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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

CE urges *Canadian companies to do more in Asia*



The Chief Executive, Mr Tung Chee Hwa, is pictured with the Canadian Prime Minister, Mr Jean Chretien, during the former's official visit to Canada between April 1-5, 2000.

The Chief Executive of the Hong Kong Special Administrative Region (SAR), Mr Tung Chee Hwa, has urged Canadian companies to seek new business opportunities in Hong Kong and Asia.

Speaking at a high-powered dinner organised by the influential Business Council on National issues and attended by more than 200 of Canada's top business executives in Toronto on April 5, Mr Tung said Canadian companies had products and expertise that would be of interest in the Asian market.

"I know well, your major markets are right close by home in North America. The United States is too big a market, too close to home and too easy to sell to," he said.

"I would urge you to come to Asia and do a whole lot more there because the market is a very big one. In 10 years' time, the combined GDP of the Asian countries will be as large as NAFTA or the European Union.

"So the market is out there. I have to tell you I am very impressed by the range of products that Canada has to offer. Come and sell. And let me say one more time, promoting Hong Kong, use Hong Kong as your base."

The Chief Executive visited Canada between April 1 and 5 to reinforce close economic and business ties and to meet with government leaders, journalists, and community leaders.

Mr Tung said that the Asia market potential could be gauged by the combined size of the nine East Asian economies, excluding Japan, which stood at US\$2,350 billion in 1999. China's economy alone accounted for US\$991 billion – or 42 per cent of East Asian GDP in 1999. Canada's GDP, by comparison, stood at US\$639 billion in 1999.

The Chief Executive said that Canada and Hong Kong had always had a special relationship. This gave Canadian companies a strong existing base from which to expand operations in Asia or build new ones.

About 100 Canadian companies have branches or subsidiary operations in the SAR, while another 450 are represented by distributors, agents or joint ventures.

Mr Tung said Canada had about C\$3 billion worth of investments in Hong Kong. But more importantly, he added, Canada had the people-to-people contacts. He estimated that there were about 150,000 Canadians living and working in Hong Kong.

The Chief Executive briefed the business chiefs on Hong Kong's economic recovery and the challenges stemming from increasing globalisation, advances in technology, continued reform and opening up of the Mainland economy and competition from within the East Asian region.

He said: "We are faced with great challenges. But we are also seeing great opportunities. According to the World Bank, China's gross national product currently ranks seventh in the world, and will rise to third or fourth by 2020, with an enormous cumulative growth in the interim.

"As China's economy grows, Hong Kong stands to benefit greatly if we can play an active part in this process."

Mr Tung said that Hong Kong was strongly aware of the need to constantly improve competitiveness.

He said that Hong Kong was consolidating its strengths through reforms in the financial markets, new tourism initiatives, the expansion of the container port and the development of the inter-

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world's busiest

Hong Kong is the world's busiest container port with its total throughput in 1999 reaching more than 16.2 million TEUs (twenty-foot equivalent units).

The Secretary for Economic Services, Mr Stephen Ip, said on March 23, that the port of Hong Kong recorded an increase of 11.2 per cent in container throughput last year, bringing the territory back to the number one position as the world's busiest container port.

He said that the robust performance of the container throughput was attributable to the acceleration of the Asian economic recovery plus a significant upturn in transpacific shipments in the second half of 1999.

The Hong Kong Port and Maritime Board is forecasting a seven per cent growth in container throughput in 2000.

Hong Kong is World's top container port

national air cargo sector.

Much was being done to improve competitiveness, which would help attract multi-national corporations to establish regional operations in Hong Kong.

"We are acutely conscious of Hong Kong's high costs compared with some of the other cities in the region," he said.

"Fortunately, housing costs have reduced substantially and greater efficiency is being gained by the wider use of information technology."

Mr Tung said that Hong Kong was pressing ahead with a far-reaching reform of the education system to prepare young people for the challenges of the knowledge-based society of the 21st Century.

"I am determined to make Hong Kong one of the most attractive cities in the world in which to live and work," he said.

Earlier in the day, Mr Tung told 900 guests at a lunch co-hosted by The Canadian Club of Toronto, the Hong Kong Canada Business Association (Toronto), the Hong Kong Trade Development Council and the Hong Kong Economic and Trade Office in Toronto that Canadian expertise in environmental technology and clean transport systems could be put to good use in Hong Kong.

He said that Hong Kong's need for environmental technology, especially the technology of clean transport, was more pressing than any other city.

"Canada looks to have some of the most promising technology in this field. This would be a win-win partnership for both of us. I look forward to such a partnership developing rapidly," he said.

During his visit to the United States, the Chief

Executive said that America's economic and labour interests would be best served by a positive vote on Permanent Normal Trade Relations status for China.

Speaking in Washington D.C. on April 7, after meetings with President Bill Clinton in the White House and an address to the influential US Chamber of Commerce, Mr Tung said: "I think it is really in American interests for this bill to be passed. It is in American business interests. It is in American labour interests because it will create more jobs in America."

Mr Tung was accompanied in his North America visit by Mrs Tung, the Secretary for Trade and Industry, Mr Chau Tak Hay; the Information Coordinator, Mr Stephen Lam; and the Private Secretary to the Chief Executive, Mr Richard Yuen.

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 says Hong Kong

Highly Regarded

in North America

Back in Hong Kong, the Chief Executive, Mr Tung Chee Hwa, in a speech at the 25th Annual Dinner of the Hong Kong Institution of Engineers on April 26 about his recent North American visit, said that Hong Kong was held in very high esteem by government and business leaders both in Canada and the US.

Mr Tung said that following his visit to North America, he had five major observations.

Firstly, the US Government and American business community clearly recognised the importance to the US of approving Permanent Normal Trade Relations (PNTR) status for China. While in Washington, the Chief Executive met with some 30 Senators and Congressmen.

"We were able to put the Hong Kong case for the United States Congress to approve PNTR for China. We were able to reiterate that China's accession to WTO would definitely benefit the US, China and Hong Kong."

Secondly, the Chief Executive said that he was very impressed by the efforts made in Canada to improve the environment and to enhance the quality of its human resources through education.

"For six years in a row, Canada had been voted by the United Nations as the most desirable country for people to live in. Canada's efforts in education, culture and environmental protection have been key features in placing the country high in the global league table. We need to re-double our efforts in these areas to build a better future for Hong Kong," Mr Tung said.

The Chief Executive affirmed the HKSAR Government's commitment to implement the measures set out in the Policy Address - "Quality People, Quality Home".

Thirdly, Canadian leaders recognised the importance of adopting a clear position in marketing the country internationally.

"Government and business leaders realise that to many people in Hong Kong, Canada is a destination for emigration. However, Canada has leading technologies in telecommunications, aviation and environmental industries which are not fully appreciated. Canadian leaders are very keen to promote these strengths of Canada internationally. We in Hong Kong should also focus on marketing Hong Kong internationally as Asia's world city and a major city in China," Mr Tung said.

Fourthly, the US economy went through a very difficult period of restructuring in the 1980's and 1990's. The successful application of innovation and technology has now driven the US economy in its longest expansion in history.

"In Hong Kong, we should also face economic restructuring with confidence. We should embrace innovation and technology to raise our competitiveness, to sustain our economic growth and to create more wealth for the people," Mr Tung said.

Fifthly, from his meetings with Prime Minister, Mr Jean Chretien, President Bill Clinton, and with other government and business leaders, Mr Tung found that both Canada and the US valued very highly their trade and economic relations with Hong Kong. Leaders in both countries clearly recognised "One Country, Two Systems" had been implemented successfully in Hong Kong. The Chinese communities in North America were very supportive of Hong Kong.

Mr Tung added: "We will continue to implement 'One Country, Two Systems' in Hong Kong faithfully and contribute to the reunification of the country."

The West Rail, currently being built to cope with demands in North West New Territories, will be efficient and environmentally friendly.



RAILWAY DEVELOPMENT STRATEGY 2000

The Government of the Hong Kong SAR unveiled on May 16 a new blueprint for railway development for the territory up to the year 2016.

The Secretary for Transport, Mr. Nicholas Ng, said the "Railway Development Strategy 2000" involving the building of six new railways would cost around C\$19 billion.

He said the strategy is aimed at meeting Hong Kong's transport needs arising from an expected population of 8.9 million by 2016 and the increasing social and economic activities with Mainland China.

The Strategy recommends a number of new railway schemes which can be combined with the existing lines to form the backbone of Hong Kong's transport system.

Six existing railway projects are already underway and will be completed between 2002 and 2005 at a cost of more than C\$19 billion. The six new rail projects would further reinforce the transportation network.

"The programme, targeted for completion between 2008 and 2016, will help to provide the Hong Kong public with convenient access to the railway system and much faster and reliable travel throughout the SAR with reduction in reliance on road based transport," Mr. Ng said.

Completion of the railway expansion programme according to the Strategy will increase

Hong Kong's railway network by at least 70 per cent compared with today to over 250 kilometres.

More than 70 per cent of the residents and 80 per cent of the employment will then be within walking distance from the railway stations. The rail share in the public transport patronage will increase to about 45 per cent.

Mr. Ng said the new schemes offer scope for international contractors to become involved in the next round of world-class projects.

Railways are environmentally friendly and efficient mass carriers and will remain as the backbone of Hong Kong's transport system, he added.

On April 8, Mr. Ng who spoke at a luncheon gathering of over 110 people organised by the Hong Kong Canada Business Association in Vancouver, said that the significant expansion of Hong Kong's railway and strategic road networks would facilitate not only urban development but also improve access into Southern China and beyond.

He said: "This, I believe, will further prove the fact that, as the springboard to China, Hong Kong shall have no equal."

Guided by the vision to be Asia's World City, Mr Ng said that Hong Kong's Transport Strategy



Secretary for Transport,
Mr Nicholas Ng.

was also underpinned by sustainable development.

"The investment opportunities in the years to come are plenty," he said.

In positioning Hong Kong as the unrivalled transport hub in the region, Mr Ng said one key element of the territory's long term transport planning was to look beyond the boundary of Hong Kong.

"With our economy becoming increasingly integrated with the Mainland, daily cross boundary vehicle trips have reached 28,000 and growing at six per cent per year.

The average daily passenger flow stood at some 240,000 trips and growing at over 15 per cent per year," he said. "These figures top the table of any cross boundary traffic in the world," he added.

During his stay in Vancouver, Mr. Ng met with the Minister of Transportation and Highways of British Columbia, Mr Harry Lali, the President and Chief Executive Officer of the Asia Pacific Foundation of Canada, Mr John Weibe, Vancouver City Councillors and officials from the Vancouver Transport Planning Department.

Further *Drop* in Jobless Rate

The provisional seasonally adjusted unemployment rate for February-April was 5.5 per cent, and the provisional underemployment rate was 2.8 per cent, according to the latest labour force statistics released on May 16 by the Census and Statistics Department.

For January-March, the seasonally adjusted unemployment rate was revised marginally downwards from the earlier provisional figure of 5.6 per cent to 5.5 per cent. The underemployment rate was confirmed to be the same as the previously released provisional figure of 2.8 per cent.

The Secretary for Education and Manpower, Mr Joseph W.P. Wong, said that conditions in the labour market had shown steady signs of improvement in recent months.

"The number of job vacancies and successful job placement secured by the Labour Department in each of the first four months of this year had reg-

istered increases over the corresponding months of 1999," Mr Wong said.

The Financial Secretary, Mr Donald Tsang, said on April 13 that the labour market had continued to improve as the economy was on a firm course to recovery.

He said that in March the number of vacancies registered with the Labour Department set a record high level of 18,400 representing a 35 per cent increase over the same month last year. The Department also successfully found jobs for over 5,300 job seekers, representing a 50 per cent increase over the same month last year.

Mr Tsang expected more new job opportunities would be generated from major infrastructural and public works projects that would come on stream in the next six months.

Plenty of Opportunity for Canadian Companies in Asia

The Chief Executive, Mr Tung Chee Hwa, told Canadian political leaders in Ottawa on April 4 that the recovery of Asian economies and China's eventual accession to the World Trade Organisation (WTO) would provide plenty of opportunities for Canadian companies in Hong Kong and Asia.

In a full day of political calls in the Canadian capital, Mr Tung met Prime Minister, Mr. Jean Chretien; Foreign Affairs Minister, Mr. Lloyd Axworthy; and Finance Minister, Mr. Paul Martin.

Mr Tung briefed the Prime Minister on Asia's economic revival and the opportunities emerging in Hong Kong in areas such as information technology, telecommunications, financial services and environmental protection.

"I think the future opportunities for Canadian firms are many in Asia as most of the countries in Asia recover from the financial turmoil of the past two and a half years," Mr Tung said after his meeting with the Prime Minister.

"I also think that commercial opportunities for Canadian companies will increase as a result of China's accession to the WTO.

"Hong Kong will be an excellent base for Canadian firms who want to expand their business activities in Asia as a whole and on the Mainland of China."

Mr Tung discussed with Mr. Martin the reform of the international financial architecture and the need for more transparency in short-term international capital flows.

The successful implementation of "One Country, Two Systems", the smooth operation of visa-free access to Canada for Hong Kong Special Administrative Region passport holders and China's accession to the WTO were discussed in the meeting with Mr. Axworthy.

Earlier in the day, Mr Tung spoke with members of the Canada-Hong Kong Parliamentary Friendship Group and later on visited Nortel, Canada's largest high-tech company and biggest corporate investor in research and development.

During the visit Mr Tung was briefed on new telephone and Internet technology.



Photographed with Mr Tung (left) during his visit to Ottawa is the Canada-Hong Kong Parliamentary Friendship Group. Seated next to Mr Tung is the Chair of the group, Mrs Sophia Leung and at right is Vice-Chair of the Group, Mr Bryon Wilfert.

Mr Tung pictured with Mr Mel Lastman, the Mayor of Toronto. At rear are (from left) Director of Hong Kong Economics and Trade Office, Mr Donald Tong; Mr Tung's Private Secretary, Mr Richard Yuen; the Information Co-ordinator, Mr Stephen Lam; the Secretary for Trade and Industry, Mr Chau Tak Hay and Deputy Information Co-ordinator, Mrs Ella Tam.



The Council of Advisors on Innovation & Technology Appointed

The Government announced on April 20 the appointment of members and Special Advisors to the newly established Council of Advisors on Innovation and Technology.

And the Chief Executive, Mr. Tung Chee Hwa, has appointed Mr. Payson Cha Mou-Sing, a member of the former Chief Executive's Commission on Innovation and Technology (CIT), as the Chairman of the Council.

Mr. Cha is the Managing Director of the HKR International Limited. He is an entrepreneur with business interests in textiles and clothing, venture capital and real estate development.

The establishment of the Council was formally announced by the Financial Secretary in his

2000-01 Budget Speech on March 8, 2000.

The Council, which replaces the CIT, is a high-level standing advisory body reporting directly to the Chief Executive. Its role is to advise and make recommendations to the Chief Executive on matters related to innovation and technology so as to optimise their contribution to Hong Kong's economic development.

The Council has a total of 16 local and overseas members.

The 14 non-official members are leading experts in their respective fields covering finance, economics, electronic engineering, telecommunication technology and services as well as biomedical engineering.

Mr Tung trying out one of Toronto's environmentally friendly bus. Next to him is City Councillor and Chairman of the Environmental Task Force, Mr Jack Layton.



At Nortel Networks, Mr Tung is being briefed by an executive on one of the company's high-tech development.



Mrs Tung inspecting one of the exhibits at the Chinese Cultural Centre of Greater Toronto.



Mrs Tung (middle) being shown one of the facilities of the Yee Hong Centre for Geriatric Care. At right is the centre's Chairman, Dr Joseph Wong.



Hong Kong's Economy to **Grow by 6% in 2000**

The Hong Kong SAR's economy surged substantially in the first quarter of 2000, with the Gross Domestic Product (GDP) recording a 14.3 per cent growth in real terms over a year earlier.

This was the fastest growth recorded since the third quarter of 1987.

On a seasonally adjusted quarter-to-quarter comparison, GDP expanded for the fifth consecutive quarter, leaping by 5.4 per cent in real terms in the first quarter of 2000. This was the fastest growth recorded since the first quarter of 1986.

Externally, the growth in exports of goods and services accelerated to 20.7 per cent and 16.4 per cent respectively in real terms in the first quarter of 2000 over a year earlier, on the back of the global economic upswing and improved competitiveness for Hong Kong's output.

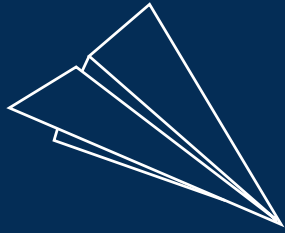
Commenting on the significant jump in Hong Kong's economy, the

Chief Executive, Mr. Tung Chee Hwa, said: "We are confident that our economy will grow to 6 per cent for the whole of the year."

The government's earlier estimate was 5 per cent for 2000.

Mr. Tung attributed the economic recovery to the hard work and collective effort of Hong Kong people over the last two years.

Hong Kong would continue to be very watchful in particular the external changing environment, the recent increase in interest rate in the United States, and the possible future increases that would affect economic growth. However, we believe China's imminent accession to the World Trade Organization would help significantly boost China's exports and economic growth, thereby bringing huge economic benefits to the Hong Kong economy.



Visitor Arrivals in March Top One Million

Monthly visitor arrivals topped one million in March for the first time since April 1997, according to the Hong Kong Tourist Association (HKTA).

The three-year high of 1,046,233 represented a 14.5 per cent increase over March 1999 while the cumulative total for the first quarter of 2000 reached 2,966,116, up 13 per cent on the same period last year.

This growth is reflected in the hotel occupancy rates which were 86 per cent this March compared to 81 per cent last year, while the first quarter rate was 81 per cent against the 78 per cent recorded in the same period in 1999.

The Executive Director of the HKTA, Ms Amy Chan, said that at the current rate of growth, Hong Kong could top the 1996 record number of 11.7 million arrivals.

Meanwhile, passenger numbers and air cargo tonnages continued to break records at Hong Kong International Airport (HKIA).

Figures released by the Airport Authority (AA) showed that almost three million passengers passed through HKIA in April, an increase of 14.6 per cent over April last year.

Significantly, in the 12 months from May 1999 to April 2000, the airport handled more than 31.3 million passengers.

One-day records for the airport were set on Good Friday, April 21, when 121,000 passengers arrived or left on a total of 610 flights, the highest number of flights so far on a single day at HKIA.

Cargo growth maintained double-digit growth in April, with 185,000 tonnes handled (18.5 per cent more than April 1999). The total for the last 12 months reached 2.09 million tonnes, a rise of 25.9 per cent over the corresponding period in 1998-99. Cargo exports for the month rose 20 per cent over April 1999, and 35.2 per cent for the past 12 months.



Mrs Caplan being briefed by Assistant Commissioner of Customs and Excise, Mr Vincent Poon, on the stringent measures taken to curb smuggling of immigrants at Hong Kong's sprawling container terminal.

Praise for Hong Kong's

Anti-Human Smuggling Efforts

The Canadian Citizenship and Immigration Minister, Mrs. Elinor Caplan, has praised Hong Kong's efforts to curb Chinese mainland immigrants being smuggled to North America by human smuggling syndicates.

Mrs. Caplan, who visited China and Hong Kong late April, was impressed with the measures the territory had taken to thwart people being smuggled out in ship containers.

She told reporters after her meeting with the Chief Executive of the SAR, Mr Tung Chee Hwa and other senior officials, that Hong Kong was "dealing decisively" to eradicate the smuggling of humans to Canada and other North American cities.

During her stay in the territory, the Minister was taken on a tour of the sprawling container terminal at Kwai Chung where thousands of containers are shipped daily to North America.

Robust Growth in April Trade Figures

Hong Kong's export figures continued its spectacular climb, with the value of total exports recording double-digit growth for the sixth month in a row in April 2000, due to strong import demand in all the major markets.

According to Census and Statistics Department's figures released on May 25, the value of total exports (comprising re-exports and domestic exports) increased by 15.5 per cent in April 2000 over a year earlier to C\$23.4 billion.

Within this total, the value of re-exports rose by 16.7% to C\$20.8 billion, and that of domestic exports by 7.4 per cent to C\$2.6 billion. Concurrently, the value of imports also increased strongly, by 18 per cent in April 2000 over a year earlier to C\$25.4 billion.

A visible trade deficit of C\$2 billion, equivalent to 7.9 per cent of the value of imports, was recorded in April 2000. This was larger than the deficit of C\$1.3 billion, equivalent to 6 per cent of the value of imports, recorded in April 1999.

For the first four months of 2000 as a whole, the value of total exports increased strongly by 18.7 per cent over a year earlier. Within this total, the value of re-exports increased by 19.6 per cent and that of domestic exports by 12.2 per cent.

Over the same period, the value of imports rose by 21.5 per cent. Taken together, a visible trade deficit of C\$6.6 billion, equivalent to 7 per cent of the value of imports, was recorded. This was larger than the deficit of C\$3.7 billion, equivalent to 4.8 per cent of the value of imports, recorded in the same period in 1999.

Hong Kong *Disappointed* at IMD Ranking

The Hong Kong Government has expressed disappointment at the International Institute for Management Development's (IMD) 2000 World Competitiveness Yearbook which lowered the territory's ranking from 7th to 14th position in April 2000.

A Government spokesman expressed surprise and disappointment towards this ranking for Hong Kong, particularly as this appears to be based on incorrect economic data.

"This is a real pity as it gives a completely misleading impression about the remarkable rebound of the economy in the second half of last year."

The spokesman said that the IMD survey had not compared like with like when assessing the performance of various economies adding that the figures used in the report to assess some other economies were much more up to date than those used for Hong Kong.

He pointed out that the IMD had said that Hong Kong's ranking fell because GDP growth - which it calculated at 0.1 per cent - did not yet compare with that in neighbouring economies.

"We are at a loss as to how the IMD arrived at its figure of 0.1 per cent", the spokesman said.

He said Hong Kong had supplied IMD in ample time with its revised annual GDP estimate of 1.8 per cent and the third quarter GDP figure of 4.5 per cent, both of which were released on November 26 last year.

The spokesman said: "This is a serious discrepancy which clearly distorted the overall rankings. If IMD had used the latest available data, Hong Kong would have finished higher in the rankings."

"This would have been a much truer reflection of Hong Kong's competitive position which was enhanced during the year by strong economic growth, lower labour costs, reduced housing and office rents and ongoing liberalisation of the banking and financial sectors.

"We appreciate the need for Hong Kong to become more competitive. The Government is never complacent about our economy and are always seeking ways to improve it."

The spokesman was glad to note that in the IMD report, Hong Kong still topped the rankings in such aspects as employment prospects, flexibility in labour regulations and lower corporate and individual tax rates.

Hong Kong's rankings also improved for "domestic economy" and for its people, including the quality of the labour force and the employment situation.

The spokesman pointed out that Hong Kong had been consistently ranked among the world's top three competitive economies by the World Economic Forum, the other global institution that ranks international competitiveness. Hong Kong was also ranked as the freest economy by the U.S. Heritage Foundation and Economic Freedom Network which comprises Canada's Fraser Institute and another 50 plus economic institutions around the world.

Meanwhile, the Hong Kong SAR Government, commenting on the Economist Intelligence Unit's (EIU) ranking of the business environment of the territory, has said that it remains confident that Hong Kong will be able to retain its pre-eminent position as an international financial and business centre.

In a statement issued on May 11, the Government said that EIU's analysis did not reflect realities in Hong Kong and pointed out that Hong Kong had already overcome the adverse impact of the Asian financial crisis.

"In 1999, our GDP growth resumed. This is expected to continue in 2000 with GDP growth forecast at 5 per cent," the statement said.

"Our economic freedom has been fundamental to our success. We have been able to adjust rapidly both in prosperous and difficult times and this

has kept Hong Kong competitive."

The statement noted that EIU had downrated Hong Kong largely on the consideration of political factors.

"The incidents of 'political interference' cited by the Economist Intelligence Unit are totally unfounded. The sale by Cable & Wireless plc of its shareholding in Cable & Wireless Hong Kong Telecom is entirely a commercial decision. It is a matter for the boards of directors of the respective companies to determine in the interest of their companies and their shareholders," it said.

Noting that the EIU report had alleged that Hong Kong would be vulnerable to restrictions on high-tech goods which the U.S. was currently imposing on China, the statement said: "Clearly, the EIU has failed to recognise that the U.S. State Department has just reported to the U.S. Congress that Hong Kong has one of the best systems of control on strategic commodities trade."

"We have every intention to maintain Hong Kong as an open and liberal society, and have every confidence of being able to do so," the statement concluded.

Appointment of Mr Jimmy Leung as Senior Information Officer



(from left) Chief Information Officer, Mr Frank Chuan; Senior Information Officer, Mr Jimmy Leung and the Director of the HKETO, Mr Donald Tong.

The Director of the Hong Kong Economic and Trade Office (HKETO) of the Hong Kong SAR Government, Mr Donald Tong, has announced the appointment of Mr Jimmy Leung, as Senior Information Officer of the HKETO.

Mr Leung succeeds Mr Stephen Siu, who left the HKETO in mid-April 2000.

Mr Leung has acquired extensive knowledge of government, city and community issues in Ontario throughout his five years of experience as a reporter for the Fairchild TV network in Toronto.

Prior to joining the news division of the TV network, he had worked as a reporter for the English language daily, the South China Morning Post in Hong Kong for ten years.

During his stint with the TV station, Mr Leung received three awards between 1996 and 1999 for best TV news stories, two from Peel Regional Police and the third from Registered Nurses Association of Ontario.

HK Capable of Hosting World-Class Asian Games

The Secretary for Home Affairs, Mr David Lan, has said that Hong Kong is capable of hosting a world-class Asian Games in 2006.

He stressed that Hong Kong had the resources, expertise and adequate sporting venues and facilities for it to put in a very strong bid to the Olympic Council of Asia (OCA) by the deadline of June 30 this year.

Mr Lan noted the manifold benefits to Hong Kong by hosting the Asian Games.

"It is a good opportunity for us to showcase our strengths to the rest of Asia and indeed the world," he said.

Mr Lan pointed out that the Games would undoubtedly elevate Hong Kong's status as a centre for hosting international sporting events as well as other prestigious international gatherings.

"More importantly," he continued, "it will give Hong Kong people the first chance to share the pride and excitement of hosting such an international event. It will certainly encourage our athletes to improve their skills in the years ahead and provide a focus and impetus for the further development of sport in the community."

Mr Lan added that the Games would also provide a rallying point for the community in the years leading up to 2006, not to mention that playing host to the Games would help foster a sense of identity, social cohesion and national pride among Hong Kong people.

Meanwhile, on May 12 the Finance Committee of the Legislative Council, endorsed the hosting of the games by the SAR.

Financial News Capsules

Cathay Pacific Expands Fleet

Cathay Pacific Airways has signed a series of deals to add a further 15 wide-bodied aircraft to its fleet by September 2001. The 15 aircraft include nine new aircraft deals in addition to the six announced since last October.

The new aircraft will increase the size of Cathay Pacific's operational fleet from 65 to 80 aircraft, an increase of almost 23 per cent.

Cathay will also be recruiting more than 1,400 cabin crew, pilots and ground staff to cope with the expansion plans.

HK has US\$93.9 billion in foreign currency

The official foreign currency assets of Hong Kong amounted to US\$93.9 billion at the end of April 2000, as compared with US\$93.8 billion in March.

In terms of foreign currency reserves ranking, Hong Kong is the world's fourth largest holder of foreign currency reserves after Japan, Mainland China and Taiwan. The total foreign currency assets of US\$93.9 billion represent over seven times the currency in circulation, one of the highest ratios in the world.

Retail Sales Up

The value of total retail sales in March, estimated at C\$3 billion, increased by 9 per cent over a year earlier. After discounting the effect of price changes, total retail sales rose markedly by 15 per cent in volume.

The year-on-year increase in retail sales volume in March was across-the-board amongst almost all categories of consumer goods, including motor vehicles, consumer durable goods, furniture and fixtures.

For the first quarter of 2000 as a whole, total retail sales increased markedly by 14 per cent in volume over a year earlier. On a seasonally adjusted basis, total retail sales rose by 9 per cent in volume in the first quarter of this year over the fourth quarter of 1999.

A Government spokesman noted that the sharp increase in consumer spending in March was in line with the further pick-up in overall economic activity. This was the ninth consecutive month of positive volume growth since July 1999.

Exchange Fund Assets

The total assets of the Exchange Fund at the end of March 2000 was C\$185.85 billion, marginally higher than the amount of C\$185.84 billion reported for the end of February. Foreign currency assets increased by C\$2.39 billion while Hong Kong dollar assets decreased by C\$2.38 billion.

Figures from the Currency Board Account show that the monetary base at the end of March was C\$39.28 billion, a decrease of C\$0.54 billion, or 1.38 per cent, from the end of February 2000.

Bankruptcy rate eases

Corporate bankruptcies have levelled off, with no more blockbuster liquidations on the cards and bad debts down to a trickle as Hong Kong emerges relatively unscathed from the financial crisis.

Figures from the Official Receiver for last year showed that corporate bankruptcies were on a par with the previous year's numbers – with 1,169 winding-up petitions filed in the financial year 2000. Compared with an unprecedented 40 per cent surge in cases in 1997 and 1998, things were looking better, the Official Receiver said.

Property transactions rise in April

The Land Registry received 9,138 sale and purchase agreements on residential and non-residential building units in April, representing an increase of 15.7 per cent over March but a decrease of 7.9 per cent from April last year, according to Land Registry statistics released on May 3.

The total consideration of these agreements in April was about C\$4.1 billion, up 12 per cent over March but down 24.2 per cent when compared with April 1999.

The figure is the highest for a single month since last May, mainly driven by developers' increased residential sales, according to estate agents.

HK GenCham boosts growth forecast

The Hong Kong General Chamber of Commerce (HKGCC) has revised its economic forecast for 2000 from 4 per cent to 5.3 per cent, as external trade, total exports and retail sales showed excellent growth.

Speaking at HKGCC's annual general meeting, the Chairman, Mr C.C. Tung, said that the association would have been prepared to upgrade more aggressively had it not been for the concerns about further hikes in interest rates, whether deflation would continue and the recent volatility in the global equity market.

Mr Tung also remarked that last year saw the SAR rapidly re-positioning itself to take part in the electronic revolution that was changing the way business was done the world over.

"This will become all the more important as globalisation and regionalisation continue and China gets ever closer to WTO entry, with all the opportunities that will bring in the further opening of the market," he said.

Go ahead for MPF

The Chief Executive in Council has appointed December 1, 2000 as the commencement date of the full operation of the Mandatory Provident Fund (MPF) System.

A Government spokesman said that the likely increase in the actual operating costs of most businesses arising from the implementation of the MPF system would be modest, about 0.7 per cent overall.

New technological body set up

The Government has announced the establishment of the Hong Kong Applied Science and Technology Research Institute Company Limited to take forward the planning and development work of the Applied Science and Technology Research Institute (ASTRI).

The Board of Directors of the Company is

chaired by Mr Allan Wong Chi-yun, Chairman of Vtech Holdings Limited. Mr Wong is also a member of the Council of Advisors on Innovation and Technology.

The establishment of the ASTRI is a major recommendation of the Chief Executive's Commission on Innovation and Technology. A site in the Science Park has been reserved for construction of ASTRI's permanent building and facilities.

Commenting on the establishment of the new company, the Secretary for Trade and Industry, Mr Chau Tak Hay said on April 20 that the Government was committed to providing the necessary infrastructure to facilitate the territory's industry to maintain its global competitiveness.

He said that ASTRI was an important addition to Hong Kong's technological infrastructure.

"It will provide the midstream research capability to increase the added value and productivity of Hong Kong's industry. It will serve as a focal point for collaboration among the academia, industry, industry-support organisations and the Government. It will also play a vital role in enhancing Hong Kong's technological human resources development," Mr Chau added.

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>.