



HONG KONG UPDATE

Hong Kong Economic and Trade Office • Toronto
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Chinese Premier Expresses Confidence in Hong Kong



Premier Zhu Rongji delivers his speech at the opening of the 16th World Congress of Accountants at the Hong Kong Convention and Exhibition Centre on November 19.

The Premier of the People's Republic of China, Premier Zhu Rongji, expressed full confidence in Hong Kong when he addressed the opening ceremony of the 2002 World Congress of Accountants on November 19 at the Hong Kong Convention and Exhibition Centre.

Welcoming 4,000 delegates from 91 countries and regions from around the world, he said: "Hong Kong is a shining pearl of China and plays a unique, irreplaceable role in China's modernization drive."

The success of the "One Country, Two Systems" formula had, said Premier Zhu, "not only enabled Hong Kong to retain its original systems and characteristics in its continued role as an international trade, financial and shipping centre, but also let it acquire stronger support and even broader room for development from the Mainland."

Although Hong Kong is experiencing some difficulties in its economy, Premier Zhu said its advantages, economic strengths and international competitiveness remained.

"Hong Kong is a place of numerous talents, blessed with a contingent of tip-top professionals and entrepreneurs, accountants included," he continued. "This is where Hong Kong's competitive edge lies."

"The Central Government will, as always, give its all-out support to Hong Kong's development and step up the mutually complementary exchanges between Hong Kong and the Mainland in a quest for common development. We are convinced that Hong Kong will always remain dynamic, robust and ready to create new success stories," Premier Zhu said.

Latest GDP Figures Encouraging

The Financial Secretary, Mr Antony Leung, has expressed optimism about Hong Kong's economic recovery, saying that government efforts to boost the property, tourism and logistics industries were starting to take effect.

Briefing the Legislative Council in early December on the latest GDP figures, Mr Leung said exports were strong in the third quarter although the domestic market was still weak and deflation deteriorated. Emphasizing the importance of exports to Hong Kong, the Financial Secretary said that strong exports would bring overall economic benefits to Hong Kong. "We are cautiously optimistic," he added.

After experiencing modest growth in the second quarter, the Hong Kong economy picked up visibly further in the third quarter of 2002. On a year-on-year comparison, GDP accelerated to a 3.3 per cent growth in real terms in the third quarter.

Hong Kong's exports in October rose 12.9 per cent year-on-year to HK\$150.5 billion (CAD\$30.1 billion), registering the biggest jump since October 2002. Meanwhile, the value of re-exports, or shipments passing through Hong Kong to a final destination, surged 15.7 per cent, while exports of products made locally fell 12.6 per cent.

Imports rose 13.4 per cent to HK\$153.4 billion (CAD\$30.7 billion) from a year earlier, resulting in a trade deficit of HK\$2.8 billion (CAD\$0.56 billion).

The domestic sector showed some relative improvement in overall terms. The decline of consumer spending slowed to 1.5 per cent in real terms in the third quarter.

Mr Leung pointed out that global political and economic factors, such as a possible war in the Middle East, might affect Hong Kong. But he said that government's new housing policy changes would help, and that measures to boost tourism and logistics were already having a beneficial effect.

CE Backs APEC Measures on Terrorism Fight and Economic Growth



The Chief Executive, Mr Tung Chee Hwa, attended this year's APEC Annual Economic Leaders Meeting (AELM), held in October in Los Cabos, Mexico, where leaders discussed increased efforts in the fight against terrorism and promoting economic growth.

Mr Tung joined other APEC leaders in condemning the recent terrorist acts in Bali, the Philippines and Russia and offered deepest condolences to the victims' families. The AELM agreed to several counter-terrorism measures, including the protection of cargo and shipping lanes and international aviation and promoting and enacting comprehensive laws relating to cyber security.

Speaking about the new measures, Mr Tung said, "We share fully the goal of strengthening our counter-terrorism efforts and co-operation within APEC. This will enhance the security and efficiency of trade, finance and communications systems and make the APEC region much safer and more prosperous for our people."

Hong Kong Continues to Attract International Companies

Hong Kong's strengths as a base for international companies engaged in manufacturing, retail and IT industries continue to be recognized worldwide. The Swiss firm, Habasit AG, a leading developer and manufacturer of power transmissions, conveyor and processing belts, has selected Hong Kong as its regional headquarters and fabrication and distribution centre.

The AELM also provided Mr Tung with the opportunity to continue the push for freer trade and more open markets within the APEC family of economies. Briefing APEC business chiefs on the competitive advantages and market potential of the rapidly developing Pearl River Delta, he pointed out that China was set to become one of the world's largest trading economies over the next 10 to 20 years. He urged business leaders to leverage Hong Kong's strengths and unique advantages when looking to tap into major opportunities in the booming China market. He emphasized that the Hong Kong SAR Government was committed to providing the best business environment possible and to reducing the cost of business.

Hailing the 10th AELM as a success, Mr Tung said: "It has allowed us to ensure we are on track to achieving APEC's stated goals of free and open trade and investment by 2010 for developed economies and by 2020 for developing economies."

General Manager of Habasit East Asia Ltd, Mr Henry Jong, said that because of "its sound financial system, its pool of high quality manpower and the efficient government machinery, Hong Kong is a superb location for our East Asia regional headquarters. These competitive edges can further guarantee investment security."

The Chief Executive, Mr Tung Chee Hwa (third left in the front row), joins other APEC leaders in Los Cabos, Mexico, on October 27 for the group photo of leaders in the attire of the host country. Beside him is Jean Chretien, Prime Minister of Canada.



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 interests 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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(From right to left) The Secretary for Commerce, Industry and Technology, Mr Henry Tang; the Canadian Secretary of State (Asia Pacific), the Hon David Kilgour; and the Alberta Minister of Economic Development, the Hon Mark Norris, meeting the media after the opening of the Hong Kong-Canada Trade Mission Conference.



The Hong Kong-Canada Trade Mission visits Dongguan and Shenzhen in the Pearl River Delta region to see how factories owned and managed by Hong Kong companies are run.

Hong Kong - Canada Trade Mission

Organisers, government officials and delegates all agreed that the first ever Hong Kong-Canada Trade Mission organised by the Hong Kong Economic and Trade Office (Canada) (HKETO) in November was a great success. In total, 53 delegates participated, representing 40 companies/organizations from across Canada engaged in the information and communications technology, environment, biotech, professional services, industrial and other sectors.

Led by the Director of the HKETO, Mrs Rosanna Ure, the delegation also comprised representatives of the Hong Kong-Canada Business Association, the Hong Kong Trade Development Council and the Hong Kong Tourism Board, as well as the Canadian Government. While in Hong Kong, the delegates took part in a comprehensive programme which included a business conference, briefings, workshops, networking opportunities with prospective partners in Hong Kong and a side trip to southern China to see how Hong Kong-owned factories are run there. The goals of the mission were clear: to demonstrate to Canadian businesses the advantages of Hong Kong as a springboard to tap the ever burgeoning China market and to foster partnerships between Canadian and Hong Kong companies.

Principal government officials welcomed participants at the business conference. The Hong Kong Special Administrative Region Government's Secretary for Commerce, Industry and

Technology, Mr Henry Tang, was impressed with the excellent turnout. "Your presence tells me that you all recognize the business potential that Hong Kong possesses as a fast track to Mainland China at a time when the economy of the latter is poised to grow even faster, following China's accession to the World Trade Organization," he said.

Joining Mr Tang were the Canadian Secretary of State (Asia Pacific), the Hon David Kilgour, and the Alberta Minister of Economic Development, the Hon Mark Norris. Secretary Kilgour pointed out: "Hong Kong, the high-tech node for traders and bankers, is also the services centre for Southern China and has been ranked by the Fraser Institute as the freest economy in the world."

Minister Norris highlighted the strong ties between Hong Kong and Alberta, as evidenced by the fact that Alberta businesses exported C\$100 million worth of goods and services to Hong Kong last year. He hoped that through this trade mission, these ties would be further strengthened and that new trade and investment opportunities would be explored.

A side trip to southern China was co-ordinated by the Director of the Hong Kong Economic and Trade Office in Guangdong, Mr Peter Leung, to strengthen the trilateral trade relationship between Canada, Guangdong and Hong Kong. "We hope the GDETO can act as a bridge to foster closer trade links between the three places," he said.

"You have come to appreciate the wealth of knowledge and expertise accumulated by Hong Kong entrepreneurs through decades of doing business with Mainland China. You will, I am confident, agree that Hong Kong is exceptionally well placed to bring Mainland and Canadian businesses together."

Officiating guest:

Mr Henry Tang, Secretary for Commerce, Industry and Technology, HKSAR

"The trade mission helps create a win-win partnership between Canada, Hong Kong and the Pearl River Delta as a whole."

Officiating guest:

The Hon David Kilgour, Secretary of State for Asia Pacific, Canada

"I understand from the Alberta delegates that they had a wonderful visit and gained a better understanding of the role of Hong Kong in their business, especially in the Pearl River Delta region."

Officiating guest:

The Hon Mark Norris, Alberta Minister of Economic Development, Canada

"With 53 individuals coming from 40 Canadian companies and organizations, together with co-organizers and representatives of the Canadian and Hong Kong governments, this 60-member strong delegation is one of the largest from Canada to Hong Kong after 'Team Canada', led by the Canadian Prime Minister, Jean Chretien, last spring."

Mission Leader:

Mrs Rosanna Ure, Director, Hong Kong Economic and Trade Office (Canada)

"I would like to thank very much all of you who have made my introduction to Hong Kong business prospects a great experience."

Delegate:

Athar Mian, Principal, Sibisoft Inc

"A job well done! We would like to be informed of major events like this."

Delegate:

Michael Cheung, President, Tekvision Communications

"Nancy and I were able to appreciate the attraction of Hong Kong as a place to do business and as a gateway to China. We have made many excellent contacts and met with our business associates in Hong Kong. Thanks for a well-organised trip. We are committed to actively promoting our business interests in Hong Kong and China."

Delegate:

Jim Conrad, Co-owner, Interbiz Business System

HKETO Showcases Hong Kong in Montreal and Vancouver



Officiating guests of "A Cultural Rendezvous with Hong Kong" meet with the leading performers of Canada (KW) Music & Arts Centre at the opening ceremony of the Hong Kong Promotion on October 2.



At the opening ceremony of "A Cultural Rendezvous with Hong Kong", Hong Kong's new global identity "Brand Hong Kong" was unveiled by (from left to right) the Director for International Affairs, Quebec Ministry of Culture and Communications, Mr André Dorval; Vice President of the City of Montreal's Executive Committee, Mr Michel Prescott; Member of the National Assembly for La Pinière (Brossard), Mrs Fatima Houada-Pepin; and the Director of the HKETO, Mrs Rosanna Ure.

Two large-scale promotions organized by the Hong Kong Economic and Trade Office (Canada) (HKETO) garnered large audiences and support in Montreal and Vancouver in October.

"A Cultural Rendezvous with Hong Kong" was launched in Montreal on October 2. Featuring two different facets of Hong Kong culture – Cantonese opera and a photographic exhibition detailing Hong Kong's dramatic transformation from the 50s to the present day – the event succeeded in captivating Montreal's arts-loving community.

The Director for International Affairs, Quebec Ministry of Culture and Communications, Mr André Dorval, Member of the National Assembly for La Pinière (Brossard), Mrs Fatima Houada-Pepin, and Vice President of the City of Montreal's Executive Committee, Mr Michel Prescott, joined the Director of the HKETO, Mrs Rosanna Ure, at the opening of the "Living in Hong Kong – Past and Present" photo exhibition, and the



The HKETO Director, Mrs Rosanna Ure, was invited to sign the "Book of Gold" at Montreal City Hall where the HKETO delegation was warmly received by the Vice President of the City's Executive Committee, Mr Michel Prescott (right). Left is Mr Soong Kam-wing, leader of the Cantonese opera performing group. Mrs Ure later said: "It is a great honour for Hong Kong."

unveiling of Hong Kong's global brand identity, followed by "An Enchanting Evening of Cantonese Opera."

Reflecting on the event's goal of further strengthening and promoting cultural exchanges between Hong Kong and Canada, Mrs Ure said: "Cultural difference does not exist in performing art such as Cantonese opera, as human values and feelings depicted and conveyed in operas are universal."

On October 24, the HKETO launched "Hong Kong – From

ng Culture



The HKETO Director, Mrs Rosanna Ure, addressing the seminar on Hong Kong action film production held on October 25.



The "Hong Kong - From Reel to Real" promotion in Vancouver was declared open by Mr Cui Hui-xin, Deputy Consul General of the People's Republic of China, Mr Rob Nijjar, Member of the Legislative Assembly representing the Hon Rick Thorpe, Minister of Competition, Science and Enterprise, Mrs Rosanna Ure, HKETO Director, and Mayor Philip Owen of the City of Vancouver.

Reel to Real" in Vancouver. Comprising a major photo exhibition on Hong Kong's infrastructure developments and a variety of film-related events, it was organized to mark the 5th anniversary of the establishment of the Hong Kong SAR.

The "Building a Dynamic Hong Kong" photo exhibition was unveiled in UBC Robson Square by Member of the Legislative Assembly, Mr Rob Nijjar, representing the Hon Rick Thorpe, Minister of Competition Science and Enterprise, and Mayor Philip Owen of the City of Vancouver. At the launch, Director of the HKETO, Mrs Rosanna Ure, said that the photo exhibition reflected "the SAR government's determination to build a dynamic and prosperous Hong Kong." Pointing to the massive infrastructure projects planned in the next decade or so, she said: "There are tremendous business opportunities for Canadian companies, especially in the engineering, architectural, construction and landscaping sectors."

Hong Kong's legendary filmmaking prowess inspired the other events in "Hong Kong - From Reel to Real." Kung fu films took centre stage in "Hong Kong Action Films - Turning Fantasy to Reality", screening 9 representative films from the 70s to the present day at Pacific Cinematheque.

Preceding the kung fu films was a "Seminar on Action Film Production", co-organized by HKETO and Pacific Cinematheque. The seminar examined the development of



Elly Leung, veteran film actor from Hong Kong, explaining the use of the sword in Hong Kong's action films to interested seminar participants.

Hong Kong's kung fu films and offered a sharing of perspectives from East and West. Guest speakers included academics, producers, directors and actors.

Finally, contemporary films were featured in "Hong Kong Spotlight: Gems from Asia's Hollywood", co-organized with the Vancouver Asian Film Festival. At the premiere of Hollywood Hong Kong, Mrs Ure said that the Hong Kong Spotlight showcased the work of "talented directors and actors who have gained widespread recognition for their creativity and inspiration, and have made their way to Hollywood." Given the vibrant filmmaking industry in both Hong Kong and Vancouver, she hoped the event would promote more exchanges and collaboration between the two cities.

Public response in Montreal and Vancouver was highly favourable. Both events were deemed successful in promoting greater awareness of the myriad cultural and business opportunities that exist between these major Canadian cities and Hong Kong.

Hong Kong: World's Freest Economy for Ninth Consecutive Year

For the ninth year in a row, Hong Kong has topped the world's league of economic freedom. The Heritage Foundation's Index of Economic Freedom report, released on November 12, acknowledged that Hong Kong's virtues included a duty-free port, very low barriers to foreign investment, very low level of restrictions in banking and finance, low level of intervention in wages and prices, strong property rights and a low level of black market activity.

Commenting on the report's findings, a government spokesman said: "We remain firmly committed to maintaining Hong Kong as a free market economy. We will always look for ways to let the market operate freely, and to unleash the vitality and creativity of enterprise and individual endeavour." He continued: "Yet we recognize that the Government does have an important role to play to enable the market to work better and the economy to further flourish. This role complements, not displaces, private sector initiative so that the growth potential could be best pursued."



The Chief Executive, Mr Tung Chee Hwa, receives a copy of the Heritage Foundation's 2003 Index of Economic Freedom from its President, Dr Edwin Feulner, on November 12. Hong Kong is again ranked as the world's freest economy in this year's Index.

SCIT Receives Cyber Champion Award

The Secretary for Commerce, Industry and Technology, Mr Henry Tang, was given the Cyber Champion Award by the Business Software Alliance (BSA), in recognition of the legislative framework developed by the HKSAR Government to protect intellectual property rights (IPR), as well as Government's leadership and commitment to protecting IPR.

BSA is an industry organization representing the world's leading software developers. It bestows the Cyber Champion Award on leaders whose public policy efforts have had a notable and lasting impact on the future of the

global technology economy.

Hong Kong's IPR laws comply fully with international standards. In recent years, the Government has introduced a number of legislative measures to tackle the problem of copyright piracy. The laws are vigorously enforced and, according to a spokesman for the Commerce, Industry and Technology Bureau, copyright piracy in Hong Kong has been brought under control.

The spokesman described the Cyber Champion Award as "a clear statement of the world's software industry's recognition and appreciation of the work we have done in the area of IPR protection."

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Hong Kong Continues to Attract International Companies

Bulgari Group, the world's third-largest jeweller, is seeking partners to enter China's luxury goods market and has plans to open stores in major mainland cities next year. While in Hong Kong in November to open the fourth Bulgari-brand store, the firm's chief executive, Francesco Trapani, noted that Hong Kong's Bulgari sales to mainlanders showed double-digit growth in the past 12 months. Asia, including Hong Kong, accounted for 38 per cent of the group's revenue last year.

A new joint venture between a leading Australian provider of IT outsourcing services, KAZ Group Ltd, and Hong Kong-based Tradelink Electronic Commerce Ltd, underscores Hong Kong's importance as a regional service hub for the IT industry.

Managing Director of the new company, KAZ HK, Mr Timothy Murphy, explained that the growing focus on improving efficiency means that "there is growing interest in the fully serviced outsourcing model that KAZ offers. We believe this creates a significant business opportunity for us in Hong Kong." Mr Murphy also cited Hong Kong's stable business environment and advanced IT infrastructure as reasons for the company's choice of location.

continued from page 3 Hong Kong - Canada Trade Mission

The group saw the Pearl River Delta success story for themselves, visiting three factories owned and managed by Hong Kong companies. A luncheon briefing on the latest developments in Dongguan was hosted by local government officials.

The "Hong Kong - Your Fast Track to China" trade mission received the full support of the Canadian government. It was also supported by Report on Business Television and Fairchild TV in Canada as its media sponsors, and Cathay Pacific Airways as its official carrier.

Hong Kong Tourism Takes Off

For the third time this year, visitor arrivals in Hong Kong have set a new monthly record. October arrivals totalled 1,584,563, a 37.2 per cent increase on the same month in 2001.

Once again, the main driving force behind the increase was the Mainland China market. The relaxation of the requirements for business visas has resulted in a 35 per cent increase in mainland visitors to Hong Kong this year. However, all short-haul and long-haul markets showed healthy increases in October. Arrivals from the Americas jumped 37 per cent, while in the short-haul market, North Asia led the way with 24.9 per cent growth. Taiwan remains Hong Kong's second largest source market.

Second Journalism Fellowship

The Hong Kong Economic and Trade Office (HKETO), in association with the Canadian Association of Journalists (CAJ), has announced the second annual Student Journalists Hong Kong Fellowship. Applications are invited by January 31, 2003. With funding and on-the-ground assistance provided by the HKETO, two winners will visit points of interests and meet with people of diverse views and cultural backgrounds in Hong Kong. The students must publish or broadcast stories about Hong Kong after their trip in the local media or in their university/school journals or newsletters. For more details, please go to www.hketo.ca or visit the CAJ website: www.caj.ca.

The Director of the HKETO, Mrs Rosanna Ure, said: "We hope Canadian student journalists will take up our offer to see for themselves the way of life and the rich cultural heritage in Hong Kong. Hong Kong, being Asia's world city, is a vibrant financial, logistics and trading centre and an excellent springboard to the booming China market for Canadian businesses."

Hong Kong and Canada Foster IT and Biotech Co-operation

On December 4, 2002 Hong Kong and Canada renewed the Memorandum of Understanding (MOU) for co-operation in information and communications technology (ICT) and signed a new MOU on biotechnology co-operation.

The MOUs were signed by the Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) of the Hong Kong Special Administrative Region Government, Mr Francis Ho, and Industry Canada's Assistant Deputy Minister for Spectrum, Information Technologies and Telecommunications, Dr Michael Binder, who led a Canadian delegation to visit Hong Kong and attend ITU Telecom Asia 2002.

Welcoming the signing of the MOUs, the Director of the Hong Kong Economic and Trade Office (Canada), Mrs Rosanna Ure, said, "We are greatly encouraged by the goodwill and the true spirit



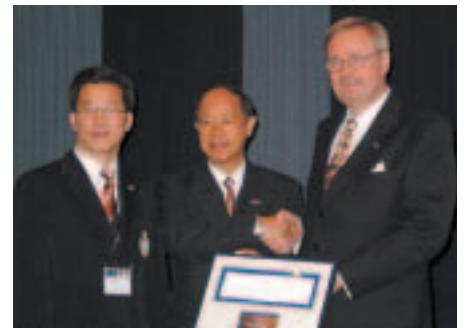
Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) of the Hong Kong Special Administrative Region Government, Mr Francis Ho (right), and Dr Michael Binder, Industry Canada's Assistant Deputy Minister for Spectrum, Information Technologies and Telecommunications, exchanging the Memorandum of Understanding.

of partnership displayed by the two governments and these MOUs will make greater co-operation between the two places possible."

Correctional Initiative Awarded

The Hong Kong Correctional Services Department (CSD) received the inaugural President's Award of the Ottawa-based International Corrections and Prisons Association (ICPA) at the association's annual meeting held in the Netherlands on October 20.

CSD's winning initiative is: 'The leveraging experience of adding values to people in corrections.' It was developed to achieve greater operational efficiency and professional certification, and also to enhance the reintegration process for offenders. Dr Ole Ingstrup, ICPA President, praised the initiative, saying that, "it showed us a 360-degree improvement."



ICPA President, Dr Ole Ingstrup (right), congratulates Hong Kong Correctional Services Commissioner, Mr Benny Ng Ching-kwok (centre), on his Department's receiving the first ICPA President's Award. On the left is the General Manager of Correctional Services Industries, Mr Daniel Hui Tak-fuk.

Merry Christmas & Happy New Year

Rosanna Ure and staff of
Hong Kong Economic and Trade Office

Financial News Capsules

Hong Kong continues to attract international companies

The number of international companies establishing regional headquarters in Hong Kong has registered another increase. As at June 1, 2002 there were 948 regional headquarters, 2,171 regional offices and 1,748 local offices of companies incorporated outside Hong Kong. Corresponding figures in 2001 were 944 for regional headquarters, 2,293 for regional offices and 1,230 local offices.

The United States topped the list with 233 companies having their regional headquarters in Hong Kong, followed by Japan with 159 and Mainland China with 96 companies.

The major lines of business of the regional headquarters in Hong Kong were wholesale, retail and import/export trades and business services. Other major lines of business included finance and banking, transport and related services and manufacturing.

GDP up 3.3%

The Hong Kong economy picked up visibly in the third quarter of 2002. On a year-on-year comparison, GDP accelerated to a 3.3% growth in real terms in the third quarter of 2002, from a 0.8% growth in the second quarter (latter revised up from the 0.5% growth). On a seasonally adjusted quarter-to-quarter comparison, GDP rose for the third quarter in a row, by 2.5% in real terms in the third quarter of 2002, following a 0.7% increase in the second quarter (latter also revised up from the 0.4%).

Externally, exports of goods continued to benefit from sustained strong demand in Mainland China, generally increased import intake in the region and a further gain in external price competitiveness from the earlier weakening in the US dollar. In the third quarter of 2002, total exports of goods surged by 11.4% in real terms over a year earlier, the first double-digit growth recorded since the fourth quarter of 2000. Exports of services performed even better, upon an extensive surge in inbound tourism, offshore trade and transportation services. In the third quarter of 2002, there was a 14.1% leap in real terms over a year earlier.

Trade figures in October

In October 2002, the value of total exports of goods (comprising re-exports and domestic exports) rose by 12.9% over a year earlier to C\$30.1 billion, after a 10.0% year-on-year increase in September. Within this total, the value of re-exports increased markedly by 15.7% to C\$27.8 billion in October, but the value of domestic exports fell by 12.6% to C\$2.3 billion. Concurrently, the value of imports of goods rose by 13.4% over a year earlier to C\$30.7 billion in October 2002, after a year-on-year increase of 6.2% in September.

A visible trade deficit of C\$0.6 billion, equivalent to 1.8% of the value of imports of goods, was recorded in October 2002. This was larger than the corresponding deficit of C\$0.4 billion, equivalent to 1.4% of the value of imports of goods, recorded in October 2001.

For the first ten months of 2002 as a whole, the value of total exports of goods rose by 3.2% over the same period in 2001. Within this total, the value of re-exports increased by 5.3%, while the value of domestic exports shrank by 14.8%.

Hong Kong foreign currency reserve at US\$110.6 billion

The official foreign currency reserve assets of Hong Kong amounted to US\$110.6 billion at the end of October 2002, as compared with US\$111.2 billion at the end of September.

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

The total foreign currency reserve assets of US\$110.6 billion represent over seven times the currency in circulation or about 43% of Hong Kong dollar M3, one of the highest ratios in the world.

Unemployment drops slightly

The seasonally adjusted unemployment rate fell from 7.4% in July to September 2002 to 7.2% (provisional) in August to October 2002. But the underemployment rate edged up, from 2.9% to 3.0% (provisional).

The total labour force rose slightly, by 5,100 from 3,512,900 in July to September 2002 to 3,518,000 (provisional) in August to October 2002. Concurrently, total employment showed a larger increase, by 13,300 from 3,245,700 to 3,259,000 (provisional).

The number of unemployed persons (not seasonally adjusted) decreased from 267,200 in July to September 2002 to 259,000 (provisional) in August to October 2002, while the number of underemployed persons increased from 101,400 to 107,000 (provisional).

Consumer prices drop

The Composite Consumer Price Index (Composite CPI) fell by 3.6% in October 2002 over a year earlier, slightly narrowed from the 3.7% decrease in September 2002.

Analysed by sub-index and on a year-on-year comparison, the CPI(A) and CPI(B) fell by 4.0% and 3.5% respectively in October 2002, smaller than the declines of 4.2% and 3.7% in September 2002. Yet for the CPI(C), the decrease widened from 3.0% to 3.2% between these two months.

Passenger traffic shows strong recovery at HKIA

More than 3 million passengers went through the Hong Kong International Airport in October, an increase of 17.9% over a year ago. Cargo totalled 251,000 tonnes, well above the previous record of 218,000 tonnes set in September this year, and 26.4% higher than October last year.

Aircraft movements rose by 10.2% to 18,670, driven by the 34.5% surge in cargo flights. Passenger flights were up 7.3%, which was lower than the growth of passenger traffic, implying improved load factors.

In the last 12 months, passenger throughput reached 33.71 million, 1.1% higher than the previous year. Cargo traffic grew by 15.1% to 2.41 million tonnes and civil international flight movements increased by 3.4% to 202,910.

Cargo throughput reached 218,000 tonnes in September, the highest ever monthly figure in Hong Kong. This was 19.5% higher than September last year. The previous monthly record was 215,000 tonnes in November 2000.

Retail sales drop slightly

The volume of retail sales recorded a considerably lesser decline in October, on the back of a surge in visitor arrivals and steadier employment conditions locally.

The overall volume of retail sales fell by 1.0% in October 2002 over a year earlier, following a 3.1% decline in September. For the first ten months of 2002 as a whole, the overall volume of retail sales fell by 2.9% over a year earlier.

On a seasonally adjusted basis, the overall volume of retail sales fell marginally by 0.1% in the three months ending October 2002 over the preceding three-month period.

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 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 include:

- The laws previously in force in Hong Kong have been maintained, separate from those 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 safeguarding of the free movement of goods, assets and capital.

For details of the Basic Law, click icon "Basic Law" at www.hketo.ca.

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