



THE HONG KONG GENERAL CHAMBER OF COMMERCE

BULLETIN

**JUST ABOUT THE
ONLY TYPE OF
BUSINESS FOR WHICH
WE DON'T PROVIDE
MEMBERS WITH
OPPORTUNITIES, IS**

MONKEY BUSINESS



Otherwise, in this year of the Monkey, which is symbolic of physical and mental nimbleness, the Chamber will continue to be an effective liaison between members and rich business opportunities—the world over.



THE HONG KONG GENERAL CHAMBER OF COMMERCE

**HONG KONG
GENERAL CHAMBER
OF COMMERCE**

(Established 1861)

9th Floor, Union House,
Hong Kong
Tel: 237177 Cables: Chambercom

THE BULLETIN

Feb. 1st.

Chairman:

HON. J. DICKSON LEACH, O.B.E.

Vice-Chairman:

M.A.R. HERRIES, Esq., M.C.

Executive Director:

G. ARCHER

Secretary:

J. B. KITE

Assistant Secretary:

R. T. GRIFFITHS

Business Promotion:

S. L. CHUNG

C. TSANG

Certification:

A. C. C. STEWART

Public Relations & Advertising:

R. P. WOOD

MISS B. CHIU

Membership Executive:

P. M. LAM

Office Supervisor:

MISS C. W. LI

THIS ISSUE

3. Switzerland, a commerce and Industry Country Report. The Chamber has received copies of this pamphlet of which a condensation is printed in this issue. The full report of this and many other country reports are available on request.
4. Switzerland — Continued.
5. Switzerland — Continued.
6. Round About. External Trade records good year. A course on "Joint Consultation & Works Committee" is offered. Leaving for Canada? Textile Survey Tour at the Chamber.
7. Round About. The return of Mr. R. P. Wood. A brief guide from the Labour Dept. C of O reminders. To discuss Australian customs. Registration of factories for certification purposes. Chamber Visitor.
8. News from D.C. & I.

Members are reminded that the contents of the Bulletin are confidential and not for publication.

Country Pamphlet No. 215

SWITZERLAND

In the very heart of Europe where the French, Italian and German languages and cultures meet, where some of the biggest rivers of the Continent have their source, there lies a little gem of a country — Switzerland.

It is a blessed country, but good fortune did not fall out of the blue upon its inhabitants — they had to fight and toil for it. Even though rich in natural beauty, this land possesses hardly any natural resources. Everything the people of Switzerland have: their freedom, peace, contentment and prosperity, they had to earn with their own hands. That is the reason why they so deeply honour the achievements of the past, the heritage left them by their forefathers. Traditions are cherished, the beauties of nature are protected, buildings which are monuments of cultural and historical development are carefully preserved.

Principal Towns

Berne (population 170 thousand) is the capital and administrative centre. Its main industries are chemicals, textiles, clothing, foodstuffs, and general consumer goods.

Zurich (population 437 thousand) is the chief town for industry (engineering, textiles, chemicals), commerce, banking and insurance. It is an important communication centre.

Basle (population 216 thousand) is a busy Rhine port situated on the frontiers with France and Germany. Its large industries include chemicals, dyestuffs, pharmaceuticals and engineering. It is an important banking centre and headquarters of the principal shipping and forwarding agents. One-third of Switzerland's imports and exports pass through Basle.

Geneva (population 179 thousand) is the European headquarters of the United Nations and many other international organisations including the European Free Trade Association. Industries are watch-making, engineering, precision instruments and jewellery.

Lausanne (population 136 thousand) is the centre of an agricultural and wine-growing district.

Winterthur (population 88 thousand) is a centre for heavy engineering, locomotives, diesel engines and textiles.

St. Gall (population 79 thousand) is an important centre of the textile industry.

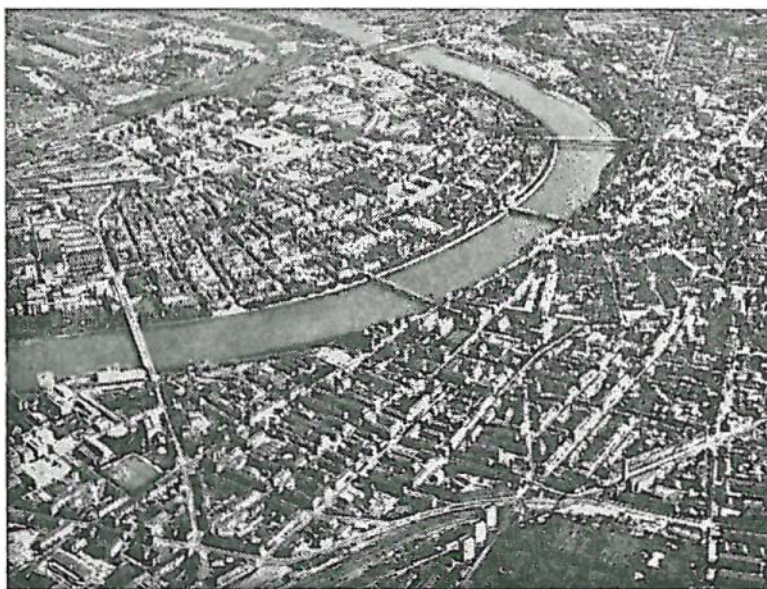
The Economy

With the second-highest per capita Gross National Product in Europe, Switzerland has a highly developed and sophisticated economy. The country's chief natural resource is water power, which is utilised by over 300 hydro-electric plants. Switzerland depends on foreign sources for most of the raw materials used by its industries.

With about 90% of its active labour force employed in non-agricultural pursuits, the economy is highly industrialised. Switzerland excels in engineering (which accounts for 26% of the industrial labour force) notably in the construction of clocks and watches. Public works, and the building and construction industries depend in large measure on migrant labour. Agriculture is carried on mainly in the valleys, stock-raising being the main activity. The chief crops are wheat and potatoes.

Besides industry and agriculture, the other important segments of the Swiss economy are commerce, banking, insurance, tourism, transportation and communications.

The two principle objectives of the Federal Government's economic policy during the past four years have been to curb inflation and reduce the size of the foreign labour force in Switzerland. The effect has been a declaration of the growth



of the economy fully felt after the autumn 1965. The new foreign labour policy had considerably reduced the size of the foreign labour force, from a record high of 721,000 in August, 1964 to 649,000 by August, 1966. A further reduction of 2% should have also been effected by the end of July this year. Investment activity fell in 1965 and 1966, the growth of consumption slowed down significantly, yet the balance of foreign payments improved markedly as a result of divergent trends of domestic and world demand.

Switzerland acceded formally to the General Agreement on Tariffs and Trade (G.A.T.T.) in 1966. Switzerland is also a member of the European Free Trade Association (E.F.T.A.) and of the Organisation for Economic Cooperation and Development (O.E.C.D.).

Industry

Switzerland compensates for its lack of natural resources by specializing in finished product industries that require highly developed skills and precision. The larger Swiss industries produce for the international market and the domestic market. In some industries, such as watches and chemicals, only a small portion of production is sold in Switzerland. In 1964 the 13 thousand Swiss manufacturing industries subject to the Factory Law employed 0.7 million persons.

Watches: Switzerland exports 97% of its watch production. The 1964 production of watches and finished movements is estimated to have been 49 million pieces (43% of world production) valued at US\$350 million. Although the importance of the industry to total Swiss exports has been steadily declining, 1965 exports of horological items amounted to US\$416 million, representing nearly 14% of total exports.

Textiles: In 1964 the textile industry consisted of 955 firms employing about 67,000 persons. Virtually all types of textiles are produced but silk, rayon, and synthetic textiles are perhaps the most important part of the industry accounting for 27% of the value of Swiss textile exports for 1964. Also of significance to Swiss textile exports



SWISS TEXTILES

is the long-established embroidery industry.

Foreign Investment

The total is not available, but U.S. direct investment in Switzerland increased by 17% between the years 1962-1964 to a total of US\$944 million in the latter. The largest increase was in the miscellaneous category, which includes service and financial operations. The trade sector which included wholesale, retail and purchasing operations, and the manufacturing sector showed increases of about 50%. As of July 1965 there were over 700 subsidiaries of U.S. companies operating in Switzerland.

General Pattern of Trade and Payments

The Swiss economy is highly dependent on international trade. Imports valued at US\$3,918 million in 1966 were up 6.5% from 1965 and equalled 26.5% of G.N.P. Major suppliers were the E.E.C. (60%), E.F.T.A. (15%) and the U.S.A. (9%). Chief imports consisted of machinery, chemical raw materials, petroleum products, frozen and fresh foods and clothing. On a per capita basis, imports in 1966 amounted to nearly US\$655, about twice the

level of the United Kingdom and five times that of U.S. per capita imports.

Exports valued at US\$3,260 million in 1966 were up 11% from 1965 and equalled 22% of the G.N.P. Major markets were the E.E.C. (38%), E.F.T.A. (15%), and the U.S.A. (9%). Switzerland's chief exports were watches, chemicals, pharmaceuticals, machinery and textiles.

Switzerland's traditionally adverse balance of trade is to a large extent offset by invisible earnings. Yet for years before 1966 the trade deficit had been so large that even the sizeable invisible earnings had been unable to turn the scale. Nevertheless, the anti-inflationary measures taken since 1964 had proved efficient and the overall balance of payments was in surplus in 1966.

Trade with Hong Kong

Hong Kong has always had an unfavourable balance of trade of some HK\$150 million with Switzerland. However, more than 60% of Hong Kong's imports from Switzerland consists of clocks and watches, most of which are for Hong Kong's re-export trade.

Hong Kong's domestic exports to Switzerland in 1966 were HK\$42 million, an increase of

HK\$15 million from HK\$26 million for 1965 and eleven times the value for 1960. In 1966 Hong Kong's imports from Switzerland were worth HK\$202 million, 1.4 times the 1960 value. Two-way trade in the first nine months of 1967 showed further increase and it is expected levels reached by the end of the year will better those attained in 1966.

The value of Hong Kong re-exports to Switzerland has been increasing. The 1966 total of HK\$11 million was four times the 1960 level; precious stones have been the main item. Swiss per capita imports from Hong Kong were worth HK\$10 in 1966.

Hong Kong's Imports from Switzerland

Main Swiss exports to Hong Kong are clocks and watches, pharmaceuticals, precious stones, non-cotton fabrics, textile and leather and other machinery.

Accounting for more than 60% of Hong Kong's imports from Switzerland, clocks and watches showed an increase of HK\$17 million in 1966 over the preceding year. This rise was more than responsible for the increase in exports of HK\$14 million to Hong Kong in 1966. Imports of Swiss machinery declined by HK\$5 million in 1966

but picked up strongly again in the first nine months of 1967.

Hong Kong's Domestic Exports to Switzerland

In 1966 the total value of Hong Kong domestic exports to Switzerland increased by HK\$15 million — an increase of 58% over the total for 1965. Among the clothing items were woollen knitted outerwear, cotton blouses, cotton trousers, and cotton night garments. Other main export items were cotton fabrics, footwear, watch cases and parts, plastic toys, jewellery, other manufactured articles including ivory articles and wigs (which only became significant in 1966). In the first nine months of 1967 overall performance of Hong Kong's domestic exports continued to show appreciable improvement.

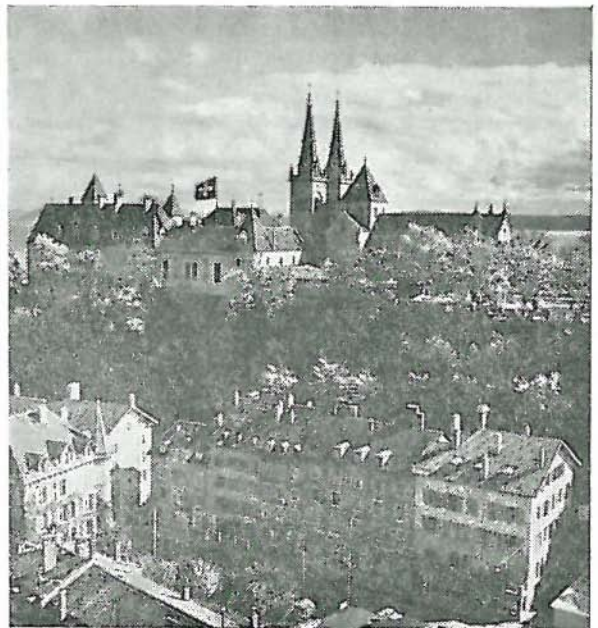
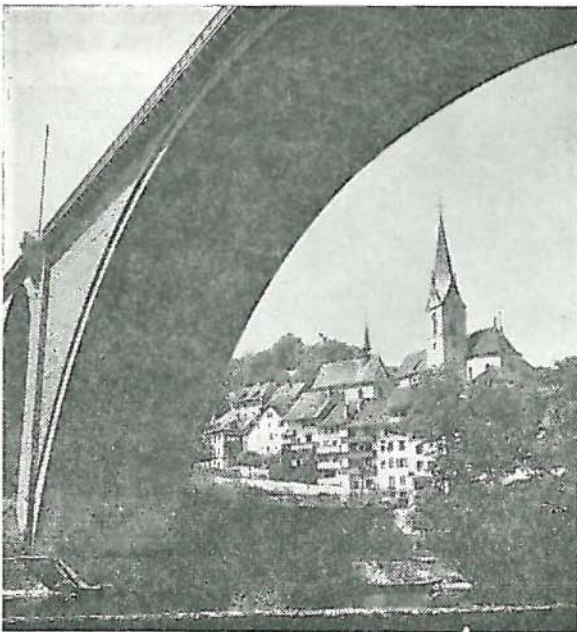
Hong Kong's Prospects in Switzerland

Although Switzerland ranks seventh in Europe as a market to Hong Kong, the value of Hong Kong domestic exports to Switzerland has grown eleven times since 1960. The Swiss Government actively supports liberal trade; tariff rates are generally low. The few quan-

titative import restrictions on agricultural commodities do not directly affect Hong Kong. There are virtually no exchange controls for imports.

In 1965 and 1966 clothing achieved an average 4% share of the import market and because of the improved performance in the first nine months in 1967, this item is likely to obtain a bigger market share. Cotton fabrics secured a share of 2% and other manufactured articles (mainly wigs), toys, wear, lighting fixture (mainly electric torches), jewellery and travel goods 1% in 1966. But domestic exports of transistor radios, other electrical apparatus, textile yarn and thread were still insignificant in the Swiss import market in 1966.

In June, 1967, a Hong Kong Trade Mission, sponsored by the Hong Kong Trade Development Council, visited Switzerland with the view of developing a more diversified two-way trade. Sufficient interest was aroused but it was evident that only high quality products will appeal to the Swiss buyers. Provided that the improvement of the current foreign balance attained during 1966 is maintained, or at least no marked deterioration as in the past, the growth of domestic demand should accelerate somewhat.



ROUND ABOUT

External Trade Records Good Year

A 17 per cent increase in Hong Kong's external trade was recorded for 1967.

Provisional trade figures show that the total value of domestic exports for 1967 is \$6,700 million, representing an increase of \$971 million over 1966.

Commenting on the trade figures, the Director of Commerce and Industry, the Hon. T.D. Sorby said: "This increase represents a spectacular achievement on the part of manufacturing industry and exporters. I had expected a good out-turn for the year, but not that the figure should represent the highest apparent growth rate since 1960."

Imports

The upward trend of imports first noticed in September has continued strongly in November and December, particularly in the latter month. At \$10,450 million, the total value for 1967 represents an increase of \$353 million or four per cent compared with 1966.

Re-exports

The value for the 1967 re-export trade shows a gain of 14 per cent over 1966 and reached \$2,080 million.

"Joint Consultation & Works Committee"

A course on "Joint Consultation & Works Committee" is being offered by The Hong Kong Management Association. This is the first of a series of three courses entitled, "Modern Management in Hong Kong."

Joint Consultation, from management's point of view, is a method of achieving better human co-operation in industry. It is a reaction against the somewhat authoritarian structure of old-type management and it is also regarded generally as helping to achieve efficiency, and to act as a "safety valve". But it does pose for management the problem as to how "consultative" a committee should be.

The aim of this course is to deal with methods and activities to encourage the setting up of Works and Joint Consultation Committees in all strata/operations of an Organisation, with special emphasis to conditions prevailing in Hong Kong.

It is designed for presentation to managers, in particular the Personnel, Welfare/Organisational/Office managers/Officers of firms who are interested in and have a desire to improve their labour/management relationship.

Duration of the course will be two weeks, starting from February 12, 1968. Each lecture will last for one hour.

The fee for the whole course is \$60.00 — special fee for members of the Association is \$30.00. For enrolment please write to: The Secretary, The Hong Kong Management Association, United Chinese Bank Building, 12th floor, 31-37 Des Voeux Road, Hong Kong. The closing date for receipt of applications will be February 5, 1968.



Mr. J. B. Kite, Secretary of the Chamber is seen receiving Mr. Tanaka, Leader of the tour. Others in the picture are (left to right) Miss Bassania Chiu, Public Relations Assistant; Mr. Clement Tsang, Mr. S. L. Chung, Assistant Secretary; Mr. T. K. Ann, Chairman of the Hong Kong Spinners Association and Dr. C. T. Chu, Secretary of the Association.

Leaving for Canada?

Businessmen visiting Vancouver, Toronto, Ottawa, Montreal and Halifax may conduct business by hiring a furnished office with reception and secretarial services. Interested members should contact:—

Nation-Wide Business Centres Ltd., 2335 Place Ville Marie, Montreal 2, P.Q. CANADA.

Textile Survey Tour

Michikazu Tanaka, Professor of Osaka City University and leader of a Textile Survey Tour, came to Hong Kong to have talks with our Chamber. The party were received at the Chamber by Mr. T.K. Ann, one of the leading members of the Chamber and Chairman of the Hong Kong Spinners Association who was accompanied by the Association's Secretary Dr. C.T. Chu, Mr. J.B. Kite, Secretary and other members of the Chamber Staff also attended the meeting. Detailed trade figures between Hong Kong and Japan were studied and discussed. Various aspects of the textile industry in Hong Kong such as plant, labour conditions etc. were also discussed.

Mr. Tanaka undertook on his return to Japan firstly to emphasize the potential trade that is open for development with Hong Kong and secondly to stress the high quality and competitiveness of products now originating from Hong Kong.



Mr. R. P. Wood, Assistant Secretary at the Chamber has returned to Hong Kong from London after 4½ months on business and vacation leave.

A Brief Guide

The Chamber has received a guide to the Factories and Industrial Undertakings (Amendment) Regulations 1967, published by the Labour Department, Hong Kong. This brief guide sets out the relevant details concerning each stage of the phased programme. Members interested are requested to come up to the Chamber library to read.

C. of O. & certified invoices

Members are again reminded that applications must be made at least two clear days prior to the date of shipment. Applications which do not comply with this requirement are liable to be refused unless the circumstances are exceptional.

To Discuss Australian Customs

Referring to the note "To discuss Australian Customs" appeared in the January 15th 1968 issue of our Bulletin, the Chamber has been advised by the Australian Government Trade Commissioner, Hong Kong, that Mr. R.G. Stewart, Customs Attache of the Australian Embassy in Tokyo, will now arrive in

Hong Kong on Wednesday, 14th February and will leave on Tuesday, 20th February, 1968.

Members interested in discussing Australian Customs problems with Mr. Stewart may arrange an appointment through the office of the Australian Government Trade Commissioner, Union House, Hong Kong.

Registration of Factories for Certification Purposes

The Certification Coordination Committee wishes to remind manufacturers and exporters that as from 1st March, 1968, certificates of Hong Kong origin and certificates of processing issued by member organisations will only be issued in respect of

products made or processed by factories registered with the Commerce and Industry Department.

The member organisations represented on the Certification Coordination Committee are the Hong Kong General Chamber of Commerce, the Federation of Hong Kong Industries, the Indian Chamber of Commerce, Hong Kong, the Chinese Manufacturers' Association of Hong Kong and the Commerce and Industry Department of the Hong Kong Government.

Applications for the issue of certificates of origin and processing submitted in respect of goods produced in factories not registered with the Commerce and Industry Department after 1st March, 1968 will not be accepted by the organisations listed above.

(Mr. H. P. Lee, Tel. 234444).

Chamber Visitor

Mr. Kamal A. Bushara, executive manager, Gulf Trade Services and managing editor "Arab Markets", Bahrain, visited Hong Kong recently to discuss the possibility of promoting business between Hong Kong and the Arabian Gulf countries and to gather material for a special supplement on Hong Kong to be published in "Arab Markets" in April.

During his stay in Hong Kong, Mr. Bushara paid a visit to our Chamber, where he was received by Mr. Geoffrey Archer, executive Director and Mr. J. B. Kite, Secretary of the Chamber. Business potentials between the Arabian Gulf Countries and Hong Kong were discussed. It is hoped that further market information of interest to members will be made available through Mr. Bushara.



Mr. Bushara (second from left) with Mr. Geoffrey Archer, executive director, Mr. J. B. Kite, secretary of the Chamber, and Mr. Philip Wight, managing director, Pacifica Publications.

NEWS FROM D. C. & I.

Tanzania

The Government of Tanzania has recently revised the list of items which require specific licences for importation into Tanzania. The following are of interest to Hong Kong:—

<i>Commodity</i>	<i>H.K. Domestic Exports to Tanzania in 1966 (HK\$ '000)</i>
Towels	7
Enamelled hollow-ware	596
Cells, dry, for torches, transistor radios, etc.	79
Outer garments, (not knitted)	1,621
Under garments and nightwear (not knitted)	197
Stockings and hose (knitted)	200
Footwear	380

(Mr. D. Chan Tel. H-431233)

Guyana

The Schedule of Exceptions to the Guyana Open General Licence has been amended; the effect of this is to place imports of the following items under specific licensing control:—

<i>Description</i>	<i>Hong Kong Domestic Exports to Guyana in 1966 (Value in HK\$ '000)</i>
Pyjamas and other nightwear for men and boys	18
Shirts for men and boys	6
Other outer garments for women and girls (e.g. coats, blouses, school uniforms, slacks, etc.)	212
Polythene bags	12
Mosquito destroyers	375

(Mr. D. Chan Tel: H-431233)

U. S. A.

The U.S. Flammable Fabrics Act prohibits "the introduction or movement in interstate commerce of articles of wearing apparel and fabrics which are so highly inflammable as to be dangerous when worn by individuals, and for other purposes". The provisions of the Act apply both to products manufactured in the United States and to imported articles.

Hitherto the scope of the Act has encompassed only certain wearing apparel, but the United

States Government has recently amended the Act to extend coverage to "all textile apparels, fabrics, furnishings and related materials".

This will not have the effect of extending the existing rules and regulations under the Act beyond the fabrics and articles of wearing apparel to which they are currently applicable; but the expansion of the Act authorises the Secretary of Commerce to develop and issue, when necessary, flammability standards for articles not previously covered by the Act, and to set up new rules and regulations requiring

compliance with such standards. Such new rules would come into effect one year after they were promulgated.

The Flammable Fabrics Act and the existing rules and regulations under it are available for inspection at the Commercial Relations Library, Commerce and Industry Department, Fire Brigade Building, 2nd floor, Hong Kong.

U.S.A.

Federal Trade Commission

Wool Labeling Regulations

Effective 12th February, 1968 is a Rule under the Wool Products Labeling Act. This Rule will require laboratory testing of imported wool products whenever the Federal Trade Commission has reason to believe they are mislabeled. A copy of Rule 36 is available at the Chamber.

The Rule requires a special entry form for imports of wool products which requires detailed information. The rule provides that wool product imports will be temporarily retained in customs' custody until the Commission has issued a notice of release, but may be released prior to such a notice under a customs bond. The rule provides that a notice of release will be issued where advance clearance of the labeling is obtained as permitted by the rule, where a Commission inspector issues a notice of release after examination of the entry form, or where the Commission takes no action within three working days after receipt of the special entry form. If certification or testing is required, then a notice of release will be issued if the Commission is satisfied with a certification by an acceptable testing laboratory or by a sample extracted by the Commission and tested by the Commission at the expense of the importer.

Israel

A copy of the Israeli Customs Tariff, 1967, which also contains details of import regulations, is available for reference at the Department's Commercial Relations Division, Fire Brigade Building, 2nd floor, Hong Kong.

(Mr. J. Y. C. Ng. Tel. H-453939)