



HONG KONG UPDATE

Hong Kong Economic and Trade Office • Toronto
June 2002 Issue



The Chief Executive, Mr Tung Chee Hwa, with the Principal Officials and heads of disciplinary services under the accountability system.

Accountability System to Enhance Governance

The Hong Kong SAR Government's resolution on the new accountability system for principal officials presented by the Chief Executive, Mr Tung Chee Hwa, was passed by the Hong Kong Legislative Council (LegCo) on June 20 for implementation on July 1.

The primary objectives of the system are: to strengthen the accountability of principal officials; ensure better response to the needs of the community; enhance co-ordination in policy formulation; strengthen the co-operation between the

Executive and the Legislature; ensure effective implementation of policies; and provide quality services to the public.

A new system of employment has been introduced in the highest level of Government under the Chief Executive, namely the Secretaries of Department and the Directors of Bureau. These principal officials will be employed on terms and conditions different from those of the civil service.

Under the new system, the Chief Executive has nominated candidates of

high personal integrity and ability from within and outside the civil service for appointment by the Central People's Government as principal officials. They are not civil servants and are employed on contract. The term of their contract will not exceed the term of the Chief Executive who has nominated them.

The new system comprises a total of 14 principal officials: The three Secretaries of Department and 11 Directors of Bureau are: Chief Secretary for Administration (CS), Mr Donald Tsang Yam-kuen; Financial

HONG KONG - Your Fast Track to CHINA

With its accession to the World Trade Organization (WTO), China is opening up its market of 1.3 billion people to foreign businesses. There is no better way of going to China than with Hong Kong and through Hong Kong and there is no better partner than Hong Kong for Canadian companies wishing to tap the huge market of Mainland China.

Hong Kong's ideal location, its experience in doing business with China and the world, its excellent Mainland network and its status as an international financial centre and the world's freest economy are just some of the advantages which have made the city the premier gateway for Canadian businesses to fast track to China.

Consequently, the Hong Kong Economic and Trade Office (HKETO) in Canada, in conjunction with the Hong Kong-Canada Business Association (HKCBA), Hong Kong Trade Development Council (HKTDC) and the Hong Kong Tourism Board (HKTB), is organizing a trade mission to bring Canadian companies to Hong Kong in November.

"With the theme 'Hong Kong - Your Fast Track to China', the trade mission is designed to give Canadian companies an up-to-date perspective on the vast business opportunities China presents and how they can capture the China market by co-operating with potential business partners in Hong Kong," said the Director of the HKETO, Mrs Rosanna Ure.

She noted that, following China's entry into the WTO, there has been a rapid surge of interest from companies in Canada looking for business opportunities arising from the further opening and deregulation of the China market.

"Tapping the China market requires time and expertise," she said. "Hong Kong, with its ample experience in China trade and its extensive business network in the Mainland, is an ideal partner for Canadian businesses which want to establish a foothold in the lucrative China market quickly."

The Hong Kong Canada trade mission, to be held from November 8 to 11, offers a comprehensive programme for Canadian companies seeking opportunities in Hong Kong and Mainland China. It provides networking opportunities for Canadian and Hong Kong companies looking to form partnerships. A side-trip to southern China will allow Canadian companies to see



The National Chair of HKCBA, Mr Mac Brotman (2nd right), the HKTDC Director, Mr Andrew Yui (left), and the Senior Marketing Executive of the HKTB, Ms Karisa Lui (right), joining Mrs Rosanna Ure (2nd left) in announcing the Hong Kong Trade Mission.

some Hong Kong companies' joint venture operations.

One of the mission's unique characteristics is the pre-mission business matching service. Companies can communicate with their prospective Hong Kong partners before they go to Hong Kong and more in-depth discussion and negotiation will follow during the November visit.

Mrs Ure added: "We aim to recruit Canadian companies from sectors such as information communication technology and biotech (including bio-pharmaceutical, environmental and agri-food). Companies engaging in financial services, tourism/entertainment and educational services are also welcome."

Participants will attend general and sector-specific briefings and workshops conducted by senior Hong Kong government officials and business representatives, networking activities with potential local partners and a visit to the Pearl River Delta, as well as a luncheon jointly arranged by the organizers and the Hong Kong Venture Capital Association.

The trade mission has the full support of Report On Business Television and Fairchild TV as its media sponsors. Journalists from both TV stations will accompany the delegation to Hong Kong. Cathay Pacific Airways is also giving strong support as the mission's official carrier.

For more details, please visit the HKETO website at www.hketo.ca or contact Ms Shirley Wong, Principal Consultant (Investment Promotion), HKETO, at

(416) 924-5544 (ext. 213), or email shirley_wong@hketotoronto.gov.hk.

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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.

For further information, please contact:

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

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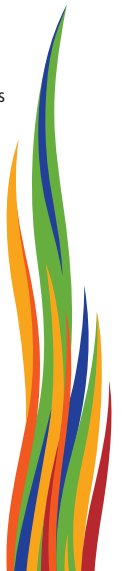
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Exchange Rate HK\$1=CS\$0.19



Microsoft Moves to Hong Kong Cyberport

Microsoft, one of the world's leading software companies, has chosen to become a tenant of Cyberport, Hong Kong's IT flagship project.

Announcing its decision on June 18, Microsoft said that it would move into Cyberport in October this year. It will take up two floors of the Phase I building, totalling some 4,000 square metres (40,000 square feet) of office space.

The Chief Executive, Mr Tung Chee Hwa, met the Managing Director of Microsoft Hong Kong, Mr Mark Phibbs, earlier on and welcomed the company's decision.

Mr Tung said: "We are delighted to see this major development in our strategic partnership with Microsoft, whose advanced technology contributes to building Hong Kong as a leading digital city. The presence of such an international software leader at Cyberport will draw other companies to come to work with us as Hong Kong is developing a knowledge-based economy."

Mr Tung also reaffirmed his determination to promote Hong Kong as a leading digital city in the region. "The Cyberport is an important infrastructure to support the Government's Digital 21 Strategy," he said. "Our aim is to position Hong Kong as a leading digital city and e-business community, connecting the world."

Microsoft is the seventh company to sign a tenancy agreement at Cyberport Phase I. Microsoft and the other six tenants will occupy about 80% of the office space in the facility's first building.

The Cyberport is a comprehensive development which will help companies of different sizes and at different stages of development to flourish. The professional community will enjoy intelligent offices, enormous bandwidth, a wide range of shared IT facilities, a cyber-centre providing retail and entertainment facilities and a 5-star deluxe hotel managed by Le Meridien, all set in a campus-like environment.

Canadian Companies Urged to Leverage Hong Kong's Advantages



NDI President, Mr David Crouch (2nd left) and Vice President, Mr Jim Kearns (centre), pictured with Invest Hong Kong officials. Extreme right is Miss Shirley Wong, Principal Consultant (Investment Promotion) of HKETO (Canada).

Canadian technology companies and businesses in other trades should leverage Hong Kong's roles as a regional financial, trading and business centre and the premier gateway to new business opportunities in the Mainland of China and the rest of Asia.

The Director of Hong Kong Economic and Trade Office (Canada), Mrs Rosanna Ure, made this call this month when she welcomed a leading Canadian technology company setting up regional headquarters in Hong Kong.

Waterloo-based Northern Digital Inc (NDI) specializes in 3D real-time measure-

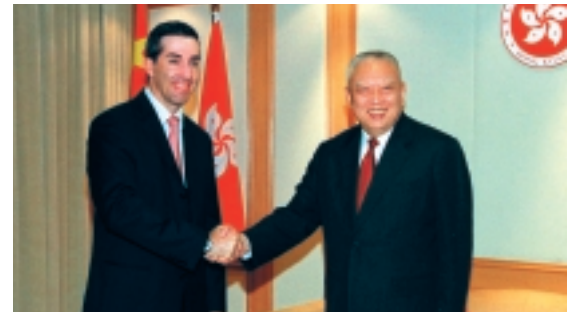
ment systems. Having served customers in Asia Pacific for more than a decade, NDI now aims to capitalize on growing demand by establishing a permanent base in Hong Kong.

Mrs Ure said: "NDI's move reflects the strategic importance of Hong Kong to Canadian technology companies which are keen to do business in the Asia Pacific region."

Managing Director of NDI Asia Pacific, Mr David Xu, said, "Hong Kong offers an efficient and international business environment where it is easy to start up our Asia Pacific operations."

He said that Hong Kong was the obvious choice, given its excellent infrastructure. "We also value the availability of professional services, such as legal, financial and marketing communications, as well as the city's vast pool of highly-trained human resources," he added.

NDI develops, manufactures and sells advanced measurement systems for applications ranging from image-guided surgery to industrial use. For NDI, Asia is one of its most important growth markets.



The Managing Director of Microsoft Hong Kong, Mr Mark Phibbs, meeting the Chief Executive, Mr Tung Chee Hwa.

Hong Kong Fellowship for Canadian Journalists

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

Dateline Hong Kong Fellowship 2002 is the fifth annual working fellowship for Canadian journalists since the scheme was first launched in 1997. The winners will travel to Hong Kong before the end of March 2003. 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 2002 fellowships will be provided by the HKSAR Government. In addition to visiting places of interest, winners will be able to meet people of diverse views and cultural backgrounds, 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 an 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.

Applications must reach the CAJ at St Patrick's Building, Carleton University, Ottawa, ON K1S 5B6 by August 9, 2002.

More details can be found on the Notice Board of the HKETO website at www.hketo.ca, and the CAJ website at www.caj.ca.



HKETO Director, Mrs Rosanna Ure, speaking at the "Hong Kong - Your Fast Track to China" investment seminar held in Mississauga.

HONG KONG: THE SUCCESS STORY CONTINUES...

To mark the 5th anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR) and its reunification with China in July, 1997, the Hong Kong Economic and Trade Office in Canada (HKETO) organized a series of cultural and business events in Toronto.

Entitled "Hong Kong: The Success Story Continues...A Tribute to Mark the 5th Anniversary of the Hong Kong SAR", the activities featured business and cultural aspects of Hong Kong, including its major infrastructure developments, its distinctive advantages as the premier gateway to China and its ever-successful film industry.

The HKSAR's 5th Anniversary programme, held from June 7 to 30, comprised a Hong Kong film festival, an investment seminar, a special "HKSAR 5th Anniversary Dragon Boat Championship Race", an urban planning seminar and a large-scale photo exhibition on Hong Kong's infrastructure development.

On HKSAR's 5th anniversary, the Director of the HKETO, Mrs Rosanna Ure, said: "Hong Kong remains committed to investing in its infrastructure and human resources, and to continuing its success story as 'Asia's world city'."

Mrs Ure commented that this anniversary was an important milestone, because in the past five years, Hong Kong had faced many challenges and had overcome them with renewed vigor, resilience and enthusiasm. "Not only have we achieved a smooth political transition, we have also continued to build on our strengths and achieved world recog-



HKETO Director, Mrs Rosanna Ure (5th left), joining other dignitaries and co-organizers in opening the "Building a Dynamic Hong Kong" photo exhibition in Mississauga.

nition in different sectors," she said.

The anniversary programme was kicked off on June 7 at the Jackman Hall of Art Gallery of Toronto with the opening of the Hong Kong Film Festival. "City at Light Speed: Hong Kong Cinema Since 1997", was sponsored by the HKETO and organized by Cinematheque Ontario.

During the film festival, which lasted until June 19, Toronto audiences were given an opportunity to enjoy nine Hong Kong movies which had not been commercially released in Toronto.

Produced after 1997, this film collection presented works by a group of talented professionals and depicted the versatility of Hong Kong. The films presented were: Fruit Chan's 'Durian Durian' and 'Little Cheung', Ann Hui's 'Eighteen Springs', Johnnie To's 'The Mission', Yu Lik-wai's 'Love Will Tear Us Apart', Carol Lai Miu-suet's 'Glass Tears', Stanley Kwan's 'Lan Yu', Aubrey Lam Oi-wah's 'Twelve Nights' and Wilson Yip's 'Juliet in Love'.

The film festival was followed by an informative investment seminar on "Hong Kong - Your Fast Track to China", jointly organized by the HKETO and the Mississauga Board of Chinese Professionals and Businesses, in association with the Mississauga Board of Trade and the

Mississauga Technology Association.

The seminar, held on June 21 at the Living Arts Centre in Mississauga, addressed the growing interests of Canadian enterprises in investing in China with and through Hong Kong. It focused on the considerable business opportunities available in China since its accession to the World Trade Organization and the advantages of partnering with Hong Kong. Mrs Ure and other panel speakers shared with participants practical advice on the best strategies to fast track to the China market.

This year's annual Toronto International Dragon Boat Race Festival, held on June 22 and 23 at Toronto Centre Island, witnessed a special "Hong Kong Dragon Boat Championship Race" sponsored by the HKETO. The New York DCH Dragon Boat Racing Club emerged as the winning team and was presented with the Hong Kong SAR 5th Anniversary Cup by Mrs Rosanna Ure. With more than 200 teams from all over the world, including one from Hong Kong, the event lived up to its promise of being one of the biggest Dragon Boat Races ever held in Toronto.

An urban planning seminar, themed "Planning for Sustainable Growth - The Hong Kong and Toronto Experience",



HKETO Director, Mrs Rosanna Ure, presenting the special "HKSAR 5th Anniversary Cup" to the winning team of the "Hong Kong Dragon Boat Championship Race"

One of the participating teams of Hong Kong Dragon Championship Race proudly showing off their unique hand-painted "Brand Hong Kong" motif.

The HKETO's interactive computer quiz was one of the most popular activities in this year's Toronto International Dragon Boat Race Festival.



At the 5th Anniversary Reception held at the Metro Toronto Convention Centre on June 24, Senator, the Hon Vivienne Poy (2nd left), the Attorney General and Minister of Native Affairs and Gaming of Ontario, the Hon David Young (2nd right) and City Councillor of Toronto, Mr Norm Kelly (right) joined the HKETO Director, Mrs Rosanna Ure (left), and some 200 invited guests joined in a toast to the continuing success of Hong Kong on the occasion of its 5th anniversary.



Hong Kong's Assistant Director of Planning, Mr Augustine Ng (3rd left), and HKETO Director, Mrs Rosanna Ure (3rd right), sharing experience with other guest speakers.



The Chair of Toronto Waterfront Revitalisation Corporation, Mr Robert Fung, was a keynote speaker at the urban planning seminar.

organized with the full support of the City of Toronto, was held on June 24 at Metro Toronto Convention Centre. Mr Robert Fung, Chair of Toronto Waterfront Revitalization Corporation, and Mr Augustine Ng, Assistant Director of HKSAR Government's Planning Department, were the keynote speakers. Panelists included Councillor Joe Pantalone, Chair, Planning and Transportation Committee, Toronto City Council; Ms Beate Bowron, Director, Community Planning, South District, City of Toronto; Mr Glenn Miller, Director of Research, Canadian Urban Institute; Ms Louise Verity, Director of Policy, Toronto Board of Trade; Mr Augustine Ng and Mrs Rosanna Ure, who also acted as moderator.

While core infrastructure projects completed in the last five years have enhanced Hong Kong's competitive edge as a major regional business and transportation hub, the HKSAR Government's commitment to invest C\$120 billion in some 1,600 infrastructure projects in the next decade will ensure that Hong Kong will continue to be a world-class business city with a pleasant living environment for its citizens and visitors.

The stunning infrastructure projects completed since 1997, as well as Hong Kong's plans for the future, were highlighted in the "Building a Dynamic Hong Kong" photo exhibition, which was previewed at the 5th Anniversary Reception held at the Metro Toronto Convention Centre on June 24. In view of the

industrial action by City staff, the photo exhibition has been rescheduled. An announcement will be made in due course.

The HKSAR's 5th Anniversary programme was supported by media sponsors Ming Pao, Sing Tao Daily and Fairchild Television.

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Hong Kong - Your Fast Track to China

The "Hong Kong - Your Fast Track to China" trade mission is open for registration for Canadian companies interested in doing business with China, with or through Hong Kong.

You can register on-line through a secure server, or pay via credit card or a certified cheque made payable to "The Hong Kong-Canada Business Association". Or register by mail to: The Hong Kong-Canada Business Association, 1010 de la Gauchetiere Ouest, Suite 200, Montreal, Quebec H3B 2N2 (Attention Mrs Shirley Maguire, Executive Director) or fax to (514) 630-5781. For more registration information or online registration, please visit www.hketo.ca/trademission.html#registration.

"We have received many enquiries about



Mrs Rosanna Ure talking about the trade mission at a business luncheon organized by HKCBA Vancouver Section.

the Hong Kong-Canada trade mission. This is a very encouraging sign, as it reflects the strong interests Canadian companies have in the Hong Kong and China markets," said Mrs Rosanna Ure, Director of the HKETO.

She advised interested Canadian companies to act fast.

Biotech Success Sought

Hong Kong has the talent, expertise and potential to make headway in developing its biotechnology industry and the combined efforts of its tertiary institutions in applied research will lay a solid foundation for future biotech successes.

This is the firm belief of Dr Tsui Lap-chee, one of the world's top geneticists and leading scientists, who was raised and educated in Hong Kong. Dr Tsui became the Geneticist-in-Chief at Toronto's Hospital for Sick Children and was recently appointed Vice-Chancellor of the University of Hong Kong. He gained world recognition for his discovery of the cystic fibrosis gene.

In an interview with the editor of Hong Kong Update, Dr Tsui said he looked forward to returning to Hong Kong to take up the challenge, as he considered that it was high time for Hong Kong's scientists to pool resources in an innovative manner to put applied research to more practical use. This approach, he believes, will help Hong Kong move up the value chain in the field of biotechnology and biomedical developments.

"I relish the chance to develop some innovative things of scientific importance and practical value in Hong Kong where I was raised," said Dr Tsui. "I hope to be able to bring new impetus and a new sense of direction to biomedical research work in Hong Kong and, with the support of fellow scientists, to help build a sound foundation for Hong Kong to become a leader in the niche area of biomedical research and development of treatment of diseases that are unique to or common among Chinese and Asians."

Dr Tsui expressed his full support of the HKSAR Government's efforts in promoting the culture of science, technology and entrepreneurship with a view to building up a respectable science base with growing corporate participation



Dr Tsui (centre) with the Hong Kong Update editorial staff.

in applied research and development in collaboration with local universities.

He also praised the initiative made by the Hong Kong Economic and Trade Office in organizing the "Hong Kong – Your Fast Track to China" trade mission to bring Canadian companies in the biotech and IT sectors to Hong Kong and partner with Hong Kong for entry into the huge China market.

Describing the trade mission as a "win-win" project for both Canada and Hong Kong, Dr Tsui said: "With their advanced biotech knowledge and expertise, Canadian companies will be able to expand their activities by doing business with Hong Kong and through Hong Kong with China, while contributing to Hong Kong's biotechnology developments."

continued from page 1 **Accountability System to Enhance Governance**

Secretary (FS), Mr Antony Leung Kam-chung; Secretary for Justice (SJ); Ms Elsie Leung Oi-sie; Secretary for the Civil Service, Mr Joseph Wong Wing-ping; Secretary for Commerce, Industry and Technology, Mr Henry Tang Ying-yen; Secretary for Constitutional Affairs, Mr Stephen Lam Sui-lung; Secretary for Economic Development and Labour, Mr Stephen Ip Shu-kwan; Secretary for Education and Manpower, Professor Arthur Li Kwok-cheung; Secretary for the Environment, Transport and Works, Dr Sarah Liao Sau-tung; Secretary for Financial Services and the Treasury, Mr Frederick Ma Si-hang; Secretary for Home Affairs, Dr Patrick Ho Chi-ping; Secretary for Housing, Planning and Lands, Mr Michael Suen Ming-yeung; Secretary for Security, Mrs Regina Ip Lau Suk-ye; and Secretary for Health, Welfare and Food, Dr Yeoh Eng-kiong.

Under the accountability system, principal officials will accept total responsibility and, in an extreme case, may have to step down for serious failures relating to their respective portfolios. They may also have to step down for grave personal misconduct or if they cease to be eligible under the Basic Law.

They have been appointed to the Executive Council and are responsible for all aspects of their portfolios. The Secretaries of Department and Directors of Bureau are directly responsible to the Chief Executive, to whom they have direct access. They

take part directly in the decision-making process relating to the allocation of resources of the Government as a whole. They have a strong say in the assignment of personnel working directly under them and the share of financial resources allocated to them.

Under the new arrangements, there is a need to retain civil servants at D8 (directorship pay scale – point eight) rank in bureaux. They work for their respective principal officials under the accountability system and are not required to shoulder public responsibility in the same way as the new Directors of Bureau. They support their Directors in running the relevant bureaux and departments. They continue to appear in public and attend meetings of LegCo panels and committees and deal with the media. Officers holding these posts have been re-titled as Permanent Secretaries.

The civil service will remain permanent, meritocratic and politically neutral. The system of appointment, posting promotion and disciplinary action will remain unchanged. Civil servants will continue to put forward clear and honest advice on policy options formulated to their best abilities. Once decisions have been taken by the Chief Executive in Council or by the principal officials, civil servants will support the decisions, and will fully and faithfully implement them.

Hong Kong Again Rated **World's Freest Economy**

Hong Kong has once again been rated the freest economy in the world by the Fraser Institute in Canada and the Cato Institute in United States in their **Economic Freedom of the World: 2002 Annual Report, released on June 25.**

The Director of the Hong Kong Economic and Trade Office in Canada (HKETO), Mrs Rosanna Ure, welcomed the news, saying she was very pleased to learn that Hong Kong was once again rated as the world's freest economy with a rating of 8.8 (out of 10).

Mrs Ure said: "The fact that Hong Kong retains its position as the world's freest economy further proves that it is the ideal place for doing business, especially for foreign companies. Hong Kong will continue to maintain its openness, rule of law, free flow of information, transparency and a level playing field for investors."

Published by Canada's Fraser Institute, in conjunction with the US-based Cato Institute, and a network of independent institutions in 54 other nations, the **Economic Freedom of the World: 2002**

Annual Report ranked 123 nations on economic freedom. They took into account such core elements as personal choice, voluntary exchange, freedom to compete and protection of persons and property, all of which requires the rule of law, property rights, limited government intervention, freedom to trade and sound money.

Singapore was rated the second freest economy, followed by the United States, the United Kingdom, New Zealand, Switzerland, Ireland, Australia, Canada and the Netherlands.



HKSAR's Travel Pass provides greater travel convenience.

The Travel Pass Pilot Scheme implemented as a trial project by the Immigration Department of the Hong Kong Special Administrative Region (HKSAR) since January 1998 has recently been made permanent.

Record 1.4 Million Visitors to Hong Kong in April

Visitor arrivals in Hong Kong in April 2002 totalled a record 1.4 million, representing a 19% increase over the same month in 2001 and the highest number of arrivals ever recorded in a single month, comfortably exceeding the previous record of 1.3 million set in December last year.

Continuing the pattern seen since the start of 2002, the strong growth was driven by a surge in the number of visitors from Mainland China. The total number of Mainland arrivals was 525,498, a 64.8% increase compared with April 2001. This is the first time the Mainland – or, indeed, any single market – has contributed more than half-a-million visitors in one month.

Most other markets, however, also showed positive growth in April, with especially encouraging performances from the long-haul markets. Europe, Africa and the Middle East produced 136,970 visitors, a 7.5% increase, while

Americans recorded a 2.4% increase to 128,529, boosted by 11.8% growth from Canada. Arrivals from Australia, New Zealand and the South Pacific showed a 3.7% increase to 37,153.

In the short-haul markets, arrivals from North Asia grew 5.5% to 147,653, with South Korea (+19.1%) recording especially strong growth. South and Southeast Asia registered a 4.7% increase to 169,190. One factor helping to boost all the short-haul markets was the staging of several major annual exhibitions during April, including the Asia Pacific Leather Fair, the Hong Kong Housewares Fair and the Hong Kong Gifts and Premium Fair.

For the first four months of the year to date, total arrivals stand at 4,996,653, a 14.2% increase on the same period in 2001. Some 38% of the total are arrivals from the Mainland, which is showing 47.9% year-on-year growth.

HKSAR Travel Pass Makes Travel Easy

It will provide greater travel convenience to frequent business visitors to Hong Kong.

Frequent visitors holding valid passports and who are eligible to visit Hong Kong Special Administrative Region (HKSAR) without a visa or entry permit may apply for a HKSAR Travel Pass.

Applicants should have a genuine need to visit the HKSAR frequently, and should have visited trouble-free on three occasions (other than return from side trips to the Mainland of China or the region of Macau) in the 12-month period immediately preceding the application. Alternatively, they must satisfy the Director of Immigration that their

visits may bring substantial benefits to the HKSAR.

The Travel Pass is a machine-readable document with 32 pages. It is valid for three years and good for multiple entries to the HKSAR for stays of up to 2 months.

The holder of a Travel Pass will be allowed to enter Hong Kong via resident counters. The immigration clearance procedures will be simplified and the processing time will be reduced by about 40%.

For more information, please visit the website of the HKSAR Immigration Department at <http://www.info.gov.hk/immd/index.htm>. Application forms can be downloaded from the website at: <http://www.info.gov.hk/immd/pdforms/id888.pdf>. E-mail enquiries can be directed to: enquiry@immd.gov.hk.

More Visa-Free Access for HK Travellers

Four more countries have granted visa-free access to HKSAR passport holders. They are the Republic of Cyprus, Malta and Andorra, which have granted stays of up to three months, and the Cook Islands, which has granted stays of up to 31 days.

This brings to 112 the total number of countries/territories that grant visa-free access to HKSAR passport holders.

A Government spokesman said: "This is a further achievement in our efforts to enhance travel convenience for HKSAR passport holders."

Financial News Capsules

Five More Multinational Corporations in HK

The world's largest free newspaper group, Metro International S.A., has established its Asia Pacific headquarters in Hong Kong and launched the first Asian edition of its daily newspaper on April 15.

Metro International S.A., which publishes 23 editions of its newspaper in 15 countries around the world, is a publicly listed company on the Nasdaq and Stockholm stock exchanges.

Four more large multinational corporations have also set up operations in Hong Kong:

WestAM, the fund management arm of Westdeutsche Landesbank Girozentrale (WestLB), a leading European bank, which has established a business development and Client Servicing Office in Hong Kong.

EFG Private Bank SA, the Swiss private banking arm of EFG Bank Group, which has officially opened its branch in Hong Kong. The office will also serve as the bank's Asia Pacific headquarters.

Advanced Clinical Sciences Corporation (ACSC), a global clinical trials company, which is teaming up with Hong Kong software developer ATPATH Technologies Limited to start a new venture in Hong Kong, bringing job opportunities, skills and technology transfer to the city.

Orc Software, a leading Swedish IT company specializing in software for trading in financial instruments, has chosen Hong Kong for its first regional office in Asia.

HK's Foreign Currency Reserve at US\$111.3 Billion

The official foreign currency reserve assets of Hong Kong amounted to US\$111.3 billion at the end of May 2002, as compared with US\$110.9 billion at the end of April 2002.

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

The total foreign currency reserve assets of US\$111.3 billion represent over seven times the currency in circulation, one of the highest ratios in the world.

Trade Figures for May

In May 2002, the value of total exports of goods (comprising re-exports and domestic exports) decreased by 1.8% over a year earlier to C\$25.18 billion. This followed a 2.5% year-on-year increase in April. Within this total, the value of re-exports rose by 1.0% to C\$23.04 billion in May, but the value of domestic exports plunged by 24.3% to C\$2.14 billion. Concurrently, the value of imports of goods decreased by 2.1% over a year earlier to C\$26.66 billion in May 2002, following a year-on-year decrease of 2.1% in April.

A visible trade deficit of C\$1.48 billion, equivalent to 5.6% of the value of imports of goods, was recorded in May 2002. This was smaller than the corresponding deficit of C\$1.6 billion, equivalent to 5.9% of the value of imports of goods, recorded in May 2001.

For the first five months of 2002, as a whole, the value of total exports of goods decreased by 3.5% over a year earlier. Within this total, the value of re-exports fell by 1.7% while the value of domestic exports shrank by 19.0%. Over the same period, the value of imports of goods declined by 6.2%. A visible trade deficit of C\$6.24 billion, equivalent to 5.1% of the value of imports of goods, was recorded in the first five months of 2002. This was much smaller than the corresponding deficit of C\$10.02 billion, equivalent to 7.8% of the value of imports of goods, recorded in the same period in 2001.

Comparing the three-month period ending May 2002 with the preceding three months on a seasonally adjusted basis, the value of total exports of goods rose distinctly by 10.0%. Within this total, the value of re-exports increased by 11.7%, but the value of domestic exports decreased by 5.0%. Over the same periods of comparison, the value of imports of goods was higher by 9.1%

Retails Sales Down Slightly

The value of total retail sales in April 2002, estimated at C\$2.94 billion, fell by 3.6%, compared with April 2001. After netting out the effect of price changes over the same period, the overall volume of retail sales decreased by 1.6% in April 2002, from a year earlier.

The revised figure on value of total retail sales in March 2002 was estimated at C\$2.96 billion. Compared with March 2001, it represented a decrease of 3.7% in value, or 1.4% in volume.

Consumer Prices Drop

The Composite Consumer Price Index (Composite CPI) fell by 3.1% in May 2002 over a year earlier, same as the decrease in April.

Analysed by sub-index, the CPI(A) declined by 3.5% in May 2002 over a year earlier, slightly larger than the 3.3% decrease in April. Yet for the CPI(B) and CPI(C), the respective decreases held steady at 3.0% and 2.9% in both months.

Unemployment Rate Edges Up

The seasonally adjusted unemployment rate rose further, from 7.1% in February-April 2002 to 7.4% (provisional) in March-May 2002, while the underemployment rate also edged up, from 3.0% to 3.1% (provisional).

Comparing March-May 2002 with February-April 2002, the unemployment rate (not seasonally adjusted) rose across many of the major economic sectors, with more noticeable increases occurring in the foundation and superstructure construction, retail, restaurant, import/export trades and communications sectors. This more than offset the declines observed in the decoration and maintenance, financing and business services sectors. As to the underemployment rate, the increase was concentrated in the construction sector.

Total labour force, estimated at 3,450,000 (provisional) in March-May 2002, was little changed from that of 3,449,300 in February-April 2002. Yet total employment

continued to fall, from 3,204,000 to 3,197,000 (provisional) over the same periods.

The number of unemployed persons (not seasonally adjusted) went up from 245,400 in February-April 2002 to 253,000 (provisional) in March-May 2002, while the number of underemployed persons increased from 104,800 to 108,000 (provisional).

".hk" Domain Name

The Hong Kong Internet Registration Corporation (HKIRC), a new private and non-profit-making corporation, has been set up to perform Internet domain name administration functions in Hong Kong.

The HKIRC is designated as the ".hk" domain name administrator, with the mandate to exercise the registration functions of ".hk" domains and represent Hong Kong in international Internet fora.

The corporation has already planned to roll out new domain name registration services, including registration for individual domain names and domain names for information providers, as well as Chinese domain names ending with ".hk".

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 include:

- The laws previously in force in Hong Kong have been maintained and 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 the icon "Basic Law" at <http://www.hketo.ca>.