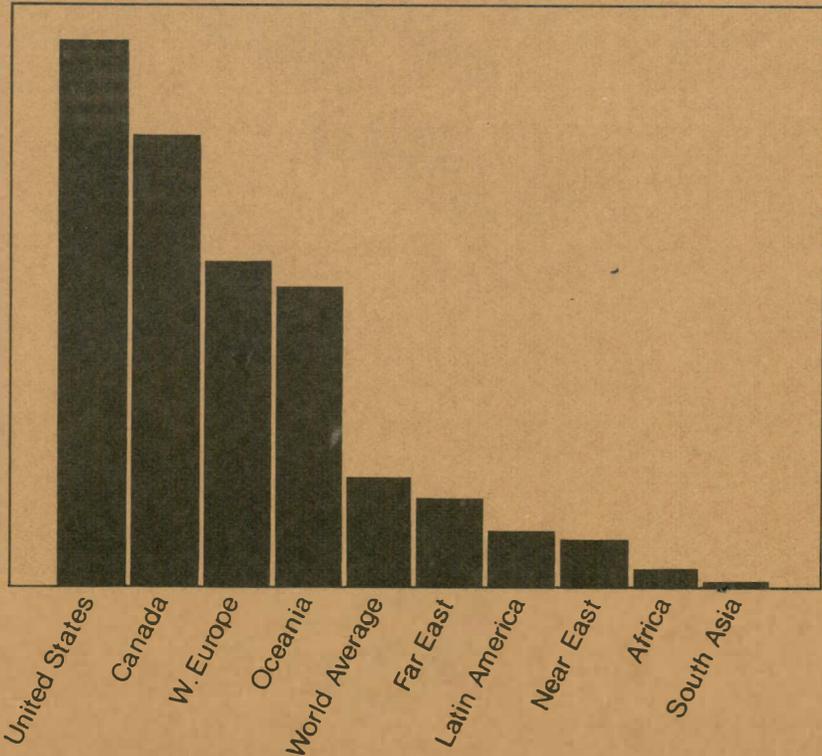




The Bulletin

Gross National Product who gets what

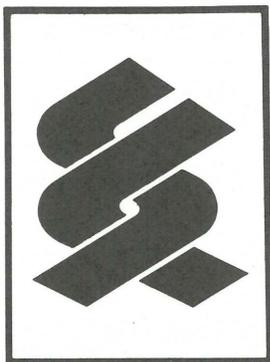


see page 5



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香港的對外貿易

大概十二個月前，本會刊看到香港的出口市場有開始分散的趨勢而覺得鼓舞。這個是部份由於一兩個重要市場，例如澳洲，紐西蘭，和南非等，有可觀的增長所引致。

但或許更令人鼓舞和更重要的是我們那些較小的貿易夥伴，尤其是本區發展中國家如台灣、南韓、星加坡、馬來西亞、印尼、菲律賓及泰國。我們深知道，看見一隻燕子並不是等於夏天已到來了，因此我們不願歡呼說這趨勢是我們貿易形態的特色。誠然我們「會刊」的首頁標題曾發問：「是否最後得到了市場的分散，還是曇花一現？」

過後孔明是一件很容易的事，但當時我們對不斷湧來的報告說香港廠家接不到新訂單來替代在製造中的定單一時未曾以為事態嚴重。在這一方面，我們的信念大概和世界大部份商人一樣。誠然，目下經濟衰退最突出的現象是這次衰退發生的快速。那些準確地作了預測的人仕，大概是繫於幸運和對當時事實作推斷所致。

這次經濟衰退最基本的惡徒是通貨膨脹。通貨膨脹在一九七四年初，已迫使消費者大大削減其實際的消費能力。但消費量却因為通貨膨脹的結果而變了形。又因為公司的收入及溢利在銀碼上加大了，公司對未來抱樂觀態度而立訂雄心勃勃的計劃來保持生產的發展。英國的汽車工業便是一個好的例子，他們計劃生產新模型的汽車，而沒有認真考慮如何銷售這麼多的汽車。

當然每一個人都知道通貨膨脹是第一號公敵，而最大的需要是把它加以控制。但很少人認真考慮到它會促進消費的大量下跌。

但在過後看來，這種後果不會產生才怪。

面對着收入和溢利增加的樂境時，商人們作大量的採購，這現象似乎由一九七三年末開始而持續到一九七四年。商人們大家樂於做生意，貨幣不斷的在轉手，因此收入繼續增加，而很少人注意到存貨堆積這件事。香港當時實蒙其利，不斷將貨物運往美洲及歐洲的貨倉，誠然，其中一部份原因乃希望將現金轉為貨物以應付通貨膨脹。甚至去年九月、十月，福特總統的政府還認為，通貨膨脹而不是經濟衰退是第一號公敵。

通貨膨脹對我們希望分散市場有甚麼影響呢？新的市場是否維持穩健呢？發展中市場其諾言是否已經實現了呢？直接的答案是否定的。事實上概括來說，香港仍然是靠我們的大市場來維持的。雖然現在祇有一九七五年初的數字，但大致情形沒有改變。在一九七三年北美洲、歐洲共同市場各國及歐洲自由貿易區國家佔香港直接出口百份之七十二。一九七四年降至百份之六十八。這些數字顯示去年的出口有些分散。但一九七五年初美洲及歐洲市場仍佔本港出口百份之七十一。

在本區的市場在一九七三下半年至一九七四上半年有良好表現的是：台灣（一九七三年增長百份之六十七，一九七四年初百份之八十四），南韓（一九七三年的增長是百份之一百八十一，一九七四年的增長是百份之一百三十六）。星加坡、馬來西亞、及泰國都發展得頗快。甚至菲律賓，雖然直至現在還未認為它是主要顧客，從香港的入口在一九七四年初增加了百份之二百一十八。在本區邊緣的澳洲和紐西蘭，其增長以天文數字計。

以一年來計算，口往星加坡增加了百份之十七，印尼百份之二十三，馬來西亞百份四十六，泰國百份之三十六，菲律賓百份之七十。澳洲和紐西蘭分別增加了百份之六

十八和五十六。台灣却減少了百份之七，南韓減少了百份之三。

七五年的情形怎樣呢？以一九七五年初來說，情況甚為黯淡；台灣減少了百份之四十八，南韓減少了百份之七十，星加坡減少了百份之四，印尼減少了百份之三十七，馬來西亞減少了百份之三十七，泰國減少了百份之二十八，澳洲及紐西蘭分別減少了百份之三十五。

反觀香港對已發展市場的出口，其減縮在比例上沒有這麼大。對西德而言，我們的出口竟然增加了百份之二十五。

對於其他市場，在數月前我們認為大有希望的又怎樣？南非去年購買表現相當好，但今年減少了百份之四十。歐洲共產國家減了頗多。在另一方面我們寄望的亞拉伯國家，可以說部份成功，但在其他方面得到的消息則認為香港比不上其競爭者。在增長率方面令人失望，加上通貨膨脹，有些增長是微不足道的。

在非洲，尼及利亞是可以選出來作為增長的市場。在一九七五年初已變為我們第十三大市場。港貨的銷路增加了百份之一百六十九。

其他可以提出來的是瑞士（增加了百份之二十二），瑞典（增加了百份之四十）。和挪威（增加了百份之三十）。

我們的結論是香港仍然依賴工業國家為其生命綫，雖然在這些市場受到挫折，但整個市場仍然很大。在另一方面本區的市場似乎的好景時很多潛力，但逆境時却不可靠。

雖然在短暫的日子可能受挫折，但亞洲太平洋區的遠境是光輝不滅的。本「會訊」以為香港與本區貿易發展，在未來幾十年定會超越香港與歐洲共產區或香港與亞拉伯區的發展。

「第三世界」

人們常道：「貧者愈貧，富者愈富。」

亞洲、非洲及拉丁美洲等發展中國家合共雖佔世界人口百份之七十，但於工業生產而言，則只為百份之七而已。

再者，在不少發展中之國家內，其農業及工業生產與其人口膨脹比例下，失去平衡，貧富懸殊，兩者之距離日益增加。但另一方面，在已發展之國家內，人口增長已繼續穩定下來。

國民總收入

於一九七二年，全世界之國民總收入（除却共產國家外）估計約為三萬二千三百四十二億九千一百萬美元，其中，北美洲約佔百份之三十九（而美國本身獨佔百份之三十五點七），西歐佔百份之三十三點七，而日本則為百份之十。其餘則為遠東（除却日本）、非洲、中東、亞洲南部、及拉丁美洲等各國所共有。（上述數字可能超時，因於過去一年中，亞拉伯各國之國民總收入有顯著之增加。）

誠然，國民總收入之數字並不足以完全客觀地衡量國家財富，於以農業為根基之國家而言，此點尤為真實。再者，該等數字並無顯示出社會內財產分配情況。

國民總收入（GNP）或國內總生產（GDP）乃用以衡量以現金為主之經濟，難以用諸於以農作為生之社會。舉例言之，如南非，該地一致被認為較香港更為發展，但南非之平均個人國民總收入則較香港為低，



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The Rich, the Not-So-Rich and the Rest

THE rich are getting richer and the poor are getting poorer.' The claim is heard often enough. The developing countries of Asia, Africa and Latin America, which make up almost 70 per cent of the world's population, account for only seven per cent of industrial production. Moreover, the gap between the haves and the have-nots is growing, since in many of the developing countries growth in agricultural and industrial output simply cannot keep up with the population explosion, whereas in the developed world, population growth is tending to stabilise.

In 1972 total world Gross National Product (excluding the Communist countries) was estimated at US\$3,234,291 million. Of this total, nearly 39 per cent was accounted for by North America (35.7 per cent of it by the US alone), another 33.7 per cent by Western Europe and a further ten per cent by Japan. Between them, the Far East (excluding Japan), Africa, the Middle East, South Asia, Latin America and Oceania managed to make up the remainder. (It should be borne in mind that these figures are in one respect out of date, largely because there has of course been a significant increase in the per capita GNP of the Arab countries.)

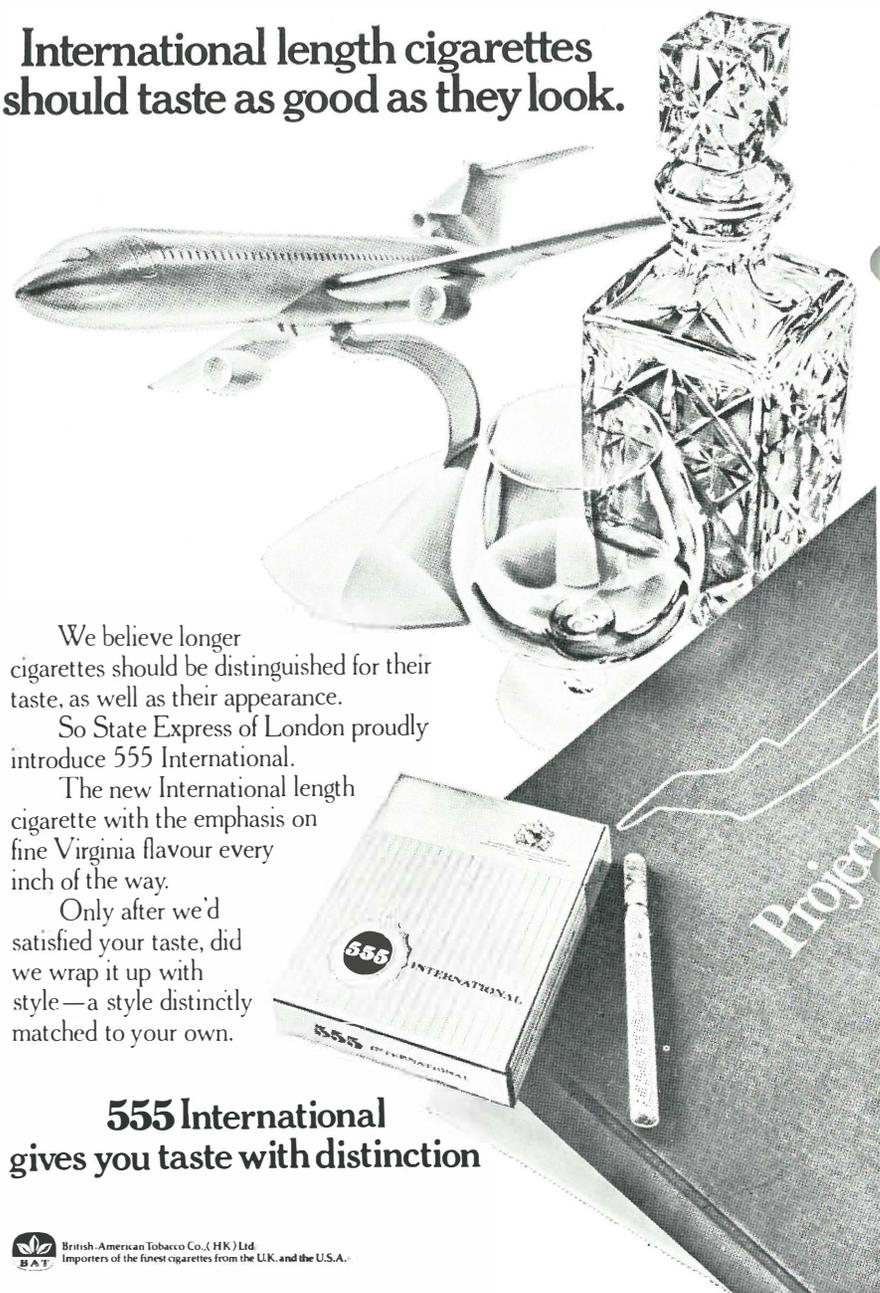
It could be argued that aggregate GNP figures do not provide an entirely objective gauge of wealth — as opposed to development — particularly when they relate to a primarily agricultural-based economy. It is also true that they say nothing about the distribution of wealth in a society.

GNP (and GDP) measure a cash economy. The indices cannot be applied so easily in the case of a peasant who lives off the land and provides his own home and clothing. Thus, for example, South Africa, a country which many might regard as more developed than Hong Kong, has a lower per-capita GNP than we do. This is because, despite its diversified industrial base and wealth of minerals, much of South Africa's population plays a minor role in the cash economy. But GNP estimates do nonetheless reflect the sheer size of the development gap between the rich countries and the poor.

The developed countries, the United States in particular, can justifiably point out that for decades they have been pouring billions of dollars of aid and investment into the developing third world. They have injected both capital and skills to build industry, commerce, communications, housing and schools. They have helped developing countries to exploit their natural resources and have provided jobs for millions of people. And the multi-national corporations use the same argument, adding the note that they probably made a better job of it than the official state agencies.

The developing countries, however, are far from grateful — or so it would appear. They accuse the developed countries, the United States especially, of 'imperialism' and 'neo-colonialism', of 'relentless exploitation' and 'amassing staggering profits' through their aid and investment in the developing countries. They claim that the

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real beneficiaries have been the 'imperialist' countries themselves and above all a small urban elite in the developing countries. They say that, though the average real per capita income of the third world has increased by 50 per cent since 1960, large segments of the population have not shared in this growth and have, in fact, continued to get poorer.

China is voicing the attitude of many other developing countries when it calls on the third world to carry out an 'in-depth struggle against imperialism, colonialism and hegemonism' and to strive for 'new and equitable international economic relations'. China, as a third world country which has undergone a dramatic economic transformation largely through relying on its own efforts, finds a ready audience among other developing countries.

Petro-power

China's readmittance to the UN has undoubtedly been a major stimulating factor in the rapid growth in awareness and power—both political and economic—of the third world. But an even more important factor over the past year or so has been the attainment and highly skilful exercise of power by the Arab countries.

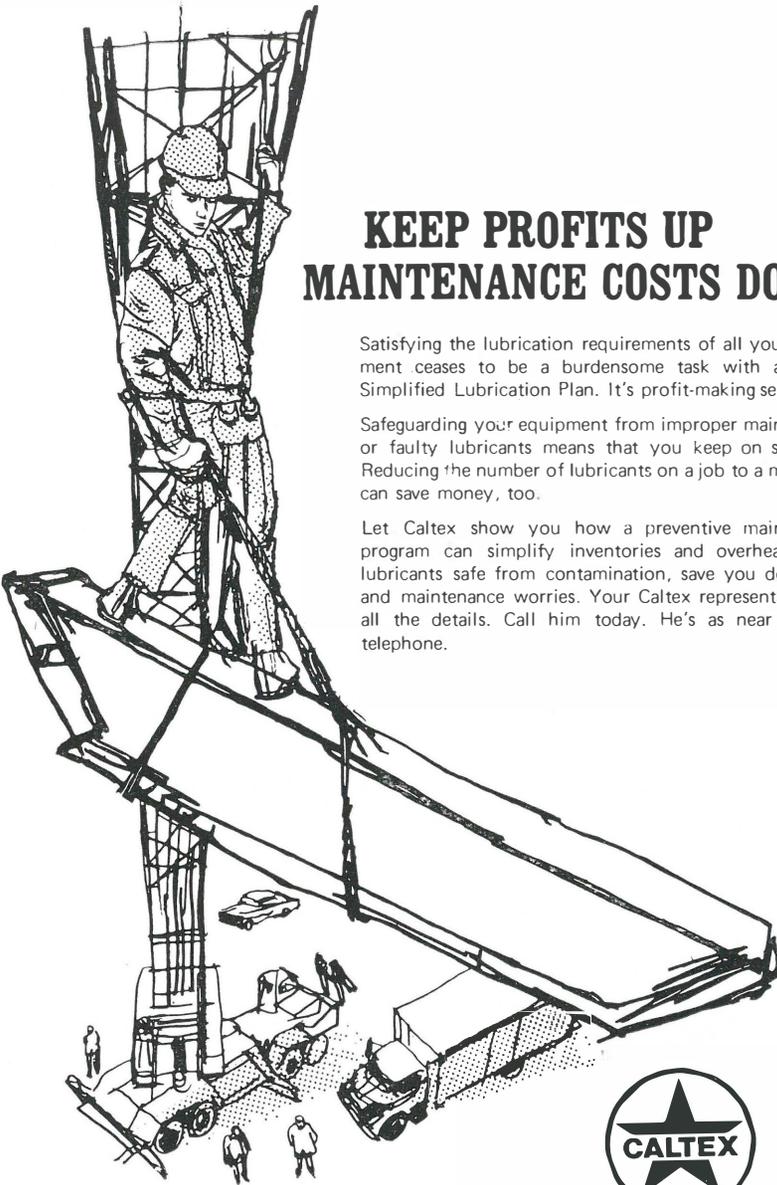
A recent New China News Agency article pointed to the 'trail-blazing role' played by the oil-producers in the third world's 'struggle for a new economic order'. What Opec is attempting to achieve, claimed the article, 'does not go beyond the recovery of ownership of their oil

resources and the re-adjustment of oil prices which had long been unreasonably forced down, in order to lessen the disparity with high-priced manufactured goods imported from the developed countries.'

This viewpoint was echoed by the Shah of Iran when he said, 'You (ie. the developed countries) get our oil for practically nothing and having made it into chemical products after processing, you again sell the oil products to us at a price 50 times what you paid'.

Opec has claimed that the oil companies make far more out of a barrel of oil than the producers themselves and that the high cost of oil in the industrialised countries is accounted for mainly by taxation, which ranges from 25 to 70 per cent of the market price. Moreover, they say, they are the victims, not the originators of inflation. They have pointed out that the roots of inflation go back far beyond the October 1973 Middle East War when the producers first decided to raise oil prices.

Certainly it would seem to be the consumer who has suffered most from the increased oil prices—not the multinational oil companies. Oil companies' profits rose by an average 70.9 per cent in 1973 and by a further substantial margin in 1974, despite falling sales. Last year Exxon reported profits of US\$3,140 million, Texaco US\$1,586 million, Gulf \$1,065 million, Mobil \$1,040 million and Standard \$970 million. Profits alone, particularly those for a single year, cannot be the gauge of a



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company's overall health. Nonetheless, these figures suggest that Opec spokesmen may not be entirely wrong in their claims, although in the first part of 1975 there are signs that increased taxes in the US (rather than the policies of Opec) are bringing profits down.

Figures show that in the 26 years between 1947 and 1973 the prices of 28 basic commodities imported by developing countries rose by an average 350 per cent. In recent years price rises have been particularly steep. The price of wheat rose from US\$72 a ton in 1973 to US\$223 a ton in March 1974. The price of chemical fertilisers doubled between June 1972 and September 1973, that of steel has tripled in the past five years, that of cement has quadrupled in the same period, and prices of petro-chemical products have increased by 900 per cent.

On the other hand, prices of many raw materials and commodities exported by the developing countries to the industrialised countries rose only moderately over the same 26 year period and in some cases even fell. In the past twelve months after a short-lived boom they have fallen by some 30 per cent. The same argument cited by the Shah of Iran with regard to oil is applied by other developing countries to other commodities, from bauxite to bananas.

The third world claim to 'establishing a new economic order' has already passed beyond the stage of rhetoric. Much has been achieved through the actions of Opec and other

third world cartels, as well as through the United Nations and other international forums. And through sheer weight of numbers the third world, by exercising solidarity, can gain effective control of bodies like the UNO. This control led the US representative last year to utter the now notorious remark about the 'tyranny of the majority'.

Sovereignty v. World economy

In 1914 there were less than 40 independent countries in the world, more than half of which were in the Americas. Most of the world map was covered with the words 'British Empire', 'French Empire', 'Portuguese Empire' and so on. Since then nations have steadily been gaining their independence, a process which greatly accelerated after the Second World War, until today there are almost 200 sovereign independent states. In Africa alone there are 45 independent countries. But while the unit of political control has grown steadily smaller, the unit of economic action has steadily expanded. Thus a noted American investment counsellor, Mr. Pierre Rinfret, told a meeting of Chamber and AmCham members recently that 'there is no longer such a thing as the US economy, or the Japanese economy, or the French economy. Today there is only a world economy.'

A group of 77 developing nations met in Algeria in February to draw up a programme and plan of action for a change in international economic relations. *The Group of 77* recom-

mended that the developing countries' share of total world industrial production be raised from seven per cent to at least 25 per cent by the end of the century. To achieve this, the developing countries would have to raise their annual growth rate to eight per cent. As specific measures by which such a growth rate could be achieved, the conference recommended that developing countries increase control over their own resources and the exploitation of those resources. They further proposed the formation and strengthening of raw materials producers' cartels and other economic or geographical groupings, and the appropriation or nationalisation of foreign corporations.

These proposals were again debated at the Second General Conference of the United Nations Industrial Development Organisation (UNIDO) held in the Peruvian capital in March. The Declaration and Plan of Action of Lima again expressed the desire of the developing countries to terminate the old economic order and set up a new one, to 'protect sovereignty over natural resources, develop national industries and strive for economic liberation.'

The Lima Declaration was passed by a majority of 82 votes for to one against, with seven abstentions. The one against, significantly, was the United States, while many of the European nations and Japan were among the countries which abstained. The pattern of voting was an interesting and probably fairly accurate reflection of prevailing attitudes in the

world, with the United States taking a hard-line, no-compromise approach and the other developed countries of Western Europe and Japan trying to avoid confrontation and seek a dialogue with the developing countries.

Mervyn Westlake wrote in *The Times* recently that 'impassioned and ringing declarations' like those issued at Algiers and Lima are not exactly uncommon these days. 'Indeed, their familiarity usually results in no more than a weary and dismissive shrug by government officials in western capitals.'

Driving a wedge

However, the United States has been trying hard to drive a wedge between the third world countries, with very little success. The provisions of the US Trade Act relating to the GSP specifically exclude the manufactured exports of Venezuela and Ecuador from beneficiary treatment in the US market because of these countries' membership of Opec. But far from undermining the solidarity of Opec this proviso succeeded in uniting most of Latin America behind Venezuela and Ecuador in their opposition to the Act. Earlier, the United States had even threatened to use force against the oil producers in the event of another oil embargo against developed countries.

On the other hand, France, Germany, the UK, Italy and Japan have all come to separate agreements with the oil producers on prices and supplies, and the French President,

M. Giscard d'Estaing, even suggested a world energy conference to be held later in the year.

A preparatory meeting for the proposed conference was held in Paris last month, including representatives from Opec and the third world, the EEC, Japan and the United States. However, the meeting broke down due largely to attempts by Algeria to get the scope of the conference enlarged to include raw materials and development generally, a move to which the United States was adamantly opposed. As a result the proposed energy conference was indefinitely postponed.

A recent five year agreement between the EEC and 46 developing African, Caribbean and Pacific countries (ACPs) was a further indication of the willingness of the second world to co-operate with developing countries. Most of these 46 countries were formerly colonies of Britain, France or Belgium. The agreement, known as the Lome Convention, provides free access to the markets of the EEC for the industrial products of the ACPs, and to all agricultural products that do not compete directly with the produce of EEC farmers. Even for those products that do compete, the barriers to entry will be lower than for other countries.

In return the ACPs simply have to give imports from the EEC no less favourable treatment than they give to those from other countries.

At the recent Commonwealth Heads' Conference in Jamaica Mr. Wilson outlined his own plans for

helping the developing countries gain a larger share of the world's wealth. Although his step-by-step approach to commodities and wealth redistribution was criticised by some of the other Commonwealth heads of state as 'piece-meal' and not going far enough, this development is a sign of the times.

The third world 'hawks' such as Algeria clearly feel that they have got the industrialised countries on the defensive and are determined to keep up their crusade for a new economic order, both through dialogues with the developed world and through the strengthening of cartels.

The cartel threat

Economists have not been inclined to take the threat posed by producers' cartels too seriously. They have pointed out that such cartels have a long history of failure. They have tended to split up quite quickly since their policy is not permanently to the advantage of the more efficient members. However, Opec is to some extent a special case, since firstly the Opec countries command a monopoly of low cost oil, and secondly those Opec countries which might have been expected to break ranks — notably Nigeria, Venezuela and Iran — are worried about running out of oil and want to squeeze the maximum revenue possible from the industrialised countries while their reserves last out.

But there are other cartels besides Opec which have achieved considerable — though far less widely

publicised — success. One of these is IBA, the grouping of bauxite producers, which has secured huge gains for Jamaica, a leading bauxite producer, by raising the tax level on bauxite.

For cartels to achieve their desired aims the members, especially the leading member, must be prepared to withhold supplies in order to keep the price up. Opec and Saudi Arabia were able to do this, and there seems on the face of it little to stop other raw materials cartels following suit.

There is, however, a danger of the third world raw materials producers taking things too far. This applies particularly to their avowed aim of nationalising the foreign companies which extract those resources. Threats of nationalisation can lead to further price increases and disruption. The foreign companies try to get the maximum short-run revenues from their enterprises in order to recoup the funds they have committed. Long-term investment, moreover, is neglected. This leads to further accusations of 'excessive profits' and 'exploitation' and only increases the determination of the developing country to nationalise the enterprise. In the end neither side benefits.

The developed countries desire, above all, security and assurances on future raw materials supplies. They wish to be assured that these supplies will not suddenly be reduced or cut off in the future. In return the third world is seeking stabilised raw material prices at levels sufficiently high to allow them to speed up their

own development and industrialisation.

After the commodity boom of 1972—74 the terms of trade on which most of the developing countries trade with developed countries have once again started to deteriorate. There is common ground for agreement and compromise between the two sides. For the sake of stable world trade one can only hope that some kind of world commodity stabilisation programme will be worked out at the many international conferences due to be held in coming months. However; for the developed countries the era of cheap raw materials is definitely over.

The implications of this for Hong Kong are not yet entirely clear, although they cannot be very favourable. Hong Kong is in an 'in-between' category. It is situated in the centre of a developing region. It participates in a number of international and regional bodies side by side with other developing countries and we seek to be classified as a developing country like them.

Yet at the same time HK is a manufacturing centre and we share the concern of developed countries like Japan and the EEC over raw materials supplies and prices. In fact we have even greater reason to worry, since our natural resources are not merely insufficient for our own use — they are negligible. Assurances and agreements on raw materials are absolutely vital to the continued functioning of the Hong Kong economy.

The Silent Salesman

ACCORDING to a survey made by the Productivity Centre in 1970, manufacturers in our leading industries were estimated to have spent in the region of HK\$150 million in packaging costs for their exports in 1968. The total worth of exports in that particular year was HK\$8,428 million. In 1975 there is every reason to believe that the amount being spent on packaging will be much more even allowing for the affect of inflation.

Packaging of course serves first and foremost to protect the product. But it must also inform and persuade.

Packaging indeed has become an integral part of the marketing effort. It has, in today's world of the self-service store and the supermarket become the 'silent salesman'. If it is good enough, it will serve as instant identification. A Coca Cola bottle will always be a Coca Cola bottle.

Packaging design can be a costly affair. And in Hong Kong package design specialists are few, apart from those working as graphic designers or in advertising agency art departments. Often the manufacturer or exporter has had to go overseas for his package design.

This is where the HK Packaging Council comes in. Its job is to bring packaging know-how and information to Hong Kong. It provides a forum for the exchange of knowledge on packaging, it promotes the development of packaging education and technology, it disseminates information and knowledge of packaging and it is trying to develop local skills and

expertise in packaging.

The Chamber is very much involved in the Packaging Council and its aims. It is a financial subscriber to the Packaging Centre and has been since its inception. It is represented on the Council by a prominent member of the Chamber, Colonel I. G. Daniel, MBE, ED, who would like to see more members that have interests in packaging taking a more active role in Council activities. He believes that all those concerned in manufacturing should participate in the Council's annual packaging competition.

An edge

Colonel Daniel says, 'Hong Kong is progressing towards a much higher quality standard, but will need every possible sales aid to give it an edge in persuading overseas customers to buy, particularly where markets are soft as at present and as competition becomes keener than ever.'

'It is pleasing to note that more and more overseas companies who have been used to a high standard of packaging and presentation are operating in Hong Kong, all of which should contribute to the development of more sophisticated techniques.'

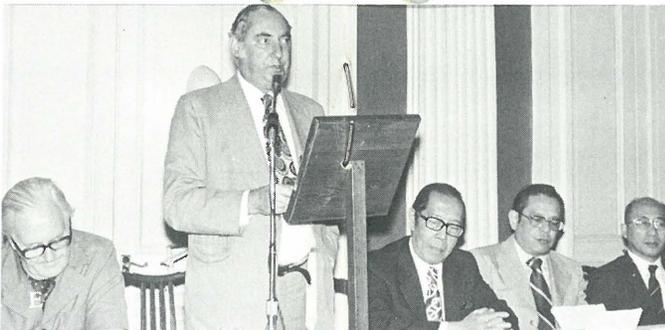
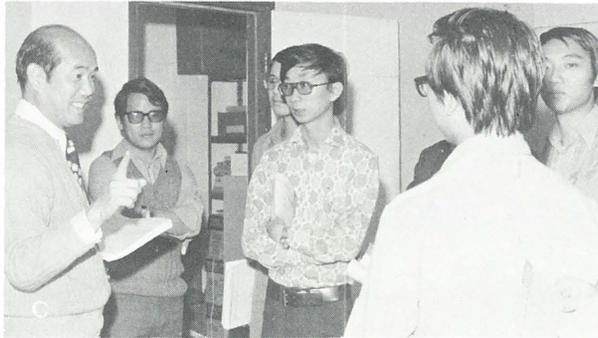
As head of the regional office for R. H. Macy & Co., Col. Daniel is in a good position to judge.

The Packaging Council was formed as a sub-committee of the Federation of Hong Kong Industries in January 1970 and since then has achieved a

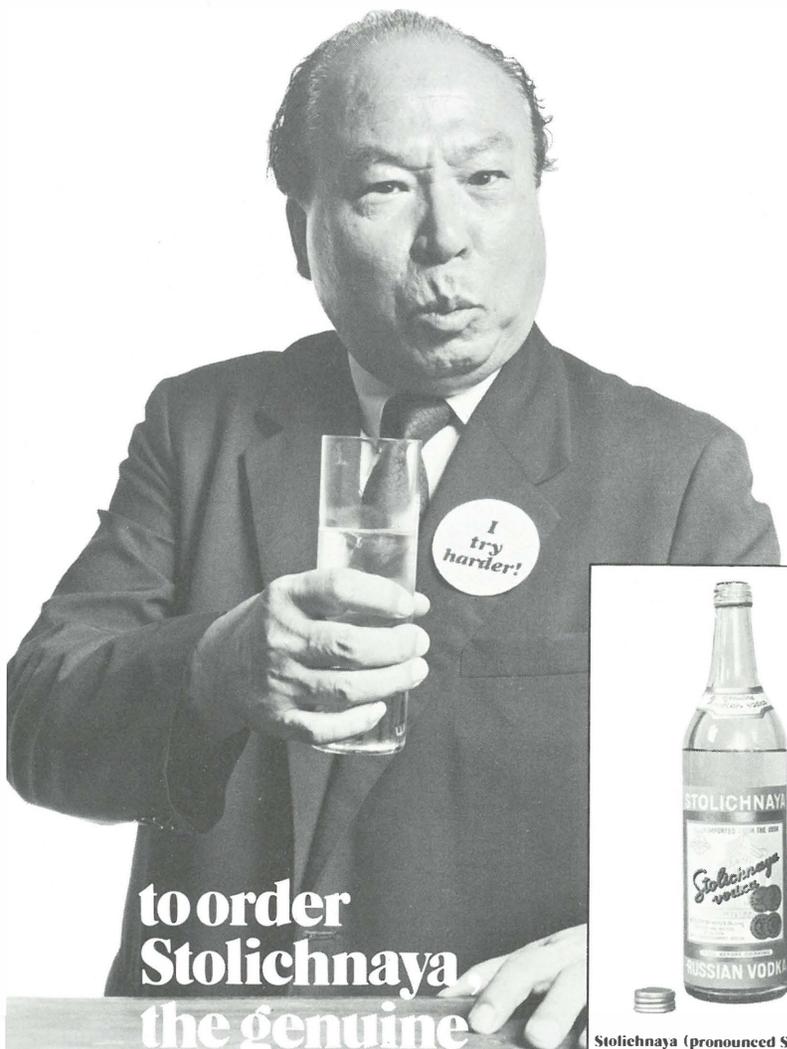
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Picture Briefing

- A. On April 9th, members of the Europe Area Committee received the Hon. Angelo Sanza, MP (third from left) and Dr. E. Vitti (left) who were leading an Italian Trade Mission to Hong Kong. Accompanying them on their visit was the Consul General for Italy, Mr. P. Pignatti Morano (2nd from left) and the Commercial Consul, Mr. E. de Maio.
- B. Mrs. G. Kovacs, a representative of Hungarotex, the Hungarian state trading corporation for textiles and knitwear, visited the Chamber on April 14th for discussions with members of the East Europe Area Committee. She is seen here during one of the lighter moments of the discussions with Mr. M. Milliken, member of the Committee and Mr. E. J. S. Tsu, Chairman of the Committee.
- C. A group of newly-appointed Industry Assistants from the Commerce and Industry Department visited the Chamber on April 16th as part of their familiarisation programme. On hand to give them some advice on handling trade enquiries is Dennis Yeung (left) head of the Chamber's trade enquiries unit.
- D. Sir John Keswick, KCMG (left) recently gave a talk on latest developments in China trade to Chamber and Amcham committees. He is seen here with the Chairman of the Chamber's China Area Committee, Mr. J. J. G. Brown.
- E & F. The Area Sections held their Annual General Meeting on April 30th at the Hong Kong Club. The Chairman of the International Trade Committee, Mr. L. W. Gordon, thanks the Committee and members of the Area Sections and later relaxes over drinks with Section members.



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position in its own right as well as acting as advisers to the Committee of the Federation.

The Council is now part of a chain of international packaging associations, including the Asian Federation of Packaging and the World Packaging Organisation. To add further impetus to its campaign, Hong Kong is now headquarters for the World organisation, with Mr. K. S. Lo as president and Mrs. Susan Yuen as Secretary General.

The Council was originally founded to advance improvements in protective and promotional packaging for HK products for export. It is broadly representative of all packaging interests in the Colony, ranging from manufacturers and exporters and shipping interests to designers, raw materials suppliers and packaging materials manufacturers.

The working body of the Council is the Packaging Centre which operates from the offices of the Federation of Hong Kong Industries. The Centre has access to the technical and clerical staff of the Federation. The work of the Centre covers a spectrum of activities. It has delved intensively into packaging research in order to have on tap a ready supply of technical know-how. Information on packaging materials, machinery and techniques is available for HK manufacturers.

In 1972 the Centre arranged through the Hong Kong Government for a comprehensive survey to be carried out by the UN Industrial Development Organisation (UNIDO)

on consumer packaging. This survey was followed up last year by another study, which showed that manufacturing industry in HK was now more aware of the value of good packaging than it was three years before. It was also observed that more industrial plants were using automated packaging machines.

Centre facilities

The Centre provides a well-equipped laboratory for packaging testing and analysis. New equipment is presently being purchased to broaden the range of testing facilities. Two officers have also been sent overseas to increase their knowledge and to improve their skills in carrying out packaging consultancy work. Packaging clinics have been held from time to time to try to help manufacturers iron out technical problems. In these clinics specific difficulties are analysed.

The Council's promotional activities are probably well known to most manufacturers especially the annual competition for the 'Packstar' Awards. Awards are given to the best packages submitted for different categories classified by the material used. The Chamber has for many years sponsored one such award. The winners of the local competition then go forward to an Asian competition and finally to a World competition. Last year two Hong Kong packages won Asiastar awards, one for a PVC bottle for cooking oil by Lam Soon (HK) Limited and the other for a peanut oil can by

Amoy Canning Corporation (HK) Limited.

Other promotions include the arranging of packaging exhibitions, which may feature actual packages as well as machinery for packaging.

Without doubt the Packaging Council's most important role in the long term is educational. Seminars and lectures are held on a regular basis and are open to all.

Transport packaging is also receiving the attention of the Council. With the introduction of containerisation, the Council started a series of lectures on packaging for containers. Subjects discussed in transport packaging have included design techniques, shipping hazards, transportation modes and specifications for various performance tests.

Emphasis has been placed by the Council on the ecological aspects of packaging in recent years. The Council feels that much public criticism has been laid at the door of the manufacturers and are therefore encouraging them to give serious consideration to ecological problems in package planning—ie. to disposability of the package, or to its recycling. Ecological considerations are kept very much in mind in the packaging competition.

Evidence of this ecological awareness is shown in the beverage industry, where soft drinks manufacturers appear to understand the need for investment to go into recyclable rather than single-journey containers.

The packaging industry as it stands today in developing countries was recently discussed at a World Packaging Organisation Workshop. It revealed that in Hong Kong packaging manufacturing is mainly a converting industry using imported raw materials. For the manufacture of corrugated cartons, imported medium and facing papers are converted either into single, double or triple wall corrugated boards, which are in turn converted to carton boxes.

Other materials

In the case of plastics, carry bags are made locally by blow extrusion films and other plastic sheet materials. Polystyrene foams are moulded to specification. A few metal manufacturers fabricate cans from imported steel sheets.

The Workshop also discussed problems in Hong Kong. It concluded that Hong Kong was still suffering from a lack of sophisticated and automated packaging machinery. It felt that this could be the result of a lack of space in factories, rather than any other specific reason. It also mentioned the absence of technical consultants able to solve problems in packaging technology. Given the need for HK—with its lack of basic resources—to be competitive in other ways, it is small consolation to learn that these problems are common to most of the other developing countries in Asia covered by the Workshop.

Area Section AGM

THE Annual General Meeting of the Chamber's Area Sections was held at the Hong Kong Club commencing at 5.30 pm on Wednesday 30th April. Some 45 members attended. In addition to reporting to members on progress during the past year, the Chairman of the International Trade Committee, Mr. Leslie Gordon, conducted the election of members to area committees. Full lists of the members of the new committees will reach members via the various area newsletters.

We give below the text of Mr. Gordon's remarks. Of particular importance is his plea for improved communication between section members and area committees.

The reports of the 12 Area Committees have been in your hands and I trust you will notice the activities of these Committees in developing trade during the past year, and will agree with me that for the past four years, the International Trade Department has become a regular and expected part of the Chamber service to members. It is also gratifying to know that the Chamber enjoys close co-operation with the Consulates, Trade Commissions, Government Departments and other trade organisations including the Trade Development Council.

In 1974, we received 16 incoming trade missions from various parts of the world and also over 30 important visitors, apart from overseas businessmen regularly calling at our Chamber during their visit to Hong Kong.

The Chamber organised two

business groups to East Europe in September and a Business Group to Africa in June which was organised jointly with the Trade Development Council. A sample display at Waikato Winter Show—Hamilton, New Zealand, was mounted for members who were interested to promote their products. The Chamber continued to organise Hong Kong's participation in the 12th Overseas Import Fair 'Partners for Progress', Berlin in early September. Two separate Hong Kong Traders Groups, led by the Director and the Chairman of the Chamber visited several cities in China in September and November, respectively. Apart from these activities, the Chamber arranged luncheon meetings on four occasions when VIP guest speakers were invited to give interesting talks to members.

Closer contacts

While the Chamber strives to maintain such contacts and activities for the interest of our members, it is hoped however that our Area Section members could be brought into closer contact with the various Area Committees, all of which are quite prepared to be of assistance to our members in promoting their business.

In this respect, I am glad to say that co-operation between the Public Relations and International Trade Departments has been strengthened with a view to passing on to members important information through the various Area Newsletters.

cont'd. Pg. 26

Diversification and Recession

ABOUT 12 months ago, *The Bulletin* was encouraged to see what could have been taken as the beginning of a diversification trend in the pattern of HK's export markets. This arose partly as a result of renewed and substantial growth in one or two important developed markets such as Australia, New Zealand and South Africa; but perhaps more encouragingly and more importantly, because of firm growth with smaller partners, particularly the developing countries of the region — Taiwan, Korea, Singapore, Malaysia, Indonesia, the Philippines, Thailand. Knowing full well that one swallow does not make a summer, we were reluctant to hail the trend as a definite feature of the trading pattern and indeed our front cover caption asked whether it was 'diversification at last or just a flash in the pan?'

It is easy to be wise after the event, but at the time we did not take too seriously the growing volume of reports that orders for HK manufacturers were not coming in to replace those currently being produced.

A view that seems to be gaining currency in the US, if not elsewhere, is that the advent of recession was disguised by an abnormal up-surge in business activity, which resulted partly from overlooking the facts and partly from misplaced optimism.

The basic villain was inflation, which by the early part of 1974 — if not before — had forced the consumer to make substantial cutbacks in real spending. However, because

the volume of consumer spending was distorted by the inflationary effect, and because companies were therefore chalking up record incomes and profits in dollar terms, companies looked to the future with optimism and embarked on ambitious plans to sustain if not increase production.

The UK motor industry would appear to be a case in point, which went ahead with the planning of new models without seriously questioning how far they could sell the intended volume.

Of course everyone knew about inflation — it was Public Enemy Number One and The Great Need was to control it. But few seem seriously to have thought that it was about to precipitate a tremendous decline in the volume of consumption. However, again with the wisdom of hindsight, it would have been rather peculiar had anything else happened (apart of course from the UK, where economic generalisations have apparently ceased to apply!).

Buying spree

Faced with the euphoria of rising income and profits, businessmen embarked on a buying spree which appears to have started some time towards the end of 1973 and carried on into 1974. Orders were placed, production plants went into operation — and goods piled up in the warehouses. The consumer didn't want to know.

Businessmen were so intent on doing business with other businessmen — which meant of course that

money was changing hands and therefore income continued to roll in — that few apparently noticed the growing pile of inventory. And Hong Kong was a welcome guest at this vast stockpiling party, turning out goods for the warehouses of North America and Europe. Part of the drive may have arisen as the result of a desire to get out of cash and into goods, and thus to beat inflation. Even as late as September/October the Ford Administration still saw inflation — not recession — as Public Enemy Number One. We all know what has happened since then.

What effect has this had on the hoped-for diversification trend in HK's markets? Have the newer markets remained firm? Has the promise of the developing regional markets been fulfilled?

The straight answer is a clear 'no'. In fact, by and large, it is only the strength of our very large markets, although they have declined, that has kept Hong Kong going.

Figures are so far available only for the earlier months of 1975. But as few businessmen would suggest the picture has altered since then, the pattern shown by the January/February figures is probably still a fair indication of what is currently happening.

During 1973, North America, EEC and EFTA accounted for a total of 72 per cent of domestic exports. This had dropped to 68 per cent during 1974, although trends during the latter part of this twelve month period would probably alter this

pattern. The figures nonetheless suggest that some degree of diversification was apparent last year. But by the early part of 1975, North America and Europe were again claiming 71 per cent of domestic exports.

Among the regional markets that were doing well during the latter part of 1973/early 1974 were Taiwan (growth rate in '73: 67 per cent, in early '74: 84 per cent); Korea (1973, 181 per cent; 1974, 136 per cent); Singapore, Indonesia, Malaysia and Thailand were also expanding very quickly. Even the Philippines, not hitherto thought of as a leading customer, was increasing imports from HK at a rate of 218 per cent early in 1974. And on the more distant fringes of the region, Australia and New Zealand were both growing at an astronomical rate.

Respectable averages

For the year as a whole, the figures of growth in most of these markets, although positive, had averaged out to Singapore at 17 per cent, Indonesia at 23 per cent, Malaysia at 46 per cent, Thailand at 36 per cent and the Philippines at 70 per cent. Australia and New Zealand had maintained a very respectable average of 68 and 56 per cent respectively. Taiwan however showed a net drop of 7 per cent and Korea of 3 per cent.

But what has happened since? For the early part of 1975, the dismal story reads:- Taiwan down 48 per cent, Korea down 70 per cent,

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Singapore down 4 per cent, Indonesia down 37 per cent, Malaysia down 37 per cent, Thailand down 28 per cent, with Australia and NZ down by 23 and 35 per cent respectively.

It must be kept in mind that the minus figures compare what was perhaps an exceptional period of growth with one of equally exceptional sluggish trade. Yet they tell their own tale. Whatever diversificatory impetus was acting 12 months ago has rapidly ceased to apply.

By contrast, the drop in some of our more developed markets was nothing like so great, percentage wise. And Western Germany even maintained its phenomenal progress with an increase of 25 per cent.

Great hopes

What about the other, non-regional, markets which were seen as the great hopes of the past months? South Africa, which was buying well last year, had cut its purchases by 10 per cent this year, and Comecon countries were down considerably. Trade with Poland did grow considerably but East Germany, our best customer, reduced its purchases by more than 50 per cent. On the other hand, the Arab oil countries partially justified the hopes pinned on them, although information from other sources suggests that HK was failing to do as well as some of its competitors, and that indeed an unfortunate image of HK traders as 'unreliable' was beginning to circulate in some Arab countries.

Nigeria, which was selected as *the*

black African growth market, alone appears to have justified hopes and has risen in early 1975 to become our thirteenth largest market with an increase in sales of 169 per cent.

Were there any bright spots elsewhere? Canada and the Netherlands were just about holding their own in dollar terms, although possibly down in volume terms, but the only three countries among the larger markets to show any real growth were Switzerland (up 22 per cent), Sweden (up 40 per cent) and Norway (up 30 per cent).

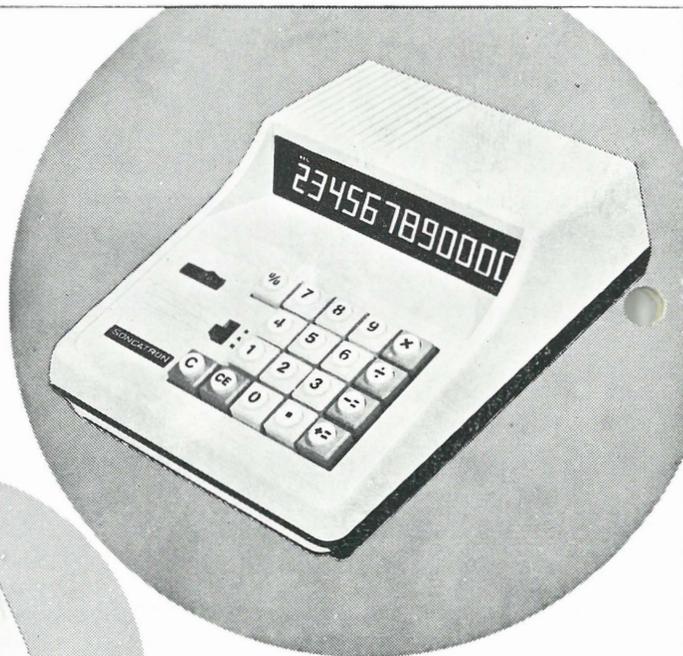
In Norway and Sweden, HK owes its sustained position to the exports of the clothing industry. Product diversification in these markets is not well established, and two-thirds or more of exports are garments. Switzerland is a more diversified market, where, although clothing exports are tops, other products have established reasonable sales.

The conclusion is that HK is still overwhelmingly dependent on the developed world for its lifeline.

Although retraction may be the order of the day for the short term, over the longer term the potential of the Asia/Pacific region is undimmed. *The Bulletin* suggests that over the coming decades trade between HK and the region will grow to a greater extent than that between HK and either Comecon or Arab countries or any other developing markets. Our future is still as a partner in the Far East 'Common Market'. And that should be enough of crystal ball gazing for the present!

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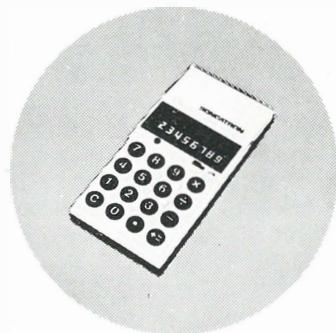


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Forum

How to solve recession and unemployment

An article in **Wah Kiu Yat Po** recently examined the extent of unemployment and under-employment in Hong Kong and suggested a number of measures, both short-term and long-term, whereby confidence could be restored to industry and commerce, exports could be boosted and the unemployment problem solved.

Firstly, said the article, urgent measures should be taken to prevent the further depreciation of the US dollar against the HK dollar and to restore the US-HK dollar exchange ratio to at least the level of US\$1=HK\$5. Only then could the competitiveness of HK products in the US and other places where the US dollar is used for trade be restored.

Secondly, the authorities should take the necessary steps to solve the hawker problem, which is a temporary problem caused by unemployment.

These should include not only setting up 'hawker permitted areas' for unlicensed hawkers but also ensuring that hawkers are able to ply their trade within these areas without interference from triads. Unless this problem was solved, said the article, there was likely to be a further deterioration of law and order.

Thirdly, as a means of stimulating industry and commerce, practical measures should be taken to promote lower interest rates for industry. Loans should be generous and straightforward in order to alleviate the cash flow problems being ex-

perienced by many manufacturers. This would enable them to buy raw materials in preparation for the upturn when it comes.

Fourthly, the Financial Secretariat should boldly adopt deficit financing in order to encourage growth in the public sector and thereby provide more employment.

The article then suggested a number of basic ways by which the long-term development of industry could be encouraged and stimulated.

Firstly, as means of raising productivity and improving the quality of Hong Kong products and thereby attracting more buyers from overseas, manufacturers should be provided with interest-free or low-interest loans to replace old or obsolete machinery. The article also suggested that more land be made available for industrial use, on favourable terms, and that industrial training be stepped up.

Secondly, the public housing programme should be 'actively and effectively' carried out. At the same time rents should be stabilised in order to bring about a fall in the cost of living and reduce the burden on the people. This would also lead to a stabilisation of wages which would be beneficial to our trade.

Thirdly, long term measures should be adopted to devalue the HK dollar in order to bring down the cost of living (sic) and make our exports more competitive. This would naturally also have a favourable effect on employment.

Finally, the article said 'We firmly

FORUM—continued

believe that as long as the authorities give this matter their full attention, and take a positive lead, in co-ordination with commerce and industry, HK's unemployment problem can be gradually solved.

Some of the above suggestions, the Chamber believes, might be helpful — for example the provision of cheap land for the right industries (ie. those bringing in new technologies); and making a greater effort to solve the hawker problem. But one basic fact is overlooked throughout, and that is that the root of recession, and thus unemployment in Hong Kong, lies in the low level of consumer demand in our leading markets. This is a factor over which we have very little control. Lower prices, resulting from a de facto devaluation, might help, but any significant inroads at the expense of competitors will only result, in present conditions, in an appeal to restrict imports.

Some of the suggestions, moreover, are double-edged. For example, while devaluation might make our exports more competitive, it would certainly raise the cost of imported goods, including the raw materials required to manufacture our exports, and also send up the cost of living.

It should also be remembered that bankers must charge interest at current rates in order to attract deposits. If they are to be forced to offer low interest loans to industrialists then somebody else (ie. the private borrower) will have ultimately to subsidise this by paying higher interest rates.

AREA AGM—continued

Furthermore, it is useful to find ways and means of improving communication between Area Committees and Section members and I am happy to mention that it is the recommendation of the International Trade Committee that each Area Committee may like to organise Area Section dinners or other functions in order to achieve this goal. Such functions would provide a good opportunity for members to know each other and to discuss business potential and matters in a friendly atmosphere, as well as to get to know Commercial Consuls and Trade Commissioners in the respective areas.

Over 15,000 trade enquiries from all over the world were processed throughout the year. As part of its service to members, the Department issued or endorsed more than 600 letters of introduction to Chambers of Commerce and other trade organisations overseas for members making business trips abroad.

It has once again been an eventful year for international trade and I would like to take this opportunity to thank you, especially the Chairman of the various Area Committees as well as members of these Committees, all of whom have contributed tremendously and generously towards the work of the Department. We are also most grateful to members who have given unfailing support in our projects and overseas promotions. If however, you have any constructive suggestions and comments as to how our efforts could be better directed or how we could assist you in any particular way, please let us know.

其主要原因爲其居民在現金經濟上所佔地位甚少，誠然該處富天然資源，而工業根基亦具分散力。

但是，國民總收入之數字確反映了富裕與貧乏國家在發展上之濛溝。

發展國家之支援

已發展之國家，尤以美國而言，均異口同聲謂在過去年月中曾耗費了不少金錢用作協助及投資在「第三世界」上之發展，包括資金、建築工業上之技術、工商事業、交通、樓房及學校等方面之建設。彼等又協助在發展中之國家開發其天然資源及予以其人民就業良機。

發展中國家微詞

但另一方面，在發展中之國家對一切援助並不表示感謝。彼等指控已發展之國家，尤其美國，藉着對彼等之支援及投資而伸張其「帝國主義」、「新殖民主義」、「殘酷之剝削」及「聚積暴利」等。彼等又謂此舉之真正受益者實爲已發展之國家能夠在發展中之國家建立勢力。

中國之實力

中國對第三世界所發出之「反帝國主義、殖民主義及領導權主義」之號召正好代表了許多在發展中國家之心聲，其中一些更視中國爲「精神上之領導者」，因爲中國主要依賴其本身努力度過一經濟轉變。

中國自加入聯合國後加強了第三世界在政治及經濟上之醒覺及實力。但更爲重要者乃是在過去一年中，亞拉伯各國勢力雄厚。

產油國之抗議

「新華社」最近一專文報導指出：「第三世界」之產油國家力圖爲一新經濟而掙扎。該專文稱世界產油出口國正試圖取回其原

油資源及調整久被壓低之原油價格，以平衡從已發展國家以高價入口之貨品間之不等情形。

伊朗之國王亦指出：已發展之國家以廉價獲取我們之原油，把它加以製造成化學產品，而以五十倍之價錢售回給我們。

石油出產國家謂以一桶原油而言，石油公司所獲利潤遠較其出產國高。工業國家原油價格高昂之主要原因爲稅收所引致，稅率爲市價之百分之二十五至七十。該等國家又指出彼等爲通貨膨脹之受害者，通貨膨脹始於一九七三年十月之中東戰爭事件之前。

利潤高漲

原油價格高漲下消費者乃是受害最深之一羣。於一九七三年，石油公司之利潤平均增加了百分之七十點九。去年，原油銷路雖有所遞減，但其利潤亦相當可觀。

從數字觀之，於一九四七至一九七三年間，發展中國家所輸入之二十八類基本貨品之價格平均高漲了百分之三百五十。於近年來更有所增加。例如小麥價格於一九七三年每噸只爲美金七十二元，但去年三月却升至每噸美金二百二十三元；化學肥田料於一九七二年六月及一九七三年九月其價格亦增加雙倍；鋼鐵價格在過去五年來增加了三倍，三合土則爲四倍，原油之化學產品之價格更高漲百分之九百。

但另一方面，發展中國家輸往工業國家之原料價格在過去二十六年來只增加了少許，在某些類別而言其價格甚而下跌，於過去十二個月以來，此類下跌約爲百分之三十。

世界經濟

於一九一四年，世界獨立之國家約共四十多個，其中過半在美洲，地圖所見乃是「英大帝國」，「法大帝國」，及「葡屬帝國」等。但各國先後爭取獨立，時至今日，世

界之獨立國家約共二百多個，於非洲本身而言已佔四十五個。政治上之聯繫雖日益減少，但經濟上之一致行動却繼續增加。於最近一次由本總商會及美國總商會合辦之聚會上，美國經濟家彼亞寧烈特先生謂：「美國經濟、或日本或法國等經濟之一詞已不存在，所剩下者只為世界經濟。」

秘魯利瑪之宣言

於二月間，約共七十七個發展中國家於阿爾及利亞舉行會議磋商如何改變國際之經濟關係。彼等建議發展中國家在世界工業生產中之份兒在世紀末應由百分之七增至百分之二十五。基於此，此等國家需要將國內之增長率增加至百分之八。會議中，出席者一致建議發展中國家需控制彼等之資源而不受剝削，及分別組成地域或經濟小組。

於三月間在秘魯首都利瑪所舉行之「聯合國工業發展機構」之會議上亦曾就此加以辯論，會上，大家亦一致贊同建立一新的經濟系統。

此項秘魯利瑪宣言為八十二個國家所贊同，美國為其惟一反對者，而不少歐洲國家及日本却不表示意見。

明顯地，西歐各國及日本均渴望與「第三世界」相互融洽相處，因彼等正需各類資源以供工業所需。而美國在多方面，包括製造原料及原油上則可自供自給。

分隔徒勞無功

美國方面，彼曾力圖分隔第三世界之實力但却徒勞無功。例如美國「普遍特惠計劃」之貿易法案使委內瑞拉及烏拉圭之出口不可享有在美國市場內之特惠優待，其原因主要為該二國為「石油出產國」組織成員。但此舉却令拉丁南美各地聯合一致應付此一貿易法案。

「能量會議」延期

在另一方面，法國、德國、英國、意大利及日本與石油出產國均分別達成在價格及供應上之協議。法國總統甚而提議在年末舉行一「世界能量會議」。去月在巴黎已舉行首次會議，出席者包括來自產油出口國、第三世界、歐洲共同市場、日本及美國等代表。但會中，由於阿爾及利亞與美國之意見相持一方，至今此會議無限期延期。

特惠協議

近日來，歐洲共同市場與四十六個非洲、加勒比海及太平洋國家所達成之協議可顯示彼等願意與發展中之國家互相合作。該四十六個國家於前為英國、法國或比利時之殖民地。

根據上述協議，該四十六個國家之工業產品可享有歐洲共同市場內之自由市場，其農業產品若非與該地相互競爭亦可享有同樣優待。與最近在牙買加舉行之「聯邦首腦會議」中，英首相威爾遜簡略陳述協助發展中國家爭取世界財富一主要部份之計劃，此點雖受其他聯邦國家首要人物所抨擊，但威爾遜先生之建議却頗合時宜。

相互之利益

但第三世界之原料生產國也許太過份造作，民族主義結果帶來價格高漲。

已發展之國家惟望製造原料於將來不斷供應。而在發展中國家則希望製造原料價格平穩，而彼等又能發展其工業。

但香港之形勢則不大明朗。

香港位居發展中地區之中央，過去，香港與其他在發展中國家出席不少國際或地域上之組織之聚會。

香港並非一已發展之經濟地區。但同時，在製造原料供應及價格上，香港一如日本及歐洲共市各國般表示關注。

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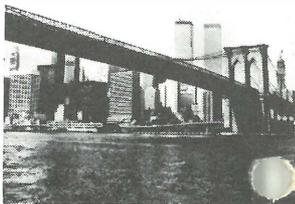
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