



# HONG KONG UPDATE

Hong Kong Economic and Trade Office • Toronto  
December 2001 Issue



The Chief Executive, Mr Tung Chee Hwa, announces initiatives to upgrade Hong Kong at the Policy Address.

## Chief Executive Unveils Initiatives to Upgrade Hong Kong

The Chief Executive, Mr Tung Chee Hwa, announced, in his Policy Address on October 10, a package of measures and initiatives to upgrade Hong Kong's hard and soft infrastructure, to push ahead with large-scale projects, enhance the Hong Kong environment as a business hub and invest in the future.

He said that the Government and the two railway corporations would invest \$600 billion (C\$120 million) over the next 15 years in projects such as new rail lines, land formation, roads and on improving links with the Pearl River Delta.

Mr. Tung also said that early stage design was being prepared for an express railway service from Hung Hom to Shenzhen to link with a planned Shenzhen-Guangzhou express. The new rail service would cut traveling time between Hong Kong and Guangzhou to one hour.

The backbone of Hong Kong's economy – small and medium enterprises – will benefit from \$1.9 billion (C\$380 million) in financial assistance through four new funds being established. The Government's commitment is \$600 million (C\$120 million) and will benefit more than 100,000 enterprises.

Other initiatives to enhance Hong Kong's business environment include:

- Investing up to \$2 billion (C\$500 million) to construct a new exhibition center at Chek Lap Kok in conjunction with the Airport Authority;
- Setting up a Steering Committee on Logistics Development and a Logistics Development Council to promote Hong Kong's development as a major international transportation and logistics hub;
- A \$100 million (C\$20 million) fund to support, on a matching basis, projects to enhance professional services in Hong Kong;
- Making it more convenient for Mainland business people to visit Hong Kong; making it more convenient for Hong Kong permanent residents who are foreign nationals to visit the Mainland; and looking at ways to relax immigration restrictions for overseas investors;
- Agreement reached with Mainland authorities to abolish the quota system for the Hong Kong Group Tour Scheme from January 2002. This will allow more Mainland tourists to visit Hong Kong.

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## CS Says Policy Address "Far Reaching"

Commenting on the Policy Address, the Chief Secretary for Administration, Mr Donald Tsang, said that the Chief Executive had made a very comprehensive review of Hong Kong's present political, economic and social situation.

He said: "He has made a whole series of recommendations which are pragmatic and far reaching."

Mr Tsang said that the Chief Executive intended to complete the preparatory work before June 30 next year. This would enable the new second term Chief Executive to implement it in the way he wished, he added.

The Financial Secretary, Mr Antony Leung, said: "This is a Policy Address that is very practical, that has set very clear directions for Hong Kong, that shares the anxiety of the people as well as setting very appropriate policies."



Chief Secretary Mr Donald Tsang said at a media briefing that the initiatives outlined in the Chief Executive's Policy Address are 'pragmatic' and 'far reaching'.

# Hong Kong Denounces September 11 Terrorist Attacks

**The Chief Executive, Mr Tung Chee Hwa, has said that the people of Hong Kong are deeply shocked and saddened by the tragic events of September 11.**

In his condolence remarks delivered at the International Day of Remembrance organized by the American Chamber of Commerce on September 29, he said that Hong Kong shared the deep sense of grief with the American people.

Mr Tung said that thousands of innocent lives were lost or still missing, adding that they were overwhelmingly Americans.

But he noted that this was not just an

American tragedy as victims from 80 countries, including China, had been involved. Twenty people from Hong Kong were reported missing.

He said: "To these families, and to these family members who are here today, I hope you are facing your tragedy with courage."

The Chief Executive said that these acts of terrorism had become a scourge for the entire world. "We stand united, we stand squarely behind the efforts to eradicate all forms of terrorism around the globe."

Earlier, the Chief Secretary, Mr Donald

Tsang, who was on an official visit to the United States, said in Washington on September 12, that he was deeply saddened and aggrieved at such a terrible loss of life.

Expressing profound sympathy for the American people, Mr Tsang lashed out at the terrorist attacks saying that such attacks were abhorrent to human decency.

Meanwhile, the Hong Kong Police are confident that Hong Kong remains safe and stable. They have put in place contingency plans to ensure public safety and to cope with different kinds of emergencies.

## Massive Investment in Hong Kong's Infrastructure

**The Hong Kong Special Administrative Region Government will invest a massive C\$120 billion on infrastructure development which will be almost four times the amount spent on the Airport Core Programme.**

The Secretary for Works, Mr Lee Shing-see, told a news conference on October 13 that the total consisted of C\$80 billion on Government capital works programme and C\$40 billion on railways.

Mr Lee noted that 1,600 projects had been committed with major spending on highways, new towns and urban area development, environment improvement, flooding control and buildings. These projects would provide 20,000 jobs in the coming years

Speaking at the same news conference, the Secretary for Transport, Mr Nicholas Ng, said that half of the C\$120 billion would be spent on Hong Kong's ambitious rail and road infrastructure programme.

Mr Ng said that C\$40 billion would be spent on 12 railway projects and C\$20 billion on road projects. This would create



more than 40,000 job opportunities in the next five years.

He said that work on six railway projects would be completed by 2007, expanding the existing network by 40 per cent to over 200 kilometres. This would bring rail services to Tseung Kwan O next year, and to Yuen Long/Tuen Mun in 2003.

Mr Ng added that the extension of the East Rail to Ma On Shan and Tsim Sha Tsui would be completed in 2004 while the timely completion of the Penny's Bay Rail Link in 2005 would bring visitors to the Hong Kong Disneyland, and the Sheung Shui to Lok Ma Chau Spur Line to be completed by 2007 would make possible



### 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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# Hong Kong Retains Freest Economy Rating

For the eighth consecutive year, the Hong Kong Special Administrative Region (SAR) has been rated the world's freest economy in the 2001 Index of Economic Freedom released by the Heritage Foundation and the Wall Street Journal.

Speaking at a luncheon hosted by the Heritage Foundation on November 12, the Chief Executive, Mr Tung Chee Hwa said: "We are pleased and honoured to be ranked, yet again, the world's freest economy."

Mr Tung said that Hong Kong's remarkable success over the years owed a great deal to its belief in a free and market-oriented economy with minimum government involvement and fair competition. He pledged to continue to strongly adhere to this belief because it had served Hong Kong well.

He added: "Together with the freedoms provided for by the Basic Law, the rule of law upheld by an independent



*The Chief Executive, Mr Tung Chee Hwa, receives from the President of the Heritage Foundation, Mr Edwin Feulner, the 2002 Index of Economic Freedom.*

judiciary, a level playing field for business, free flow of information, a clean and efficient government, and prudent management of government finance, it has sustained Hong Kong's continued prosperity and created our competitive advantage today as an international center for finance, trade, transport and logistics,

and for tourism."

The Chief Executive said that Hong Kong's economy was presently going through major difficulties but he pointed out that all the major economies around the world were either already in recession or were in the process of going into a recession, notably the United States, Japan and Europe.

Hong Kong, he added, had been badly affected since it was a very externally oriented economy and this would result in negative growth for a few quarters.

Mr Tung said, however, that Hong Kong had a lot of competitive advantages that others in Asia did not have and he believed the Government had the right policy to take Hong Kong forward.

"What we are trying to do is to prepare ourselves so that when the external recovery does come, Hong Kong is best positioned to take advantage of the recovery and move forward one more time," he said.

## Parliamentarians Well Briefed on Hong Kong

Notwithstanding the busy parliamentary agenda on anti-terrorism related issues, the Canada-Hong Kong Parliamentary Friendship Group, with the Hon. Bryon Wilfert as its Chair, invited the Director of the HKETO, Mrs Rosanna Ure, and her deputy, Mr Kenneth Cheng, to a reception at Parliament Hill on October 24.

Mrs Ure briefed over 20 parliamentarians who belong to the group, of Hong Kong's latest developments and the major initiatives set out in the Chief Executive's 2001 policy address.

Welcoming Mrs Ure and Mr Cheng, Mr Wilfert said that Canada and Hong Kong had enjoyed a cordial and close relationship and the Group had played an important role in fostering the friendship between the two places.

Mrs Ure said: "After the change of sovereignty in 1997, the 'one country two systems' principle has worked well. Hong Kong retains its pre-existing systems and the Special Administrative Region Government is determined to safeguard the freedoms and rights hitherto enjoyed by its people with the strong support of the Central Government.

"This support was most obvious when Hong Kong dealt with the economic fall-



*Mrs Rosanna Ure (front fourth from the right), Director of the HKETO and Mr Kenneth Cheng (front third from the right), Deputy Director of the HKETO, briefed the Hon Bryon Wilfert (front second from the right), Chair of the Canada-Hong Kong Parliamentary Friendship Group and its members on Hong Kong's latest development and major initiatives.*

out as a result of the Asian financial turmoil."

She pointed out that with the worldwide economic downturn and the difficulty created by the terrorist attacks on the United States on September 11, Hong Kong's economy was unavoidably affected. "However, the accession of the People's Republic of China to the World Trade Organisation would bring positive economic impact on Hong Kong. The support given by countries such as Canada, such as visa free access for Hong

Kong SAR passport holders, is important to the economic well-being of Hong Kong," she added.

The Director encouraged the parliamentarians to visit Hong Kong to see for themselves the progress made in Hong Kong since July 1997.

Earlier, Mrs Ure also visited the Editorial Board of Vancouver Sun during her duty visit to Vancouver, to brief the Board of the opportunities available in Hong Kong upon China's entry to WTO.

# Wide Acclaims For HK Art Festival



To celebrate HKETO's tenth anniversary in Canada, (from left to right) Mr Mike Feldman, Toronto city councillor, Mrs Rosanna Ure, Director of the HKETO and the Hon Tony Clement, Minister of Health and Long-Term Care for Ontario launched the Hong Kong Arts Festival on November 13.



As the presenting sponsor of "The Last Emperor", Mrs Rosanna Ure, Director of the HKETO, said the performance by the Hong Kong Ballet combined both western and Chinese artistic expressions, and was a symbol of "East meets West" in Asia's world city.



Ms Helen Ng, Executive Director of the Hong Kong Ballet, presents a souvenir to Mr Kenneth Cheng, Deputy Director of the HKETO, in recognition of the HKETO's role as the presenting sponsor of "The Last Emperor".

To celebrate its tenth anniversary in Canada, the Hong Kong Economic and Trade Office (HKETO), presented a Hong Kong Arts Festival in Toronto from November 13 to 29, with the showing of "Living in Hong Kong – Past and Present", an exhibition of some 80 photographs depicting the life in Hong Kong over the last 50 years.

Speaking at the launching of the Festival, the Director of the HKETO, Mrs Rosanna Ure, said: "As the preferred destination of Hong Kong immigrants over the past decade, the relationship between Hong Kong and Canada, and in particular Toronto, has become very strong and a better appreciation of Chinese cultural heritage and values is

apparent here in Toronto."

She said that Hong Kong, as a place where East meets West, had a uniquely rich and diversified cultural life. While promoting business links with Canada, Mrs Ure went on, the HKETO would also like to introduce to Canadians, through the launch of the Festival, the great variety and richness of the city's art and culture.

The photos in the exhibit were arranged under the themes of "Dressing", "Eating", "Living", and "Commuting", depicting life in Hong Kong from 1950 to present day. The photos were displayed until November 16 at the New City Hall and from November 19 to 29 in the foyer of the

Chinese Cultural Centre of Greater Toronto.

The Festival continued with HKETO's participation as the "Hong Kong Spotlight" presenting sponsor of the Reel Asian International Film Festival. Four Hong Kong films were featured on November 24 and 25.

Included in the Festival was a Filmmakers' Seminar "An Introduction to the International Co-production: Canada, Hong Kong, and Accessing Asia" on November 20. Panelists included professionals of the film industry from both Hong Kong and Canada.

Mr Simon Chung, an independent filmmaker from Hong Kong, whose film "Leaving Sorrowfully" was included in



Splendid costumes, as well as beautiful music, weave the sad story of "The Last Emperor" into an unforgettable ballet performance.



Attending the Hong Kong Ballet dinner reception are (left to right): Dr. Ming-Tat Cheung, President and Chair of Chinese Cultural Centre of Greater Toronto, Mrs Rosanna Ure, Director of the HKETO, Mr Xiaowei Xiang, Consul of Cultural Affairs, Consulate General of the People's Republic of China, Ms Helen Ng, Executive Director of the Hong Kong Ballet, Mr Andre Mak, Chair of the Mississauga Board of Chinese Professionals and Business, the Hon Hazel McCallion, Mayor of Mississauga and Mr Joseph Volpe, M.P.



World-renowned actor, Mr Jackie Chan, visits the HKETO to pledge his full support to the Hong Kong Arts Festival held in Toronto.

## Jackie Chan Hails HK's Successful Film Industry

**World-renowned actor, Jackie Chan, has attributed the success of Hong Kong's film industry to the favourable business environment that the Hong Kong Special Administrative Region Government has created for all to compete in a level playing field.**

He told the Canadian media during a visit to the Hong Kong Economic and Trade Office (HKETO) in Toronto on November 22 that the Hong Kong Government also maintained a free environment where everyone could pursue their projects without interference.

"No wonder Hong Kong is 'Asia's world city,'" he added.

In welcoming Jackie Chan, the Director of the HKETO, Mrs Rosanna Ure, paid tribute to the work done by professionals in the Hong Kong film industry, adding that Hong Kong film was one of the best known products overseas and

the industry was a very important sector in the Hong Kong economy.

Mrs Ure added: "In a way, Jackie Chan embodies the Hong Kong spirit – our can-do attitude, our flexible and pragmatic way of doing business, and our creative and ingenious approach to overcome difficulties – which makes Hong Kong products and services highly competitive in the global market."

Jackie Chan was in Toronto doing location filming of his latest production "Tuxedo". He specially took time out to call on Mrs Ure and to congratulate the HKETO on its 10th anniversary.

He also pledged his full support to the Hong Kong Arts Festival in Toronto which was organized by the HKETO and commended it for its success in promoting Hong Kong's arts and culture to the Canadian community.

the Festival this year, also took part in the discussion.

The HKETO was also the presenting sponsor of the premiere Canadian performance of the Hong Kong Ballet. In town for only one night, the internationally-acclaimed company presented "The Last Emperor", which depicts the turbulent life of Pu Yi, China's last emperor.

The Festival closed with a special screening of a classical film made in 1960, starring the late Bruce Lee when he was very young. "The Orphan" is a story of the struggle between the headmaster of a school for orphans and one of the students (Bruce Lee) who shows a tendency to delinquent behaviour.

# HK-Canadian Partnership on Wireless Technology



Government officials attending the signing of The Memorandum of Understanding on the Information and Communication Technology at the Softworld 2001 are: (far left) Mrs Rosanna Ure, Director of the HKETO, (second from the left) Mr Alan Siu, Deputy Secretary for Information Technology and Broadcasting of the Hong Kong Special Administrative Region Government and (third from the left) the Hon Brian Tobin, Minister of Industry Canada.

**The Hong Kong Wireless Technology Industry Association and the Wireless Innovation Network of British Columbia (WINBC) have agreed on a partnership to promote the initiative of wireless technology practice between the member companies of both associations.**

The Memorandum of Understanding (MOU) on the Information and Communication Technology was signed between the two organizations on November 5 at the "Softworld 2001" held in Vancouver.

The signing of the MOU not only enhances the partnership between member companies of these associations, but also allows knowledge transfer between the two organizations of the wireless technology industry.

The partnership is a direct result of the visit of the Hong Kong Special

Administrative Region delegation attending the "Softworld 2001" in Vancouver. It is also a co-operative activity under the Memorandum of Understanding on Information and Communication Technology signed between Canada and Hong Kong.

The signing ceremony was witnessed by Mr Jean-Claude Bouchard, Assistant Deputy Minister of Industry, Canada, Mr Alan Siu, Deputy Secretary for Information Technology and Broadcasting Bureau of Hong Kong and Mrs Rosanna Ure, Director of the Hong Kong Economic & Trade Office (Canada).

The WINBC will visit Hong Kong in March next year to attend the Hong Kong Information Infrastructure Expo and Conference co-organised by the Information Technology Services Department and the Trade Development Council.

## Three Canadian Journalists Win Hong Kong Fellowship

Three Canadian journalists – Peter Verburg of Canadian Business, Bryant Avery of the Edmonton Journal and Lorraine Andrews, a freelancer – have been awarded the Dateline Hong Kong Fellowship.

The awards were announced on September 28 by the Hong Kong Economic and Trade Office in Canada in association with the Canadian Association of Journalists.

Applications were judged by three judges selected by the Canadian Association of Journalists. The judges were Roger Bird, Carleton University, Michelle MacAfee, Canadian Association of Journalists and Liane Faulder, a fellowship winner (2000).

The winners were selected based on the strength of their applications, which included story proposals and confirmation from supervisors that their work would be published or broadcast upon their return to Canada.

Funding for this annual project comes from the Hong Kong SAR Government. The purpose of the fellowship is for journalists to acquaint themselves with Hong Kong and the three winners will travel to Hong Kong for six days prior to March 31, 2002.

Previous recipients of the Fellowships include Liane Faulder of the Edmonton Journal; Bob Neufeld of MD Management (publishers of the Canadian Medical Association Journal); Catherine Pope of BCTV; Janis Cleugh of Tri-City News; Stephen Ewart of the Calgary Herald; Theresa Lalonde of CBC Radio in Windsor; Tony Wong of the Toronto Star and Kwoi Gin, a freelancer.

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## Chief Executive Unveils Initiatives to Upgrade Hong Kong

On the Government's study on how to improve the system of accountability, Mr Tung suggested the introduction of a new system of appointing the top three Secretaries (the Chief Secretary for Administration, the Financial Secretary and the Secretary for Justice) and most Directors of Bureaux on terms different to those in the civil service.

They would each be fully responsible for their respective policy portfolios designated by the Chief Executive and would lead the departments within their particular portfolios. They would be appointed to the Executive Council.

In his policy address entitled "Building on Our Strengths, Investing in Our Future", the Chief Executive also unveiled a number of initiatives to deal with the economic downturn, upgrade education and human resources and foster community spirit.

He said the Government would create over 30,000 job opportu-

nities in the short-term. He also announces a \$2,000 (C\$400) rates payment reduction next year for each rateable tenement.

To help home owners, the Government will propose to the Legislative Council to approve raising the tax deduction ceiling for housing loan interest from \$100,000 (C\$20,000) to \$150,000 (C\$30,000) per year for this and the next year of assessment.

The Chief Executive also said that a Community Investment and Inclusion Fund was planned to be established with an initial \$300 million (C\$60 million) Government grant to encourage the local community and grassroots organizations to develop their own initiatives and enhance the community's motivation and dedication to help each other.

To meet the needs of the knowledge-based economy, Mr Tung pledged to continue to increase investing in education every year for the next five to 10 years regardless of the economic situation.

# Toronto Gives HK “Alpha World City” Ranking

The Economic Development Department of the City of Toronto has published a report ranking Hong Kong, among others, as an “Alpha World City”, which is their very highest ranking. The other cities given this ranking are London, Paris, New York, Tokyo, Chicago, Frankfurt, Los Angeles, Milan and Singapore.

The report, by Mr Joe Halstead, Commissioner Economic Development, Culture and Tourism, published on November 7, contains a number of recommendations for a policy on the management, structure, and program implementation of the International Alliance Program (IAP) and its international partnerships.

The background information in the report states that the City of Toronto recognizes that international relations at the

municipal level are increasing in importance in the light of globalization, an increasingly mobile society, advances in information and communications technology, and the growing role of world cities in the global economy.

It also states that international relationships are valuable tools for the City of Toronto to strengthen its economic and community ties with other world cities.

Among other things, the report recommends that to proactively benefit from the IAP, the City of Toronto should explore the potential for building new international relationships with other world cities such as Hong Kong, Milan, Los Angeles, New York, London and Seoul.

These cities, the report says, are global economic and cultural centers of influence.

## HKETO Revamps Its Website

The Hong Kong Economic and Trade Office (HKETO) has enhanced and revamped its official website [www.hketo.ca](http://www.hketo.ca) to offer more comprehensive and practical information to Canadian businesses that have an eye for the Hong Kong market.

The Director of the HKETO, Mrs Rosanna Ure, said that for Canadian corporations that aspired to expand and grow in Asia, Hong Kong was their natural choice. She explained that setting up a business in Hong Kong required thorough research on the investment environment of Hong Kong, which was often very time-consuming.



The new website offers a 'one-stop' service and also serves as a 'gateway to Hong Kong' for Canadian businesses.

“Our new website is created to offer a ‘One-stop’ service to Canadian businesses that intend to gather practical information on setting up an operation in Hong Kong. It serves as a ‘gateway to Hong Kong’ for Canadian business,” Mrs Ure said.

She added: “To better serve our Canadian business partners, we have

adopted an easy ‘DIY’ approach to provide them with general information on business and investment opportunities in Hong Kong, as well as a step-by-step practical manual in setting up their business.”

For Canadian businesses who want specific assistance on, for example, detailed information on certain industry or sector or potential Hong Kong partners, they are welcome to get in touch with the HKETO. The office’s Investment Promotion Unit offers free-of-charge and confidential consultancy services to these Canadian enterprises.

Some of the headlines of the website include:

- About Hong Kong – provides an overview of the city’s socio-economic systems, as well as a monthly highlight that helps you “Explore Hong Kong – Asia’s world city”.
- Investing in Hong Kong – a step-by-step approach to research on the potentials of different industries in Hong Kong, including a practical manual on the procedures of setting up a business in Hong Kong.
- Travelling in Hong Kong – highlights of visitor’s attractions with handy information on weather forecast, flight information, maps...etc.
- FAQ – provides basic information to some frequently asked questions.

In addition, Canadian businesses who are interested in doing business with the Hong Kong Government will find the information on Government’s invitation for the supply of goods and services useful.

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a new rail passenger boundary crossing.

On completion of the six railways population within rail catchment would be increased from about 50 per cent to 65 per cent, while employment catchment would increase from 65 per cent to 70 per cent.

There are also plans to build another six railways by 2016, which would expand the network to over 250 kilometres. About 70 per cent of the population and 80 per cent of the employment would be within rail catchment when all the 12 railways are completed.

The Hong Kong SAR Government welcomes participation by both local and international companies in our mammoth railway expansion programme.

Hong Kong is a member of the Agreement on Government Procurement (GPA) of the WTO. The Government and the two railway Corporations are bound by the GPA rules to use international competitive tenders for contracts meeting defined financial thresholds. Of the rail contracts awarded in the past five years, overseas contractors won 74% of all contracts in terms of value. Alcatel Canada Inc won two contracts of value US\$72 million in the past three years.

The Government has every reason to believe the railway development programme mapped out in the Railway Development Strategy would continue to offer substantial investment and business opportunities for contractors from Canada.

For the latest information on railway development in Hong Kong, please visit our website <http://www.info.gov.hk/tb>.

## Hong Kong Welcomes China's Entry to WTO

**China has been admitted to the World Trade Organisation (WTO). Formal approval for China's accession was announced at the Fourth WTO Ministerial Conference in Doha, Qatar on November 10.**

In welcoming the announcement, the Chief Executive, Mr Tung Chee Hwa, said that China's entry to the WTO ushered in a new era in the development of the international multilateral trading system.

He said: "As the world's most populous country and the seventh biggest trading entity, China's WTO membership will make the organization a genuinely representative world body."

Mr Tung added that the vast, booming market of its 1.3 billion population would

add impetus to the economic growth of the world in the years and decades to come.

"We take pride in China's remarkable economic achievements and her continuous efforts in preparing for further integration with the global trading system. These will reinforce China's status as a major economic power in the 21st Century.

"Hong Kong is well-placed to play a vital role in the growing Mainland market. The opening up of the key services and distribution sector in the Mainland will unleash a whole range of opportunities for businessmen from Hong Kong as well as overseas," he said.

The Chief Executive said that the challenge now was for businessmen and pro-

fessionals of Hong Kong and overseas to move ahead of the times to capture the Mainland markets as they were opened up according to the agreed WTO schedule.

In this regard, he went on, Hong Kong prided itself as the place where informed business decisions were made and executed efficiently.

Mr Tung added: "We look forward to playing a more active role in contributing to the sustained growth of China, both as a source of investment and as a partner to overseas firms looking to strengthen their presence in a country set to become a key engine of global economic growth."

## Hong Kong Named Winner in e-Government

**The Electronic Service Delivery (ESD) Scheme, developed by the Hong Kong Special Administrative Region (SAR) government for delivery of public services on line, was named one of the winners in this year's Stockholm Challenge Award.**

At the international IT award program organized by the City of Stockholm, the ESD website was awarded the first prize under the Public Services and Democracy category. A total of over 740 projects from 90 countries competed for the 14 awards. Evaluation was made under four criteria – innovation, user need, sustainability and transferability.

The ESD Scheme is one of the major initiatives in the "Digital 21" IT Strategy of the Information Technology and Broadcasting Bureau aimed for improving the quality and efficiency in the delivery of public services, and enhancing the accessibility and the reach of public services through the Internet and other electronic means. As one of the world's first fully bilingual (English and Chinese) portals, the scheme, which has adopted leading edge technologies, provides one-stop service to integrated public and commercial services.

The ESD provides over 100 types of public services from over 30 government departments and public agencies. Some information targeted for foreigners are also available in many other languages including French, German, Spanish, Japanese and

Korean. It adopts a customer-oriented approach in delivering the services, which are grouped according to service types to facilitate navigation by users, to the community.

Smartly designed public kiosks are installed at public areas such as subway stations, shopping centers, supermarkets, public libraries and community centers to ensure that the services can be accessed 'anywhere' and at 'anytime'.

In summer this year, the E-government co-ordinator Mr. Michael Stone, paid a visit to Ottawa and met with senior Canadian government officials responsible for the provision of e-government services for experience sharing.



## Two More Countries Give HK Visa Free Access

France and the Czech Republic have granted visa-free access for Hong Kong SAR passport holders, bringing the total to 93 countries and territories that provide visa-free treatment to Hong Kong.

The visa-free arrangement for the Czech Republic comes into effect immediately and is valid for visits up to 90 days, while the French visa-free access is valid for visits up to 90 days and good for nine Overseas Departments and Territories of the French Republic and will come into effect on January 1, 2002.

The nine French territories are Guadeloupe, French Guyana, Martinique, Reunion, the Territory of Mayotte, the Territory of Saint-Pierre et Miquelon, French Polynesia, the Territory of the Wallis and Futuna Islands as well as French Southern Hemisphere and Antarctic Lands, excluding New Caledonia.

The European Union Council Regulation granting visa-free access to HKSAR passport holders that took effect on April 10 this year applies to metropolitan France but not French Overseas Departments and Territories.

## More Visitors from China Offsetting Difficult Markets Elsewhere

The strong growth of visitor arrivals from Mainland China in October is continuing to mitigate the severe impact of the September 11 tragedy on other markets, according to figures released by the Hong Kong Tourism Board (HKTB).

October arrivals were down just 3.3 per cent compared with the same month in 2000, as the number of

Mainland visitors grew by 25.5 per cent to 397,809.

All other markets, however, showed a decline, led by The Americas (-24.7%), North Asia (-19.0%) and Europe, Africa and the Middle East (-13.7%). Arrivals from Australia, New Zealand and South Pacific fell 12.4 per cent. Those from South and Southeast Asia 11.1 per cent and those from Taiwan by 9.7 per cent.

## HK-US Dollar Link to Stay

The Chief Executive of the Hong Kong Monetary Authority, Mr Joseph Yam, has reiterated that there is no intention or plan to change or abandon the Linked Exchange Rate System.

Addressing a luncheon of the Hong Kong Institute of Bankers on October 24, he said that although not perfect, the Link had served Hong Kong well, and there was no better or less risky alternative.

In a speech entitled "Building Stability in Unstable Times", Mr Yam said: "A stable exchange rate provides a predictable and conducive business environment for an economy that

imports practically everything that it consumes, processes or re-exports."

And, he added, for a financial center with strong international capital flows but no capital controls, linking Hong Kong's currency to a strong international currency provided stability and strength.

Mr Yam pointed out that the stability provided by the US dollar Link was of crucial importance during the current economic slowdown. "At this time of great global uncertainty and local distress, our efforts should be directed towards building stability, not destroying or undermining it," he said.

## Native-Speaking English Teachers Wanted

The Hong Kong SAR Government is recruiting 100 native-speaking English teachers for schools in the territory in the 2002-03 school year beginning on August 16, 2002.

Successful applicants will teach English in secondary schools and schools for students with special educational needs.

Candidates who wish to apply for the positions must be native English speakers and should possess a Bachelor's degree, preferably majoring in English Language or English Literature or English Studies or a Modern Language; and a Post-graduate Certificate in Education or equivalent; and

a Teaching English as a Foreign Language or a Second Language (TEFL/TESL) qualification; and at least one year's experience of teaching English at secondary level or above.

The appointment will be on a two-year contract, subject to renewal after expiry. A gratuity of 15 per cent of total basic salary is normally awarded on completion of the contract.

The salary scale is HK\$205,200 to HK\$557,820 (about C\$41,205 to C\$112,012 based on an exchange rate of HK\$4.98 = C\$1). Increments will be awarded for recognised post-degree teaching experi-

ence. A special allowance of HK\$13,000 (approx. C\$2,610) per month, free passages and baggage and medical allowance will be provided.

More information can be obtained on website <http://www.info.gov.hk/ed>. Application forms can be obtained from the Placement & Support Section, Education Department, the Government of the Hong Kong Special Administrative Region (E-mail: [psunit@ed.gcn.gov.hk](mailto:psunit@ed.gcn.gov.hk)). Deadline for application is 22 January 2002.

# Financial News Capsules

## Regional Operations in HK hit all-time high

The number of regional operations set up by foreign-owned companies in Hong Kong has hit an all-time high, according to the results of an annual survey by the Census and Statistics Department.

As of June 1, 2001, there were a total of 3,237 regional operations, representing a 7.9 per cent increase over 2000, a record high since the survey started 11 years ago.

The total number of regional headquarters in 2001 rose from 855 in 2000 to 944, an increase of 10.4 per cent, and the highest ever. The previous record was 903 regional headquarters in 1997.

The total number of regional offices rose by 6.8 per cent, from 2,146 in 2000 to 2,293 in 2001 – another all-time high figure.

## Insurance giant sets up HQs in HK

The world's largest insurance company, the French-based AXA Group, has established its Asia Pacific headquarters in Hong Kong to tap into what it calls tomorrow's insurance market.

AXA's move is the latest in a series of recent investments in Hong Kong by large multinational corporations in the insurance sector. The UK-based Standard Life Investments has also set up its Asia Pacific headquarters in HK, while the world's second largest reinsurance firm, Swiss Re, will relocate its Asian headquarters from Zurich to Hong Kong early next year.

## HK's Foreign Currency Reserve Stands at US\$113.4 billion

The official foreign currency assets of Hong Kong amounted to US\$113.4 billion at the end of September 2001 as compared with US\$113.7 billion at the end of August 2001.

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

The total foreign currency reserves of US\$113.4 billion represent about eight times the currency in circulation, one of the highest ratios in the world.

## CPI Down

According to the Composite Consumer Price Index (CPI), overall consumer prices fell by 1.2 per cent in October 2001 over a year earlier and the same as the decrease in September 2001.

Consumer prices continued to fall, as import prices softened upon a further decrease in world commodity prices and slackened global demand, and as domestic price pressure was also subdued amidst the economic downturn.

## Slight drop in retail sales

The value of total retail sales in September 2001, estimated at C\$2.88 billion, fell by 4.4 per cent when compared with September 2000. After discounting the effect of price changes over the period, the overall volume of retail sales decreased by 1.7 per cent compared with a year earlier, reversing the 1.8 per cent increase in August.

Taking the first nine months of 2001 together, total retail sales increased by 0.1 per cent in value or 2.6 per cent in volume over a year earlier.

Based on the seasonally adjusted series, the overall volume of retail sales dropped by 6.0 per cent in the third quarter of 2001 compared with the preceding quarter.

## Trade figures for October

The value of total exports of goods (comprising re-exports and domestic exports) decreased by 13.9 per cent over a year earlier to C\$26.68 billion, after an 11.0 per cent year-on-year decline in September. Within this total, the value of re-exports dropped by 13.5 per cent to C\$24.04 billion, and the value of domestic exports by 18.1 per cent to C\$2.62 billion. The value of imports of goods also declined significantly, by 14.9 per cent in October over a year earlier to C\$27.04 billion, after a 9.0 per cent fall in September.

A visible trade deficit of C\$380 million, equivalent to 1.4 per cent of the value of imports of goods, was recorded in October 2001. This was smaller than the corresponding deficit of C\$780 million, equivalent to 2.4 per cent of the value of imports of goods, recorded in October 2000.

## Exchange Fund Assets

The total assets of the Exchange Fund, at C\$198.44 billion at the end of September 2001, were C\$1.64 billion lower than that at the end of August 2001. Foreign currency assets increased by C\$240 million but Hong Kong dollar assets decreased by C\$1.88 billion.

## New Disney investment in HK

Walt Disney Internet Group has partnered two leading operators in the local mobile telecommunications market, to deliver mobile content. The new business, "Disney Mobile", will provide content for mobile phones including screensavers, wallpaper, logos, e-cards and ring tones. This is the first Walt Disney investment in the Hong Kong Internet market.

The Vice President and Managing Director of the Walt Disney Internet Group for Asia Pacific, Mr Birathon Kasemsri, said on November 26: "We believe that our potential customers are receptive to outstanding developments in mobile services and at the same time have a strong association with and appreciation of Disney's many wonderful characters and personalities."

## Hong Kong's Economy Slows Down; GDP Contracts

The Hong Kong economy continued to slow down in the third quarter of 2001, amidst a more difficult external environment and with local sentiment also hit by a further weakening in the asset markets and rising unemployment.

This was stated by the Government Economist, Mr K.Y. Tang in his Third Quarter Economic Report 2001 released on November 30.

Mr Tang said that on a year-on-year comparison, GDP fell by 0.3 per cent in real terms in the third quarter of 2001, further down from the already much retarded growth of 0.8 per cent in the second quarter.

He noted that on a seasonally adjusted quarter-to-quarter comparison, GDP nevertheless rose back by 0.4 per cent in real terms in the third quarter of 2001, having fallen by 1.4 per cent in the second quarter.

Externally, Mr Tang went on, total exports of goods

showed an enlarged decline of 4.0 per cent in real terms in the third quarter of 2001 over a year earlier, as import intake plunged in almost all the major markets. Exports of services also showed slower growth, at 1.5 per cent in real terms in that quarter.

He pointed out that locally, consumer spending slackened further from an already moderating trend upon the initial impact of the September 11 incident, thereby giving a growth of only 1.3 per cent in real terms in the third quarter of 2001 over a year earlier.

Yet, he went on, investment spending had a somewhat faster growth, at 3.7 per cent in real terms in the third quarter of 2001 over a year earlier, as the intake of aircraft bolstered machinery and equipment acquisition, even though building and construction output remained sluggish.

The Government Economist said that as employment was unable to catch up with labour supply growth amidst the slow-down in business activity and more incidents of corporate lay-offs, the seasonally adjusted unemployment rate went up distinctly, from 4.5 per cent in the second quarter of 2001 to 5.3 per cent in the third quarter (and further to 5.5 per cent in the three months ending October). The underemployment rate likewise rose, from 2.2 per cent to 2.5 per cent over the two quarters (and further to 2.6 per cent in the three months ending October).

Mr Tang said that the impact of the September 11 incident had aggravated the global economic setback, making the earlier forecast of a one per cent GDP growth for the Hong Kong economy unattainable. GDP is now forecast to yield zero growth in real terms for 2001 as a whole.

## 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 auto-nomy 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.com>.