



DAILY INFORMATION BULLETIN

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HK/USA TEXTILE TALKS TO RESUME

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MEMBERS OF THE TEXTILE ADVISORY BOARD WILL ACCOMPANY HONG KONG'S NEGOTIATORS TO WASHINGTON WHEN TALKS ON THE HK/USA TEXTILE AGREEMENT RESUME THERE ON JANUARY 9. THIS WAS DECIDED AT THIS (MONDAY) AFTERNOON'S MEETING OF THE BOARD.

THE DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS, MR. WILLIAM DORWARD WILL CUT SHORT HIS CURRENT VISIT TO EUROPE AND JOIN THE BOARD IN HIS ROLE AS CHAIRMAN. HE WILL ALSO BE ON HAND TO GIVE ADVICE TO THE HONG KONG NEGOTIATING TEAM AND DIRECT ITS EFFORTS AS NECESSARY.

THE HONG KONG DELEGATION WILL, AS IN THE PREVIOUS DISCUSSIONS, BE LED BY THE DIRECTOR OF TRADE, MR. PETER TSAO.

+I DO NOT WISH TO PREDICT THE OUTCOME OF THESE TALKS, BUT I HAVE TAKEN NOTE OF A NUMBER OF STATEMENTS ATTRIBUTED TO WASHINGTON SOURCES,+ SAID MR. TSAO.

+FIRST AND FOREMOST WE MUST REMEMBER WE HAVE A BILATERAL AGREEMENT WITH THE USA NEGOTIATED ONLY IN 1977 AND EFFECTIVE FROM THE BEGINNING OF 1978.

+WHEN THAT AGREEMENT WAS CONCLUDED, HONG KONG EXPRESSED CERTAIN RESERVATIONS ON IT, BECAUSE IT WAS THE MOST RESTRICTIVE AGREEMENT HONG KONG HAS EVER NEGOTIATED WITH THE USA AND OUR NEGOTIATING HISTORY GOES BACK TO THE EARLY 1960'S,+ HE SAID.

+IN ONE CONCESSION WE MADE IN 1977 WE GAVE UP DURING THE FIVE-YEAR LIFETIME OF THIS AGREEMENT SOMETHING LIKE 300 MILLION SQUARE YARDS OF TRADE POTENTIAL. NEVERTHELESS, WE ACCEPTED IT BECAUSE WE FELT THAT, ON AN OVERALL BASIS, THE TERMS OF THE AGREEMENT REPRESENTED A BALANCED PACKAGE. THE DIFFICULTY THAT WE HAVE HAD IN TALKING TO THE USA THIS TIME IS THAT AN ATTEMPT IS BEING MADE TO UPSET THAT BALANCE,+ ADDED MR. TSAO.

MODIFICATIONS WERE BEING SOUGHT ON THE BASIS OF A POLITICAL COMMITMENT MADE BY THE USA ADMINISTRATION TO ITS TEXTILE INDUSTRY, AND NOT ON THE BASIS OF ECONOMIC RATIONALE, HE COMMENTED. NUMEROUS PRESS REPORTS AND ECONOMIC PUBLICATIONS HAVE REPORTED ON THE EXPANSION IN PRODUCTION AND EXPORTS OF USA TEXTILE PRODUCTS AND APPAREL.

MR. TSAO CONTENDED THAT NEVERTHELESS HONG KONG HAD A REPUTATION OF BEING CO-OPERATIVE AND PRAGMATIC IN ITS TRADE NEGOTIATIONS WITH OTHER COUNTRIES.

+THIS IS EVIDENCED BY THE HELP WE GAVE THE USA IN 1979, WHEN WE AGREED NOT TO USE THE CARRY-OVER AND CARRY-FORWARD PROVISIONS TO WHICH WE ARE ENTITLED UNDER THE AGREEMENT.

+WE ARE STILL WILLING TO HELP, PROVIDED THE REQUEST IS NOT EXCESSIVE, AND PROVIDED THAT IN MEETING THE USA DEMANDS WE WOULD NOT BE TRIGGERING A CHAIN REACTION FOR OTHER SIMILAR, OR WORSE, PROTECTIONIST DEMANDS FROM IMPORTING COUNTRIES, INCLUDING THE USA ITSELF AFTER 1980,+ HE COMMENTED.

MR. TSAO CONFIRMED THAT THE CURRENT DISCUSSIONS DO NOT AFFECT INDIVIDUAL COMPANY QUOTAS FOR 1980.

HK'S SUCCESS RELIES ON FREE COMPETITION

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HONG KONG'S ECONOMY IS VERY EXPOSED TO FORCES WAY BEYOND OUR CONTROL AND THE ONLY WAY WE CAN SUCCEED IN SUCH CIRCUMSTANCES IS TO RELY HEAVILY ON FREE COMPETITION AND ON BUSINESSMEN MAKING THEIR COMMERCIAL DECISIONS WITH MINIMUM INTERFERENCE, SAYS THE SECRETARY FOR ECONOMIC SERVICES, MR. DAVID JEAFFRESON.

HE WAS SPEAKING TODAY (MONDAY) AT THE OPENING OF AN INTERNATIONAL SEMINAR ON +THE LAW AND THE CONSUMER+ ORGANISED JOINTLY BY THE INTERNATIONAL ORGANISATION OF CONSUMERS UNIONS AND THE HONG KONG CONSUMER COUNCIL. DELEGATES FROM 26 COUNTRIES ARE ATTENDING THE FIVE-DAY SEMINAR AT THE YWCA IN WATERLOO ROAD HILL, KOWLOON.

AT THE OPENING CEREMONY, MR. JEAFFRESON ALSO TOLD DELEGATES THAT THE HONG KONG GOVERNMENT'S POLICY TOWARDS A FREE ECONOMY WAS TO ALLOW MARKET FORCES TO CONTROL ECONOMIC LIFE AS MUCH AS POSSIBLE.

HOWEVER, HE SAID, THE GOVERNMENT HAD ALSO A ROLE IN IT.

+IT MUST FIRST MAKE SURE THAT ITS OWN POLICIES, ITS BUDGETARY AND FISCAL POLICIES, FOR EXAMPLE, AFFECT MARKET FORCES AS LITTLE AS POSSIBLE.

+SECOND, IT PROVIDES THE BASIC INFRA-STRUCTURE FOR ECONOMIC LIFE AND THOSE SERVICES WHICH THE PRIVATE SECTOR CANNOT POSSIBLE BE EXPECTED TO PROVIDE ITSELF.

+THIRD, IT PLAYS A ROLE IN BRINGING VARIOUS GROUPS WITHIN INDUSTRY AND COMMERCE TOGETHER IN ORDER THAT DECISIONS IN THE INTERESTS OF THE COMMUNITY AS A WHOLE CAN BE REACHED EFFECTIVELY.+

TURNING TO CONSUMER PROTECTION, MR. JEAFFRESON SAID: +IT SEEMS TO US THAT LEGISLATION, WHERE ABSOLUTELY APPROPRIATE AND NECESSARY, AND EDUCATION MUST GO HAND IN HAND IN ORDER THAT CONSUMER PROTECTION CAN BE REALLY EFFECTIVE.+

IN ADDITION, THERE MUST BE A BODY TO WHICH CONSUMERS CAN TURN WHEN THEY FIND THEY ARE BEING EXPLOITED AND THIS BODY MUST ITSELF BE IN A POSITION TO EXPOSE SUCH PRACTICES AND TO TURN PUBLIC OPINION AGAINST THE SUPPLIERS CONCERNED AND TO DO SO WITHOUT FEAR OF REPRISAL.

HE SAID IF BOTH EDUCATION AND EXPOSURE FAILED, THEN THIS BODY COULD RECOMMEND, WITH AUTHORITY, RECOURSE TO LEGISLATION.

MR. JEAFFRESON ALSO BELIEVED THAT CONSUMER EDUCATION WAS VERY IMPORTANT AS LACK OF INFORMATION WAS AT THE ROOT OF MANY CONSUMER PROBLEMS. +IT IS THE PREPARATION OF THE INDIVIDUAL IN THE SKILLS, CONCEPTS AND UNDERSTANDINGS THAT ARE REQUIRED TO ACHIEVE, WITHIN THE FRAMEWORK OF HIS OWN STANDARDS, MAXIMUM SATISFACTION AND UTILISATION OF HIS RESOURCES,+ HE SAID.

HE ALSO NOTED THAT THE CIRCUMSTANCES IN WHICH MARKET FORCES ARE UNABLE TO OPERATE EFFECTIVELY FELL ROUGHLY INTO TWO GROUPS -- 'THE LAW WHERE CONSUMERS CANNOT PROTECT THEMSELVES' AND 'THE LAW AND OTHER MARKET IMPERFECTIONS'.

FOR THE FIRST CATEGORY, HE SAID THE ESSENCE OF SUCH CIRCUMSTANCES WAS THAT THE PROVIDERS OF THE GOODS AND SERVICES WERE IN A STRONG POSITION TO CONCEAL SIGNIFICANT INFORMATION FROM CONSUMERS AND THERE WAS NO OBVIOUS WAY FOR MOST CONSUMERS TO FIND OUT THAT THEY HAVE BEEN SO. HE CITED AS EXAMPLES, THE STATE OF LIQUIDITY OF A BANK IN WHICH THE CONSUMER IS DEPOSITING HIS MONEY= THE FINANCIAL VIABILITY OF AN INSURANCE COMPANY WITH WHICH HE IS TAKING OUT LIFE INSURANCE= THE CONTENT OF A GOLD RING= THE QUALIFICATIONS OF THOSE PROVIDING PROFESSIONAL SERVICES= AND THE WEIGHTS HAWKERS USE IN THE MARKETS.

+IN ALL THESE, AND IN MANY OTHER SUCH AREAS, THE GOVERNMENT'S RESPONSE HAS BEEN TO ENACT SPECIFIC LAWS DESIGNED TO PROTECT CONSUMERS,+ HE SAID.

ON THE SECOND CATEGORY, MR. JEAFFRESON SAID IT CONSISTED MAINLY OF MONOPOLIES AND CARTELS, CITING AS EXAMPLES THE TWO ELECTRICITY COMPANIES, THE BUS COMPANIES, AND THE TELEPHONE COMPANY.

+THEY HAVE BEEN GIVEN MONOPOLIES AS PROVIDERS OF THEIR PARTICULAR PUBLIC UTILITIES IN SPECIFIC GEOGRAPHIC AREAS BECAUSE FOR ONE GOOD REASON OR ANOTHER IT HAS BEEN FOUND IN THE PUBLIC INTEREST TO DO SO.

+OUR OBJECT, AND ON THE WHOLE IT HAS BEEN ACHIEVED, IS TO GRANT THEM THEIR MONOPOLIES BY FORCE OF LAW AND TO USE THE SAME PIECE OF LEGISLATION TO PROTECT THE INTERESTS OF CONSUMERS IN THE MONOPOLY SITUATIONS THUS CREATED,+ HE SAID.

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CONFIDENCE IN COURT CONTRIBUTES TO HK'S STABILITY
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THERE WILL BE A SIGNIFICANT CONTRIBUTION TO THE STABILITY OF HONG KONG IF THE PUBLIC CAN BE INSTILLED WITH CONFIDENCE IN THE COURTS AND RESPECT FOR THEIR METHODS AND DECISIONS, THE CHIEF JUSTICE, SIR DENYS ROBERTS SAID TODAY (MONDAY).

HE WAS SPEAKING AT THE CEREMONY MARKING THE OPENING OF THE LEGAL YEAR IN THE CITY HALL CONCERT HALL.

SIR DENYS SAID IT WAS IMPORTANT THAT EVERY CITIZEN SHOULD HAVE A REASONABLE UNDERSTANDING OF OUR SYSTEM OF JUSTICE, AND ONE OF THE AIMS OF TODAY'S CEREMONY, PREVIOUSLY CALLED THE OPENING OF THE ASSIZES AND LAST HELD IN 1973, WAS TO FOCUS THE PUBLIC'S ATTENTION, HOWEVER TEMPORARILY, ON THE COURTS AND THE LEGAL PROFESSION.

+IT IS NOT EASY FOR THE AVERAGE MAN TO DISTINGUISH CLEARLY BETWEEN A COURT AND THE EXECUTIVE IN A PART OF THE WORLD WHERE THE DISTINCTION IS NOT WIDELY ESTABLISHED.

+MISGUIDED THOUGH THIS MAY BE, IT IS THEREFORE PROBABLE THAT MANY PEOPLE WILL JUDGE THE QUALITY OF THEIR GOVERNMENT BY WHAT HAPPENS TO THEM DURING THE JUDICIAL PROCESS. SO THE COURTS BECOME IMPORTANT IN PRESERVING RESPECT FOR OTHER INSTITUTIONS OF AUTHORITY AS WELL AS FOR THEMSELVES. THE MAINTENANCE OF THIS RESPECT IS A POTENT FACTOR IN THE STABILITY OF SOCIETY,+ SIR DENYS EXPLAINED.

A SECOND OBJECTIVE OF THE CEREMONY, HE SAID, WAS TO REMIND ALL THOSE WHO SERVE THE LAW OF THEIR ESSENTIAL UNITY.

+FOR MUCH OF THEIR PROFESSIONAL LIVES, SOLICITORS, COUNSEL, JUDGES AND MAGISTRATES PERFORM DIFFERENT, IF COMPLEMENTARY, FUNCTIONS WITH DIVERGENT INTEREST AND AIMS. IT IS ALL TOO EASY FOR EACH GROUP TO FORGET THAT IT IS A PART OF THE ADMINISTRATION OF JUSTICE AND NOT THE WHOLE OF IT.+

THE UNDERLYING UNITY OF PURPOSE WHICH LINKED THEM TOGETHER WAS OF FAR GREATER MOMENT THAN THE INTERESTS OF A PARTICULAR CLIENT OR THE WINNING OF A CASE, HE SAID.

A FURTHER OBJECTIVE OF THE OCCASION WAS FOR THEM TO BE REMINDED THAT A LEGAL PROFESSION AND A JUDICIARY DO NOT EXIST TO FURTHER THEIR OWN INTERESTS.

+THEIR PROPER GOAL IS TO PROVIDE A SERVICE TO THE COMMUNITY, BY MAINTAINING A REASONABLY SWIFT AND EFFECTIVE PROCEDURE FOR THE SETTLEMENT OF DISPUTES.

+NO SYSTEM WHICH KEEPS ACCUSED PERSONS IN GAOL FOR MANY MONTHS WITHOUT TRIAL IS A JUST ONE. NO SYSTEM WHICH KEEPS AN INJURED MAN WAITING FOR YEARS BEFORE HIS ACTION FOR PERSONAL INJURIES IS HEARD, IS A FAIR ONE. A SYSTEM WHICH ALLOWS A PARTY TO DENY RELIEF TO ANOTHER FOR A SUBSTANTIAL TIME BY TECHNICAL OBJECTIONS, BY DELAYING TACTICS OR BY A MISUSE OF COURT PROCEDURES IS NOT ACCEPTABLE IN A CIVILISED SOCIETY,+ SIR DENYS SAID.

HE NOTED THAT A HIGH PROPORTION OF OUR POPULATION CAME HERE FROM ELSEWHERE, FOR A VARIETY OF REASONS, AND HE DOUBTED IF MANY OF THEM REGARDED THE MERIT OF OUR LEGAL AND JUDICIAL PRINCIPLES AS ONE OF THEM ALTHOUGH THEY SHOULD HAVE DONE.

HONG KONG DOES NOT OFFER WHAT IS COMMONLY CALLED A DEMOCRATIC SOCIETY BUT WHAT IT DOES PROVIDE IS A GENUINELY FREE SOCIETY.

+BY THIS, I MEAN A SOCIETY IN WHICH EVERYONE IS SUBJECT TO THE LAW, WHERE NOBODY CAN BE DEPRIVED OF HIS PROPERTY OR PERSONAL FREEDOM SAVE IN ACCORDANCE WITH THE LAW AND WHERE HE CAN, WITHIN THOSE LIMITS WHICH EVERY COMMUNITY PRESCRIBES FOR THE PRESERVATION OF ORDER AND PERSONAL REPUTATION, SAY WHAT HE THINKS AND PURSUE HIS OWN LIFE WITHOUT THE INTERVENTION OF THE STATE.

+THE ONLY SURE GUARANTEE OF SUCH A FREE SOCIETY IS AN IMPARTIAL, INDEPENDENT AND FEARLESS JUDICIARY. THIS PRICELESS ADVANTAGE HAS BEEN ENJOYED BY HONG KONG SINCE 1841. OUR JUDGES AND MAGISTRATES ARE NOT ALWAYS WISE, OR PATIENT, OR CLEVER, OR LEARNED. BUT THERE ARE FEW WHO DO NOT POSSESS IN FULL MEASURE THE QUALITIES WHICH ARE ESSENTIAL TO THE PRESERVATION OF PERSONAL FREEDOM,+ SIR DENYS SAID.

EARLIER IN THE AFTERNOON, SIR DENYS INSPECTED A GUARD OF HONOUR COMPRISING MEMBERS OF THE MILITARY SERVICE CORPS AT EDINBURGH PLACE AND ATTENDED A CHURCH SERVICE IN ST. JOHN'S CATHEDRAL TO MARK THE OPENING OF THE LEGAL YEAR.

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MONEY SUPPLY AND FINANCIAL STATISTICS

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THE MONTHLY CALCULATIONS OF THE MONEY SUPPLY ON THE NARROWER DEFINITIONS (M1 AND M2), AND OF BANK LOANS AND ADVANCES IN HONG KONG, HAVE BEEN REVISED FROM DECEMBER 1978, TO ELIMINATE GROWING DISTORTIONS CAUSED BY TRANSACTIONS BETWEEN LICENSED BANKS AND REGISTERED DEPOSIT-TAKING COMPANIES.

THE CALCULATION OF M3 (THE MONEY SUPPLY ON THE WIDEST DEFINITION) AND OF TOTAL CREDIT TO THE ECONOMY IS NOT AFFECTED BY THIS REVISION.

THE MONEY SUPPLY AND FINANCIAL STATISTICS FOR NOVEMBER 1979 WERE PUBLISHED TODAY (MONDAY), ON THIS REVISED CALCULATION.

REVISION OF THE STATISTICS

THE TWO-WAY INTERMEDIATION TRAFFIC BETWEEN BANKS AND DEPOSIT-TAKING COMPANIES GREW VERY SUBSTANTIALLY DURING THE COURSE OF 1979. THAT YEAR FORMED A HALF-WAY STAGE IN THE INTEGRATION OF DEPOSIT-TAKING COMPANIES INTO THE FINANCIAL SECTOR OF HONG KONG. UP UNTIL NOVEMBER 1978 THE GOVERNMENT DID NOT RECEIVE REGULAR STATISTICAL RETURNS FROM DEPOSIT-TAKING COMPANIES.

FROM DECEMBER 1978 THESE COMPANIES HAVE SUPPLIED MONTHLY STATISTICS OF THEIR ASSETS AND LIABILITIES, INCLUDING DETAILS OF THEIR POSITIONS IN RESPECT OF BANKS IN HONG KONG= BUT THE STATISTICS SUPPLIED BY BANKS HAVE NOT IDENTIFIED THEIR POSITIONS IN RELATION TO DEPOSIT-TAKING COMPANIES.

FROM JANUARY 1, 1980 THE SITUATION CHANGES AGAIN, WITH BANKS GIVING DETAILS ON THEIR MONTHLY RETURNS OF THE DEPOSITS RECEIVED FROM, AND THEIR ADVANCES TO, DEPOSIT-TAKING COMPANIES. THIS IS NECESSARY BECAUSE FROM THAT DATE BANKS' DEPOSIT LIABILITIES (WHICH, WITH NOTES AND COIN IN CIRCULATION, MAKE UP THE MONEY SUPPLY ON THE NARROWER DEFINITIONS OF M1 AND M2) ARE DEFINED BY LAW TO EXCLUDE THEIR DEPOSIT LIABILITIES TO DEPOSIT-TAKING COMPANIES= AND BANKS' SHORT TERM ADVANCES TO DEPOSIT-TAKING COMPANIES ARE SPECIFIED BY LAW AS LIQUID ASSETS FOR BANKS.

THE BASE FOR CALCULATING M1 AND M2, AND BANKS' ADVANCES IN HONG KONG, WILL, THEREFORE, AUTOMATICALLY CHANGE WITH THE JANUARY 31, 1980 STATISTICS (WHICH WILL BE AVAILABLE AT THE END OF FEBRUARY 1980). THE STATISTICS FOR NOVEMBER 30, 1979, WHICH WERE PUBLISHED TODAY, AND FOR EACH MONTH BACK TO DECEMBER 1978, HAVE BEEN RECALCULATED ONTO THE NEW BASE TO ANTICIPATE THE JANUARY 1980 CHANGE, AND TO ELIMINATE AN ELEMENT OF DISTORTION WHICH HAS BECOME INCREASINGLY IMPORTANT THROUGH 1979. TABLE 1 (AT THE END OF THIS RELEASE) SETS OUT THE FIGURES, UNREVISED AND REVISED, FOR THE WHOLE OF THIS PERIOD.

/FROM DECEMBER

FROM DECEMBER 1978 (I.E. THE FIRST MONTH WHEN THE DEPOSIT-TAKING COMPANIES STATISTICS WERE AVAILABLE) TO NOVEMBER 1979, THE DEPOSITS OF THESE COMPANIES WITH LICENSED BANKS IN HONG KONG ROSE FROM \$6.9 BILLIONS TO \$17.6 BILLIONS (MUCH OF THIS INCREASE REPRESENTS BALANCES GATHERED BY LICENSED BANKS' DEPOSIT-TAKING COMPANY SUBSIDIARIES, WHICH ARE NOT SUBJECT TO THE EXCHANGE BANKS' ASSOCIATION INTEREST RATE AGREEMENT, AND ARE PASSED ON TO THE PARENT BANKS).

THESE DEPOSITS HAVE HITHERTO BEEN INCLUDED IN M2 WHICH, OVER THE SAME PERIOD, ROSE FROM \$73.4 BILLIONS TO \$90.5 BILLIONS, OR BY 23.3 PER CENT. IF M2 IS REDEFINED TO REMOVE THESE DEPOSITS ITS LEVEL HAS RISEN OVER THE SAME PERIOD BY ONLY 9.8 PER CENT FROM \$66.5 BILLIONS TO \$73.0 BILLIONS.

OVER THE PERIOD FROM DECEMBER 1978 TO NOVEMBER 1979, BANKS' ADVANCES TO DEPOSIT-TAKING COMPANIES HAVE RISEN FROM \$6.4 BILLIONS TO \$11.5 BILLIONS. (MUCH OF THIS INCREASE IS ACCOUNTED FOR BY FOREIGN CURRENCY ADVANCES BY BANKS, TO FUND THE OFFSHORE LENDING ACTIVITIES OF THEIR DEPOSIT-TAKING COMPANY SUBSIDIARIES). BANK LOANS AND ADVANCES IN HONG KONG (ON THE EXISTING CALCULATION) ROSE OVER THE PERIOD FROM \$52.8 BILLIONS TO \$70.1 BILLIONS, OR BY 32.8 PER CENT. IF BANKS' ADVANCES TO DEPOSIT-TAKING COMPANIES ARE SUBTRACTED, BANK LENDING IN HONG KONG HAS RISEN OVER THE SAME PERIOD BY ONLY 26.3 PER CENT, FROM \$46.4 BILLIONS TO \$58.7 BILLIONS.

WHEN THE FIGURES FOR M1 AND M2, AND BANK LOANS IN HONG KONG, ARE RECALCULATED IN THIS WAY, THEY PROVIDE A BETTER INDICATION OF THE ACTIVITIES OF LICENSED BANKS IN HONG KONG.

CLEARLY THE ACTIVITIES OF REGISTERED DEPOSIT-TAKING COMPANIES ARE ALSO IMPORTANT, IN RELATION TO THE ECONOMY AS A WHOLE: IT IS FOR THIS REASON THAT M3 (THE MONEY SUPPLY ON THE WIDEST DEFINITION) IS CALCULATED TO INCLUDE PUBLIC DEPOSITS WITH DEPOSIT-TAKING COMPANIES, AND THAT THE TOTAL CREDIT TO THE ECONOMY IS CALCULATED TO INCLUDE LOANS AND ADVANCES IN HONG KONG BY DEPOSIT-TAKING COMPANIES. THESE TWO INDICATORS HAVE BEEN PUBLISHED EACH MONTH SINCE MID-1979: THEIR TOTALS ARE NOT AFFECTED IN ANY WAY BY THE REVISED CALCULATIONS OF THE FIGURES FOR THE BANKING SECTOR.

THE FOLLOWING DEFINITIONS WILL, THEREFORE, BE USED FORTHWITH, BACKDATED TO DECEMBER 1978:-

- M1 -- LEGAL TENDER COINS AND NOTES IN THE HANDS OF THE NON-BANK AND NON-DEPOSIT-TAKING COMPANY PUBLIC, PLUS DEMAND DEPOSITS (OTHER THAN FROM BANKS AND DEPOSIT-TAKING COMPANIES) WITH LICENSED BANKS.
- M2 -- M1 PLUS SAVINGS AND TIME DEPOSITS (OTHER THAN FROM BANKS AND DEPOSIT-TAKING COMPANIES) WITH LICENSED BANKS.
- M3 -- M2 PLUS DEPOSITS FROM THE NON-BANK AND NON-DEPOSIT-TAKING COMPANY PUBLIC WITH REGISTERED DEPOSIT-TAKING COMPANIES.

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BANK LOANS IN HONG KONG -- LOANS AND ADVANCES TO CUSTOMERS IN HONG KONG (OTHER THAN BANKS AND DEPOSIT-TAKING COMPANIES) BY LICENSED BANKS.

DTC LOANS IN HONG KONG -- LOANS AND ADVANCES TO CUSTOMERS IN HONG KONG (OTHER THAN BANKS AND DEPOSIT-TAKING COMPANIES) BY REGISTERED DEPOSIT-TAKING COMPANIES.

TOTAL CREDIT TO THE ECONOMY -- BANK LOANS IN HONG KONG, PLUS DEPOSIT-TAKING COMPANY LOANS IN HONG KONG.

TABLE 1 SHOWS THE REVISED CALCULATIONS OF M1, M2 AND BANK LOANS IN HONG KONG, FOR EACH MONTH FROM DECEMBER 1978 TO NOVEMBER 1979. MORE DETAILED TABLES OF THE REVISED CALCULATIONS ARE AVAILABLE ON REQUEST TO THE MONETARY AFFAIRS BRANCH OF THE GOVERNMENT SECRETARIAT.

THE STATISTICS FOR NOVEMBER 1979

TABLE 2 (AT THE END OF THIS RELEASE) SETS OUT THE DETAILED STATISTICS FOR NOVEMBER 1979, WITH THE FIGURES FOR M1, M2 AND BANK LOANS IN HONG KONG REVISED AS DESCRIBED ABOVE. THEY SHOW A FALL IN THE MONTHLY INCREASE IN THE MONEY SUPPLY ON THE WIDEST DEFINITION (M3), DESPITE A SLIGHTLY FASTER INCREASE IN TOTAL CREDIT TO THE ECONOMY.

MONEY SUPPLY

M1 (REVISED) ROSE BY 1.8 PER CENT IN NOVEMBER, WHICH WAS SHARPLY DOWN ON ITS OCTOBER INCREASE OF 3.5 PER CENT: THIS INDICATOR FELL QUITE SHARPLY IN THE EARLY MONTHS OF 1979, AND IS NOW STILL BELOW ITS END-DECEMBER 1978 LEVEL.

M2 (REVISED) ROSE BY 3.0 PER CENT IN NOVEMBER, UP FROM 2.1 PER CENT IN OCTOBER, BUT IT IS UP BY ONLY 9.8 PER CENT ON ITS END-DECEMBER LEVEL (10.7 PER CENT ANNUALISED).

M3 ROSE BY 2.4 PER CENT IN NOVEMBER, DOWN FROM ITS OCTOBER INCREASE OF 3.0 PER CENT= IT IS NOW 24.6 PER CENT UP ON ITS END-DECEMBER LEVEL (26.8 PER CENT ANNUALISED). THIS IS CLOSELY IN LINE WITH THE FORECAST GROWTH RATE OF GDP AT CURRENT PRICES OF ABOUT 27 PER CENT IN 1979.

/CREDIT TO

CREDIT TO THE ECONOMY

BANK LOANS IN HONG KONG (REVISED) ROSE IN NOVEMBER BY 1.5 PER CENT DOWN FROM 2.1 PER CENT IN OCTOBER, TO A LEVEL 26.3 PER CENT ABOVE THE END-DECEMBER 1978 FIGURE (28.7 PER CENT ANNUALISED).

DEPOSIT-TAKING COMPANY LOANS IN HONG KONG ROSE IN NOVEMBER BY A SUBSTANTIAL 6.5 PER CENT, SHARPLY UP FROM 2.6 PER CENT IN OCTOBER, AND REACHED A LEVEL 29.1 PER CENT UP ON THE END-DECEMBER 1978 FIGURE (31.7 PER CENT ANNUALISED).

TOTAL CREDIT TO THE ECONOMY ROSE IN NOVEMBER BY 2.4 PER CENT, LITTLE CHANGED FROM OCTOBER'S 2.2 PER CENT RISE, TO REACH A LEVEL OF 26.8 PER CENT ABOVE END-DECEMBER 1978 (29.2 PER CENT ANNUALISED). WHILST THE ANNUALISED GROWTH RATE IS STILL A CAUSE OF CONCERN, IT IS AT LEAST BROADLY CONSISTENT WITH THE GROWTH OF THE ECONOMY IN CURRENT PRICE TERMS.

LOANS ABROAD

THE TOTAL OF LOANS ABROAD ROSE VERY SHARPLY, WITH BANK LOANS ABROAD UP BY \$548 MILLIONS TO \$20 260 MILLIONS AND DEPOSIT-TAKING COMPANIES' LOANS ABROAD UP BY \$1 459 MILLIONS TO \$24 399 MILLIONS.

BALANCE SHEET RATIOS

THE AVERAGE LIQUIDITY RATIO FOR ALL BANKS DECLINED A LITTLE TO 48.9 PER CENT IN NOVEMBER, HAVING BEEN AT A VERY HIGH LEVEL OF 50.1 PER CENT IN OCTOBER. BANKS' LOAN/DEPOSIT RATIOS (REVISED) DECLINED FROM 90.2 PER CENT TO 88.8 PER CENT.

THE LOAN/DEPOSIT RATIO FOR ALL DEPOSIT-TAKING COMPANIES ROSE (REFLECTING THE SHARP RISE IN THEIR ADVANCES) FROM 54.0 PER CENT TO 57.2 PER CENT.

NUMBER OF REPORTING INSTITUTIONS

THE NUMBER OF REPORTING BANKS WAS UNCHANGED AT 105 AT THE END OF NOVEMBER. ONE MORE DEPOSIT-TAKING COMPANY BEGAN TO REPORT DURING THE MONTH, BRINGING THE TOTAL OF THESE COMPANIES TO 265.

/THE FOLLOWING

THE FOLLOWING TABLES 1 AND 2 SHOW THE MONEY SUPPLY AND FINANCIAL STATISTICS:-

TABLE 1

MONEY SUPPLY AND BANK LENDING (HK\$ MILLIONS)

	<u>M1</u>		<u>M2</u>		<u>BANK LOANS AND ADVANCES IN HONG KONG</u>	
	<u>UNREVISED</u>	<u>REVISED</u>	<u>UNREVISED</u>	<u>REVISED</u>	<u>UNREVISED</u>	<u>REVISED</u>
<u>1978</u>						
DECEMBER	22 281	20 110	73 406	66 472	52 814	46 428
<u>1979</u>						
JANUARY	23 511	20 816	76 097	67 821	55 077	48 376
FEBRUARY	22 099	19 033	75 982	67 057	56 550	49 359
MARCH	22 307	18 945	76 794	66 855	57 995	50 439
APRIL	23 355	18 902	78 376	66 571	60 116	51 874
MAY	23 437	18 331	78 620	66 552	60 640	52 534
JUNE	24 303	18 526	80 928	67 387	62 358	53 284
JULY	24 769	18 667	82 536	67 937	64 268	54 890
AUGUST	25 169	18 449	83 939	68 050	64 719	55 118
SEPTEMBER	26 062	19 022	85 904	69 417	67 191	56 562
OCTOBER	26 382	19 692	87 923	70 844	68 717	57 773
NOVEMBER	26 393	20 039	90 539	72 957	70 136	58 653

TABLE 2

TABLE 2

MONEY AND BANKING FIGURES - NOVEMBER 1979 (HK\$ MILLIONS)

	NOV. 1979	FIGURES FOR EARLIER MONTHS (% CHANGE):	OCT. 1979	AUG. 1979	DEC. 1978
M1 *	20 039		19 692(+1.8%)	18 449(+8.6%)	20 110(-0.4%)
M2 *	72 957		70 844(+3.0%)	68 050(+7.2%)	66 472(+9.8%)
M3 *	95 833		93 598(+2.4%)	88 464(+8.3%)	76 919(+24.6%)
<u>BANKS -</u>					
DEPOSITS*	66 028		64 085(+3.0%)	61 352(+7.6%)	59 929(+10.2%)
LOANS AND ADVANCES IN HONG KONG*	58 653		57 773(+1.5%)	55 118(+6.4%)	46 428(+26.3%)
LOAN/DEPOSIT RATIO*	88.8%		90.2%	89.8%	77.5%
AVERAGE LIQUIDITY RATIO	48.9%		50.1%	48.7%	46.2%
<u>DEPOSIT-TAKING COMPANIES -</u>					
DEPOSITS	22 876		22 752(+0.5%)	20 414(+12.1%)	10 447(+119.0%)
LOANS AND ADVANCES IN HONG KONG	13 085		12 281(+6.5%)	11 515(+13.6%)	10 139(+29.1%)
LOAN/DEPOSIT RATIO	57.2%		54.0%	56.4%	97.1%
<u>BANKS AND DEPOSIT-TAKING COMPANIES -</u>					
TOTAL CREDIT TO THE ECONOMY	71 738		70 054(+2.4%)	66 633(+7.7%)	56 567(+26.8%)

* (THESE FIGURES ARE REVISED TO EXCLUDE BANKS' LIABILITIES TO, AND CLAIMS ON, DEPOSIT-TAKING COMPANIES.)

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MORE LAND AUCTIONED

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A 7 400-SQUARE METRE SITE AT BELLEVIEW DRIVE, REPULSE BAY, WAS SOLD FOR \$63 MILLION AT AN AUCTION CONDUCTED BY THE PUBLIC WORKS DEPARTMENT'S CROWN LANDS AND SURVEY OFFICE IN THE CITY HALL TODAY (MONDAY).

THE SITE, FOR PRIVATE RESIDENTIAL PURPOSES, WAS BOUGHT BY EVASTA LTD AT \$8 513.51 PER SQUARE METRE.

AT THE SAME AUCTION, ANOTHER LOT LOCATED AT WINSLOW STREET, HUNG HOM, WAS SOLD TO HIP KEE GODOWN CO (HK) LTD FOR \$116 MILLION OR \$36 250 PER SQUARE METRE.

THE SITE, COVERING AN AREA OF 3 200 SQUARE METRES, IS FOR PUBLIC PARKING OF LORRIES AND GODOWN PURPOSES.

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BETTER COMMUNICATION BETWEEN
TEACHERS AND EDUCATION DEPARTMENT

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SMALL-GROUP DISCUSSIONS TO FURTHER IMPROVE COMMUNICATION BETWEEN AIDED SCHOOL TEACHERS AND THE EDUCATION DEPARTMENT WILL BE HELD ON FEBRUARY 11, AN EDUCATION DEPARTMENT SPOKESMAN SAID TODAY.

THE DISCUSSIONS WILL BE KEPT INFORMAL TO ENSURE A FRANK EXCHANGE OF VIEWS ON TOPICS OF MUTUAL INTEREST AND CONCERN, HE SAID.

+THE IDEA IS TO PROVIDE PARTICIPANTS WITH AN OPPORTUNITY FOR CLOSE CONTACT WITH SENIOR OFFICERS OF THE EDUCATION DEPARTMENT IN AN INFORMAL SETTING, WHICH WILL ENCOURAGE THEM TO EXPRESS THEIR OWN VIEWS FREELY AND SPONTANEOUSLY,+ THE SPOKESMAN SAID.

A NUMBER OF SCHOOLS HAVE ALREADY SUBMITTED THE NAMES OF TEACHER REPRESENTATIVES WHO WILL BE ATTENDING THE DISCUSSIONS AND THOSE WHO HAVE NOT SENT IN THEIR SUBMISSIONS ARE URGED TO DO SO AS SOON AS POSSIBLE.

THE GROUP DISCUSSIONS WILL BE CONDUCTED IN CANTONESE, AND EACH GROUP WILL BE CHAIRED BY A SENIOR OFFICER OF THE EDUCATION DEPARTMENT.

PARTICIPANTS WILL BE NOTIFIED OF THE AGENDA FOR EACH GROUP, TOGETHER WITH THE TIME AND PLACE FOR DISCUSSION, THE SPOKESMAN SAID.

THERE WILL BE A TOTAL OF 26 GROUPS, WITH DISCUSSION SESSIONS BOTH IN THE MORNING AND IN THE AFTERNOON.

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MONDAY, JANUARY 7, 1980

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DDHA TO ATTEND CHARITY CONCERT
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THE DEPUTY DIRECTOR OF HOME AFFAIRS, MR. MICHAEL LEUNG MAN-KIN WILL ATTEND THE PO LEUNG KUK'S FUND-RAISING CHARITY CONCERT PRESENTED BY THE HONG KONG CITY SYMPHONY ORCHESTRA TOMORROW (TUESDAY) AT 8 PM IN THE CONCERT HALL, CITY HALL.

THIS IS ONE OF THE ANNUAL FUNCTIONS ORGANISED BY THE KUK TO RAISE FUND FOR ITS EXPANDING RANGE OF SOCIAL SERVICES.

THE CONCERT WILL ALSO BE ATTENDED BY MEMBERS OF THE BOARD OF DIRECTORS OF THE KUK.

MR. LEUNG WILL PRESENT SOUVENIRS TO FIVE BOARD MEMBERS WHO HAVE SCORED TOP RESULTS IN THE FUND-RAISING CAMPAIGN.

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TRAFFIC DIVERSION IN HUNG HOM
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A SECTION OF HOK YUEN STREET EAST OF ITS JUNCTION WITH CHATHAM ROAD WILL BE TEMPORARILY CLOSED TO TRAFFIC FROM 10 AM TOMORROW (TUESDAY) FOR ABOUT FOUR MONTHS.

A SPOKESMAN FOR THE TRANSPORT DEPARTMENT SAID THE CLOSURE WAS TO FACILITATE THE CONSTRUCTION OF THE EAST KOWLOON CORRIDOR.

DURING THE CLOSURE, WESTBOUND TRAFFIC ON HOK YUEN STREET WILL BE DIVERTED VIA GILLIES AVENUE AND PAK KUNG STREET TO CHATHAM ROAD.

APPROPRIATE TRAFFIC SIGNS WILL BE SET UP TO GUIDE MOTORISTS.

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WATER CUT IN CAUSEWAY BAY
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FRESH WATER SUPPLY TO A NUMBER OF PREMISES IN CAUSEWAY BAY WILL BE TURNED OFF FOR SEVEN HOURS FROM 11 PM ON FRIDAY (JANUARY 11) TO 6 AM THE FOLLOWING DAY FOR A LEAKAGE TEST.

THE AREA TO BE AFFECTED IS BOUNDED BY GREAT GEORGE STREET, SUGAR STREET AND THE NORTH SIDE OF YEE WO STREET INCLUDING CHEE ON BUILDING, ISLAND HOTEL, HONG KONG BUILDING, HANG LUNG CENTRE, PLAZA HOTEL, PEARL CITY MANSION, GREENFIELD MANSION AND GREAT GEORGE BUILDING.

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