



DAILY INFORMATION BULLETIN

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<u>Contents</u>	<u>Page No.</u>
HK plays leading-by-example role in APEC	1
Gross Domestic Product for second quarter 1995	2
Precautionary measures against food-borne diseases	6
Access by Internet to Government tender opportunities	7
Contract for new Government Flying Service HQs signed	8
AG to lead delegation to China	9
RAF 28 (AC) Squadron fly-past to mark its 80th anniversary	10
Water storage figure	10
Tender for the 11th issue of two-year Exchange Fund Notes	11
Hong Kong Monetary Authority money market operations	12

HK plays leading-by-example role in APEC

Hong Kong, with its traditional strength deeply rooted in free trade and an open economy, is playing a leading-by-example role in APEC, the Financial Secretary, Mr Donald Tsang, said today (Monday).

Speaking at a conference organised by the Far Eastern Economic Review, Mr Tsang said: "What we in Hong Kong bring to APEC is the proof that freedom and openness work, that the courage consistently not to interfere is rewarded by greater competitiveness and greater prosperity for the community as a whole."

Mr Tsang, who will be attending APEC's Economic Leaders Meeting in Osaka later this month, said that in the year since the Bogor Declaration issued by the Leaders in November last year, Hong Kong had emphasised the virtues of collectively courageous but autonomous reforms.

"We have tried to build on the sort of examples of successful development and successful economic reform.

"In particular, we have argued the case for rolling back the barriers which impede the free flow of goods, services and capital around the region," he said.

Mr Tsang noted that the Bogor Declaration outlined the development of free trade in APEC, to be implemented by 2010 for developed economies, and by 2020 for developing economies.

"If the vision of free trade within the APEC region outlined at the Leaders Meeting in Bogor a year ago represented the bones, then the upcoming meeting in Osaka will be to put flesh on those bones," he said. "The Action Agenda developed by APEC officials in 1995 represents the road map by which APEC economies can achieve the Bogor vision."

Mr Tsang said APEC senior officials had worked hard on a very wide range of specific areas for action which included not only the removal of tariff and non-tariff barriers, but also customs procedures, industrial standards, government procurement, competition policy, intellectual property rights, services, rules of origin, human resource development, the environment, energy and deregulation.

"We have been assured that at Osaka, we will be presented with concrete and achievable plans complete with mid and long term objectives, target dates for specific measures and processes for reviewing progress." Mr Tsang added: "Our vision for Hong Kong in the 21st century is that of a vital and dynamic service centre, playing an active part in the development of the Region through APEC.

"APEC Leaders have articulated a vision of free trade and investment - the unimpeded flow of goods, services and capital - for the world's most dynamic region. We embrace that vision wholeheartedly.

"These developments can only serve to strengthen Hong Kong's role as the business hub of the Far East - New York, London, Amsterdam and Venice all rolled into one place."

End/Monday, November 6, 1995

Gross Domestic Product for second quarter 1995

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In the second quarter of 1995, Hong Kong's Gross Domestic Product (GDP) grew by 4.8% in real terms over the same quarter in 1994, according to the preliminary estimates released today (Monday) by the Census and Statistics Department.

Re-exports, growing at 14.9% in real terms over a year earlier, continued to provide the main impetus to overall economic growth in the second quarter. Domestic exports also recorded a sustained increase, by 3.3% in real terms over the same period.

Exports of services continued to show a strong increase, by 13.1% in real terms over a year earlier. While tourism recovered steadily, offshore trading activities and various trade-related services surged further.

On investment spending, gross domestic fixed capital formation picked up to a 7.6% increase in real terms in the second quarter. Within this component, construction output in the public sector staged a strong rebound, after a temporary slow-down in the first quarter. Private sector building activities remained weak, however. Putting these together, overall expenditure on construction still grew notably by 8.9% in real terms. Expenditure on machinery and equipment remained robust, rising by 15.8% in real terms in the second quarter over a year earlier.

There was a further accumulation in stocks during the second quarter of 1995, reflecting mainly the build-up in stocks of raw materials for production and for infrastructure construction.

Consumer spending, on the other hand, remained slack. Private consumption expenditure grew by only 1.4% in real terms in the second quarter over a year earlier. The slow-down was mainly associated with the setback in spending on motor cars and other durable goods. Spending on consumer non-durables and on various services continued to show some increases.

Government consumption expenditure (defined in national accounts terms) increased by 2.3% in real terms in the second quarter over a year earlier.

Imports continued to record a large increase, by 13.6% in real terms in the second quarter over a year earlier, reflecting mainly the strong import requirements for production and capital investment. Imports of services grew by 8.7% in real terms over the same period.

Revised estimates of GDP and its components for the first quarter of 1995 and the earlier periods are also released today. The real growth rate of GDP for the first quarter of 1995 remains unchanged at 5.9%, same as the preliminary estimate released in August 1995.

The implicit price deflator of the GDP rose by 3.9% in the second quarter of 1995 over a year earlier. This was mainly due to the continued deterioration in the terms of trade, brought about by the faster increase in import prices which had an initial effect of lowering the rate of increase in the GDP deflator. Excluding this effect, the domestic demand deflator rose by 8.0% over a year earlier.

Summaries of the latest GDP figures are presented in Tables 1 and 2.

More detailed quarterly estimates of GDP from the first quarter of 1993 to the second quarter of 1995 are published in a report entitled "Quarterly Estimates of Gross Domestic Product 2nd Quarter 1995".

This bilingual report is now on sale at \$8 per copy at the Government Publications Centre, Queensway Government Offices, Low Block, ground floor, 66 Queensway, Hong Kong; and at the Publications Unit of the Census and Statistics Department, 19th floor, Wanchai Tower, 12 Harbour Road, Wan Chai, Hong Kong. Telephone enquiries may be directed to the National Income Branch (1) of the Census and Statistics Department on 2582 5077.

Table 1

Expenditure-based GDP Estimates
first quarter of 1993 to second quarter of 1995

<u>Year/quarter</u>	<u>GDP at Current Market Prices</u>		<u>GDP at Constant (1990) Market Prices</u>	
	<u>HK\$ Mn</u>	<u>% change over same period of the preceding year</u>	<u>HK\$ Mn</u>	<u>% change over same period of the preceding year</u>
1993	899,869	15.5	691,932	6.4
1994	1,022,658	13.6	729,514	5.4
1993 Q1	202,821	16.5	159,841	6.6
Q2	215,256	15.6	165,255	6.3
Q3	238,169	15.1	183,105	6.5
Q4	243,623	14.9	183,731	6.1
1994 Q1	234,074	15.4	169,345	5.9
Q2	246,538	14.5	174,007	5.3
Q3	268,455	12.7	192,989	5.4
Q4	273,593	12.3	193,173	5.1
1995 Q1	262,339	12.1	179,345	5.9
Q2	268,489	8.9	182,348	4.8

End/Monday, November 6, 1995

Table 2 Expenditure-based GDP Estimates
Year-on-year growth rates, first quarter of 1994 to second quarter of 1995

Expenditure Components of GDP	% change over same period of the preceding year													
	At current market prices							At constant (1990) market prices						
	1994					1995		1994					1995	
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q1	Q2	Q3	Q4	Annual	Q1	Q2
Private consumption expenditure	17.9	15.2	13.8	13.4	15.0	10.6	11.8	11.3	6.1	4.6	4.0	6.4	0.8	1.4
Government consumption expenditure	16.1	14.7	14.4	13.9	14.7	13.7	13.2	4.9	3.4	2.9	2.8	3.5	2.9	2.3
Gross domestic fixed capital formation	26.6	17.6	11.5	27.1	20.5	6.1	13.2	15.5	8.7	6.4	23.6	13.5	3.9	7.6
of which : Construction	23.5	17.0	20.0	21.6	20.7	3.8	19.0	16.7	10.6	17.9	15.5	15.3	-3.3	8.9
Machinery and equipment	15.4	8.9	4.2	46.0	18.3	31.0	32.3	11.9	8.0	2.6	40.3	15.5	21.8	15.8
Total exports of goods	8.6	11.3	12.6	14.1	11.8	20.1	16.7	7.7	11.3	10.8	11.3	10.4	17.6	12.7
Imports of goods	9.8	15.8	17.4	22.3	16.6	27.5	21.5	8.3	15.1	14.7	17.1	14.0	21.7	13.6
Exports of services	16.3	12.6	14.8	20.2	16.0	21.1	21.4	9.6	5.8	7.7	11.8	8.7	12.7	13.1
Imports of services	15.2	12.8	15.9	19.3	15.8	22.9	20.6	11.0	7.6	8.5	9.8	9.2	11.2	8.7
Gross Domestic Product	15.4	14.5	12.7	12.3	13.6	12.1	8.9	5.9	5.3	5.4	5.1	5.4	5.9	4.8

Precautionary measures against food-borne diseases

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The Department of Health today (Monday) called on the public to adopt proper food hygiene practices when having hotpots in winter.

Making the appeal, the Assistant Director of Health (Hygiene), Dr P Y Leung, warned the public of possible food-borne diseases such as food poisoning and hepatitis A.

"Staff of food establishments should always observe hygiene practices in preparing food for hotpots," said Dr Leung.

"Customers, on the other hand, should make sure that food items are thoroughly cooked before consumption."

Housewives should also observe good hygiene practices when preparing hotpots at home.

Dr Leung advised the public to observe the following precautionary measures:

For shellfish

- (a) Use only wholesome and preferably live ones;
- (b) Remove the dirt with a brush and rinse shellfish thoroughly in clean water;
- (c) Discard the intestines and other dubious or inedible parts such as shells;
- (d) Cook thoroughly before consumption; and
- (e) Keep under refrigeration if not for immediate consumption.

For vegetables

- (a) Do not patronise illegal hawkers;
- (b) Do not buy those with an obvious strange smell;
- (c) Remove the outer leaves;
- (d) Wash well in clean water and immerse in water for one hour;

(e) Or use boiling water to blanch the vegetable for one minute. Water used for blanching should be discarded; and

(f) Cook thoroughly.

"Wholesome raw materials, proper washing and handling, and thorough cooking are the best measures against gastro-intestinal disease. Members of the public should observe these hygiene practices at all times," Dr Leung added.

End/Monday, November 6, 1995

Access by Internet to Government tender opportunities

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The Government Supplies Department (GSD) has put its invitations to tender for the supply of goods and services on the Internet through a GSD Home Page, the Director of Government Supplies, Mr Nigel Shipman, announced today (Monday).

The Internet address is <http://www.hkstar.com/gsd/tender.htm>.

"By this new arrangement, overseas and local suppliers will gain easier access to information about current Government tender opportunities. In return, this arrangement will widen GSD's source of supplies and help the Department to obtain competitive prices and best value for money in its purchases," Mr Shipman said.

"The GSD Home Page contains a short introduction to the Government purchasing procedures and sets out the tender invitations by product groups and by tender closing time. The contents are updated weekly. Further enquiries may be directed to GSD by phone at 2802 6290 or fax at 2807 2764 or by E-mail."

"Tender documents may be collected at the Government Supplies Department at Oil Street, North Point, The Central & Western District Office at ground floor, Harbour Building, 38 Pier Road, Central or The Yau Tsim Mong District Office at Mong Kok Government Offices, ground floor, 30 Luen Wan Street, Kowloon. Completed tenders must be placed in the designated tender box before the tender closing time," Mr Shipman explained.

The Government Supplies Department is the central purchasing and storage organisation for the Hong Kong Government. The types of commodities that GSD purchases are diverse: from simple office stationery and domestic appliances to sophisticated communications systems and helicopters. The major purchases are textiles, computer systems, pharmaceuticals, equipment for medical, communications and scientific uses and water pipes and fittings. In 1994-95, the total value of GSD purchases amounted to HK\$5.1 billion.

Apart from being publicised on the Internet, tender invitations are published in the Government Gazette, South China Morning Post, Sing Tao Daily, Hong Kong Economic Journal and Hong Kong Economic Times every Friday.

End/Monday, November 6, 1995

Contract for new Government Flying Service HQs signed

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The Architectural Services Department (ASD) today (Monday) signed a \$467.6 million contract for the design and construction of the new Government Flying Service Headquarters at the new airport in Chek Lap Kok.

The contract was signed by the Deputy Director of Architectural Services, Mr S.H. Pau, and a representative of the contractor, Hsin Chong Construction Company Limited.

Speaking after the contract-signing ceremony, a Chief Architect of the ASD, Mr Peter Yuen, said the project was part of the Government's facilities in the Airport Core Programme.

"Work is scheduled to be completed in mid-1997," he said.

Located on a piece of 75,000-square metre land along the south-western edge of the airport island, the new headquarters will comprise a three-storey office and workshop building, a single-storey aircraft hangar, ancillary buildings, an aircraft apron and associated facilities.

"The general image of the development will be high-tech and light-industrial to keep in line with other buildings on the airport island," Mr Yuen said.

The Government Flying Service now operates a fleet of 10 helicopters and four fixed-wing aircraft. It provides flying support to government departments and maintains a round-the-clock emergency air-sea search and rescue service.

"Upon completion of the new headquarters, we will transfer our operational base from Kai Tai airport to the new airport," said the Controller of the Government Flying Service, Mr Brian Cluer.

Turning to other government works undertaken by the ASD for the new airport, Mr Yuen said all were moving ahead smoothly.

"Construction works on the Air Traffic Control Complex and Tower and the radar stations are in an advanced stage.

"Meanwhile, works have recently started on the Airport Police Station, the Sub-Divisional Fire Station and meteorological facilities. In the coming months, work will commence on the Air Mail Centre, the fitting-out of Government's facilities in the Passenger Terminal Building and the Air Cargo Complex," he said.

End/Monday, November 6, 1995

AG to lead delegation to China

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The Attorney General, Mr Jeremy Mathews, will lead a delegation of the Legal Department on a nine-day visit to Beijing and Shanghai on Thursday (November 9).

The delegation will call on the Hong Kong and Macau Affairs Office and ministries and departments that are responsible for law and the administration of justice, with the view to enhancing communication on a range of legal issues relevant to the transition of sovereignty over Hong Kong.

The delegation comprises a representative cross-section of senior directorate counsel from each division of the Legal Department and a representative from the Constitutional Affairs Branch.

End/Monday, November 6, 1995

RAF 28 (AC) Squadron fly-past to mark its 80th anniversary

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Four Wessex helicopters from the 28 (AC) Squadron, Royal Air Force, will fly in formation past the Prince of Wales Barracks at 1.15 pm tomorrow (Tuesday) to mark the Squadron's 80th anniversary. The Commander British Forces, Major General Bryan Dutton, will take the salute on the roof of the building.

The 28 (AC) Squadron was formed in 1915 and flew Sopwith Camels in France during the First World War. The Squadron has been equipped with a variety of aircraft over the years, including Spitfires, Vampires and Hunters, before the introduction of the Wessex's in 1972.

In 1993, two members of the Squadron were awarded the Air Force Cross for the rescue of survivors from the freight Lian Gang, during Typhoon Koryn. In 1994, four members of the Squadron received an award for the Most Outstanding Rescue when they saved 14 Chinese crewmen on a junk which was in difficulties during a severe tropical storm.

The Squadron has now been resident in Hong Kong for 45 years.

End/Monday, November 6, 1995

Water storage figure

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Storage in Hong Kong's reservoirs at 9 am today (Monday) stood at 98.9 per cent of capacity or 579.800 million cubic metres.

This time last year the reservoirs contained 553.661 million cubic metres of water, representing 94.5 per cent of capacity.

End/Monday, November 6, 1995

Tender for the 11th issue of two-year Exchange Fund Notes

The Hong Kong Monetary Authority announced today (Monday) that the tender for the 11th issue of two-year Exchange Fund Notes will be held on Monday, November 13, 1995 for settlement on Tuesday, November 14, 1995.

Similar to the previous issue, an amount of HK\$500 million two-year Notes will be on offer. In addition to that, another HK\$100 million will be held as reserve by the Hong Kong Monetary Authority for supply to Market Makers in the secondary market. The Notes will mature on November 14, 1997 and will carry interest at the rate of 5.60% per annum payable semi-annually in arrears.

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

Tender information for the 11th issue of 2-Year Exchange Fund Notes is as follows:

Issue Number	: 2711
Tender Date and Time	: Monday, November 13, 1995, 9.30 am. to 10.30 am
Issue and Settlement Date	: Tuesday, November 14, 1995
Amount on Offer	: HK\$500 million plus an additional HK\$100 million as reserve stock for the Monetary Authority
Maturity	: Two years
Maturity Date	: November 14, 1997
Interest Rate	: 5.60% per annum payable semi-annually in arrears
Interest Payment Dates	: May 14, 1996, November 14, 1996, May 14, 1997, November 14, 1997

Tender Amount : Each tender must be for an amount of HK\$50,000 or integral multiples thereof. Members of the public who wish to tender for the Notes may approach Market Makers or Recognised Dealers on the published list

Other Details : Please see Information Memorandum published or approach Market Makers or Recognised Dealers

End/Monday, November 6, 1995

Hong Kong Monetary Authority money market operations

	\$ million	Time (hours)	Cumulative change (\$million)
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Opening balance in the account	1,727	0930	+850
Closing balance in the account	2,578	1000	+850
Change attributable to :		1100	+850
Money market activity	+851	1200	+851
LAF today	NIL	1500	+851
		1600	+851

LAF rate 4.25% bid/6.25% offer TWI 122.4 *-0.1* 6.11.95

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.16	2 years	2708	6.06	100.80	5.65
1 month	5.32	3 years	3810	6.15	100.56	6.03
3 months	5.48	5 years	5009	6.95	101.65	6.65
6 months	5.52	5 years	M501	7.90	103.60	7.08
12 months	5.53					

Total turnover of EF bills and notes - \$8,720 million

Closed November 6, 1995

End/Monday, November 6, 1995