



DAILY INFORMATION BULLETIN

MONDAY, MARCH 29, 1976

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MONDAY, MARCH 29, 1976.

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GOVERNMENT'S FISCAL AND ECONOMIC POLICIES EXPLAINED

THE FINANCIAL SECRETARY, MR. PHILIP HADDON-CAVE, TODAY STRONGLY STRESSED THAT THE GOVERNMENT'S FISCAL AND ECONOMIC POLICIES WERE DESIGNED TO SECURE THE HIGHEST POSSIBLE GROWTH RATE OF THE ECONOMY AS A WHOLE.

+TO THIS END,+ HE ADDED, +OUR FOCUS IS ON THE RATE OF INVESTMENT GENERALLY IRRESPECTIVE OF ITS SOURCE.+

MR. HADDON-CAVE WAS ADDRESSING A LUNCHEON MEETING OF THE HONG KONG COTTON SPINNERS ASSOCIATION.

IN RESPONSE TO INTRODUCTORY REMARKS MADE BY THE CHAIRMAN OF THE ASSOCIATION, THE FINANCIAL SECRETARY SAID HE ACCEPTED THAT THE PRICES AT WHICH IMPORTED YARNS WERE OFFERED BY OVERSEAS SUPPLIERS WERE HIGHLY COMPETITIVE.

BUT HE DID NOT THINK THAT HONG KONG SHOULD ABANDON ITS FREE TRADE POLICY IN THE FACE OF SUCH COMPETITIVE PRICES AND AT THE EXPENSE OF THE EXTERNAL COMPETITIVE POSITION OF ITS PIECEGOODS AND GARMENTS.

MR. HADDON-CAVE ALSO DID NOT BELIEVE THAT THE HONG KONG SPINNING INDUSTRY WITH ITS WELL PROVEN CAPACITY FOR SURVIVAL WOULD NOT REACT POSITIVELY TO SUCH COMPETITION BY PIONEERING NEW COST EFFECTIVE PRODUCTION TECHNIQUES.

REFERRING TO THE FACTORS WHICH THE CHAIRMAN DESCRIBED AS HAVING +AN ADVERSE IMPACT ON INDUSTRY,+ THE FINANCIAL SECRETARY SAID HE WAS DISAPPOINTED THAT THE CHAIRMAN DID NOT BALANCE HIS ANALYSIS OF THE FACTORS WITH AN ANALYSIS OF THE MANY FAVOURABLE FACTORS PRESENT HERE OF WHICH THE GOVERNMENT'S 1976 BUDGET IS ONLY ONE.+

HE SAID HE COULD NOT ACCEPT THAT THEY WERE ALL THAT ADVERSE.

CITING ELECTRICITY CHARGES FOR EXAMPLE, THE FINANCIAL SECRETARY SAID THAT FOR MEDIUM SIZE INDUSTRIAL/COMMERCIAL UNDERTAKINGS ALTHOUGH THE CHARGES WERE LOWER IN MALAYSIA THAN IN HONG KONG, THEY WERE HIGHER IN SINGAPORE, AUSTRALIA AND THE UNITED KINGDOM.

+AND, WHILST FOR LARGE SIZE UNDERTAKINGS, ELECTRICITY CHARGES ARE ALSO LOWER IN MALAYSIA THAN IN HONG KONG, THEY ARE ABOUT THE SAME IN HONG KONG AS IN SINGAPORE AND IN THE UNITED KINGDOM AND ARE LOWER HERE THAN IN AUSTRALIA.+

TURNING TO A CLAIM BY THE CHAIRMAN THAT WATER CHARGES WERE +ESCALATING,+ MR. HADDON-CAVE SAID THEY HAD NOT BEEN RAISED SINCE THE TWO-STAGE INCREASE TO \$4 PER 1,000 GALLONS ANNOUNCED IN THE 1971 BUDGET SPEECH.

ON THE FOREIGN EXCHANGE MARKET, THE FINANCIAL SECRETARY SAID HONG KONG MUST FACE UP TO THE IMMEDIATE REALITY WHICH WAS THAT THE PROSPECT OF A RETURN TO A GENERAL SYSTEM OF FIXED EXCHANGE RATES REMAINED REMOTE.

+IN THESE CIRCUMSTANCES, ALL TRADE ORIENTED ECONOMIES -- AND PARTICULARLY HONG KONG'S -- MUST ADAPT, AND ADAPT CONTINUOUSLY, TO AN EVER SHIFTING COMPLEX OF EXCHANGE RATE AND, IN THE MEDIUM AND LONGER TERM, I IMAGINE NO ONE WOULD ARGUE AGAINST A RELATIVELY STRONG HONG KONG DOLLAR,+ HE SAID.

HE CONTINUED THAT THIS WAS NOT TO SAY THAT THE GOVERNMENT, OR RATHER THE EXCHANGE FUND, WOULD STAND BY PASSIVELY IN ALL CIRCUMSTANCES.

+THERE ARE SOME MOVEMENTS WHICH CAN BE IDENTIFIED AS QUITE WAYWARD AND OTHERS WHICH ARE UNNECESSARILY ERRATIC. WITHIN LIMITS, THESE WE SHALL SEEK TO CORRECT AND IN SUCH A WAY AS NOT TO WORK AGAINST UNDERLYING MARKET FORCES, ON THE ONE HAND, AND NOT TO PROVIDE SPECULATORS WITH AN OPPORTUNITY TO FRUSTRATE OUR EFFORTS TO THEIR PROFIT, ON THE OTHER,+ HE SAID.

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TWO NEW URBAN COUNCILLORS APPOINTED

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TWO NEW MEMBERS HAVE BEEN APPOINTED BY THE GOVERNOR TO SERVE ON THE URBAN COUNCIL.

THEY ARE MR. KIM CHAM YAU-SUM, A UNIVERSITY LECTURER AND MR. LAWRENCE FUNG, A BUSINESSMAN. THEIR APPOINTMENTS WILL BE EFFECTIVE FROM APRIL 1, 1976 TO MARCH 31, 1980.

THEY WILL REPLACE MR. ALEX S.C. WU AND MR. PETER P.K. NG WHOSE TERMS EXPIRE AT THE END OF THIS MONTH. BOTH MR. WU AND MR. NG HAVE INDICATED THAT THEY DO NOT WISH TO BE REAPPOINTED.

MR. CHAM, 29, IS A LECTURER IN THE DEPARTMENT OF MANAGEMENT STUDIES AT THE UNIVERSITY OF HONG KONG. HE WAS PREVIOUSLY VICE-CHAIRMAN OF THE CENTRAL CITY DISTRICT OFFICE'S SOUTHWEST AREA COMMITTEE AND IS CURRENTLY A MEMBER OF THE CONSUMER COUNCIL. HE IS SINGLE.

MR. FUNG, 42, IS A DIRECTOR OF FUNG PING FAN AND CO. HE IS MARRIED AND HAS THREE CHILDREN. MR. FUNG WAS PREVIOUSLY CHAIRMAN OF THE HONG KONG SOCIETY FOR THE DEAF. HE IS A STAFF OFFICER IN THE ST. JOHN'S AMBULANCE BRIGADE AND A MEMBER OF THE COMMITTEE OF THE HONG KONG ARTS CENTRE.

FOUR OTHER MEMBERS, WHOSE TERMS ALSO EXPIRE AT THE END OF THIS MONTH, HAVE BEEN REAPPOINTED BY THE GOVERNOR FOR THE PERIOD FROM APRIL 1, 1976 TO MARCH 31, 1980. THEY ARE MR. PETER CHAN PO-FUN, MR. JOHN MACKENZIE, MR. HU FA-KUANG AND MRS. GRACE HO.

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TOPLEY OPENS \$5.5 MILLION AIDED SECONDARY SCHOOL

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THE YU CHUN KEUNG MEMORIAL COLLEGE, WHICH COST \$5,500,000 TO PUT UP, WAS OPENED BY THE DIRECTOR OF EDUCATION, MR. KENNETH TOPLEY THIS AFTERNOON.

THE GOVERNMENT CONTRIBUTED ABOUT 80 PER CENT OF THE COST -- ABOUT \$4,500,000 -- BY WAY OF CAPITAL SUBSIDY WHILE THE LATE MR. YU CHUN KEUNG MADE A GENEROUS DONATION.

THE COLLEGE, A 24-CLASSROOM GRAMMAR SCHOOL WITH NINE SPECIAL ROOMS AND OTHER ANCILLARY FACILITIES, IS THE SEVENTH AIDED SECONDARY SCHOOL SPONSORED BY THE CATHOLIC MISSION IN HONG KONG.

IN HIS SPEECH AT THE OPENING CEREMONY, MR. TOPLEY EXPRESSED HIS APPRECIATION OF THE EDUCATIONAL EFFORTS MADE BY THE CATHOLIC MISSION.

+THESE WORTHY EFFORTS DATE BACK TO THE EARLY FIFTIES WHEN THE MISSION STARTED OPERATING PRIMARY SCHOOLS AND KINDERGARTENS.

+FOR MANY YEARS THE MISSION HAS MADE A SIGNAL CONTRIBUTION IN HELPING THE GOVERNMENT TO PROMOTE AIDED PRIMARY EDUCATION.

+IN RECENT YEARS, WITH THE DEVELOPMENT AND EXPANSION OF SECONDARY EDUCATION, IT HAS DIVERTED ITS ENERGY TOWARDS THE BUILDING OF SECONDARY SCHOOLS -- SOME AIDED, SOME PRIVATE,+ MR. TOPLEY SAID.

THE DIRECTOR POINTED OUT THAT THE SCHOOLS UNDER THE AEGIS OF THE MISSION WERE NOT SIMPLY DESIGNED TO MEET THE EDUCATIONAL NEEDS OF CATHOLIC CHILDREN, BUT PRIMARILY ESTABLISHED TO SERVE THE INTERESTS OF THE COMMUNITY AT LARGE.

HE EXPRESSED THE HOPE THAT THE MISSION WOULD KEEP UP ITS EXCELLENT EDUCATIONAL WORK AND CONTINUE TO RENDER ASSISTANCE TO THE COMMUNITY AND TO THE GOVERNMENT BY PROVIDING MORE SCHOOL PLACES.

THE DIRECTOR THEN SPOKE ON THE INFLUENCE OF THE HOME ENVIRONMENT AND THE NEIGHBOURHOOD ON SCHOOL CHILDREN.

+VIEWING THEIR WORK AS A WHOLE, TEACHERS WILL NATURALLY MAKE USE OF EVERY OPPORTUNITY FOR BRINGING ABOUT AN INTIMATE RELATIONSHIP BETWEEN SCHOOL, HOME AND NEIGHBOURHOOD.

+THEY AND ALL OTHERS CONNECTED WITH EDUCATION SHOULD DO THEIR BEST TO DISPEL THE HARMFUL NOTION THAT THE WORK OF THE SCHOOL IS A MYSTERY NOT TO BE PENETRATED EXCEPT BY THE INITIATED.

+THE GREAT INTEREST WHICH HAS BEEN AROUSED BY EXHIBITIONS OF SCHOOL WORK AND BY DISPLAYS OF SCHOOL ACTIVITIES OF VARIOUS KINDS SHOWS THAT THE PUBLIC IS EAGER TO KNOW WHAT IS GOING ON IN THE SCHOOL. BUT OF ALL THE OUTSIDE PUBLIC THE PARENTS CLEARLY HAVE THE BEST RIGHT TO BE INFORMED AS TO WHAT THE SCHOOL IS DOING FOR THEIR CHILDREN,+ MR. TOPLEY SAID.

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LADY MACLEHOSE VISITS LADIES' GARMENT FACTORY

LADY MACLEHOSE, CONTINUING HER SERIES OF VISITS TO HONG KONG FACTORIES, WILL BE MAKING A SHOP FLOOR TOUR OF A LADIES' GARMENT COMPANY IN KING'S ROAD TOMORROW MORNING (TUESDAY).

LIKE THE GOVERNOR, LADY MACLEHOSE IS GREATLY INTERESTED IN HONG KONG'S INDUSTRIAL WELLBEING= AND TO KEEP HERSELF UP TO DATE WITH INDUSTRY'S PROGRESS, HAS BEEN MAKING VISITS TO FACTORIES REGULARLY OVER THE YEARS.

TOMORROW'S VISIT IS TO THE DORCE FASHION LIMITED AT NO. 743 KING'S ROAD. SHE WILL BE ACCOMPANIED BY THE ASSISTANT DIRECTOR OF COMMERCE AND INDUSTRY, MR. ALEX PURVES.

DORCE FASHION IS A LEADING PRODUCER OF QUALITY LADIES' KNITTED JACKETS, SUITS, SHIRTS, PANTS AND COATS.

THE COMPANY'S MAIN MARKETS ARE THE UNITED STATES, JAPAN AND AUSTRALIA.

THE COMPANY OPERATES TWO FACTORIES AND EMPLOYS MORE THAN 700 WORKERS.

NOTE TO NEWS EDITORS:

YOU ARE CORDIALLY INVITED TO SEND A REPORTER AND/OR PHOTOGRAPHER TO COVER THE VISIT. LADY MACLEHOSE WILL ARRIVE AT THE FACTORY AT 10.20 A.M. AND WILL SPEND OVER AN HOUR THERE. YOUR REPRESENTATIVE IS ASKED TO BE AT THE FACTORY BEFORE HER ARRIVAL.

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SPECIAL TRAINS FOR CHING MING FESTIVAL
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ADDITIONAL TRAINS WILL BE RUN THIS SUNDAY AND MONDAY (APRIL 4 AND 5) DURING THE CHING MING FESTIVAL PERIOD TO FACILITATE VISITORS TO CEMETERIES IN WO HOP SHEK.

ELEVEN SPECIAL TRAINS WILL LEAVE KOWLOON STATION (HUNG HOM) BETWEEN 6.13 A.M. AND 4.55 P.M. ON EACH OF THESE TWO DAYS, AND THE SAME NUMBER OF SPECIAL TRAINS WILL DEPART FROM WO HOP SHEK FOR KOWLOON BETWEEN 7.30 A.M. AND 6.20 P.M.

THERE IS NO ADVANCE BOOKING OF TICKETS BUT CONCESSION TICKETS VALID FOR THE DAY OF ISSUE WILL BE AVAILABLE AT KOWLOON STATION AT THE FOLLOWING CHARGES:

		ORDINARY CLASS RETURN	ORDINARY CLASS SINGLE
KOWLOON TO WO HOP SHEK	ADULT	\$2.60	-
	CHILD	\$1.30	-
KOWLOON TO LO WU (FOR SANDY RIDGE)	ADULT	\$3.20	-
	CHILD	\$1.60	-
WO HOP SHEK TO KOWLOON	ADULT	-	\$1.30
	CHILD	-	\$0.65

AS PART OF THESE SPECIAL ARRANGEMENTS, THE ADDITIONAL TRAINS WILL NOT STOP AT MONG KOK STATION TO PICK UP PASSENGERS AND NO REGULAR NORTHBOUND PASSENGER TRAIN WILL STOP AT THE STATION BETWEEN 8 A.M. AND 1.30 P.M. TICKETS FOR SOUTHBOUND TRAINS WILL ALSO NOT BE AVAILABLE THERE.

MONG KOK PASSENGERS ARE REQUESTED TO GO TO KOWLOON STATION TO BOARD TRAINS AND MONTHLY TICKET HOLDERS WILL BE PERMITTED TO DO SO WITHOUT EXTRA CHARGE.

A SPOKESMAN FOR THE KOWLOON-CANTON RAILWAY SAID TODAY THAT TRAINS FROM KOWLOON TO THE NEW TERRITORIES WILL PROBABLY BE FULL BETWEEN 6 A.M. AND 3 P.M. AND TRAINS TO KOWLOON BETWEEN 3 P.M. AND 9 P.M.

HE ASSURED THE PUBLIC THAT MORE TRAINS MAY RUN IN THE LATE EVENING IF DEMAND WARRANTS AND THE LOCAL STATION MASTERS WILL GIVE ADVICE ON THE TIMING OF THESE TRAINS.

TRAINS AND TIMING MAY BE SUBJECT TO CANCELLATION AND CHANGE WITHOUT NOTICE. PASSENGERS ARE URGED TO FOLLOW THE INSTRUCTIONS OF RAILWAY STAFF AND THE POLICE IN FORMING ORDERLY QUEUES, AND TO READ CAREFULLY NOTICES EXHIBITED AT KOWLOON STATION.

FEBRUARY BANKING STATISTICS
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BANKING DEPOSITS AS AT THE END OF FEBRUARY STOOD AT \$37,575 MILLION, COMPRISING \$9,860 MILLION IN DEMAND DEPOSITS, \$14,412 MILLION IN TIME DEPOSITS AND \$13,303 IN SAVINGS DEPOSITS.

AS AT FEBRUARY 29, THERE WERE 74 LICENSED BANKS IN HONG KONG.

THE FOLLOWING TABLE DISCLOSED TODAY BY THE COMMISSIONER OF BANKING GIVES A DETAILED BREAKDOWN OF BANK LIABILITIES AND ASSETS FOR THE MONTH :-

<u>LIABILITIES</u>	<u>\$ MILLION</u>
1. DEPOSITS	37,575
2. AMOUNT DUE TO BANKS ABROAD	21,782
3. OTHER LIABILITIES	7,933
TOTAL LIABILITIES	<u>67,290</u>
<u>ASSETS</u>	
1. CASH	796
2. AMOUNT DUE FROM BANKS ABROAD :	
(I) DEMAND AND SHORT TERM CLAIMS	18,823
(II) TIME DEPOSITS	<u>1,563</u>
	20,386
3. LOANS AND ADVANCES :	
(I) HONG KONG	25,936
(II) ABROAD	<u>10,481</u>
	36,417
4. INVESTMENT :	
(I) HONG KONG	2,923
(II) ABROAD	<u>56</u>
	2,979
5. OTHER ASSETS :	
(I) HONG KONG	3,661
(II) ABROAD	<u>3,051</u>
	6,712
TOTAL ASSETS	<u>67,290</u>
AVERAGE LIQUIDITY DURING MONTH	50.24 PER CENT

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WORTHWHILE SYLLABUSES FOR JUNIOR SECONDARY FORMS
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THE DEPUTY CHIEF INSPECTOR OF SCHOOLS, MR. ALEC REEVE SAID TODAY THAT IT WAS VITAL THAT TEACHERS AND HEADS OF SCHOOLS AS WELL AS EDUCATION DEPARTMENT OFFICIALS SHOULD CONTRIBUTE TO THE DESIGNING OF WORTHWHILE SYLLABUSES FOR FORMS 1 TO 3 NOW THAT HONG KONG WAS ON THE VERGE OF PROVIDING AIDED SECONDARY EDUCATION FOR ALL.

MR. REEVE WAS SPEAKING AT THE OPENING OF A TWO-DAY SOCIAL STUDIES PROJECT EXHIBITION AT ST. STEPHEN'S COLLEGE IN STANLEY.

THE PURPOSE OF THE EXHIBITION WAS TO SHARE WITH OTHER TEACHERS THE EXPERIENCE OF MISS KITTY CHIANG, A TEACHER OF SOCIAL STUDIES, AND HER PUPILS AND TO STIMULATE OTHER TEACHERS IN OTHER SCHOOLS TO MOUNT SIMILAR EXHIBITIONS.

+ANOTHER PURPOSE BEHIND THE EXHIBITION IS TO ENCOURAGE TEACHERS TO HELP SHAPE THE SYLLABUS AND CURRICULUM OF FORMS 1 TO 3 IN OUR SECONDARY SCHOOLS,+ MR. REEVE SAID.

ALTHOUGH MISS CHIANG AND HER PRINCIPAL, MR. LUKE YIP HAD RESERVATIONS ABOUT THE NEW SYLLABUS, THEY HAD THE INITIATIVE AND COURAGE TO ADOPT IT.

WITH NO TEXTBOOK OF SOCIAL STUDIES AVAILABLE AND WITH THE SYLLABUS ATTEMPTING TO INTEGRATE TO SOME EXTENT FOUR SUBJECTS - HISTORY, GEOGRAPHY, ECONOMIC AND PUBLIC AFFAIRS AND HEALTH EDUCATION - MISS CHIANG QUICKLY GOT THE MAIN MESSAGE OF THE NEW SYLLABUS WHICH WAS THE ADOPTION OF A FLEXIBLE APPROACH IN THE TEACHING OF THE MAIN AREA OF THE FORM 1 SYLLABUS, MR. REEVE SAID.

ST. STEPHEN'S IS ONE OF THE 15 MONITORED SCHOOLS IMPLEMENTING THE PROVISIONAL SYLLABUS FOR SOCIAL STUDIES ON A TRIAL BASIS.

THE EXHIBITION'S THEME IS +KNOWING YOURSELF AND YOUR ENVIRONMENT+ - A MAJOR AREA OF STUDY IN THE FORM 1 PROVISIONAL SYLLABUS FOR SOCIAL STUDIES.

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EXHIBITION AND SEMINAR ON COMMUNITY HEALTH

A THREE-DAY EXHIBITION ON COMMUNITY HEALTH WILL BE HELD AT THE HALL OF THE LAM TIN ESTATE WELFARE BUILDING (WEST) KAI TIN ROAD, ON APRIL 1 (THURSDAY) AT 3 P.M.

THE EXHIBITION WILL CLOSE ON APRIL 3 AT 8 P.M. TO BE FOLLOWED IMMEDIATELY BY A SEMINAR IN WHICH ABOUT 150 RESIDENTS IN LAM TIN WILL PARTICIPATE.

AT THE SEMINAR, MR. LEE YUNG-WONG, ASSOCIATED DIRECTOR OF KWUN TONG COMMUNITY HEALTH PROJECT, WILL SPEAK ON +WHAT IS COMMUNITY HEALTH?+ AND DR. CHAN KAI-MING, CHAIRMAN OF THE VOLUNTARY WORK UNIT OF KWUN TONG COMMUNITY HEALTH PROJECT, WILL SPEAK ON +ROLE OF VOLUNTEERS IN COMMUNITY HEALTH DEVELOPMENT+.

THE PROJECT IS JOINTLY ORGANISED BY THE LAM TIN ESTATE (EAST AND WEST) COMMUNITY OFFICES OF THE SOCIAL WELFARE DEPARTMENT AND THE UNITED CHRISTIAN HOSPITAL.

THE FUNCTION IS AIMED AT AROUSING THE INTEREST OF THE PUBLIC IN COMMUNITING HEALTH.

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DAILY INFORMATION BULLETIN

SUPPLEMENT

Monday, March 29, 1976

GOVERNMENT'S FISCAL AND ECONOMIC POLICIES EXPLAINED

The following is the full text of the speech by the Financial Secretary, Mr. Philip Haddon-Cave, at the Hong Kong Cotton Spinners Association lunch:

Mr. Chairman, Ladies and Gentlemen,

Last time I had the pleasure of lunching with you - in late 1972 I think it was - I spoke about the role, as I saw it, of the press in the process of government in Hong Kong. I had intended to revert to this subject today for the role of the press in developing an understanding of the many issues facing us and in providing a critical, but objective, stream of commentary on the Government's management of our affairs, based on conscientious homework, is more important today than ever before. But, instead, Mr. Chairman, I feel constrained to respond to your introductory remarks.

I assume you were specifically referring to cotton spinning as such although your Association's articles were amended in 1967 to provide that cotton shall be deemed to include man-made fibres. Now, admittedly, imports of grey cotton yarns have been rising steadily from 21 million pounds in 1965 to 189 million pounds in 1975, or from 7½% of apparent consumption of 278 million pounds in 1965 to 34% of apparent consumption of 557 million pounds in 1975.

/In fact,

In fact, the share of retained imports in apparent consumption seems to have reached a peak in the last four years. Retained imports captured 36% of the market in 1972, declined to 34% in 1973, fell sharply to 24% in 1974 and then recovered to 34% in 1975 when apparent consumption was at an all time record level of 557 million pounds, an increase of no less than 30% on the previous high of 427 million pounds in 1973.

I accept that the prices at which imported yarns are offered by overseas suppliers are highly competitive, but are you seriously suggesting that we should abandon our free trade policy in the face of such competitive prices and at the expense of the external competitive position of our piece-goods and garments? Surely not, for a protected market for the spinning industry in Hong Kong which damaged the external competitive position of our textile industry generally would quickly destroy demand for your yarns. In any case, I do not believe that the Hong Kong spinning industry with its well proven capacity for survival will not react positively to such competition by pioneering new cost effective production techniques. The Hong Kong spinning industry has lived through, and survived, many changes in the past 10 years (and the industry's production in 1975 at 382 million pounds was nearly 100 million pounds up on 1965); and there are more changes to come. These you must likewise survive, but in the certain knowledge that the Government will not offer you any form of special assistance which is contrary to the general thrust of our fiscal and economic policies. These policies, which would be put generally at risk were we to start making exceptions, should in themselves provide you with a perfectly adequate climate for survival, if survival is

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consistent with economic reality. This is not to say, that the Director of Commerce and Industry will not listen to any well documented case you may be able to assemble which indicates that particular suppliers are indulging in unfair trading practices - and I mean unfair in terms of GATT rules and not in the sense that they are simply price competitive. Even then, the Government would have to consider, very carefully, whether it was in the interests of Hong Kong as a whole to seek to protect one sector of one industry.

I must confess I am disappointed that you did not, Mr. Chairman, balance your analysis of the factors having what you described as "an adverse impact on industry" with an analysis of the many favourable factors present here, of which the Government's 1976 budget is only one. You made a generous reference to the budget, for which I am grateful, though I would like to stress - and stress forcibly - that the Government's fiscal and economic policies are designed to secure the highest possible growth rate of the economy as a whole and, to this end, our focus is on the rate of investment generally irrespective of its source. But returning for a moment to your "adverse factors" Mr. Chairman: I cannot accept that they are all that adverse. Take electricity charges for example: for medium size industrial/commercial undertakings, electricity charges are lower in Malaysia than in Hong Kong, but they are higher in Singapore, Australia and the United Kingdom; and, whilst for large size undertakings, electricity charges are also lower in Malaysia than in Hong Kong, they are about the same in Hong Kong as in Singapore and in the United Kingdom and are lower here than in Australia. Again, you said, Mr. Chairman, that water charges are "escalating", but they have not been raised since the two stage increase to \$4 per 1,000 gallons

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announced in the 1971 Budget Speech. And when I raised charges for domestic consumers only last year, I made it abundantly clear that the introduction of a differential pricing system for water consumed by industry would be designed with care. But the plain fact is that the Water Undertaking, like all the Government's public utility type undertakings, must be operated on at least a quasi-commercial basis, given our benevolent tax system.

But on the foreign exchange market, and leaving aside the strengthening of the Hong Kong dollar in the past few days, the outcome of which is far from clear at the moment, I will say this: we must face up to the immediate reality which is that the prospect of a return to a general system of fixed exchange rates remains remote. In these circumstances, all trade oriented economies - and particularly Hong Kong's - must adapt, and adapt continuously, to an ever shifting complex of exchange rates and, in the medium and longer term, I imagine no one would argue against a relatively strong Hong Kong dollar. This is not to say, that the Government, or rather the Exchange Fund, will stand by passively in all circumstances. There are some movements which can be identified as quite wayward and others which are unnecessarily erratic. Within limits, these we shall seek to correct and in such a way as not to work against underlying market forces, on the one hand, and not to provide speculators with an opportunity to frustrate our efforts to their profit, on the other.

This speech, if it can be called that, has not been as short as I intended. So I must bring it now abruptly to a close, but not before thanking you all, most sincerely, for your hospitality and for this opportunity of a frank exchange of views.