



DAILY INFORMATION BULLETIN

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WEDNESDAY, OCTOBER 3, 1990

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MONETARY STATISTICS FOR AUGUST PUBLISHED

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HONG KONG DOLLAR DEPOSITS WITH AUTHORISED INSTITUTIONS REGISTERED ANOTHER CONSIDERABLE INCREASE DURING AUGUST, ACCORDING TO STATISTICS PUBLISHED TODAY (WEDNESDAY) BY THE MONETARY AFFAIRS BRANCH.

CONSISTENT WITH THIS, ALL DEFINITIONS OF HONG KONG DOLLAR MONEY SUPPLY ROSE DURING THE MONTH. TOTAL LOANS AND ADVANCES ALSO RECORDED AN INCREASE DURING AUGUST.

DEPOSITS

HONG KONG DOLLAR DEPOSITS WITH AUTHORISED INSTITUTIONS, ADJUSTED TO INCLUDE SWAP DEPOSITS, GREW BY 3.2 PER CENT IN AUGUST, FOLLOWING INCREASES OF 3.7 PER CENT AND 2.4 PER CENT IN JUNE AND JULY RESPECTIVELY.

OF THESE DEPOSITS, DEMAND AND SAVINGS DEPOSITS ROSE BY 1.6 PER CENT AND 11.5 PER CENT RESPECTIVELY WHILE TIME DEPOSITS FELL BY 0.5 PER CENT IN AUGUST. ON A YEAR-ON-YEAR COMPARISON, TOTAL HONG KONG DOLLAR DEPOSITS GREW BY 21.7 PER CENT IN AUGUST.

FOREIGN CURRENCY DEPOSITS WITH AUTHORISED INSTITUTIONS ROSE BY 3.6 PER CENT IN AUGUST, AFTER INCREASES OF 1.2 PER CENT AND 0.3 PER CENT IN JUNE AND JULY RESPECTIVELY.

AMONG THESE DEPOSITS, U.S. DOLLAR AND NON-U.S. DOLLAR DEPOSITS ROSE BY 3.4 PER CENT AND 3.7 PER CENT RESPECTIVELY. OVER THE YEAR, TOTAL FOREIGN CURRENCY DEPOSITS INCREASED BY 27.7 PER CENT.

DURING AUGUST, DEPOSITS OF ALL CURRENCIES WITH LICENSED BANKS ROSE BY 3.3 PER CENT. PARTLY DUE TO THE UPGRADING OF A DEPOSIT-TAKING COMPANY TO THE STATUS OF AS A RESTRICTED LICENCE BANK, IN AUGUST, DEPOSITS OF ALL CURRENCIES WITH RESTRICTED LICENCE BANKS ROSE BY 13.7 PER CENT WHILE THOSE WITH DEPOSIT-TAKING COMPANIES DECLINED BY 4.5 PER CENT.

COMPARED WITH A YEAR EARLIER, DEPOSITS WITH LICENSED BANKS AND RESTRICTED LICENCE BANKS INCREASED BY 25.6 PER CENT AND 53.6 PER CENT RESPECTIVELY WHILE THOSE WITH DEPOSIT-TAKING COMPANIES FELL BY 11.1 PER CENT.

MONEY SUPPLY

HK\$M1, HK\$M2 AND HK\$M3 ROSE BY 1.8 PER CENT, 3.3 PER CENT AND 3.0 PER CENT RESPECTIVELY IN AUGUST. THEIR CORRESPONDING GROWTH RATES IN JULY WERE 0.8 PER CENT, 2.4 PER CENT AND 2.3 PER CENT. FOR THE 12 MONTHS ENDING AUGUST, THESE MONETARY AGGREGATES ROSE BY 8.9 PER CENT, 22.3 PER CENT AND 20.5 PER CENT RESPECTIVELY.

TOTAL M1, M2 AND M3 ROSE BY 2.7 PER CENT, 3.2 PER CENT AND 3.3 PER CENT RESPECTIVELY IN AUGUST. THEIR CORRESPONDING GROWTH RATES IN JULY WERE 0.3 PER CENT, 1.6 PER CENT AND 1.3 PER CENT. OVER THE YEAR, TOTAL M1, M2 AND M3 GREW BY 12.0 PER CENT, 24.7 PER CENT AND 24.1 PER CENT RESPECTIVELY.

LOANS AND ADVANCES

TOTAL OUTSTANDING LOANS AND ADVANCES EXTENDED BY AUTHORISED INSTITUTIONS INCREASED BY 6.7 PER CENT IN AUGUST, FOLLOWING INCREASES OF 3.0 PER CENT AND 0.7 PER CENT IN JUNE AND JULY RESPECTIVELY. OF THE TOTAL OUTSTANDING LOANS, THOSE DENOMINATED IN HONG KONG DOLLARS GREW BY 0.6 PER CENT DURING AUGUST, WHILE THOSE DENOMINATED IN FOREIGN CURRENCIES ROSE BY 10.6 PER CENT.

LOANS TO FINANCE VISIBLE TRADE OF HONG KONG ROSE BY 0.9 PER CENT IN AUGUST, FOLLOWING INCREASES OF 2.2 PER CENT AND 0.5 PER CENT IN JUNE AND JULY RESPECTIVELY. OVER THE YEAR, THESE LOANS GREW BY ONLY 0.5 PER CENT.

OTHER LOANS FOR USE IN HONG KONG GREW BY 1.5 PER CENT IN AUGUST COMPARED WITH INCREASES OF 1.5 PER CENT AND 0.6 PER CENT IN JUNE AND JULY RESPECTIVELY. OVER THE YEAR, THESE LOANS GREW BY 18.6 PER CENT.

LOANS FOR USE OUTSIDE HONG KONG INCREASED BY 13.1 PER CENT IN AUGUST, FOLLOWING INCREASES OF 4.1 PER CENT AND 0.6 PER CENT IN JUNE AND JULY RESPECTIVELY. OVER THE YEAR, THESE LOANS GREW BY 93.9 PER CENT.

LOANS TO FINANCE MERCHANDISING TRADE NOT TOUCHING HONG KONG ROSE BY 14.9 PER CENT IN AUGUST, AFTER DECLINES OF 4.8 PER CENT AND 5.1 PER CENT IN JUNE AND JULY RESPECTIVELY. OVER THE YEAR, THESE LOANS INCREASED BY 11.6 PER CENT.

NUMBER OF REPORTING INSTITUTIONS

THE NUMBER OF REPORTING LICENSED BANKS REMAINED UNCHANGED AT 164 WHILE THAT OF RESTRICTED LICENCE BANKS INCREASED BY TWO TO 40 AND THAT OF DEPOSIT-TAKING COMPANIES DECREASED BY TWO TO 194.

NOTES:

- (1) BEFORE FEBRUARY 1, 1990, "RESTRICTED LICENCE BANKS" AND "DEPOSIT-TAKING COMPANIES" WERE KNOWN AS "LICENSED DEPOSIT-TAKING COMPANIES" AND "REGISTERED DEPOSIT-TAKING COMPANIES" RESPECTIVELY.
- (2) IN THE TEXT ABOVE, TOTAL HK\$ DEPOSITS, HK\$ TIME DEPOSITS, HK\$m2 AND HK\$m3 HAVE BEEN ADJUSTED TO INCLUDE SWAP DEPOSITS. TOTAL FOREIGN CURRENCY DEPOSITS AND US\$ DEPOSITS HAVE BEEN ADJUSTED TO EXCLUDE SWAP DEPOSITS.

"SWAP DEPOSITS" ARE DEPOSITS INVOLVING CUSTOMERS BUYING FOREIGN CURRENCIES (MOSTLY U.S. DOLLARS) IN THE SPOT MARKET AND PLACING THEM AS DEPOSITS WITH AUTHORISED INSTITUTIONS, WHILE AT THE SAME TIME ENTERING INTO A CONTRACT TO SELL SUCH FOREIGN CURRENCIES (PRINCIPAL PLUS INTEREST) FORWARD IN LINE WITH THE MATURITY OF SUCH DEPOSITS. FOR MOST ANALYTICAL PURPOSES, THEY SHOULD BE REGARDED AS HONG KONG DOLLAR DEPOSITS.

WEDNESDAY, OCTOBER 3, 1990

MONETARY STATISTICS - AUGUST 1990

(HK\$mn)

	Aug 1990	Earlier months (% change to August 1990)		
	-----	Jul 1990	May 1990	Aug 1989
Money Supply				
M1 - HK\$	86,527	84,980 (1.8 %)	82,103 (5.4 %)	79,478 (8.9 %)
Foreign currency	12,257	11,220 (9.2 %)	10,823 (13.2 %)	8,695 (41.0 %)
Total	98,784	96,200 (2.7 %)	92,926 (6.3 %)	88,172 (12.0 %)
M2 - HK\$*	535,082	517,889 (3.3 %)	488,269 (9.6 %)	437,544 (22.3 %)
Foreign currency*	602,630	584,552 (3.1 %)	571,225 (5.5 %)	474,450 (27.0 %)
Total	1,137,711	1,102,441 (3.2 %)	1,059,495 (7.4 %)	911,994 (24.7 %)
M3 - HK\$*	566,928	550,268 (3.0 %)	520,003 (9.0 %)	470,462 (20.5 %)
Foreign currency*	647,518	625,419 (3.5 %)	615,721 (5.2 %)	508,263 (27.4 %)
Total	1,214,447	1,175,687 (3.3 %)	1,135,724 (6.9 %)	978,724 (24.1 %)
Notes and coins in circulation	40,064	38,925 (2.9 %)	38,901 (3.0 %)	36,192 (10.7 %)
of which held by public	34,480	33,732 (2.2 %)	33,664 (2.4 %)	31,563 (9.2 %)
Total Deposits				
Total Demand deposits	64,304	62,468 (2.9 %)	59,261 (8.5 %)	56,610 (13.6 %)
Total Savings deposits	223,200	204,470 (9.2 %)	189,748 (17.6 %)	173,163 (28.9 %)
Total Time deposits with licensed banks	797,236	783,110 (1.8 %)	759,273 (5.0 %)	633,727 (25.8 %)
Total Time deposits with restricted licence banks	42,009	36,946 (13.7 %)	40,183 (4.5 %)	27,357 (53.6 %)
Total Time deposits with deposit-taking companies	33,205	34,782 (-4.5 %)	34,568 (-3.9 %)	37,337 (-11.1 %)
HK\$ deposits*	519,364	502,780 (3.2 %)	473,481 (9.6 %)	426,187 (21.7 %)
US\$ deposits*	289,995	280,483 (3.4 %)	296,840 (8.7 %)	242,702 (19.5 %)
Other foreign currency deposits	351,096	338,514 (3.7 %)	342,713 (2.4 %)	259,305 (35.4 %)
All deposits	1,159,954	1,121,776 (3.4 %)	1,083,034 (7.1 %)	928,194 (25.0 %)
Foreign currency swap deposits	70,088	73,188 (-4.2 %)	68,578 (2.2 %)	59,561 (17.7 %)
Total Loans and advances				
To finance H.K.'s visible trade	67,518	66,913 (0.9 %)	65,152 (3.6 %)	67,201 (0.5 %)
To finance merchandising trade not touching H.K.	10,046	8,744 (14.9 %)	9,672 (3.9 %)	8,998 (11.6 %)
Other loans for use in H.K.	558,325	648,308 (1.5 %)	635,100 (3.7 %)	554,892 (18.6 %)
Other loans for use outside H.K.	750,445	663,790 (13.1 %)	633,982 (18.4 %)	386,980 (93.9 %)
Other loans where the place of use is not known	110,852	108,635 (2.0 %)	98,009 (13.1 %)	87,277 (27.0 %)
Loans in HK\$	580,108	576,593 (0.6 %)	571,007 (1.6 %)	500,363 (15.9 %)
Loans in foreign currencies	1,017,078	919,796 (10.6 %)	870,908 (16.8 %)	604,986 (68.1 %)
Total loans and advances	1,597,186	1,496,389 (6.7 %)	1,441,915 (10.8 %)	1,105,349 (44.5 %)

* Adjusted for foreign currency swap deposits

Note : 'Restricted licence banks' and 'deposit-taking companies' were known as 'licensed deposit-taking companies' and 'registered deposit-taking companies' respectively before 1 February 1990.

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WEDNESDAY, OCTOBER 3, 1990

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ECONOMIC TIES ON GLOBAL BASIS URGED

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ECONOMIC CO-OPERATION AND DEVELOPMENT SHOULD BEST BE PURSUED IN A GLOBAL CONTEXT AND IN THE SPIRIT OF FREE TRADE AND FREE ENTERPRISE, THE SECRETARY FOR TRADE AND INDUSTRY, MR JOHN CHAN, SAID THIS (WEDNESDAY) MORNING.

SPEAKING AT THE OPENING OF THE 1990 SYMPOSIUM OF ASIAN CHIEF EXECUTIVES AT A LOCAL HOTEL, MR CHAN SAID THAT IN SAYING THIS HE DID NOT DECRY THE VIRTUES OF REGIONAL CO-OPERATION.

HE SAID THERE WAS MUCH THAT THE COUNTRIES AND TERRITORIES OF ASIA COULD DO FOR AND WITH ONE ANOTHER TO FOSTER THE DEVELOPMENT OF THEIR OWN ECONOMIES AND OF THE REGION'S ECONOMY AS A WHOLE.

"HONG KONG TAKES A KEEN INTEREST IN REGIONAL CO-OPERATIVE ARRANGEMENTS AND CONTRIBUTES TO THEM AS BEST WE CAN.

"FOR EXAMPLE: WE PLAY AN ACTIVE PART IN THE UNITED NATIONS ECONOMIC COMMISSION FOR ASIA AND THE PACIFIC, AND THE ASIAN DEVELOPMENT BANK. WE ARE GEARING UP FOR A BIGGER ROLE IN THE PACIFIC ECONOMIC CO-OPERATION CONFERENCE AND WE REMAIN DEEPLY INTERESTED IN THE WORK OF THE INFORMAL ASIA PACIFIC ECONOMIC CO-OPERATION FORUM," HE SAID.

MR CHAN SAID BILATERAL ECONOMIC CO-OPERATION BETWEEN HONG KONG AND CHINA IN THE REGION HAD BROUGHT CONSIDERABLE PRACTICAL BENEFITS TO BOTH SIDES.

AT THE SAME TIME, HONG KONG'S TRADE WITH THE WIDER ASIA PACIFIC REGION INCREASED BY SOME 25 PER CENT A YEAR OVER THE LAST THREE YEARS. TODAY, HONG KONG'S TRADE WITH ITS ASIA PACIFIC PARTNERS ACCOUNTED FOR 79 PER CENT OF ITS GLOBAL TRADE.

BUT, MR CHAN SAID THAT BY DEFINITION THE WORLD WAS A BIGGER PLACE THAN A REGION. "IF REGIONAL CO-OPERATION CAN BRING BENEFITS, HOW MUCH MORE BENEFICIAL WOULD GLOBAL CO-OPERATION BE.

"AND HOW MUCH MORE SENSIBLE WOULD IT BE FOR REGIONAL CO-OPERATION ARRANGEMENTS, BE THEY CUSTOMS UNIONS, FREE TRADE AGREEMENTS OR WHATEVER, TO ENSURE THAT THEY REMAIN OUTWARD LOOKING AND OPEN TO THE OUTSIDE, AND NOT CLOSE IN UPON THEMSELVES," HE SAID.

MR CHAN SAID THERE WERE CLEAR INDICATIONS THAT MORE AND MORE RECOGNITION WAS BEING GIVEN TO THE INTRINSIC EFFICIENCY OF THE FREE MARKET MECHANISM AND TO THE WISDOM OF ALLOWING THINGS TO BE DECIDED BY THE NATURAL OPERATION OF MARKET FORCES IN A FREELY COMPETITIVE ENVIRONMENT.

"THE SIGNS AUGUR WELL FOR ECONOMIC CO-OPERATION ON A GLOBAL SCALE. AND INCREASINGLY THE ECONOMIES OF THE WORLD ARE COMING TOGETHER TO TRY AND SORT OUT THEIR PROBLEMS AND SEEK COMMON SOLUTIONS," HE SAID

/MR CHAN

MR CHAN SAID THE CURRENT URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS WAS A GOOD EXAMPLE.

"FOR THE PAST THREE-AND-THREE-QUARTER YEARS, THE CONTRACTING PARTIES OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE HAVE BEEN SEEKING TO NEGOTIATE FOR GREATER LIBERALISATION OF WORLD TRADE, NOT ONLY IN GOODS BUT ALSO IN SERVICES, AND FOR FURTHER STRENGTHENING OF THE MULTILATERAL TRADING SYSTEM," HE SAID.

THE NEGOTIATIONS WERE DUE TO BE CONCLUDED IN DECEMBER.

"AS OF NOW THE TASK STILL LOOKS VERY DIFFICULT. SOME HAVE EVEN SAID IT IS IMPOSSIBLE. PERSONALLY, I AM STILL HOPEFUL, AND I BELIEVE NOT UNREALISTICALLY SO," HE SAID.

HE SAID THE REALISATION AMONG MOST PARTICIPANTS OF THEIR INCREASING ECONOMIC INTERDEPENDENCE WAS STRONG, SO WAS THEIR RECOGNITION OF THE SERIOUS CONSEQUENCES OF FAILURE.

"THESE ARE STRONG FORCES WHICH WILL PUSH THE URUGUAY ROUND TOWARDS BECOMING THE SUCCESS THAT IT HAS TO BE," HE SAID.

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CHANGING THE FACE OF URBAN HONG KONG

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WITH THE IMPLEMENTATION OF MAJOR INFRASTRUCTURAL CHANGES IN RELATION TO THE AIRPORT RELOCATION AND THE MATERIALISATION OF THE METROPLAN, URBAN RENEWAL IS GOING TO ASSUME AN EVEN MORE SIGNIFICANT ROLE IN BRINGING ABOUT A TRANSFORMATION TO THE URBAN AREA OF HONG KONG.

THE REGIONAL SECRETARY FOR HONG KONG AND KOWLOON, MR DAVID LAN, SAID THIS TODAY (WEDNESDAY) WHEN SPEAKING AT THE LIONS CLUB INTERNATIONAL DISTRICT 303 ZONE II JOINT LUNCHEON MEETING.

MR LAN REVIEWED THE URBAN RENEWAL EFFORTS IN THE PAST, ITS ROLE IN THE 1990'S, NEW INITIATIVES AND THE ROLE OF THE CITY AND NEW TERRITORIES ADMINISTRATION IN THE PROCESS.

FROM THE "SLUM CLEARANCE SCHEME" AND THE REDEVELOPMENT EFFORTS OF THE HOUSING AUTHORITY AND THE HOUSING SOCIETY OF THE EARLY DAYS, THE ROLE OF URBAN RENEWAL AS A WAY TO IMPROVE THE OBSOLETE URBAN AREA HAD BECOME MORE IMPORTANT IN THE NINETIES, MR LAN NOTED.

"THIS IS ESPECIALLY TRUE WHEN VIEWED FROM THE STRATEGIC PLANNING CONTEXT," HE SAID.

"WITH THE GOVERNMENT'S DECISION LAST YEAR TO DEVELOP OUR NEW AIRPORT AT CHEK LAP KOK, TOGETHER WITH THE MAJOR INFRASTRUCTURAL WORKS, IT PROVIDES A MAJOR OPPORTUNITY AND IMPETUS TO RESTRUCTURE AND RATIONALISE OUR URBAN DEVELOPMENT PATTERN.

"IN ORDER TO PROVIDE A BROAD FRAMEWORK TO GUIDE THIS URBAN RESTRUCTURING, THE METROPLAN IS DRAWN UP," HE ADDED.

ALTHOUGH THE FINAL RECOMMENDED METROPLAN OPTION WAS STILL BEING WORKED OUT WITHIN GOVERNMENT, THE BROAD AIM REMAINED TO BRING ABOUT A BETTER ORGANISED, MORE EFFICIENT AND MORE DESIRABLE PLACE IN WHICH TO LIVE AND WORK AND URBAN RENEWAL WAS GOING TO BE ONE OF THE MAJOR KEYS IN ACHIEVING THIS, HE SAID.

HE POINTED OUT THAT THE LAND DEVELOPMENT CORPORATION (LDC) WAS FORMED IN JANUARY 1988 WITH THE PRIMARY AIM OF IMPROVING THE STANDARD OF HOUSING AND THE ENVIRONMENT IN HONG KONG THROUGH URBAN RENEWAL.

SO FAR, HE SAID, THE LDC HAD COMPLETED THREE STUDIES ON URBAN DEVELOPMENT OPPORTUNITIES COVERING THREE OF THE OLDEST URBAN AREAS, NAMELY THE MONG KOK AND YAU MA TEI AREA, THE CENTRAL AND WESTERN AREA AS WELL AS THE WAN CHAI AREA WHILE ANOTHER THREE COVERING HUNG HOM AND MA TAU KOK, SHAM SHUI PO AS WELL AS SHAU KEI WAN HAD YET TO BE COMPLETED.

MEANWHILE, EIGHT JOINT VENTURE PROJECTS AT VARIOUS PLANNING OR DESIGN STAGES WERE BEING ACTIVELY PURSUED BY THE CORPORATION, MR LAN ADDED.

HE SAID THAT WHILE URBAN RENEWAL WAS MEANT TO UPGRADE THE LIVING ENVIRONMENT OF THE OLDER DEVELOPED URBAN AREA, THE IMPLEMENTATION OF WHICH MIGHT LEAD TO GRIEVANCES AMONG AFFECTED RESIDENTS ESPECIALLY WHEN THEIR CONCERNS WERE NOT GIVEN DUE CARE AT AN EARLY STAGE.

"THIS IS AN AREA WHERE THE CITY AND NEW TERRITORIES ADMINISTRATION CERTAINLY HAS A ROLE TO PLAY," HE SAID.

"IN FACT, CNTA REGARDS ITSELF AS A BRIDGE TO PROMOTE COMMUNICATION BETWEEN THE LOCALS AND GOVERNMENT.

"THE SIMPLE AIM IS TO ENSURE THAT GOVERNMENT'S INTENTION IS CLEARLY EXPLAINED TO THE PEOPLE CONCERNED, AND THAT THE LATTER'S VIEWS CAN BE FULLY TAKEN INTO ACCOUNT WHEN FINALISING ANY REDEVELOPMENT PROPOSALS.

"THIS CAN BE ACHIEVED, FIRST BY CLOSELY INVOLVING OURSELVES IN THE PLANNING OF THE REDEVELOPMENT PROJECTS AND SECONDLY, BY GIVING EVERY POSSIBLE ASSISTANCE IN ARRANGING NECESSARY CONSULTATION AND BRIEFING SESSIONS TO LOCAL BODIES CONCERNED," HE SAID.

HE ADDED THAT DISTRICT OFFICES WERE CLOSELY INVOLVED IN THE PLANNING PROCESS OF REDEVELOPMENT PROJECTS IN THEIR OWN DISTRICTS DURING WHICH LOCAL CONCERNS WERE REFLECTED.

LOCAL VIEWS WERE ALSO SOUGHT WHENEVER APPLICABLE DIRECTLY THROUGH THE DISTRICT BOARDS OR AREA COMMITTEES, HE SAID.

AMONG OTHER ISSUES WHICH ARE OF PARTICULAR CONCERN TO CNTA ARE THE QUESTIONS OF COMPENSATION AND REHOUSING ARRANGEMENTS FOR LDC'S URBAN RENEWAL PROJECTS.

"THE BASIC PREMISE REMAINS THAT NOBODY WILL BE RENDERED HOMELESS OUT OF THESE DEVELOPMENT PROJECTS," MR LAN SAID.

LOOKING AHEAD, HE SAID CNTA WOULD CONTINUE TO ENSURE THAT ADEQUATE CONSULTATION WOULD BE CONDUCTED WITH THOSE CONCERNED SUCH AS THE DISTRICT BOARDS IN REGARD TO THE MAJOR INFRASTRUCTURAL WORKS AND THE METROPLAN SO THAT LOCAL NEEDS COULD BE CATERED FOR.

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GOVT PAID TRIBUTE TO TFC
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THE DEPUTY SECRETARY FOR TRADE AND INDUSTRY, MR JOSEPH WONG, TODAY (WEDNESDAY) PAID TRIBUTE TO THE PAST ACHIEVEMENTS OF THE TRADE FACILITATION COUNCIL (TFC).

COMMENTING ON TFC'S ANNOUNCEMENT TO CEASE OPERATIONS, MR WONG SAID TFC PIONEERED TRADE FACILITATION WORK IN HONG KONG AND HAD MADE SIGNIFICANT CONTRIBUTIONS TO THE GOVERNMENT AND THE TRADING COMMUNITY IN THE LAST 10 YEARS.

"THE NEXT MAJOR STAGE OF TRADE FACILITATION LIES WITH THE DEVELOPMENT OF ELECTRONIC DATA INTERCHANGE (EDI) WHICH WILL REDUCE THE USE OF PAPER DOCUMENTS.

"THE GOVERNMENT IS ACTIVELY INVOLVED IN THIS AND IS WORKING WITH THE BUSINESS COMMUNITY THROUGH A JOINT PROJECT WITH TRADELINK, A GROUP OF 11 HONG KONG LEADING BUSINESS ORGANISATIONS," MR WONG SAID.

HE ADDED: "IT IS TFC WHICH FIRST INTRODUCED THE CONCEPT OF EDI IN HONG KONG, AN EXAMPLE OF ITS MANY ACHIEVEMENTS."

"WE WILL WORK CLOSELY WITH TFC TO ENSURE THAT THE RESIDUAL WORK WILL BE TAKEN OVER BY THE GOVERNMENT AND RELEVANT TRADE ORGANISATIONS. FOR EXAMPLE, TDC HAS AGREED TO HANDLE TRADE-RELATED ENQUIRIES," MR WONG SAID.

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TFC DECIDES TO CALL IT A DAY
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THE HONG KONG TRADE FACILITATION COUNCIL (TFC) TODAY (WEDNESDAY) ANNOUNCED THAT IT WILL SHORTLY CEASE OPERATIONS. FOR THE FUTURE, THE CONTACT POINT FOR TRADE FACILITATION WORK IN HONG KONG WILL REVERT TO THE GOVERNMENT. THIS WAS THE ARRANGEMENT THAT APPLIED UNDER THE FORMER TRADE FACILITATION COMMITTEE, PRIOR TO THE ESTABLISHMENT OF THE COUNCIL IN 1981.

MR HARRY GARLICK, EXECUTIVE DIRECTOR OF THE TFC, SAID THAT THE DECISION HAD BEEN MADE AFTER CAREFUL CONSIDERATION BY THE EXECUTIVE COMMITTEE.

"WE HAVE BEEN AWARE FOR SOME TIME THAT WE WERE REACHING THE END OF AN ERA. THE COUNCIL IN THE PAST 10 YEARS HAS ACCOMPLISHED A WORTHWHILE PROGRAMME OF WORK FOR THE TRADING COMMUNITY, BUT NEW FACTORS WILL DETERMINE THE PATTERN OF DEVELOPMENT FOR THE NINETIES. THE COUNCIL, WITH ITS LIMITED RESOURCES, MAY NOT BE THE BEST VEHICLE TO COPE WITH THESE FACTORS," MR GARLICK SAID.

THE DEVELOPMENT OF ELECTRONIC DATA INTERCHANGE (EDI), WHICH THE TFC CHAMPIONED IN THE EARLY EIGHTIES WAS A CASE IN POINT. "WE ACTED AS AN EDUCATIVE FORCE TO BRING EDI TO THE NOTICE OF THE TRADING COMMUNITY. SPECIFICALLY, WE WERE RESPONSIBLE FOR THE PIONEERING WORK WHICH EVENTUALLY LED TO THE SETTING-UP OF THE TRADELINK CONSORTIUM," HE SAID.

"TODAY HOWEVER PROJECTS SUCH AS SPEDI, WHICH IS THE SHARED EDI PROJECT UNDERTAKEN JOINTLY BY GOVERNMENT AND TRADELINK, ARE MULTI-MILLION DOLLAR UNDERTAKINGS. THE TFC DOES NOT HAVE THE RESOURCES TO OPERATE ON THIS SCALE."

MR IAN TOMLIN - WHO HAS BEEN HONG KONG'S "MR TRADE FACILITATION" FOR THE PAST QUARTER-CENTURY, FIRST AS CHAIRMAN OF THE WORKING PARTY FOR SIMPLER TRADE DOCUMENTS, AND THEN AS THE CHAIRMAN OF THE TRADE FACILITATION COMMITTEE, BEFORE BECOMING CHAIRMAN OF THE COUNCIL - STEPPED DOWN EARLIER THIS YEAR, BUT CONTINUES AS PRO TEM CHAIRMAN OF THE COUNCIL'S DOCUMENTS SUB-COMMITTEE TO ASSIST IN WINDING-UP THE COMMITTEE'S PROGRAMME OF WORK.

THE COUNCIL WAS ORIGINALLY FUNDED AS A JOINT VENTURE BETWEEN GOVERNMENT AND THE PRIVATE SECTOR, WITH THE GOVERNMENT PROVIDING AN ANNUAL SUBVENTION AND PRIVATE SECTOR COMPANIES PAYING ANNUAL SUBSCRIPTION FEES RELATED TO SIZE OF COMPANY.

IT BECAME APPARENT AS EARLY AS THE MID-EIGHTIES THAT THE GROWING LEVEL OF EXPENDITURE NECESSARY TO SUSTAIN A MEANINGFUL LEVEL OF TRADE FACILITATION WORK COULD NOT BE FUNDED BY THESE MEANS.

IN 1986, A NEW APPROACH WAS INITIATED, GOVERNMENT PROVIDED A ONCE-OFF GRANT TO SUPPLEMENT PRIVATE SECTOR FEES, AND THE GENERAL CHAMBER OF COMMERCE GAVE SUPPORT TO THE COUNCIL IN THE PROVISION OF OFFICE PREMISES AND SERVICES, AND SECONDED MR HARRY GARLICK AS PART-TIME EXECUTIVE DIRECTOR.

"FOR 10 YEARS THE PRIVATE SECTOR HAS SUPPORTED US EXTREMELY WELL, WITH ANNUAL SUBSCRIPTION AT \$10,000 FOR A CORPORATE MEMBER, WHICH EVEN TODAY IS WELL ABOVE THE HONG KONG NORM FOR A TRADE ASSOCIATION. EVEN SO, CONTINUAL INFLATION HAS MADE IT DIFFICULT TO PROVIDE A TRULY PRO-ACTIVE, AS OPPOSED TO MERELY RE-ACTIVE, SERVICE," MR GARLICK SAID.

THE COUNCIL HAS ALSO BEEN PLAGUED IN RECENT YEARS BY THE BRAIN DRAIN AND HIGH STAFF TURNOVER. "ON THE ONE HAND THE NATURE OF THE TFC'S WORK REQUIRES A SMALL CORE OF SPECIALIST DEDICATED PROFESSIONALS. ON THE OTHER HAND, A SMALL ORGANISATION WITH LIMITED FUNDS CANNOT OFFER THE CAREER PROSPECTS DEMANDED BY TODAY'S BRIGHT YOUNG EXECUTIVES."

FOR THE PAST FEW MONTHS, THE COUNCIL'S STAFF HAD CONSISTED ENTIRELY OF EXPATRIATE PART-TIME WORKERS.

MR GARLICK STRESSED THAT THE COUNCIL WAS NOT FACING AN IMMEDIATE FINANCIAL CRISIS, BUT SIMPLY ACCEPTED THE IMPOSSIBILITY OF BEING ABLE TO FINANCE THE LEVEL OF PRO-ACTIVE SERVICE REQUIRED FOR THE FUTURE.

"THE EXECUTIVE COMMITTEE THEREFORE FELT THAT IT WAS BEST TO FACE REALITY AND TO THINK FORWARD WHILE WE WERE AHEAD OF THE GAME," MR GARLICK SAID.

HIGHLIGHTS OF A 10 YEAR PROGRAMME OF WORK INCLUDE THE DEVELOPMENT OF THE HOTLINE EDI CONCEPT, THE PRECURSOR OF TODAY'S SPEDI; THE ESTABLISHMENT IN 1989 OF THE HK ARTICLE NUMBERING ASSOCIATION; AN INVESTIGATION BY A HIGH POWERED COMMITTEE INTO LEGAL BARRIERS TO ELECTRONIC COMMUNICATION; THE INTRODUCTION TO THE HK MARKET OF SPEX, THE FIRST SOFTWARE PACKAGE DEDICATED TO THE PROCESSING OF TRADE DOCUMENTS; AND MORE RECENTLY A THREE YEAR PROGRAMME TO REVIEW AND REVISE A SERIES OF COMMERCIAL AND GOVERNMENT TRADE DOCUMENTS.

"PERHAPS OUR MAIN ACHIEVEMENT HOWEVER HAS BEEN TO ESTABLISH HONG KONG AS A REGIONAL LEADER IN TRADE FACILITATION. WE HAVE ALWAYS PARTICIPATED ACTIVELY IN REGIONAL TRAINING PROGRAMMES, INCLUDING SEMINARS HELD IN THE PRC. AS A RESULT, HONG KONG IS HELD IN HIGH REGARD REGIONALLY, AND I BELIEVE INTERNATIONALLY," MR GARLICK SAID.

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NOTE:

PRESS ENQUIRIES TO MR HARRY GARLICK ON TEL. 823 1255.

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FOR THE PRIVATE SECRETARY
OF THE HONG KONG GOVERNMENT
AND
SECRETARY FOR THE TRADE DEVELOPMENT BOARD