



DAILY INFORMATION BULLETIN

WEDNESDAY, AUGUST 27, 1975

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EFFECTS OF WORLD RECESSION ON HONG KONG'S ECONOMY
ECONOMIC REPORT INDICATES IMPROVING SITUATION
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THE EFFECT OF THE WORLD RECESSION ON HONG KONG'S ECONOMY IS REVIEWED IN DETAIL IN THE LATEST EDITION OF THE ECONOMIC REPORT.

THE REPORT, WHICH COVERS MAINLY EVENTS IN THE FIRST HALF OF 1975, SAYS THE ECONOMIES OF THE MAIN INDUSTRIALISED COUNTRIES ARE EXPERIENCING THEIR MOST SEVERE RECESSION SINCE THE WAR AND THAT THESE DEVELOPMENTS HAVE EXERCISED A DOMINANT INFLUENCE OVER HONG KONG'S ECONOMY.

IT SHOWS THAT THE VALUE OF DOMESTIC EXPORTS IN THE FIRST SIX MONTHS OF THIS YEAR DROPPED BY 15 PER CENT COMPARED WITH THE SAME PERIOD LAST YEAR.

IN MONEY TERMS DOMESTIC EXPORTS WERE WORTH \$9,804 MILLION, A DROP OF \$1,668 MILLION FROM THE FIRST SIX MONTHS OF 1974.

HOWEVER, THE REPORT POINTS OUT THAT THE QUANTITY OF GOODS EXPORTED DURING THE SAME PERIOD FELL BY A SMALLER PERCENTAGE. IN THE FIRST QUARTER THE DROP WAS 10 PER CENT. THIS REFLECTS THE FACT THAT EXPORT PRICES FELL IN THE PERIOD UNDER REVIEW, FOLLOWING RAPID INCREASES IN 1973 AND THE FIRST HALF OF 1974.

THE REPORT INDICATES THAT IN THE FIRST QUARTER OF THIS YEAR, EXPORT PRICES WERE FIVE PER CENT DOWN ON A YEAR EARLIER.

ALTHOUGH THE VALUE OF IMPORTS ALSO DECLINED THIS YEAR, BY 13 PER CENT IN THE FIRST QUARTER AND 20 PER CENT IN THE SECOND QUARTER COMPARED WITH A YEAR EARLIER, IN QUANTITY TERMS THE DECLINE WAS SMALLER - AGAIN REFLECTING LOWER IMPORT PRICES.

DURING THE FIRST SIX MONTHS IMPORTS WERE VALUED AT \$14,819 MILLION - DOWN \$3,020 MILLION ON THE SAME PERIOD LAST YEAR. RE-EXPORTS WERE VALUED AT \$3,213 MILLION, A DECLINE OF \$485 MILLION.

THE REPORT NOTES THAT TEXTILES, PLASTIC PRODUCTS AND ELECTRONICS ARE THE PRODUCTS WHICH HAVE BEEN MOST AFFECTED BY THE RECESSION. ON THE OTHER HAND, IN THE FIRST QUARTER OF THIS YEAR, EXPORTS OF CLOTHING, IN QUANTITY TERMS, RECORDED GOOD GAINS WHILE THERE WERE ALSO INCREASES IN THE EXPORTS OF WATCHES AND CLOCKS.

THE REPORT ALSO POINTS OUT THAT, AS A RESULT OF THE WORLD RECESSION, THE HONG KONG ECONOMY WAS WORKING AT WELL BELOW FULL CAPACITY IN THE FIRST HALF OF THE YEAR.

IN THE LABOUR MARKET, EMPLOYMENT (MOST NOTABLY IN MANUFACTURING) WAS CONSIDERABLY BELOW THE LEVEL OF A YEAR EARLIER, WITH UNEMPLOYMENT AND UNDER-EMPLOYMENT HIGHER.

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IN THE FIRST QUARTER OF THE YEAR THE NUMBER OF PEOPLE EMPLOYED IN MANUFACTURING ESTABLISHMENTS REGISTERED OR RECORDED WITH THE LABOUR DEPARTMENT WAS 522,563, EIGHT PER CENT DOWN ON A YEAR EARLIER, BUT ONLY ONE PER CENT BELOW THE LEVEL IN THE PREVIOUS QUARTER.

THE REPORT NOTES THAT THIS TENDS TO SUGGEST THAT THE DECLINE IN EMPLOYMENT IN MANUFACTURING INDUSTRIES MAY HAVE COME TO AN END.

AT THE SAME TIME, THE RESULTS OF THE MONTHLY SURVEY CONDUCTED BY THE CENSUS AND STATISTICS DEPARTMENT AMONG 200 LARGE FIRMS, INDICATED STABILITY IN MANUFACTURING EMPLOYMENT AND AN INCREASE OF 13 PER CENT IN ORDERS-ON-HAND BETWEEN THE FIRST AND SECOND QUARTERS THIS YEAR.

THE REPORT SAYS THAT DURING THE SECOND QUARTER THERE HAVE ALSO BEEN REPORTS FROM INDUSTRY TO SUGGEST THAT A NUMBER OF FIRMS HAVE RESUMED A FULL WORK-WEEK, INCREASED SHIFT WORKING AND HAVE TAKEN ON ADDITIONAL WORKERS AGAIN.

AGAINST THE BACKGROUND OF A SLACK LABOUR MARKET, MANUFACTURING WAGE RATES REMAINED UNCHANGED BETWEEN THE FIRST QUARTERS OF 1974 AND 1975. THIS IS A REFLECTION OF THE FACT THAT WAGE RATES IN HONG KONG ARE LARGELY DETERMINED BY THE DEMAND FOR AND THE SUPPLY OF LABOUR.

CONSUMERS' EXPENDITURE, HOWEVER, IS NOW BENEFITTING FROM THE STABILITY OF CONSUMER PRICES, THE REPORT ADDS.

IT SAYS THAT, AFTER INCREASING RAPIDLY IN 1973 AND EARLY 1974, CONSUMER PRICES HAVE INCREASED BY LESS THAN TWO PER CENT OVER THE YEAR TO THE SECOND QUARTER. THIS REFLECTS A GENERAL EASING IN IMPORT PRICES IN RESPONSE TO THE REDUCTION IN WORLD DEMAND AND THE ABSENCE OF INTERNALLY GENERATED INFLATION IN HONG KONG.

IN THE PROPERTY SECTOR, THE REPORT NOTES THAT ACTIVITY IN THE BUILDING AND CONSTRUCTION INDUSTRY HAS BEEN DECLINING FOR SOME TIME, AS THE RISING TREND IN THE REAL VALUE OF EXPENDITURE THROUGH THE PUBLIC WORKS PROGRAMME HAS BEEN MORE THAN OFFSET BY A DECLINE IN PRIVATE SECTOR ACTIVITY.

HOWEVER, THE NUMBER OF PLANS FOR PRIVATE NEW BUILDINGS SUBMITTED FOR APPROVAL, THOUGH STILL AT A RELATIVELY LOW LEVEL, HAS STEADILY INCREASED SINCE THE BEGINNING OF THIS YEAR AND IN THE SECOND QUARTER WAS 17 PER CENT HIGHER THAN A YEAR EARLIER.

+THIS MAY WELL PROVE TO BE AN EARLY INDICATOR OF A RECOVERY IN THE BUILDING AND CONSTRUCTION INDUSTRY,+ THE REPORT ADDS.

IN THE SECTION ON MONEY AND FOREIGN EXCHANGE MARKETS, THE REPORT SAYS THAT, DESPITE LOWER INTEREST RATES, THERE HAS BEEN A CONTINUING INCREASE IN TOTAL BANK DEPOSITS SINCE THE BEGINNING OF THE YEAR.

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BANKS' ADVANCES AND LOANS ALSO INCREASED RAPIDLY, BUT LARGELY IN THE CATEGORY OF OVERSEAS LENDING. LOANS AND ADVANCES WITHIN HONG KONG GREW MORE SLOWLY THAN IN EARLIER YEARS, REFLECTING SMALLER DEMAND IN THE FACE OF THE RECESSION.

THE REPORT ADDS THAT, GIVEN THE HIGH RATIO OF BANKS' LIQUID ASSETS TO DEPOSITS - 48 PER CENT IN JUNE - THERE IS SCOPE FOR THE BANKS TO INCREASE THEIR LENDING IN HONG KONG AS AND WHEN DEMAND FOR ADVANCES AND LOANS PICKS UP.

IT POINTS OUT THAT THE EXTERNAL VALUE OF THE HONG KONG DOLLAR, IN TERMS OF A TRADE-WEIGHTED AVERAGE OF OTHER CURRENCIES, IN THE SECOND QUARTER OF THIS YEAR, WAS AT VIRTUALLY THE SAME LEVEL AS IN THE FIRST HALF OF 1974.

AS A RESULT OF THE DOWNTURN IN ECONOMIC ACTIVITY, TOTAL GROSS DOMESTIC PRODUCT, IN CONSTANT PRICE TERMS, SHOWED NO GROWTH IN 1974.

COMMENTING ON THE REPORT, A GOVERNMENT SPOKESMAN SAID THAT THE GENERAL REACTION OF THE ECONOMY TO THE WORLD RECESSION HAS BEEN A LEVELLING-OFF, OR A REDUCTION, IN COSTS AND THE EXTENT OF THIS HAS BEEN SUCH THAT HONG KONG'S EXTERNAL COMPETITIVE POSITION HAS BEEN ENHANCED.

+IT IS ENCOURAGING TO SEE+ HE SAID, +THAT THE HONG KONG ECONOMY IS SHOWING ITS USUAL ABILITY TO ADJUST TO EXTERNAL EVENTS.+

THE HALF-YEARLY ECONOMIC REPORT DATED AUGUST, WHICH REPLACES THE QUARTERLY ECONOMIC REPORTS PUBLISHED IN 1974, WILL BE AVAILABLE SHORTLY FROM THE GOVERNMENT PUBLICATIONS CENTRE.

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HIGHER EX-GRATIA DISTURBANCE ALLOWANCE FOR FARMERS
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THE GENERAL RATE FOR EX-GRATIA DISTURBANCE ALLOWANCE PAID TO FARMERS DURING LAND RESUMPTIONS WILL BE RAISED FROM 10 CENTS TO 40 CENTS PER SQUARE FOOT.

THIS WAS ANNOUNCED TODAY BY THE SECRETARY FOR THE NEW TERRITORIES, MR. DAVID AKERS-JONES, DURING THE MONTHLY MEETING WITH THE HEUNG YEE KUK.

MR. AKERS-JONES SAID THE FOUR-FOLD INCREASE WAS ANOTHER EXAMPLE OF THE FRUITFUL DISCUSSIONS HE HAD HAD WITH THE KUK WHICH HAD CALLED FOR +A MORE REALISTIC DISTURBANCE ALLOWANCE+ FOR FARMERS.

THE SECRETARY ALSO ANNOUNCED THAT THE LAND TRIBUNAL WOULD HANDLE ALL CASES OF LAND RESUMPTION WHICH TOOK PLACE AFTER APRIL 16 THIS YEAR. PREVIOUSLY SUCH CASES WERE HANDLED BY THE ARBITRATION BOARD.

DURING THE MEETING, THE KUK'S CHAIRMAN, MR. CHAN YAT-SUN, REQUESTED THAT THE PROCESSING OF LAND EXCHANGES BE SPEEDED UP.

MR. AKERS-JONES REPLIED THAT AREAS OF LANDS IN TUEN MUN AND SHATIN WERE BEING PLANNED FOR THIS PURPOSE.

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SPOT CHECKS ON TEXTILE CONSIGNMENTS FOR EEC
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TRADE INVESTIGATION INSPECTORS FROM THE COMMERCE AND INDUSTRY DEPARTMENT TODAY BEGAN A SERIES OF CHECKS ON TEXTILE PRODUCTS UNDER APPLICATION FOR LICENSING WITHIN THE D C AND I'S SPECIAL SHIPMENT ARRANGEMENT.

THE CHECKS ARE BEING CARRIED OUT TO ENSURE THE ACCURACY OF INFORMATION GIVEN IN DECLARATIONS BY EXPORTERS AND MANUFACTURERS AND TO PREVENT ANY COMPANY GETTING UNFAIR ADVANTAGE.

THE ACTING DIRECTOR OF COMMERCE AND INDUSTRY, MR. JIMMY MCGREGOR, HAS SAID THAT THE DEPARTMENT WOULD TAKE A HARD LINE TOWARDS ANY COMPANY ABUSING THE SPECIAL SHIPMENT ARRANGEMENT.

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+THE QUEEN IN HONG KONG+
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'THE QUEEN IN HONG KONG' PROVIDES A DRAMATIC RECORD OF AN HISTORIC VISIT.

ELEVEN MINUTES LONG, IN ENGLISH AND CHINESE LANGUAGE VERSIONS, THE COLOUR FILM VIVIDLY RECALLS THE EXCITEMENT AND WARMTH WHICH CHARACTERISED EVERY SECOND OF THE THREE-DAY VISIT TO HONG KONG BY THE QUEEN AND PRINCE PHILIP ON MAY 4-7.

MADE BY THE INFORMATION SERVICES DEPARTMENT THE FILM BEGINS WITH A BRIEF CATALOGUE OF THE HISTORY AND ACHIEVEMENTS OF HONG KONG.

THEN IT IS STRAIGHT IN TO THE TUMULTUOUS FLAGWAVING WELCOME WHICH GREETED THE ROYAL COUPLE AS THEY ARRIVED AT KAI TAK AIRPORT AND MADE THEIR WAY BY CAR AND LAUNCH TO QUEEN'S PIER.

THE SIGHTS AND SOUNDS OF WATER JETS, CANNON, SHIPS SIRENS, MILITARY MUSIC AND THE HELICOPTER FLYPAST RIVAL THE REAL THING IN IMPACT AND IMMEDIACY.

THE CAMERAS CAPTURE THE ROYAL COUPLE AND MANY GUESTS AT THE MEMORABLE CITY HALL BANQUET BEFORE FOLLOWING THEM, HOUR BY HOUR, ON THEIR INFORMAL VISITS TO GRAHAM STREET MARKET, MORSE PARK, OI MAN ESTATE, THE OUTWARD BOUND AND THE POLICE TRAINING SCHOOLS, TSUEN WAN, KWAI CHUNG AND THE HAPPY VALLEY RACES.

THE SPECTACULAR WATER PAGEANT AT ABERDEEN AND THE GRAND CARNIVAL AND PROCESSION AT KOWLOON PARK AND NATHAN ROAD FORM THE FINALE OF THE FILM AS THEY DID OF THE VISIT.

EVERYONE IN HONG KONG WILL HAVE A CHANCE TO SEE THE FILM WHEN IT IS SCREENED ON ALL TELEVISION CHANNELS TOMORROW, THURSDAY, AUGUST 28.

THE TIMES ARE: TVB JADE, 7.55 P.M. TVB PEARL, 8.35 P.M. RTV CHINESE, 6.05 P.M. AND RTV ENGLISH, 10.20 P.M.

THIS UNIQUE FILM CAN ALSO BE BOUGHT AND ORDERS MAY BE PLACED AT THE GOVERNMENT PUBLICATIONS CENTRE, STAR FERRY, AND AT THE INFORMATION SERVICES DEPARTMENT, BEACONSFIELD HOUSE, QUEEN'S ROAD, HONG KONG.

IT IS AVAILABLE IN 16 MM AND SUPER EIGHT OPTICAL AT A COST OF \$850 AND SUPER EIGHT MAGNETIC AT \$950.

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NEW COMPANIES JOIN RICE IMPORTING TRADE
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SEVEN NEW COMPANIES HAVE JOINED THE RICE IMPORTING BUSINESS IN HONG KONG, BRINGING TO 45 THE NUMBER OF FIRMS AUTHORISED TO IMPORT RICE.

THE NEWCOMERS WERE SELECTED BY BALLOT HELD IN PUBLIC AT THE CITY HALL THIS MORNING.

THEY ARE THE MAY SUN CHAN CO., LTD, THE SUEN YUE CO., LTD, F. FELD AND CO., HIP YICK, KING'S DYEING AND WEAVING CO., YUEN TAI TRADING CO., AND TUNG TAI HONG.

A TOTAL OF 74 FIRMS TOOK PART IN THE BALLOT WHICH WAS WITNESSED BY THE DEPUTY DIRECTOR OF COMMERCE AND INDUSTRY, MR. ROY PORTER, MR. A.W. VERNAS, MR. M.C. LEE AND MR. P.Y. WONG, MEMBERS OF THE TRADE AND INDUSTRY ADVISORY BOARD AND MRS. O. RAHMIN, ADMINISTRATIVE SECRETARY OF THE CONSUMER COUNCIL.

THE BASIC AIM OF INCREASING THE NUMBER OF RICE IMPORTERS IS TO EXPAND THE SCOPE FOR COMPETITION IN THE TRADE AND, BY DOING SO, TO PROTECT FURTHER THE INTEREST OF THE CONSUMER.

BUT THE INCREASE MUST BE LIMITED TO A REASONABLE NUMBER TO ENSURE THAT THE EXISTING PATTERN OF TRADE IS NOT DISRUPTED AND THAT EACH REGISTERED IMPORTER WILL HAVE SUFFICIENT BUSINESS TO MAKE IMPORTING OF RICE A VIABLE PROPOSITION.

IN A BRIEF ADDRESS PRIOR TO THE BALLOTING, THE DEPUTY DIRECTOR OF COMMERCE AND INDUSTRY, MR. ROY PORTER SAID:

+THE HONG KONG GOVERNMENT AVOIDS CONTROLS ON ITS TRADE BUT IT DOES NOT AVOID ITS RESPONSIBILITIES AND THERE ARE CLEARLY OCCASIONS WHEN, FOR THE PROTECTION OF THE PUBLIC, IT IS NECESSARY TO IMPOSE CONTROLS OF ONE TYPE OR ANOTHER UPON CERTAIN SECTORS OF TRADE AND INDUSTRY.

+THE RICE TRADE IS AN OBVIOUS CASE IN POINT. THIS IS THE STAPLE FOOD OF OUR POPULATION AND SUCH AN IMPORTANT COMMODITY SHOULD NOT BE LEFT ENTIRELY IN THE HANDS OF COMMERCIAL CONCERNS.

+LAST YEAR THERE HAD BEEN GREAT DIFFICULTIES IN THE IMPORT TRADE STEMMING LARGELY FROM CROP FAILURES THROUGHOUT THE WORLD AND THERE WAS A CONSEQUENT BIG INCREASE IN THE PRICE OF RICE. ALTHOUGH THE COMMERCE AND INDUSTRY DEPARTMENT STEPPED IN WITH STIFFER CONTROLS, INCLUDING FOR THE FIRST TIME PRICE CONTROLS, THE PUBLIC WAS ALARMED AT THE SITUATION AND AMONG OTHER THINGS FELT THAT THE RICE TRADE HAD FOR TOO LONG BEEN IN THE HANDS OF THE SAME COMPANIES.

/+THE CONSUMER

+THE CONSUMER COUNCIL FOLLOWED THIS UP AND AFTER AN INTENSIVE STUDY OF THE TRADE, ADVISED THE GOVERNMENT THAT THE NUMBER OF RICE IMPORTERS SHOULD BE INCREASED. ACTING ON THIS ADVICE THE COMMERCE AND INDUSTRY DEPARTMENT DECIDED TO RECOMMEND AN INCREASE OF SEVEN IN THE NUMBER OF REGISTERED RICE STOCKHOLDERS AND THIS RECOMMENDATION HAVING BEEN ACCEPTED BY THE GOVERNMENT, WE ARE HERE TODAY TO SELECT SEVEN NEW COMPANIES.

+EACH OF THE NEW COMPANIES WILL NOW BE OFFERED BETWEEN 8-12 SHARES OF QUOTA, EACH SHARE BEING EQUIVALENT TO 90 METRIC TONS PER QUARTER.

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 GOVERNOR TO VISIT MONG KOK TOMORROW
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NOTE TO EDITORS:

THE GOVERNOR, SIR MURRAY MACLEHOSE, WILL CONTINUE HIS INSPECTION TOUR OF VARIOUS MUTUAL AID COMMITTEES TOMORROW (THURSDAY) WITH A VISIT TO CROWDED MONG KOK DISTRICT IN KOWLOON.

HE WILL BE ACCOMPANIED BY THE DEPUTY DIRECTOR OF HOME AFFAIRS, MR. AUGUSTINE CHUI KAM.

SIR MURRAY WILL ARRIVE AT LAI YING BUILDING, 780-782 NATHAN ROAD AT 2.45 P.M. WHERE HE WILL BE MET BY THE MONG KOK CITY DISTRICT OFFICER, MR. CANICE MAK, AND MUTUAL AID COMMITTEE REPRESENTATIVES.

THE PARTY WILL TOUR THE 14-STORY BUILDING TO SEE THE GENERAL CONDITION AND IMPROVEMENTS INTRODUCED BY THE BUILDING'S M.A.C.

AFTER A MEETING WITH MEMBERS OF THE BUILDING'S M.A.C., THE GOVERNOR WILL PROCEED TO YUEN FAT BUILDING AT NO. 1 NELSON STREET. THIS 23-STORY BUILDING HOUSES ABOUT 4,000 PEOPLE AND USED TO BE A FREQUENT TARGET FOR BURGLARS, UNTIL THE FORMATION OF A MUTUAL AID COMMITTEE IN 1973.

THE GOVERNOR WILL BE BRIEFED ON THE PROGRESS OF THE BUILDING'S M.A.C. AND MEASURES BEING TAKEN TO FURTHER IMPROVE THE GENERAL ENVIRONMENT.

THE VISIT WILL END AT THE TAI KOK TSUI CITY DISTRICT SUB-OFFICE WITH A MEETING WITH REPRESENTATIVES OF 19 MUTUAL AID COMMITTEES IN THE DISTRICT.

THE WHOLE VISIT IS EXPECTED TO LAST ABOUT THREE HOURS.

MEDIA REPRESENTATIVES ARE WELCOME TO COVER THE VISIT.