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A newsletter published by the Hong Kong Economic & Trade Office, the official representative of Hong Kong Special Administrative Region Government in Canada

Hong Kong Disneyland to open in 2005

The Chief Executive, Mr Tung Chee Hwa, has hailed the agreement to build a Disney theme park and resort in Hong Kong as the beginning of a new era for Hong Kong as an international tourism destination.

Announcing the agreement on November 2, Mr Tung said that the Government and The Walt Disney Company would form a joint venture to build a world-class international theme park, a 1,400-room Disney themed resort hotel complex and a retail, dining and entertainment centre at Penny's Bay, on Lantau Island. The number of hotel rooms will increase to 2,100 when Phase I reaches its full capacity.

He said: "Disney's choice of Hong Kong as the site for its third international theme park destination is a vote of confidence in our city and our future."

Mr Tung said the project would produce an estimated C\$29.6 billion boost to the economy over a 40-year period.

He said: "We think that is a pretty good return on our investment. It's a good deal for Hong Kong. It will produce substantial long-term economic returns and enhance our international image as a World City where things happen."

The Chief Executive described Hong Kong Disneyland as "a key strategic infrastructural component" of a renewed and reinvigorated push to strengthen and consolidate Hong Kong's position as a must-see tourism destination.

Attendance of over five million is expected in the park's first year of operation, rising to 10 million after about 15 years.

Mr Tung said Hong Kong Disneyland would enrich the quality of life for Hong Kong residents who would have easy access to a world-class theme park with the highest quality recreational facilities.



The Chief Executive, Mr. Tung Chee Hwa (middle), The Chief Secretary, Mrs. Anson Chan (left), and Chairman of Walt Disney Attractions, Mr. Judson Green – pose with Mickey and Minnie Mouse following the announcement of an agreement to build a theme park in Hong Kong.

The massive theme park project would create around 6,000 jobs during the construction phase. In addition, some 10,000 jobs are expected to be created by the land reclamation and other associated works being funded by the

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Hong Kong still the Freest Economy

The Hong Kong Special Administrative Region (SAR) has retained its rating as the world's freest economy in the 2000 Index of Economic Freedom released by the Heritage Foundation and the Wall Street Journal. The SAR has been rated the world's freest economy for six consecutive years since the Index was first published in 1995.

Speaking at a dinner hosted by the Heritage Foundation and the Wall Street Journal in Hong Kong on November 30, the Chief Executive, Mr Tung Chee Hwa said: "We appreciate the honour

you have done us, and I guarantee you that we won't stop here. This is not a matter of prestige alone, and Hong Kong is certainly very proud of having the title, but we consider it the cornerstone that will guarantee our continued economic success and competitiveness in the next millennium."

Mr Tung said Hong Kong's remarkable economic success over the past few decades owed a great deal to its free and market-oriented economy with fair competition, and that the Government was committed to building the foundation for the healthy development of the market according to

sound economic principles.

The Financial Secretary, Mr Donald Tsang, in welcoming the news said: "This is a recognition that Hong Kong continues to adhere to the free-market principles that have provided the opportunities for our entrepreneurial and hard working community to generate such remarkable economic growth."

The 2000 Index of Economic Freedom was based on an analysis of 50 economic variables in 10 broad categories across 161 economies.

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Government. Hong Kong Disneyland will generate 18,400 jobs at opening and up to 35,800 new jobs over a 20-year period.

The first phase of Hong Kong Disneyland will occupy about 126 hectares of a 280-hectare site to be formed at Penny's Bay, on Lantau Island. It is planned to open in 2005.

The theme park and resort will cost about C\$2.82 billion to build. The Government and Disney will form a joint venture company – Hong Kong International Theme Parks Limited – to develop and operate Hong Kong Disneyland.

The Government will hold 57 per cent of the shares in the company, while initially The Walt Disney Company will hold 43 per cent.

The Government will meet the costs of infrastructure – estimated to be C\$2.72 billion – which includes reclamation, roads, a ferry pier, utilities, Government facilities, a recreational lagoon and extensive

landscaping.

Much of this infrastructure would have been part of the Government's capital works programme to prepare the site for tourism and recreation development even if a Disney theme park and resort were not to be built.

The Government's total investment, including equity, loans and infrastructure expenditure, will be about C\$4.49 billion.

The Chief Secretary for Administration, Mrs Anson Chan, described the agreement to build a Disney theme park as a sound investment in Hong Kong's future and one which Hong Kong could afford.

She said: "You cannot put a price on the message that The Walt Disney Company sends to the world in choosing Hong Kong for its third international theme park destination."

"We have forged a partnership between two of the world's best-known brand names – Hong Kong and Disney," she added.

Mrs Chan said the detailed negotiations over the past nine months had been difficult as both parties attempted to hammer out an acceptable deal. "The result is an exciting project which I am confident will capture the hearts and minds of the Hong Kong people and millions of others beyond our shores," she said.

The Financial Secretary, Mr Donald Tsang, described the project as an infrastructure investment which would generate returns not only for the Government but for all people in Hong Kong. "Our hotels will benefit. Our tourist industry will benefit. Our airlines will benefit. And all the retail shops will benefit as a result of more tourists com-



An artist's impression of a bird's eye view of the Hong Kong Disneyland

ing to Hong Kong," he added.

The Government Economist, Mr K.Y. Tang said the Hong Kong Disneyland project should increase Hong Kong's GDP by 0.4 per cent a year.

"In other words, for this project alone, it is tantamount to expanding the tourism sector (which contributes about four per cent to GDP) by one-tenth (or 10 per cent)," he said.

The Director of the Hong Kong Economic and Trade Office in Toronto, Mr Donald Tong, said the Hong Kong Disneyland would be an enormous asset for the community and would reinforce Hong Kong's position on the international tourism map.

Meanwhile, the Government has welcomed the decision of the Legislative Council Finance Committee on November 26 to approve the Government spending application for the purpose of the construction and operation of the Hong Kong Disneyland.

Government also welcomed the Walt Disney Company Board of Directors' decision to approve the Hong Kong Disneyland deal. The approval was confirmed by Mr Michael D. Eisner, Chairman and Chief Executive Officer of The Walt Disney Company.

HONG KONG update



The Hong Kong Economic & Trade Office in Toronto is the official representative of the Government of the Hong Kong Special Administrative Region in Canada, responsible for promoting Hong Kong's interest across the country.

Its main responsibilities include facilitating trade talks and handling trade-related matters with the Canadian Government, and the promotion of Canadian investment and business opportunities in Hong Kong. It liaises closely with business and commercial sectors, politicians, think-tanks, and the media, etc. It also provides an inquiry service about Hong Kong and organizes various trade, economic, and public relations activities to promote ties between Canada and Hong Kong.

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CE Welcomes China-US Agreement

The Chief Executive, Mr Tung Chee Hwa, welcomed the agreement reached between China and the United States on the Mainland's accession to the World Trade Organisation (WTO).

He said on November 15: "This bilateral agreement represents a most important step in China's WTO accession process."

Mr Tung added: "I very much hope that the other steps necessary for WTO accession can be completed at an early date. This will benefit world trade and all parties concerned. It will also provide Hong Kong with new business opportunities."

The Financial Secretary, Mr Donald Tsang said the agreement is important as China is one of the largest trading nations. "It is likely to be a new force in global trade in the new century."

Mr Tsang added: "This is certainly very positive news not only for Hong Kong, but for the United States and in fact for the whole world."

Meanwhile, the Secretary for Trade and Industry, Mr Chau Tak Hay, who led the Hong Kong, China delegation at the Third WTO Ministerial Conference in Seattle, said on December 1, that China's entry into the WTO would have no effect on Hong Kong's participation in the WTO.

Hong Kong, he said, would continue to be a separate member of the WTO using the name of "Hong Kong, China".

On November 26, China and Canada also reached an agreement on China's accession to the WTO.

Two New Bridges to Grace Skyline

Two magnificent infrastructure projects will be completed within the next decade to grace Hong Kong's famed skyline.

They are the Stonecutters Bridge and the Tsing Lung Bridge. The construction of the former will start in 2003 and the latter in 2002. Both are expected to be completed in 2007.

International bridge design experts from all continents are invited to express interest in pre-qualification to compete in a design contest for the Stonecutters Bridge which will serve as the gateway to the port and promote the image of Hong Kong as a vibrant and international trade centre. Details are available at website <http://www.arup.com/hongkong/stonecutters>.

Both projects will become new landmarks alongside the Tsing Ma Bridge, the world's longest suspension bridge carrying both road and rail traffic, and the Ting Kau Bridge, the world's longest cable-stayed bridge with three single legged towers.

The Stonecutters Bridge will have a span of at least 1,000 metres with a vertical clearance of at least 73.5 metres over the full width of the entrance. The Tsing Lung Bridge will be a 1,418-metre suspension bridge - 41 metres longer



An artist's impression of Stonecutters Bridge from the Rambler Channel entrance

than Tsing Ma Bridge. When completed, it will be the third longest suspension bridge in the world.

More Overseas Companies Move to HK

The number of regional operations of overseas companies in Hong Kong increased by 1.7 per cent in 1999, according to the findings of a survey conducted by Industry Department of the Hong Kong SAR Government.

A similar survey conducted by the Department in 1998 showed a decrease of 2.6 per cent.

The 1999 Survey of Regional Representation by Overseas Companies in Hong Kong has identified 2,490 regional operations, comprising 840 regional headquarters and 1,650 regional offices.

In terms of regional headquarters, the United

States is the largest source country (205 companies), followed by Japan (114 companies) and the United Kingdom (82 companies). On the other hand, Japan has the largest number of regional offices in Hong Kong (368 companies), followed by the United States (278 companies) and the mainland of China (136 companies).

Meanwhile, DHL Worldwide Express, an international air-freight forwarder, announced earlier that it will move its Asia headquarters from Manila to Hong Kong soon. The company has formed an air cargo joint venture with Hong Kong's carrier

Cathay Pacific Airways that would make use of the airlines aircraft and crew to strengthen its business network in Asia starting in March 2000.

This will help reinforce Hong Kong's position as an international aviation hub.

HK Airport Second Best in the World

Accolades for the Hong Kong International Airport (HKIA) continue to pour in. The latest praise comes from a prestigious American magazine whose readers rated HKIA the second best airport in the world.

HKIA scored an overall average satisfaction level of 90.95 per cent in the airport category of the 1999 Readers' Travel Awards of Conde Nast Traveller magazine. Hong Kong was just 0.06 per cent behind the first-prize winner, Changi Airport of Singapore.

HKIA topped five of the 11 criteria by which airports were judged in the annual awards. These were efficiency of check-in; efficiency of transfer; luggage handling; flight information and clarity of signs; and food and restaurants. The remaining six criteria were location and accessibility; design and layout; cleanliness; pre-flight facilities and lounges; shopping and duty-free facilities; and parking facilities/cost.

Results of the awards came from questionnaires sent to readers. The data was collated and analysed by an independent market research company.

In early 1999, the HKIA was awarded the Annual Critics' Choice Award of Travel and Leisure, the foremost US travel magazine.

HKIA currently handles up to 460 flights and 94,000 passengers daily

Meanwhile, latest figures released by the Hong Kong Tourist Association (HKTA) show that Hong Kong's competitive pricing has assisted in producing double digit growth for 16 consecutive months in the number of visitor arrivals.

Total arrivals for October rocketed to 999,771 - up 17.1 per cent, while the cumulative figure is 8,727,645, representing a growth rate of 11.8 per cent.

The occupancy rate for all hotel categories was 87 per cent, five percentage points greater than for the same month last year. The occupancy rate for January to October 1999 stood at 79 per cent, also four percentage points up on the same period of 1998.

HKTA expects the total number of visitors in 1999 to reach 10.4 million.

1999 GDP Growth

Forecast at 1.8 Per Cent

Hong Kong's Third Quarter Economic Report 1999 was published on November 26 showing the recovery process in the Hong Kong economy, which began in the second quarter, had gathered further momentum.

An initial assessment suggests that the GDP should have attained a growth of around 4.5 per cent in real terms in the third quarter over a year earlier, up from the 0.7 per cent increase in the second quarter.

On a seasonally adjusted quarter-to-quarter basis, GDP should have expanded further by around two per cent in real terms in the third quarter, after rebounding to 3.1 per cent growth in the second quarter.

"For 1999 as a whole, GDP is now forecast at a growth of 1.8 per cent in real terms, up from 0.5 per cent in the August round," the Government Economist, Mr K.Y. Tang said.

Looking ahead, Mr Tang said, the Hong Kong economy should continue to benefit from the revival of demand in East Asia, better economic conditions in Europe, and sustained import absorption in the United States.

HONG KONG Science Park Launched

The Hong Kong SAR's aim to become the centre of innovation and technology in the region has been enhanced with the launching of the Hong Kong Science Park by the Financial Secretary, Mr Donald Tsang, on November 23, 1999.

Mr Tsang said Hong Kong's ultimate success in tomorrow's highly competitive global economy will hinge on its ability to master the forces of innovation and technology. "These are becoming the new drivers of economic growth," he said.

Mr Tsang pledged Government's full support in providing the necessary infrastructure to encourage the application of innovation and technology to every facet of the SAR's economy. "This is the key to maintaining our competitiveness," he said.

He said the setting up of the Science Park is a telling example of this commitment and added that with its first class facilities and supporting services, it will become a focal point for collaboration between local and overseas enterprises.

The Science Park is located at Pak Shek Kok, Tai Po, and includes 22 hectares currently undergoing reclamation. Phase One of the project – costing C\$622.6 million – will start in early 2000, with the completion of the first lot of buildings expected in 2001.

The Science Park's mission is to develop an effective working environment for housing technology intensive enterprises, research institutes and laboratories to conduct knowledge-based innovation functions; to facilitate collaboration and alliances among its residents to foster Hong Kong-based world class technology clusters; and to enhance the long term economic success of Hong Kong.



Computer generated view of the Hong Kong Science Park

During the ceremony, the admission guideline for corporate tenancy was also introduced. Priority will be given to companies who are world leaders in technology, brand recognition, market coverage and/or operation excellence, as well as those having a long-term commitment to build technological competence in Hong Kong. Details can be found at <http://www.hksciencepark.com>.

CE's Advisers Bullish on *HK's Economy*

The Chief Executive's Council of International Advisers consider that growth in Western economies will be sustained and that Hong Kong will stand to benefit and its economy should continue to achieve positive growth in real terms in 2000.

Speaking after the second meeting of his Council on November 17, Mr Tung Chee Hwa, said the meeting was extremely useful in assessing the global economic outlook and the long-term development strategy for Hong Kong. The meeting reviewed economic prospects in North America, Europe, Japan and East Asia.

The meeting also covered the latest economic performance of Hong Kong, its international positioning as a world class city and international tourist destination, as well as its close economic ties with the Mainland particularly the Pearl River Delta Region.

On China's accession to the World Trade Organisation, the Chief Executive said his Advisers believed this would be very beneficial to world trade, and would be good for China, Hong Kong and the world as a whole.

He said: "Overall trade with China will increase and the pie will get larger. Hong Kong stands to gain, particularly our service industries which will gain access to a much larger market."

Mr Tung said his Advisers believed that Hong Kong needed to continue its efforts to enhance its competitiveness, to continue to adjust its cost structure and to maintain its attractiveness as an international business centre.

"The Advisers support our policy initiatives to upgrade our quality of life by improving the environment, and to improve education and the standard of English. These measures will attract investments and quality personnel to Hong Kong.

"The Advisers believe that Hong Kong is well placed to capitalise on its position as a global financial centre, given our strengths, quality, physical infrastructure, resourcefulness of human capital and unique economic links with the Mainland," he said.

The Chief Executive said that in order to sustain Hong Kong's economic development, the Advisers proposed that Hong Kong should:

- make full and practical preparations to max-

imise the opportunities flowing from China's entry into the World Trade Organisation;

- continuously look for ways to improve the business environment and to strengthen its competitiveness;
- maintain efforts to develop information technology and innovation and technology to keep pace with rapid developments in these areas;
- continue to provide world class and multifarious attractions for tourists;
- map out a master strategy to further strengthen ties with the Mainland and in particular to capitalise on the development of the Pearl River Delta Region; and
- market Hong Kong internationally both to potential inward investors and to international tourists to reinforce Hong Kong's image as a World City.

Eleven Advisers including Mr. Andre Desmarais, President and Co-Chief Executive Officer of Power Corporation of Canada, attended the meeting.

RECORD TURNOUT in HK Election



(top) The Chief Executive, Mr. Tung Chee Hwa, and Mrs. Betty Tung casting their votes.

(right) The Chief Secretary, Mrs. Anson Chan, and her husband Mr. Archibald Chan, also participated in the balloting.



The number of people who voted in the first District Councils Election of the Hong Kong SAR on November 28, 1999 totalled 816,503, representing a turnout rate of 35.82 per cent.

The figure surpassed the turnout rate of the previous District Boards Election in 1994 by 2.69 per cent, or 122,955 more people participated in the polls.

As 76 candidates had been elected unopposed earlier, a total of 722 other candidates took part in the election for 314 seats out of a total of 519 seats in the 18 District Councils. Of the remaining 129 seats, 102 will be appointees and 27 will be Chairmen of Rural Committees in the New Territories.

Commenting on the election, a Government spokesman said: "The outcome demonstrates support from the public for the District Councils Election. It also reflects the result of our effort in promoting civic education over the years."

The spokesman added: "This is a very welcome sign in the development of our election system."

A District Council advises the SAR Government on matters affecting the well-being of people in the District; the provision and use of public facilities and services within the District; the adequacy and priorities of Government programmes for the District; and the use of public funds allocated to the District for local public works and community activities.

The term of office for the 519 District Councillors will last four years between January 2000 and December 2003.

IMF Endorses HKSAR's Policy on Economic Recovery

An International Monetary Fund (IMF) Staff Mission to Hong Kong affirms that the Hong Kong economy is showing clear signs of recovery.

The Mission forecast a 1.25 per cent GDP growth for 1999, supported by further strengthening of exports, improved private consumption and high public investment.

It projected a 3.5 per cent growth in 2000, based on the assumption of positive impact of China's imminent entry to WTO, easing of monetary conditions as deflation declines, and continued strengthening of global economy.

It said Hong Kong is "one of the most transparent, well governed and least interventionist places to do business" and the policy of positive non-intervention should remain.

The assessment of the Mission followed the completion of the annual Article IV Consultation exercise, which involves a review of Hong Kong's exchange rate, fiscal and economic policies.

It recognized that Hong Kong has pursued a sound fiscal policy and a high quality regulatory and supervisory framework that keeps the territory's banking sector robust.

Reassurance of HKSAR's Judicial Independence



Retired Court of Appeal Judge of the Hong Kong SAR, Mr. Justice Mortimer, spent three days in Toronto in early November meeting with the legal profession, members of the Canadian Bar Association, academics, law students and the news media assuring them that the SAR's legal system, rule of law, and the independence of the Judiciary are being vigorously upheld.

Mr. Justice Mortimer, who also gave speeches and talks in other common law jurisdictions, including the United States, rejected arguments that seeking interpretation from the National's People Congress Standing Committee would set a precedent for mainland China to influence SAR's Judiciary. He described such claims as groundless.

Mr. Justice Mortimer, who remains a non-permanent judge of the Court of Final Appeal, is photographed with the Director of the Hong Kong Economic and Trade Office, Mr. Donald Tong.



The Secretary for Information Technology and Broadcasting, Mr. K.C. Kwong (left), the Director of Hong Kong Economic and Trade Office (HKETO) in Canada, Mr. Donald Tong (2nd from left), and the Principal Consultant of HKETO, Mr. Loong Chu (3rd from left) being briefed by an Electronic Arts employee on the creation of special sound effects for multimedia productions.

HK encouraging wider use of

E-COMMERCE

The Secretary for Information Technology and Broadcasting, Mr K.C. Kwong, said in a recent visit to Vancouver that the Hong Kong SAR Government recognised that electronic commerce would be the engine of growth in the new millennium and that Hong Kong was taking every means to encourage its wider adoption in the territory.

He outlined some of the initiatives that the Government had launched to achieve this and said that through these initiatives Hong Kong sought to create a favourable environment for electronic commerce to take hold and flourish in Hong Kong.

Mr Kwong said that Canada had been one of the most important trading partners and business alliance with Hong Kong.

"Both places share the same aspiration to be a leading knowledge-based economy. I am confident that the close cooperation between the two places will be mutually beneficial to our efforts to achieve that aspiration," he said.

Earlier, Mr Kwong told participants of the Hong Kong IT Forum in Vancouver on November 7 that Hong Kong had been working hard to build itself up as a leading digital city in the Asia Pacific region – the goal it set in the "Digital 21" IT Strategy launched to promote the wider use of IT in the territory.

The forum was organised by the Hong Kong Trade Development Council with the support of the Hong Kong Economic and Trade Office

(Toronto) and the Hong Kong-Canada Business Association (Vancouver).

Mr Kwong told the audience that Hong Kong recognised that to become a leading digital city in a globally connected world, it was necessary to have a high quality and high capacity telecommunication infrastructure to provide bandwidth and services at affordable prices.

"This is a prerequisite for us to fully exploit the business opportunities in the Information Age and, judging by world standards, Hong Kong is not lagging behind," he said.

He said that Hong Kong's broadband network covered practically all business buildings as well as 75 per cent of all households, and is expected to increase to 85 per cent within a year.

Mr Kwong visited Vancouver from November 4 to 9 at the head of a Hong Kong IT delegation to attend the Softworld '99 Conference following a visit to San Francisco and Seattle.

During his stay in Vancouver he addressed several seminars, toured the facilities of Electronic Arts, ISM(BC), Mainframe Entertainment and Sierra Wireless and met several CEOs/senior representatives of Teleglobe and IBM Canada.

He also held meetings with the Secretary of State for Science, Research and Development, Mr Gilbert Normand and Deputy Industry Minister, Mr Kevin Lynch.

The Way Ahead for Hong Kong

The Group Chairman of HSBC Holdings, Sir John Bond, says the world is entering an era when knowledge, technological sophistication and quality of life will be the key determining factors and he adds, "Hong Kong has them all".

"All we have to do is work on enhancing them, for Hong Kong to be one of the greatest cities in the world in the 21st century," he said in a speech entitled "No place like home; the way ahead for Hong Kong", to the Business and Professionals Federation of Hong Kong on November 22.

Sir John said that there was no such thing as static success. Successful countries, communities, business organisations, were those that were con-

stantly changing with the times, constantly improving, because the competition doesn't stand still. "Hong Kong is a society that has always recognised this," he said.

"We know where we want to go," he continued. "And we know what needs to be done to get there. And we must all – business people, educators, civil servants, politicians, all Hong Kong people – we must all make a contribution."

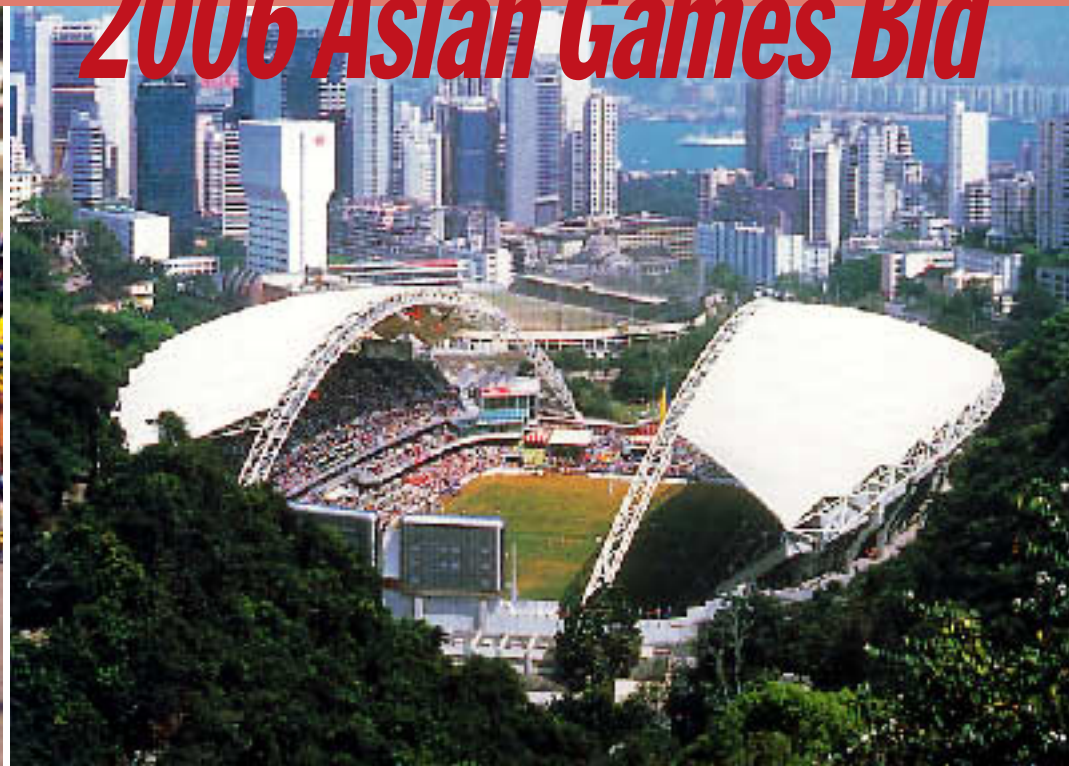
Sir John said that Hong Kong had achieved more than almost any other society in the past 50 years adding that the strengths that have underpinned the success of Hong Kong remained in place: talented people and superb location.

ExCo supports

2006 Asian Games Bid



World-ranking cyclists competing in a Hong Kong premier event.



Aerial view of the Hong Kong Stadium.

The Chief Executive in Council has decided to support the Sports Federation and Olympic Committee of Hong Kong, China's bid to the Olympic Council of Asia for the hosting of the 2006 Asian Games.

The SAR Government believes that hosting the Asian Games will elevate Hong Kong's status as a centre in Asia for hosting international sports events, provide Hong Kong with an opportunity to host a major international event, and give Hong Kong athletes encourage-

ment to upgrade their skills in the years ahead.

A Government spokesman said on November 20: "Our assessment is that Hong Kong has the capability to organise and to host the 2006 Asian Games. If we succeed in bidding for the Asian Games, the Hong Kong community will have the opportunity to focus on this collectively and showcase to the world Hong Kong's progressiveness and dynamism."

Government Welcomes *Court of Final Appeal Judgment*

The Hong Kong SAR Government has welcomed the Court of Final Appeal (CFA) ruling on December 3, which upholds the legality of the interpretation of provisions of the Basic Law (BL) related to the right of abode (ROA) by the Standing Committee of the National People's Congress (NPCSC).

The CFA handed down its judgment involving 17 people from Mainland China claiming ROA in a judicial review of the removal orders issued by the Immigration Department.

The CFA confirms that the NPCSC has the final power of interpretation of the Basic Law (under BL 158 (I)). It affirms that Mainland persons claiming ROA have to apply for a Certificate of Entitlement in the Mainland to Hong Kong's Immigration

Department and to obtain a one-way permit from China's Bureau of Exit-Entry Administration for entry into Hong Kong.

Mainland persons presently in Hong Kong seeking ROA have to comply with these requirements and all China overstayers and illegal immigrants must return to the Mainland China.

Concern has been expressed about the impact of the NPCSC's interpretation on Hong Kong's legal system, but the Department of Justice explained that:

- The powers of the CFA have not been diminished by the NPCSC's interpretation. The NPCSC does not hear appeals from CFA nor decide cases.

- Decision of a court in favor of one or other party to a case is not affected by a subsequent NPCSC interpretation. The outcome as decided by CFA on the case is final.
- NPCSC's power of interpretation relates only to the Basic Law. The vast majority of legal disputes, and legal proceedings, concerns common law or statutory principles, and interpretation will remain exclusively with Hong Kong courts.
- Access to the NPCSC interpretation is not an approach that anyone could ask for. Even the Chief Executive with an express constitutional duty to implement the Basic Law, would not request an interpretation save in highly exceptional circumstances.

Financial News Capsules

Foreign Currency Assets

The official foreign currency assets of Hong Kong amounted to US\$92.1 billion at the end of November 1999, as compared with US\$90.4 billion in September 1999.

In terms of foreign currency reserves ranking, Hong Kong is the world's fifth largest holder of foreign currency reserves after Japan, Mainland China, Taiwan and Germany. The total foreign currency assets of US\$92.1 billion represent over seven times the currency in circulation, one of the highest ratios in the world.

Meanwhile, the Financial Secretary, Mr Donald Tsang, has again reiterated that the Government has no intention whatsoever of changing the Hong Kong dollar parity with the US dollar which has remained rock solid and unchanged since it was put in place.

HK Tracker Fund (TraHK)

Hong Kong's Tracker Fund made a strong debut on November 12, with units trading up eight per cent on their issue price and accounting for around 35 per cent of market turnover. Units closed at HK\$15.95 (about C\$3.00) on Dec. 8, compared to an issue price of HK\$12.88 (about C\$2.43) with active buying from institutional investors.

Since the Fund opened for application, there has been strong initial interest. It drew 180,000 applications from retail investors valued at more than HK\$25 billion (about C\$5 billion) when application closed on November 4. Owing to over-subscription, the fund's offering was raised three-fold to HK\$33.33 billion (about C\$6.7 billion) from the original plan of HK\$10 billion (about C\$2 billion).

TraHK is the first collective investment fund of its kind to be listed on the Stock Exchange of Hong Kong. It is designed to provide investment results that closely correspond to, or track, the performance of the Hang Seng Index (HSI).

TraHK was formed by the Exchange Fund Investment Limited which was given a mandate by the Government to dispose of the equity portfolio purchased in August 1998 to thwart manipulation of the stock and futures markets.

SAR's GEM launched

The Growth Enterprise Market (GEM) which provides an alternative channel for emerging companies to raise funds for business development in Hong Kong has been launched. It targets growth enterprises from all industries and of all sizes, with the objective of allowing these enterprises easier access to capital.

The GEM, which started trading on November 25, will benefit not only the emerging enterprises in Hong Kong, but also those in the Mainland and many other countries. It will enhance Hong

Kong's role as the major fund-raising centre outside the Mainland for Mainland companies.

Hong Kong's Rating improves.

The Standard and Poor's (S&P) long-term rating outlook for Hong Kong has been upgraded in December from negative to stable, a further indication of improvement in the territory's economy.

According to S&P, the change in rating reflected the receded threat of financial instability, and the contained level of non-performing bank loans to below 10 per cent due to gradual economic recovery and measures to strengthen the financial sector.

It considered that the economic and political structures of Hong Kong had withstood the strains of the Asian financial crisis. It pointed out that the economy anchored by the linked exchange rate continued to adjust rapidly as prices fall and economic growth resumes.

Goldman Sachs Report

A survey by Goldman Sachs in late 1999 has found that Hong Kong's economy would receive a significant boost from China's foreign trade which would be doubled from 2000 to 2005 after it joined the WTO.

And direct investment into China would increase from C\$8.5 billion to over C\$18.8 billion every year.

Hong Kong is China's second largest trading partner (after Japan) and largest source of realised direct foreign investment. The territory expects goods, services and direct foreign investment to increase significantly as Hong Kong is an important gateway to China.

Political and Economic Risk Consultancy (PERC)

Hong Kong has been rated as having the most transparent environment in Asia, according to a recent survey by PERC.

The survey found that the linked exchange rate eliminated uncertainty about the territory's exchange rate policy. And its rules and regulations were clearly spelled out.

In addition, published statistics were reliable, and unlike many Asian economies, the SAR Government did not employ intimidation tactics to coerce support from the private sector.

5 HK hotels among top 10 in Asia

A ranking of the best hotels in Asia by America's most famous travel magazine, Conde Nast Travel, shows that five of the top ten hotels are in Hong Kong. They are: The Peninsula (2nd), The Regent (4th), Ritz-Carlton (5th), Mandarin Oriental (6th) and Conrad (9th).

HK seven on Forbes' list

Seven Hong Kong-based companies have been named among the world's 300 best small companies by Forbes Global magazine. They are Café de Coral, Giordano, Glorious Sun Enterprises, Hung Hing Printing Group, ICG Holdings, Johnson Electric Holdings and Varitronix International.

Forbes predicts that those firms will be among the chief beneficiaries of the transformation of the world economy, because they are "fast on their feet". Both Hong Kong-listed Johnson Electric and Guangdong Kelon Holdings were on the mag-

azine's best of the best list, the 20 top performers on the list of 300. The magazine says these 20 firms are future superstars, the Microsofts and GEs of a new era.

HK property market

According to a new survey by Jones Lang LaSalle, Hong Kong's real estate market is showing fledgling signs of a return to international favour, with the residential market witnessing a number of large deals in the third quarter of 1999.

The latest quarterly survey by Vigers HK Limited, says prices around the Central, Admiralty and Wanchai North, and to a lesser extent Wanchai South and Causeway Bay, were flat quarter-to-quarter in the third quarter of 1999, the first time they have not fallen in two years.

Other statistics show that the number of apartments changing hands in Hong Kong rose 4.6 per cent in October compared with September, the first rise in five months.

The Basic Law – Hong Kong SAR's Constitution

Hong Kong became a Special Administrative Region (HKSAR) of the People's Republic of China on July 1, 1997. Hong Kong's constitutional document, the Basic Law, enacted by China's National People's Congress, came into effect the same day.

The Basic Law embodies the concept of "One Country, Two Systems" and guarantees a high degree of autonomy with the Hong Kong people running Hong Kong in all areas except for foreign affairs and defence.

In particular, it ensures that Hong Kong's capitalist system and way of life under the rule of law will remain unchanged for at least 50 years.

The key provisions of the Basic Law which have been fully implemented in Hong Kong includes:

- The laws previously in force in Hong Kong have been maintained and separate from that in the Mainland.
- Continuation of freedom of speech, of the press and publications, of assembly, of religion, of procession and demonstration and the right and freedom to form, join trade unions and to strike.
- Independent finances separate from the Mainland and formulation of Hong Kong's own monetary and financial policies and safeguard for the free movement of goods, assets and capital.

For details of the Basic Law, click icon "Basic Law" at website <http://www.hketo.ca>.