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<u>Contents</u>	<u>Page No.</u>
Consultation on mortgage corporation proposal	1
Environmental achievements and challenges	2
Consultations with Turkey on textiles restrictions	4
Four language projects awarded funding	6
Latest findings on cigarette tar and nicotine yields	7
Air quality report for March	8
Briefing sessions on Kindergarten Subsidy Scheme	9
Monitors' report submitted to CS	10
External trade figures for February	10
Agricultural study tour departs for Australia tomorrow	20
Special definitive stamp series to be issued	21
11th issue of three-year Exchange Fund Notes	22
Salt water cut in Tai Po	23
Water storage figure	24
Hong Kong Monetary Authority money market operations	24

Consultation on mortgage corporation proposal

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The Hong Kong Monetary Authority (HKMA) has issued a consultation paper on the mortgage corporation proposal today (Monday).

A seven-month study conducted by the HKMA, with the consultancy support from the US Federal National Mortgage Association (Fannie Mae), concluded that the setting up of a mortgage corporation in Hong Kong is both feasible and beneficial. The mortgage corporation is also expected to be profitable in the long term.

"The mortgage corporation will play a strategic role in providing structural enhancement to the present mechanism of home financing. It will intermediate long-term savings such as insurance and pension funds to meet the rising demand for long-term mortgages. The corporation will assist in promoting home ownership, improving banking and monetary stability and facilitating the development of the local debt market," said Mr Joseph Yam, Chief Executive of HKMA.

Quoting from the Fannie Mae consultants, the consultation paper says that "Hong Kong is in an enviable position compared to many other economies as the development of the secondary mortgage market is driven by a long-term vision, not in reaction to a crisis in the housing market or credit system".

In the consultation paper, the HKMA proposes to set up a mortgage corporation along the following lines :

- (i) Ownership : Initially 100% owned by Government through the Exchange Fund
- (ii) Capital base : HK\$1 billion
- (iii) Structure of the corporation : Limited company registered under the Companies Ordinance, with participation from both the public and private sectors on the Board of Directors.
- (iv) Business strategy : Business scope to be expanded in phases, starting with the purchase of mortgage loans for retained portfolio, followed by the issue of mortgage-backed securities.

The paper points out that initial government ownership will facilitate the acceptance of the mortgage corporation by the market. When the corporation has established a track record of profitability to command market confidence, a broadening of the ownership structure will be considered.

"The use of the Exchange Fund is appropriate as the mortgage corporation will have significant contribution to banking and monetary stability, which is consistent with section 3(1A) of the Exchange Fund Ordinance," Mr Yam said.

The paper also analyses in detail the potential risks to which the mortgage corporation may be exposed. They include credit risk, interest rate risk, prepayment risk and operational risk.

The HKMA and the Fannie Mae consultants believe that such risks can be effectively managed by introducing prudent risk management mechanism and measures. Stress tests have been conducted to assess the ability of the mortgage corporation to withstand high volatility in property prices and interest rates.

The analysis suggests that with a capital base of HK\$1 billion, a capital-asset ratio of 5% and prudent loan purchasing standards, the corporation should be able to cope with extremely adverse market conditions.

In response to concerns about possible competition with the banking sector, the paper points out that the mortgage corporation will not be involved in loan origination business. It will operate only in the secondary mortgage market, and all the transactions between the mortgage corporation and the authorised institutions will be conducted on a voluntary basis.

The consultation exercise on the mortgage corporation proposal is expected to take about two months. The HKMA will seek comments from various industry associations in the banking, capital market and other relevant fields. In the light of the outcome of the consultation exercise, the HKMA will decide on whether it should proceed to set up the mortgage corporation.

End

Environmental achievements and challenges

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The Environmental Protection Department (EPD) enters this month its 10th year of serving the community and protecting the environment.

Speaking at the Department's 10th anniversary cocktail reception, the Secretary for Planning, Environment and Lands, Mr Bowen Leung, said the EPD, looking back on a momentous decade, could certainly enumerate many significant achievements.

Among them are the introduction of comprehensive pollution control programmes and the policy backing for them contained in the 1989 White Paper on the Environment.

"All these programmes are now well underway. The Third White Paper Review reported that of the 132 targets we set for ourselves, we either have achieved or are well on our way to achieving 90 per cent of them," he said.

Looking ahead, Mr Leung said the EPD would have to champion an even more impossible mission in the years to come as the community had increasing expectations for a higher quality of life, both in economic and environmental terms.

"Finding a balance which meets these expectations in a sustainable manner will be a great challenge," he said.

The Department was already under pressure to tackle new and more challenging issues for promoting environmental sustainability - the development of waste reduction initiatives, strengthening of environmental impact assessment requirements, reduction in air pollution from diesel vehicles and promotion of an improved community environmental ethic, he said.

"I am confident that the department will face up to its future challenges bravely and will once again turn an impossible task into one to be proud of," he said.

Mr Leung paid tribute also to the green groups for their contributions on the environmental front.

He said he believed full co-operation and understanding between the green groups and the Government would be the more effective way to better achieving environmental goals in future, particularly in the area of sustainable development.

"I will ensure that the Government will listen carefully to the views of the green groups and involve them in our planning and discussion process.

"I would like to see that our environmental work and achievements are not that of Government alone, but of the entire community of Hong Kong," Mr Leung said.

Also speaking at the cocktail reception, the Director of Environmental Protection, Dr Stuart Reed, said he was optimistic that Hong Kong would be in a position to tackle the environmental challenges ahead because of the development of a substantial body of environmental professionals and technicians, both in the Government and the private sector, over the past 20 years.

Noting that they are now supported by a wide range of well-founded institutions and associations, Dr Reed said: "These all represent an assurance of continuing lively professional activity and development in the environment field."

Turning to cross-border pollution problems, Dr Reed said that to be able to tackle this type of problem, Hong Kong would have to develop close links and confidence between environmental professionals, and others working in the field, in the various geographical areas concerned.

"I think again we can be optimistic in facing problems caused by cross-border pollution, which comes from both directions, because we have established such an excellent working relationship with the environmental authorities in both Guangdong and Shenzhen," he said.

End

Consultations with Turkey on textiles restrictions

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Hong Kong will hold two-day consultations with Turkey in Geneva tomorrow (Tuesday) and on Wednesday over the imposition of unilateral quantitative restrictions by Turkey on the imports of certain textiles and clothing products from Hong Kong, the Trade Department announced today (Monday).

"The Hong Kong Government considers that the unilateral quantitative restrictions imposed by Turkey are inconsistent with the principles of the General Agreement on Trade and Tariff (GATT) and the World Trade Organisation (WTO) Agreement on Textiles and Clothing (ATC)," said the Deputy Director-General of Trade, Mrs Rebecca Lai, who will lead the Hong Kong delegation to the consultations.

"While taking the opportunity of the consultations to seek clarification from Turkey on the legal and factual bases for such quantitative restrictions against textiles and clothing products from Hong Kong, we would urge Turkey to rescind its unilateral action and to explore other alternatives which are consistent with the GATT and the ATC."

Mrs Lai said important principles were at stake in this case although the volume of Hong Kong trade affected was small.

"The objective of the ATC which came into force last year is to integrate trade in textiles into the full discipline of the GATT over a period of ten years starting from 1995. The Agreement was reached only after long and protracted negotiations among the parties involved," she said.

"It represents a commitment by the signatories to bring international textiles trade back into the fold of the GATT. It is therefore of the utmost importance that Hong Kong should guard its access rights to the Turkish market under the relevant GATT/WTO provisions vigorously."

Other members of the Hong Kong delegation include the Assistant Director-General of Trade, Miss Emma Lau, and officers from the Trade Department and the Hong Kong Economic and Trade Offices in Geneva and Brussels.

Hong Kong was first approached by Turkey in mid-August last year on entering into an agreement regarding the establishment of quantitative restrictions on export of certain textiles and clothing products from Hong Kong as from January 1 this year.

According to the Turkish authorities, quantitative restrictions are necessary as Turkey has to align its textiles import regime with that of the European Union (EU) consequent upon the formation of the EU/Turkey Customs Union.

Hong Kong formally rejected the Turkish proposal in September last year as the proposal is unacceptable on grounds of principle. Instead, the Turkish authorities were urged to explore other alternative proposals which are consistent with the GATT and the ATC.

As from January 1 this year, Turkey has implemented quantitative restrictions on imports of textiles from 25 suppliers including Hong Kong, unilaterally and without prior notification to the affected parties concerned.

Hong Kong's domestic exports of textiles and clothing products to Turkey is very small and has been declining in recent years. The volume of exports dropped from \$61 million in 1991 to \$13 million and \$12 million in 1994 and 1995 respectively, roughly equivalent to 0.01 percent of Hong Kong's total domestic exports of textiles and clothing products to the world in 1995. The major item of exports was cotton woven fabrics.

End

Four language projects awarded funding

* * * * *

The Director of Education and Trustee of the Language Fund, Mrs Helen C P Lai Yu, today (Monday) approved funds totalling \$1.93 million for four language improvement projects in the second round of the Fund's third allocation exercise.

The projects were recommended by the Language Fund Advisory Committee after careful scrutiny of 11 applications.

The four successful projects aim at improving the language proficiency of students and members of the public. One is a Chinese language project, two English language projects and one cross language project.

One of the projects is for the development of computer software in Cantonese to enhance language learning ability and communication skills for those with communication difficulties or with physical and mental handicap.

"The four projects combine research, reading programmes and computer software development. They should help raise language proficiency and improve motivation for language learning at the school/community level," Mrs Yu said.

Seven applications in this round of the allocation exercise did not receive support from the Language Fund Advisory Committee mainly because their objectives were not compatible with the aim of the Language Fund, the effectiveness of the project was in doubt, cost effectiveness was low or the project duplicated earlier or existing efforts.

The projects supported by the Language Fund now total 74, amounting to \$97.08 million.

"We welcome fresh ideas and proposals," Mrs Yu said.

"All applications to the Language Fund are assessed by the Language Fund Advisory Committee on the same criteria: the feasibility, relevance, urgency, direct benefits and the duration of the project, the number of people who benefit from it and its cost-effectiveness.

"In addition, the committee also considers the track record of the personnel involved in the project as well as the provision for evaluation and financial accountability.

"Generally, the committee must be satisfied that the proposed project meets the objectives of the Language Fund," she added.

The Language Fund, set up in May 1994 with an initial allocation of \$300 million, is to support proposals and initiatives that will raise the standards in Chinese (including Putonghua) and English, enhance existing efforts and meet temporary shortfalls in language teaching resources. The Fund also encourages research into problem areas and initiation of new approaches.

End

Latest findings on cigarette tar and nicotine yields

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The Government's latest Review of Tar and Nicotine Yields of Cigarettes has shown that the average tar and nicotine yields of the 105 best-selling cigarettes in Hong Kong in 1995 were 13.1 milligrams (mg) and 0.92 mg per cigarette respectively.

They were similar to the previous year's findings of 13.2 mg and 0.93 mg, a spokesman for the Health and Welfare Branch said today (Monday).

According to the review, 23 brands of cigarettes were in the LOW TAR group (0 to 9 mg/cigarette), 31 brands in the LOW TO MIDDLE TAR group (10 to 14 mg/cigarette), 43 brands in the MIDDLE TAR (15 to 17 mg/cigarette) group and eight brands in the HIGH TAR group (18 to 20 mg/cigarette).

All 105 brands of cigarettes carried on their packets and cartons a tar group designation as claimed by their manufacturers. However, 14 brands were found to have been labelled with tar groups inconsistent with the test findings with six of them being under-reported and eight over-reported.

"Manufacturers may continue to sell the cigarettes using the previous designation for a period of 12 months," he said.

Under the current legislation, if the determination of the Government Chemist for any brand of cigarettes differs by not more than one mg from the previous determination and has the effect of placing the cigarettes in a tar group other than that to which they would have belonged, the brand may continue to use its previous designation subject to the Director of Health's written approval.

The spokesman said that the Government is now proposing to amend the Smoking (Public Health) Ordinance to lower the maximum permissible level of tar in cigarettes so as to reduce smokers' exposure to this harmful substance.

"We also propose to require the tar content in milligrams to be shown on cigarette packets and in advertisements so that the smokers are better informed," he added.

End

Air quality report for March

* * * * *

The Environmental Protection Department today (Monday) released air quality information for March 1996.

The purpose of the announcement is to keep the public informed of the air quality levels in the territory and to explain the measurements.

The announcement contains monitoring results from Mong Kok, Central/Western and Kwai Chung, which represent three important land use types in the territory :

- * locations close to road traffic in built-up urban areas,
- * combined commercial and residential districts, and
- * districts close to industrial areas.

The reported air pollutants include sulphur dioxide (SO₂), nitrogen dioxide (NO₂), total suspended particulates (TSP) which comprise all sizes of dust particles, and the respirable fraction of the dust (RSP). All these pollutants can affect respiratory health in sufficient concentration.

In March, there was no exceedance of the relevant Air Quality Objective (AQO) values at any of three stations. And as usual, the Mong Kok station recorded the highest concentrations of all measured pollutants.

The gases and particles described originated from various sources. SO₂ is mostly produced when fuels that contain sulphur are burned. NO₂ is formed during combustion by the combination of nitrogen and oxygen, and by the atmospheric oxidation of nitric oxide (NO), also a product of combustion.

Vehicle exhaust is an important source of NO and NO₂ in terms of impact on local air quality. It is also a major source of airborne particulate matter, especially the smaller respirable particles.

Diesel-engined vehicles such as taxis, public light buses, passenger coaches, franchised buses and light and heavy goods vehicles are the greatest contributor of particulate matter. Other sources include industry, furnaces and boilers, construction activities, the sea and the soil.

It is worth noting that while the weather and climate always affect the concentrations of pollutants in the air, the only sure way of reducing the levels is to reduce emissions from the man-made sources.

End

Briefing sessions on Kindergarten Subsidy Scheme

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The Education Department will hold three briefing sessions to explain the details of the Kindergarten Subsidy Scheme (KSS) this month.

They will be held at Hong Kong Teachers' Centre, Rooms G01 and G02 at 4 Pak Fuk Road, North Point, Hong Kong from April 17 to April 19.

The first session is organised for kindergartens located on Hong Kong Island and in the New Territories West while the second and the third sessions are for those in the New Territories and in Kowloon respectively.

Kindergartens are invited to send representatives to attend the briefing sessions.

"The aims of KSS are to improve the quality of kindergarten education and to minimise the impact of fee increases on parents as a result of Government's new regulatory requirements," Senior Education Officer, Chan Chi-tak, said today (Monday).

He pointed out that to be eligible for joining the scheme in the 1996-97 school year, a kindergarten must be charging school fee at a level not higher than \$11,700 per pupil per annum for a half-day session in the 1995-96 school year.

"The rate of subsidy will be \$790 per pupil per annum," he added.

Mr Chan reminded kindergartens to submit their applications for joining the Scheme in the 1996-97 school year to the respective District Education Officers on or before May 10 (Friday).

Enquiry about the briefing sessions should be directed to the respective District Education Officers.

End

Monitors' report submitted to CS

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The monitors appointed to observe the transfer of Vietnamese migrants from Section 2 of the Whitehead Detention Centre to the High Island Detention Centre last Saturday (April 13) have submitted their report to the Chief Secretary today (Monday).

The four monitors comprised two non-official Justices of the Peace, Professor Hsu Bay-sung and Mr Fan Kam-ping; and representatives from two non-governmental organisations, Mr Christopher Stokes from Medecins Sans Frontieres and Mr John Sayer from Oxfam.

End

External trade figures for February

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The Census and Statistics Department today (Monday) released detailed statistics on external trade with breakdown by country/territory and commodity for February.

The value of re-exports increased by 8.9% over a year earlier to \$76.2 billion in February 1996.

Comparing with the same month last year, increases were recorded in the value of re-exports to Japan (+55%), France (+44%), the United Kingdom (+43%), Germany (+30%), the Netherlands (+28%), the United States (+15%) and Singapore (+2.9%).

However, the value of re-exports to Taiwan, China and South Korea decreased by 12%, 12% and 5.1% respectively.

Changes in the value of Hong Kong's re-exports to ten main destinations are shown in Table 1.

As the external trade figures usually display greater volatility in the first two months of the year owing to effects of the Lunar New Year Holidays, it is more meaningful to make comparisons for January and February combined.

The value of re-exports in the first two months of 1996 was \$177.4 billion, 16% higher than that in 1995.

Comparing the first two months of 1996 with the same period in 1995, the value of re-exports to all main destinations showed increases of various magnitudes : Japan (+44%), France (+29%), the United Kingdom (+28%), Germany (+21%), the Netherlands (+20%), China (+16%), Singapore (+12%), Taiwan (+5.3%), the United States (+4.8%) and South Korea (+3.0%).

Table 2 shows changes in the value of re-exports of ten principal commodity divisions.

Comparing the first two months of 1996 with the same period in 1995, increases of various magnitudes were recorded in the value of re-exports of most principal commodity divisions.

More notable increases were registered for clothing (by \$3.5 billion or 27%); electrical machinery, apparatus and appliances, and electrical parts thereof (by \$2.7 billion or 17%); office machines and automatic data processing machines (by \$2.7 billion or 38%); miscellaneous manufactured articles consisting mainly of baby carriages, toys, games and sporting goods (by \$2.4 billion or 14%); footwear (by \$1.5 billion or 15%); and photographic apparatus, equipment and supplies, optical goods, watches and clocks (by \$1.4 billion or 20%).

Over the same period, a decrease in the value of re-exports was registered for telecommunications and sound recording and reproducing apparatus and equipment (by \$951 million or 5.2%).

The value of domestic exports decreased by 3.9% over a year earlier to \$14.2 billion in February 1996.

Comparing February 1996 with February 1995, decreases were recorded in the value of domestic exports to China (-22%), Singapore (-22%) and Japan (-0.9%).

However, increases were recorded in the value of domestic exports to the United Kingdom (+28%), Germany (+15%), France (+10%), Taiwan (+9.0%), the Netherlands (+8.8%), the United States (+5.4%) and Canada (+5.2%).

Changes in the value of domestic exports to ten main destinations are shown in Table 3.

Comparing the first two months of 1996 with the same period in 1995, increases were recorded in the value of domestic exports to Taiwan (+21%), the United Kingdom (+15%), France (+5.0%), Germany (+3.2%), China (+1.3%), the Netherlands (+0.8%), the United States (+0.8%) and Canada (+0.7%).

However, the value of domestic exports to Singapore and Japan decreased by 12% and 5.2% respectively.

Taking all destinations together, the value of domestic exports in the first two months of 1996, at \$33.2 billion, increased marginally by 0.7% over the same period in 1995.

Table 4 shows changes in the value of domestic exports of ten principal commodity divisions.

Comparing the first two months of 1996 with the same period in 1995, increases in the value of domestic exports were registered for electrical machinery, apparatus and appliances, and electrical parts thereof (by \$891 million or 21%); clothing (by \$730 million or 7.5%); textiles (by \$118 million or 6.0%); and machinery specialised for particular industries (by \$100 million or 25%).

Over the same period, decreases in the value of domestic exports were recorded for office machines and automatic data processing machines (by \$1.0 billion or 32%); telecommunications and sound recording and reproducing apparatus and equipment (by \$380 million or 22%); and plastics in primary forms (by \$133 million or 20%).

The value of imports decreased by 3.7% over a year earlier to \$96.0 billion in February 1996.

Changes in the value of imports from ten main suppliers are shown in Table 5.

Comparing February 1996 with February 1995, decreases were recorded in the value of imports from South Korea (-21%), Japan (-21%), Taiwan (-20%), Germany (-18%) and the United States (-0.8%).

However, the value of imports from China, the United Kingdom, Singapore, Italy and Malaysia increased by 14%, 8.5%, 4.9%, 4.7% and 4.1% respectively.

Comparing the first two months of 1996 with the same period in 1995, the value of imports from most main suppliers showed increases of various magnitudes : Italy (+35%), Malaysia (+30%), the United Kingdom (+19%), the United States (+17%), China (+15%), Singapore (+13%), Germany (+11%), Taiwan (+6.4%) and South Korea (+0.7%).

However, the value of imports from Japan decreased by 3.2%.

The value of imports in the first two months of 1996, at \$226.3 billion, increased by 11% over the same period in 1995.

Table 6 shows changes in the value of imports of ten principal commodity divisions.

Comparing the first two months of 1996 with the same period in 1995, increases were recorded in the value of imports of most principal commodity divisions. More notable increases were registered for electrical machinery, apparatus and appliances, and electrical parts thereof (by \$3.8 billion or 15%); clothing (by \$2.9 billion or 23%); office machines and automatic data processing machines (by \$2.7 billion or 32%); miscellaneous manufactured articles consisting mainly of baby carriages, toys, games and sporting goods (by \$1.5 billion or 12%); general industrial machinery and equipment, and machine parts (by \$1.2 billion or 20%); and footwear (by \$1.1 billion or 14%).

Over the same period, a decrease in the value of imports was recorded for textiles (by \$404 million or 2.2%).

All the trade statistics described here are measured at current prices and no account has been taken of changes in prices between the periods of comparison.

A separate analysis of the volume and price movements of external trade for February 1996 will be released in early May 1996.

Detailed trade statistics analysed by commodity and by country/ territory are published in trade statistics reports.

The February 1996 issue of the "Hong Kong External Trade" with detailed analyses on the performance of Hong Kong's external trade in February 1996 will be on sale at \$129 per copy around April 26.

The report can be purchased at either the Government Publications Centre, Ground Floor, Low Block, Queensway Government Offices, 66 Queensway, Hong Kong, or the Publications Unit of the Census and Statistics Department, 19th Floor, Wanchai Tower, 12 Harbour Road, Wan Chai, Hong Kong.

Enquiries regarding regular subscription to this report may be directed to the Publications (Sales) Office, 28th floor, Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong (Tel. 2598 8194) and enquiries on trade statistics to the Census and Statistics Department (Tel. 2582 4915).

TABLE 1 : RE-EXPORTS TO TEN MAIN DESTINATIONS

DESTINATION	FEB 1996 (HKD Mn.)	FEB 96 OVER FEB 95 (% CHANGE)	JAN-FEB 1996 (HKD Mn.)	JAN-FEB 96 OVER JAN-FEB 95 (% CHANGE)
CHINA	22,739	- 11.9	60,009	+ 15.9
UNITED STATES	15,148	+ 15.4	32,774	+ 4.8
JAPAN	6,259	+ 55.4	13,163	+ 43.8
GERMANY	3,630	+ 29.6	8,074	+ 20.7
UNITED KINGDOM	2,369	+ 43.2	5,173	+ 27.6
TAIWAN	1,669	- 11.9	4,213	+ 5.3
SINGAPORE	1,674	+ 2.9	3,996	+ 11.6
FRANCE	1,369	+ 44.3	3,021	+ 29.2
NETHERLANDS	1,321	+ 28.3	2,964	+ 20.2
SOUTH KOREA	1,332	- 5.1	2,935	+ 3.0

TABLE 2 : RE-EXPORTS OF TEN PRINCIPAL COMMODITY DIVISIONS

COMMODITY DIVISION	FEB 1996 (HKD Mln.)	FEB 96 OVER FEB 95 (% CHANGE)	JAN-FEB 1996 (HKD Mln.)	JAN-FEB 96 OVER JAN-FEB 95 (% CHANGE)
MISCELLANEOUS MANUFACTURED ARTICLES (MAINLY BABY CARRIAGES, TOYS, GAMES AND SPORTING GOODS)	8,696	+ 28.2	19,591	+ 14.1
ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS THEREOF	8,159	+ 2.8	18,614	+ 17.3
TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT	7,667	- 8.4	17,233	- 5.2
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES	7,713	+ 45.3	16,605	+ 27.0
TEXTILE YARN, FABRICS, MADE-UP ARTICLES AND RELATED PRODUCTS	5,242	- 15.6	14,005	+ 9.6
FOOTWEAR	5,091	+ 18.9	11,290	+ 15.5
OFFICE MACHINES AND AUTOMATIC DATA PROCESSING MACHINES	4,203	+ 21.2	9,932	+ 37.7
PHOTOGRAPHIC APPARATUS, EQUIPMENT AND SUPPLIES, OPTICAL GOODS, WATCHES AND CLOCKS	3,639	+ 15.2	8,280	+ 19.9
TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS	2,821	+ 63.4	5,952	+ 22.0
PLASTICS IN PRIMARY FORMS	1,635	- 14.9	4,496	+ 17.5

TABLE 3 : DOMESTIC EXPORTS TO TEN MAIN DESTINATIONS

DESTINATION	FEB 1996 (HKD Mn.)	FFB 96 OVER FEB 95 (% CHANGE)	JAN-FEB 1996 (HKD Mn.)	JAN-FEB 96 OVER JAN-FEB 95 (% CHANGE)
CHINA	3,114	- 22.4	8,599	+ 1.3
UNITED STATES	3,801	+ 5.4	8,234	+ 0.8
GERMANY	818	+ 15.0	1,889	+ 3.2
SINGAPORE	737	- 22.2	1,807	- 12.5
JAPAN	812	- 0.9	1,772	- 5.2
UNITED KINGDOM	834	+ 28.3	1,723	+ 14.6
TAIWAN	522	+ 9.0	1,226	+ 21.1
NETHERLANDS	339	+ 8.8	800	+ 0.8
CANADA	312	+ 5.2	679	+ 0.7
FRANCE	216	+ 10.5	504	+ 5.0

TABLE 4 : DOMESTIC EXPORTS OF TEN PRINCIPAL COMMODITY DIVISIONS

COMMODITY DIVISION	FEB 1996 (HKD Mn.)	FEB 96 OVER FEB 95 (% CHANGE)	JAN-FEB 1996 (HKD Mn.)	JAN-FEB 96 OVER JAN-FEB 95 (% CHANGE)
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES	4,677	+ 13.7	10,535	+ 7.5
ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS THEREOF	2,287	+ 9.5	5,128	+ 21.0
MISCELLANEOUS MANUFACTURED ARTICLES (MAINLY JEWELLERY, GOLDSMITHS' AND SILVERSMITHS' WARES)	1,148	- 7.8	2,651	- 4.2
PHOTOGRAPHIC APPARATUS, EQUIPMENT AND SUPPLIES, OPTICAL GOODS, WATCHES AND CLOCKS	1,044	+ 3.0	2,513	*
OFFICE MACHINES AND AUTOMATIC DATA PROCESSING MACHINES	966	- 35.9	2,198	- 32.1
TEXTILE YARN, FABRICS, MADE-UP ARTICLES AND RELATED PRODUCTS	831	- 4.9	2,082	+ 6.0
TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT	504	- 38.7	1,334	- 22.2
MANUFACTURES OF METALS	304	- 0.3	697	+ 10.1
PLASTICS IN PRIMARY FORMS	218	- 36.1	546	- 19.6
MACHINERY SPECIALIZED FOR PARTICULAR INDUSTRIES	203	+ 8.7	507	+ 24.5

* DENOTES LESS THAN 0.05%

TABLE 5 : IMPORTS FROM TEN MAIN SUPPLIERS

SUPPLIER	FEB 1996 (HKD Mn.)	FEB 96 OVER FEB 95 (% CHANGE)	JAN-FEB 1996 (HKD Mn.)	JAN-FEB 96 OVER JAN-FEB 95 (% CHANGE)
CHINA	35,191	+ 14.2	83,221	+ 14.6
JAPAN	14,143	- 20.8	30,761	- 3.2
TAIWAN	6,887	- 20.1	18,258	+ 6.4
UNITED STATES	7,569	- 0.8	17,600	+ 16.7
SINGAPORE	5,407	+ 4.9	12,485	+ 12.7
SOUTH KOREA	4,323	- 20.9	10,321	+ 0.7
GERMANY	2,057	- 17.8	5,198	+ 10.9
MALAYSIA	2,081	+ 4.1	4,998	+ 29.5
UNITED KINGDOM	2,267	+ 8.5	4,986	+ 18.5
ITALY	1,953	+ 4.7	4,661	+ 34.6

TABLE 6 : IMPORTS OF TEN PRINCIPAL COMMODITY DIVISIONS

COMMODITY DIVISION	FEB 1996 (HKD Mn.)	FEB 96 OVER FEB 95 (% CHANGE)	JAN-FEB 1996 (HKD Mn.)	JAN-FEB 96 OVER JAN-FEB 95 (% CHANGE)
ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS THEREOF	12,666	- 4.1	29,167	+ 14.8
TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT	9,647	- 9.4	22,050	+ 1.3
TEXTILE YARN, FABRICS, MADE-UP ARTICLES AND RELATED PRODUCTS	6,827	- 25.5	17,804	- 2.2
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES	6,817	+ 30.1	15,660	+ 22.9
MISCELLANEOUS MANUFACTURED ARTICLES (MAINLY BABY CARRIAGES, TOYS, GAMES AND SPORTING GOODS)	6,122	+ 5.8	14,259	+ 11.7
OFFICE MACHINES AND AUTOMATIC DATA PROCESSING MACHINES	1,851	+ 10.6	11,277	+ 31.9
PHOTOGRAPHIC APPARATUS, EQUIPMENT AND SUPPLIES, OPTICAL GOODS, WATCHES AND CLOCKS	4,357	- 0.3	9,624	+ 4.8
FOOTWEAR	1,025	+ 13.0	9,381	+ 13.7
GENERAL INDUSTRIAL MACHINERY AND EQUIPMENT, AND MACHINE PARTS	3,427	+ 2.0	7,082	+ 19.8
NON-METALLIC MINERAL MANUFACTURES	3,167	- 3.4	6,717	+ 6.9

End

Agricultural study tour departs for Australia tomorrow

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A 23-member local agricultural delegation will depart for Australia and New Zealand tomorrow (Tuesday) to study farming techniques and wholesale marketing systems there.

The study tour is organised jointly by the Agriculture and Fisheries Department (AFD), Vegetable Marketing Organisation and Federation of Vegetable Marketing Co-operative Societies Ltd.

To mark the occasion, AFD's Director, Dr Lawrence Lee presented a banner to the study group's leader, Mr Yung Tin-tack at a ceremony held at its headquarters this (Monday) morning.

Dr Lee said: "The objective of the annual event since 1977 was to enable local farmers to study cultivation methods and wholesale marketing for agricultural products in advanced countries as well as to share farming experience with their overseas counterparts."

Countries visited by previous study tours include Japan, United States, Australia, Israel, Britain and Holland, he said.

On this year's programme, Dr Lee pointed out that the delegation would visit farms, markets and agricultural research institutes in several cities in Australia and New Zealand including Brisbane and Wellington.

Major items to be studied will include vegetable seed selection and cultivation techniques, pest and disease control, post-harvest processing and packaging, as well as vegetable wholesale market facilities and operation.

He hoped that group members would make an effort to learn more about advanced agricultural production and wholesaling techniques and systems during their visit with a view to promoting Hong Kong's agricultural development.

Dr Lee also took the opportunity to thank the Queensland Government Office in Hong Kong and New Zealand's Horowhenua Growers Association for their assistance in making the study tour possible.

The study group is expected to return to Hong Kong on April 29.

End

Special definitive stamp series to be issued

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The Postmaster General, Mr Robert Footman, announced today (Monday) that a full set of low value definitive reprint stamps tagged with phosphorescent ink would be issued on April 24 (Wednesday).

This is part of the sixth definitive stamp series issued by the Hong Kong Post Office during the reign of Her Majesty Queen Elizabeth II and also the first set of definitive stamps coated with phosphorescent ink to facilitate ordinary mail processing by Culler-Facer-Canceller (CFC) machines which will be installed in mid-1996.

The CFC will automatically segregate mail items into packets/flats and letters. They then cancel the postage stamps on letters with a date impression and further segregate them into local/surface mail and airmail.

For this purpose, postage stamps which are normally used for local/surface letters will be tagged with two vertical phosphorescent bars and those for airmail one bar. The phosphorescent bars are colourless but will give a yellow or green afterglow when activated by an ultra-violet lamp.

For the current definitive stamps, denominations up to and including \$2 are tagged with two bars while those from \$2.10 to \$5.00 are tagged with one bar.

A presentation pack containing all the low value reprints, with denominations of 10 cents, 20 cents, 50 cents, \$1, \$1.10, \$1.20, \$1.30, \$1.50, \$1.90, \$2, \$2.10, \$2.60 and \$5, will be put on sale on April 24 for \$37 each at the following eight philatelic offices:

Airport Post Office
Beaconsfield House Post Office
General Post Office
Granville Road Post Office
Peak Post Office
Sha Tin Central Post Office
Tsim Sha Tsui Post Office
Tsuen Wan Post Office

Customers may also place advance orders for special position of the definitive reprint stamps at the eight philatelic offices between April 17 and 19 and collect their orders on April 24 at the post office where they place their orders.

To commemorate the introduction of phosphorescent-tagged definitive stamps in Hong Kong, a souvenir cover will be issued on April 24. The souvenir covers will be placed on sale at all post offices at \$2 each as from April 17.

Hand-back service will be provided at all post offices on April 24 to official and privately-made covers bearing an indication of the event. Advance Order Service for serviced covers will be provided at all post offices from April 17 to 22.

End

11th issue of three-year Exchange Fund Notes

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The Hong Kong Monetary Authority today (Monday) announced that the tender for the eleventh issue of three-year Exchange Fund Notes would be held on Monday, April 22, 1996 for settlement on Tuesday, April 23, 1996.

Similar to the previous issue, an amount of HK\$500 million three-year Notes will be on offer. In addition to that, another HK\$100 million will be held as reserve by the Hong Kong Monetary Authority for supply to Market Makers in the secondary market. The Notes will mature on April 23, 1999 and will carry interest at the rate of 6.30% per annum payable semi-annually in arrears.

Members of the public who wish to tender for the Notes may do so through any of the Market Makers or Recognized Dealers on the published list which can be obtained from the Hong Kong Monetary Authority on 30th floor, 3 Garden Road, Hong Kong (or telephone 2878 8150). Each tender must be for an amount of HK\$50,000 or integral multiples thereof.

Following is the tender information for the eleventh issue of three-year Exchange Fund Notes :

Issue Number	: 3904
Tender Date and Time	: Monday April 22, 1996, 9:30 a.m. to 10:30 a.m.
Issue and Settlement Date	: Tuesday April 23, 1996
Amount on Offer	: HK\$500 million plus an additional HK\$100 million as reserve stock for the Monetary Authority
Maturity	: Three years

- Maturity Date : April 23, 1999
- Interest Rate : 6.30% per annum payable semi-annually in arrears
- Interest Payment Dates : Oct 23, 1996, Apr 23, 1997,
Oct 23, 1997, Apr 23, 1998,
Oct 23, 1998, Apr 23, 1999
- Tender Amount : Each tender must be for an amount of HK\$50,000 or integral multiples thereof. Members of the public who wish to tender for the Notes may approach Market Makers or Recognized Dealers on the published list.
- Other details : Please see Information Memorandum published or approach Market Makers or Recognized Dealers
- End

Salt water cut in Tai Po

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Flushing water supply to some premises in Tai Po will be temporarily suspended from 10 pm tomorrow (Tuesday) to 10 am on Thursday (April 18) for the checking of the flushing water supply system to be carried out.

The suspension will affect all premises in Kwong Fuk Estate, Wang Fuk Court, Nam Wan Road at the south of Tai Po Tai Wo Road, Plover Cove Road, Po Wu Lane, Tung Mau Square, Tung Sau Square, Tung Fat Square, Tung Cheong Street, Luk Heung Lane, Kwong Fuk Road, Po Heung Street, Po Yick Street, Sui On Street, Yan Hing Street, Fu Shin Street, Tsing Yuen Street, Hei Yuen Street, Yan Wo Lane, Pak Shing Street, Shung Tak Street, On Fu Road, Wai Yan Street, Nam Shing Street, Wai Yi Street, Po Heung Square, Tai Wing Lane, Heung Sze Wui Square, Heung Sze Wui Street, Kwong Fuk Lane, Kwong Fuk Square, Tai Ming Lane, Tai Kwong Lane, Wan Tau Street, Wan Tau Square, Wan Tau Kok Lane, Tai Po Market Station, Uptown Plaza, Elegance Garden, Pan Chung Road, Yat Nga Court, Wan Tau Tong Estate, Tak Nga Court, King Nga Court, Ma Wo Road, Ma Chung Road, Kam Shan Road, Kam Shek San Tsuen and Shek Lin Road.

End

Water storage figure

Storage in Hong Kong's reservoirs at 9 am today (Monday) stood at 79.9 per cent of capacity or 468.453 million cubic metres.

This time last year the reservoirs contained 388.311 million cubic metres of water, representing 66.3 per cent of capacity.

End

Hong Kong Monetary Authority money market operations

	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	1,759	0930	+1,039
Closing balance in the account	1,833	1000	+1,041
Change attributable to :		1100	+1,044
Money market activity	+1,044	1200	+1,044
LAF today	-970	1500	+1,044
		1600	+1,044

LAF rate 4.00% bid/6.00% offer TWI 124.1 **+0.0* 15.4.96

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	4.90	2 years	2802	5.16	98.68	6.01
1 month	4.97	3 years	3901	5.57	98.31	6.34
3 months	5.05	5 years	5103	6.75	99.63	6.95
6 months	5.16	7 years	7302	6.02	93.84	7.30
12 months	5.47	5 years	M502	7.30	100.90	7.19

Total turnover of EF bills and notes - \$24,524 million

Closed April 15, 1996

End