



The Bulletin

The Hong Kong General Chamber of Commerce



JUNE 1970

Cover: Hong Kong's transistor radio industry made over \$470 million in 1969 — a 30 per cent increase over 1968. This combination transistor radio and clock is rather special. Cleverly packaged so that it looks like a book from all outward appearances, it was a runner-up in last year's design competition sponsored by the Federation of Hong Kong Industries.

In Brief

News and announcements from Hong Kong and abroad

□ **Mr. G. M. B. Salmon** has been appointed provisionally from June 2, to the Legislative Council in place of the Hon. M. A. R. Herries.

□ **The Trade Development Council Annual Report** is expected to be ready in July or August. This year, the Report will be in both English and Chinese. Free copies can be made available to members of the Chamber. Will those who would like a copy please notify PR Dept.

□ For several years industry has sponsored a small number of students attending full-time craft courses at the Hong Kong Technical College. These courses have now been transferred to the Morrison Hill Technical Institute. Members are asked to consider whether their companies would be willing to **sponsor further students** undertaking these courses. Further information may be obtained from the Committee on Vocational Training, c/o Labour Department, 22A Ice House Street.

□ For the second consecutive year the Federation of Hong Kong Industries is sponsoring a **design competition**. HE the Governor has again agreed to act as Chief Judge in the Governor's Award for Hong Kong Design Competition. In addition to the Governor's Award, the FHKI is offering five design awards and a trophy is being awarded by the South China Morning Post for a product showing the greatest originality of thought. Entry forms are available

from the Design Centre, Federation of Hong Kong Industries, United Chinese Bank Building, 12th Floor. The closing date for receipt of entries will be 1st August, 1970. The final judging will take place on the 11th September, 1970.

□ The Chamber has received the following **Morrison Hill Technical Institute pamphlets**, in English and Chinese, on training for a career in teaching technical subjects, Mechanical engineering, Business, Electronics, Radio & Television and Construction contracting.

There are also pamphlets on various other courses given by the Department of Preliminary & General Studies. Members may either apply for their own copies from the principal of the institute, or refer to the Chamber's copies in the library.

□ The Inland Revenue Department urges the use of the **Stamp Duty Offices** during off peak hours. The peak period usually occurs from 2.30 pm to 4.00 pm. The Department particularly urges greater use of the period before 11.00 am.

□ The Geographical Geological and Archaeological Society library of the University of Hong Kong would appreciate any **donations of books, journals, pamphlets, or money** for the betterment of the library. In particular, there is an acute shortage of books for urban, applied, economic and political geography. Donations should be made direct to the library.

□ **"Industrial Investment Hong Kong,"** published by the Trade Development Council in co-operation with the Industrial Development Branch of DC & I is available at the Chamber. Interested members please contact A. Chung, Business Promotion Department.

□ Survey reports on the **trade potential in Malaysia, Singapore and Indonesia,** prepared on behalf of the Trade Development Council, are available to members in the Chamber's library.

□ The London Financial Times (June 1st, 1970) has put out a special supplement on **Containers.** Members who are interested can see the Chamber's copy of this survey, in the library.

□ **Hong Kong Trade statistics** for the period of January-April, 1970 analysed from the published figures of the Census and Statistics Department are now available to members. These include HK Overall Trade, HK trade with UK, USA, Canada, West Germany, Australia and all other significant markets.

□ **"The Foreign Investor in Portugal"** a study by the Banco Portugues do Atlantico may be seen in the Chamber's library.

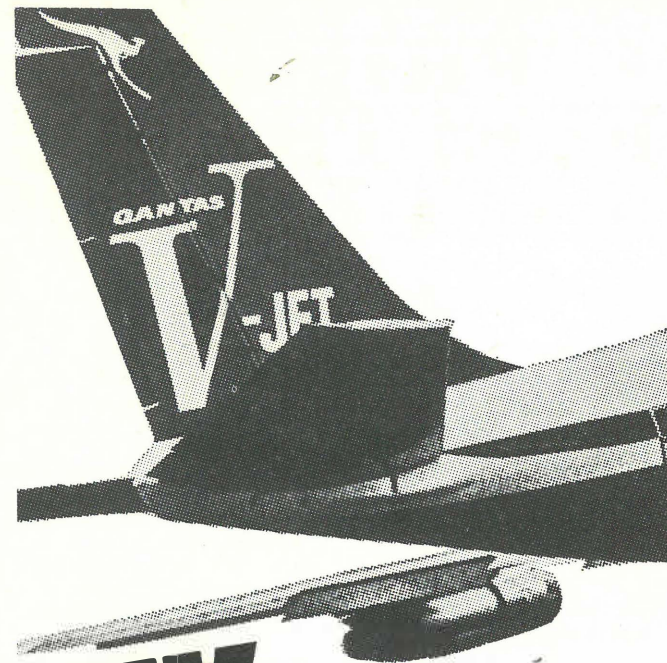
□ With effect from 5th June, the **statutory time limit for lodgment of trade declarations** has been extended from 96 hours to 14 days.

Money penalties, ranging from \$5 to \$100 per declaration will be automatically imposed for declarations lodged outside the prescribed time limit.

These changes are provided for in the Importation and Exportation (Registration of Imports and Exports) (Amendment) Regulations, 1970. They were made by the Governor in Council in March this year, and approved by resolution of the Legislative Council on June 3.

Importers and exporters who have not yet acquainted themselves with the provisions of the new regulations may obtain further details from Ad Valorem Charges Collection Office on the ground floor of the Fire Brigade Building, Hong Kong, the Commerce and Industry Department's Kowloon Office, 664, Nathan Road, 6th floor, Kowloon, and the Census and Statistics Department, International Building, 6th floor, Hong Kong.

□ **Hon. J. A. H. Saunders** has been appointed a Companion of the Order of the British Empire.



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FRIDEN ELECTRONIC CALCULATORS GO MINI

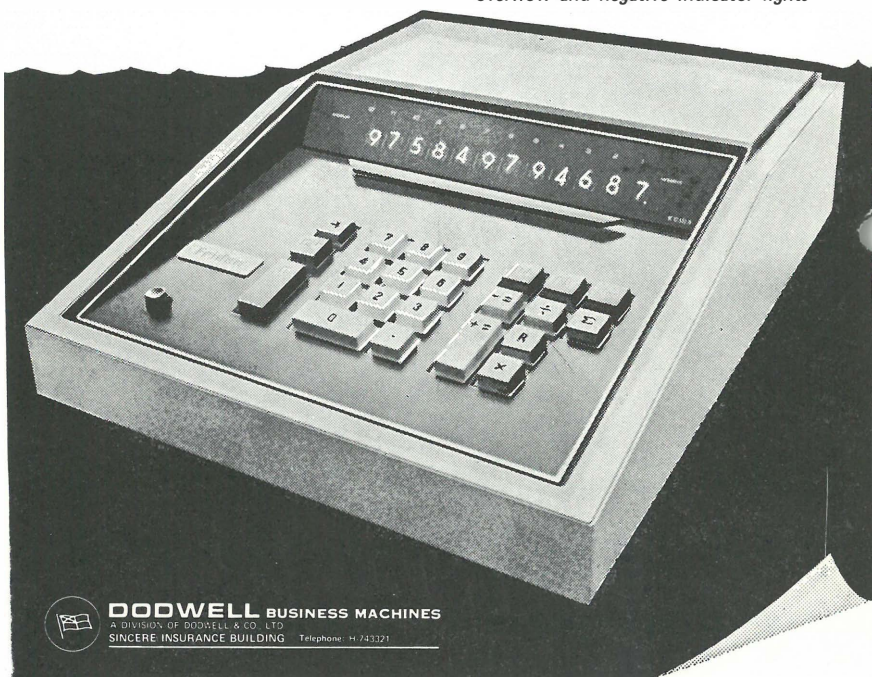
1113 ELECTRONIC CALCULATOR

FEATURES

addition
subtraction
multiplication
division

(separately or as sequential
operations in any order)

automatic accumulation of products
automatic accumulation of quotients
retention of intermediate answers
constant multiplier
constant divisor
automatic true credit balance
automatic memory and recall
automatic floating decimal
overflow and negative indicator lights



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The Bulletin

The Hong Kong General Chamber of Commerce
Union House, June

Following Wall Street like lemmings rushing to the sea, the Stock Exchanges of the world have taken a battering in recent months.

Reflecting the general mood, newspaper headlines have been dramatically doleful about the problems also to hit several mutual funds groups. What has happened to these funds is to a very large extent a straight reflection of what has happened in Wall Street, the City of London and Ice House Street.

In other words, I tell Smith that such and such a stock is in trouble and he had better take his money out. Smith does so and tells Jones, Jones does likewise and tells Chan. Chan tells Wong, and Wong tells Li. And so on. By this time the stock is in trouble. But who started it? I did, along with Smith, Jones, Chan, Wong, Li and all the other investors.

In his statement for 1969, our immediate past Chairman referred to the dangers of purely speculative activity on our Stock Exchanges.

It is not suggested that excess speculation alone can create a crisis of confidence, but it does contribute to an atmosphere in which investors with longer-term objectives can be panicked into precipitate action.

But what deeply concerns the Chamber is that a crisis of confidence

on the Stock Exchange almost inevitably sparks off a crisis of confidence elsewhere. This chain reaction can be seen at work in the USA. America has problems, surely, but they are not yet serious problems. They can however become serious, if people insist on regarding them as cause for gloom and rash action.

In the same way, a few local exporters express concern over a shortening of order books from the USA. This is to be expected in current circumstances — the Americans are being cautious. But there are absolutely no signs that Hong Kong exports are being seriously affected. Indeed, other exporters report an increase in orders.

The Chamber's internal barometer of exporting success — the number of certificates of origin applied for — continues to run ahead of the levels reached this time last year and this, combined with trade figures in terms of values, clearly show that our goods continue to sell.

It would be a tragedy if rumours of impending doom spoiled the optimism and resourcefulness that has made our economy great.

As the great American statesman, Franklin Delano Roosevelt, said over a generation ago — 'We have nothing to fear, but fear itself'.

Chairman: G. M. B. Salmon; *Vice Chairman:* P. J. Williams; *Secretary:* J. B. Kite; *Assistant Secretary:* R. T. Griffiths; *Business Promotion:* S. L. Chung, W. S. Chan, A. Chung, P. Choy, Miss C. Fung; *Certification:* A. C. C. Stewart, F. M. Castro, W. K. F. Wang, C. T. Wu; H. Cheng, *Public Relations:* Harry Garlick, Lee Sherard; *Membership:* C. Tsang; *Office Supervisor:* V. Wong.

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Excursion Fares cost HK\$4,480 for the round trip, and the ticket is valid for from 19 to 45 days. Low-rate **Inclusive Tour Fares** cost even less, for groups of at least 10 people; and both fares apply year-round.

Relatives' Excursion Fares (London-Hong Kong, return) apply to all relatives of Hong Kong residents — adults (HK\$3,200), children (HK\$1,600) and infants (HK\$320). Those eligible may travel at any time of the year (apart from certain peak periods), and their stay can be anything from 45 to 120 days.

For students, there's the normal **Student Fare** of HK\$5,296 return (HK\$2,648 one-way) between Hong Kong and London, for which all full-time

students from 12 to 25 years old qualify, as long as they're resident and studying in Hong Kong or the UK. Then there's the even cheaper **Off-Season Student Fare** of only HK\$3,530 return, for which the same students qualify, valid between December 1 and May 15 of the following year. And there's now the special **Students' Vacation Fare** to London (valid between June 15 and October 15) of just HK\$2,909 return, for which all full-time students from 18 to 25 qualify, if they're resident and studying in Hong Kong (with their wives or husbands qualifying as well).

Finally, there's the **Immigrant Fare** of HK\$1,360 one-way (Hong Kong to London), and there's the **Seamen's Fare**, also of HK\$1,360 one-way (for groups of at least 10 people), both of which apply year-round.

Contact Jardines Airways Department for full details.



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Marketing Challenge to Hong Kong

This is the second section of our two-part article on marketing, and looks at what is needed to improve Hong Kong's export marketing. Both articles were prepared by the Chamber Secretariat.

A great deal of marketing has been done in the past — and is done at present — on behalf of Hong Kong industry without the local manufacturer having to think too hard about it.

The prime example is the order placed with a local manufacturer through the efforts of an exporter or merchant. Historically, this is an extension of Hong Kong's traditional role as a commercial, rather than industrial, centre. This type of operation, in which the selling initiative has rested with the exporter rather than the manufacturer, has brought considerable prosperity to Hong Kong. It is, indeed, no exaggeration to say that without the efforts of the exporters, many local manufacturers would never have got off the ground.

Other manufacturing units are the subsidiaries of international corporations, making locally a product that is sold many miles away by the marketing branch of the parent company. And again, others receive their orders direct from the local buying offices of overseas retail and wholesale groups.

In all these cases, the manufacturer ships his consignment and there his responsibility more or less finishes. The eventual sale of the product to the consumer is the responsibility of

the exporting company, the overseas parent company or buyer.

The adaptability of Hong Kong industry — the ability to take a specified design and produce it in accordance with the customer's wishes — has been a strength and a weakness of Hong Kong's economy.

For instance, reliance on outside sources for design and specification has held back the growth of a really distinctive Hong Kong product.

So what, it might be asked? The system has worked. The world has bought Hong Kong goods, and quality and price must be right since the world has come back for more.

This is true enough today. Will it be equally true in ten years time?

Japan provides the best example of what may lie in store. Hong Kong today is probably in much the same position that Japan was ten years ago. But it is widely recognised that the 'trading-up' process adopted by Japan ten or more years ago now operates in Hong Kong.

Threats

The pressure is also on Hong Kong from underneath. As wages rise and our people enjoy a higher standard of living, our competitive position in labour costings is threatened by neighbouring nations.

Rising costs, the scarcity of skilled labour and technicians, high land prices, and growing competition will create a climate in which the small unit will find it increasingly difficult to operate viably. This will provide

Not everyone would go for our fabulous food

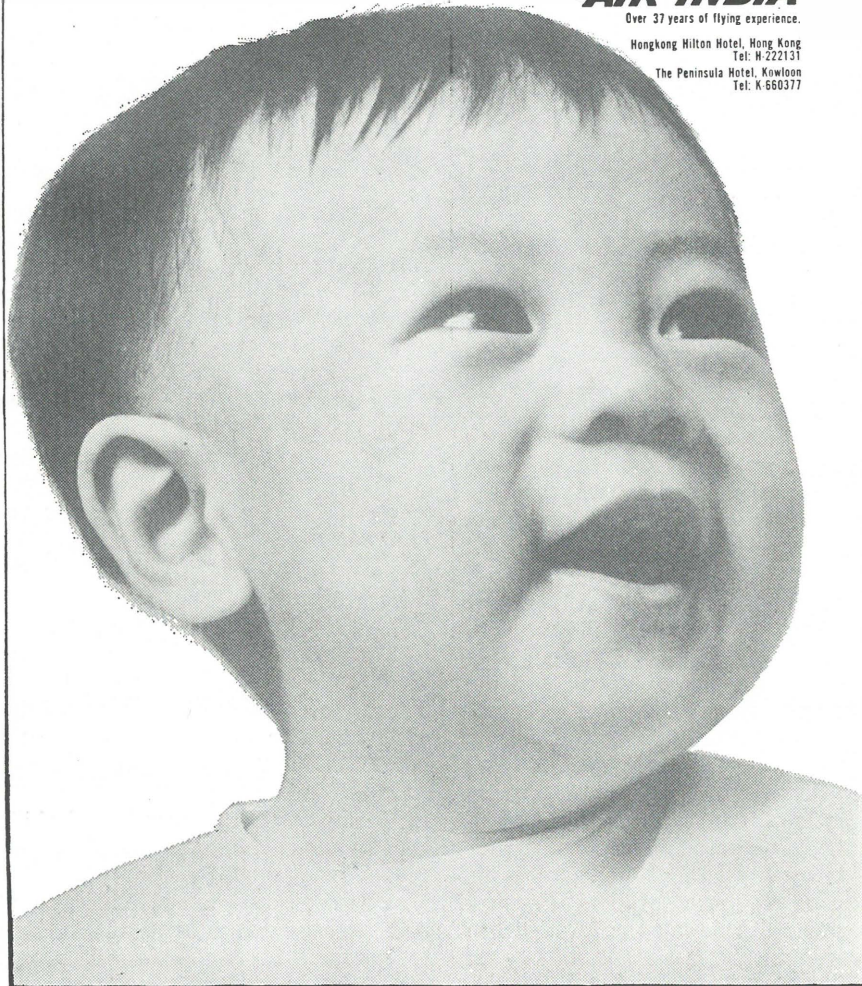
Everyone loves babies, and we're no exception. We take great care of them before, during and after the flight. But we don't expect them to appreciate the fact that Air-India offers exciting food for the grown-ups. What they want is a nice mushy beef dinner followed by strained prunes and a hefty drink of milk.

Baby food. And baby food is what Air-India has for babies. With a comfy cot to sleep it off in afterwards. They can also have a fan to play with and a magazine or two to rip to pieces. Who are we to argue? In twenty years time they could be our best customers.

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a motive for amalgamations and mergers, leading to an increase in the average size of industrial units.

An increase in size inevitably leads to some loss of flexibility. A medium-sized factory cannot recruit labour with the same flexibility as can a small factory. And if a factory has invested in expensive equipment it has to keep that equipment in use.

Special approach

Because of the individual nature of Hong Kong, a rather specialised marketing approach is perhaps needed. Problems arise because of Hong Kong's geographic position, and the vast distance between the colony and its principal markets. And even allowing for a re-grouping of industry into larger units, most Hong Kong companies will continue to be small by international standards.

The combination of these factors suggests that effective marketing must be something of a co-operative venture, involving, as in the past, both exporter and manufacturer, as well as the newer 'third estate' — i.e. the publicly sponsored organisations such as the Trade Development Council.

The 'public' organisations, principally the TDC, supported by the Chamber and other Hong Kong organisations, can, it is suggested, help in two principal facets of marketing:— in the provision of research data and in public relations i.e. the creation of the right atmosphere in which selling can take place.

The exporter has a role to play in distribution and selling. The export

houses collectively form the greatest bank of marketing expertise in Hong Kong. Their role therefore in the short term cannot be disputed, since industry cannot become marketing oriented overnight. And in the longer term they will still perform a key function, because the larger houses in particular are international organisations with widespread overseas contacts, and few manufacturers can ever hope to build up equivalent international networks.

The developed nations show the pattern that will arise, in which countless manufacturers, although sophisticated in many ways, still rely on the exporter to sell their goods overseas.

The principal effort of the Hong Kong manufacturer therefore concerns the marketing aspects of his product. This calls for a greater degree of planning and looking to the future. The acid test as always must be profitability. What are the product lines that the company can make profitably, and which research data suggests there is a need for?

Buyer wins

Planning could help to cut down some of the duplication of effort that occurs frequently at present, whereby a large number of small companies producing similar products compete for similar orders. This places the buyer in a strong position since he can play one seller off against another. This may make the buyer happier, but it does not benefit Hong Kong.

Market research is a prime example of an activity that few Hong Kong companies are equipped to undertake individually. It is often an expensive operation, and the sheer distance of Hong Kong from its major markets adds to this expense.

There are two types of research questions that Hong Kong needs to consider. The first is concerned with the location and nature of markets and their potential growth. How far can we expect our growth rate to be maintained in established markets? And, equally important, what are our emerging markets?

The second type of question concerns itself with market research of the more conventional type — product research. What do consumers in our markets want — both now and in the future?

However, market research can only point to possibilities, suggest what can be done, and what needs to be done.

If research findings are to be put to good effect, there is a need at the company level for better management education, so that management understands, for instance, not only how to hire and fire labour and keep machines running, but also what the basic purpose and tools of research are, and how the results of such research can be applied to their own organisations.

Weakness in design

Product planning is par excellence a matter for the individual company. It is widely suggested that one of the weaknesses of Hong Kong is in the field of product design and styling.

Hong Kong is capable of producing well designed products, as is witnessed by, among others, the products that won the design competitions organised by the Federation of Hong Kong Industries.

Foster local talent

Local industry can however still learn much from overseas designers, and in order to foster local talent it may first be necessary to bring in professionals from the USA, UK, Italy, Scandinavia and elsewhere. This can be costly for the manufacturer, but when faced with conditions of trading-up, costs of design become as necessary to one's product as costs of labour.

What is perhaps not so frequently emphasised is that design is not merely a matter of inspiration and pretty shapes. Design is concerned with materials and workmanship as much as shapes, and trading-up calls for not only better standards of intrinsic design, but also better quality materials, a high standard of workmanship, and originality.

Design and research

Secondly, and perhaps even more importantly, design is only meaningful in a marketing context. The function of a designer is to see that the product presented to the market looks and serves as a product that the market wants. In other words, the links between designer and market researcher are crucial. This, in a sense, is the most important lesson marketing has to teach.

The role of the Value Analysis technique is perhaps worth stressing in the context of design. Value Analysis, in brief, is the systematic and planned attempt to analyse a product feature by feature, component by component, material by material. Questions are asked of each — what function does this feature perform, both practically and in terms of sales appeal? Can it be replaced by something cheaper, or even something better? Need it be there at all?

Product is the pack

It should perhaps be unnecessary to remind manufacturers at this stage of the day that packaging is an integral part of their product's design. But many manufacturers, even when lavishing care on a pack, still seem to treat it as an appendage or afterthought. One of the lessons of marketing consumer goods is that in many cases the product *is* the pack.

Short orders

A better standard of design does however create its own problems. As Hong Kong merchandise becomes more sophisticated, it incorporates much higher qualities of fashion. At the same time, in overseas markets there has been a noticeable trend in the last few years for fashion to change very much more quickly, and fashion permeates areas such as boys' clothes, which it did not do before.

The effect of this is that overseas buyers are reluctant to place sub-

stantial orders, for if the fashion changes they can be left with a lot of merchandise.

Accurate forecasts

Accurate sales forecasting allied to market research can help minimise this problem. Another answer is closer liaison between exporter and manufacturer, so that between them satisfactory arrangements can be made for back-up stocks.

Sales strategy is once again an area where private and public enterprise, through organisations such as the TDC, can profitably co-operate.

It is useful here to distinguish between 'selling-in' and 'selling-out'. Selling-in is the operation of achieving a favourable buying decision from one's immediate customer, perhaps a retailer or merchant. Selling-out is achieving a favourable buying decision from the eventual consumer — i.e. the retailer's or merchant's customer. The type of selling-out operation required at this stage is not so much selling-out of particular product lines, but the selling-out of the Hong Kong "image".

To-date most of Hong Kong's selling to the consumer has been done anonymously. "If the retailer stocks it, if it looks reasonable and if the price is right, the public will buy" has been the argument. It is only when the consumer gets the goods home, turns over the product, and sees the Made in Hong Kong label, that there is any identification of origin. The approach has worked

Pick of the Press

Reprinted from the Times, London
Give him a challenge

well, and one may reasonably ask if there is a need for anything more.

A large part of Hong Kong's expansion has come from selling on price and availability. Price has a tremendous benefit in that it is the only consumer benefit that is unfailingly self-evident before purchase. The whole justification for the existence of salesmanship is to advise and persuade customers that a product possesses benefits that are not self-evident until after purchase. If therefore one is not selling on price, one must find a suitable consumer benefit to replace price, and tell the world about it.

Two types of activity seem called for in the creation of a Hong Kong image. The first is purely informative, or educational. Time and time again, influential visitors to the Chamber claim that Hong Kong is unknown overseas. Thus there is a need to get Hong Kong identified, and identified correctly. Hong Kong is contrasted unfavourably with Japan in its desire to make itself known.

Hong Kong image

The second promotional activity, which is inextricably bound with the former, is more of a persuasive nature. And this is the active creation of a quality image for Hong Kong products. The means by which this can be done may be left to the public relations professionals. But it is worth stressing that the word 'image' has little to do with its sister word 'imaginary'. An image — how-

ever projected — must reflect reality to greater or lesser extent. It cannot exist on one big fat lie.

If Hong Kong is to achieve a quality image, it must therefore be able to produce quality products. Hence the need for an active product policy. And this in turn, we have claimed, means giving the market the products it appears to want. And this is all that marketing is. Each stage in the processes is inextricably linked with the rest.

It therefore seems that Hong Kong has two alternatives — to continue to sell on price, and to accept the implications of all that this involves, or to find an alternative approach. However, it is worth questioning whether the alternative is in fact real, since it seems to be flying in the face of all evidence to suggest that Hong Kong can continue to export on a low-price basis indefinitely.

In short, success creates its own problems. The answer to one of those problems is better marketing.

Many employers tend to underestimate the full capabilities of their staff. Robert Jones of the London Times Reports:

Bill Paul, chairman of a recent financial Times conference in London on "Management of Motivation," asked the delegates which of them worked for companies which had annual staff assessment schemes. Over 300 — some two-thirds of the audience — proudly put up their hands. He then asked how many such schemes asked questions like "What is the manager capable of now that he could not do last year?" and there was a pause. Eventually about 50 people put their hands up.

For the rest the message was clear. Their companies needed Frederick Herzberg, the guru of the job enrichment school and the main speaker of the day. Professor Herzberg, now at Case Western University, had achieved a high academic reputation in America. His work has also begun to have strong influence in the UK, notably in parts of ICI.

Dying

The point of the question about assessment schemes is that it focuses attention on one of Herzberg's basic beliefs: "If you stop growing you start to die." Most of us are managing dying people, most of us are in turn over-checked and under-managed.

The prevailing management doctrine, according to Herzberg, is Management by Movement, which he terms K.I.T.A. (euphemistically kick

in the pants). In its positive aspect it becomes the dog biscuit approach. Management by motivation, on the other hand, depends on another belief: "An animal can be moved, but only a human being can be motivated."

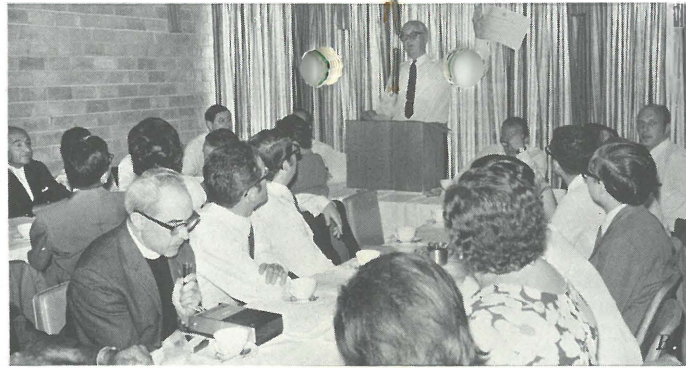
Man or mouse

His attitude towards salaries perhaps shows best the distinction he is making. It is a mistake to think that a rise as a reward for achievement is an effective motivator. The effect of a rise is very short-lived and it may degrade the feeling of achievement. The correct reward is another motivator — giving the individual an even more challenging job than the one he has just completed. You pay a man more not in the hope that he will work better or harder but because he will feel that he is unfairly treated if you do not.

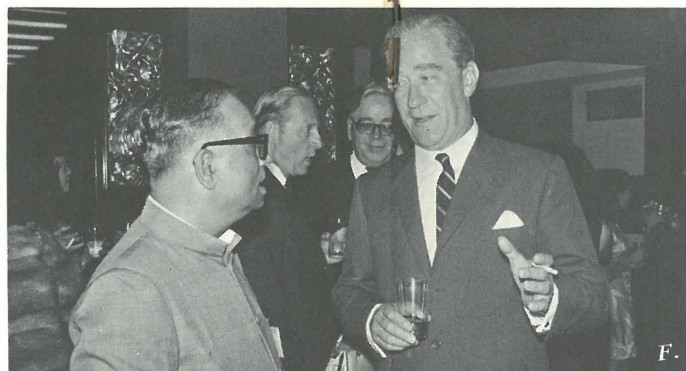
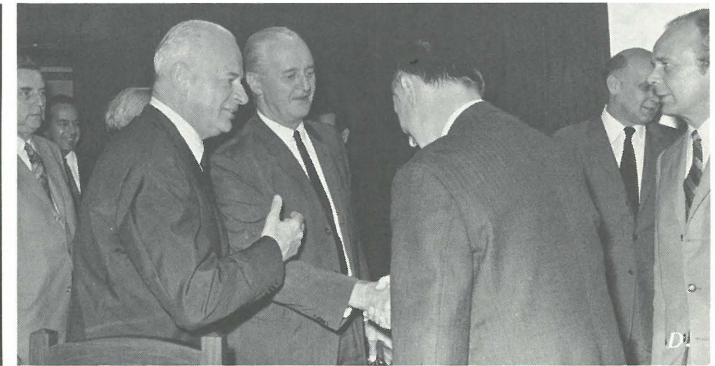
Herzberg focuses attention on the job itself rather than people's attitudes to it. He asks two key questions. "What can you do?" "What are you allowed to do?" Improvement comes either by increasing the individual's abilities or changing the job environment so that the individual has more opportunities.

The usefulness of Herzberg on the factory floor depends on the ratio of men to mice, and the ratio of menial soul-destroying jobs to those it is possible to enrich. On the former, one suspects that there are far more workers ready to respond to this approach than many managers and trade union leaders like to believe.

Chamber News



- A. Mr. P. G. Williams, Vice-Chairman of the Chamber's General Committee (see profile on p. 17).
- B. Mr. J. B. Kite speaking at the Symposium on International Trade (see p. 16).
- C. The Chairman with Mr. Michael Montague (see p. 16).
- D. On May 16th, a group of 20 managing directors of leading German Chambers of Commerce and Industry visited the Chamber to learn about our methods of operation. Here Mr. Wilhelm C. von Heyden, the German Consul General, introduces them to Mr. J. B. Kite.
- E. Mr. Boaz Amori of Kenya replying to the Chairman's address of welcome at the IPI Banquet (see p. 16).
- F. The Chairman discusses the local press with an IPI delegate (see p. 16).
- G. New members were briefed on the Certification Department as part of their familiarization tour of the Chamber (see p. 16).



Chamber News

□ The Hon. M. A. R. Herries resigned from the General Committee on 31st May. Mr. H. Keswick, Senior Managing Director of Jardine Matheson, has been elected to the Committee.

□ Mr. I. H. Kendall, Chairman of ICI (China), resigned from the General Committee on 15th June. Mr. Kendall has served on the Committee since 1963, and has represented the Chamber on the Port Executive, and Industrial Training Advisory Committee and the University Appointments Board, of which he was Chairman for two years. His advice and service have been much appreciated by the Committee.

□ Mr. Alan Stewart, the Chamber's Assistant Secretary in the Certification Department, went on leave to the UK at the end of May. Mr. F. M. 'Sonny' Castro, the Senior Executive Assistant in the Department, will be at the helm until Mr. Stewart's return in late August.

□ Mr. J. B. Kite was invited to speak on the subject of export marketing with particular emphasis on Hong Kong's trade with Spain at a Symposium on International trade which took place on May 11th at the Foreign Correspondents' Club. The Symposium was held for the benefit of 35 commerce/technical officials, sponsored by the "Kemixon Reporter", a Spanish publication. The group was in Hong Kong for a brief visit as part of a study tour of the Far East. (See also picture p14.)

□ Mr Michael Montague, Chairman of the British National Export

Council's Asia Committee, was the guest of honour at a luncheon given by the Chamber's General Committee at the Hong Kong Club on May 26th. He was in the Colony as part of a promotion tour for British exports. During the general discussion, the Committee made a plea that British Companies should accept more Hong Kong students as 'apprentices'. The benefit of such an arrangement would be twofold. Firstly, it would give the students some much needed experience. Secondly, the students would become better acquainted with British machinery and capital goods and therefore be more likely to buy British. (See also picture p14.)

□ The Chamber hosted a Chinese banquet for the delegates of the 19th Assembly of the International Press Institute at the request of the IPI Hong Kong National Committee. The banquet was held at the Gloucester Restaurant on Monday, 18th May. Some 380 people attended the dinner. (See also pictures p14.)

□ New Members were invited to the Chamber for a familiarization visit on May 28th. The purpose of the visit was to ensure that they know about the general organization of the Chamber and are aware of the facilities and services available to them. They were given a tour around the various departments and introduced to the executive staff. Henceforth the membership department will be arranging such visits at regular intervals throughout the year. (See also picture p14.)

The Vice-Chairman Pen Profile

"A prime role of the Chamber in Hong Kong is to advise Government on problems that affect business, commerce and industry, and we are fortunate that we do have such a close relationship with Government and such a sympathetic hearing on these problems."

Peter Williams, recently elected Vice-Chairman of the Chamber, paused and reached for one of the small cigars he frequently smokes.

Did he believe advising Government was the Chamber's only function, and had the establishment of newer associations perhaps decreased the Chamber's role?

As usual, the question was weighed carefully, and the cigar lit, before he answered.

"The Chamber is the oldest business association in Hong Kong and it is eclectic in that it covers all interests. While it should not be a formal role, I think the Chamber does to some extent co-ordinate, support and cement the activities of newer, more specialised bodies, such as the TDC, Management Association and so forth."

Peter Williams is well placed to assess the relationships between Hong Kong organisations. He has been on the General Committee since 1964, and has represented the Chamber on a variety of outside bodies, including the Trade Development Council, the Trade and Industry Advisory Board, the Container Committee and the Port Executive Committee.

His first loyalty, however, is to Dodwell with whom he has spent all

his working life, and of which he has been the local 'Taipan' since 1964.

He was already familiar with the East when he joined Dodwells as a Mercantile Assistant in 1948. His war career, as a Captain in the Royal Artillery, was spent on attachment to the Indian Army.

Considerable experience

As Director of one of the Colony's leading exporters, Peter Williams has considerable experience of trading and speaks with a depth of knowledge of both Hong Kong's products and international marketing. Although his career has been spent in the East, principally here and in Japan, he is a member of an organisation selling on an international scale, and has the opportunity to view Hong Kong from outside. It is not surprising therefore if problems of marketing occupy a large part of his thoughts.

"Hong Kong's products will get more sophisticated," he predicts. "Some of the simpler products that have been made here will be manufactured by Taiwan, Singapore, in the same way that Hong Kong took over many of the manufactures that were originally made in Japan."

"Many manufacturers will try to create branded lines, rather than having importers and buyers coming out here and just buying things to order.

"But Hong Kong does not necessarily lag behind the rest of the world in its search for better marketing techniques: I think there is a tre-

Quotes from the Congress

mendous interest and thirst for knowledge in this field," he adds.

Despite a Welsh name, Peter Williams was born in Epsom, England, and went to school at Whitgift.

To those who have become familiar with his somewhat formidable figure on the Hong Kong business scene, it may come as a surprise to know that he is a fencer of considerable achievement. He fenced for England and was a finalist in the British Foil Championship and a member of the British Epee Team Champions in 1947/48. He is still President of the Hong Kong Fencing Association. Also a Steward of the Jockey Club, he owns two horses and follows up his interest in animals by breeding Basset Hounds. In contrast, he is interested in modern art, and collects modern Japanese woodblock prints.

Labour relations

His experience is not confined to trading. In fact, a particularly fascinating period of his career occurred in Japan when he was in charge of labour relations. "This called for collective bargaining with our labour union over many nights in a row" he recalls.

In addition to his work with Dodwell and local associations, Peter Williams is Chairman of four Hong Kong companies, and a director of some dozen others, all companies with whom Dodwell has enjoyed a close relationship over the years.

Trained as an economist at London University, Peter Williams does not lay claim to any particular technical

expertise, but has clear views on the function of a non-executive director.

"I think that by and large the company must be run by the professionals — by management — but to have a group of outside businessmen experienced in Hong Kong to refer to is a great help to professional management, particularly when times are unusual or something new is involved. This is the whole reason for an outside board. The type of board you find in most public companies in Hong Kong is very close to the pulse of Hong Kong and can guide management accordingly."

Close to pulse

As a businessman who is — in his own phrase — close to the pulse of Hong Kong, how did he see the Colony's future? There was no hesitation or pause for thought this time.

"Oh, Hong Kong will continue to go ahead. I think that our institutions by and large are matching our growth."

"We now have Trade Development Councils, and Packaging Councils, and Productivity Centres and all this sort of thing that we didn't have five years ago. We shall have more sophisticated Government machinery.

We are in the first half dozen of financial centres at the moment, and we have a growing middle class which will produce the professional people we need — such as teachers — to stay and work here. All these things point to a sound future."

Some comments made — publicly or otherwise — at the FCCC Congress during that memorable week in early May:

Arranging a conference when the hosts are some 8,000 miles apart from the organisers is not always the easiest of tasks.

G. M. B. Salmon,
Hong Kong Delegation

Ever since I set eyes on Hong Kong and the New Territories, I have regarded them as a little paradise on earth, and in this troubled world it is a great joy to come and have a glimpse of paradise now and then.

Rt. Hon. Malcolm J. MacDonald

Even in those countries where political expediency has dictated a national rather than an international approach to finance, the framework of the British banking system remains as the bedrock of the national financial institutions.

M. Curran, Hong Kong Delegation

Like many other Chambers the Hong Kong General Chamber of Commerce was first set up because local merchants were upset by some action or other by the Establishment of that day. Sadly, of course, it often takes a row to get things moving.

Sir David Trench

Balanced development can only take place within the context of real international economic opportunity and this opportunity surely will not arise if developed nations persist in demanding restraint or in granting what amount to sham concessions for the products of those industries most suitable for developing nations.

What especially concerns me, is the emergence of such concepts as reverse preferences, lists of product exceptions for instance textiles, escape clauses by donor nations, unilateral preference schemes, and quantitative limitations. Surely this is the regressive philosophy of protectionism, which might well dissipate and possibly nullify the net beneficial effect to developing nations?

Sir Sik-nin Chau, Hong Kong Delegation

(In discussing the fact that Australia had reduced tariffs on certain goods for certain underdeveloped countries —) the countries concerned haven't even bothered to inquire about the concessions. If they don't even bother to ask what is available to them, what can we do?

Sir Walter Scott

If Chambers are to meet the challenges of the modern society it is obvious that we need effective professional management. This means that our professional people must be the best we can recruit.

C. H. Scofield, Canadian Delegation



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I suggest we must always bear in mind that Chambers of Commerce do not exist to provide jobs for the boys, for a Committee to meet once a month, but to serve, and to be seen to serve, their members and the community as a whole with purposeful and meaningful activity.

G. M. B. Salmon

Why are the gentlemen's rooms always locked?

Sam Black, Federation Secretariat

I have discovered that there are very many delegates to this Congress who know little or nothing at all about Kenya, and I think it is a pity because to be able to trade together we must know, and understand each other.

Z. K. Gakunju, Kenya Delegation

Britain's entry into the Common Market will definitely benefit Britain — but I'm not sure of the other countries in the Commonwealth. In either event Britain will not throw other Commonwealth countries into the coal heap.

J. C. Clarke, UK Delegation

The essentials for a satisfactory investment climate are — an efficient legal system, a willing and hardworking population, a minimum of Government controls, a strong currency and sound banking system and low taxation and high incentives.

M. Curran

If every investment paid off like Hong Kong, Britain would be a very wealthy country.

Richard Bailey

Thank God it's over. Next time you can be the back legs of the lion!

C. Tsang to Harry Garlick,
Congress Secretariat

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"From cattle hides to watches..." A look at the Certification Department

The lady sounded hesitant and confused over the telephone. She needed something called a Certificate of Origin. She had bought a Tientsin-made carpet for a friend in the UK — and now her friend was wondering if she could get a Certificate of Origin for the carpet in order to save some money on UK customs duty, or was it the import tax?

Mr. F. M. 'Sonny' Castro, the Chamber's Senior Executive Assistant in the Certification Department, listened patiently to her story and then came to her rescue. What she clearly needed was a Certificate of Re-export.

It is not every day that the Chamber's largest Department saves ladies in distress, since a separate system exists to provide certificates for individuals making private purchases. Most of the certificates that the Chamber issues are to exporters and manufacturers.

The Certification Department at the Chamber, the domain of Assistant Secretary, Mr. Alan Stewart, is always a beehive of activity and the staff, at both offices on the Hong Kong and Kowloon side, work long hours, even on weekends. Why are Certificates of Origin in such demand?

Basically, they are required by the Governments of overseas trading partners for a variety of reasons. These include the maintenance of exchange control regulations, the observation of trade policies (quota, tariff agreements, etc.), the certification of invoices to help in the assessment of customs' duty and import

taxes, and a variety of other reasons, either political or economic.

In Hong Kong, there are five certification authorities namely the Commerce and Industry Department, the Indian Chamber of Commerce, the Federation of Hong Kong Industries, the Chinese Manufacturers' Association and the Chamber.

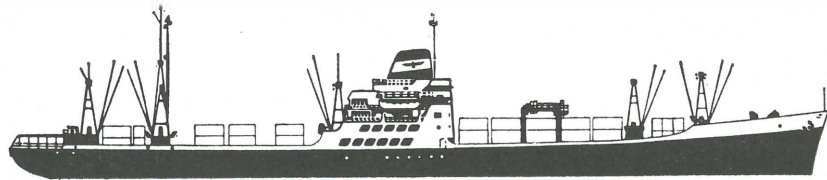
The Chamber has been issuing Certificates since the Geneva Customs Formalities Convention of 1923. During these 47 years, the Chamber's Certificates of Origin have been acceptable to Customs Authorities in almost every country in the world. Today, the Chamber processes approximately 41 per cent of all the standard Certificates of Origin issued in the colony.

Certificates of Origin issued by the Chamber are covered by the "Protection of Non-Government Certificates of Origin Ordinance 1967." Prosecutions arising from any misuse of Certificates of Origin or malpractice in application are undertaken by the Commerce and Industry Department, on behalf of the Chamber.

The Chamber issues four types of Certificates —

- 1) Certificates of Hong Kong Origin (CC1) for goods manufactured in Hong Kong.
- 2) Certificates of Processing (CC2) for goods of which under 25 per cent of the entire processing is done in Hong Kong.
- 3) Certificates of Re-export (CC3) for goods which are imported into Hong Kong from a foreign

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country and are subsequently shipped out.

- 4) Certificates of Origin for goods which are not transhipped or do not transit Hong Kong (CC4) i.e. goods which are going from country A to country B via Hong Kong, but not unloaded.

The Chamber also verifies Commercial Invoices and other commercial documents such as "Ship's Manifests", Insurance Certificates, Manufacturers' Invoices, Quotations, Price Lists, Proforma Invoices, etc.

Hence the great hustle and bustle in the Department. Consider for a minute, all the checking and double-checking that must be carried out on an application before a Certificate is issued — 1) accompanying declarations in the cases of CC1 and CC2 must be signed by both the exporter and the manufacturers, 2) factories listed (up to 10 on a single application) must be checked against the Factory Register which lists all factories registered with the Commerce and Industry Department for Certification purposes, and 3) the application itself must be carefully gone over to see that the invoices have been verified, the form filled out correctly and, in general, that the facts declared are true.

Consignment checking

Nor is that the end of the process. Approximately 15 per cent of all the applications which are submitted every

day are selected for consignment-checking, including in particular those whose invoices require verification. Such inspections are carried out by members of the Chamber's staff who personally visit the factory, warehouse, or office concerned to make a thorough check of the goods, records, and books in question.

Recently, for example, an exporter of rattan furniture was embarrassed to learn that the factory which the manufacturer claimed had produced all the furniture he had purchased had actually been responsible for only a small proportion of the furniture — so although sympathetic, the Chamber had to refuse his application for Certificates of Origin.

The Chamber staff uses every effort to avoid the issue of a "bad" certificate. Happily it is not often that they must refuse an application. Some other prevalent reasons for refusal are under-valuation, and undeclared brand names.

Established at the request of the Chamber, a Certification Co-ordination Committee, made up of representatives of all issuing authorities, meets regularly under the Chairmanship of the Commerce and Industry Department. The Committee has two main functions. Firstly, it seeks to establish and maintain the criteria of origin that will be used for Certification purposes. Last year, for example, this involved establishing criteria of origin for a variety of goods ranging from cattle hides to watches. Secondly, it arranges for uniformity of practice in processing documents.

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中文簡摘

簽證部簡介

香港共設有五個簽發產品來源証機構：(一)香港政府工商業管理處，(二)度商會(三)香港工業總會，(四)香港中華廠商聯合會，(五)香港總商會。

自一九二三年日內瓦報關手續協議後，本會即開始簽發來源證；四十七年以來所發之來源證為世界各地之海關所認可。目前，本會所發之來源證數額達全港總數約百分之四十一。

根據一九六七年非政府產地來源證保護法例規定，任何人士蓄意欺騙，在呈繳申請來源證之件上，虛構事實或作不真確聲明，須受處罰。

(本會簽發之証書有四：)

(一)香港產品來源證(CC1)——乃發給在香港製造之產品。

(二)香港加工產品來源證(CC2)——乃發給在港加工之貨品，而其加工值不得超過該貨品總值百分之二十五。

(三)香港轉口貨物來源證(CC3)——乃發給由外地輸入而再由香港輸出之物品。

(四)過境及非過境貨品之來源證(CC4)——此乃發給由甲地運至乙地而路經本港或非經港之貨品，該等貨品並不本港卸下。

此外，本會並檢定商業發票(COMMERICAL INVOICES)及其他商業文件如：載貨清單、保險單、廠商發票及估價單等。

本會簽證部分設港九兩處，主管人為助理秘書史超域先生，他及其屬下對每一申請書都作嚴格的檢核。

(來源証之簽發程序：)

(一)申請香港產品來源證(CC1)及香港加工產品來源證(CC2)須同時出具由製造廠家(或加工廠家)及出口商用本會所供表格簽具之聯合聲明書。

(二)該有關製造廠家須事先已向工商署辦理登記手續，並已配有產地來源證登記號碼於申請來源證及簽具聲明書時必須仍為有效。

(三)簽證部確查每一申請書填寫無訛，所報各項屬實。

本會簽證部每天均派發人員到工廠、貨倉或有關辦事處地方作實地調查，為數約百分之十二之申請書皆被抽選作此項調查。

本會簽證部竭力避免簽發有所作為之來源證申請書。凡所報貨品之價值失實或購報商標者皆一律拒發證書。

在本會籲請下，各簽證機構代表聯合組成一證書簽發聯議會，定期舉行會議，並由工商處任主席一職。此會之主要任務有二：其一為確立審核發證之標準。其二為統一簽證之手續。

本會副主席韋林士先履歷簡介

「香港總商會之主要任務在於提示政府有關香港各種問題對工商業之影響。

幸而我們和政府保持密切的聯繫，而當局對我們的意見皆樂於聆聽。」

「本會為香港歷史最悠久的商業團體，它的活動是多方面而又富有彈性；對較新近成立的組織，如香港貿易發展局和科學管理會等，俱能與之合作，促進其成長。」

以上是本會現屆選任副主席韋林士先生談及本會任務時所發表之觀感。

韋氏自一九六四年始即為本會幹事會委員，並為工商業諮詢委員會，貨櫃運輸委員會及紡織業諮詢委員會等組織之本會代表；韋氏亦為香港貿易發展局委員。

韋林士先生生長於英國，卒業於倫敦大學，主修經濟。在第二次大戰期間為皇家炮兵隊上尉，隸屬於印度兵團。一九四八年韋氏加入天祥洋行工作為商務助理，先後派駐天祥洋行在香港、日本及遠東各地之分公司服務，故韋氏對該等地區之商業經濟情況甚為稔熟。一九六三年任香港天祥洋行之總經理，負責該公司之本港及國際貿易。

韋氏並為香港上海滙豐銀行，香港電燈有限公司，香港電話有限公司及多家著名之紡織業、保險業及貿易公司之董事。

韋氏善劍擊，為傑出之業餘劍擊家，一九四七年在英曾獲冠軍，現任香港劍擊會主席。韋先生又為御准香港皇家賽馬會之董事並擁有一名駒兩匹。他對現代藝術興趣甚濃，經常搜購日本現代木印。

韋林士先生對香港之前途充滿信心。他認為各先後成立之機構，如香港貿易發展局，香港生產力中心及包裝委員會等皆能配合香港之經濟發展，應運而生。

他預言：「香港出品將日趨精良。現時

貨品大部份是由買家定製，將來廠家必力圖向外傾銷用自己特有商標製成之產品。」韋氏認為香港的市場推銷手法並不亞於世界其他各地，而吾等對這方面之研究，興趣甚濃

短 訊

△ 本會去屆主席夏利士議員於五月二十一日卸任本會總幹事會委員之職。怡和洋行董事長嘉士域先生被選任補充遺缺。

△ 五月十五日日本會假告羅士打酒家，歡宴第十九屆國際新聞協會大會全體代表。參加者達三百八十四人。入席前並設酒會招待各嘉賓。（請見圖第十四頁）

△ 本會總幹事會於五月二十六日假座香港會所設午宴招待英國出口局亞洲區主席蒙德先生。蒙德先生此次蒞港主要為促進英出口業務。座談會中，本會總幹事會籲請英國各大公司收容更多香港學生為學徒。此項辦法其優點有二：其一使學生們獲取寶貴之經驗；其二使學生們對英國製造之生產器材有進一步了解，彼等回港後將更樂於採用英國貨。（請見圖第十四頁）

△ 一羣新會員於五月二十八日被邀請到本會會所訪問，目的使其了解總商會之組織並認識本會所提供各項服務之設備。彼等會到各部門參觀。此項活動將定期繼續舉行。（請見圖第十四頁）



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