



DAILY INFORMATION BULLETIN

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/CHUEN LUNG

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DEREGULATION OF IRR TIME DEPOSITS TO BEGIN IN OCTOBER

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THE HONG KONG MONETARY AUTHORITY (HKMA) WELCOMED THE DECISION BY THE HONG KONG ASSOCIATION OF BANKS (HKAB) TODAY (FRIDAY) TO BEGIN REMOVING THE INTEREST RATE CAP ON TIME DEPOSITS IN OCTOBER THIS YEAR.

ACCORDING TO HKAB'S TIMETABLE, IT IS ESTIMATED THAT ABOUT 40 PER CENT OF THE EXISTING TIME DEPOSITS GOVERNED BY THE INTEREST RATE RULES (IRR) WILL BE DEREGULATED BY OCTOBER 1994, 85 PER CENT BY JANUARY 1995 AND 95 PER CENT BY APRIL 1995.

"THIS IS QUICK AND POSITIVE ACTION ON THE PART OF HKAB, DEMONSTRATING THEIR SINCERE COMMITMENT TO PUT INTO EFFECT THE CONSUMER COUNCIL'S PROPOSAL WHICH HAS BEEN ENDORSED BY THE GOVERNMENT TO REMOVE THE INTEREST RATE CAP ON TIME DEPOSITS.

"COMMENCEMENT OF THE PHASING-OUT PROGRAMME IN OCTOBER IS AHEAD OF THE CONSUMER COUNCIL'S PROPOSAL TO REMOVE THE CAP ON TIME DEPOSITS IN 1995," SAID MR JOSEPH YAM, THE CHIEF EXECUTIVE OF THE HKMA.

ON THE DEREGULATION OF 24-HOUR CALL DEPOSITS, HKMA ENDORSES THE STEP-BY-STEP APPROACH ANNOUNCED BY HKAB IN VIEW OF THE POSSIBLE IMPACT ON SAVINGS DEPOSITS.

EACH STEP IN LOWERING THE DEPOSIT SIZE THRESHOLD FOR 24-HOUR CALL DEPOSITS WOULD BE CONDITIONAL UPON THE HKMA AND HKAB BEING SATISFIED THAT THE STABILITY OF THE MONETARY AND BANKING SYSTEMS WOULD NOT BE UNDERMINED.

"IT IS JUSTIFIABLE TO BE MORE CAUTIOUS WITH 24-HOUR CALL DEPOSITS IN VIEW OF THE POSSIBILITY OF A MIGRATION FROM SAVINGS DEPOSITS. WHILE WE ARE COMMITTED TO LIBERALISATION, WE NEED TO ENSURE THAT IT WOULD NOT EXPOSE BANKING STABILITY TO EXCESSIVE RISK," SAID MR YAM.

ON JULY 26 THIS YEAR, THE GOVERNMENT ISSUED A RESPONSE, BASED ON A STUDY UNDERTAKEN BY HKMA, TO THE CONSUMER COUNCIL REPORT ENTITLED "ARE HONG KONG DEPOSITORS FAIRLY TREATED?".

IN THE RESPONSE, THE GOVERNMENT CONCLUDED, INTER ALIA, THAT THE CONSUMER COUNCIL'S PROPOSAL TO REMOVE THE INTEREST RATE CAP ON TIME DEPOSITS IN 1995 WAS ACCEPTABLE. HKAB AND HKMA HAVE SINCE BEEN DISCUSSING THE TIMETABLE FOR PUTTING THIS INTO EFFECT.

HALF-YEARLY ECONOMIC REPORT 1994

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THE HALF-YEARLY ECONOMIC REPORT 1994 WAS RELEASED BY THE GOVERNMENT TODAY (FRIDAY).

FOLLOWING IS A SUMMARY OF THE MAIN POINTS:

- THE HONG KONG ECONOMY CONTINUED TO SHOW A ROBUST GROWTH IN THE FIRST HALF OF 1994, WITH A BROADLY SIMILAR GROWTH PACE IN THE FIRST AND THE SECOND QUARTERS.
- IN THE EXTERNAL SECTOR, RE-EXPORTS ROSE MARKEDLY IN THE FIRST HALF OF THIS YEAR, ALTHOUGH THE GROWTH RATE HAD DECELERATED FROM THE PRECEDING YEAR. THE EARLIER DECLINE IN DOMESTIC EXPORTS SEEMED TO HAVE BOTTOMED OUT IN RECENT MONTHS. THE OVERALL PERFORMANCE IN EXPORTS OF GOODS WAS GENERALLY BETTER IN THE SECOND THAN IN THE FIRST QUARTER. CONCURRENTLY, A NOTABLE GROWTH WAS RECORDED FOR EXPORTS OF SERVICES.
- LOCALLY, DEMAND WAS UNDERPINNED BY A SOLID GROWTH IN CONSUMER SPENDING PARTICULARLY IN THE FIRST QUARTER, AS WELL AS BY VERY INTENSIVE CONSTRUCTION ACTIVITY ON THE MAJOR INFRASTRUCTURAL PROJECTS. THERE WAS ALSO A PICK-UP IN INVESTMENT SPENDING ON MACHINERY AND EQUIPMENT.
- IN LINE WITH THE STEADY GROWTH IN ECONOMIC ACTIVITY, OVERALL EMPLOYMENT SHOWED A FURTHER NOTABLE INCREASE IN THE FIRST HALF OF 1994. THE LABOUR MARKET REMAINED TIGHT, AS THE RELATIVELY MORE ABUNDANT LABOUR SUPPLY SEEN RECENTLY WAS MATCHED BY A SUSTAINED STRONG DEMAND FOR LABOUR. BOTH THE UNEMPLOYMENT AND UNDEREMPLOYMENT RATES DRIFTED LOWER.
- THE RESIDENTIAL PROPERTY MARKET COOLED DOWN CONSIDERABLY IN THE SECOND QUARTER. THE ESCALATED PRICES AND REDUCED AFFORDABILITY OF FLATS HAD SET IN TO RESTRAIN DEMAND. A PACKAGE OF MEASURES AIMED AT DAMPENING PROPERTY SPECULATION AND INCREASING HOUSING SUPPLY WAS ANNOUNCED BY THE GOVERNMENT IN EARLY JUNE.
- INFLATION AS MEASURED BY THE CONSUMER PRICE INDEX (A) MODERATED TO AN AVERAGE OF 7.5% IN THE FIRST HALF OF THE YEAR. EXTERNALLY-INDUCED INFLATIONARY PRESSURES, SPECIFICALLY THOSE BEING REFLECTED IN THE SHARPLY HIGHER PRICES OF VEGETABLES CONSEQUENTIAL TO THE FLOODING IN SOUTH CHINA, HAVE ALREADY LIFTED CONSUMER PRICE INFLATION IN JULY. ALONG WITH SUSTAINED MARKED INCREASES IN HOUSING RENTALS AND PRICES OF VARIOUS CONSUMER SERVICES, THE INFLATION RATE IS LIKELY TO EDGE HIGHER IN THE LATTER PART OF THE YEAR.

- THE CENSUS AND STATISTICS DEPARTMENT HAS RECENTLY UNDERTAKEN A NON-ROUTINE REVISION OF THE GROSS DOMESTIC PRODUCT ESTIMATES OVER THE PAST YEARS. THIS GIVES A BETTER COVERAGE OF INVISIBLE TRADE, A GREATER RECOGNITION OF THE CONTRIBUTION OF RE-EXPORTS TO THE GDP, AND AN IMPROVED MEANS OF DERIVING THE GROWTH RATE OF VISIBLE TRADE IN REAL TERMS. RESULTING FROM THIS REVISION, THE GDP GROWTH RATE IN REAL TERMS IS RAISED BY 0.4 OF A PERCENTAGE POINT TO 6.0% IN 1992, 0.3 OF A PERCENTAGE POINT TO 5.9% IN 1993, AND 0.2 OF A PERCENTAGE POINT TO 5.7% IN THE FIRST QUARTER OF 1994. ALSO INCORPORATING THE NON-ROUTINE REVISION, THE GDP GROWTH RATE IN REAL TERMS IN THE SECOND QUARTER WAS PROBABLY IN THE REGION OF 5.5 - 6%.
- THE ECONOMIC FORECASTS FOR 1994 HAVE BEEN REVIEWED AND UPDATED ON THE BASIS OF THESE ECONOMIC AND TECHNICAL DEVELOPMENTS. OVERALL, THE GDP GROWTH RATE IN REAL TERMS IN 1994 IS NOW FORECAST AT 5.7%. AGAINST THE EARLIER FORECAST OF 5.5%, THE DIFFERENCE IS ATTRIBUTABLE MAINLY TO THE EFFECT OF THE NON-ROUTINE REVISION OF THE GDP ESTIMATES. MATCHING THE LATEST FORECAST AGAINST THE ESTIMATED GDP GROWTH IN THE FIRST HALF OF THE YEAR, IN OVERALL TERMS THE ECONOMY IS EXPECTED TO GROW AT A STEADY PACE THROUGHOUT 1994.
- THE FORECAST RATES OF INCREASE IN THE CONSUMER PRICE INDEX (A) AND THE GDP DEFLATOR ARE KEPT UNCHANGED, AT 8.5% AND 8% RESPECTIVELY.

THE EXTERNAL SECTOR

THE MODERATION IN EXPORT GROWTH OBSERVED IN THE EARLY PART OF THIS YEAR WAS FOLLOWED BY A PICK-UP IN THE MORE RECENT MONTHS, WITH THE YEAR-ON-YEAR GROWTH RATE IN REAL TERMS OF TOTAL EXPORTS ACCELERATING FROM 8% IN THE FIRST QUARTER TO ABOUT 12% IN THE SECOND QUARTER. FOR THE FIRST HALF OF 1994 AS A WHOLE, TOTAL EXPORTS GREW BY ABOUT 10% IN REAL TERMS.

RE-EXPORTS CONTINUED TO PROVIDE THE KEY IMPETUS TO OVERALL EXPORT GROWTH, RISING BY ABOUT 14% IN REAL TERMS IN THE FIRST HALF OF 1994 OVER A YEAR EARLIER. WHILE THE STRONG GROWTH IN RE-EXPORTS TO THE UNITED KINGDOM AND JAPAN WAS SUSTAINED, THE GROWTH IN RE-EXPORTS TO CHINA, THE UNITED STATES AND GERMANY WAS LESS RAPID THAN IN THE PRECEDING QUARTERS.

THE TREND OF DECLINE IN DOMESTIC EXPORTS, HAVING DETERIORATED IN THE FIRST QUARTER, IMPROVED SOMEWHAT IN THE SECOND QUARTER. DOMESTIC EXPORTS TO JAPAN, SINGAPORE AND THE UNITED STATES RETURNED TO POSITIVE GROWTH IN THE SECOND QUARTER, WHILE THE DECLINES IN DOMESTIC EXPORTS TO CHINA AND THE UNITED KINGDOM WERE SMALLER. HOWEVER, FOR THE FIRST HALF OF 1994 AS A WHOLE, OVERALL DOMESTIC EXPORTS STILL FELL BY ABOUT 5% IN REAL TERMS OVER A YEAR EARLIER.

STEMMING FROM THE DIVERGENT TRENDS IN DOMESTIC EXPORTS AND RE-EXPORTS, THE SHARE OF RE-EXPORTS IN THE VALUE OF TOTAL EXPORTS ROSE FURTHER, TO 81% IN THE FIRST HALF OF 1994, FROM 78% IN THE SAME PERIOD LAST YEAR.

IMPORTS ROSE BY ABOUT 12% IN REAL TERMS IN THE FIRST HALF OF 1994 OVER A YEAR EARLIER. AS IN THE CASE OF TOTAL EXPORTS, THERE WAS ACCELERATED GROWTH BETWEEN THE FIRST AND THE SECOND QUARTERS. THIS WAS MAINLY DUE TO A MARKED REVIVAL IN RETAINED IMPORTS, WHICH ROSE BY ABOUT 18% IN REAL TERMS IN THE SECOND QUARTER OVER A YEAR EARLIER, COMPARED WITH ONLY 4% IN THE FIRST QUARTER. FOR THE FIRST HALF OF 1994 AS A WHOLE, RETAINED IMPORTS GREW BY ABOUT 11% IN REAL TERMS OVER A YEAR EARLIER. THIS PICK-UP SHOULD HAVE FAVOURABLE IMPLICATIONS FOR DOMESTIC DEMAND AS WELL AS DOMESTIC EXPORTS IN THE COMING MONTHS.

IN THE FIRST HALF OF 1994, BOTH EXPORTS AND IMPORTS OF SERVICES SHOULD HAVE SHOWN A NOTABLE INCREASE, NOTWITHSTANDING A TEMPORARY SLACKENING IN VISITOR ARRIVALS AFFECTING TOURIST RECEIPTS.

MAINLY OWING TO A GREATER ABSORPTION OF IMPORTS, THE VISIBLE TRADE DEFICIT RECORDED IN THE FIRST HALF OF 1994, EQUIVALENT TO 8% OF THE VALUE OF IMPORTS, WAS LARGER THAN THAT RECORDED IN THE FIRST HALF OF 1993, EQUIVALENT TO 5% OF THE VALUE OF IMPORTS. NEVERTHELESS, THE CONTINUED SURPLUS ON THE INVISIBLE TRADE ACCOUNT SHOULD HAVE MORE THAN OFFSET THE DEFICIT ON THE VISIBLE TRADE ACCOUNT, THEREBY STILL YIELDING A COMBINED SURPLUS.

DOMESTIC DEMAND

LOCALLY, CONSUMER SPENDING WAS UNDERPINNED BY FULL EMPLOYMENT AND SUSTAINED INCREASE IN REAL INCOMES. RETAINED IMPORTS OF CONSUMER GOODS PICKED UP FURTHER TO SHOW AN INCREASE OF ABOUT 15% IN REAL TERMS IN THE SECOND QUARTER OVER A YEAR EARLIER, AFTER A DECLINE OF 2% IN THE FOURTH QUARTER OF 1993 AND AN INCREASE OF 9% IN THE FIRST QUARTER OF 1994. FOR THE FIRST HALF OF 1994 AS A WHOLE, THERE WAS AN INCREASE OF ABOUT 12% IN REAL TERMS OVER A YEAR EARLIER. OVER THE SAME PERIOD, THE VOLUME OF RETAIL SALES ROSE BY 8%.

ON INVESTMENT SPENDING, RETAINED IMPORTS OF CAPITAL GOODS STAGED A REVIVAL IN RECENT MONTHS. AN 11% GROWTH IN REAL TERMS WAS RECORDED IN THE SECOND QUARTER OVER A YEAR EARLIER, FOLLOWING VIRTUALLY ZERO GROWTH IN THE FIRST QUARTER. THE INCREASE RECORDED FOR RETAINED IMPORTS OF OFFICE EQUIPMENT WAS PARTICULARLY NOTABLE. IN THE BUILDING AND CONSTRUCTION SECTOR, ACTIVITY PARTICULARLY ON CIVIL ENGINEERING WAS HIGHLY INTENSIVE AS WORK ON A NUMBER OF MAJOR INFRASTRUCTURAL PROJECTS WAS PROCEEDING AT FULL STEAM.

THE LABOUR MARKET

THE LABOUR MARKET WAS TIGHT, WITH THE UNEMPLOYMENT AND UNDEREMPLOYMENT RATES BOTH EDGING LOWER. THE SEASONALLY ADJUSTED UNEMPLOYMENT RATE STOOD AT 1.9% IN THE SECOND QUARTER, 0.3 OF A PERCENTAGE POINT LOWER THAN IN THE PRECEDING QUARTER AND IN THE SAME QUARTER LAST YEAR. THE UNDEREMPLOYMENT RATE, AT 1.3%, WAS LOWER THAN IN THE PRECEDING QUARTER AND IN THE SAME QUARTER LAST YEAR BY 0.4 AND 0.7 OF A PERCENTAGE POINT RESPECTIVELY. LABOUR MARKET CONDITIONS CONTINUED TO BE TIGHTER IN SERVICES THAN IN THE MANUFACTURING SECTOR.

IN LINE WITH THE STEADY GROWTH IN ECONOMIC ACTIVITY, OVERALL EMPLOYMENT SHOWED A FURTHER NOTABLE INCREASE IN THE FIRST HALF OF 1994. THE SUSTAINED STRONG DEMAND FOR LABOUR WAS NEVERTHELESS MATCHED BY A RELATIVELY MORE ABUNDANT LABOUR SUPPLY. EARNINGS IN THE MAJOR SECTORS CONTINUED TO RISE SIGNIFICANTLY, EXCEPT FOR TRANSPORT, STORAGE AND COMMUNICATION WHICH RECORDED A DECLINE IN REAL TERMS. NEVERTHELESS, EXCLUDING THE IRREGULAR PAYMENTS IN EARNINGS, WAGES IN THE TRANSPORT SECTOR CONTINUED TO SHOW A NOTABLE INCREASE BROADLY IN LINE WITH THOSE IN OTHER SECTORS. MEANWHILE, CONSTRUCTION WAGE RATES HAD A SMALL INCREASE IN REAL TERMS.

THE PROPERTY MARKET

FOLLOWING A PERIOD OF HECTIC TRADING AND FURTHER PRICE UPSURGE IN THE FIRST QUARTER, THE RESIDENTIAL PROPERTY MARKET COOLED DOWN CONSIDERABLY IN THE SECOND QUARTER. THE HIGHER PRICE LEVEL AND REDUCED AFFORDABILITY OF FLATS HAD SET IN TO RESTRAIN DEMAND. SENTIMENT WAS DAMPENED BY THE ANTICIPATION OF NEW GOVERNMENT MEASURES TO CURB SPECULATION AND STABILISE THE MARKET. IN ADDITION, THE MORTGAGE RATE OF THE BANKS WAS RAISED FURTHER IN LATE MAY, ALONG WITH THE RISE IN LOCAL INTEREST RATES. AS A RESULT, FLAT PRICES EASED BACK FROM THE PEAK IN MARCH. A PACKAGE OF MEASURES FOR THE RESIDENTIAL PROPERTY MARKET WAS ANNOUNCED BY THE GOVERNMENT IN EARLY JUNE, WITH FURTHER DAMPENING EFFECTS. MEANWHILE, FLAT RENTALS CONTINUED TO RISE THROUGHOUT THE FIRST HALF OF 1994.

ON COMMERCIAL PROPERTY, THE DEMAND FOR OFFICE SPACE REMAINED GENERALLY STRONG, WITH SIGNIFICANT INCREASES IN BOTH PRICES AND RENTALS DURING MOST OF THE FIRST HALF OF 1994. THE RENTAL INCREASE FOR PRIME OFFICE SPACE IN CENTRAL AND ADMIRALTY WAS PARTICULARLY MARKED, OWING TO AN ACUTE SHORTAGE OF NEW LETTABLE SPACE IN THESE AREAS. AS TO SHOPPING SPACE, RENTALS SHOWED FURTHER INCREASES IN THE FIRST HALF OF THE YEAR PARTICULARLY IN THE POPULAR SHOPPING DISTRICTS. THE RISE IN PRICES WAS HOWEVER GENERALLY MORE MODERATE.

ON INDUSTRIAL PROPERTY, THE MARKET FOR CONVENTIONAL FLATTED FACTORY SPACE REMAINED GENERALLY QUIET IN THE FIRST HALF OF 1994, AFFECTED BY THE ONGOING RELOCATION OF MANUFACTURING PROCESSES TO CHINA. BUT NEW INDUSTRIAL BUILDINGS DESIGNED ALSO FOR OFFICE USE CONTINUED TO FACE A GOOD DEMAND, WITH FURTHER INCREASES IN PRICES AND RENTALS.

THE FINANCIAL SECTOR

THE RISE IN U.S. DOLLAR INTEREST RATES IN THE FIRST HALF OF 1994 HAD LITTLE EFFECT ON THE MARKET EXCHANGE RATE OF THE HONG KONG DOLLAR, WHICH REMAINED GENERALLY STABLE UNDER THE LINKED EXCHANGE RATE SYSTEM AND MOVED NARROWLY BETWEEN HK\$7.723 AND HK\$7.749 PER U.S. DOLLAR.

IN LINE WITH THE MOVEMENTS OF THE U.S. DOLLAR, THE HONG KONG DOLLAR WEAKENED AGAINST THE JAPANESE YEN AND THE MAJOR EUROPEAN CURRENCIES DURING THE FIRST HALF OF 1994. REFLECTING THESE DEVELOPMENTS, THE EFFECTIVE EXCHANGE RATE INDEX OF THE HONG KONG DOLLAR HAD BEEN ON A DOWNTREND SINCE THE BEGINNING OF THE YEAR, FALLING FROM A HIGH OF 127.8 RECORDED ON JANUARY 4 TO 123.1 AT THE END OF JUNE.

ALONG WITH THE RISES IN THE U.S. FEDERAL FUNDS RATE BY A TOTAL OF 1.25 PERCENTAGE POINTS BETWEEN FEBRUARY AND MAY (AND BY ANOTHER 0.5 OF A PERCENTAGE POINT IN MID-AUGUST) AND AN INCREASE IN THE U.S. DISCOUNT RATE BY 0.5 OF A PERCENTAGE POINT IN MID-MAY (AND BY ANOTHER 0.5 OF A PERCENTAGE POINT IN MID-AUGUST), LOCAL INTEREST RATES HAD BEEN ON AN UPTREND. DEPOSIT RATES GOVERNED BY THE HONG KONG ASSOCIATION OF BANKS AS WELL AS THE BEST LENDING RATE WERE ADJUSTED UPWARDS TWICE, IN MARCH AND MAY, AND AGAIN IN AUGUST.

BOTH HONG KONG DOLLAR DEPOSITS AND THE BROADER DEFINITIONS OF THE HONG KONG DOLLAR MONEY SUPPLY ACCELERATED IN GROWTH DURING THE SECOND QUARTER, AFTER RECORDING ONLY MODERATE INCREASES DURING THE FIRST QUARTER. IN LINE WITH THE STEADY GROWTH IN ECONOMIC ACTIVITY, TOTAL DOMESTIC LOANS ALSO SHOWED A SOLID RISE DURING THE SECOND QUARTER. WITHIN THIS TOTAL, LOANS TO FINANCE VISIBLE TRADE CONTINUED TO PICK UP. LOANS FOR MANUFACTURING AND FOR BUILDING, CONSTRUCTION AND PROPERTY DEVELOPMENT ALSO SHOWED FURTHER NOTABLE INCREASES.

IN THE LOCAL STOCK MARKET, THE HANG SENG INDEX, AFTER REACHING A NEW RECORD HIGH OF 12 201 IN EARLY JANUARY, CONSOLIDATED THEREAFTER AND TOUCHED A LOW OF 8369 IN EARLY MAY. THE MARKET REMAINED VOLATILE AND SHOWED CONSIDERABLE DAILY FLUCTUATIONS IN MAY AND JUNE. THE INDEX CLOSED THE FIRST HALF OF 1994 AT 8758, REPRESENTING A 3% FALL FROM THE END OF MARCH 1994 AND A 26% FALL FROM THE END OF 1993.

INFLATION

CONSUMER PRICE INFLATION, MEASURED IN TERMS OF THE CONSUMER PRICE INDEX (A), STAYED AT 8% OR BELOW THROUGHOUT THE FIRST HALF OF THIS YEAR. ON A YEAR-ON-YEAR COMPARISON, THE CPI(A) ROSE BY 7.3% IN THE FIRST QUARTER AND BY 7.7% IN THE SECOND QUARTER. FOR THE FIRST HALF OF 1994 AS A WHOLE, THE INCREASE AVERAGED AT 7.5%. THIS WAS APPRECIABLY SLOWER THAN THE AVERAGE INCREASE OF 8.5% RECORDED IN BOTH THE FIRST AND THE SECOND HALVES OF 1993. THE CORRESPONDING INCREASES IN THE CPI(B) AND THE HANG SENG CPI IN THE FIRST HALF OF 1994 WERE 8.0% AND 9.7%. THE COMPOSITE CPI, AS AN AGGREGATE MEASURE OF CONSUMER PRICE INFLATION COVERING THESE THREE INDICES, HAD A CORRESPONDING INCREASE OF 8.2%.

THE GDP DEFLATOR, AS A BROAD MEASURE OF OVERALL INFLATION IN THE ECONOMY, HOWEVER SHOWED A FASTER INCREASE MORE RECENTLY. IT ROSE BY 8.9% IN THE FIRST QUARTER OF 1994 OVER A YEAR EARLIER.

NON-ROUTINE REVISION OF THE GDP ESTIMATES

IN LINE WITH AN ESTABLISHED INTERNATIONAL PRACTICE TO INTRODUCE MAJOR IMPROVEMENTS TO THE COMPILATION OF GROSS DOMESTIC PRODUCT ESTIMATES ONCE EVERY FEW YEARS, THE CENSUS AND STATISTICS DEPARTMENT HAS RECENTLY UNDERTAKEN A NON-ROUTINE REVISION OF THE GDP ESTIMATES OVER THE PAST YEARS.

IN SO DOING, STRUCTURAL CHANGE IN THE ECONOMY CAN BE BETTER REFLECTED AND NEW OR MORE RELIABLE DATA INCORPORATED TO ENHANCE THE QUALITY OF THE GDP ESTIMATES.

AS A RESULT OF THIS ROUND OF REVISION, BOTH THE LEVEL AND THE GROWTH RATE OF THE GDP ESTIMATES IN THE MORE RECENT YEARS ARE REVISED UPWARDS.

ON THE GDP LEVEL IN NOMINAL TERMS, IT IS LIFTED BY AN AVERAGE OF 4% EACH YEAR. ON THE GDP GROWTH RATE IN REAL TERMS, IT IS RAISED BY 0.4 OF A PERCENTAGE POINT TO 6.0% IN 1992, 0.3 OF A PERCENTAGE POINT TO 5.9% IN 1993, AND 0.2 OF A PERCENTAGE POINT TO 5.7% IN THE FIRST QUARTER OF 1994.

INCORPORATING THE NON-ROUTINE REVISION, THE GDP GROWTH RATE IN REAL TERMS IN THE SECOND QUARTER WAS PROBABLY IN THE REGION OF 5.5 - 6%.

UPDATED FORECASTS

THE GDP FORECAST FOR 1994 HAS BEEN REVIEWED BY INDIVIDUAL COMPONENTS BASED ON THE NEWLY REVISED GDP ESTIMATES. THE CORRESPONDING PRICE FORECAST HAS ALSO BEEN EXAMINED.

IN THE EXTERNAL SECTOR, THE FORECAST GROWTH RATE IN REAL TERMS OF RE-EXPORTS IN 1994 IS REVISED TO 15%. THE GROWTH IN RE-EXPORTS IN THE FIRST SEVEN MONTHS OF THE YEAR WAS SLOWER THAN EXPECTED. NEVERTHELESS, A BETTER PERFORMANCE WILL PROBABLY BE ATTAINED IN THE COMING MONTHS. THE EFFECT OF CHINA'S ECONOMIC RESTRAINT MEASURES ON ITS OWN IMPORT DEMAND AND HENCE ON THE CORRESPONDING RE-EXPORTS TO CHINA THROUGH HONG KONG IS GRADUALLY BEING ABSORBED. RE-EXPORTS TO JAPAN AND OTHER ECONOMIES IN THE ASIA-PACIFIC REGION, AS WELL AS TO THE UNITED STATES AND THE UNITED KINGDOM, SHOULD STILL BE ROBUST. IN ADDITION, THE RECENT WEAKENING OF THE HONG KONG DOLLAR IN LINE WITH THE U.S. DOLLAR AGAINST THE JAPANESE YEN AND THE MAJOR EUROPEAN CURRENCIES SHOULD HELP HONG KONG'S EXPORTS TO THE RESPECTIVE MARKETS.

THE FORECAST RATE OF DECLINE IN REAL TERMS IN DOMESTIC EXPORTS IS ADJUSTED TO 4%. NOTWITHSTANDING THE WEAK PERFORMANCE SO FAR, THERE WERE SIGNS OF IMPROVEMENT IN DOMESTIC EXPORTS TO CERTAIN MAJOR MARKETS IN THE MORE RECENT MONTHS. THE EXCHANGE RATE FACTOR SHOULD SIMILARLY HELP.

TAKING DOMESTIC EXPORTS AND RE-EXPORTS TOGETHER, THE GROWTH RATE IN REAL TERMS OF TOTAL EXPORTS IN 1994 IS FORECAST AT 11%.

/IMPORTS ARE

IMPORTS ARE FORECAST TO GROW BY 12.5% IN REAL TERMS IN 1994, HAVING CONSIDERED THE SLOWER-THAN-EXPECTED GROWTH IN RE-EXPORTS SO FAR BUT ALSO THE OFFSET FROM THE MARKED REVIVAL IN RETAINED IMPORTS IN RECENT MONTHS. LOOKING AHEAD, THE DEMAND FOR IMPORTS SHOULD CONTINUE TO RISE, WITH THE INCREASE PROBABLY CONCENTRATED MORE IN CONSUMER GOODS AND CAPITAL GOODS.

THE GROWTH RATES IN REAL TERMS OF EXPORTS AND IMPORTS OF SERVICES IN 1994, FORECAST AT 9% AND 8% RESPECTIVELY, HAVE TAKEN INTO ACCOUNT THE CONTINUED GROWTH IN TRADE-RELATED SERVICES AND A LIKELY PICK-UP IN TOURISM DURING THE REST OF THE YEAR. EXPORTS OF VARIOUS OTHER PROFESSIONAL AND SUPPORT SERVICES SHOULD MAINTAIN THEIR GROWTH MOMENTUM, IN LINE WITH THE DEVELOPMENT OF HONG KONG AS A SERVICE-ORIENTED ECONOMY.

IN THE DOMESTIC SECTOR, THE FORECAST GROWTH RATE IN REAL TERMS OF PRIVATE CONSUMPTION EXPENDITURE IN 1994 IS KEPT AT 7%, AND THAT OF GOVERNMENT CONSUMPTION EXPENDITURE AT 4.4%. THERE MAY WELL BE SOME ASSET MARKET EFFECT DAMPENING CONSUMER SPENDING, GIVING A LESS RAPID INCREASE IN THE SECOND HALF OF THE YEAR THAN IN THE FIRST HALF. BUT CONTINUED FULL EMPLOYMENT AND RISING REAL INCOMES SHOULD STILL BE ABLE TO UNDERPIN GROWTH.

AS TO INVESTMENT, PUBLIC SECTOR EXPENDITURE ON BUILDING AND CONSTRUCTION IN 1994 IS FORECAST TO GROW BY 30% IN REAL TERMS, MAINLY IN THE LIGHT OF VERY INTENSIVE WORK ON A NUMBER OF MAJOR PUBLIC SECTOR INFRASTRUCTURAL PROJECTS. IN THE PRIVATE SECTOR, A NUMBER OF LARGE CIVIL ENGINEERING PROJECTS ARE EXPECTED TO GATHER MOMENTUM. MOREOVER, WORK ON SOME BUILDING PROJECTS HAS ALSO PICKED UP SOMEWHAT. HAVING REGARD TO THESE TRENDS, PRIVATE SECTOR EXPENDITURE ON BUILDING AND CONSTRUCTION IN 1994 IS FORECAST TO RISE BY 5% IN REAL TERMS. TAKEN TOGETHER, OVERALL EXPENDITURE ON BUILDING AND CONSTRUCTION IS FORECAST TO BE 15.2% HIGHER IN REAL TERMS IN 1994. ON INVESTMENT IN MACHINERY AND EQUIPMENT, THE FORECAST GROWTH RATE IN REAL TERMS OF THE OVERALL EXPENDITURE IN 1994 IS KEPT AT 5.8%. COMBINING ALL RELEVANT COMPONENTS, GROSS DOMESTIC FIXED CAPITAL FORMATION IN 1994 IS EXPECTED TO SHOW A 7.8% GROWTH IN REAL TERMS.

OVERALL, THE GROWTH RATE IN REAL TERMS OF THE GDP IN 1994, INCORPORATING THE RESULTS OF THE NON-ROUTINE REVISION OF THE GDP ESTIMATES, IS FORECAST AT 5.7%. OF ITS COMPONENTS, THE GROWTH IN RE-EXPORTS BEING LESS RAPID THAN EARLIER EXPECTED IS OFFSET PRINCIPALLY BY THE MUCH STRONGER GROWTH MOMENTUM IN FIXED ASSET INVESTMENT SPECIFICALLY IN INFRASTRUCTURE CONSTRUCTION. IN OVERALL TERMS, THE ECONOMY IS EXPECTED TO GROW AT A STEADY PACE THROUGHOUT THE YEAR.

ON INFLATION, THE FORECAST RATES OF INCREASE IN BOTH THE CPI(A) AND THE GDP DEFLATOR ARE KEPT UNCHANGED AT 8.5% AND 8% RESPECTIVELY. NOTWITHSTANDING THE FAVOURABLE OUTCOME IN THE FIRST HALF OF THE YEAR, CONSUMER PRICE INFLATION IN JULY SHOWED A RELAPSE AS THE PRICES OF VEGETABLES WERE PUSHED UP SHARPLY FOLLOWING THE FLOODING IN CHINA.

VEGETABLE PRICES ARE LIKELY TO REMAIN HIGH UNTIL NORMAL AGRICULTURAL PRODUCTION IS RESUMED.

MORE GENERALLY, AMIDST TIGHTER MARKET CONDITIONS, WORLD COMMODITY AND PRODUCT PRICES CAN BE EXPECTED TO RISE FURTHER. THE EFFECT OF THE SHARP APPRECIATION OF THE JAPANESE YEN ON THE PRICES OF HONG KONG'S IMPORTS FROM JAPAN WILL CONTINUE TO FILTER THROUGH.

THE PERSISTENTLY HIGH INFLATION IN CHINA COULD ALSO HAVE AN INDIRECT IMPACT VIA THE PRICES OF HONG KONG'S IMPORTS FROM CHINA.

LOCALLY, INFLATIONARY PRESSURES WILL CONTINUE TO BE FELT MORE STRONGLY IN HOUSING RENTALS, TRANSPORT FARES AND CHARGES FOR THE VARIOUS CONSUMER SERVICES.

HAVING REGARD TO BOTH THE EXTERNAL AND THE DOMESTIC FACTORS, CONSUMER PRICE INFLATION IS ENVISAGED TO BE HIGHER IN THE SECOND HALF OF THE YEAR THAN IN THE FIRST HALF. BUT AVERAGING FOR 1994 AS A WHOLE, THE EARLIER FORECAST OF 8.5% FOR THE CPI(A) SHOULD STILL BE APPROPRIATE.

THE HALF-YEARLY ECONOMIC REPORT 1994 IS NOW ON SALE AT THE GOVERNMENT PUBLICATIONS CENTRE IN CONNAUGHT PLACE, CENTRAL, AT \$50 A COPY.

THE UPDATED FORECASTS ARE SUMMARISED IN THE FOLLOWING TABLE:

UPDATED FORECAST
RELEASED ON
26.8.1994

(%)

GROWTH RATE IN REAL TERMS OF :

PRIVATE CONSUMPTION EXPENDITURE	7
GOVERNMENT CONSUMPTION EXPENDITURE	4.4
GROSS DOMESTIC FIXED CAPITAL FORMATION	7.8
TRANSFER COSTS OF LAND AND BUILDINGS	0
BUILDING AND CONSTRUCTION	15.2
PRIVATE SECTOR	5
PUBLIC SECTOR	30
REAL ESTATE DEVELOPERS' MARGIN	0
MACHINERY AND EQUIPMENT	5.8
PRIVATE SECTOR	5
PUBLIC SECTOR	35
TOTAL EXPORTS OF GOODS	11
DOMESTIC EXPORTS	-4
RE-EXPORTS	15
IMPORTS OF GOODS	12.5
EXPORTS OF SERVICES	9
IMPORTS OF SERVICES	8
GROSS DOMESTIC PRODUCT (GDP)	5.7
PER CAPITA GDP	4

GROWTH RATE IN MONEY TERMS OF :

GDP	14.1
PER CAPITA GDP	12.3

/RATE OF

RATE OF INCREASE IN :

GDP DEFLATOR	8
CONSUMER PRICE INDEX (A)	8.5

NOTE :

AS THE LATEST UPDATED FORECAST OF GDP AND ITS COMPONENTS FOR 1994 HAS INCORPORATED THE RESULTS OF THE NON-ROUTINE REVISION OF THE GDP ESTIMATES, DIRECT COMPARISON WITH THE EARLIER FORECAST WHICH DOES NOT CONTAIN SUCH A REVISION IS NOT ENTIRELY MEANINGFUL. AS AN OVERALL INDICATION, BETWEEN THE LATEST FORECAST OF A 5.7% GROWTH AND THE EARLIER FORECAST OF A 5.5% GROWTH FOR THE GDP IN 1994, THE DIFFERENCE IS ATTRIBUTABLE MAINLY TO THE EFFECT OF THE NON-ROUTINE REVISION.

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GROSS DOMESTIC PRODUCT:
1994 NON-ROUTINE REVISION

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THE CENSUS AND STATISTICS DEPARTMENT HAS REVISED THE PREVIOUSLY PUBLISHED GDP ESTIMATES. RESULTS OF THE REVISION ARE RELEASED TODAY (FRIDAY).

THE DEPARTMENT HAS RECENTLY UNDERTAKEN A DETAILED STUDY WHEREBY SOME IMPROVED METHODS OF ESTIMATION HAVE BEEN DEVISED AND CERTAIN NEW DATA SOURCES INCORPORATED INTO THE DATA COMPILATION SYSTEM.

IT IS INTERNATIONAL PRACTICE THAT GOVERNMENT STATISTICAL AUTHORITIES UNDERTAKE SUCH NON-ROUTINE REVISIONS ONCE EVERY FEW YEARS TO IMPROVE THE COMPILATION FRAMEWORK OF THE GDP LEADING TO THE PRODUCTION OF DATA OF ENHANCED QUALITY.

THE 1994 ROUND OF NON-ROUTINE REVISION OF THE GDP SERIES IS THE FIFTH OF ITS KIND. THE DEPARTMENT HAS PREVIOUSLY CONDUCTED FOUR ROUNDS OF REVISION AND RESULTS WERE RELEASED IN 1980, 1984, 1987 AND 1991.

BOTH THE EXPENDITURE-BASED GDP AND THE PRODUCTION-BASED GDP ARE REVISED IN THE EXERCISE.

COMPARED WITH THE ORIGINAL ESTIMATES, THE REVISED EXPENDITURE-BASED GDP ESTIMATES DIFFER BY LESS THAN HALF OF A PERCENTAGE POINT IN TERMS OF GROWTH RATES IN REAL TERMS OF THE GDP FOR MOST OF THE YEARS IN THE PERIOD.

FOR INSTANCE, IN THE REVISED SERIES, THE YEAR-ON-YEAR GROWTH RATES IN REAL TERMS OF THE GDP ARE 5.7 PER CENT FOR THE FIRST QUARTER OF 1994, 5.9 PER CENT FOR 1993 AND 6.0 PER CENT FOR 1992 WHILE THE PREVIOUSLY PUBLISHED FIGURES WERE 5.5 PER CENT FOR THE FIRST QUARTER OF 1994, 5.6 PER CENT FOR 1993 AND 5.6 PER CENT FOR 1992.

REGARDING THE GROWTH RATES OF INDIVIDUAL EXPENDITURE COMPONENTS IN REAL TERMS, THE EXTENT OF REVISION IS SOMEWHAT GREATER.

NEVERTHELESS, IT IS WITHIN TWO PERCENTAGE POINTS FOR EXPORTS AND IMPORTS OF SERVICES, AND LESS THAN ONE PERCENTAGE POINT FOR OTHER COMPONENTS.

FOR THE LAST FEW YEARS, THE LEVEL OF THE GDP AT CURRENT MARKET PRICES IS REVISED UPWARDS BY ABOUT 4 PER CENT. FOR INSTANCE, THE GDP OF 1993 IS REVISED TO HK\$888 BILLION FROM THE PREVIOUSLY PUBLISHED HK\$851 BILLION.

A SPOKESMAN FOR THE DEPARTMENT SAID THE NON-ROUTINE REVISION HAD TAKEN INTO ACCOUNT STRUCTURAL CHANGE IN THE ECONOMY.

"SPECIAL EFFORTS HAVE BEEN MADE IN THE DEPARTMENT'S ECONOMIC SURVEYS TO ENHANCE THE COVERAGE OF TRADE IN SERVICES, BY MORE ADEQUATELY INCORPORATING OFFSHORE TRADING ACTIVITIES, LAND TRANSPORT SERVICES AND OTHER BUSINESS SERVICES SUCH AS LEGAL SERVICES, CONSTRUCTION SERVICES AND MANAGEMENT CONSULTANCY SERVICES, ALL OF WHICH HAVE GROWN IN IMPORTANCE IN RECENT YEARS," HE SAID.

"THE OPPORTUNITY IS ALSO TAKEN TO REBASE THE GDP SERIES TO 1990. THE PREVIOUS GDP SERIES HAS 1980 AS THE BASE YEAR. IN SO DOING, A MORE UP-TO-DATE PRICE STRUCTURE IS TAKEN IN COMPILING GDP ESTIMATES."

"IT IS INTERNATIONAL PRACTICE TO REBASE THE GDP ESTIMATES PERIODICALLY TO ENSURE THAT THE WEIGHTS, OR RELATIVE VALUES, UNDERLYING THE MEASUREMENT OF CHANGES OVER A MORE RECENT PERIOD REFLECT CLOSELY THE PRICE STRUCTURE OF THAT PERIOD," HE ADDED.

"MOREOVER, WE HAVE IMPROVED THE METHOD FOR DEFLATING THE TRADE AGGREGATES. SOME NEW STANDARDS PROMULGATED IN THE LATEST VERSION OF THE SYSTEM OF NATIONAL ACCOUNTS RELEASED BY THE UNITED NATIONS HAVE ALSO BEEN ADOPTED," HE SAID.

IN THE PRODUCTION-BASED GDP, THERE ARE TWO MAJOR AREAS OF REVISION. FIRST, THE GDP CONTRIBUTIONS OF SOME ECONOMIC ACTIVITIES NOT ADEQUATELY COVERED PREVIOUSLY HAVE BEEN INCLUDED IN THE REVISED SERIES.

SECOND, THE CONTRIBUTIONS OF SOME COMMERCIAL ESTABLISHMENTS NOT COVERED IN THE ROUTINE ECONOMIC SURVEYS HAVE BEEN DIRECTLY CAPTURED OR ELSE ESTIMATED BY SPECIAL METHODS. THESE RESULT IN AN UPWARD ADJUSTMENT OF AROUND 3 PER CENT - 4 PER CENT IN THE LEVEL OF THE PRODUCTION-BASED GDP AT CURRENT MARKET PRICES.

DETAILED RESULTS OF THIS NON-ROUTINE REVISION ARE PRESENTED IN A REPORT ENTITLED "REVISED ESTIMATES OF GROSS DOMESTIC PRODUCT, 1961 TO FIRST QUARTER 1994".

THE REPORT IS NOW ON SALE AT THE GOVERNMENT PUBLICATIONS CENTRE AND THE CENSUS AND STATISTICS DEPARTMENT AT \$38 A COPY.

Comparison of revised and
previously published GDP growth rates, 1990-1993

		% increase in real terms over preceding year			
G.D.P. Components		1990	1991	1992	1993
Private consumption expenditure	Revised (Previous)	5.7 (6.3)	8.6 (9.2)	7.6 (8.3)	7.4 (7.7)
Government consumption expenditure	Revised (Previous)	5.5 (6.0)	7.7 (6.9)	6.8 (7.1)	1.5 (0.9)
Gross domestic fixed capital formation	Revised (Previous)	8.1 (8.0)	9.3 (9.0)	9.0 (9.6)	4.1 (4.7)
Total exports of goods	Revised (Previous)	9.6 (9.2)	17.3 (16.6)	19.8 (19.2)	13.5 (13.1)
Imports of goods	Revised (Previous)	11.4 (11.4)	19.0 (19.0)	22.2 (22.3)	12.7 (12.8)
Exports of services	Revised (Previous)	3.6 (5.9)	4.7 (3.6)	11.6 (11.0)	8.2 (7.8)
Imports of services	Revised (Previous)	12.1 (10.1)	11.3 (8.1)	9.1 (7.0)	7.8 (6.9)
Expenditure-based G.D.P.	Revised (Previous)	3.4 (3.2)	5.1 (4.1)	6.0 (5.6)	5.9 (5.6)

LANDSLIP PREVENTIVE WORKS TO START ON 19 SITES

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THE CIVIL ENGINEERING DEPARTMENT IS INVITING TENDERS FOR THE UPGRADING OF 19 RETAINING WALLS, CUT SLOPES, FILL SLOPES AND ROCK SLOPES ACROSS THE TERRITORY.

THE LANDSLIP PREVENTIVE MEASURES AIM AT IMPROVING THE STABILITY OF EXISTING FEATURES TO MEET CURRENT STANDARDS.

THEY WILL INCLUDE INSTALLATION OF SOIL NAILS, CUTTING BACK OF EXISTING SLOPES, ROCK SLOPE SUPPORT WORKS, RECOMPACTION OF FILL SLOPES, CONSTRUCTION OF SKIN AND CAISSON WALLS, REPAIR OF EXISTING SURFACE DRAINAGE AS WELL AS PROVISION OF SURFACE DRAINAGE AND SURFACE PROTECTION TO FINISHED SLOPE SURFACES.

THE WORKS ARE EXPECTED TO START IN NOVEMBER FOR COMPLETION AROUND THE END OF 1996.

TENDER FORMS AND FURTHER PARTICULARS CAN BE OBTAINED FROM THE CHIEF GEOTECHNICAL ENGINEER/DESIGN, GEOTECHNICAL ENGINEERING OFFICE, 10TH FLOOR, CIVIL ENGINEERING BUILDING, 101 PRINCESS MARGARET ROAD, HO MAN TIN, KOWLOON.

TENDER OFFER WILL CLOSE AT NOON ON SEPTEMBER 23.

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MORE FACTORIES COME UNDER AIR POLLUTION CONTROLS

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A COMMENCEMENT NOTICE TO EFFECT LICENCE CONTROL ON FIVE AIR POLLUTING INDUSTRIAL PROCESSES IS PUBLISHED IN THE GOVERNMENT GAZETTE TODAY (FRIDAY).

THE AFFECTED PROCESSES INCLUDE ORGANIC CHEMICAL WORKS, ZINC GALVANISING WORKS, RENDERING WORKS, NON-FERROUS METALLURGICAL WORKS AND GLASS WORKS.

EXPLAINING DETAILS OF THE NOTICE, A PRINCIPAL ENVIRONMENTAL PROTECTION OFFICER OF THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD), MR FRANKLIN CHUNG, SAID: "THESE INDUSTRIAL PROCESSES ARE NOW FORMALLY CLASSIFIED AS SPECIFIED PROCESSES UNDER THE AIR POLLUTION CONTROL ORDINANCE AND ARE SUBJECT TO EPD LICENCE CONTROL FROM TODAY.

"ANY NEW PREMISES CONDUCTING THESE PROCESSES WILL HAVE TO USE THE BEST PRACTICABLE MEANS TO PREVENT THE EMISSION OF AIR POLLUTANTS FROM THEIR PREMISES AND BE LICENSED TO THAT EFFECT.

"THE EXISTING 32 FACTORIES INVOLVED IN THE FIVE INDUSTRIAL ACTIVITIES MUST REGISTER WITH EPD WITHIN THE NEXT SIX MONTHS. THEY WILL THEN BE GRANTED TEMPORARY EXEMPTIONS TO ALLOW THEM TIME TO UPGRADE THEIR PLANTS TO MEET THE LICENSING REQUIREMENTS," HE SAID.

/MR CHUNG

MR CHUNG NOTED: "THE EXEMPTIONS GRANTED TO THE ZINC GALVANISING WORKS, NON-FERROUS METALLURGICAL WORKS AND GLASS WORKS WILL BE REMOVED AFTER 12 MONTHS, WHILE THE EXEMPTIONS GRANTED TO THE ORGANIC CHEMICAL WORKS AND RENDERING WORKS WILL BE REMOVED IN AUGUST 1996."

ALSO GAZETTED TODAY IS A NOTIFICATION THAT EXEMPTIONS GRANTED TO ANOTHER 10 AIR POLLUTING INDUSTRIAL PROCESSES WILL BE REMOVED FROM AUGUST 26, 1995.

THE AFFECTED PREMISES ARE THOSE CONDUCTING SPECIFIED PROCESSES OF ACRYLATE WORKS, CEMENT WORKS, CERAMIC WORKS, COPPER WORKS, IRON AND STEEL WORKS, MINERAL WORKS, FRIT WORKS, ZINC GALVANISING WORKS, NON-FERROUS METALLURGICAL WORKS AND GLASS WORKS.

MR CHUNG SAID: "THESE 10 PROCESSES FORMED THE SECOND BATCH OF SPECIFIED PROCESSES TO COME UNDER FULL LICENCE CONTROL AS A RESULT OF TIGHTENING THE LEGISLATION LAST YEAR."

"THE FIRST BATCH INCLUDED ALUMINIUM WORKS, PETROCHEMICAL WORKS, TAR AND BITUMEN WORKS, AND SOME POLLUTING CEMENT WORKS, ALL OF WHICH WILL COME UNDER FULL LICENCE CONTROL IN NOVEMBER THIS YEAR."

"THESE CONTROLS MARK A SIGNIFICANT FURTHER STEP IN COMBATING AIR POLLUTION FROM POLLUTING INDUSTRIES.

"WITHIN A YEAR FROM NOW, OVER A HUNDRED LARGE FACTORIES WILL BE LICENSED AND WILL HAVE TO MEET STRINGENT EPD REQUIREMENTS.

"WITH THE EMPHASIS ON BETTER PLANT MANAGEMENT AND MODERN POLLUTION CONTROL EQUIPMENT, SIGNIFICANT IMPROVEMENTS IN AIR QUALITY AROUND THESE FACTORIES ARE EXPECTED," MR CHUNG SAID.

THE INDUSTRIES CONCERNED WERE CONSULTED AND HAVE NO MAJOR PROBLEMS IN UPGRADING EXISTING PLANTS AND PROCESSES TO COMPLY WITH THE NEW REQUIREMENTS.

COPIES OF THE GUIDANCE NOTES ON THE BEST PRACTICABLE MEANS TO BE ADOPTED ARE AVAILABLE AT THE AIR MANAGEMENT GROUP OF EPD, 33RD FLOOR, REVENUE TOWER, 5 GLOUCESTER ROAD, WAN CHAI.

ENQUIRIES ON HOW TO APPLY FOR EXEMPTIONS AND LICENCES SHOULD BE MADE ON 594 6235.

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OCCUPATION BREAKDOWN OF DISTRICT BOARD CANDIDATES

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AMONG THE 757 CANDIDATES NOMINATED FOR THE DISTRICT BOARD ELECTIONS IN SEPTEMBER, 267 WERE ADMINISTRATORS AND EXECUTIVES.

NINETY-FOUR WERE BUSINESSMEN AND INDUSTRIALISTS.

THERE WERE ALSO 76 PROFESSIONALS. THE NUMBER FOR THOSE ENGAGED IN SOCIAL SERVICE WAS 74, 87 BELONGED TO THE EDUCATIONALIST/TEACHER/JOURNALIST CATEGORY AND 77 WERE OFFICE WORKERS.

/FOLLOWING IS

FOLLOWING IS THE BREAKDOWN OF CANDIDATES BY OCCUPATION:

ADMINISTRATOR/EXECUTIVE	267
BUSINESSMAN/INDUSTRIALIST	94
PROFESSIONAL	76
STUDENT	5
SELF-EMPLOYED	34
SOCIAL SERVICE	74
EDUCATIONALIST/TEACHER/JOURNALIST	87
WORKER	28
OFFICE WORKER	77
RETIRED/UNEMPLOYED	15

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NEW GREEN MINIBUS ROUTES TO STRENGTHEN SERVICES

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THE TRANSPORT DEPARTMENT IS INVITING APPLICATIONS FOR OPERATING 21 NEW GREEN MINIBUS ROUTES THROUGHOUT THE TERRITORY.

THE ROUTES WILL BE OPERATED IN CHAI WAN, POK FU LAM AND ABERDEEN ON HONG KONG ISLAND; TSZ WAN SHAN, CHOI WAN, LAM TIN, TO KWA WAN AND KOWLOON CITY IN KOWLOON; AND SHEUNG SHUI, FANLING, NAI CHUNG, TUEN MUN AND YUEN LONG IN THE NEW TERRITORIES.

A SPOKESMAN FOR THE DEPARTMENT SAID APPLICATIONS MUST BE MADE ON THE FORM ENTITLED "APPLICATION FOR PASSENGER SERVICE LICENCE IN RESPECT OF THE PACKAGES OF PUBLIC LIGHT BUS (SCHEDULED) ROUTES GAZETTED IN 1994" OBTAINABLE FREE OF CHARGE ON REQUEST FROM THE FOLLOWING OFFICES:

- * TRANSPORT DEPARTMENT HEADQUARTERS, 41ST FLOOR, IMMIGRATION TOWER, 7 GLOUCESTER ROAD, WAN CHAI, HONG KONG;
- * TRANSPORT DEPARTMENT KOWLOON AND NEW TERRITORIES REGIONAL OFFICES, SEVENTH FLOOR, GOVERNMENT OFFICES, 30 LUEN WAN STREET, KOWLOON;
- * HONG KONG LICENSING OFFICE, GROUND FLOOR, 2 MURRAY ROAD, HONG KONG;
- * KWUN TONG LICENSING OFFICE, FIFTH FLOOR, KOWLOON EAST GOVERNMENT OFFICE, 12 LEI YUE MUN ROAD, KOWLOON; AND
- * SHA TIN LICENSING OFFICE, FIFTH FLOOR, KCR HOUSE, SHA TIN STATION, SHA TIN, NEW TERRITORIES.

COMPLETED FORMS MUST BE RETURNED BY REGISTERED POST TO THE TRANSPORT DEPARTMENT HEADQUARTERS ON 41ST FLOOR, IMMIGRATION TOWER, 7 GLOUCESTER ROAD, WAN CHAI, HONG KONG, ON OR BEFORE SEPTEMBER 26. APPLICATIONS BY ANY OTHER MEANS OR LATE APPLICATIONS WILL NOT BE CONSIDERED.

"APPLICATIONS WILL THEN BE PROCESSED AND THE NEW ROUTES ARE EXPECTED TO BE INTRODUCED IN SIX TO SEVEN MONTHS' TIME," THE SPOKESMAN SAID.

A SELECTION BOARD COMPRISING A NON-OFFICIAL MEMBER OF THE TRANSPORT ADVISORY COMMITTEE AND OFFICIALS FROM THE TRANSPORT AND OTHER GOVERNMENT DEPARTMENTS WILL SELECT THE APPLICANTS ON THE BASIS OF THE ESTABLISHED CRITERIA LAID DOWN BY THE BOARD.

THE CRITERIA INCLUDE EXPERIENCE OF THE APPLICANT IN TRANSPORT SERVICE, HIS FINANCIAL RESOURCES, HIS MANAGEMENT RIGHT OVER THE VEHICLES, THE MAINTENANCE RECORD OF THE VEHICLES AS WELL AS THE QUALITY OF HIS VEHICLES TO BE DEPLOYED INCLUDING THE AVAILABILITY OF AIR-CONDITIONING.

"IF THE APPLICANT IS IN PARTNERSHIP WITH ONE OR MORE PERSONS FOR THE PURPOSE OF OPERATING THE GREEN MINIBUS SERVICES, IT IS STRONGLY RECOMMENDED THAT A COMPANY BE FORMED UNDER THE COMPANIES ORDINANCE AND THE APPLICATION BE MADE IN THE NAME OF THE COMPANY.

"HOWEVER, THE NOMINATED DIRECTOR OF ANY COMPANY WHICH HAS SUBMITTED AN APPLICATION SHALL NOT SUBMIT ANOTHER APPLICATION AS AN INDIVIDUAL PERSON," HE ADDED.

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PROVISIONAL FIGURES ON EXTERNAL TRADE FOR JULY 1994

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BOTH RE-EXPORTS AND IMPORTS CONTINUED TO INCREASE IN JULY 1994 COMPARED WITH THE SAME MONTH LAST YEAR. DOMESTIC EXPORTS, HOWEVER, FELL.

THESE ARE SHOWN IN THE PROVISIONAL FIGURES ON EXTERNAL TRADE FOR JULY RELEASED TODAY (FRIDAY) BY THE CENSUS AND STATISTICS DEPARTMENT.

THE VALUE OF RE-EXPORTS, AT \$84.0 BILLION IN JULY 1994, WAS \$7.5 BILLION OR 9.9% HIGHER THAN THAT OF A YEAR AGO. ON THE OTHER HAND, THE VALUE OF DOMESTIC EXPORTS DECREASED BY \$931 MILLION OR 4.4% OVER THAT OF A YEAR EARLIER TO \$20.4 BILLION IN JULY.

TAKING RE-EXPORTS AND DOMESTIC EXPORTS TOGETHER, THE VALUE OF TOTAL EXPORTS INCREASED BY \$6.6 BILLION OR 6.8% TO \$104.5 BILLION IN JULY 1994.

MEANWHILE, THE VALUE OF IMPORTS INCREASED BY \$10.6 BILLION OR 11% TO \$109.3 BILLION.

AS THE VALUE OF TOTAL EXPORTS IN JULY 1994 WAS SMALLER THAN THAT OF TOTAL IMPORTS, A VISIBLE TRADE DEFICIT OF \$4.8 BILLION, EQUIVALENT TO 4.4% OF THE VALUE OF IMPORTS, WAS RECORDED. THIS COMPARED WITH A DEFICIT OF \$818 MILLION, EQUIVALENT TO 0.8% OF THE VALUE OF IMPORTS, IN JULY 1993.

IN THE FIRST SEVEN MONTHS OF 1994, THE VALUE OF TOTAL EXPORTS GREW BY 9.5% OVER THE SAME PERIOD LAST YEAR.

AMONGST THIS, THE VALUE OF RE-EXPORTS ROSE BY 13%, WHILE THAT OF DOMESTIC EXPORTS FELL BY 4.3%. THE VALUE OF IMPORTS SHOWED AN INCREASE OF 13%.

IN THE FIRST SEVEN MONTHS OF 1994, A VISIBLE TRADE DEFICIT OF \$51.2 BILLION, EQUIVALENT TO 7.5% OF THE VALUE OF IMPORTS, WAS RECORDED. THIS COMPARED WITH A DEFICIT OF \$28.6 BILLION, EQUIVALENT TO 4.7% OF THE VALUE OF IMPORTS, RECORDED IN THE FIRST SEVEN MONTHS OF 1993.

COMMENTING ON THE LATEST TRADE FIGURES, A GOVERNMENT SPOKESMAN SAID AFTER A SIGNIFICANT RISE IN JUNE, THE GROWTH RATE OF RE-EXPORTS MODERATED IN JULY. THIS WAS PARTLY ATTRIBUTABLE TO A HIGH BASE OF COMPARISON IN THE SAME MONTH LAST YEAR AND PARTLY DUE TO THE SAME REASON, DOMESTIC EXPORTS ALSO WEAKENED AFTER A REBOUND IN JUNE.

ON THE OTHER HAND, FOR THE FIRST SEVEN MONTHS OF 1994, RETAINED IMPORTS WERE 14% HIGHER THAN THAT OF A YEAR EARLIER.

"THIS SUGGESTS THAT DOMESTIC DEMAND SHOULD REMAIN ROBUST, AND DOMESTIC EXPORTS CAN BE EXPECTED TO SHOW SOME IMPROVEMENT IN THE COMING MONTHS," THE SPOKESMAN SAID.

A MORE DETAILED ANALYSIS OF HONG KONG'S EXTERNAL TRADE FOR JULY 1994, BY COMMODITY AND COUNTRY, WILL BE RELEASED IN MID-SEPTEMBER.

TABLE ON PROVISIONAL FIGURES ON EXTERNAL TRADE FOR JULY 1994

MERCHANDISE: DOMESTIC EXPORTS :	\$20,438 MILLION
RE-EXPORTS :	\$84,047 MILLION
TOTAL EXPORTS :	\$104,484 MILLION
IMPORTS :	\$109,329 MILLION
TRADE BALANCE :	-\$4,845 MILLION

COMPARATIVE FIGURES

LATEST 3 MONTHS	MAY 94 TO	MAY 93 TO	CHANGE	
	JUL 94	JUL 93	HK\$ MN	%
	HK\$ MN	HK\$ MN	HK\$ MN	%
DOMESTIC EXPORTS	57,823	58,027	-205	-0.4
(% OF TOTAL EXPORTS)	(19.4%)	(21.6%)		
RE-EXPORTS	240,243	210,479	+29,764	+14.1
TOTAL EXPORTS	298,066	268,507	+29,559	+11.0
IMPORTS	324,876	278,709	+46,167	+16.6
TRADE BALANCE	-26,810	-10,202	-16,608	
SAME MONTH LAST YEAR	JULY	JULY	CHANGE	
	1994	1993	HK\$ MN	%
	HK\$ MN	HK\$ MN	HK\$ MN	%
DOMESTIC EXPORTS	20,438	21,369	-931	-4.4
(% OF TOTAL EXPORTS)	(19.6%)	(21.8%)		
RE-EXPORTS	84,047	76,503	+7,544	+9.9
TOTAL EXPORTS	104,484	97,872	+6,612	+6.8
IMPORTS	109,329	98,690	+10,639	+10.8
TRADE BALANCE	-4,845	-818	-4,026	

/LAST MONTH

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LAST MONTH	JULY	JUNE	CHANGE	
	1994	1994	HK\$ MN	%
	HK\$ MN	HK\$ MN		
DOMESTIC EXPORTS	20,438	19,688	+750	+3.8
(% OF TOTAL EXPORTS)	(19.6%)	(19.7%)		
RE-EXPORTS	84,047	80,300	+3,747	+4.7
TOTAL EXPORTS	104,484	99,988	+4,497	+4.5
IMPORTS	109,329	110,753	-1,424	-1.3
TRADE BALANCE	-4,845	-10,765	+5,920	
CALENDAR YEAR TO-DATE	JAN-JUL	JAN-JUL	CHANGE	
	1994	1993	HK\$ MN	%
	HK\$ MN	HK\$ MN		
DOMESTIC EXPORTS	119,181	124,551	-5,370	-4.3
(% OF TOTAL EXPORTS)	(18.9%)	(21.6%)		
RE-EXPORTS	512,321	452,292	+60,029	+13.3
TOTAL EXPORTS	631,502	576,843	+54,658	+9.5
IMPORTS	682,697	605,417	+77,280	+12.8
TRADE BALANCE	-51,195	-28,573	-22,622	
LAST 12 MONTHS	AUG 93 TO	AUG 92 TO	CHANGE	
	JUL 94	JUL 93	HK\$ MN	%
	HK\$ MN	HK\$ MN		
DOMESTIC EXPORTS	217,656	230,353	-12,697	-5.5
(% OF TOTAL EXPORTS)	(19.8%)	(23.0%)		
RE-EXPORTS	883,252	773,108	+110,145	+14.2
TOTAL EXPORTS	1,100,909	1,003,461	+97,448	+9.7
IMPORTS	1,149,877	1,033,099	+116,778	+11.3
TRADE BALANCE	-48,969	-29,638	-19,330	

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WATER WORKS FOR TUEN MUN AND QUARRY BAY

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THE WATER SUPPLIES DEPARTMENT IS INVITING TENDERS FOR THE CONSTRUCTION OF A FRESH WATER SERVICE RESERVOIR WITH A STORAGE CAPACITY OF 19,000 CUBIC METRES OFF LUNG MUN ROAD, TUEN MUN AND THE LAYING OF ASSOCIATED WATER MAINS.

THE PROJECT WILL HELP TO SUPPLY WATER TO AREAS 38 AND 47 OF TUEN MUN TO COPE WITH THE ANTICIPATED INCREASE IN DEMAND FOR WATER ARISING FROM THE PROPOSED DEVELOPMENTS OF A SPECIAL INDUSTRIES AREA AND A RIVER TRADE TERMINAL.

MEANWHILE, TENDERS ARE ALSO BEING CALLED FOR THE LAYING OF SALT WATER MAINS ACROSS TAI TAM COUNTRY PARK AND ALONG HONG YUE STREET AND HONG SHING STREET IN QUARRY BAY TO SUPPLY FLUSHING WATER TO THE HIGH-LEVEL AREAS OF KORNHILL DEVELOPMENT.

WORKS FOR THE TWO PROJECTS ARE EXPECTED TO START IN NOVEMBER AND DECEMBER RESPECTIVELY FOR COMPLETION AROUND THE END OF NEXT YEAR.

TENDER FORMS AND FURTHER PARTICULARS CAN BE OBTAINED FROM THE WATER SUPPLIES DEPARTMENT, IMMIGRATION TOWER, 44TH FLOOR, 7 GLOUCESTER ROAD, WAN CHAI, HONG KONG.

TENDER OFFERS WILL CLOSE AT NOON ON SEPTEMBER 16.

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GOODS AND SPECIAL PURPOSE VEHICLES MUST BE INSPECTED

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THE TRANSPORT DEPARTMENT ANNOUNCED TODAY (FRIDAY) DETAILS OF COMPULSORY INSPECTION OF GOODS VEHICLES AND SPECIAL PURPOSE VEHICLES.

ALL MEDIUM GOODS VEHICLES, HEAVY GOODS VEHICLES AND SPECIAL PURPOSE VEHICLES WITH A GROSS VEHICLE WEIGHT (GVW) EXCEEDING 5.5 TONNES WHICH ARE ONE OR MORE YEARS OLD FROM FIRST REGISTRATION AND REQUIRE A NEW LICENCE FROM JANUARY 1 NEXT YEAR MUST BE INSPECTED AT A DESIGNATED VEHICLE EXAMINATION CENTRE.

GOODS VEHICLES AND SPECIAL PURPOSE VEHICLES WITH A GVW EXCEEDING 5.5 TONNES BUT NOT OVER 16 TONNES WILL BE INSPECTED AT THE NEW KOWLOON BAY VEHICLE EXAMINATION CENTRE AT 8 TSUI HING STREET, KOWLOON BAY. TELEPHONE ENQUIRIES SHOULD BE MADE ON 751 8862.

THOSE WITH A GVW OF OVER 16 TONNES WILL BE INSPECTED AT THE KOWLOON BAY VEHICLE EXAMINATION CENTRE AT 2 CHEUNG YIP STREET, KOWLOON BAY. TELEPHONE ENQUIRIES SHOULD BE MADE ON 759 7573.

APPOINTMENTS SHOULD BE BOOKED AT THE TWO CENTRES.

"AIMED AT ENHANCING ROAD SAFETY, THE COMPULSORY INSPECTION WILL CHECK ALL MECHANICAL PARTS OF A VEHICLE TO ENSURE IT IS FIT FOR USE ON THE ROADS," A SPOKESMAN FOR THE DEPARTMENT SAID.

A CERTIFICATE OF ROADWORTHINESS MUST BE OBTAINED BEFORE RELICENSING, HE SAID.

"THE CERTIFICATE IS ONLY VALID FOR RELICENSING DURING THE FOUR MONTHS IMMEDIATELY AFTER THE DATE OF ISSUE," HE ADDED.

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SUBMARINE OUTFALL TO BE BUILT

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A 750-METRE-LONG SUBMARINE OUTFALL WILL BE BUILT WITHIN AN AREA OF ABOUT 39 HECTARES OF FORESHORE AND SEABED AT SANDY BAY TO PROVIDE SEWAGE DISPOSAL FACILITY TO THE POK FU LAM DISTRICT.

WORK ON THE PROJECT WILL START IN SEPTEMBER 1995, COMPLETING AROUND SEPTEMBER 1997.

THE EXTENT OF THE AREA AFFECTED IS DESCRIBED IN A NOTICE GAZETTED TODAY (FRIDAY).

THE NOTICE AND ITS RELATED PLAN CAN BE SEEN ON NOTICE BOARDS POSTED NEAR THE SITE.

THE PLAN CAN ALSO BE SEEN AT:

- * THE LANDS DEPARTMENT'S SURVEY AND MAPPING OFFICE, 14TH FLOOR, MURRAY BUILDING, GARDEN ROAD, CENTRAL, HONG KONG;
- * THE DISTRICT LANDS OFFICE, HONG KONG SOUTH, 20TH FLOOR, SOUTHERN CENTRE, 130 HENNESSY ROAD, WAN CHAI, HONG KONG;
- * CENTRAL AND WESTERN DISTRICT OFFICE, GROUND FLOOR, HARBOUR BUILDING, 38 PIER ROAD, CENTRAL, HONG KONG AND
- * THE SOUTHERN DISTRICT OFFICE, SHOP 25, GROUND FLOOR, MEI FUNG COURT, ABERDEEN CENTRE, 7-11 NAM NING STREET, ABERDEEN, HONG KONG.

ANY PERSON WHO CONSIDERS THAT HE HAS AN INTEREST, RIGHT OR EASEMENT IN OR OVER THE FORESHORE AND SEABED INVOLVED MAY SUBMIT A WRITTEN OBJECTION TO THE DIRECTOR OF LANDS ON OR BEFORE OCTOBER 26 THIS YEAR. HE SHOULD DESCRIBE HIS INTEREST, RIGHT OR EASEMENT AND THE MANNER IN WHICH HE ALLEGES HE WILL BE AFFECTED.

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HK ASKS FOR DEFERRAL OF MEXICAN ORIGIN REQUIREMENTS

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THE TRADE DEPARTMENT TODAY (FRIDAY) SENT ANOTHER LETTER TO THE MEXICAN GOVERNMENT REITERATING HONG KONG'S CONCERNS OVER THE MEXICAN NEW CERTIFICATE OF ORIGIN REQUIREMENTS AND REQUESTING A FURTHER POSTPONEMENT OF THEIR IMPLEMENTATION.

"ON OUR REQUEST THE MEXICAN GOVERNMENT SENT A DELEGATION TO HONG KONG FOR CONSULTATIONS HELD ON JULY 26, 1994. AT THE MEETING WE REITERATED THE DIFFICULTIES WE HAVE WITH THE NEW MEXICAN REQUIREMENTS, AND ASKED FOR THEIR IMPLEMENTATION TO BE DEFERRED UNTIL THE TWO SIDES REACH A SOLUTION.

"IN SUBSEQUENT CORRESPONDENCE THE MEXICANS ADVISED THAT THEY WOULD BE PUBLISHING MODIFICATIONS TO THE REQUIREMENTS. BUT THEY DID NOT SAY WHETHER THEY AGREE TO DEFER THE IMPLEMENTATION DATE," MR THOMAS YIU, DEPUTY DIRECTOR-GENERAL OF TRADE, SAID.

MR YIU FURTHER EXPLAINED THAT WHILE THE MODIFICATIONS HAD YET TO BE FORMALLY ANNOUNCED, THE MEXICANS HAD SUPPLIED SOME ADVANCE INFORMATION.

"BASED ON THIS INFORMATION, WE HAVE CONCLUDED THAT SOME OF THE MODIFICATIONS ARE UNCLEAR, AND THE REQUIREMENTS AS MODIFIED ARE STILL PROBLEMATIC.

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"ONE PURPOSE OF OUR LETTER ISSUED TODAY IS TO SEEK CLARIFICATIONS. WE ALSO REITERATED OUR REQUEST FOR THE SEPTEMBER 1 IMPLEMENTATION TO BE DEFERRED.

"THIS DEFERRAL IS ALL THE MORE NECESSARY NOW THAT THE MEXICAN GOVERNMENT IS GOING TO ANNOUNCE MODIFICATIONS: THEY MUST SURELY ALLOW TIME FOR OTHER GOVERNMENTS TO STUDY THE MODIFIED ARRANGEMENTS AND TO SEEK CLARIFICATION AND CONSULTATION IF NECESSARY."

"WE FULLY RECOGNISE THE UNDESIRABLE EFFECT ON TRADE WHICH MAY BE CREATED BY ANY UNCERTAINTY. BUT WE MUST BEAR IN MIND THE WIDER, LONG-TERM INTERESTS OF HONG KONG'S TRADE WITH MEXICO."

HE SAID TRADE DEPARTMENT WAS MAKING EVERY EFFORT TO ENGAGE THE MEXICAN AUTHORITIES WITH A VIEW TO SECURING PROMPTLY A SATISFACTORY OUTCOME.

IN THE MEANTIME, IF ANY HONG KONG TRADERS EXPERIENCE ANY DIFFICULTIES WITH THEIR EXPORTS TO MEXICO, THEY ARE REQUESTED TO TELEPHONE MR K K CHAN OF THE DEPARTMENT ON TELEPHONE 398 5650.

ON MAY 31, THE MEXICAN GOVERNMENT ANNOUNCED IN A GAZETTE NEW CERTIFICATE OF ORIGIN ARRANGEMENTS FOR IMPORTS OF MERCHANDISE CLASSIFIED IN SUCH TARIFF ITEMS THAT WERE SUBJECT TO MEXICAN ANTI-DUMPING (AD) OR COUNTERVAILING (CV) DUTIES.

ORIGINALLY SET TO COME INTO FORCE ON JULY 15 BUT SUBSEQUENTLY DEFERRED TO SEPTEMBER 1, 1994, THE NEW ARRANGEMENTS APPLY NOT ONLY TO SUCH IMPORTS FROM THOSE COUNTRIES WHICH HAVE ATTRACTED MEXICAN AD OR CV DUTIES, BUT ALSO SUCH IMPORTS FROM OTHER COUNTRIES.

IN EFFECT, THEY REQUIRE EXPORTING COUNTRIES TO ADOPT AND IMPLEMENT THESE MEXICAN ORIGIN RULES FOR THEIR EXPORTS TO MEXICO. AT PRESENT, NO MEXICAN ORIGIN RULES APPLY TO HONG KONG IMPORTS.

AS FOR CERTIFICATION PROCEDURES, THE MEXICAN GOVERNMENT ANNOUNCED TWO SETS OF REQUIREMENTS FOR SPECIFIED TEXTILES, APPAREL AND FOOTWEAR PRODUCTS, AS WELL AS FOR ALL GOODS.

FOR THE FORMER, THE PROCEDURES REQUIRE THE USE OF A SPECIFIED CERTIFICATION FORM.

AS FOR OTHER GOODS, THE CERTIFICATION OF ORIGIN CAN BE IN ANY FORM BUT MUST INCLUDE CERTAIN SPECIFIED INFORMATION.

MR YIU EXPLAINED THE DIFFICULTIES HONG KONG HAD WITH BOTH THE NEW MEXICAN ORIGIN RULES AND THE NEW CERTIFICATION REQUIREMENTS.

"FIRST, NO MEXICAN ORIGIN RULES CURRENTLY APPLY FOR IMPORTS FROM HONG KONG; THE APPLICATION OF MEXICAN ORIGIN RULES, UNLESS THEY ARE IDENTICAL TO OUR OWN RULES, COULD AFFECT TRADE BETWEEN MEXICO AND HONG KONG," HE SAID.

/"SECONDLY, HONG

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"SECONDLY, HONG KONG HAS DIFFICULTY IN PRINCIPLE WITH ANY REQUESTS FROM OUR TRADING PARTNERS FOR OUR CERTIFICATION SYSTEM TO IMPLEMENT THEIR ORIGIN RULES AND CERTIFICATION PROCEDURES.

"HONG KONG ACTIVELY TRADES WITH MANY COUNTRIES AND THERE ARE AS MANY DIFFERENT ORIGIN RULES AND CERTIFICATION REQUIREMENTS; IT IS SIMPLY IMPOSSIBLE IN PRACTICE FOR US TO HAVE A CERTIFICATION SYSTEM THAT MEETS THE REQUIREMENTS OF ALL OF THEM. ENFORCEMENT AND CONTROL WOULD ALSO BE DIFFICULT," HE SAID.

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NEW HK DIRECTOR HEADS WESTERN USA TRADE OFFICE

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THE GOVERNMENT HAS APPOINTED MR THOMAS CHAN THE NEW DIRECTOR TO HEAD ITS U.S. WEST COAST ECONOMIC AND TRADE OFFICE FROM TOMORROW (SATURDAY).

MR CHAN WILL BE BASED IN SAN FRANCISCO TO LOOK AFTER HONG KONG INTERESTS IN THE WESTERN HALF OF THE UNITED STATES. HE SUCCEEDS MR PETER JOHNSON WHO HAS HELD THE POST SINCE JANUARY 1, 1988.

MR CHAN WILL BE RESPONSIBLE FOR OVERSEEING THE PROMOTION OF A GOOD UNDERSTANDING OF HONG KONG, DEALING WITH ECONOMIC AND TRADE ISSUES ON BEHALF OF THE TERRITORY, AND FURTHERING HONG KONG'S PIVOTAL ROLE IN THE RAPIDLY EXPANDING PACIFIC RIM ECONOMY AND AS A GATEWAY TO CHINA.

BORN IN HONG KONG IN 1950, MR CHAN JOINED THE HONG KONG GOVERNMENT SERVICE IN 1973. DURING HIS CAREER, HE HAS SERVED IN A NUMBER OF DEPARTMENTS INCLUDING THE FINANCE BRANCH, CITY AND NEW TERRITORIES ADMINISTRATION, HOUSING DEPARTMENT AND RADIO TELEVISION HONG KONG. HE WAS DEPUTY DIRECTOR OF INFORMATION SERVICES FOR FOUR YEARS BEFORE HIS PRESENT ASSIGNMENT.

THE HONG KONG ECONOMIC AND TRADE OFFICE IN SAN FRANCISCO WAS OPENED IN 1986. IN THE PAST FEW YEARS, IT HAS ESTABLISHED EXCELLENT RELATIONSHIPS WITH SENIOR LOCAL GOVERNMENT AND STATE OFFICIALS AS WELL AS MAJOR PRIVATE ORGANISATIONS AND THE BUSINESS COMMUNITY IN THE 19 WESTERN STATES OF THE UNITED STATES.

IT ALSO WORKS CLOSELY WITH THE HONG KONG ASSOCIATIONS IN SAN FRANCISCO, LOS ANGELES AND SEATTLE WITH THE AIM OF FORGING CLOSER ECONOMIC LINKS BETWEEN THESE MAJOR U.S. CITIES AND HONG KONG.

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CHUEN LUNG BRIDGE PROJECT

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THE HIGHWAYS DEPARTMENT IS INVITING TENDERS FOR A VEHICULAR BRIDGE PROJECT AT CHUEN LUNG, TSUEN WAN.

THE PROJECT COVERS THE CONSTRUCTION OF A 22 METRES LONG BY 6.5 METRES WIDE REINFORCED CONCRETE BRIDGE OVER A STREAM AT CHUEN LUNG AND THE ASSOCIATED ROAD WORKS AND EARTH WORKS AT THE TWO APPROACH ENDS.

THE WORKS ARE SCHEDULED TO BEGIN IN NOVEMBER THIS YEAR FOR COMPLETION IN SEPTEMBER 1995.

A NOTICE INVITING TENDERS WAS GAZETTED TODAY (FRIDAY).

FORMS OF TENDER AND FURTHER PARTICULARS MAY BE OBTAINED FROM REGIONAL HIGHWAY ENGINEER/NEW TERRITORIES, ROOM 314, THIRD FLOOR, HO MAN TIN GOVERNMENT OFFICES, 88 CHUNG HAU STREET, KOWLOON WHO MAY BE CONTACTED ON TELEPHONE 762 3522.

TENDERS MUST BE CLEARLY MARKED AND ADDRESSED TO THE CHAIRMAN, PUBLIC WORKS TENDER BOARD, AND PLACED IN THE PUBLIC WORKS TENDER BOX ON 34TH FLOOR, QUEENSWAY GOVERNMENT OFFICES, 66 QUEENSWAY, HONG KONG BEFORE NOON ON SEPTEMBER 16.

LATE TENDERS WILL NOT BE ACCEPTED.

THE WORKS HAVE BEEN DESIGNED AND WILL BE SUPERVISED BY THE NEW TERRITORIES REGION OF HIGHWAYS DEPARTMENT.

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NEW ROAD FOR YUNG SHUE WAN PROPOSED

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THE HONG KONG ISLAND AND ISLANDS DEVELOPMENT OFFICE OF THE TERRITORY DEVELOPMENT DEPARTMENT HAS PROPOSED CONSTRUCTING A ROAD ON THE RECLAMATION AREA IN YUNG SHUE WAN, LAMMA ISLAND.

THE 270-METRE-LONG ROAD WILL LINK UP YUNG SHUE WAN MAIN STREET AND THE RECLAMATION AREA TO PROVIDE PEDESTRIAN AND VEHICULAR ACCESS.

ASSOCIATED DRAINAGE, A 140-METRE-LONG RETAINING WALL, A LOADING AND UNLOADING AREA AND A VEHICLES PARKING AREA WILL ALSO BE BUILT ON THE RECLAIMED AREA ALONG THE SOUTHERN COAST OF YUNG SHUE WAN.

THE WORKS ARE EXPECTED TO BEGIN IN JULY NEXT YEAR, TAKING 20 MONTHS TO COMPLETE.

A NOTICE ABOUT THE PROPOSAL WAS GAZETTED TODAY (FRIDAY).

/THE PLANS

THE PLANS OF THE WORKS CAN BE SEEN AT THE PUBLIC ENQUIRY SERVICE CENTRE OF THE CENTRAL AND WESTERN DISTRICT OFFICE, THE ISLANDS DISTRICT LANDS OFFICE AND THE ISLANDS DISTRICT OFFICE.

ANY PERSONS WISHING TO OBJECT TO THE PROPOSAL SHOULD WRITE TO THE SECRETARY FOR TRANSPORT, CENTRAL GOVERNMENT OFFICES, EAST WING, SECOND FLOOR, LOWER ALBERT ROAD, CENTRAL, NO LATER THAN OCTOBER 25, DESCRIBING HIS INTEREST AND MANNER IN WHICH HE WILL BE AFFECTED.

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ACCOUNTING MANAGER FINED
FOR MAKING INCORRECT TAX RETURNS

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AN ACCOUNTING MANAGER PLEADED GUILTY IN THE KWUN TONG MAGISTRACY TO MAKING INCORRECT STATEMENTS IN HIS SALARIES TAX RETURNS WITHOUT REASONABLE EXCUSE, CONTRARY TO SECTION 80(2)(B) OF THE INLAND REVENUE ORDINANCE.

THE DEFENDANT, MR LO SING-LAM, AGED 32, WAS CHARGED WITH MAKING INCORRECT CLAIMS FOR DEPENDENT PARENT ALLOWANCE IN HIS TAX RETURNS FOR THE YEARS OF ASSESSMENT 1991/92 AND 1992/93.

DESPITE THE DEATH OF HIS MOTHER ON OCTOBER 20, 1990, HE STILL PUT DOWN HIS MOTHER'S NAME ON HIS TAX RETURNS AND CLAIMED FOR THE ALLOWANCE.

HE WAS FINED A TOTAL OF \$10,500.

A SPOKESMAN FOR THE INLAND REVENUE DEPARTMENT TODAY (FRIDAY) REMINDED TAXPAYERS THAT THEY MUST FILE CORRECT TAX RETURNS.

UNDER THE INLAND REVENUE ORDINANCE, A TAX EVADER IS LIABLE TO A MAXIMUM SENTENCE OF THREE YEARS' IMPRISONMENT AND A FINE OF \$20,000 ON EACH CHARGE, IN ADDITION TO A FURTHER FINE EQUIVALENT TO THREE TIMES THE AMOUNT OF TAX UNDERCHARGED.

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SEA CARGO CUSTOMER LIAISON GROUP HOLDS FIRST MEETING

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THE COMMISSIONER OF CUSTOMS AND EXCISE, MR DON WATSON, THIS (FRIDAY) MORNING OFFICIATED AT THE FIRST MEETING OF THE DEPARTMENT'S SEA CARGO CUSTOMER LIAISON GROUP.

THE CLEARANCE OF SEA CARGO IS ONE OF THE KEY SERVICES PROVIDED BY THE DEPARTMENT. IN ITS PERFORMANCE PLEDGES PUBLISHED IN SEPTEMBER LAST YEAR, THE DEPARTMENT PLEDGED THAT ALL DETAINED SEA CARGO WOULD BE CLEARED WITHIN SEVEN WORKING DAYS FROM THE DATE OF REQUEST BY OWNERS.

"IN ORDER TO ASCERTAIN THE NEEDS OF OUR CUSTOMERS, IT IS ESSENTIAL TO ESTABLISH A REGULAR FORUM FOR OUR SENIOR STAFF TO MEET FACE TO FACE WITH THOSE WHO HAVE FIRST-HAND EXPERIENCE OF THE SERVICE, IN OTHER WORDS OUR CUSTOMERS," MR WATSON SAID.

/"THE LIAISON

"THE LIAISON GROUP HAS BEEN SET UP TO FOCUS ON HOW OUR SERVICE'S AIMS CAN BE MESHED INTO HARMONY WITH THE NEEDS AND EXPECTATIONS OF OUR CUSTOMERS," HE ADDED.

THE GROUP IS CHAIRED BY THE ASSISTANT COMMISSIONER (OPERATIONS), MR LI WAI-MAN, AND WILL MEET QUARTERLY. ITS 10 MEMBERS ARE CHOSEN FROM CUSTOMERS WHO MAKE REGULAR USE OF THE SERVICE.

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ALTERNATIVE PARKING SITES PROVIDED FOR LORRIES

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IN RESPONSE TO ALLEGATIONS MADE BY A GROUP OF LORRY DRIVERS THAT THERE WOULD BE A SHORTAGE OF PARKING SPACES AFTER THE CLOSURE OF THE WESTERN PARK SITE ON HONG KONG ISLAND, A SPOKESMAN FOR THE TRANSPORT DEPARTMENT SAID THE TEMPORARY POULTRY MARKET SITE AT SAI YING PUN WOULD START TO OPERATE ON SEPTEMBER 1, FOLLOWING THE CLOSURE OF THE WESTERN PARK SITE ON THE SAME DAY.

THERE WILL BE ABOUT THE SAME NUMBER OF PARKING SPACES AS THE NUMBER OF VEHICLES USING THE WESTERN PARK SITE. ACCORDING TO THE OPERATOR, 50 PARKING SPACES WILL BE PROVIDED FOR HEAVY GOODS VEHICLES, SIMILAR TO THE CURRENT DEMAND ON THE WESTERN PARK SITE.

MOREOVER, ANOTHER LORRY PARK NEXT TO THE BUS DEPOT IN KENNEDY TOWN WILL ALSO START TO OPERATE ON SEPTEMBER 1. IT WILL PROVIDE MORE THAN 50 SPACES FOR GOODS VEHICLES.

THE PROPOSED CHARGES AT THE POULTRY MARKET SITE ARE COMPARABLE WITH THE CURRENT CHARGES FOR OTHER GOODS VEHICLE PARKS ON HONG KONG ISLAND.

IT IS UNDERSTOOD THAT THE NEW LORRY PARK OPERATOR IS PLANNING TO START SELLING PARKING TICKETS SOON AND ALL ARE WELCOME TO MAKE THE PURCHASE.

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ROAD WORKS AT WEST KOWLOON

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THE TERRITORY DEVELOPMENT DEPARTMENT IS INVITING PRE-QUALIFICATION SUBMISSIONS FOR CARRYING OUT ROAD WORKS IN THE SOUTHERN AREA OF THE WEST KOWLOON RECLAMATION.

ROADS AND RELATED DRAINAGE WORKS, BOX CULVERTS, FOOTBRIDGE AND PEDESTRIAN SUBWAY, FRESH WATER AND SALT WATER PIPELINES WILL BE BUILT.

THE CONTRACT ALSO INCLUDES EARTHWORKS, AND HARD AND SOFT LANDSCAPING IN THE AREA.

THE WORKS ARE EXPECTED TO BEGIN IN MARCH NEXT YEAR FOR COMPLETION IN 26 MONTHS.

A NOTICE INVITING PRE-QUALIFICATION SUBMISSIONS WAS GAZETTED TODAY (FRIDAY).

ONLY CONTRACTORS ON THE APPROVED CONTRACTORS FOR PUBLIC WORKS LIST I GROUP C FOR ROADS AND DRAINAGE, OR LIST II FOR ROADS AND DRAINAGE ARE INVITED TO APPLY FOR PRE-QUALIFICATION DOCUMENTS FROM THE PROJECT'S CONSULTANT, MOTT MACDONALD HONG KONG LIMITED, 12TH FLOOR, SUN HUNG KAI CENTRE, 30 HARBOUR ROAD, WAN CHAI.

THE CLOSING DATE FOR RETURNING THE DOCUMENTS IS NOON ON SEPTEMBER 16.

THE DEPARTMENT PLANS TO INVITE PRE-QUALIFIED CONTRACTORS TO TENDER FOR THE CONTRACT IN DECEMBER.

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TENDERS INVITED FOR TWO CIVIL ENGINEERING PROJECTS.

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THE CIVIL ENGINEERING DEPARTMENT'S SOLID WASTE DIVISION IS INVITING TENDERS FOR VILLAGE IMPROVEMENT WORKS IN THE AREA BETWEEN THE SHA TAU KOK ROAD AND PING CHE ROAD JUNCTION AND HA HEUNG YUEN IN THE NORTH DISTRICT.

WORKS INCLUDE WIDENING SECTIONS OF PING CHE ROAD, PING YEUNG ROAD AND LIN MA HANG ROAD, CONSTRUCTING A NEW ROUNDABOUT AND ACCESS TRACKS, LAYING 0.8 KILOMETRE OF WATER MAINS AND 2.1 KILOMETRES OF SEWERS, BUILDING A PUMPING STATION AS WELL AS CARRYING OUT LANDSCAPE AND VILLAGE AMENITY WORKS.

MEANWHILE, THE DEPARTMENT'S PORT WORKS DIVISION IS ALSO INVITING TENDERS FOR THE DREDGING OF A THIRD MUD PIT TO THE EAST OF SHA CHAU TO CATER FOR THE DISPOSAL OF CONTAMINATED MUD ARISING FROM RECLAMATION AND MAINTENANCE DREDGING WORKS.

THE TWO PROJECTS ARE EXPECTED TO START LATER THIS YEAR FOR COMPLETION AROUND THE END OF 1997 AND IN APRIL 1995 RESPECTIVELY.

TENDER FORMS AND FURTHER PARTICULARS FOR THE FIRST PROJECT CAN BE OBTAINED FROM MOUCHEL ASIA LIMITED, CONSULTING ENGINEERS, 24TH FLOOR, CITICORP CENTRE, 18 WHITFIELD ROAD, CAUSEWAY BAY, HONG KONG; WHILE THOSE FOR THE SECOND ONE ARE AVAILABLE FROM THE CHIEF ENGINEER, PORT WORKS DIVISION, CIVIL ENGINEERING OFFICE, CIVIL ENGINEERING DEPARTMENT, FIFTH FLOOR, CIVIL ENGINEERING BUILDING, 101 PRINCESS MARGARET ROAD, HO MAN TIN, KOWLOON.

TENDER OFFERS FOR THE TWO PROJECTS WILL CLOSE AT NOON ON SEPTEMBER 23 AND 16 RESPECTIVELY.

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HONG KONG MONETARY AUTHORITY
MONEY MARKET OPERATIONS
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	\$ MILLION	TIME (HOURS)	CUMULATIVE CHANGE (\$ MILLION)
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OPENING BALANCE IN THE ACCOUNT	1,637	0930	-32
CLOSING BALANCE IN THE ACCOUNT	2,466	1000	-32
CHANGE ATTRIBUTABLE TO :		1100	-52
MONEY MARKET ACTIVITY	-51	1200	-52
LAF TODAY	+880	1500	-51
		1600	-51
LAF RATE 3.00 BID/5.00 OFFER	TWI 122.2	*-0.1*	26.8.94

HONG KONG MONETARY AUTHORITY

EF BILLS

EF NOTES/HONG KONG GOVERNMENT BONDS

TERMS	YIELD	TERM	ISSUE	COUPON	PRICE	YIELD
1 WEEK	4.24	18 MONTHS	2602	4.40	98.09	5.86
1 MONTH	4.27	24 MONTHS	2608	6.15	100.01	6.24
3 MONTHS	4.43	30 MONTHS	3701	4.60	95.78	6.62
6 MONTHS	4.74	33 MONTHS	3704	6.15	98.81	6.75
12 MONTHS	5.31	36 MONTHS	3707	6.95	100.48	6.88

TOTAL TURNOVER OF BILLS AND BONDS - 17,215 MN

CLOSED 26 AUGUST 1994

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