



The Bulletin

The Hong Kong General Chamber of Commerce

“
... ninety nine per cent
did not bother to reply...”

DID YOU ?



see page 21

OCTOBER 1972

談上半年貿易和香港股票發展

據根悲觀預言者的看法，一九七二年香港經濟將會洩氣。雖然沒有一個人預測大禍臨頭，他們通常的判斷是「謹慎的樂觀」。假如是「謹慎的樂觀」的話這種預測是正確的。

一九七二年上半年的出口比去年同期增加差不多百分之十。誠然，這個增長率比五年來之半年增長率為少，但仍然是積極的增長。

關於增長方面有多少是從出口量增加的結果，或者是由於對買家售價所引致，這是很難估計的。如果再進一步探討售價提高是為了所出口之貨品質素被提高和改良而並非由通貨膨脹所引起之壓力所致。

上半年轉口貨比去年同期增加百分之十五但轉口貨對香港經濟的重要性較小，因為其總值只等於出口貨四份之一，當然轉口貨對貿易的貢獻是不可忽視的。在有些市場說來尤其是日本及遠東區國家，香港與此等國家的貿易，在總值上還超過香港製成的出口貨品。

如果有些地方較為悲觀的話，這便是我們的入口停滯不前，雖然上半年的入口增加了百分之二點四，這增加大部份都是通貨膨脹所引致，因此可以說入口的數量並無增加。

入口數字在許多方面都比出口數字為更重要的指標。概括來說，出口數字可以告訴我們所得的成果，而入口數字却可以指出最近將來的境況。

入口數字可以對下列三項的可能發展有所指示。第一，從原料和工業機械零件的入口可以看到廠家訂單是否充份。因此如果原料入口的訂單減少即表示在最近的將來不會有顯著的增加。第二，機械器材的入口可以反影廠家及公共事業經營的動向。第三，入口的水平亦可以對我們生活水準作一種指示。因為本港的生產者，無論是工業或農業都

不能應付本地市場之所需，因此消費品入口的增加，可以表示生活水準的提高，當然要將通貨膨脹所帶來的增加和減少的式樣表示香港人的生活正不斷改進，但廠商目下的訂單却可能比不上以往若干時期。例如，以比例計最大兩項入口增加是食物和衣服，大部份都是本地所需的。但在另一方面一些紡織用的原料却有顯著的下落。但整體的情形却不甚明朗，因為有些耐用消費品的入口減少了而一些工業用的機械入口却增加了。

在貿易平衡方面並沒有失去控制的跡象。在一九七二年中，我們貿易的逆差比去年同期減少百分之三十。因此顯然避免了入口高漲而出口緩慢的現象。

詳細的出口數字顯示香港的表現甚穩健。因只有日本、星加坡和南非三個市場，我們的出口下降了。出口往南非的下降是可以預期的，因為南非近日不歡迎入口貨。對日本貿易下降是由於輸出的玩具，塑膠花、假髮和衣服的輸出減少。由於美國政府對入口採取強硬的態度，使日本工業要來一次整頓，但日本的經濟却未因此而陷入困境。因此最明顯的解釋是我們在這幾個項目的銷路受影響是由於競爭所引致。滯銷的產品都是與我們競爭的國家能夠製造的。由一九七二年四月一日起日本執行其不公平的一般特惠計劃，因此對南韓及台灣更為有利。

關於星加坡的情形却不甚明顯，因為各項貨品的出口都下跌。似乎其他競爭國已經侵蝕了我們的市場，而星加坡本身工業的生產力和效率都有進步，產品可以供應市場很大部份所需。

在好的消息方面，在主要市場上都使人滿意或甚致驚奇的增加，在輸美方面雖然紡織業受管制，出口往美國貿易額增加了百分之五。貿易式樣方面有些混雜。成衣的出品畧為減少，其他幾類貨品亦如是。在增加方面是紡織品（成衣除外）和電器用品。向英

的輸出半年增加了百份之十一。德國對香港貨物的需求似乎有增無已，比一九七一年上半年增加了百份之二十八。

所有的貨品只有假髮一類的銷路嚴重地下跌。這個現在已不是新聞了。其他主要貨品，如成衣、電器用品、玩具、紡織等都增加了，只是數量多少不同而已。電器用品的表現特別好，增加百份之二十五。

除貿易外現在讓我們談一談股票的發展。以一九七二年首五個月計算，股票的總成交額竟超過銀行的總存款，這是有史以來的罕見舉。根據股票經紀嘉惠父子有限公司發表五個月來股票總成交額是二百二十億零七千三百萬，銀行總存款是二百一十三億六千三百萬，股票成交額比去年增加了兩倍半，銀行存款只增加了百份之十四。

在分析之下發覺一九六八年是有其重要的一年。這年似乎是香港歷史的轉捩點。銀行存款首次打破一百億大關，股票成交額一億三千五百萬增至九億四千三百萬。以百份計算這是一九七二年以前的最大躍進。

一九六八年的貿易亦有突進的表現，該年的出入口貿易增加了百份之二十，一九六九年再增加百份之二十二，一九七〇年和一九七一年的增長率雖然略為緩慢，但幅度仍然相當可觀，因此香港對外貿易由一九六七至一九七二年差不多增加了一倍。換言之，一九七二年上半年的貿易，大概等於一九六七年全年。

股票成交的數字，同樣地令人震驚。根據嘉惠父子公司的數字，股票成交額超過了貿易的數字。首五個月股票成交總額為二百二十億七千三百萬，而上半年的貿易總額是二百九十一億一千五百萬。

我們的經濟是否基本上起了改變呢？香港是否從工業和貿易中心變為金融中心呢？答案是否定的。因為股票的數字只是成交額在任何一個時期，實際的投資數字，一定比這個為少。股票成交額除了表示股票的生活以外，很難決定它作為其他衡量的。

貿易數字却紀錄一次過的交易，當付款收錢後，貨物便正式轉手。因此貿易數字比較是實際的財富晴雨表。而股票成交額是否可以表示有任何實物轉手是頗成疑問的。

但股票成交額卻不可以說是毫無意義。因為除了投機性的資本外，有一個可觀的數字一定是投資在香港的公司的，近月來有幾家大公司的股份上市，而他們可以在香港籌集資金是一個好現象。尤其是倫敦本來是金融之主要市場，現在因海外英鎊區的撤銷而受到阻礙。

假如股票成交額能夠分開下列各項，這倒是很有趣的：

(甲) 由海外的游資在本港作投資，希望急功近利。

(乙) 受賭博的影響。

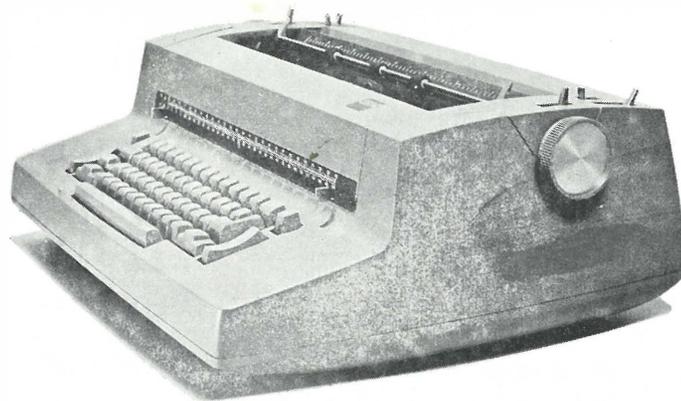
(丙) 真正在香港投資，希望有固定入息和保值。

當然，真正的資金無論源自本地或外來的都一律歡迎，亦很難下判說投機有何不利之處，其實，這樣可以幫助香港在世界的財經地圖上爭取一席位。

令人不安的是有人相信香港的經濟可以維繫於股票市場。本商會接到一些謠言，謂有些商人變賣其產業，或擱下其他業務不願以集中精神在股票市場淘利。在外地把流入本港的資本可能對本港利益是短暫性的，資本向外倒流時可能引致經濟衰退。

許多觀察家曾經在其他市場經歷過股市旺盛的情況的都以為香港股票的盛況有些不健全。當本「會訊」說不健全時，用意並不是對有些交易所行動有所評議，或批評新股上市的方法，或立法管制的需要。這些問題並不在本文討論範圍內。

我們所關心的是投資在香港應有的任務和對整個經濟的影響。至目前為止香港應該仍是一個工業和貿易的經濟，股票交易雖然有用和需要，但在整個經濟上應居次要地位。



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Growth and Gamblers

ACCORDING to the prophets of doom, 1972 would be the year when Hong Kong ran out of steam. Admittedly none of the prophets forecast outright disaster. Their usual prognosis was one of 'cautious optimism'. In the event the 'cautious optimism' of the forecasters seems to have been justified.

Domestic exports for the six months to the half year increased by almost ten per cent over the equivalent half year in 1971. Admittedly this was less than the half yearly growth rate obtained in any of the last five years — in absolute terms as well as in percentages — but it is still positive growth.

As always, it is difficult to assess how far growth was achieved as a result of increases in volume of exports or how far it was achieved through higher prices charged to customers. And it is even more difficult to assess how far price increases are attributable to increased export of higher quality products, rather than to inflationary pressures.

Growth in re-exports was well sustained at almost 15 per cent, but re-exports are of considerably less economic significance, and are equal in value to about only one-quarter of total domestic exports. Nonetheless, their contribution to the value of our trade is not to be dismissed. Indeed, in some markets, notably Japan and other Far Eastern countries, they are in absolute terms more valuable than exports of domestically manufactured goods.

If there are grounds for pessimism, they must arise from the virtually stagnant level of the value of im-

ports. Although imports did increase — by a slight 2.4 per cent — a large part of this increase can probably be attributed to inflation and it therefore seems fair to assume that the volume of imports increased hardly at all.

The imports figure is in many ways a more significant index than the exports figure. To generalise rather boldly, the exports figure tells us what we have achieved, while the imports figure points to what might be coming in the immediate future.

Import figures provide a guide to likely developments in three areas. Firstly, imports of raw materials and industrial parts etc. give some measure of the strength of manufacturers forward-order books. Thus any fall off in the level of materials ordering suggests that exports may not be expected to grow spectacularly in the near future.

Secondly, the equipment category of imports provides a rough guide to capital investment — and thus expansion — both by manufacturers, and by the operators of public utilities, etc.

Thirdly, the level of imports is a guide to our standard of living. Since local producers, either in industry or agriculture, cannot meet the needs of the local market, growth in categories of consumer items imported will



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roughly chart any rise in standards of living, allowing once again for the distortions caused by inflationary pressures.

The pattern of import increases and decreases suggests that the Hong Kong citizen is continuing to improve way of life, but that manufacturers' order books may not be as full as in certain periods in the past. For instance, the two largest percentage increases were in imports of food and clothing, both of which are largely for local consumption. Significant decreases on the other hand could be seen in some materials for the textiles industry.

The picture is however far from clear since there were also decreases in imports of certain types of consumer durable products and increases in imports of some types of industrial machinery.

What is more heartening is that the overall balance of trade, which is more important than adjustments in individual imports over a short period, shows no signs of getting out of hand.

Our adverse trade gap at mid-1972 was some 30 per cent lower than at the equivalent stage of 1971. We have apparently avoided the temptation to let imports soar at a time when export growth was slowing down.

Details of the export figures show that Hong Kong's performance has held up well. Only three major markets — Japan, Singapore and South Africa — recorded an actual decline.

The decline in South Africa was to be expected, and arises because of the present reluctance of that country to accept imports.

In Japan the decrease has largely arisen because of declining sales of toys, plastic flowers, wigs and clothing. Although Japanese industry has recently had something of a shake-up, because of the toughening attitude of the USA to imports, the Japanese economy has not yet run into any really serious difficulties. The obvious explanation therefore is that our sales in these categories have suffered because of the effects of competition. The products showing a fall-off are, significantly, those that some of our nearby competitors also manufacture. This, together with the advantage given to South Korea and Taiwan by the discriminatory Japanese Generalised Preference Scheme, which came into force on April 1, 1972, would go some way towards explaining the trend.

Singapore waking up

What has happened in Singapore is less obvious, since there has been a general fall-off in all categories exported. But once again, it seems likely that competition has been encroaching on our markets, and part of the competition is of course Singapore's own domestic industry, which, as it becomes increasingly productive and efficient, must be expected to supply a larger sector of demand in its home market.

Brighter news is that sales in the majority of our big markets increased

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at a rate that varied from the satisfactory to the amazing. The USA took five per cent more of Hong Kong goods, despite the restrictions on textiles. The trading pattern was mixed, however, with sales of garments, the main money spinner, showing a slight decrease, and several other product groups doing likewise. Much of the impetus for the overall increase came from textile products other than garments, and from electrical products.

The UK — perhaps as an Indian summer before the winter of the Common Market — continued to grow at a pleasing 11 per cent rate, while West Germany maintained its seemingly insatiable demand for HK products. Here, the growth rate was 45 per cent over 1971. Canada also took off into the stratosphere with a growth rate of 28 per cent.

The only product that showed a serious decline overall was wigs, but this by now is hardly news. Other major product groups — clothing, electrical goods, toys, textiles etc. — all showed an overall increase of greater or lesser proportions. Electrical products in particular was the star performer with a growth rate of 25 per cent.

Stock market

The event of 1972 which was however to confound the prophets of doom, and which shows that Hong Kong's days as a boom town are far from over, does not appear in the trade figures. It is the growth of the stock exchanges.

The situation was put in perspective by a set of figures produced by brokers W. I. Carr and Sons. The table traced the growth of stock market turnover during the past eighteen years, and compared this with the growth of bank deposits.

The level of stock market turnover for the first five months of 1972 overtook the level of bank deposits for the first time in the period covered and, presumably, for the first time in history. According to W. I. Carr, market turnover for the period January to May was HK\$22,073 million, against bank deposits of HK\$21,363 million. This represents a growth rate over the previous year of 250 per cent, which makes some of the trade percentages quoted look puny. The increase in bank deposits was a modest 14 per cent.

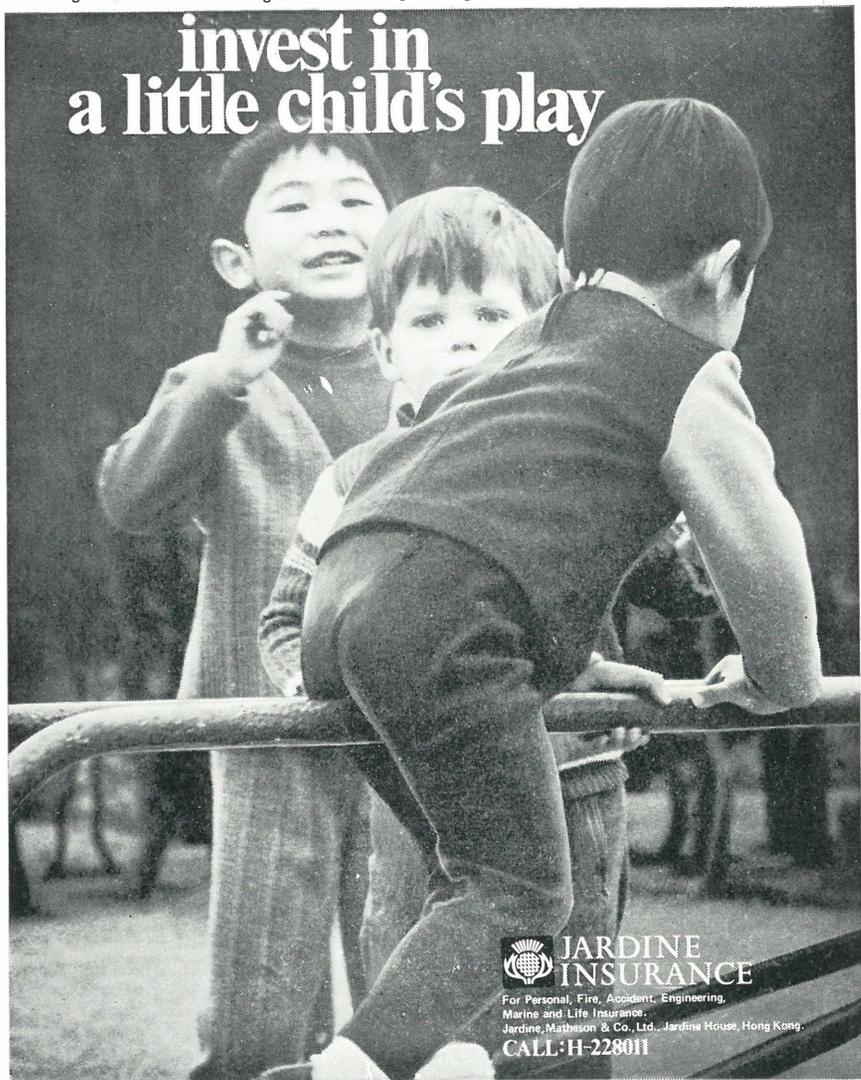
One interesting point to emerge from the analysis is the significance of the year 1968. This seems to have been the turning point in Hong Kong's post-war history. In this year, bank deposits, which had grown at a pretty steady rate for the past ten or so years, passed the HK\$10,000 million mark for the first time. Likewise stock market turnover in this year jumped from HK\$305 million to HK\$943 million. Considered in percentages, this was a bigger jump than in any year prior to 1972.

The year 1968 was also a take-off year for trade. Total trade — both imports and exports — had of course been increasing throughout the 'sixties; but 1968 was the first year

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in which the boom that characterised the end of the decade was truly underway. Total trade in that year jumped by almost 20 per cent, and by a further 22 per cent in 1969.

Each growth recorded is of course an increase on an ever-widening base, that overall trade almost doubled between 1967 and 1972. Put another way, total trade for the half year to June 1972 is more or less equal to that for the whole year of 1967.

What is truly shaking is the realisation that stock market turnover in Hong Kong, on the basis of the figures quoted, is in excess of the figure for total trade. The comparative figures are, once again, HK\$22,073 million for the stock exchanges, and HK\$19,115 million for trade. And even this is distorted, since the turnover figures cover only five months whereas the trading figures cover six months.

Are we witnessing a basic change in the nature of our economy? Are we perhaps entering a new phase in which Hong Kong is changing from being a manufacturing and trading centre and is becoming a financial centre?

On the basis of the evidence shown here, the answer must be 'no'. First, to state what is obvious, the stock market figure is for *turnover*, and the funds actually invested in Hong Kong quoted securities at any given moment must therefore be less than the volume of turnover.

It is in fact difficult to decide just what stock market turnover actually measures, apart from giving some

indication of the activity on the stock exchanges, and expenditure of energy is not of itself any guarantee of real wealth.

The trade figures on the other hand record once-for-all transactions — when a shipment is paid for, real goods change hands in a meaningful sense. One must of course add the rider that the total trade figure does include some degree of duplication, since the largest single category of imports is raw materials for industry, a large part of which will ultimately end up as exports.

Nonetheless, the market turnover figure cannot be dismissed as meaningless. In addition to what may be regarded as speculative capital, a considerable proportion of the figure quoted must represent solid investment in Hong Kong companies. There have of course been several major issues on the stock exchanges in recent months and it is encouraging to know that companies can raise substantial sums from the local exchanges — particularly, in view of the fact that the abolition of the Overseas Sterling Area has restricted Hong Kong's access to London, the one major capital market normally available.

What sort of investment?

It would be interesting to know to what extent the market turnover figure can be broken down into (a) speculative capital from overseas invested in Hong Kong companies in the hope of making a quick killing, or because conditions are not right

in other markets (b) local "gambling money" and (c) genuine investment in Hong Kong industry, made with a view to securing income or of protecting the real value of capital funds. As far as category (c) is concerned, it would again be of interest to know how much of this type of capital has been raised from local sources and how much has come from overseas.

At the moment, it is rather the vogue to criticise local stock exchanges. Since the flowering of the more recently established exchanges in 1971, Hong Kong etiquette has suggested that a bemused silence is the only correct re-action to the growth of stock market dealings. The surge of new issues over the last few months' combined with the unrealistic level of some share prices, has now persuaded a few of our business leaders that the time has come when the market trend must be put in perspective.

Banker's bombshell

Michael Sandberg's 'lap-sap' speech, as it will surely be known to history, was the most trenchant of these comments, not only for the good sense it contained, but also because it was given by a man of responsibility, employed by what many regard as the Colony's premier financial institution.

Whatever the rights or wrongs of Mr. Sandberg's comments, *The Bulletin's* concern is not with the doubts he expressed concerning the integrity of brokers, 'get-rich-quick' new issues, the need for better self-discipline on the exchanges, or the innocence of financial journalists.

These problems can be sorted out in time, given good will, common sense and a grasp of reality.

Grasp of reality

This latter factor — the 'grasp of reality' — does concern us. What is disturbing is the belief that seems to have gained some credence that Hong Kong can sustain itself economically as one vast stock exchange without a substantial *real* economy to underwrite the existence of a stock exchange. Rumours reach the Chamber — as yet they are little more than rumours, but even so are a bit too frequent for comfort — of businessmen who are either liquidating, or else neglecting other activities, in order to concentrate on the market.

Again, a substantial influx of overseas funds may be of short term benefit to Hong Kong. But an equally sudden flow of money out of Hong Kong could do more than undo these benefits, and give rise to a real economic setback.

Many observers who have experienced past booms in markets elsewhere in the world find it hard to resist the conclusion that there is something a trifle unhealthy about Hong Kong's boom.

We are concerned over the role investment should play in Hong Kong and the repercussions that it has on our overall economy. For the time being, we believe that Hong Kong must remain a manufacturing and trading economy, and that a stock exchange, while useful and indeed necessary, is very much of secondly economic importance.

Product Liability Insurance

THE D.C. & I. has informed the Chamber that an increasing number of buyers, notably those from the United States, are insisting on the insertion of clauses in contracts, requiring manufacturers to indemnify them against any claims for damages which might result from the use of their products.

This trend stems from the fact that in law a manufacturer is liable (to his customers and the general public) to provide merchandise that is sound in construction and free from risk in the hands of the eventual consumer. Implementation of these provisions is fast becoming an established feature of business in the US and in a number of other countries.

Product liability insurance

The Chamber's International Trade Committee has consulted Mr. N. A. Rigg of Union Insurance Society of Canton Ltd. on the matter and has been advised that Product Liability Insurance is available in Hong Kong and is sometimes granted as an extension of a Public Liability Insurance policy issued to manufacturers. Usually, however, it is arranged as a separate policy.

The Insurance Company will be subject to indemnify the Insured against — All sums which the insured is legally liable to pay as compensation, claimants costs and expenses in respect of bodily injury to or illness of any person — loss of or damage to property as a result of a defect or the harmful nature of the goods insured.

Written consent

The policy will also cover all costs and expenses of litigation incurred with the written consent of the Company in respect of a claim against the insured to which the indemnity expressed in the policy applies.

There are a number of 'exception clauses' and Members should seek advice from their own insurance companies.

Limits of liability are negotiated between the Insured and the Insurer and are usually expressed as a sum payable in respect of any one accident and a higher sum payable in any one period of insurance.

A Products Liability policy indemnifies the manufacturer against any claim which might arise through their product being accidentally altered during manufacture leading to damage, death or injury. The normal policy does not insure against the same product being incorrectly formulated in the first place.

Cost

The cost of this type of insurance is expensive. This is even more relevant when the manufacturer is at the end of the chain — for example, a 'products' claim can go from consumer to retailer to wholesaler to exporter to manufacturer.

ends

Picture Briefing

1. Mr. John Barrow, Counsellor for Hong Kong Commercial Affairs in Washington D.C., was the guest speaker at a luncheon held by members of the North America Area Section. Seen with Mr. Barrow are (from left) Mr. W. Dorward, D.C. & I., Colonel I. G. Daniel (Chairman of the North America Area Committee) and Mr. H. P. Foxon, Acting Chairman.
2. The President of the Pacific Basin Economic Council, Mr. K. H. J. Clarke (left) visited the Chamber on August 10 and had discussions with the Acting Chairman, Mr. N. A. Rigg, Mr. K. A. Miller and the Director on the possibility of Hong Kong becoming more closely involved in PBEC affairs.
3. Organised by the Chamber and Sun Hing Shipping Co. Ltd., in conjunction with the Wanchai City District Office, a group of students were given a tour of the container liner, the Zim New York, when it arrived in the Colony on August 30. Here a ship's officer explains the use of the radar equipment.
4. Hong Kong has again participated in the 'Partners for Progress' Fair which was held in Berlin from August 24 to August 29. Clement Tsang, who acted as coordinator for the Hong Kong group, was on hand to greet Dr. Ditlej-Carsten Rohwedder, the Federal Republic's Secretary of Finance when he visited the Colony's display stand on the opening day of the Fair.
5. The Pakistani Cotton Sales Delegation, headed by Mr. S. Abdur Rahman (centre) discussed points of mutual interest with the South-East Asia Area Committee when they visited the Chamber on September 1.
6. Thirty executive recruits, newly joining Jardine, Matheson & Co. Ltd., were shown the Chamber slide presentation 'Take One Barren Rock' as part of their familiarisation training.



Don't look round now, but I think that's Taiwan

A study of the US import market carried out recently by the TDC does not make cheering reading for Hong Kong businessmen. Although the TDC does not labour the fact, it nonetheless appears obvious that we have not been doing as well as we might have done — restrictions notwithstanding.

The competitive position of imports from Hong Kong has in the course of the last few years deteriorated, and in 1971 only a five per cent increase over 1970 was registered. This undoubtedly is to the benefit of the Colony's Asian competitors, all of which have been in recent years able to sustain significant growth rates — *higher than the overall growth rate and higher than Hong Kong's individual growth rate.*

While imports into the US still constitute a small share of the US domestic market (less than four per cent, according to one source), the rate of growth has gone up for every country with a stake in the market.

Imports from developed countries increased at a more rapid rate than developing countries. In the period January to December 1971, imports from developed countries increased by 15.5 per cent. These countries together account for nearly three-quarters of total US imports, which in 1971 had increased by 14.6 per cent to US\$45.6 billion.

Countries showing a marked increase include Hong Kong's two strongest Asian competitors — Taiwan, which registered a 48.8 per cent growth over 1970, and South Korea

which registered a figure of 24.9 per cent. Despite the high growth rate of both these countries, Hong Kong is still ahead in actual volume of imports. The absolute figures are: Hong Kong — US\$991 million, Taiwan — US\$817 million and Korea — US\$462 million. Other countries showing a rapid rate of growth include Japan (23.6 per cent), Belgium/Luxembourg (21.4 per cent) and Singapore (67 per cent but still very low in actual volume).

By volume, in 1971 Hong Kong was ranked as the tenth largest supplier. Six of the other nine larger suppliers were developed countries, whose imports to the US consist largely of high cost capital goods which are in no way competitive with Hong Kong's relatively low cost consumer goods.

More fun and games

Venezuela and Mexico were the other two countries ahead of Hong Kong in the list of suppliers. Only Mexico poses any kind of competition to the Colony — especially in toys, but Hong Kong now holds the leading position in this category, followed by Japan.

Hong Kong's actual import performance in the US was worth US\$991 million for 1971, accounting for 2.2 per cent of total imports — not much when compared to Canada and Japan who together hold 44 per cent of the total. West Germany was third with eight per cent of the total.

Hong Kong-produced goods doing well in the US include toys, clothing,

radios, electronic components and parts for computers, textile yarn, fabrics and made-ups.

It is also interesting to note that the majority of the United States' trading partners have reduced the value of their imports from the US the 12 months ended April 1972, while buying more from other nations.

Declines

According to a report from the US Department of Commerce, declines of nine per cent or more in imports from the US were registered by Japan, Australia and six West European nations (calculated in their respective national currencies).

Japan bought 11 per cent less US goods and Australia 12 per cent less. The other trading partners who take up large slices of US imports, and who showed a reduction in imports of US goods, were Italy (nine per cent), the United Kingdom (five per cent), West Germany (three per cent) and Belgium/Luxembourg (17 per cent). Canada was the only large developed country that had increased its imports of US goods significantly, by 19 per cent.

On the other hand, Hong Kong was among the developing nations which had bought *more* from the United States — two per cent in excess of purchases in the corresponding period the year before.

In conclusion, Hong Kong's trade prospects in the US are still extremely promising. Undaunted by the restrictions imposed last year, the US

has continued to be Hong Kong's largest market and there is still room for growth. Hong Kong can diversify. If it fails to make headway with one commodity, it can do the job with others. Despite restrictions, Hong Kong's textiles and garments are doing well. Likewise, toys and radios. Artificial flowers, scientific and controlling instruments (which include cameras and watches), sporting goods — these are all making a bid for higher sales in the US market.

Perhaps, as suggested by the August newsletter of the American Chamber of Commerce in Hong Kong, we need a new dynamic product to play the expansionary role fulfilled by electronics in the late 1960's and wigs in 1970?

It is anyone's guess as to what this 'dynamic' product could be, but the market is there — that is for sure. If we do not meet with opposition from US domestic industry, then the other obstacles would be our own failure to meet the standards, quality and price required for a product to sell in the States.

Marketing mix

There is one other factor needed for success — salesmanship. Too often the Hong Kong producer prefers to wait for orders to come to him. He is not always prepared to get up, go out and sell. But if we are to hold our own against our competitors, selling must be part of the 'marketing mix,' along with quality, price and delivery. This is a theme which *The Bulletin* hopes to develop in a future article.



Patrick Wong knows a lot about connections.

Patrick is a family man. Spends a lot of his spare time working round the house. Fixing connections. Patrick also makes a lot of good connections for many of Hong Kong's exporters. Patrick is one of our experts on international trade. You'll find the most modern banking facilities at all of our branches. Facilities backed by 119 years of world wide banking experience. You'll also find people like Patrick. Patrick Wong is one of the people who makes The Chartered Bank more than just a place to keep your money safe.

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Pick of The Press

Reprinted from the Financial Times, London
Putting a Price on Talent

THE rapid turnover of qualified staff all the way down the line to skilled office workers and trained technicians poses a big problem for employers in Hong Kong, who are understandably unwilling to invest large sums in training if they are likely to lose newly qualified employees to other companies. Since there is an almost insatiable market for trained workers of all levels, it is no wonder that people can afford to pick and choose their jobs. The solution suggested in this article by E. G. Wood, the Director of the Sheffield Centre for Innovation and Productivity, Sheffield Polytechnic in the UK, may be a bit out of the ordinary, but it does provide a sensible way of tackling this difficult problem:—

Why not introduce a transfer fee system for top executives? Yes, just like the one they have for footballers.

The value of good managers in industry, commerce and other fields is virtually unrecognised.

A company that develops its managers cannot benefit if they move on to another firm. It may have poured thousands of pounds into training its men, but the return is limited to their contribution while they are on the payroll.

The competitor who entices the good managers into his fold picks them up for an old song. For the cost of an advertisement and a few hundred pounds on staff selection, acquires an asset that can transform profitability of the company.

If a transfer fee system were introduced, employers would have a strong incentive to develop their good managers, knowing that they could recoup their investment and could convert the asset to cash for further development of the business. Managers would know that their real worth was fully recognised and they themselves could benefit from self development.

Shareholders could see a new entry on the balance sheet representing a far more useful form of capital reserve than the inflationary increase in the value of land and buildings.

Of course there are some hidden forms of transfer fees. Ailing giants disburse vast sums in reverse take-overs to acquire good management. But these are the exceptions. The vast majority of organisations gain no recompense for the loss of a good manager whereas a soccer club can benefit substantially in hard cash when a top player moves on.

Football finance

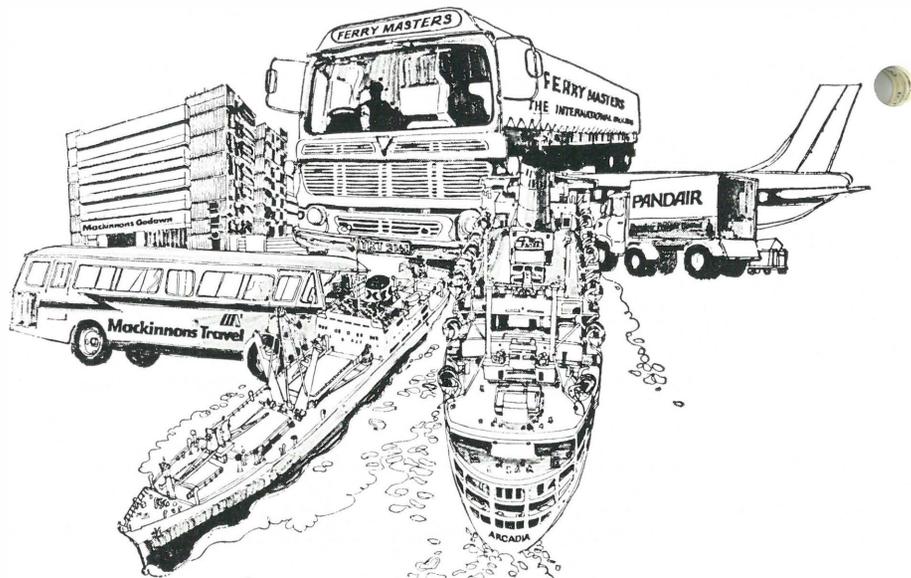
A soccer club recruits promising young players, then pours money into training them. The purpose is not only to win matches and thereby increase gate receipts but also to recoup the investment when the envious eyes of other clubs are on the look out for talented players.

The transfer fee system may have its shortcomings but it certainly defines the market worth of the most important assets of the club.

Unlike a manufacturing firm, a

cont'd on Page 26

The world's largest shipping concern



is concerned with a lot more than shipping.

M&G
GROUP

General Agents in Hong Kong, Mackinnon, Mackenzie & Co. of Hong Kong Ltd. incorporating Mackinnons Shipping Department (H-232011), Mackinnons Crew Department (H-232011), Mackinnons Travel (H-227047), Mackinnons Trading (H-232011), Mackinnons Godown Co., Ltd. (H-232011).

A wealth of Rubbish

PEOPLE in Hong Kong are proud of the fact that Hong Kong is a prosperous manufacturing and trading centre — and stands 18th among the largest exporters in the world. In fact, probably the first thing that hits the new arrival in Hong Kong is just how business-oriented Hong Kong is. The next thing that hits them is how dirty Hong Kong is. Tourists rave about how clean Singapore is, and how clean Japanese cities are — and complain about Hong Kong's filth.

The human animal is very adaptable. If it lives in squalor long enough, it begins to accept it as the norm. This has slowly been allowed to happen to Hong Kong. The Clean Hong Kong Campaign is Hong Kong's big push not only to bring to the attention of the population just how dirty the Colony is, but to get everyone to pitch in to clean it up.

The first stage of the campaign, airing Hong Kong's litter problems for all to see, has now been in full swing for almost a month. In that time, the campaign has been given wide coverage by television, radio, and the press. And the people of Hong Kong are responding — except for one very obvious group — the business community, that sector of the community which in fact benefits — or should the term be 'profits'? — most from Hong Kong.

The silent majority

At least, that is the view of Mr. H. M. G. Forsgate, the Vice-Chairman of the Urban Council's Environmental Hygiene Select Committee, and a member of the Chamber's Council.

In a speech to the Rotary Club of Kowloon at the end of August, the business community came under fire for their apathy to the campaign. It

was pointed out by Mr. Forsgate that, although some 5,500 letters were sent out to individual companies asking for specific support for the campaign, only one per cent responded.

The companies who did respond can be divided roughly into three major groups—those who are willing to go all out for the campaign, not only in terms of dollars and cents, but also in terms of personal initiative; secondly, those who are willing to help the campaign by donating money to sponsor competitions or publicising campaign stickers on their products, letterheads and so forth; and thirdly, those who appear to be motivated purely by materialism. Their attitude is 'What's in it for me?' —and if the campaign organisers cannot suggest an approach which the company feels will be of sufficient benefit to them or their product, they are likely to decide that the campaign does not warrant their support. This means that less than one per cent of the commercial community presently appears to be doing something for the campaign.

It is also interesting to note that subsidiaries of international companies form a large part of the first group. This is a rather sad comment on the local companies. Why should inter-

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national companies which do not, after all, have a relatively large percentage of their assets invested in Hong Kong, be willing to carry the banner, when the local companies who operate exclusively from Hong Kong, and for whom the Colony is me, show so little interest and civic pride? These companies have grown prosperous partly because Hong Kong is administered so as to encourage the growth of businesses, yet when the crunch comes, they do not in turn seem to care enough about their environment to do something about it—except perhaps to complain about how dirty some places in the Colony are, and to suggest that *Government* should do more to clean up Hong Kong.

Be seen and heard

It has been argued by industrialists that the number of replies to the letters sent out by the campaign committee is no indication of the degree of involvement of the business community. Some manufacturers point out that they are keeping their premises clean, and after all, that is more important than offering to put up 'Clean Hong Kong' stickers and posters.

The main object of the campaign is, of course, to get Hong Kong clean, and publicity with no action will achieve nothing. But as Mr. Forsgate noted, if companies *are* doing something to keep their own premises clean, they should make a point of publicly announcing their support for the campaign — not only for the

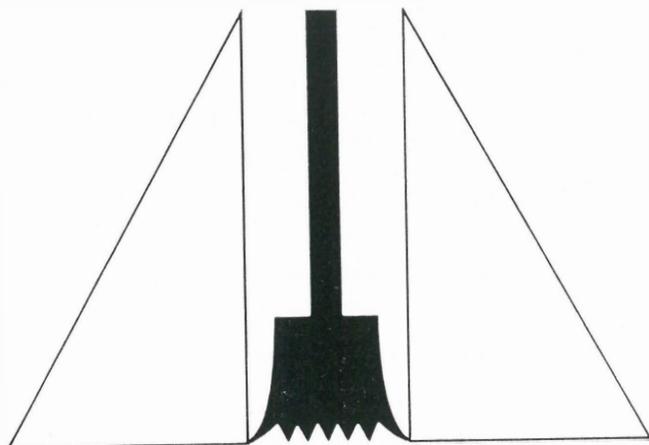
publicity that this may generate for their own company, but to encourage others to do likewise. Clearly, if the campaign is to be a success, every member of the community must be involved in it. Psychologically, it makes a good impression on the local population to see that successful businessmen, who are community leaders in many ways, are also solidly behind the campaign.

Leadership from the top

According to Mr. Ted Thomas, who is heading the Publicity drive for the campaign, the most effective way for a company to become involved in the campaign, is for the top man in the firm to give his personal stamp of approval to the campaign. If he then designates an executive on his staff to be in charge of the company's efforts on behalf of the campaign, positive action is likely to result.

The Governor, for example, made it clear that he personally wishes every Government Department head to give full support and aid to the campaign. If commercial managing directors would follow the Governor's lead, Hong Kong could once again be a pleasant place in which to live, work, play, and visit.

The campaign has been underway for some time now, although the USD's major effort does not start officially until November. But in October, the Community Involvement Scheme is to begin, and the commercial sector must be willing to take an active part, if the community as a whole is to become fully involved in



Clean Hong Kong

清潔
香港

a common goal.

It is time for business leaders to let their consciences be their guides. There are always excuses which can be made — 'We are only a small company', 'We don't have time', 'We don't know what we can do to help' and so forth.

No excuses, please

Sponsorship does not necessarily require company expenditure, Mr. Thomas points out. A company can help by simply putting up a few posters or stickers, a matter taking a few minutes, and costing nothing, since the posters are supplied by the campaign committee. As for time, that is the oldest excuse in the book. If you want to do anything badly enough, you will always make time for it, and if busy executives can attend cocktail parties, surely they can find an hour or so to think about supporting the campaign. And ideas? The campaign office has some of the most creative thinkers in Hong Kong on its staff. They are willing and eager to send an advisor over to discuss what a particular company can do to help the campaign — taking into account the size of the establishment, the products they produce, the budget allocated, and so forth.

Some of the different kinds of sponsorships a company can offer include contests of every sort and variety, donating Clean Hong Kong T-shirts and arm bands to campaign volunteers, sponsoring clean-up sessions by supplying lunch boxes, refreshments, and transportation for

volunteers — the list of possibilities is endless, and the campaign committee is ready to tailor-make suggestions for any individual company.

As the Chamber pointed out in its articles on pollution in past issues of *The Bulletin*, Hong Kong is not an environmental write-off...yet. With the proper attitude and cooperation from those who have the money, the power, and the labour force behind them, Hong Kong can be just as clean as Singapore.

The students are ready and eager to take part in the Clean Hong Kong Campaign — and some have already been doing so. The religious groups, the Kaifongs, civil servants, entertainers, press, radio and television people are all working hard for the campaign.

But the business community has proved to be the major group which seems to be lagging behind — while it should be the leader in this all important campaign.

Certainly the Peak is not a litter 'black spot', neither are the Mid-Levels, Repulse Bay, Kowloon Tong, Yau Yat Chuen, and Kowloon Peak. No Lap Sap Chung would dare set foot in those areas, but what about the other areas of Hong Kong, where the great majority of the population live? Are our businessmen who can afford luxuries so one-track-minded and so tunnel-visioned that they cannot see or do not care what is happening outside their commercial towers? The Chamber does not think so. We've always taken pride in the fact that our Members include the

Rubbish—cont'd.

majority of the most respected companies in Hong Kong — companies that take pride in Hong Kong—both present and future.

Needless-to-say, a number of our Member Companies are doing their share for the Clean-up Campaign. One big hong is planning to donate a beach cleaning machine to Government, a plastics company is making litter bags and car litter bags for the campaign, a photographic company has printed messages on all their film packages telling the user to throw the empty boxes in litter baskets, a newspaper is sponsoring an essay competition, a hotel is donating litter bins and T-shirts, and numerous other companies, large and small, are sponsoring contests or displaying Clean Hong Kong posters.

So we are now appealing to our Members who haven't yet signed on to help the Campaign. Businessmen are natural participators, not spectators, so how about coming out and getting truly involved in the Clean Hong Kong Campaign? A prosperous Hong Kong won't mean very much if you have to live in a garbage heap.

Don't let your community down—don't let yourself down. A phone call costs nothing. Call the Clean Hong Kong Campaign office at 5-95524, and see what you can put back into Hong Kong.

ends

Pick of the Press—cont'd.

football club has few fixed assets and no stocks and debtors. The directors realise only too forcibly that the real assets are the employers, particularly the star players.

The club manager devotes considerable resources to developing the talents of his men both as individuals and as a team. They in turn know that not only will they be paid by results but they will benefit from the enhancement of their value in the form of transfer fees.

In companies, the idea could be extended down the line to cover all employees from skilled craftsmen to floor sweepers, from sales managers to office girls. Then the levy-grant system of the Industrial Training Boards would be unnecessary, because firms would have a vested interest in training their staff. And the luddite elements who cannot now see that they are in the wrong occupation would soon realise which jobs offer the best opportunities.

The major clubs in professional football have not been slow to learn some lessons about modern management and to apply some of the best ideas for the benefit of their clubs, the players and the spectators. But the traffic has been mainly one way. Few managers have troubled to study the world of soccer to see whether they could learn something to their advantage.

What price tag would you place on your team?

ends

請參加全港清潔運動

香港的居民均以本港的繁榮引以為榮。香港於世界最大之出口市場行列中佔第十八位。事實上，任何初次蒞港的人士首先當注意到香港蒸蒸日上的商業；其次，就是注意到本港是多麼骯髒！遊客們通常咆哮地談論着星加坡、日本等城市是如何清潔——而香港却是何等污穢。

人類甚能適應環境，若處於污穢環境過久便習以為常。目下舉行之「全港清潔運動」之要旨就是使大家留意到香港之污染程度，更喚起大家一同協力參予清潔工作。

全港清潔運動舉行至今已差不多一月，開始時，電視、電台及新聞界均予以廣大宣傳。而本港各界人士——除却工商界人士，均示出熱烈反應。

市政局之環境衛生事務委員會副主席霍仕傑議員在八月於九龍扶輪會舉行一聚會中曾抨擊工商人士對這清潔運動漠不關心。霍氏指出：雖然有五千五百封信件寄遞各公司商號，邀請彼等支持此項清潔運動，但結果只有為數百份之一的公司回覆。

予以覆函之公司分作三類：第一類是樂意以財力物力及人力支持這運動；第二類是那些樂意捐錢贊助比賽項目，或在彼等之產品上，黏貼有關這項運動之標記；第三類就是那些「唯物」主義的公司。他們的想法就是：「我該得到些什麼？」因此當清潔運動辦人不能向該等公司提出一些對他們公司本身或產品有利的建議時，他們便可能全不支持這項運動。

有數間隸屬一些國際馳名公司之附屬機構均屬上述第一類。為什麼他們如此熱心？而為什麼歸屬本港之公司却漠不關心？

另一方面，工業家在爭辯，並指出對主辦清潔運動委員會所發出的信件回覆與否，並不能顯示出工商界有沒有參予清潔工作。一些廠家強調，彼等正致力保持其廠房清潔及衛生，這也是較諸黏貼「清潔香港」之標記遠為重要。

誠然，清潔運動之目的就是把香港打掃清潔，只是清談而沒有行動故為可笑，但霍仕傑先生指出：假若公司們真正努力保持廠地清潔，便應告知大家，使大家得知彼等均為此項運動努力。只要得到整個社會每一員的支持，這運動可算成功。

對公司而言，支持清潔運動最有效的方法就是由該公司之首腦要員批准支持。假若他能委選屬下職員負責運動之工作，一切便迎刃而解。

舉例而言，港督明確地指出，每個政府部門首長要負責予以清潔運動全力支持及協助。假若工商界人士能效尤，香港定會再度成為一清潔地方。

雖然清潔工作至十一月才正式開始，但宣傳運動已進行多時。而在十月更推行一項發動全港各階層人士參加清潔運動計劃。

工商界領袖應齊心合力，彼等之推却之藉口為：「我的字號甚為細小」或「我們沒有時間」或「我們不曉得該做些什麼」等等。

但公司們可不費分毫。他們可黏貼由清潔運動免費供給之標貼。時間，可算是最陳舊之藉口。因為一位行政人員假若有時間出席鷄尾酒飲宴，定能於百忙中抽出一些時間考慮如何支持清潔運動。再者，「全港清潔運動」宣傳組辦事處人材濟濟，彼等願意派遣顧問往各公司，協助彼等研討如何支持運動，此等建議均基於該公司之產品及財政預算等。

於贊助方面，種類繁多，任隨各公司選擇。包括贊助各種各式之比賽；捐贈「清潔香港」之運動衣及臂章予志願參予運動之人士；或捐贈飲品及免費運載志願工作者等等。「運動委員會」樂意為各公司提供合適之建議。

正如刊於上期本「會訊」有關「污染」之專文中也曾談及，假若我們共同努力，把物力和人力齊集致力打掃香港，這該比星加坡還要清潔哩！

全港學生們正熱心協助清潔運動；宗教

團體、街坊會社、公務員、娛樂界、新聞界、電台及電視界目下正為此共同目標努力。惟有工商界人士像墜後不前。其實，彼等該是所有主要運動之領袖。

誠然，山頂區並非清潔之「黑點」，半山區、淺水灣、九龍塘及又一村等均不是，「垃圾虫」更裹足不前，但香港其他人口繁密的地區又怎樣？工商界人士是否身處象牙塔內而對外界事物全不感興趣？本總商會却不以為然。我們的會員大部份為本港有名望的商號，我們常以此為榮，而該等公司在目前及將來，亦以香港為榮。無疑地，有數間隸屬本會之會員公司正為「全港清潔運動」努力。其中一間龐大商行正計劃把一沙灘清潔機捐贈予政府；另一塑膠廠目下正為此目標製造盛載廢物小袋；一間攝影器材公司在皮等之器材包裝外印有字句，忠告顧客將空盒投進廢紙箱；一間報社正贊助一論文比賽；一大酒店捐贈大量廢紙箱及運動衣；而亦有無數大、小公司贊助各項比賽項目或陳設「清潔香港」之標語。

本商會現向各會員呼籲合力支持「全港清潔運動」。假若我們處身於垃圾堆而居，從使有一個繁榮的香港又於事何補？

我們要羣策羣力。請不要會社會失望！更不要令自己失望！請閣下立即與「全港清潔運動」宣傳組聯絡。該處電話為 5-95524

美國入口之剖析

香港貿易發展局最近會就美國之入口作一研究，研究所得對本港商界人士看來，並不樂觀。彼等雖沒有仔細根查事實，但十分明顯地，我們並不如自己想像中似的成功。

在過去數年中，從香港輸往美國之貨品受到極大的競爭，而在一九七一年之數字只較諸一九七零年增加了百份之五。無疑地，香港在亞洲之勁敵均有所得益。彼等在過去數年內均得到可觀之增長率——較諸全數增長率為高。

輸美之貨品雖佔美國國內市場之一小部

份，但每個國家輸美貨品之出口數字均向上升。

來自已發展國家之輸美貨品之增長率較為快速。於一九七一年全年，源自該等國家之輸美貨品數字增加了百份之十五點五，也就相等於美國入口全數四分之三。

於此方面之佼佼者包括香港在亞洲之勁敵——台灣及朝鮮。其他地區為日本、比利時及盧森堡與星加坡等。

但若根據數量而言，於一九七一年香港於供應美國貨品地區行列中，佔第十位。其他九位中之六位為已發展地區，彼等輸美之貨品大部份為昂貴之生財用具，與香港低廉之消費品均無可比擬。

在供應貨品予美國之國家中，委內瑞拉及墨西哥均遠勝香港。於玩具方面，墨西哥予以香港頗大威脅力。但現在，港製玩具已漸佔優勢，日本緊隨其後。

於一九七一年，香港共輸出為數總值九億九千一百萬美元之貨品往美國（佔其總入口百份之二點二）。但加拿大及日本輸美數量佔其入口全數百份之四十四。西德為百分之八，佔第三位。

從香港運往美國暢銷之港製貨品包括玩具、衣服、收音機、電子零件、電腦配件、紡織品紗綫、布料及製成品等，

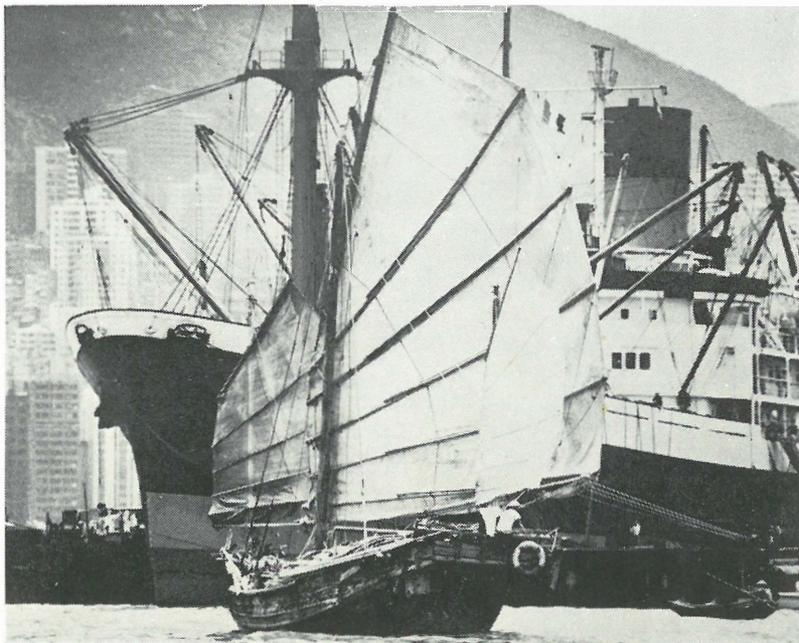
另一特點就是與美國貿易的大部份國家於一九七二年四月止均減少從美輸入貨品，而改向其他國家購買較多貨品。

根據美國工商處佈告指出，從美國購之貨品減少了百份之九或以上之國家包括日本、澳洲及六個西歐國家。

日本少購了百份之十一，澳洲少購了百份之十二，其他地區為意大利（百份之九）、英國（百份之五）、西德（百份之三）、比利時及盧森堡（百份之十七）。加拿大乃唯一向美國多購貨品之國家，其百份率為百份之十九。

另一方面，香港為發展地區中向美國多購物品的地方——較諸去年同時增購了百份之二。

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