. Hong Kong was now able to offer competitive pricing in hotel accommodation, the retail business and Chinese and international cuisines. The new Hong Kong

International Airport had been rated by the American 'Travel & Leisure' magazine as one of the best in the world. The Special Administrative Region Government was negotiating with theme park operators to introduce new tourist attractions in Hong Kong. Mr HO urged the tourist corporations to help promote Hong Kong's image as a destination for visit.

53. Mr Kunio Kano, Regional Director (Japan and Korea) of HKTA, made a comprehensive presentation on the activities organised by HKTA in 1998 to promote Hong Kong's tourism. As regards the prospects for 1999, Mr Kano set out the following economic factors: the unemployment rate was 4.4%; the banking institutions were undergoing a period of consolidation; consumer spending was slowing down; the forecast economic growth was 0% to 0.5%; and economic stimulus measures and tax cuts were being implemented. The key objectives for 1999 were to enhance the positive image of Hong Kong and to strengthen the position of Hong Kong as the leading travel destination for short-haul travellers. Young females, seniors and families would be targeted. In addition to the regular promotion activities, the following strategies would be adopted: utilising celebrities; boosting awareness of Hong Kong by projecting the image of superstars such as Jackie Chan; promoting television drama series and films produced in Hong Kong; and continuing the tactical campaign 'Summer for family and winter for seniors'. The forecast for arrivals in Hong Kong in 1999 was 964,000, an increase of 2% over that of 1998.

54. The tourism industry representatives shared their concerns about the effect of the economic recession in Asia and the severe business climate within which the industry had to operate. Ideas on how the image of Hong Kong could be enhanced were also discussed. Members of the delegation were appreciative of their contribution and support for the tourism industry in Hong Kong.

Visit to the Ariake Incineration Plant

55. The Ariake Incineration Plant was built in 1994 to process the waste generated in Koto City located in south-eastern side of Tokyo. The building was purposely designed to harmonise with the waterfront landscape; and the sharp-edged triangular stack clad with glass curtain wall, which was 140 meter high, became the landmark of the waterfront area rather than an objectionable-looking feature. The Plant was also renowned for its environmentally friendly features. One such feature was the waste collection system. Refuse was collected automatically from individual refuse deposit units called 'user's facility' to the Plant through the vacuum pipeline network transport system which was built underground.

56. Another feature of the Plant was its heat utilisation system. Heat energy generated from burning the waste was recovered and supplied to the Koto City Ariake sports centre which was located nearby, the district heating

and cooling facility and the steam turbine to generate electric power.

57. The Plant was able to treat 400 tons of waste per day. It burned waste into one-twentieth of its original size contributing to the longer use of landfill sites. It was also equipped with facilities for exhaust gas treatment and waste water treatment.

58. The delegation was impressed with the Ariake Incineration Plant's forward-looking and comprehensive design, its exceptionally sanitary conditions and environmentally friendly features. It was considered an excellent model for Hong Kong to follow in planning and designing its public works.

**Briefing by the Tokyo Metropolitan Government
on housing policy for the lower income group**

59. The delegation was briefed on the development of the housing policies since the 1950s. Housing problems in Tokyo were still acute. According to a survey conducted by the Tokyo Metropolitan Government, over 30% of respondents expressed dissatisfaction with their present housing. Some of the reasons given were: inadequate living space; high rental; sub-standard housing (it was estimated that 7.8% of the households in the whole of Japan and 15.5% in Tokyo were below the minimum housing standard); location too distant or inconvenient for commuting; and a high concentration of old wooden apartment buildings. Elderly persons, who would account for 25% of the population by 2015, often had difficulties in finding suitable accommodation in the private sector.

60. To address the various problems, the Tokyo Metropolitan Government had formulated a new housing policy - the Tokyo Metropolitan Housing Master Plan for implementation from 1996 to 2005. The goals of this Plan were to provide more spacious homes in a good environment and to hold housing costs down to a level affordable by the average family. There were four components in the Plan:

- expanding the supply of public housing to make available reasonably priced units to the middle-income households;
- increasing the number of housing units designed to meet the needs of the elderly and the disabled;
- promoting the provision of superior private rental housing units; and
- providing good-quality housing by achieving a more efficient use of land and creating a desirable residential environment.

The target of the Plan was to build 1,750,000 new housing units over ten years. Of this number, the Tokyo Metropolitan Government would provide various

support measures for building 350,000 units in the public and private sectors.

61. As there was a decrease in the number of families with children in the central areas of Tokyo, efforts were being made to reverse this population outflow.

62. After the briefing, the delegation visited some model flats at the Daiba Tokyo Metropolitan Housing Estate. The Estate was developed on 440 hectares of land. It offered 14,000 housing units for 40,000 residents. Rentals ranged from 40,000 yen (HK\$2,581) to 70,000 yen (HK\$4,516), which were about 15% of the average household income. Elderly residents with no income were not required to pay rents. Existing tenants whose income exceeded the income levels for public housing would be required to move out of the Estate. The housing units were allocated by drawing lots. Applicants with adverse living conditions would be given a higher priority. On average, eligible applicants would be allocated a unit in six months to one year.

Dinner hosted by the delegation and the Principal Representative of the Hong Kong Economic and Trade Office

63. Fifteen guests attended the dinner on 25 February 1999. They included Hon Tsutomu Hata, Chairman of Japan Hong Kong Parliamentary League, Hon Wakako Hironaka, Member of the House of Councillors, Mr Luo Tien-guang (羅田廣), Counsellor and Consul-General of the People's Republic of China, officials from the Ministry of International Trade and Industry and Ministry of Foreign Affairs, bankers and business executives.

64. Speeches were delivered by Mr Paul LEUNG, Hon Edward HO and Hon Tsutomu Hata respectively. All of them expressed confidence in the speedy economic recovery of Japan and Hong Kong and considered mutual support and co-operation essential. Mr HO also took the opportunity to thank the Japan Hong Kong Parliamentary League for their hospitality and the Ministries for conducting the briefings for the delegation.

26 February 1999

Visit to the Tsukuba Science City

Tsukuba Information Centre

65. Tsukuba Science City was located 60 km northeast of Tokyo. It was

built in the 1970s with complete public and community facilities to relieve the overcrowded conditions in Tokyo through a systematic relocation of research and educational institutes. It was composed of the city of Tsukuba and the town of Kukizaki encompassing 28,560 hectares of land. The research and education district covered about 2,700 hectares in the centre of Tsukuba Science City. It had grown to become Japan's largest technological centre. There were 46 national research and educational institutions, 13 public organisations and approximately 300 companies representing research institutions from 46 countries. As at February 1998, the City had 64,000 inhabitants and the various institutes employed more than 13,000 researchers.

National Institute for Advanced Interdisciplinary Research

66. Mr Nakayamada of the National Institute for Advanced Interdisciplinary Research told the delegation that the Institute was founded in January 1993 for the purpose of carrying out basic and advanced research in the interdisciplinary areas through co-operation among the industrial, academic and government sectors and international collaboration. Current research projects included Atom Technology; 3D Tissue Module; Biomolecular Mechanism; Optical Memory and Chemo-intelligence. A total of 262 research staff were engaged. For 1998, research funds amounted to 4,341 million yen (HK\$280.1 million).

67. The delegation visited the laboratories carrying out research on 3D Tissue Module and Atom Technology and was briefed on the latest findings and developments in these projects.

Tsukuba Space Centre

68. The Tsukuba Space Centre was opened in 1972 and served as the hub of the National Space Development Agency's satellite tracking and control network in Japan. The Centre was responsible for hardware development, test operations, space experiments and astronauts training. It also conducted co-operative research programmes with other organisations. The Centre's library was renowned for its extensive collection of space-related technical articles.

69. A tour of the centre and its various facilities was conducted for the delegation.

National Institute for Environmental Studies

70. The National Institute for Environmental Studies was established in 1974 at Tsukuba Science City as the main research branch of the Environmental Agency of the Government of Japan. It was the only national institute for comprehensive research in environmental sciences. In addition to the basic studies on air pollution, water pollution, soil contamination, noise and offensive odour, the Institute also conducted research on global environmental changes such as global warming and ozone depletion and their effects, and on conservation of the natural environment.

71. The Institute had two project-oriented research divisions, six fundamental research divisions and three supporting centres. It had a total of 270 permanent staff, 176 of which were researchers of various specialties. In 1997, its budget amounted to 10,511 million yen (HK\$678.1 million).

72. The delegation also visited the Environmental Information Centre which was responsible for collecting and providing environmental information. Through its Information Management Section, Database Section and Library and Research Information Section, the Centre processed a wide range of environmental information and made this available for use by the general public and other governmental organisations and laboratories.

73. Relevant papers and materials presented by the Ministries and public organisations are listed at *Appendix II*. A set of the papers will be placed in the Library of the Legislative Council for Members' perusal on request.

IV. Conclusions

74. The visit to Japan took place at a critical time when Asia was beginning to show signs of recovery from the financial crisis. Members were able to obtain first-hand information from Japanese government, parliamentary and business leaders on how their country had adapted over the last decade to the economic downturn. The measures adopted by Japan had taken some time to consolidate and materialise. Despite continuing anxieties and uncertainties, the Japanese Government was very determined to proceed with the banking and financial reforms and to adopt a wide range of policy initiatives to address the negative impact of the economic downturn and to pave the way for the recovery. These measures provide useful reference for Hong Kong.

75. The Japanese Government's vision and long-term planning in promoting the development of high-tech industries, protecting the environment, implementing comprehensive support measures for the unemployed and providing affordable housing for the middle and lower-income groups are all worthy of our careful consideration in Hong Kong.

76. The Japan Hong Kong Parliamentarian League provides the most useful link for the two legislatures to enhance mutual understanding. Members of the delegation made full use of the visit to brief their Japanese counterparts on the latest developments in Hong Kong. The visit has rekindled communication between the two sides. We look forward to the reciprocal visit by the Japanese side in April/May 1999.

V. Acknowledgements

77. The delegation wish to record their appreciation to Hon Tsutomu Hata, Chairman of the Japan Hong Kong Parliamentarian League, for his hospitality, the Japanese Consulate-General for facilitating the visit, and the Hong Kong Economic and Trade Office for putting together a substantial and useful visit programme.

78. Members are particularly grateful to Mr Paul LEUNG, Principal Representative, for his advice and support, and colleagues of the Hong Kong Economic and Trade Office for accompanying and rendering impeccable service to the delegation throughout the visit. Members also wish to record their appreciation to the Hong Kong Trade Development Council and the Hong

Kong Tourist Association for organising useful forums to introduce the delegation to their respective sectors.

79. Above all, the delegation would like to thank all the parliamentarians, ministers, government officials and leaders of various organisations for sparing their time to meet members and providing them with useful information and briefings on a wide range of subjects.

Legislative Council

April 1999

Papers and Materials Presented by Japanese Organisations

1. Strategies for Reviving the Japanese Economy
(Interim Report)
The Economic Strategy Council of Japan
23 December 1998
2. Strategies for Reviving the Japanese Economy
(Report to Prime Minister Obuchi)
The Economic Strategy Council of Japan
26 February 1999
3. The National Diet of Japan
The House of Representatives
4. Labour Administration
Toward a Secure, Comfortable and Active Society
The Ministry of Labour, Japan
5. Japanese Working Life Profile 1996-97
Labour Statistics
The Japan Institute of Labour
6. Recent Trends in Employment and Prospects of Labour Demand and
Supply in Japan
February 1999
Ministry of Labour, Japan
7. The Outline of the “Comprehensive Plan for Employment Activation”
Ministry of Labour, Japan
8. Health and Welfare in Japan
Ministry of Health and Welfare
9. Outline of Social Security System of Japan
25 February 1999
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10. Ariake Incineration Plant
Bureau of Public Cleansing
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11. Housing of Tokyo
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12. The Tokyo Metropolitan Housing Master Plan
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“Towards an Attractive City to Live in – Tokyo”

13. Tsukuba Science City
Ibaraki Prefecture

14. National Institute for Advanced Inter-disciplinary Research (NAIR)
Agency of Industrial Science and Technology
Ministry of International Trade and Industry

15. Tsukuba Space Centre
National Space Development Agency of Japan

16. National Institute for Environmental Studies
1998/99
Environment Agency of Japan