

June 2001

HONG KONG UPDATE

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



The Chief Executive, Mr Tung Chee Hwa (left), launches the Brand Hong Kong programme during the Fortune Global Forum. At the reception in Toronto (above) are from left, the Hon Dr Rey Pagtakhan, Secretary of State (Asia Pacific Region), Mrs Rosanna Ure, Director, Hong Kong Economic and Trade Office and the Hon James Flaherty, Deputy Premier and Ontario's Minister of Finance.

Hong Kong's New Global Brand

Hong Kong introduced its new position as "Asia's world city" and unveiled its new brand identity to Canada at two receptions – one in Toronto on June 1 and the other in Vancouver on June 14. The new visual brand identity is a stylized dragon.

"The new visual identity encapsulates Hong Kong's image as one of the world's most cosmopolitan and vibrant cities, reflects the rich culture and unique heritage and challenges you to explore Hong Kong as a visitor, an investor and an admirer," said Mrs Rosanna Ure, Director, Hong Kong Economic Trade Office in Canada, and host of the two receptions.

The brand identity was designed to communicate Hong Kong's link to an historical and cultural icon. The flowing lines of the dragon mirror Chinese calligraphy. The dragon incorporates the letters 'H' and 'K' and the Chinese characters for Hong Kong. This dual expression symbolizes a blend of East and West that characterizes Hong Kong. The dragon's smooth, fluid shape

imparts a sense of movement and speed, communicating that Hong Kong is forever changing.

The visual identity's dynamic and contemporary rendering captures Hong Kong's passion to be daring and innovative, and a can-do approach towards bringing visionary ideas to life.

Mrs Ure said: "The special presentation is part and parcel of our continuing global strategy to focus the world's attention on the many facets of Hong Kong."

Throughout its history, Hong Kong had reinvented itself, to meet the demands of its own people and of the world around it. After World War II, it became a manufacturing center, creating employment for its citizens and inexpensive products for a demanding world.

It evolved from being a strong center for commerce in Asia in the 1970s, to a financial center in the region in the 1980s and 1990s. Today, Hong Kong was poised to be the IT hub for Asia.

"High connectivity, excellent telecommunications infrastructure and projects such as the Cyberport and Science Park help to establish and nurture a world-class technology community dedicated to applied research and developments," said Mrs Ure.

In fact, Hong Kong is ranked as one of the top 10 places in the world with the best e-commerce readiness.

Mrs Ure said that Hong Kong was Mainland China's biggest trading partner and was the gateway to China. The proximity and close relationship with this giant are the distinct advantages Hong Kong enjoys.

The long-established trading partnership with the mainland businesses made Hong Kong an ideal ally to overseas corporations, which were looking for expansion opportunities in China. The abundant opportunities created by China's imminent accession to the World Trade Organization had already attracted many Canadian companies to set up their base in Hong Kong.

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Mr Benjamin Tang,
Commissioner for
Insurance

Council Appoints Chairman

The Chief Executive, Mr Tung Chee Hwa, has appointed Professor Eugene Wong, Professor Emeritus of University of California at Berkeley, as the new Chairman of the Council of Advisers on Innovation and Technology.

Professor Wong replaces Mr Payson Cha Mou-sing who has resigned due to personal reasons.

The Council is a high-level standing advisory body reporting directly to the Chief Executive. It has been established since April 2000. Its role is to advise and make recommendations to the Chief Executive on matters related to innovation and technology so as to optimize their contributions to Hong Kong's economic development.

Mr Tung said that Professor Wong had tremendous standing in the academic field and that he also had a remarkable track record in technology businesses and experience in formulating science and technology policy.

"I am confident that, under Professor Wong's leadership, the Council will help turn Hong Kong into a technology-intensive and knowledge-based economy," he said.

Professor Wong was a pioneering researcher in database management systems and a founder of Ingres Corporation in Silicon Valley in 1980. He was an Associate Director of the Office of Science and Technology Policy in the White House Under U.S. President George Bush in 1990-1993.

HK's Advantages in Insurance Business

The Hong Kong Commissioner for Insurance, Mr Benjamin Tang, has said that Hong Kong is destined to become a gateway to China when she opens up the insurance market to the outside world after entering the World Trade Organization (WTO).

Addressing Canadian insurance professionals in Toronto in May, Mr Tang highlighted Hong Kong's distinct advantages, which included free market philosophy; well-developed infrastructure; advanced telecommunications; rule of law; independent judicial power and efficient workforce.

Compared with other regional economies, he said, Hong Kong had a pool of resourceful insurance professionals conversant with China's business affairs.

Mr Tang, who is also the Insurance Authority in Hong Kong, added that Hong Kong was home to the highest concentration of actuaries in Asia as well as geographical and cultural proximity to Mainland China.

He said that Canada had a strong presence in banking and investment sectors and was the leading player in Hong Kong's insurance and pension industry.

Mr Tang noted that there were eight Canadian/Canadian-controlled insurers in Hong Kong which accounted for 16 per cent of the market share.

He pointed out that Hong Kong had once again retained its position as the world's freest economy in the Economic Freedom of the World: 2001 Annual Report.

In order to sustain a free and dynamic economy, he added, the Hong Kong Special Administration Region Government provided maximum support with minimum intervention to the insurance industry.

There are 209 authorized insurers, 144 general business insurers, 46 long term business insurers and 19 composite business insurers in Hong Kong. Gross premiums in general business in 2000 amounted to C\$3.6 billion, an increase of 9 per cent from 1999.

Mr Tang noted that business potential would be enormous after China's accession to the WTO. China's GDP ranked seventh in the world in 1999.

He said that although total premium income reached RMB160 billion (US\$18.8 billion) in 2000, per capita annual premium remained low by international standard.

To cater for the changes, Mr Tang noted that China had established an insurance regulatory commission and introduced reforms in the industry, which included lifting of geographic limits and reinsurance restrictions as well as relaxation of foreign ownership of insurers.



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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The Office's Investment Promotion Unit provides free consultation on investment in Hong Kong.

To use this service, please contact:

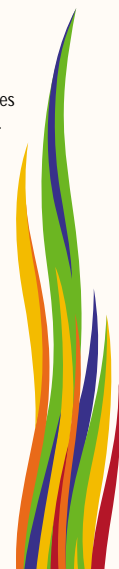
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HK - Canada Film Wins 3 Leo Awards

A Hong Kong-Canada co-production, "Lunch with Charles", has been honoured with three Leo Awards – Best Music Score (Simon Kendall), Best Screenwriter (Michael Parker) and Best Director (Michael Parker).

The film, starring Nicholas Lea and Bif Naked from Canada and Sean Lau Ching-wan and Theresa Lee from Hong Kong, is a co-production by Newfull Development Co. Ltd. in Hong Kong and Holiday Pictures in Canada.

First-time Canadian writer/director Michael Parker was thrilled to walk away with both writing and directing awards.

The film, a romantic comedy about two couples in search of their own dreams filmed at locations in Hong Kong and Canada, has been warmly received in festivals across North America.

In total, "Lunch with Charles" was nominated for seven Leo Awards – Best

Feature Length Drama (Shan Tam, Michael Parker); Best Director (Michael Parker); Best Screenplay (Michael Parker); Best Cinematography (John Houtman); Best Production Design (Michael Bjornson); Best Music Score (Simon Kendall); and Best Performance – male (Nicholas Lea).

The Leo Awards are a celebration of excellence in British Columbia film and television.

The nominations for Leo Awards reflect not only the international recognition of the high standard of the film, but also showcase the success of co-production activities between Hong Kong and Canada.

The film had received advance approval as a Hong Kong-Canada co-production in 1999 under the Memorandum of Understanding (MOU) on Film and Television Co-production signed between the governments of Hong Kong and Canada.

The MOU was first signed in June 1991 and updated in February 2001 during Team Canada's visit to Hong Kong. The MOU aims to update the agreement and build in more flexibility for an application to qualify as a Hong Kong-Canada co-production.

Two films, including "Lunch with Charles", and three animation series, with a total production budget of about C\$19 million, have been approved as co-productions under the MOU.

The nominations of the film 'Lunch with Charles' for the Leo Awards shortly after the success of Hong Kong film industry personnel in the Osars Awards and Cannes International Film Festival clearly demonstrates the world class standard of Hong Kong productions and augments the position of Hong Kong as an international film production center.

Hong Kong Fellowship for Canadian Journalists

The Hong Kong Economic and Trade Office in Canada (HKETO), in association with the Canadian Association of Journalists, is offering two working fellowships for Canadian journalists to acquaint themselves with the Hong Kong Special Administrative Region (HKSAR) of China.

The winners of the Dateline Hong Kong Fellowship 2001 will travel to Hong Kong before the end of March 2002. The package offered includes a business class return air ticket between Canada and Hong Kong, six nights' hotel accommodation inclusive of taxes, service charges and breakfast and round trip airport transfer.

Funding for the 2001 project will come from the HKSAR Government. In

addition to visiting places of interest, winners will be able to meet people of diverse views and cultural background, such as Canadian business people, politicians and senior government officials.

To apply, each applicant must include a resume, a written proposal laying out what is to be achieved, and a written statement of support, including a letter of intent from the editor/producer to broadcast/publish stories/articles in the respective newspaper, magazine, radio or television station.

The proposal can concentrate on any area of life in Hong Kong, including, but not limited to: business, trade, politics, infrastructure development, IT, tourism, housing, education, culture

and environment.

Neither the HKSAR Government nor the Canadian Association of Journalists will have any control over or rights to the work of the participants in the fellowship.

Applications must reach the Canadian Association of Journalists, St Patrick's Building, Carleton University, Ottawa, ON K1S 5B6, by Friday, August 10, 2001. Three judges appointed by the Canadian Association of Journalists will select the winners. The result will be announced in September 2001.

More details can be found on the Notice Board of the HKETO website at www.hketo.ca as well as the Canadian Association of Journalists website at www.caj.ca.

Brand Hong Kong Receptions

The colourful choreography by the Xing Dance Theatre of Canada was the highlight of the evening.



The Hon Dr Rey Patagkhan

Mr Wallace Immen of Globe and Mail and Mrs Immen, with Mrs Aliana Ho, Director, Canada, Hong Kong Tourism Board (left).



Souvenirs for all guests.

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Indeed, she went on, as of mid-2000, over 3,000 international corporations had established their regional headquarters and offices in Hong Kong.

Mrs Ure also introduced Hong Kong as a place to visit, and informed her guests that out of 13 million overseas visitors who went to Hong Kong in 2000, 250,000 were Canadians. As a matter of fact, Hong Kong was the

most popular single city tourist destination in Asia.

The reception held at the Metro Toronto Convention Centre was graced by the presence of the Hon. Dr. Rey Patagkhan, Secretary of State (Asia Pacific Region) and the Hon James Flaherty, Deputy Premier and Ontario's Minister of Finance, as guests of honour. Their presence signifies the close Canada/Hong Kong link. In addition, representatives from consulates, provin-

cial government and dignitaries from the business community also attended. In Vancouver, the reception also attracted about 250 guests, with the Hon Greg Halsey-Brandt, Minister of State for Intergovernmental Relations, B.C., as guest of honour.

The new Brand Hong Kong programme was launched on May 10 by the Chief Executive, Mr Tung Chee Hwa at the Fortune Global Forum in front of an audience of more than 500 of the



Seen at the reception in Vancouver are: Mrs Ure, the Hon Greg Halsey-Brandt, Minister of State for Intergovernmental Relations and Mr Cui Huixin, Chinese Deputy Consul General.

The Hon James Flaherty greeting Mr Bryon Wilfert, M.P., Oak Ridges (Ontario).



Dr Elizabeth Theriault, Dean, School of Science & Technology and Mr Ronald Holgerson, Director, Marketing & Communications, both from Sheridan College, with Mr Eddie Cheung, Deputy Director, HKETO.



world's most influential business leaders and former US President Bill Clinton.

The prestigious Forum event was chosen because a major aspect of the new programme is to enhance international understanding of Hong Kong's strong position as a gateway to the Mainland of China as well as a hub for business throughout the Asia-Pacific region.

Mr Tung said that the new Brand Hong Kong programme was part and parcel of a new global strategy to pro-

mote Hong Kong. "The new visual identity represents Hong Kong's dynamism and creativity," he said.

Support is fast growing for the new global brand in Hong Kong. Leading Hong Kong corporations and organizations have lent their support to the long-term initiative, which will provide a clearer focus to ongoing efforts positioning Hong Kong as Asia's world city.

Hong Kong's two home-town airlines – Cathay Pacific and Dragonair – as well

as the Airport Authority and the Hong Kong Convention and Exhibition Center have all agreed to promote the new global brand.

The Johnson Electric Group, the world's second-largest motor manufacturing firm headquartered in Hong Kong, will use the brand in presentations to its overseas strategic customers while the French Chamber of Commerce is using the Hong Kong brand in its new promotion literature.



World's **Freest** Economy

Hong Kong remains the world's freest economy, according to the latest findings of the Economic Freedom of the World: 2001 Report published by the Cato Institute of the United States in conjunction with the Fraser Institute of Canada.

Welcoming the news, the Acting Financial Secretary, Mr Stephen Ip, said on April 20 that he was pleased that the Report firmly acknowledged Hong Kong's openness to business and trade, which was a key element of Hong Kong's competitiveness.

Hong Kong also scored first both for the Trade Openness Index and Comprehensive Index which are two new features added to this year's Report.

The Trade Openness Index was created to investigate the link between freedom of trade and wealth, while the Comprehensive Index integrated some new factors into the analysis in seven major areas: size of government; security of property rights; access to sound money; freedom to trade with foreigners; regulation of capital and financial markets; regulation of labour markets; and freedom to operate and compete in business.

Mr Ip added: "Hong Kong is committed to maintaining an open and business-friendly environment as well as a level playing field for investors from all over the world. We will con-

tinue our efforts in strengthening our position as an international financial and business center."

Following Hong Kong, the next freest economies are Singapore (2nd), New Zealand (3rd), the United Kingdom (4th), the United States (5th), Australia (6th), Ireland (7th), Switzerland (8th), Luxembourg (9th), and the Netherlands (10th).

Meanwhile, a Hong Kong SAR Government spokesman, in response to the publication of the World Competitiveness Yearbook 2001 by the International Institute for Management Development (IMD) in Switzerland, has welcomed the improvement in Hong Kong's overall ranking from the 12th in 2000 to the 6th position in 2001.

He said that he was glad that Hong Kong's efforts in reviving the economy and in enhancing the territory's competitive edge had produced positive results.

"The IMD acknowledged fully Hong Kong's strong economic performance in 2000, describing the 10.5 per cent real GDP growth as remarkable," he added.

"As recognized by IMD, low corporate and individual tax rates, flexibility in labour regulations and entrepreneurship will continue to underpin Hong Kong's competitiveness as a place of doing business," the spokesman went on.

ITU Telecom Asia 2002

The International Telecommunication Union (ITU) has accepted an invitation from China for Hong Kong to host ITU TELECOM ASIA 2002 from December 2 to 7, 2002.

Asia TELECOM is the prestigious regional telecommunications event organized by the ITU on a regular basis. Hong Kong participates in ITU's activities as part of the delegation of China, which is a member state of the ITU.

ITU TELECOM ASIA 2002 will encompass an International Telecommunication Exhibition and a Special Session of the World Telecommunication Forum. The Exhibition will display the latest telecom technologies and services whilst the Forum will address the latest telecom issues relevant to the region.

The previous Asia TELECOM held in Hong Kong last December was described as ITU's biggest ever regional ITU TELECOM event to date, and attracted over 50,000 participants, 500 exhibitors, 600 VIPs and 800 journalists.

ASIA 2002 will showcase Hong Kong's efforts in promoting itself as a telecommunications, broadcasting and Internet hub for the region.

Canadian Planners and Architects Invited to Design West Kowloon Reclamation

The Hong Kong Government has launched a Concept Plan Competition for the development of an integrated arts, cultural and entertainment district at the West Kowloon Reclamation, which will shape the future design and development of this waterfront area as a unique attraction for both local people and visitors.

The Director of the Hong Kong Economic and Trade Office in Canada, Mrs Rosanna Ure, has invited Canadian planners and architects to submit their blueprints and win prize money totaling C\$1 million.

She said: "I understand Canadian planning and architectural skills have won international acclaim in the past, therefore it is another opportunity for Canadian professionals to show off their talent."

Internationally renowned architect, Mr I.M. Pei, has agreed to be the honorary special adviser for the competition. A 10-member Jury comprising experts from within and outside Hong Kong will adjudicate the submitted proposals. The Chairman is Lord Rothschild, a Jury Member of the Pritzker Architecture Prize.

Five winners will be chosen and awarded cash prizes – C\$600,000 for the First prize, C\$300,000 for the Second prize, and C\$160,000 for each of the three Honourable Mentions.

The Hong Kong Government plans to announce the result of the competition in the first quarter of 2002.

When registration for interests closed on June 8, the Hong Kong Government had received a total of 502 registrations of which 103 were from Canada and the United States.

Hong Kong has World's Best Airport

Hong Kong International Airport (HKIA) has been named the World's Best Airport for 2001 in an independent survey conducted by a British-based airline and air-travel industry research company.

HKIA emerged as the clear winner in the survey conducted by Skytrax Research (formerly Inflight Research Services) with 15 per cent nominations more than the second-placed airport, Kuala Lumpur. Third place went to another Asian airport, Singapore's Changi.

Helsinki Vantaa Airport was named top airport in Europe, followed by Amsterdam's Schiphol and Copenhagen.

Dubai's new airport moved straight into top spot for the Middle East category.

Hong Kong's Airport Authority (AA) said on April 4 that overall customer satisfaction at HKIA was at its highest ever level.

The AA's latest customer survey, the sixth carried out since the airport

opened in July 1998, showed an overall satisfaction rate of 95.5 per cent. The six surveys confirmed an upward trend in overall satisfaction from 88.3 per cent in the first survey conducted in August 1998.

The areas of greatest satisfaction included cleanliness of public areas and washrooms, lighting, ventilation, the supply of airside and landside baggage trolleys, clarity and effectiveness of signage and flight information screens, processing times at Customs, and helpfulness of services at Information counters. All of these categories received very high percentages of satisfaction in the range of 85-99 per cent.

The AA also disclosed that passenger numbers continued to grow steadily at HKIA, but cargo showed signs of slowing.

Passenger traffic in March was 2.9 million, a strong growth of 11.3 per cent compared to March 2000. This was due mainly to the school holidays during the 2001 Population Census conducted from March 15 to 27 in Hong Kong.

Cargo volume went down 3.7 per cent in the same period, caused by the 7.7 per cent shrinkage in the exports sector, particularly to North America, Taiwan and Japan.

Passenger volume from May 1, 2000 to April 30, 2001, was 33.9 million, a rise of 8.2 per cent over the previous rolling 12 months. Cargo volume in the same period was 2.2 million tonnes, a 5.6 per cent increase over the previous 12 months, but lower than the 2.23 million tonnes registered in the 2000-01 financial year.

New Name for Tourism Body

The Hong Kong Tourist Association (HKTA) is now known as the Hong Kong Tourism Board (HKTB). The name change took effect from April 1.

The Board's new Executive Director, Ms Clara Chong said that the reconstitution of the HKTA involved far more than simply a change of name as it gave the HKTB a much clearer structure and mission.

She said: "It is clear from the steady growth in arrivals that the HKTA has done a very good job in the past, but the global tourism business is getting more competitive all the time and we have to excel. As the Hong Kong Tourism Board, we are ready to captivate the world using the latest methodology of a 'knowledge economy'."

Meanwhile, the number of visitor arrivals to Hong Kong in March 2001 was 1,160,619, showing a growth of

10.9 per cent. Cumulative arrivals from January to March 2001 reached 3,197,036, up 7.8 per cent on the same period in 2000.

"Aggressive campaigns by Cathay Pacific and Continental Airlines encouraged more traffic from Canada. The number of Canadians visiting Hong Kong in March was 26,398, up 10.5 per cent from March 2000," Mrs Aliana Ho, Director of Canada, HKTB said.

In the long-haul markets, the highest proportions of overnight visitors came from The Americas (84.6 per cent), and Australia, New Zealand and the South Pacific (82.2 per cent).

Overall hotel occupancy for March was 83 per cent, compared with 86 per cent in March 2000. However, compared with March 2000, there was an increase of 2.3 per cent in the daily average number of rooms available for occupancy.

More Visa-Free Access

The 13 European Union (EU) countries as well as Norway, Iceland and the Republic of Slovenia have granted Hong Kong SAR passport holders visa free access for a maximum stay of three months.

The United Arab Emirates has also granted Hong Kong SAR passport holders a free visa upon arrival for a stay of up to 30 days while Japan has extended the validity of multiple entry visas from one year to three years for Hong Kong travellers visiting Japan for tourism and business purposes.

The enlarged visa-free treatment brings to 90 the total number of countries/territories granting visa-free access to HKSAR passport holders.

The Chief Executive, Mr Tung Chee Hwa, welcomed the EU's decision to grant visa-free access to HKSAR passport holders. "This is a milestone vote of confidence of the EU in the 'One Country, Two Systems' arrangement," he said.

Canadian visitors to Hong Kong enjoy visa-free access for a stay of three months while HKSAR passport holders are given a maximum stay of six months upon entry to Canada.

Last year, 250,000 Canadian travelers came to Hong Kong which represented an increase of 11.9 per cent over 1999.

Financial News Capsules

HK's Foreign Currency Reserve Stands at US\$114.7 billion

The official foreign currency assets of Hong Kong amounted to US\$114.7 billion at the end of May 2001, grown slightly from US\$115.1 billion at the end of April 2001.

In terms of foreign currency reserves ranking, Hong Kong is the world's third largest holder of foreign currency reserves, after Japan and Mainland China.

The total foreign currency reserve assets of US\$114.7 billion represent over eight times the currency in circulation, one of the highest ratios in the world.

Trade Figures for April

The value of total exports of goods (comprising re-exports and domestic exports) in April 2001 dropped by 2.4 per cent over a year earlier to C\$23.78 billion. Within this total, the value of re-exports fell by 1.4 per cent to C\$21.36 billion and the value of domestic exports was down by 10.7 per cent to C\$2.43 billion. The value of imports of goods, meanwhile, decreased slightly, by 0.4 per cent over a year earlier to C\$26.37 billion.

A visible trade deficit of C\$2.57 billion, equivalent to 9.8 per cent of the value of imports of goods, was recorded in April 2001. This was larger than the corresponding deficit of C\$2.07 billion, equivalent to 7.9 per cent of the value of imports of goods, recorded in April 2000.

Unemployment remains stable at 4.6 per cent

The seasonally adjusted unemployment rate was 4.6 per cent (provisional) in March-May 2001, same as that in February-April 2001, according to the latest labour force statistics released on June 18. The under-employment rate in March-May 2001, at 2.4 per cent (provisional), was slightly higher than that of 2.3 per cent in February-April 2001.

Slight increase in retail sales

The value of total retail sales in March 2001, estimated at C\$3.1 billion, increased by two per cent over March 2000. After discounting the effect of price changes over the period, the volume of total retail sales increased by three per cent.

For the first quarter of 2001 as a whole, total retail sales stayed virtually unchanged in value, yet increased by two per cent in volume, over a year earlier.

Based on the seasonally adjusted series, the volume of total retail sales increased by seven per cent in the first quarter of 2001 over the fourth quarter of 2000.

CPI down

According to the new 1999-2000-based series of Composite Consumer Price Index (CPI), overall consumer prices declined by 1.4 per cent in April 2001 over a year earlier, smaller than the 1.9 per cent

decrease in March 2001.

A Government spokesman noted that while consumer prices remained generally soft amidst lower import prices, the rates of decline in the CPIs narrowed most recently, as property rentals continued to bottom out and as the effect of the one-off rebate on electricity charges lapsed.

HK's Gross National Product (GNP) and External Factor Income Flows (EFIF)

Hong Kong's GNP for the first quarter of 2001 was estimated at HK\$316.8 billion at current market prices, representing an increase of 1.6% over a year earlier. The difference of HK\$12.0 billion from the Gross Domestic Product (GDP), estimated at HK\$304.8 billion for the same quarter, represented a net factor income inflow equivalent to 3.9% of GDP in that quarter. After netting out the effect of price changes, Hong Kong's GNP rose by 3.4% in real terms in the first quarter of 2001 over a year earlier. This was above the growth of 2.5% in real terms for Hong Kong's GDP in the same quarter.

Total factor income inflow into Hong Kong, estimated at HK\$98.2 billion, decreased by 9.3% in the first quarter of 2001 from a year earlier. Concurrently, total factor income outflow declined more, by 13.0% to HK\$86.2 billion. These inflow and outflow were equivalent to 32.2% and 28.3% respectively of GDP in that quarter. Taking the inflow and outflow together, net EFIF amounted to HK\$12.0 billion in the first quarter of 2001, as compared to HK\$9.2 billion in the same quarter in 2000.

Contract for Positron

The leading Montreal emergency control system provider, Positron Public Safety System Inc., has been contracted to provide an IT sub-system for the Third Generation Mobilising System to the Hong Kong Fire Services Department. A contract has been signed with the primary contractor, Singapore Engineering Software Pte Ltd on June 7, 2001. Mr Jose-Luis Meghini, President of Positron said: "This is our first major contract in Asia. We are very committed to this project and to establishing an effective presence in Asia."

P&G considers HK strategically important

The Chairman of the Board of Directors of Procter and Gamble (P&G), Mr John Pepper, said that Hong Kong has been of great strategic importance to his company due to the uniqueness of its free trade environment, government policy of minimum intervention in business, upholding of the law and simple tax structure.

Mr Pepper was speaking to reporters after a meeting with the Chief Executive, Mr Tung Chee Hwa in Hong Kong on March 28.

He said his meeting with Mr Tung was fruitful in establishing a common understanding on P&G's beliefs and values, and the future business opportunities for foreign investments in Greater China.

Ranked 75th on the Year 2000 Fortune Global 500 company list, the US-based P&G is a leading manufacturer and distributor of superior consumer products in the world and in Hong Kong. It also focuses on innovation.

Intelligent Transport Systems for HK

The Secretary for Transport, Mr Nicholas Ng, has said that over C\$600 million would be spent in the next 10 years to make Hong Kong's transport system more "intelligent".

Speaking at a luncheon meeting in Hong Kong on May 14, he said that with the implementation of the comprehensive Intelligent Transport System (ITS), road users would be provided with more timely and accurate transport information so that they could make an informed choice on the quickest way of moving around.

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>.