



DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
GARDEN ROAD, 5th-8th FLOORS, MURRAY BUILDING,
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Thursday, March 13, 1997

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Transcript of FS's press conference

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Following is the transcript of the press conference on the 1997/98 Budget by the Financial Secretary, Mr Donald Tsang; and the Secretary for the Treasury, Mr K C Kwong, at GIS press conference room this afternoon (Thursday):

Mr Donald Tsang (in Chinese): So today we meet again to talk about the Budget. I hope that - and actually it has already happened - both the members of the public as well as members of LegCo have already expressed certain views with regard to my Budget yesterday. And so today we are to meet the press members again - it would be helpful.

Response has been made by members of the public, the press as well as LegCo, on my Budget and some of them are criticisms while others are favourable and I think the response revolves around two main themes. First we have a large surplus, why don't we spend it? And if we are not spending it, are we being too miserly? And secondly, for CSSA, why is it that it has not been increased? I think these are the two main themes most of the responses centred around.

About our prudent fiscal management policy, actually we have put a lot of effort into such a policy over the years and the surplus is the result of that policy. And the reason why we have such large reserves is that the years of prudent fiscal management have enabled us to suppress inflation and we could contain government spending so that the civil service is efficient and it is not unwieldy. The result of such efforts is the surplus as well as the reserves.

We have our own fiscal management philosophy because over the years we have been keeping the increase in government spending within the trend economic growth rate and this is a philosophy that we have been applying all along.

Now, with regard to the CSSA for the elderly, in the past few years, especially with regard to recurrent expenditure, the figure has been on the increase every year and for the past five years the real term growth in welfare spending is over 80%. That is discounting inflation. Three years ago we revamped the CSSA system and over the past three years the real term growth is over 90%. And if we use 97/98 as a reference point, recurrent welfare spending accounts for over 10% of total public expenditure and I think this level is acceptable and is satisfactory.

As I have explained yesterday, for this year we have already exhausted all the room for manoeuvre within the 5% growth in public sector spending and if we were to increase further spending on welfare it would mean either we would have to take away from other areas of expenditure or we have to do away with our fiscal management philosophy. In other words we have to allow the 5% spending limit to be exceeded.

And if we look at it from a selfish point of view, if we look at it from a short-sighted point of view, maybe some sectors would feel that this is actually a good thing. But as a responsible government we believe that this is undesirable. As I said earlier on, if we do it, even if we are to do it only once, then we are going against our own principle. Article 107 of the Basic Law aside, even if we were allowed to do so under the Basic Law, all international investors and all local investors would lose confidence in us because we are showing to those people that we do not abide by our principles and that would have dire consequences.

We are now projecting the future surplus basing on economic growth rate and if we are to trample on our own fiscal management policy then I am sure our economic performance will be affected. And if that happens would we be able to shoulder financially large infrastructural development projects? And also our recurrent spending will suffer. Even if we are to keep the present level of recurrent spending it would cause difficulties and so that would be quite undesirable. And that is why I believe we have to be very, very careful about this.

And also, in my Budget Speech I already mentioned that it is not that we are totally neglecting the CSSA and other services. That's not the case at all. We will keep improving upon them and I am sure the SARG will continue to make efforts to look after those who are vulnerable in our community.

Looking at our own reserves, after the transition we will review our reserves, we will review the size of it and we will think of ways to invest it and I am sure Mr Tung and my own team will be looking at this. I don't want to say anything further, I just wish to make an initial response to the views expressed so far on my Budget and I hope that the press will look deeper into the relevant philosophies and the theories.

Question 1 (in Chinese): Concerning the increase of tax allowances, would you be worried that the tax bands would be narrower? And also, would it affect the stability of the tax regime?

Mr Donald Tsang (in Chinese): As I said in my Budget Speech, although the tax bands have been adjusted and the tax allowances have been raised, however at present those who are paying taxes are economically very active and so they have a higher capability of increasing their income than the average person and so even if they leave the tax net for a year it is highly probable that next year they will join the tax net again. And so our present proposed adjustment to the tax bands and tax allowances would not affect the tax net or the tax base and we believe that this is already a conservative approach. Just now I am asked whether there will be dire consequences. I don't believe so.

Question 2 (in Chinese): I would like to ask about land supply. In your Budget Speech you mentioned that land supply is a long term thing but what about short to medium term? Your Budget Speech mentions that in the near term there is still pressure for property prices to go up but we don't see any special measures in order to dampen speculation. So are you going to allow property prices to continue to rise in the coming couple of years?

Mr Donald Tsang (in Chinese): Indeed there is some pressure in the market. Probably in the coming couple of years the supply will still not be as abundant as the time further beyond that, however the supply will increase by 46% over the next five years. And as I said, I am going to get together with my colleagues and we will try to find ways in order to streamline our internal procedures and then also to see whether we can put together a further increase in supply beyond the increase of 46%. And there are other things we could do. Of course those will be administrative measures and if there is evidence to show that speculation is getting out of control we will put together administrative measures which can happen very soon. It could happen within one day. We could make an announcement within one day and so no speculation is called for on what we are going to do.

And also, the government has some quarters and the government has its own Home Purchase Scheme for the civil service and that is why some of the quarters have been vacated. And in 1997 we can put into the market for sale large residential flats numbering 400 and that should relieve property prices somewhat.

Question 3: Mr Tsang, could you outline what, if any, risks there are to changes in the Budget following the handover, from the provisional legislature? Is that a legitimate concern, that there could be some changes?

Mr Donald Tsang: As far as I am concerned my top priority at the moment is to secure the agreement of the Legislative Council to my Budget. I am working one step at a time, like Mr Tung said. I think this is the best tactic for the time being. But we must all remember, the Budget I am proposing to the legislature now is one which has been agreed by an expert group set up under the Joint Liaison Group. In other words it has been agreed by Hong Kong Government, prepared by the Hong Kong Government, and agreed also by the Chinese Government. It has been a joint enterprise. So for that reason, I am reasonably confident that it will command the support of the Chinese side as well as the Chief Executive. So there you are. My priority, as I said, is to try to get my LegCo to agree it for the time being.

Question 4 (in Chinese): Mr Tsang, you said that in the coming year you have large civil service quarters being put out but the speculation in the market is about large flats and this speculation may go down to medium and small flats. And in your Budget you say that the stamp duty for flats below \$4 million will be relaxed. But you said that last year, upon the relaxation, the property prices more or less offset the concession. Do you have confidence that this proposal this time can really ease the situation about small flats below \$4 million?

Mr Donald Tsang (in Chinese): Well, you more or less have answered your own question. I think your main point is this. That is whether our threshold of \$4 million is useful. Actually, we want to encourage people to purchase homes. We want to reduce stamp duty and we think that for the small and medium priced flats that will be useful, especially for HOS flats and the small flats. I think we can help people ease their burden and it is good if they can purchase homes. It is very simple, that is our objective.

Question 5: Mr Tsang, as Hong Kong's \$32 billion dollar man, are you under any sort of pressure? On the radio this morning there were a lot of calls that were expressing outrage and even shame that there was this much money and some of the people on the fringes of society weren't being addressed. Are you under any pressure and what is your reaction to this sort of bubbling outrage, even from some supporters of the Budget? The Liberal Party, for example, yesterday, while they supported the Budget demanded that Mr Tung take some action for people on the fringes. Can you react to that?

Mr Donald Tsang: Well it is, I think, part of the job to be under pressure as Financial Secretary in Hong Kong. But in fact I quite enjoyed today's exchange on the radio programme, I didn't hear any outrage, nor did I think I was told to be ashamed of myself this morning. I hope we were listening to the same programme.

I have explained already in the Budget that the coming year's surplus is rather exceptional. I am sure Mr Kwong is more eloquent than me in explaining this. It is rather exceptional in that we are changing accounting arrangements for our land sale receipts this year and we credited to Hong Kong General Revenue the entire land sale receipts and premium payments because we no longer shared it out with the Land Fund. And at the same time we are also in receipt of the Land Fund. So all these things come into play. I do not feel ashamed of ourselves and I have said that I am very proud that we have been acting in a conservative manner at this critical time and we have to make sure that the SAR Government at its time of birth will be in a very strong and robust financial position. I don't know whether Mr Kwong has anything to add to that.

Mr K C Kwong: Not really.

Question 6 (in Chinese): Mr Tsang, is it that there will be 400 civil service units to be taken out to the market? Now if these are sold what money will you get and won't that stimulate the speculation of large flats?

Mr Donald Tsang (in Chinese): We are not trying to encash the revenue in this regard, we have enough finances. We just want to add to the supply. Now if you add to the supply, according to economic theory the prices will stabilise. We don't believe that getting more supply will stimulate speculation. If we have more supply speculation can be dampened.

Question 7: Mr Tsang, my question pertains to the size of the surplus and to the railroad development scheme. Your surplus for this year came in at a bit over \$15 billion. Some people had predicted between 24 and 25 (billion). But I notice that in the MTRC Annual Report there is deferred profit of \$9 billion. I am wondering why that wasn't returned to the government as a dividend and I am wondering if it wasn't returned as a dividend because it would have ballooned the size of your surplus?

Mr Donald Tsang: I think that conspiracy theories abound on the accounting arrangement. I have never said about 20 or 25 billion dollars. That has been speculated in the media. I'm sorry in disappointing you by some more reliable forecasts we have made for the coming year. Our forecast is about \$15 billion for 1996/97. As far as the dividend from our various corporations is concerned, they give it to me at the time which they think fit. These are statutory bodies not entirely within my control but I can assure you, Francis, there has been no conspiracy at all - deliberately trying to fiddle our books for the purpose.

Question 8: I am not suggesting that there was a conspiracy Mr Tsang. I am just wondering whether in fact if it had come over it would have pushed up the size of the surplus and added pressure to you. But the second and perhaps more important point?

Mr Donald Tsang: Okay, well my colleagues have volunteered to talk about the MTRC. Let me say this. I just want to say that these investments have been made - unexpected revenue to come to Hong Kong Government. But you see what is the point of deferring a statement? If I did that, if I deferred it, it would just further increase the surplus I am forecasting for 1997/98. In other words the chicken will certainly come home to roost at some stage wouldn't it?

Mr K C Kwong: On the MTRC profits, in fact I think you are referring to the upfront payment they have received for the property development along the airport railway. But because of the need to abide by the accounting rules established by the Hong Kong Society of Accountants not all of the up front payments can be recognised in the books in the current year, they can only be recognised in phases depending on the progress of the works. So they have already recognised in their books as much as they could but not all of the many billion dollars could be recognised and therefore in assessing the dividend that we should demand from them we can only take into account the profits which they can recognise.

Mr Donald Tsang: There you are. From the mouth of the Director of the MTRC Board.

Question 9: But the implication would be, sir, that if they had this much equity in hand and that is not all the equity they have in hand, they would have tremendous borrowing power, even more than they had at the time you were discussing the airport when they said they could build it on their own money and borrowing without ever coming to the government to begin with. So I am wondering why they just don't use that equity and their borrowing power to build the railroad instead of you having to put aside all this money equal to the potential costing of it over the next three years?

Mr K C Kwong: But Francis, you have got a fallacy there. If the money cannot be recognised in their books as profits it is not money which is usable. It is not even equity.

Question 10 (in Chinese): Mr Tsang, after the changeover if Mr C H Tung wants to proceed with certain welfare projects or other public schemes will the present financial reserves be enough to support all these schemes?

Mr Donald Tsang (in Chinese): I don't want to answer these hypothetical questions. As I said, we do have an objective. That is, when the SAR is set up Hong Kong can have very healthy finances and can have a cushion, and we hope that this can be achieved.

Question 11 (in Chinese): About the reduction of stamp duty for flats under \$4 million, you mentioned that for these flats, these small and medium sized flats, most of them are usually HOS flats. I would like to know how did you arrive at that conclusion, how did you arrive at the conclusion that flats under \$4 million are mostly HOS flats?

Mr Donald Tsang (in Chinese): I am saying that we are trying to assist those who are buying these small and medium size flats so that they will find it easier to become home-buyers and we believe that most of these flats are HOS and PSPS flats. Of course some of them are private flats. But even if they are private flats they will be in the lower and middle end of the market and they need our assistance more.

Question 12 (in Chinese): Mr Tsang, some LegCo members feel that since you are sitting on such large surplus you could afford to freeze fees and charges for government services. What do you have to say about that and how do you think it would impact on the government's revenue?

Mr Donald Tsang (in Chinese): I think we have to exercise discipline when it comes to fiscal management and if there is one day when we give up all our discipline it would not be wise on our part. And I am sure LegCo members will also treat this wisely. As I said, the reason why we have such a size of reserves is because of all the years of prudent fiscal management that we have effected and if we throw all of these philosophies out of the window, including abandoning the users pay principle, then the consequence would not be desirable.

Question 13 (in Chinese): Last year you projected for the reserves and surplus for 97/98. Now if you compare this to your present estimate for next year's surplus and reserves you find that there is an increase of over \$30 billion. Why is it that this year's estimate shows a larger sum than last year's estimate? Is it because of your estimate of reduction in spending for non-recurrent projects?

Mr Donald Tsang (in Chinese): I think my Budget Speech has already mentioned this and it is because of non-recurrent revenues increase, especially with regard to stamp duty and land revenue and under-spending and so on and so forth.

Question 14 (in Chinese): But that is for 97/98, not 96/97. Last year your Budget also projected the reserves for 97/98 to be reaching \$320 billion but this year your estimate is \$360 billion. There is a difference of \$40 billion.

Mr Donald Tsang (in Chinese): But the total is a cumulative figure. It is rolled on year on year and so what is in 96/97 will be added on in 97/98.

Reporter (in Chinese): But that should only show an increase of over \$10 billion.

Mr K C Kwong (in Chinese): But what you said should mention the Land Fund. In 96/97, Mr Tsang in his Budget Speech then already mentioned clearly that because of the surplus in 96/97 the 96/97 surplus is \$14 billion and for 96/97, if you look at land sales revenue it also showed an increase of over \$20 billion over the original estimate. The over \$20 billion in 96/97 is not totally reflected in the books in 96/97 because we have to share it with the Land Fund and that is why it is reflected only in 97/98, and together they already make over \$30 billion. And just now you mentioned over \$40 billion and so most of the \$40 billion comes from the \$30 billion and the minority of it comes from under-spending in the Capital Works Fund.

Reporter (in Chinese): But that only accounts for a small proportion but the difference is over \$10 billion.

Mr K C Kwong (in Chinese): The two major figures are the ones I mentioned but of course there are other more minor figures.

Question 15 (in Chinese): Mr Tsang, you always stress that we should exercise discipline in fiscal management but you also said that the reserves should be at a level where one year's expenditure can be financed.

Mr Donald Tsang (in Chinese): This year the annual expenditure is over \$200 billion. The fiscal reserve is only about \$190 billion.

Question 16 (in Chinese): But what about the Land Fund?

Mr Donald Tsang (in Chinese): The Land Fund only comes into play after 1 July 1997 and so we have to take it one step at a time.

Moderator (in Chinese): The press conference has already ended.

Mr Donald Tsang (in Chinese): I think that question has been dealt with this morning many, many times.

End

CS: Hong Kong must respond to changes

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The Chief Secretary, Mrs Anson Chan, said this (Thursday) evening that Hong Kong, as a living metropolis, must respond to changes that we see all around us but at the same time we must have the wisdom and the courage to resist attempts to change what must not be changed.

Speaking at the dinner of the Federation of Hong Kong Industries, Mrs Chan urged Hong Kong people to stand united in our resolve to make the "one country, two systems" concept work.

The rule of law, respect for the individual, civil liberties, freedom of expression, of assembly, a level playing field, a meritocratic, politically neutral civil service, open and transparent in its dealings and accountable to the community and to the legislature - these are the values and systems which have produced the Hong Kong that we all know and love, she said.

"We must cling fast to them if Hong Kong is to retain its position in the world league as we move towards the 21st century."

"We have spent the last 13 years putting together this foundation that will enable the HKSAR to exercise a high degree of autonomy," she said.

Mrs Chan told the audience that on the political front, Hong Kong had seen a number of major developments in the last three months.

First and foremost was the election of the Chief Executive of the HKSAR last December. "Mr C H Tung of course needs no introduction. His appointment has been very well received here," she said.

"We are doing all we can to assist Mr Tung in preparing for the establishment of the SAR Government."

Another major development is the appointment by Mr Tung of his Executive Council. As the highest policy-making body in Hong Kong, the SAR Executive Council will play a key role in mapping out our future plans beyond the transition, she said.

The nomination of principal officials on February 20 marked yet another major step in preparing for the establishment of the SARG on July 1.

"The news that all eligible serving principal officials are re-appointed to their existing posts and the announcement on the new Secretary for Justice and the new Commissioner, ICAC have all been very well received by the community and the wider investing public."

She added that it also bodes well for continuity of our existing systems and policies after 1997.

Mrs Chan said that even one year ago, no one could have expected that Hong Kong would be in such a good shape in the final lap of the transition.

"Economically, we are doing very well. For most businessmen and international investors, 1997 has come and gone. We expect a steady growth of 5 per cent per annum in our GDP in the medium term. Inflation has moderated considerably in the last twelve months and unemployment has dropped back to around 2.6 per cent."

IMF not only considers that Hong Kong's macroeconomic conditions are healthy, but it also gives firm and clear endorsement of the continuation of Hong Kong's existing policy framework, namely prudent fiscal policy, the linked exchange rate system and firm financial regulation, she said.

The Chief Secretary expected that the remaining 100 odd days would be no less trying and challenging than what we had experienced in the final years of the transition.

Despite the hard work of both the British and Chinese Governments, there are still a number of important transitional issues that remain to be resolved, she said.

These include crucial questions like the right of abode, our bilateral civil aviation links, localisation of laws, reciprocal enforcement of judgements, etc.

"We are re-doubling our efforts in the hope that we could complete most of the outstanding work at the next JLG meeting. But we need cooperation from both sides and are acutely aware that time is running out."

Speaking on Hong Kong as an enterprise environment, she said the best industrial development policy for Hong Kong was one that reflected its basic economic philosophy, namely that the market was the best means of determining the most efficient allocation of the factors of production: land, labour and capital.

This policy was driven by three considerations, she said.

The first is Hong Kong's openness and the complete exposure of our industries to international competition.

Secondly, business decisions are best left to business people and thirdly government should confine its role to providing what the market is unable to or not good at providing.

End

Application for leave by prisoner

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In response to press enquiries on the case of a prisoner detained under Her Majesty's Pleasure regarding his application of leave of absence, the Correctional Services Department today (Thursday) issued the following statement:

"The Commissioner of Correctional Services, Mr Raymond Lai Ming-kee, expressed his sympathy towards the prisoner detained under Her Majesty's Pleasure, whose parents were killed in a traffic accident in Yuen Long on March 6.

His case has attracted public interest and sympathy. In the past several days, the Correctional Services Department (CSD) has received appeals from different people including some LegCo members to allow him to attend the parents' funeral service.

In fact, the prisoner himself has already applied to the department for leave to attend his parents' funeral service and his application is being sympathetically considered.

The department is in touch with the family. However, according to the CSD spokesman details will not be publicised in order to respect the privacy of the prisoner and the family, as well as for consideration of security."

End

DBs consulted on traffic measures for fireworks display

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District boards and members of the public will be consulted on the Government's preliminary proposal on crowd control, special traffic and public transport arrangements for the official opening ceremony of the Lantau Link.

A spokesman for the New Airport Projects Co-ordination Office (NAPCO) said today (Thursday) that the highlight of the opening ceremony will be a 20-minute long fireworks display which will start at 8 pm on Sunday, April 27.

The spokesman said that since large crowds may turn up at Castle Peak Road and its adjacent beaches and Tsing Yi to view the fireworks, special crowd control, traffic and transport arrangements have been proposed by an inter-departmental working group to ensure public safety.

"Every effort will be made to minimise the inconvenience caused by traffic diversion and road closure but we appeal to residents in the affected areas to bear with us and help us to make the opening ceremony of the Lantau Link, Hong Kong's newest landmark, an occasion to remember," said the spokesman.

He said that those members of the public wishing to watch the display from the nearest vantage point at Castle Peak Road should, however, be aware that although special arrangements will be in place on the day, there could still be lengthy hold-ups along the roads after the event if the numbers turning up are large.

Members of the public may wish to consider the alternative of watching the fireworks display on television rather than have to face the prospect of lengthy delays before getting home that night.

The spokesman said that the special measures had been drawn up after taking into account the following factors:

- * the need to ensure public safety at various locations, especially along the stretch of Castle Peak Road facing the Lantau Link and the adjacent beaches;
- * the need to minimise inconvenience to local residents who live at these viewing points or their vicinity as well as the travelling public who may have to use the connecting road network;
- * the need to disperse large crowds who may turn up at these viewing points on April 27 as expeditiously as possible; and

- * the experience gained during the recent Gold Coast fireworks display on crowd control and public transportation arrangements.

In a consultation paper to district boards, the Government said that part of a preliminary proposal on special arrangements recommended by the inter-departmental working group was that the section of Castle Peak Road between Hoi On Road and Siu Lam Interchange should be closed to traffic and reserved for pedestrians only from 5 pm to around midnight. Adjoining roads in the area will also be closed to traffic.

Arrangements will be made to provide access within the closed section of Castle Peak Road for emergency vehicles.

The spokesman said that the inter-departmental working group comprised, among others, representatives from the Police, Transport, Home Affairs and Marine Departments as well as NAPCO.

He said that road safety in the section of Tuen Mun Road between Hoi On Road and Siu Lam Interchange is a particular concern when the fireworks display is about to take place.

"Past experience shows that most drivers would slow down or even stop their vehicles to watch the fireworks display, thus causing potential hazards to themselves and other vehicles," he said.

To deal with this problem, it is proposed that traffic on Tuen Mun Road be regulated from 7.30 pm onwards and all traffic will be stopped from 7.30 pm to 8.20 pm to ensure public safety.

As for Tsing Yi island, the intention is to avoid road closures as far as possible but the Police may have to stop traffic on a section of Tsing Yi Road West between Ching Hong Road and Sai Tso Wan Road if the situation calls for it.

The Kowloon Motor Bus Company and the Kowloon Canton Railway Corporation will provide 440 buses to run special services to disperse the crowds after the fireworks display. These buses will pick up passengers from designated boarding points on Castle Peak Road to either the Tsuen Wan MTR Station or the Tuen Mun Ferry Light Rail Transit Terminus.

It is estimated that the buses will be able to carry 50,000 spectators within the first two hours after the display.

To speed up the dispersal, it is proposed that the Kowloon-bound carriageway of Castle Peak Road, from its junction with Hoi On Road to Tsuen Wan, be pedestrianised so that spectators can walk to the Tsuen Wan MTR Station if they choose to do so. The station is between 3 km to 8.5 km away from the two extremes of the closed area on Castle Peak Road and the walk is estimated to take two hours.

The MTR and LRT services will be strengthened and service hours lengthened until all spectators are dispersed. Ferry services running between Tsuen Wan and Central will also be reinforced, if necessary.

In terms of marine traffic, the inter-departmental working group has made a number of proposals. These include the closure of the Ma Wan Channel from about 2 pm to 10.30 pm.

The proposed crowd control, transport and traffic arrangements will be finalised after consultation with the Tsuen Wan, Kwai Tsing, Tuen Mun, Yuen Long and Islands District Boards and the local communities representing Castle Peak Road residents.

Representatives from the departments concerned briefed the Kwai Tsing District Board on the arrangements today.

The public and in particular residents of the affected districts will be given advance notice of these arrangements nearer the time.

End

Hong Kong's external trade statistics for January 1997

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In January 1997, the value of re-exports grew by 0.9% over a year earlier to \$102.1 billion, while the value of domestic exports decreased by 9.1% to \$17.3 billion. Meanwhile, imports increased by 1.1% to \$131.8 billion.

External trade figures tend to show greater volatility in the first two months of each year. The small growth in both imports and re-exports in January 1997 was likely to have been affected by the different timing of the Lunar New Year Holidays in 1996 and 1997 and the high base of comparison resulting from the strong growth in external trade in January 1996. Thus it should be more meaningful to make comparison based on the figures for January and February combined, when the latter figures become available towards the end of this month.

The Census and Statistics Department today (Thursday) released detailed statistics on external trade with breakdown by country/territory and commodity for January 1997.

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

Comparing January 1997 with January 1996, increases were recorded in the value of re-exports to the United States (+11%), the Netherlands (+9.1%) Singapore (+6.9%), Taiwan (+4.4%), Japan (+3.6%), South Korea (+1.6%), the United Kingdom (+1.0%) and France (+0.6%).

However, the value of re-exports to Germany and China decreased by 8.6% and 1.8% respectively.

As the external trade figures for a single month at the beginning of each year tend to be fluctuating due to effects of the Lunar New Year holidays, it is more meaningful to make comparisons over a longer period.

Comparing the three months ending January 1997 with the three months ending January 1996, increases were recorded in the value of re-exports to Singapore (+14%), the United States (+11%), China (+6.4%), the Netherlands (+4.7%), France (+2.8%), the United Kingdom (+1.9%), Taiwan (+1.1%) and Japan (+0.6%).

However, the value of re-exports to Germany and South Korea decreased by 9.4% and 4.3% respectively.

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

Comparing the three months ending January 1997 with the three months ending January 1996, more notable increases in the value of re-exports were registered for office machines and automatic data processing machines (by \$4.2 billion or 25%); electrical machinery, apparatus and appliances, and electrical parts thereof (by \$1.5 billion or 5.0%); clothing (by \$1.3 billion or 5.6%); travel goods, handbags and similar containers (by \$825 million or 9.7%); footwear (by \$596 million or 3.7%); and miscellaneous manufactured articles consisting mainly of baby carriages, toys, games and sporting goods (by \$355 million or 1.1%).

Over the same period, a more notable decrease in the value of re-exports was registered for plastics in primary forms (by \$1.4 billion or 17%).

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

Comparing January 1997 with January 1996, increases were recorded in the value of domestic exports to the Netherlands (+14%), France (+13%) and the United Kingdom (+1.5%).

However, decreases were recorded in the value of domestic exports to Singapore (-31%), Taiwan (-25%), Canada (-17%), the United States (-14%), Germany (-7.7%), Japan (-6.8%) and China (-4.0%).

Comparing the three months ending January 1997 with the three months ending January 1996, the value of domestic exports to France and China increased by 2.0% and 0.7% respectively.

However, decreases were recorded in the value of domestic exports to Singapore (-27%), Taiwan (-20%), Canada (-14%), Japan (-9.8%), the United States (-9.3%), Germany (-8.4%), the United Kingdom (-6.2%) and the Netherlands (-2.9%).

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

Comparing the three months ending January 1997 with the three months ending January 1996, the value of domestic exports of most principal commodity divisions decreased. More notable decreases were registered for electrical machinery, apparatus and appliances, and electrical parts thereof (by \$1.3 billion or 15%); photographic apparatus, equipment and supplies, optical goods, watches and clocks (by \$813 million or 18%); office machines and automatic data processing machines (by \$619 million or 16%); miscellaneous manufactured articles consisting mainly of printed matter (by \$457 million or 9.7%); and clothing (by \$436 million or 2.3%).

Over the same period, increases in the value of domestic exports were recorded for professional, scientific and controlling instruments and apparatus (by \$287 million or 39%); and tobacco and tobacco manufactures (by \$32 million or 5.7%).

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

Comparing January 1997 with January 1996, increases were recorded in the value of imports from France (+21%), the United Kingdom (+15%), Germany (+6.8%), China (+6.3%), the United States (+3.4%) and Malaysia (+1.6%).

However, decreases were recorded in the value of imports from Taiwan (-12%), Japan (-4.1%), South Korea (-3.5%) and Singapore (-1.5%).

Comparing the three months ending January 1997 with the three months ending January 1996, increases were recorded in the value of imports from Germany (+15%), Malaysia (+14%), the United Kingdom (+13%), China (+5.4%), Singapore (+0.7%), South Korea (+0.6%), the United States (+0.5%) and Japan (+0.2%).

However, the value of imports from Taiwan and France decreased by 6.3% and 4.5% respectively.

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

Comparing the three months ending January 1997 with the three months ending January 1996, more notable increases in the value of imports were registered for office machines and automatic data processing machines (by \$3.8 billion or 20%); clothing (by \$2.6 billion or 10%); electrical machinery, apparatus and appliances, and electrical parts thereof (by \$2.5 billion or 5.2%); footwear (by \$885 million or 6.2%); and miscellaneous manufactured articles consisting mainly of baby carriages, toys, games and sporting goods (by \$726 million or 2.9%).

Over the same period, more notable decreases in the value of imports were recorded for road vehicles (by \$1.7 billion or 15%) and textiles (by \$1.1 billion or 3.4%).

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 January 1997 will be released in early April 1997.

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

The January 1997 issue of the "Hong Kong External Trade" with detailed analyses on the performance of Hong Kong's external trade in January 1997 will be on sale at \$111 per copy around March 20, 1997.

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. No. 2598 8194) and enquiries on trade statistics to the Census and Statistics Department (Tel. No. 2582 4915).

TABLE 1 : RE-EXPORTS TO TEN MAIN DESTINATIONS

DESTINATION	JAN 1997 (HKD Mn.)	JAN 97 OVER JAN 96 (% CHANGE)	NOV 96 TO JAN 97 (HKD Mn.)	NOV 96 TO JAN 97 OVER NOV 95 TO JAN 96 (% CHANGE)
CHINA	36,591	- 1.8	111,980	+ 6.4
UNITED STATES	19,651	+ 11.5	57,222	+ 10.9
JAPAN	7,153	+ 3.6	20,150	+ 0.6
GERMANY	4,060	- 8.6	11,700	- 9.4
UNITED KINGDOM	2,833	+ 1.0	8,795	+ 1.9
TAIWAN	2,655	+ 4.4	7,432	+ 1.1
SINGAPORE	2,482	+ 6.9	7,842	+ 13.6
NETHERLANDS	1,794	+ 9.1	4,939	+ 4.7
FRANCE	1,661	+ 0.6	4,840	+ 2.8
SOUTH KOREA	1,628	+ 1.6	4,730	- 4.3

TABLE 2 : RE-EXPORTS OF TEN PRINCIPAL COMMODITY DIVISIONS

COMMODITY DIVISION	JAN 1997 (HKD Mn.)	JAN 97 OVER JAN 96 (% CHANGE)	NOV 96 TO JAN 97 (HKD Mn.)	NOV 96 TO JAN 97 OVER NOV 95 TO JAN 96 (% CHANGE)
MISCELLANEOUS MANUFACTURED ARTICLES (MAINLY BABY CARRIAGES, TOYS, GAMES AND SPORTING GOODS)	11,175	+ 2.6	33,373	+ 1.1
ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS THEREOF	10,466	+ 0.1	31,949	+ 5.0
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES	9,375	+ 5.4	25,032	+ 5.6
TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT	9,352	- 2.2	28,473	- 2.2
TEXTILE YARN, FABRICS, MADE-UP ARTICLES AND RELATED PRODUCTS	8,139	- 7.1	23,675	+ 0.4
OFFICE MACHINES AND AUTOMATIC DATA PROCESSING MACHINES	7,227	+ 26.2	21,100	+ 25.0
FOOTWEAR	6,271	+ 1.2	16,636	+ 3.7
PHOTOGRAPHIC APPARATUS, EQUIPMENT AND SUPPLIES, OPTICAL GOODS, WATCHES AND CLOCKS	4,661	+ 0.4	13,952	- 2.3
TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS	3,323	+ 6.2	9,353	+ 9.7
PLASTICS IN PRIMARY FORMS	2,475	- 13.5	6,901	- 17.1

TABLE 3 : DOMESTIC EXPORTS TO TEN MAIN DESTINATIONS

DESTINATION	JAN 1997 (HKD Mn.)	JAN 97 OVER JAN 96 (% CHANGE)	NOV 96 TO JAN 97 (HKD Mn.)	NOV 96 TO JAN 97 OVER NOV 95 TO JAN 96 (% CHANGE)
CHINA	5,239	- 4.0	15,982	+ 0.7
UNITED STATES	3,819	- 13.8	13,231	- 9.3
GERMANY	988	- 7.7	3,134	- 8.4
UNITED KINGDOM	903	+ 1.5	2,720	- 6.2
JAPAN	894	- 6.8	2,664	- 9.7
SINGAPORE	736	- 31.2	2,223	- 27.3
TAIWAN	530	- 24.6	1,633	- 20.3
NETHERLANDS	526	+ 14.0	1,364	- 2.9
FRANCE	326	+ 13.0	872	+ 2.0
CANADA	305	- 16.9	906	- 14.2

TABLE 4 : DOMESTIC EXPORTS OF TEN PRINCIPAL COMMODITY DIVISIONS

COMMODITY DIVISION	JAN 1997 (HKD Mn.)	JAN 97 OVER JAN 96 (% CHANGE)	NOV 96 TO JAN 97 (HKD Mn.)	NOV 96 TO JAN 97 OVER NOV 95 TO JAN 96 (% CHANGE)
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES	5,513	- 5.9	18,219	- 2.3
ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS THEREOF	2,432	- 14.4	7,409	- 14.7
MISCELLANEOUS MANUFACTURED ARTICLES (MAINLY PRINTED MATTER)	1,260	- 16.2	4,272	- 9.7
PHOTOGRAPHIC APPARATUS, EQUIPMENT AND SUPPLIES, OPTICAL GOODS, WATCHES AND CLOCKS	1,218	- 17.1	3,709	- 18.0
OFFICE MACHINES AND AUTOMATIC DATA PROCESSING MACHINES	1,189	- 3.5	3,324	- 15.7
TEXTILE YARN, FABRICS, MADE-UP ARTICLES AND RELATED PRODUCTS	1,093	- 12.6	3,300	- 5.6
TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT	768	- 7.5	2,213	- 6.4
PROFESSIONAL, SCIENTIFIC AND CONTROLLING INSTRUMENTS AND APPARATUS, NES	386	+ 74.0	1,018	+ 39.2
MANUFACTURES OF METALS	329	- 16.4	1,013	- 17.1
TOBACCO AND TOBACCO MANUFACTURES	279	+ 22.6	600	+ 5.7

TABLE 5 : IMPORTS FROM TEN MAIN SUPPLIERS

SUPPLIER	JAN 1997 (HKD Mn.)	JAN 97 OVER JAN 96 (% CHANGE)	NOV 96 TO JAN 97 (HKD Mn.)	NOV 96 TO JAN 97 OVER NOV 95 TO JAN 96 (% CHANGE)
CHINA	51,054	+ 6.3	145,948	+ 5.4
JAPAN	15,942	- 4.1	52,417	+ 0.2
UNITED STATES	10,369	+ 3.4	30,257	+ 0.5
TAIWAN	9,962	- 12.4	31,210	- 6.3
SINGAPORE	6,968	- 1.5	20,700	+ 0.7
SOUTH KOREA	5,786	- 3.5	17,931	+ 0.6
GERMANY	3,355	+ 6.8	9,662	+ 15.4
UNITED KINGDOM	3,118	+ 14.7	9,076	+ 13.1
MALAYSIA	2,962	+ 1.6	9,239	+ 13.5
FRANCE	2,962	+ 21.4	7,895	- 4.5

TABLE 6 : IMPORTS OF TEN PRINCIPAL COMMODITY DIVISIONS

COMMODITY DIVISION	JAN 1997 (HKD Mn.)	JAN 97 OVER JAN 96 (% CHANGE)	NOV 96 TO JAN 97 (HKD Mn.)	NOV 96 TO JAN 97 OVER NOV 95 TO JAN 96 (% CHANGE)
ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS THEREOF	16,122	- 2.3	50,322	+ 5.2
TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT	12,169	- 1.9	36,288	- 1.3
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES	10,135	+ 14.6	27,927	+ 10.3
TEXTILE YARN, FABRICS, MADE-UP ARTICLES AND RELATED PRODUCTS	10,029	- 8.6	30,772	- 3.4
MISCELLANEOUS MANUFACTURED ARTICLES (MAINLY BABY CARRIAGES, TOYS, GAMES AND SPORTING GOODS)	8,518	+ 4.7	25,529	+ 2.9
OFFICE MACHINES AND AUTOMATIC DATA PROCESSING MACHINES	7,955	+ 23.9	23,096	+ 19.9
FOOTWEAR	5,670	+ 5.9	15,091	+ 6.2
PHOTOGRAPHIC APPARATUS, EQUIPMENT AND SUPPLIES, OPTICAL GOODS, WATCHES AND CLOCKS	5,058	- 4.0	15,356	- 3.3
ROAD VEHICLES	3,587	- 8.0	9,639	- 15.1
NON-METALLIC MINERAL MANUFACTURES	3,574	+ 0.7	11,276	+ 5.9

End

Tickets only on GH Azaleas Day for wheelchair users

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The Commissioner for Rehabilitation today (Thursday) made a special appeal to wheelchair users who do not have admission tickets not to come for the Azaleas Day at Government House on Saturday (March 15).

About 800 wheelchair users and their relatives and helpers have been invited to see the azaleas through prior arrangements by the Commissioner for Rehabilitation.

A spokesman for the Commissioner's office said admission will be by ticket only and those without tickets will be turned away.

"We have set up facilities in the gardens for the visitors and special transport arrangements will be provided to take them to Government House.

"We hope other wheelchair users will understand that space limitation and the need for special arrangements make it impossible to accommodate more visitors," the spokesman said.

The Governor, the Rt Hon Christopher Patten, agreed to arrange an Azaleas Day for wheelchair users in response to a suggestion made at a public forum on his Policy Address last October.

End

Consultation on revised English Language Syllabus

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School heads and teachers are welcome to forward their suggestions and recommendations on the Draft Revised Syllabus for English Language (Primary 1 - 6) prepared by the Curriculum Development Council on or before May 9.

Copies of the draft revised syllabus had been sent to all schools.

To expound the concepts and strategies suggested in the revised syllabus and facilitate teachers to exchange their opinions and experiences, the Education Department will organise six seminars in April.

Principals are requested to nominate teachers interested in taking part in the seminars. The closing date for application is March 21 (Friday).

For enquiries, please contact the English Unit, Curriculum Development Institute of the department on 2892 5875.

Comments on the draft revised syllabus could be sent to the Principal Inspector (English), Curriculum Development Institute at Room 1318, Wu Chung Building, 213 Queen's Road East, Wan Chai by mail or by fax: 2573 5299.

End

Insider Dealing Tribunal submits report

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Insider Dealing Tribunal has submitted a report on its inquiry relating to Hong Kong Parkview Group Limited to the Financial Secretary.

Earlier the Insider Dealing Tribunal concluded that insider dealing in the listed securities the Hong Kong Parkview Group Limited took place between 13 and 16 August 1993, and identified an individual as insider dealer in those shares.

End