



DAILY INFORMATION BULLETIN

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Policy on double taxation explained

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The Secretary for the Treasury, Mr K C Kwong, said today (Thursday) that the Government enters into negotiations on double taxation relief for airline income to address the unique situation of international airline operations and will not regard this as creating a precedent for taxing non-Hong Kong sourced income.

He said that Hong Kong adopts a "territorial source" principle and only profits or income which arise in or are derived from Hong Kong are liable to tax here.

"We have no intention to depart from our well-trying and tested territorial source principle - the cornerstone of our taxation system," he emphasised.

Speaking at the luncheon meeting of the Society of Chinese Accountants & Auditors today (Wednesday), Mr Kwong explained that in simple terms, "double taxation" occurs when comparable taxes are imposed in two jurisdictions on the same person in respect of his same income for identical periods.

"A double taxation agreement avoids that by clearly demarcating the respective taxing rights of the jurisdictions concerned. It provides relief for individual taxpayers who may otherwise suffer from double taxation. It also provides the taxpayers with a higher degree of certainty on how their operations in the jurisdictions concerned will be taxed."

He pointed out that taxes in Hong Kong are low; and many countries offer their residents unilateral relief for Hong Kong tax paid on Hong Kong sourced income.

With regard to double taxation agreements relating to the airline industry, Mr Kwong said that in view of the special characteristics of the industry and requests from local airlines and overseas countries, Hong Kong seeks to follow the international practice of negotiating double taxation agreements on airline income.

"It is now our policy to incorporate provisions on double taxation relief for airline profits in Air Service Agreements negotiated between Hong Kong and our bilateral aviation partners on a case by case basis."

"The standard double taxation provisions normally provide that Hong Kong will tax the income generated from the international traffic of Hong Kong airlines derived from the agreement country and which has been granted full tax relief by that country.

"In return, Hong Kong will forgo the right to tax the income of airlines of that agreement country derived from Hong Kong if such income is subject to tax in the agreement country.

"We have already amended the Inland Revenue Ordinance to enable us to implement the provisions of double taxation agreements on airline income.

He said that Hong Kong has entered into the first such an agreement with the Republic of Korea which was signed earlier this year.

"Similar agreements with three other countries, namely, New Zealand, Canada and the Netherlands have also been reached and formal signature is expected in the next few months. In the meantime, negotiations on double taxation provisions in ASAs are being held with a number of other countries as well.

Mr Kwong emphasised that double taxation relief provisions are bilateral arrangements between Hong Kong and each of the agreement countries. Only Hong Kong airlines and airlines of the agreement country are bound by the provisions.

He described as completely groundless claims made by some writers in recent press articles that "a number of airlines in Asia and Australia are believed to be facing higher tax bills in Hong Kong or even double taxation following the signing of the double taxation agreement on airline income with the Republic of Korea".

Mr Kwong said: "An airline which is not covered by a double taxation agreement will continue to be taxed in Hong Kong on exactly the same basis as at present, irrespective of whether it has any business in the corresponding agreement country or not.

"Nor is there any question of 'overseas international airlines paying more tax in Hong Kong, or they may have to pay Hong Kong taxes they have not been liable for before' - another concern raised by some tax practitioners recently."

Commenting on the desirability of negotiating comprehensive double taxation agreements, in the broader context, with other countries which may cover other sectors of business than the airline industry, Mr Kwong said that this is a complex subject and the Government will need to examine the implications carefully.

"But to prepare ourselves, we are now developing a model text for a comprehensive double taxation agreement. This is based on the model adopted by the Organisation for Economic Co-operation and Development.

"We will also draw reference from agreements concluded by countries in the region, including China, with appropriate modifications to suit our own circumstances," said Mr Kwong.

End

US invited to observe HK's textiles export control systems

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The Customs and Excise Department is inviting US Customs officers to visit Hong Kong to observe its textiles export control systems.

The invitation, made in response to the additional import measures imposed with effect from June 17 on 10 categories of Hong Kong apparel products, is part of the territory's continuing effort to persuade the US Customs that these extra measures are unnecessary.

"The visit programme will last for 30 days, starting from September 2. Eight US Customs officers will observe the operation of our various textiles export control systems, including our new Production Notification System (PNS), in respect of the 10 categories in question," a government spokesman said today (Thursday).

"These US Customs officers will join four teams of Hong Kong Customs officers and visit factories which have submitted production notifications (PNs) and which have agreed to such joint visits."

The joint teams will also visit factories which have consignments in the 10 categories that are currently in transit or awaiting clearance at US ports, or have entered US after the additional import measures came into effect. Again, the visits will be subject to the factories' consent.

"In the invitation, we told the US side that we hope that after having observed our systems at work under the programme, the US Customs will share our view that Hong Kong has an effective and vigorous system against illegal textiles transshipment, and that the additional import measures imposed on our 10 categories are unnecessary and should be terminated," the spokesman said.

"We hope that the visit programme will prove a constructive way of getting round the two sides' difference over the matter of joint verification. If not, we will consider other options, including referring the matter to the World Trade Organisation (WTO)."

The spokesman explained that the joint teams would only visit factories with the factories' consent, and would not undertake any enforcement activities. Any enforcement activities, including the examination of factory books and records, would be conducted by Hong Kong Customs officers on their own, and separately from the joint visits.

"The results of Hong Kong Customs' enforcement actions will be shared with the US Customs.

"If the joint teams confirm that a consignment is of Hong Kong origin, the US Customs will lift the single entry bond requirement for the consignment; or if the single entry bond has already been submitted, the US Customs will liquidate the entry and the importer will be relieved of all conditional release obligations," the spokesman said.

The 10 categories in question are dresses (Categories 336/636), skirts (Categories 342/442/642), nightwear (Category 351), underwear (Categories 352/652) and suits (Categories 443/643).

Since June 17, these categories of Hong Kong products have been subject to additional import measures imposed by the US Customs. Such measures include additional requirements in import documentation, the requirement for a single entry bond, and the requirement for joint verification by Hong Kong and US Customs of the origin of consignments.

Hong Kong has objected to unilateral imposition of the additional requirements, pointing out that they are applied to the relevant products only from Hong Kong and are therefore discriminatory.

These measures adversely affect legitimate Hong Kong and US traders, and disrupt Hong Kong/US trade in those products, and infringe on Hong Kong's rights under WTO.

"In the invitation to the US Customs to the 30-day visit programme, Hong Kong maintains this position," the spokesman added.

Traders who wish to have further information on the joint visit programme may refer to the Trade Department's Notice to Exporters No 47/96 and Certificate of Origin Circular No 10/96 issued today, or enquire with the department's Americas Division.

End

Measures to enhance COMAC's services to CSD inmates

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The Correctional Services Department (CSD) today (Thursday) welcomed the package of measures announced by the Office of the Commissioner for Administrative Complaints (COMAC) to raise the awareness of COMAC's services to inmates in Hong Kong's penal institutions.

A CSD spokesman said the department would facilitate COMAC in the implementation of these measures which did not infringe on either the discipline or security of the penal institutions.

"In an open society, it is important that the channel of communication remain accessible between various groups of the community, including the penal population, and that is why the CSD ensures that all prisoners are made aware of the numerous channels for them to complain.

"These are: Justices of the Peace, members of the Legislative Council, the Office of the Commissioner for Administrative Complaints, the Independent Commission Against Corruption, the Commissioner of Correctional Services and the Governor, to name a few," he said.

"We also have a very effective means of investigating these complaints through our Complaints Investigation Unit.

"However, if an inmate is not satisfied with the outcome of our investigation they are free to take their complaints to any of the other channels mentioned. The department is duty-bound to assist prisoners to take their complaints elsewhere.

"It should be noted that the excellent work done by the Justices of the Peace through the years is very much appreciated by everyone in the Department and I'm sure by the inmates themselves."

End

Paralympic team returns with gold medals

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The Government will welcome the Hong Kong Paralympic Team when they return from the Atlanta Paralympic Games next Tuesday (August 27).

A government spokesman said today (Thursday) it was encouraging to learn of the brilliant achievements of the team, in particular Mr Ben Cheung Wai-leung who had done exceedingly well by winning four gold medals.

The Deputy Secretary for Broadcasting, Culture and Sport, Mr Benjamin Tang, as well as representatives from the Hong Kong Sports Association for the Physically Disabled (SAP) and the Amateur Sports Federation and Olympic Committee (ASF and OC) will greet the delegation at the airport upon their arrival.

The acting Director of Fire Services, Mr John Tsang, and the acting Deputy Director of Fire Services, Mr Hsu King-ping, will also be present to receive Mr Cheung who is a Senior Station Officer of the department.

A press conference will be held at the airport.

The team is scheduled to arrive at 6.50 pm on UA805. Members of the public wishing to greet the team may assemble outside the group passenger holding lounge which is outside the Terminal Building at the eastern end of the arrival level.

End

231 VMs depart on orderly repatriation flights

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Two groups totalling 231 Vietnamese migrants (VMs) returned by air to Hanoi, Vietnam today (Thursday) on the 53rd and 54th flights under the Orderly Repatriation Programme (ORP).

All of the returnees, comprising 76 men, 56 women, 49 boys and 50 girls, are from North Vietnam.

The majority of them arrived in Hong Kong in 1988, with the remaining in 1989.

The two groups brought to 5,035 the total number repatriated on ORP flights since November 1991.

End

Monitors' report submitted to CS

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The monitors appointed to observe the Orderly Repatriation Programme operation this (Thursday) morning have submitted their report to the Chief Secretary.

The two monitors comprised a non-official Justice of the Peace, Mrs Gertrude Judy Lee Kan Oi-ha; and a representative from a non-government organisation, Mr Tai Kie-ying of Christian Action.

End

Consumer price indices for July

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The Consumer Price Index (CPI) figures for July 1996 were released by the Census and Statistics Department today (Thursday).

The year-on-year rate of increase in CPI(A), by reference to the new 1994/95-based series, was 6.1% in July 1996. This was the same as the increases recorded in both May and June based on the same series. (The corresponding rates of increase by reference to the old 1989/90-based series were 6.5% in July, and 6.4% in both May and June.)

CPI(B) increased by 6.4% in July by reference to the new 1994/95-based series (7% by reference to the old 1989/90-based series), same as the increase recorded in June. The Hang Seng CPI, on the other hand, rose by 6.1% (6.6%) over a year earlier, considerably slower than the corresponding increase of 6.6% (7.1%) in June.

The Composite CPI, which is compiled based on the combined expenditure pattern of all households, showed a slower year-on-year rate of increase of 6.2% (6.7%) in July 1996, against 6.4% (6.8%) in June.

A government spokesman said inflation remained generally stable in recent months. Prices of basic food and private housing rentals showed slower year-on-year increases in July than in June.

Against these, the prices of women's outerclothing showed a faster rate of increase; and the prices of some Chinese newspapers were raised back to the original level before the earlier price reduction. Taken together, the year-on-year rates of increase in CPI(A) and CPI(B), at 6.1% and 6.4% respectively in July, were unchanged from those in June.

As for the Hang Seng CPI, the year-on-year increase decelerated further mainly due to a less rapid year-on-year increase in private housing rentals and prices of men's outerclothing.

Analysed by component, faster year-on-year increases than the overall average in July were recorded for housing (9% in CPI(A), 9.7% in CPI(B), 11% in the Hang Seng CPI and 9.9% in the Composite CPI); and alcoholic drinks and tobacco (6.7%, 6.9%, 6.3% and 6.7%).

Meanwhile, those components with slower year-on-year increases in prices than the overall average were durable goods (1.8% in CPI(A), 2% in CPI(B), 2.3% in the Hang Seng CPI and 2% in the Composite CPI); miscellaneous goods (3.8%, 3.2%, 2.3% and 3.1%); fuel and light (3.9%, 3.9%, 5.3% and 4.1%); meals bought away from home (4.2%, 3.8%, 3.4% and 3.9%) and food (excluding meals bought away from home) (5.2%, 5.1%, 5.1% and 5.1%).

As from the reference month of July 1996, the new, 1994/95-based CPI series, which is more reflective of the latest household expenditure pattern, has replaced the 1989/90-based CPI series in analysing consumer price inflation.

The new 1994/95-based CPI has been backdated to October 1994. Year-on-year comparisons of CPIs based on the new 1994/95 series are available starting from the reference month of October 1995 (see Table 2).

Consumer price inflation rates compiled based on the new (1994/95-based) and the old (1989/90-based) CPI series differed only slightly.

Comparing July 1996 with June 1996, the 1994/95-based CPI(A) CPI(B) both increased by 0.2%. The Hang Seng CPI decreased by 0.4%, while the Composite CPI remained unchanged.

Taking the first seven months of 1996 together, the increase in the 1994/95-based CPI(A) averaged at 6.3% over a year earlier. (The corresponding increase in the 1989/90-based CPI(A) was slightly higher, at 6.5%.)

Over the same period, the increases in the 1994/95-based CPI(B), Hang Seng CPI and Composite CPI were 6.7% (7.2%), 7% (7.6%) and 6.7% (7%) respectively.

For the three months ended July 1996, CPI(A) and CPI(B) were, on average, higher by 6.1% and 6.5% respectively over a year earlier. The corresponding increases for the Hang Seng CPI and Composite CPI were 6.5% and 6.4% respectively.

For the 12 months ended July 1996, CPI(A) and CPI(B) were, on average, higher by 6.9% and 7.4% respectively than the preceding 12-month period. The corresponding increases for the Hang Seng CPI and Composite CPI were 7.7% and 7.3% respectively.

The seasonally adjusted monthly rates of increase in CPI(A), CPI(B), Hang Seng CPI and Composite CPI all averaged at 0.3% during the three months ended July 1996.

Further details are shown in Tables 1-2 and Charts 1-4.

More details are given in the Consumer Price Index Report for July 1996, which is on sale at \$37 per copy from the Government Publications Centre, Queensway Government Offices, Low Block, ground floor, 66 Queensway, Hong Kong.

It is also available at the Publications Unit of the Census and Statistics Department, 19th floor, Wanchai Tower, 12 Harbour Road, Wan Chai, Hong Kong.

For local and overseas mailings, contact should be made with the Information Services Department, 28th floor, Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong.

For enquiries about the indices, please telephone the Consumer Price Index Section of the Census and Statistics Department on 2805 6403.

Table 1 Consumer Price Indices and Rates of Increase for July 1996
(Oct. 94 - Sep. 95 = 100)

Component	CPI(A)		CPI(B)		Hang Seng CPI		Composite CPI	
	Index for July 96	% change over July 95	Index for July 96	% change over July 95	Index for July 96	% change over July 95	Index for July 96	% change over July 95
Food	106.2	+4.6	106.0	+4.3	105.3	+3.9	106.0	+4.4
Meals bought away from home	106.3	+4.2	105.9	+3.8	104.8	+3.4	105.9	+3.9
Food, excluding meals bought away from home	106.0	+5.2	106.1	+5.1	106.3	+5.1	106.1	+5.1
Housing	112.0	+9.0	113.4	+9.7	115.4	+11.0	113.6	+9.9
Fuel and light	106.3	+3.9	106.2	+3.9	107.0	+5.3	106.4	+4.1
Alcoholic drinks and tobacco	109.1	+6.7	109.4	+6.9	108.8	+6.3	109.1	+6.7
Clothing and footwear	110.3	+8.7	111.3	+9.5	103.5	+0.4	108.5	+6.3
Durable goods	102.6	+1.8	102.3	+2.0	102.6	+2.3	102.5	+2.0
Miscellaneous goods	104.5	+3.8	103.9	+3.2	103.1	+2.3	103.9	+3.1
Transport	109.3	+6.1	109.0	+6.0	108.1	+5.8	108.8	+6.0
Miscellaneous services	107.3	+6.6	107.5	+6.4	105.8	+4.4	106.9	+5.8
All items	108.0	+6.1	108.5	+6.4	108.6	+6.1	108.4	+6.2

Monthly consumer price indices are compiled on the basis of (a) expenditure patterns of relevant households and (b) prices collected currently in the month. The expenditure patterns underlying the 1994/95-based consumer price indices are based on those patterns derived from the 1994/95 Household Expenditure Survey. The CPI(A) is based on the expenditure pattern of about 50% of households in Hong Kong, which had an average monthly expenditure of \$4,000-\$15,999 in 1994/95. The CPI(B) is based on the expenditure pattern of the next 30% of households, which had an average monthly expenditure of \$16,000-\$29,999 in 1994/95. The Hang Seng CPI is based on the expenditure pattern of the next 10% of households, which had an average monthly expenditure of \$30,000-\$59,999 in 1994/95.

Whereas the CPI(A), CPI(B) and Hang Seng CPI are based on the expenditure patterns of groups of households with different magnitudes of household expenditure, the Composite CPI is compiled based on the expenditure pattern of all these households taken together. Thus, while the CPI(A), CPI(B) and Hang Seng CPI show the impact of consumer price changes on different groups of households, the Composite CPI shows the impact of consumer price changes on the household sector generally.

Table 2 Consumer Price Indices and Year-on-year Rates of Change for October 1995 - July 1996
(Oct. 94 - Sep. 95 = 100)

<u>Year/month</u>	<u>CPI(A)</u>			<u>CPI(B)</u>			<u>Hang Seng CPI</u>			<u>Composite CPI</u>			
	<u>Index</u>	<u>Year-on-year rate of change (%)</u>		<u>Index</u>	<u>Year-on-year rate of change (%)</u>		<u>Index</u>	<u>Year-on-year rate of change (%)</u>		<u>Index</u>	<u>Year-on-year rate of change (%)</u>		
1995	October	104.3	8.0	(8.4)	104.5	8.4	(8.8)	104.7	8.7	(9.4)	104.5	8.4	(8.8)
	November	104.3	7.8	(8.2)	104.7	8.1	(8.3)	105.4	8.2	(8.9)	104.7	8.1	(8.4)
	December	103.9	6.4	(6.6)	104.6	7.2	(7.3)	104.9	7.2	(7.9)	104.5	7.0	(7.2)
1996	January	104.1	5.8	(5.9)	104.8	6.6	(6.8)	105.1	7.3	(7.9)	104.7	6.5	(6.8)
	February	105.4	6.4	(6.6)	105.9	7.0	(7.3)	105.7	7.5	(8.2)	105.7	6.9	(7.3)
	March	106.1	6.5	(6.7)	106.4	7.0	(7.3)	106.3	7.6	(8.2)	106.3	7.0	(7.3)
	April	107.3	6.8	(6.9)	107.8	7.0	(7.4)	107.5	7.1	(7.7)	107.6	7.0	(7.3)
	May	107.1	6.1	(6.4)	107.9	6.6	(7.2)	108.5	6.9	(7.4)	107.8	6.5	(6.9)
	June	107.8	6.1	(6.4)	108.3	6.4	(7.0)	109.1	6.6	(7.1)	108.4	6.4	(6.8)
	July	108.0	6.1	(6.5)	108.5	6.4	(7.0)	108.6	6.1	(6.6)	108.4	6.2	(6.7)

Note: Figures in brackets refer to the old 1989/90-based series.

Chart 1 Year-on-year Rates of Increase
in CPI(A)
(1994/95-based)

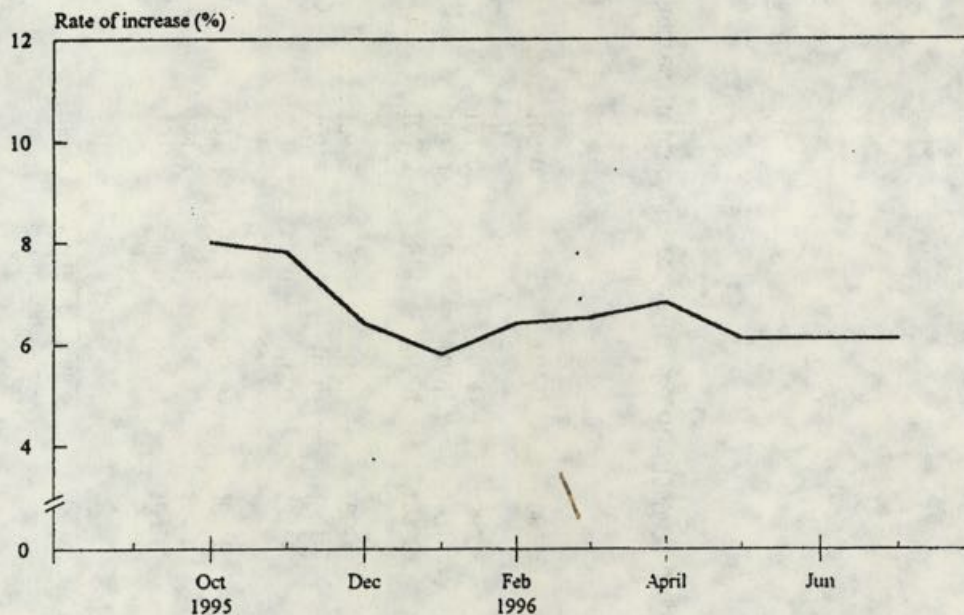


Chart 2 Year-on-year Rates of Increase
in CPI(B)
(1994/95-based)

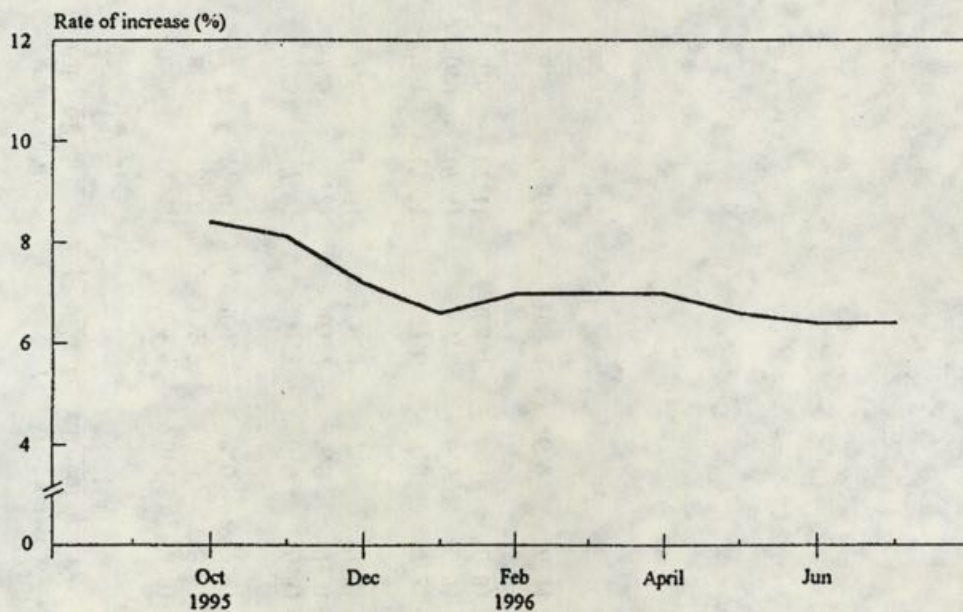


Chart 3 Year-on-year Rates of Increase
in Hang Seng CPI
(1994/95-based)

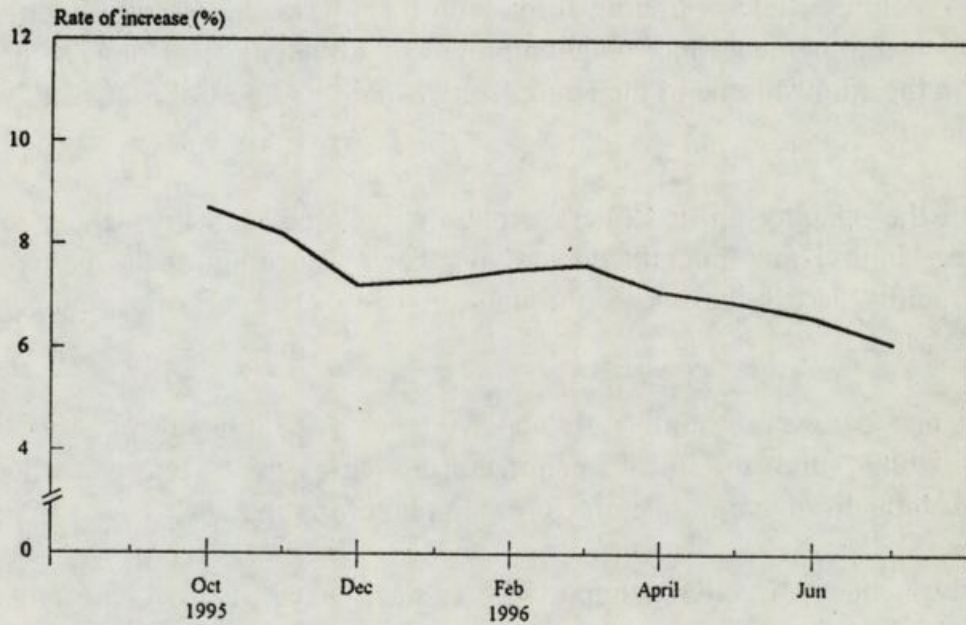
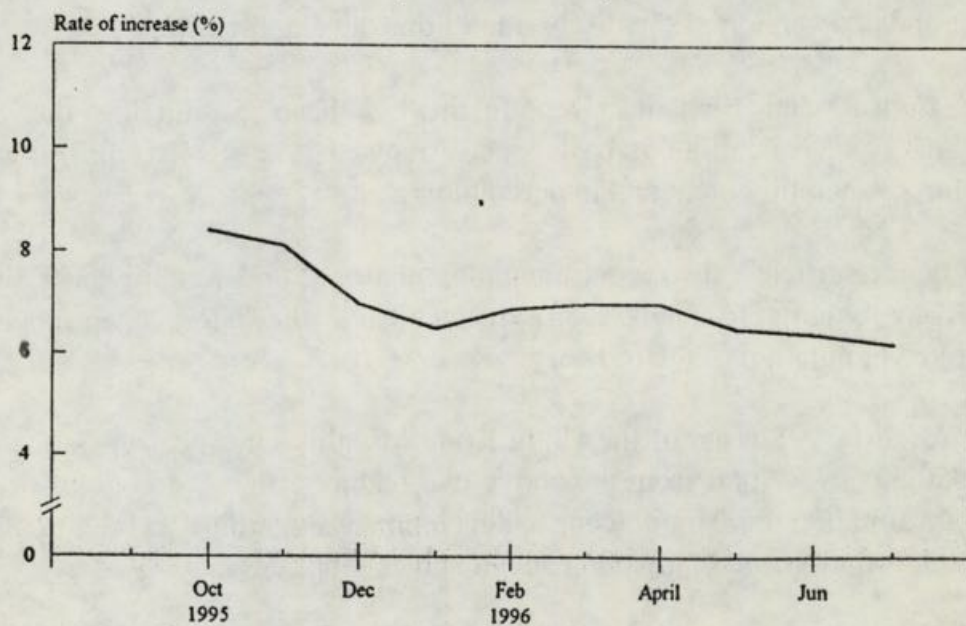


Chart 4 Year-on-year Rates of Increase
in Composite CPI
(1994/95-based)



Statistics digest for August now on sale

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Two feature articles - trading firms with manufacturing-related functions, and the recent unemployment and underemployment situation in Hong Kong - are published in the August issue of the Hong Kong Monthly Digest of Statistics, which is now on sale.

With the opening up of China's economy, coupled with low labour and land costs there, Hong Kong manufacturers have been relocating their manufacturing processes rapidly across the border through sub-contract processing arrangement in China (SPAC).

In some cases, essentially all labour-intensive manufacturing processes are moved to China, and the local manufacturing firms have hence shifted their operational status from that of manufacturing to that of trading.

Besides, many traditional import/export firms have also become engaged in SPAC to take advantage of cheap, abundant resources in China.

There are views that manufacturing firms and trading firms with manufacturing-related functions should be considered similar for certain analytical purposes.

The feature article, Trading firms with manufacturing-related functions, provides an updated version of the discussion of this development.

The Census and Statistics Department has been conducting the general household survey on a continuous basis since August 1981 to collect information on the labour force, unemployment and underemployment.

The feature article - the recent unemployment and underemployment situation in Hong Kong - aims to analyse in greater depth the latest unemployed and underemployed population of the territory.

The August 1996 issue of the Hong Kong Monthly Digest of Statistics is now on sale at \$50 a copy. Apart from the above two feature articles, it contains the most up-to-date information on Hong Kong's development regarding economic growth, labour market, inflation and many other social and economic issues.

This publication can be purchased at the Government Publications Centre, ground floor, Low Block, Queensway Government Offices, 66 Queensway, Hong Kong.

It is also on sale at the Publications Unit of the Census and Statistics Department, 19th Floor, Wanchai Tower, 12 Harbour Road, Wan Chai, Hong Kong.

Regular subscription can also be arranged with the Publications (Sales) Office of the Information Services Department, Tel 2598 8194.

End

Special stamps on HK mountains for sale

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The acting Postmaster General Mr P C Luk, announced today (Thursday) that a set of special stamps on the theme of Hong Kong Mountains will be issued on September 11 (Wednesday).

This set of stamps depicts four famous mountains in Hong Kong. The \$1.30 stamp depicts the crest of the Pat Sin Leng escarpment. The \$2.50 stamp depicts Ma On Shan. The \$3.10 stamp depicts Lion Rock peak and the \$5 stamp depicts Lantau Peak, which is also known as Fung Wong Shan.

The stamps were designed by Mr. Arde Lam and printed by Harrison and Sons of the United Kingdom.

As from August 28 (Wednesday), the stamps will be on display for the advance information of the public at the General Post Office, Tsim Sha Tsui Post Office, Tsuen Wan Post Office and Sha Tin Central Post Office.

Official first day covers will be put on sale at all post offices at \$1 each as from the same day. Advance orders for serviced first day covers will be accepted at all post offices from August 28 to September 4. The minimum number of covers per order is five.

A restriction of 100 stamps of each denomination (viz. 100 sets of stamps) per customer queuing will be imposed on the first day of issue.

A beautifully designed presentation pack containing the four stamps will be available for sale at \$20 each at all post offices as from September 11.

Serviced first day covers affixed with the set of stamps and cancelled with the first day of issue postmark will be placed on sale on September 11 at the following eight philatelic offices at \$15.40 each :

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

On the first day of issue, hand-back service will be provided at all post offices to official and privately-made covers bearing indication of the first day of issue on September 11.

As on previous occasions of first day issue of new stamps, the following 22 post offices will open at 8 am on September 11 :-

Hong Kong

General Post Office, Aberdeen, Shau Kei Wan, Sai Ying Pun, Tsat Tse Mui, Wan Chai, Wah Fu

Outlying Islands

Cheung Chau

Kowloon

Tsim Sha Tsui, Cheung Sha Wan, Kowloon Central, Kowloon City, Kwun Tong, Tseung Kwan O, To Kwa Wan

New Territories

Yuen Long, Shatin Central, Sai Kung, Shek Wu Hui, Tuen Mun Central, Tai Po, Tsuen Wan

End

Speedpost service extended to six countries

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Reciprocal speedpost service will be extended to Ethiopia, Fiji, Ghana, Mauritius, Nepal and Solomon Islands as from Tuesday (August 27), the acting Postmaster General Mr P C Luk, announced today (Thursday).

This will bring the total number of overseas destinations served by speedpost to 80.

The postage rates and delivery standards are as below:

<u>Postage</u>	<u>Ethiopia</u>	<u>Fiji</u>	<u>Ghana</u>	<u>Mauritius</u>	<u>Nepal</u>	<u>Solomon Islands</u>
first 250g	\$165	\$85	\$150	\$190	\$125	\$85
first 500g	\$200	\$90	\$190	\$210	\$140	\$90
each addition 500g (up to total weight of 8 kg)	\$65	\$45	\$80	\$95	\$30	\$45
each additional 500g (in excess of 8 kg)	\$60	\$45	\$75	\$90	\$30	\$45
Kilopak	\$255	\$125	\$260	\$295	\$160	\$125
Delivery Standards (No of working days required)	1-4	1-4	2-5	1-2	1-2	3-5

Speedpost is a fast and reliable service for sending urgent documents, samples and merchandise. It provides next day delivery to most major cities world-wide and reaches more than 1,500 cities in China.

Customers may register for pick-up service or post the speedpost items at any one of the 49 strategically located post offices.

"Hong Kong ranks the third among postal administrations world-wide in terms of the quantity of speedpost items handled, just after USA and Japan," said Mr Luk.

"Customers have found speedpost convenient and reliable. Customs documentation for speedpost items is simple and pick-up service for account customers covers all of Hong Kong, Kowloon and the New Territories.

"Furthermore, charges and delivery standards of Speedpost compare very favourably with the private couriers. Hence the speedpost service has continued to expand in spite of strong competition."

Enquiries about the service should be made to the postal services representatives on 2921 2277.

End

Hong Kong Monetary Authority money market operations

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	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	1,957	0930	NIL
Closing balance in the account	1,940	1000	NIL
Change attributable to :		1100	NIL
Money market activity	+3	1200	+3
LAF today	-20	1500	+3
		1600	+3

LAF rate 4.00% bid/6.00% offer TWI 123.9 *+0.0* 22.8.96

Hong Kong Monetary Authority

Terms	EF bills		EF notes/MTRC			
	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.02	2 years	2808	6.00	99.86	6.17
1 month	5.02	3 years	3907	6.80	100.92	6.55
3 months	5.15	5 years	5106	7.23	100.89	7.13
6 months	5.27	7 years	7305	7.24	99.35	7.50
12 months	5.58	5 years	M503	7.35	99.88	7.51

Total turnover of EF bills and notes - \$6,732 million

Closed August 22, 1996

End