



# *The Bulletin*

The Hong Kong General Chamber of Commerce

## KUNG HEI FAT CHOY to...

... the US \$ and the Yen

Mr. Nixon and the  
US textile industry

Mr. Heath and the  
British textile  
industry

Mr. Rippon and the EEC

All governments  
thinking about  
import surcharges

All economies  
suffering from, or  
about to suffer from,  
a recession

Suppliers about  
to put up prices

—and most of all to

the Chamber's  
patient and  
highly resilient  
Member firms.

FEBRUARY 1972



# 中文簡摘

## 回顧與展望

豬年開始時寧靜得可以。誠然當時有些不祥的音響在幕後。香港知道雖然「米爾法案」不得善終，但代表這方面保護主義者的陰魂則依然存在。在上半年美國有碼頭工人罷工，而美國的經濟仍在蕭條中陣陣作痛。美國則正忙於與共同市場國家作談判。

香港的對外貿易在上半年情況良好。在年中本「會訊」指出：「在總貿易數字看來，我們仍然比去年同期好，但我們可以繼續創出新高峯嗎？」

在八月十五日美總統尼克遜宣佈美元停止對黃金換兌。掀起外匯市場變化莫測的浪潮，浮動率出現便是這時期的特徵。顯示出美元貶值和日幣升值無可避免。尼克遜對輸美貨物收百分之十的附加稅更使局面複雜。

在秋天時英國於一九七三年加入共同市場已成定局。同一時期中華人民共和國被有邀請加入聯合國。這個政治性的決定雖然沒立即對香港發生影響，但却提出了如果中國決定對西方國家貿易增加時，香港的處境如何的問題。

當工商業管理處代表被召往華盛頓討論自動限制紡織品時，香港仍然企圖欲與美國徵收附加稅一事達成協議。在幾個月前，美總統特別代表肯尼地先生曾多次訪問香港及東各國，目的在遊說各亞洲國家限制紡織品入口。香港提出了限制計劃，但該計劃並未能滿足美政府或美紡織業的要求。同樣地，最後由香港談判代表所接受的計劃對香港來說是壞消息，雖然細則並未立即發表。隨着丹麥效法美國保護政策，徵收百分之十附加入口稅。加拿大則欲限制香港恤衫入口，而南非則對入口證簽發大為削減。

無可否認加拿大的行動迅即緩和，而在此期間其中亦有好消息，如英國及瑞典步共同市場國家後塵，列香港在「一般優待計劃下」為受益國。而日本亦聲稱對香港優待。

英國為我們第二大市場，香港對英出口及轉口貿易進展良好。在自由外匯市場各貨幣浮動，港幣屹立其間，充份表現出整個世界對香港的信心。

但當英國宣佈繼續維持限額以替代計劃在一九七二年實行的紡織品關稅政策時，該等零碎的樂觀情況一掃而空。

年終時，載貨運費加價消息接踵而來，美國碼頭罷工又隱現，當然更有各國貨幣比對率重新調整和港幣升值的發生。

大致上去年所發生的事情和刺激，足使多數人覺得夠味。

去年的資產負債表顯示出甚麼呢？目前一九七一年的賬目還未了結，但首十一個月的臨時數目足以正確地指出我們的處境。

雖然發生了一連串緊張的事件，一九七一年仍然是香港的豐年。它比不上有些引人入勝的年份，但我們曾經指出，在擴展中的基礎下，增長率不斷高升是不可能的。十年來從不間斷的增長的成就一定為大多數國家所羨慕。雖然有一九六五和六七年的危機亦不會使我們的成績顯著地下降。

去年由一月至十一月份止，我們的直接出口增加了百分之十，轉口則增加百分之二十一。我們在十一個月內的外銷已超過一九七〇年全年總數量。

入口當然亦有增加，比去年增加了百分之十六點三。我們出口所得的多少是我們生計如何成功的晴雨表。我們入口的賬單却是兩種不同事情的晴雨計。第一、我們大部份的入口是轉口貨，或者原料，零件，和工商業用的機械及器材。因此我們可以預期出口所得與入口貨的增加並駕齊驅。第二、或者比較主要的是入口數字是我們生活水準的指標。由這一點引申，貿易差額在一九七一年好像增加得很厲害。直至十月份止，赤字為二十四億八千九百五十五萬元。一九七〇年全年赤字祇二十三億六千八百萬元。十一及十二兩月份的數字定會使這個缺口增大。

使另一角度看一九七〇年首十個月的出



等於入口百份之八十八，一九七一年同期口祇等於入口百份之八十五。

本「會訊」在年中曾評論謂近年來貿易額逐漸減少，但趨勢似乎有所轉變。而此勢在一九七一年下半年更為顯著。其中一原因可能是我們將賺來的錢購買更多的進貨。這也是貿易最終的一環。

一九七一年入口的式樣顯示大部份食品尤其是鮮肉類、衣服、交通工具（包括汽），及汽油有可觀的增加。最大的躍進是料的入口，增加了百份之五十，烟草亦大增加。有些數字的增加是由於售價上漲所。

雖然以出口賺來的錢用在自己身上是合情理的，但同時亦要注意缺口在擴闊。因我們不能希望由旅遊、銀行業務、燕梳、船務等帶有的無形收益來填充無止境地增的差額。美國英國及其他工業國家都為此發生收支不平衡問題。

並非所有入口貨的增長都是由於生活水提高所致。工業用之製成品及寶石都大為加。實際上在入口各項目中祇有化學原料包括塑膠原料的增加甚少。是否塑膠工業些變動呢？玩具的出口——玩具為塑膠製品的主幹，增加了百份之二十，因此很難映出為甚麼塑膠原料增加祇有百份之四。

出口式樣顯示香港主要製成品在我們市場進展很好。成衣輸往美國大概增加了百份之一。原子粒收音機及玩具則增加百份之十五。假髮則過着苦難的日子。出口比一九七零年少了三份一有多。西德本來是假髮出口的主要市場，去年銷路比一九七零年減了一半。英國則減少了一份之二。雖然這些數字令人沮喪，最大的影響還是美國。它的入口佔香港出口的一半，而銷路則比前年減少百份之四十。換句話說，由於在美國銷路走下坡，香港損失了四份之一的市場。

這個教訓是雙重的，第一它對過份依賴一個大市場的危險是一個明顯的例子。第二它指出了製做時髦物品的危險性。有些市場專

家以為所以我們的製成品都是風尚入時的产品，但我們要知道我們的成功是由於富有彈性地追隨時尚的趨勢。香港由假髮賺了一筆錢。很多廠商都很具遠見和把握時機，這種企業家精神是香港賴以為主的。但這種手法必需加上管理的技術，才可以預算如何及時放手。香港商人在這方面的發展或者仍未足夠。

雖然假髮是一個不尋常的例子，有些其他產品的銷路也不及往年。由此看來，一九七二年是否會面臨更多困難呢？一九七一年的成績可以說是由於特殊環境做成，尤以美國的情況為甚。一九七一年上半年度美國貿易的發展被罷工，歇止入口貨法案和滙對率變更等嚴重搗亂。面對着這些威脅，美國入口商上半年拼命入貨，避免下半年的短缺。舉例來說，春季時美國紡織品的入口比一九七〇年同期增加百份之三十六。

關於特別情形一問題，台灣，南韓和星加坡都常常列為我們的競敵。但其實要點是他們不祇是我們的競敵。八月份的「會訊」會對香港與此等國家的貿易有詳細分析。例如台灣是我們第五大入口國，南韓和星加坡和我們的貿易不菲。我們在一九七一年輸往台灣及星加坡的數字是四億五千萬美元。比我們對日本，加拿大或澳洲的貿易還多。雖然台灣等市場永不可能取替美國及歐洲共同市場，但值得記着和他們的貿易對我們有極大重要。

一九七一年發生的問題未曾損害我們，但我們是在宿醒中進入七二年的。統計處的數字表示由一九六八年至一九七〇年香港的主要出口，價錢的增加甚少，而數量幅度的增加甚大。該等圖表以點數作表示。例如三年內成衣出口數量增加了二十六點而價錢祇增加了十四點。棉紗和綫的出口增加了四十九點而價錢祇增加八點。原子粒收音機數量增加了三十八點而成本增加了二十一點，電子器材增加二百零八點而價錢反而下降十二

(下接第二十七頁)

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# *The Bulletin*

The Hong Kong General Chamber of Commerce

Many exporters felt that Hong Kong was unwise not to have devalued its currency to maintain par with the US dollar. Some exporters have asked why the Chamber had not advocated this policy to Government. They pointed out that they stood to make a loss on current deals; that they would now find it increasingly difficult to get new business, particularly in view of the fact that Taiwan and Korea had devalued; and finally that such business that they could get would now become less profitable.

The Chamber is, of course, as keen as any to assist in promoting sales of our exports in the USA. However, as the article on pages 24 and 34 of this issue points out, the Chamber represents a wide cross-section of Hong Kong industry, and before deciding to support those who favoured devaluation, we felt it necessary to analyse the situation a little more fully, in order that the Chamber's General Committee could look at all the facts, should it wish to make any presentation to Government.

Our analysis was surprisingly similar to that given in the Legislative Council by the Financial Secretary, Mr. Philip Haddon-Cave. Although the two had been carried out quite independently, and Government had in no way made known its thinking to the Chamber.

We did differ from Government in some of our detailed figure work, since presumably Government went into the question in greater detail

than the Chamber, but the broad outline of our thinking was exactly similar. As a member of the Chamber Secretariat jocularly remarked, 'We could have written the Financial Secretary's speech if we'd been asked to do so!'

By now, the points made by Mr. Haddon-Cave are widely known, and there is no point in piling up detail. The crux of the matter as seen by the Chamber, and the reply we were forced to give to exporters who raised the matter, was that devaluation would have given us *no extra advantage* in the USA, but would merely have confirmed our existing position. At the same time, the price we would have had to pay for maintaining the status quo, would have been an increase in our imports bill from more than 50 per cent of our suppliers, including our food suppliers. Additionally, we would also have lost a sales advantage in some other markets. Although Hong Kong depends on the USA heavily, this would have been a very, very expensive price to pay.

It is important to realise that Hong Kong could not have come out of the general re-alignment of currencies completely unscathed — something had got to give.

Finally, it may not be inappropriate to repeat the warning the Chamber has frequently given in the past — whenever possible exporters should protect themselves from currency fluctuations by writing an appropriate clause into their contracts.





## The year the roof fell in

The year of the Boar started quietly enough. True, there were ominous noises in the background. Hong Kong knew that the move towards protectionism symbolised by the ill-fated Mills Bill was still very much alive. Early in the year dock-strikes occurred. The USA was still arguably in the throes of a recession. And Britain was pre-occupied in negotiations with the EEC.

### Party Starts to Swing

Hong Kong trade went well enough during the first half of 1971. At the mid-year, the *Bulletin* noted 'We are still doing well by the standards of most economies. And we are still in absolute terms doing better than we were at this time last year. But can we keep it up?'

And then in the second half of the year, the party really started to swing. On August 15th, President Nixon announced the suspension of the convertibility of the US dollar into gold. There followed a wave of currency market uncertainty, characterised by floating rates, during which it became obvious that a devaluation of the dollar accompanied by a revaluation of the yen was well nigh unavoidable. To complicate the picture, Mr. Nixon slapped his 10 per cent surcharge on imports into the USA.

In the Autumn it became virtually certain that Britain would enter the EEC at the beginning of 1973. At about the same time, China was admitted to the United Nations. This was a political move with no immediate repercussions for Hong Kong,

but it did raise the question of how Hong Kong would fare should China decide to increase its volume of trade with the West.

Hong Kong was still trying to come to terms with the US import surcharge, when DC&I representatives were summoned to Washington to negotiate a 'voluntary' restriction on textile imports. During previous months, the President's special representative, Mr. D. Kennedy, had shuttled in and out of Hong Kong and other Far Eastern countries, as though he were trying to set up some new world record for ground covered. His objective was to persuade Asian countries to restrict textile exports. In response to this, Hong Kong offered a voluntary scheme. But it was obvious that this did not satisfy either the White House or the US textile industry.

### Rash of Protectionism

It was equally obvious that the scheme eventually accepted by our negotiators was bad news for Hong Kong, although details were not released immediately. There then came further protectionist moves from Denmark, which emulated the USA by bringing in a ten per cent import surcharge; from Canada, which attempted to restrict the import of Hong Kong shirts; and from South Africa, which implemented drastic cuts on import licences.

Admittedly, the Canadian move was soon mitigated somewhat, and there were a few items of good news. Britain and Sweden followed the EEC by regarding Hong Kong as a

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beneficiary under the Generalised Preference scheme, and Japan said she would do likewise. It was known that our exports to Britain, our second largest market, as well as our re-exports as a whole, were going up 8%; while the strength of the Hong Kong dollar, exposed to the free market forces of a 'float', was ample evidence that the world as a whole had confidence in Hong Kong.

## Excitement for All

These shreds of optimism were dashed, however, when Britain announced that the tariff barrier on cotton textiles planned for 1972 was to be supplemented by continuation of the quota system.

The year finally drew to a hectic close with news of increases in freight rates, yet another dock strike looming in the USA, and of course the dramatic re-alignment of currency parities and the revaluation of the Hong Kong dollar.

By and large, it was a year with enough event and excitement to satisfy the tastes of most people.

What is there to show on the balance sheet at the end of it all? At the moment, the books for 1971 are not finally closed, but provisional figures are available for the first eleven months of this year, which is sufficient to give a reasonable indication of how we stand.

Despite the drama, 1971 can go down as another good year for the Colony. It was not as spectacular as some, but, as has been constantly pointed out, a continually soaring rate of growth upon an ever widening

base is well-nigh an impossibility. That growth has continued unabated for over a decade is an achievement which the majority of nations must envy. Even the crisis years of 1965 and '67 did not see an appreciable fall-off in our achievements.

During the eleven months to November, our direct exports had increased by over 11 per cent and our re-exports by 21 per cent. We had sold more in the way of total exports during the first eleven months of 1971 than in the whole of 1970.

Imports were of course also up, by 16.3 per cent on the previous year. The size of our export income is the basic barometer of our success in earning a living. Our imports bill, however, is a barometer of two different things. Firstly, the majority of our imports, even having taken into account the food bill, are either goods for re-exports or are materials, parts, equipment and machinery for trade and industry. Therefore we can expect any rise in our export earnings to be accompanied by a rise in imports. Secondly and perhaps more important, the cost of imports is a rough index of our standard of living.

## In the Red

Following from this latter point, our adverse balance of trade appears to have increased quite sharply during 1971. Figures to October show that we were in the red by \$2,489.55 million. The year end adverse balance in 1970 was only \$2,368 million. Figures for the remaining months of this year will



obviously extend this gap.

Put another way, during January-October, 1970, our total exports were equivalent to 88 per cent of our imports. During the same period of 1971, total exports were equivalent to only 85 per cent of imports.

The Bulletin remarked at the half year that in contrast to recent years, during which our balance of trade had been decreasing, there appeared to have been a swing round in the trend of the trade deficit. This trend has become more marked during the second part of 1971.

### Growing Gap

One reason for this growing gap could be an increase in our standard of living. Perhaps we are spending more of what we earn on imported goods for ourselves? This after all is the ultimate object of trade.

The import pattern for 1971 shows fairly hefty increases in most food-stuffs, especially fresh meat; in clothing; in transport equipment (which would include motor cars); and in petrol. The biggest jump of all comes in imported beverages, which have increased by well over fifty per cent, while tobacco also shows a large rise. It would, however, be misleading to assume that the growing gap can be explained entirely by the fact that we are better fed and dressed, and are driving our brandy and cigars home in the boot of a new car, since some of the increases are also attributable to price rises.

While it is right and proper that we

should be able to treat ourselves to more and better goods out of our export earnings, the widening trade gap is something to be watched, since we cannot expect invisible earnings from tourism, banking, insurance, shipping and so forth to make good the deficit that continues to grow definitely. This way lies the payment problems encountered by the USA, Britain and other of the developed countries.

Not all import growth can be attributed to high-living. Large increase also occurred in manufactured goods for industry and in precious stones. In fact, the only category of imports to have shown little growth is chemicals, including plastic raw materials. Is there something happening in the plastic industry? And if so, what? Exports of toys, the stand-by of plastics-products manufacturers are up by 20 per cent — a fact that is hardly reflected by the four per cent increase in the plastics materials imports bill.

### Wigs Sales Down

The pattern of exports shows that once again most of Hong Kong's leading products did well in most of our major markets. Thus clothing exports to the USA increased by roughly a third, while radios and toys were also up by some 25 per cent.

The product that has had a rough time is wigs. Sales overall are down by well-over one third on the 1970 totals. In Western Germany alone, which until last year was a major and rapidly growing market for

wigs, sales have decreased to less than half the 1970 total. In the UK they have fallen by two-thirds. While these figures are depressing enough, the real crunch came in the USA, which last year took over half of Hong Kong's total production of wigs. The sales dropped by over 40 per cent. In other words something like one quarter of our entire wig market vanished solely due to the drop off in sales to the USA.

### Lessons to learn

The lessons of this are two-fold. Firstly, it provides a vivid example of the dangers of over reliance on one large market. Secondly, it highlights the risks inherent in manufacturing fashion products.

Some marketing experts would maintain that virtually *all* our products are fashion products, and it must be recognised that a large part of Hong Kong's success has come from flexibility in following fashion trends. Hong Kong made a killing from wigs, and many manufacturers showed foresight and flexibility by jumping on the bandwagon at the right time. This is the style of entrepreneurship by which Hong Kong must live. It is, however, a style that needs tampering by more sober managerial skills, so that one can forecast when the time is right to jump off the bandwagon. This is perhaps a side of the Hong Kong businessman that is not yet sufficiently well developed.

There are other products that did not do so well last year, but wigs is very much an unusual example. In

view of this, is it right to believe that more serious difficulties are facing us in 1972?

Part of our 1971 success can be attributed to special circumstances. This applies particularly in the case of the USA.

Trade performance in the States for the first part of 1971 was seriously distorted by the effects of three potential strikes, the threat of legislative curbs on imports, and finally the prospect of exchange-rate changes. Faced with these threats, American importers frantically stepped up their buying early in the year so that they would not be caught short later. So for example, during the Spring quarter alone, the US imported 36 per cent more textiles than it did in the comparable period of 1970. This implies that 1972 will be the year of reckoning when the full repercussions of President Nixon's economic moves become apparent in the US, and in consequence, the world.

### Singawan, Taipore

While on the subject of 'special circumstances' it is perhaps worth considering the position of the three countries most often named as our competitors — Taiwan, South Korea and Singapore. Competitors they undoubtedly are, but — and this is the important point — they are not only competitors.

In its edition for last August the *Bulletin* carried out a detailed analysis of our trade with these countries. Here it will suffice to recap on some of the salient points. For instance, Taiwan

**Con't p.29**



# Who are our Members?

The Chamber broke all records when its membership expanded to 2,000 during the latter half of 1971.

This in turn has prompted the Chamber to carry out a survey in order to examine the structure of membership, and to compare it with other leading associations in Hong Kong. By so doing we would be able to assess how far the Chamber can claim to represent a true cross-section of HK industry and commerce.

In order to take a closer look at the distribution of the manufacturing companies included, the Membership Department undertook a comparative analysis towards the end of last year.

The Chamber's membership among manufacturers totals 606. Among these are companies representative of all of Hong Kong's leading industries, such as garments (151 members), wigs (34 members), toys (23 members) and plastic products (38 members). Other manufacturers range from representatives of the printing industry to chemicals.

Of the 606 manufacturers who are members of the Chamber, it was found that 347 are members of the Chamber only, 213 are members of the FHKI, 157 are members of the CMA and a further 108 companies are members of all three.

## Not much overlap

For comparison the survey also looked more closely at the membership of the Federation of Hong Kong Industries and the Chinese Manufacturers' Association, two of Hong Kong's leading organisations.

We compared the number of Chamber members in a particular industry — eg. footwear — with the number of members belonging to the FHKI and the CMA.

For instance, in the footwear industry it was found that 16 companies were members of the Chamber. Nine of these were members of the Chamber only. Six were members of the FHKI. Four companies were members of the CMA and three of these companies were members of the FHKI and the CMA as well as the Chamber.

In the field of electrical and lighting equipment, it was found that 29 companies were members of the Chamber. Nine were members of only the Chamber. Twelve were members of the FHKI. Eighteen were members of the CMA and ten companies belonged to all three organisations.

## Constant Changes

In HK's major industry, textiles, companies were members of the Chamber. Of these, five were members of the Chamber exclusively and 28 were members of the FHKI. Nine belonged to the CMA, while eight companies belonged to the three organisations.

The varying natures of the types of industry from which our members are represented show that the Chamber can truly claim to represent the entire spectrum of HK's trading and manufacturing companies.

# Pick of the Press

Reprinted from the Wall Street Journal

'Made in Peking' label enters US shops

Silks, furs and costume jewelry from the People's Republic of China already have reached the United States and will go on sale in stores across the country in about a month.

They provide the first important tangible evidence of the slowly spinning revival in Sino-American consumer-goods trade since President Nixon lifted a 22-year-old embargo on this trade last April.

## Prestige Labels

These goods will bear prestige Seventh Avenue labels — which won't always tell the origin of the goods — and will retail at about US\$75 for a dress and as much as US\$424 for a jade bracelet.

Samples of these goods and of other goods that are on order indicate that the Chinese intend to compete in quality as much as in price with goods already on the American market.

Jack Perry, a British trade broker who says he has visited China almost annually since 1953, says he booked several million dollars worth of orders during a week's stay in New York early in October. His samples ranged from sporting goods, such as tennis shoes and Ping-Pong balls, to woollen rugs in oriental designs that will retail for thousands of dollars each.

Mr. Perry shows a line of porcelain dinner-ware that would retail at variety-store price levels, but that appear to be of better-than-variety-store quality. 'Anyone who says there's

anything inferior about these goods doesn't know what he's talking about,' Mr. Perry says.

Some epicure shops probably will stock canned lichi fruit and other delicacies this winter, while fine-arts stores begin to acquire curios. Hardware stores may be next. The Chinese already have invaded Oriental bazaars with pliers, screwdrivers, drills and other home tools that eventually may attract the budget-minded American handyman.

But no one really knows. Officially, the Chinese maintain they won't trade with the US until the two countries resolve key diplomatic issues, especially the status of Taiwan. So far, although a lot of American businessmen have talked about trade with China, the ones who have concluded deals have done so without publicity and almost on a chance basis.

## A Matter of Chance

One day this summer, for example, Martin Cole, an American trader, was on one of his frequent trips to Hong Kong and called a friend, a fellow fabric buyer, to see if they could meet for dinner.

'Sorry, I can't,' replied the friend, or words to that effect, 'because my cousin from Peking is in town. He's a textile export representative for the Chinese government, and he's here showing samples of silk. You don't know anybody who wants to buy some, do you?'

Mr. Cole knew someone. His brother, Alexander Cole, had just



opened a Seventh Avenue dress manufacturing firm, Casi Designs Ltd. So Martin Cole rushed to his friend's office, shook hands with the cousin from Peking, quickly examined the silk and called his brother.

Overnight—according to Alexander Cole—Martin Cole and the Peking representative sealed a deal for 75,000 to 100,000 yards of piece goods at a price the Coles won't disclose. The friend in Hong Kong acted as middle man for form's sake, Alexander Cole says, because the cousin from Peking said he couldn't sell directly to an American.

Alexander Cole says his factory in Hong Kong now is sewing the material into dresses that will appear by mid-winter in stores around the country, to retail for US\$55 to US\$80. The styles are basically Western, but many dresses show Chinese touches in the buttons, collars or ornaments.

### Hiding the Red

Mr. Cole's customers may never learn they are wearing silk from Red Chinese looms, however, because he is afraid of antagonizing anti-Communist customers.

Malcolm Starr, a dress designer whose office is 12 floors above Mr. Cole's at the same Seventh Avenue address, has another reason for not advertising the Chinese origin of his new silk. Mr. Starr's union wants him to make all his dresses in the United States, and Mr. Starr finds it cheaper to make some of the Chinese

silk dresses at a factory in Hong Kong.

Mr. Starr acknowledges he obtained 50,000 to 60,000 yards of silk—all he could find, he says—through a trader who says he bought the silk for Mr. Starr from a Hong Kong firm that bought it from a Chinese government outlet in Hong Kong. But he says that these trades occurred in quick succession and that the Chinese Government outlet probably knew the silk was destined for America.

### Chinese Influence

Mr. Starr plans to retail his dresses for \$75 each this winter, about the same price he charges for dresses made of silk from Thailand.

Mr. Starr also has imported some Chinese-made jewelry. He shows some intricately carved pieces that will retail for hundreds of dollars, although he says some small pins will cost as little as \$10.

Bill Blass, the American designer, started working in Chinese-made materials when he acquired some Chinese silk from a firm in Italy at about \$8.50 a yard—slightly more than the price of other silk. He says he plans to use the material in some suits that will go on sale at Saks Fifth Avenue in December. The price: \$615 a suit. Other designers have introduced a strong Chinese influence to their collections this year, but they are using material from elsewhere.

Several Seventh Avenue fur traders report that Chinese pelts, long banned

from the US, have begun to trickle in since Mr. Nixon legalized them. Only one of these traders says he is dealing directly with the Chinese rather than through a middleman in Europe or Japan.

Importers face the major task of convincing American consumers about certain goods that come almost exclusively from China and that simply disappeared from US stores 20 years ago. Some express unreserved optimism that they can do this.

For example, Eleanor McMillen, executive director of the Fashion Group, a trade organization, waxes enthusiastic about the return of pongee, a special variety of Chinese silk that both Mr. Starr and Mr. Cole say they have. 'It was very popular in the '30s and '40s, but in the '50s we couldn't get pongee, and we had to stop using it.'

### Caution Wise

Eugene Dreisin, a fur trader, remains more guarded. 'The trade simply forgot the various items that used to be imported and traded' he says. 'We will have to reintroduce them to the trade and get consumer acceptance. That will take some time. But China trade used to be important, and we hope it will be again.'

Many experienced trade hands think caution is the wisest course. One trade consultant, Benjamin Weiner of Stamford, Conn., says the Chinese 'don't think much of US businessmen' right now, because of the businessmen's 'immature response

to Nixon's policy change. They flooded the Chinese with requests even though most of them don't have specific, realistic proposals.'

Scores, possibly hundreds, of US businessmen applied for admission to the Canton trade fair that began Oct. 15. Mr. Starr, for example, applied because he thinks he could save 20 cents a yard on silk if he could buy direct.

### Over Publicized

The Chinese embassy in Ottawa acknowledges that it received some applications and forwarded them to Peking, but it says Peking didn't respond to any of them. The fair apparently opened without any American businessmen there.

So far, publicity about China trade deals hasn't coincided with important activity. For example, the first shipment of Chinese pig bristles, formerly a common material in US paint brushes, received considerable press coverage. But when these little piggies went to market, their importers learned that synthetic bristles had stolen the brush business over the past 20 years because they handle today's coatings better than pig bristles do.

A Paramus, N.J., rug merchant named Einstein Moomjy cleverly advertised 27 Chinese-made rugs he imported, illustrating the ad with a map of the route from Peking to Paramus. But Mr. Moomjy had bought the rugs in England from a merchant who acquired them well

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# Briefing

## News from the Chamber... and the rest of the world

□ The Chamber has implemented a number of **changes of title** among its senior executives in order to give a more accurate description of the responsibilities of those concerned.

As a result, the senior full-time executive J.B. Kite, will in future be known as the Director, rather than as Secretary, R.T. Griffiths will take over the Secretaryship of the Chamber and will be secretary to the General Committee and the Council. W.S. Chan remains responsible for Membership liaison and will be Assistant Secretary—Membership.

Other senior staff will now use the title Manager, rather than Assistant Secretary. Those affected are S.L. Chung, who will now be known as Manager International Trade Department; A.C.C. Stewart, Manager Certification Department; and Harry Garlick, Manager Public Relations.

Both C.S.K. Tsang and F.M. Castro, who also previously used the title Assistant Secretary, become Assistant Managers International Trade Department, while W.K.F. Wang becomes Assistant Manager Certification Department.

These changes do not imply any change of responsibilities or status.

□ As the Chamber stated in a circular to members when taking orders for the 1971 Christmas Cards, an artist's fee would be paid to **Patricia Stewart**, the talented 16 year old artist who produced the painting used to illustrate the card. On Decem-

ber 15th, 1971, Patricia was presented with a cheque for \$1,600 by Mr. N.A. Rigg, Chairman of the Chamber's Public Relations Committee. The cheque was later donated by Patricia to the Community Chest.

□ Members are reminded that the Chamber is planning a **Business Travel Group to Australia and New Zealand in May**. The timing for this group will coincide with the 4th Conference of the Confederation of Asian Chambers of Commerce and Industry which will be held in Perth from May 8—11th. In conjunction with this conference, the First International Trade Fair will also be held in Perth from May 8—12th.

Members who are interested in this travel group should contact Philip Choy, Tel. 245075, International Trade Department for further information.

□ The Chamber's Public Relations Department has produced an audio-visual presentation making use of colour slides synchronised with commentary and music. Entitled **'Take One Barren Rock'**, the presentation will be shown primarily to overseas visitors to the Chamber. The show gives the overseas visitor a general introduction to Hong Kong and traces the growth of the Colony from the time when it was little more than a barren rock to the teeming metropolis it is today. It shows

Hong Kong's industrial and commercial progress, as well as the great strides made in housing and education, and the general rise in the standard of living in the Colony. Other attractions of Hong Kong, such as its excellent recreation, shopping, dining and entertainment facilities are also included.

Naturally the role of the Chamber in serving over two thousand of Hong Kong's oldest and most prominent member companies is highlighted.

The presentation, a 22 minute production, took over six months of hectic activity to produce, and involved the combined efforts of well-known professional photographer Benno Gross, the musical talents of Alex Serra and his modern jazz group, the recording expertise of Johnny Herbert, of Radio Hong Kong, the art direction and co-ordination of Cathay Advertising Ltd., and last but certainly not least, the overall direction and supervision of the Public Relations Department.

□ Among the **topics discussed at the last Council and General Committee Meeting** on December 13th were industrial training, pollution and public transport.

Mr. R. Burrell, the Chamber's representative on the Industrial Training Advisory Committee noted that of the five technical schools recommended, only the Morrison Hill was operating, with two more schools

scheduled for completion in 1975 and 1976. After discussing the matter, the Chamber has decided to write Government urging that the four remaining technical schools and the Polytechnic should be established as soon as possible.

On the matter of pollution, Government has now appointed a Land and Water Advisory Committee under the Chairmanship of Mr. H.M.G. Forsgate, a member of the Chamber's Council.

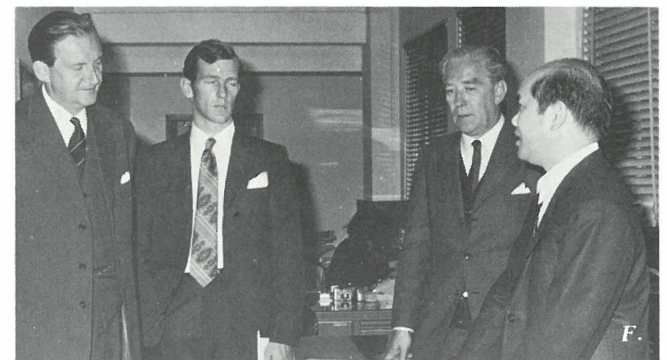
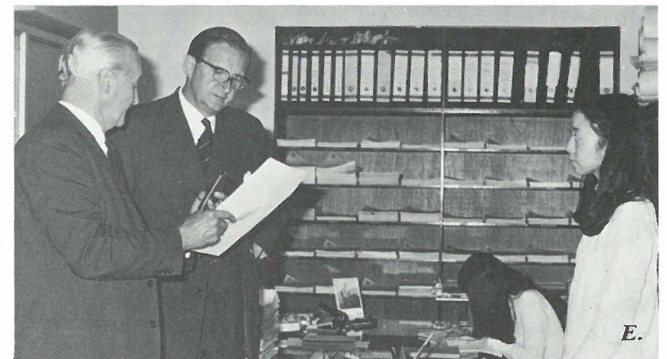
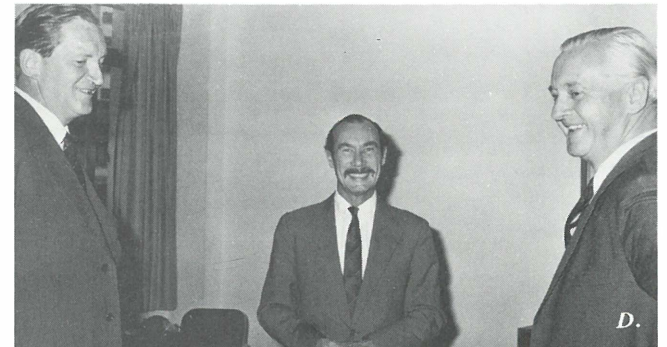
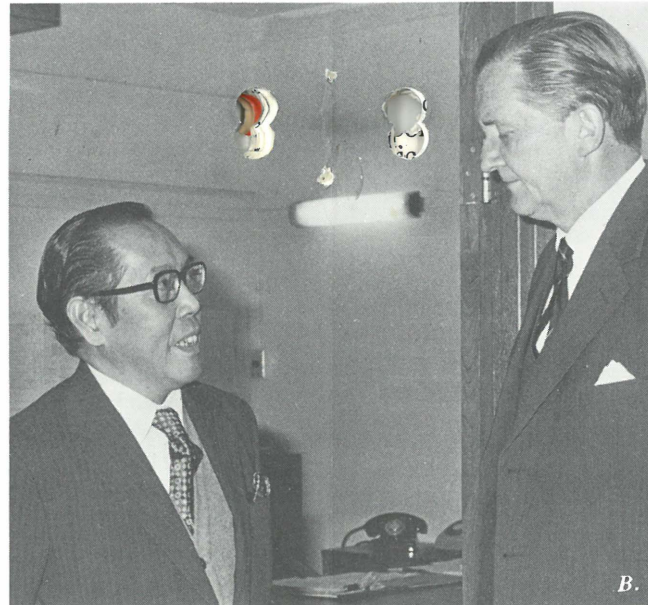
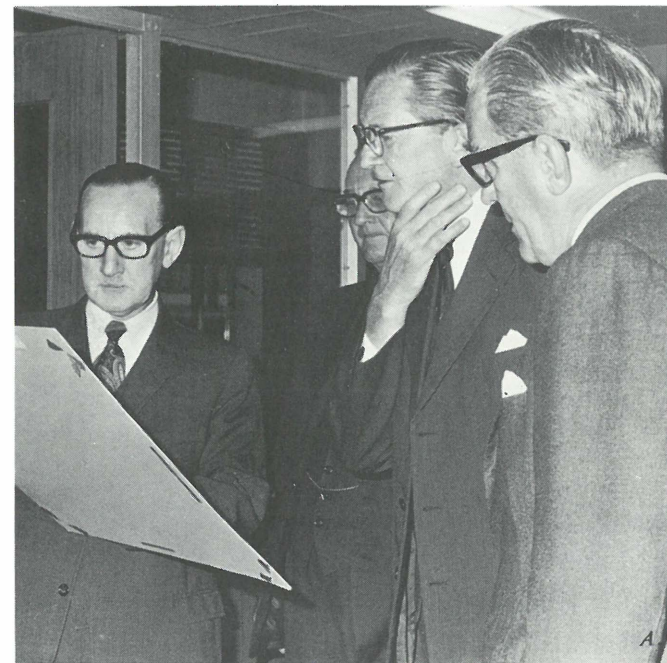
Concerning public transport, the Council agreed that multi-storey car parks should be provided outside the centre of town, and commuters should be encouraged to use public transportation from these car parks to the centre. The Chamber's Home Affairs Committee was also definitely in favour of the establishment of a mass transit system, with access to and between industrial areas being given top priority.

□ Hong Kong University will be holding its annual **Careers Week** from March 9th to 15th this year. As in previous years, prospective employers who are interested in recruiting University graduates in 1972 will have an opportunity of conducting preliminary interviews at the University during this week. Members who wish to take advantage of this recruitment programme should contact the Appointments Service of Hong Kong University for further information, tel. 468161 ext. 220 or 450.



# HE at the Chamber

HE The Governor, Sir Murray MacLehose, visited the Chamber during the afternoon of Monday, January 3rd. After discussing the role of the Chamber with the Chairman, the Director and the Secretary, he made a tour of departments. He is seen here with (A) Alan Stewart, Manager, Certification Department (B) S. L. Chung, Manager, International Trade Department (C) W. S. Chan, assistant secretary-membership (D) Harry Garlick, Public Relations Manager (E) Veroniza Loo, in charge of the statistics section and (F) Dennis Yeung, in charge of the trade enquiries section.







CLUES

CROSS

- 1. could be trade or diplomatic(8)
- 2. address for the night(3)
- 3. 10. hullo to the Hawaiians(4)..... and the Indians(3)
- 4. hear romantic mix-up brings Canada and the USA together(5-7)
- 5. most declined of English verbs(2)
- 6. basic term for one down(5)
- 7. fairy girl(3)
- 8. seldom heard by Casanova(2)
- 9. pronoun in semi-trance(2)
- 10. adverb on location(2)
- 11. 23 down, according to those who've lost money, a description of some mutual funds(10-6)
- 12. the mountain that started to boom and then collapsed(3)
- 13. condition of a jockey—or successful punter—at Happy Valley(2)
- 14. gubernatorial nether garments?(9)
- 15. a severe case of the wind(4)
- 16. the lady's not worth much in India nowadays(4)
- 17. hopeful guesstimate for schedule purposes? (initials)(3)
- 18. sometimes red(4)
- 19. sounds like 11 down(2)
- 20. a gun for free traders? (initials)(4)

DOWN

- 1. member of a local Chinese association, perhaps(12)
- 2. organisation for overseas toilers — or expectant mothers? (initials)(3)
- 3. from trade promotions orb you shall prosper- motto for the man?(5)
- 4. crooked seat gets filled up(4)
- 5. the dairy farmer(4)
- 6. sometimes turns the beach into big wave bay(5-4)
- 7. is he the 'tai' or the 'koo'?(5)
- 8. instant festival(5-2-4)
- 9. found at 25 across(3)
- 10. nut case on the crest of a wave?(5)
- 11. Swiss food gives rise to mixed aches(5)
- 12. act of the silent, if not necessarily the strong man(4)
- 13. see 21 across(6)
- 14. good dancer?(4)
- 15. joint for hippies(3)
- 16. in that association you'll find widely travelled men(4)
- 17. perhaps one who looks down from his exclusive Peak residence?(4)
- 18. gas around — all fall down(3)

Many — but not all — of the clues refer to a local place, personality etc. likely to be known to Chamber members.

Briefing - continued

During December, the **International Trade Department** arranged a total of 29 business contacts for members and issued or endorsed 60 letters of introduction for those travelling abroad. The Department received processed and passed on to members a total of 1184 trade enquiries. As of December 31st, 921 members have joined the various Area Sections.

**Hong Kong trade statistics** for the period of January — November 1971 analysed from the published figures of the Census and Statistics Department are now available to members. These cover Hong Kong overall trade with the Colony's 51 principal trading partners and include UK, USA, Canada, West Germany, Japan and Australia.

Also available to members now are quarterly statistics covering Hong-Kong's trade with a further 140 secondary trading partners for the period from January to September, 1971.

During December the **Public Relations Department** was deluged by requests from the various news media to explain and comment on the new re-alignment of currencies.

Public Relations Manager, Harry Garlick was also the guest on TVB's 'Meet the Press' programme on January 6th, when he fielded questions put forth by a panel of well-known local journalists on such

topics as the economic progress of the Colony in 1971, the prospects for 1972, and the role of the financial journalist.

Forty firms became **members** of the Chamber in December bringing the total number of members at the end of 1971 to 2,062 as compared with 1803 at the end of 1970.

On December 29th, 1971 another familiarisation visit for new members was held at the Chamber with over 40 members attending.

Members are reminded that the **Chamber's Special Relief Fund**, which assists members of the forces of law and order injured in the 1967 disturbances and members of the public service who have been injured while carrying out their duty—as well as the dependents of any of these who have been unfortunate enough to be killed in such circumstances, is one of the Charitable trusts which is **tax exempt** under the Inland Revenue Ordinance. A full list of tax exempt charitable institutions and trusts was published in the Government Gazette of May 14, 1971. A supplementary list of those recognised since the last list came out was published in the Supplement to the Gazette dated December 17, 1971.

A new set of **Management Films** made by Peter Drucker, regarded by many as the world's leading expert



management subjects, 'The Effective Executive' is now available to loan or for purchase from the Hong Kong Management Association. For further information, contact Mr. Albert Yo, of the HKMA, Tel. 234141.

The Government Information Services has recently produced a series of **information sheets** covering various aspects of Hong Kong such as history, government, press and broadcasting, industrial employment, education, social welfare, housing, etc. Copies of these fact sheets may be obtained from the Government Information Services publications office in Beaconsfield House.

The Hong Kong Management Association will be conducting the following courses in the coming months:—

**Acceptance Sampling Technique**—a five-session lecture and discussion course given in Chinese beginning February 22nd. Applications are due by February 14th.

**Objectives, Policies and Strategies of Business Organizations**—a four-session case studies course given in English beginning March 23rd. Applications are due by March 16th.

For further information, please contact the Hong Kong Management Association, United Chinese Bank Building, 12 floor, 31-37 Des Voeux Road, Central, Tel. 234141.

**The Hong Kong Productivity Centre library** has recently acquired a number of new books and pamphlets covering a wide range of topics including economics, labour, law, commerce, agriculture, management, business, etc. A list of the new acquisitions are available for members' perusal at the Chamber, or members may contact the Productivity Centre directly for a list.

Members will have received a circular dated January 6th asking for their co-operation in assisting the Hong Kong Tourist Association in compiling an up-to-date list of all known **future conventions**, conferences, etc. which will be held in Hong Kong. As such a list will be very useful for all those who may be interested in attending selected functions, members are urged to give any information they have to the Tourist Association.

The UK Area Committee is considering the idea of organising a **Business Travel Group for Area Members to the United Kingdom**, and circulars with attached reply forms have already been sent out to all members. The three-week trip will probably be scheduled between mid-June and early July, and arrangements may be made for a stopover in Europe. Members who are interested in joining this group, should return the reply forms as soon as possible, or contact Mr. S. L. Chung, Manager of the International Trade Department, tel. 245075, for further information.

In 1971 the **Local Employment Service** of the Labour Department helped to place 3,179 people, registered 16,420 job seekers, and received 7,055 ordered vacancies. These figures show an increase of 26 per cent over the number registered, and 49 per cent over the number of ordered vacancies in 1970. The sizable increase is attributed to the fact that more employers are now aware of the work of the Local Employment Service, which provides free facilities to assist employers and job-seekers alike.

**Two new technical institutes**, one to be built at Kwai Chung in Tsuen Wan and another to be built in Kwun Tong are scheduled for completion in 1975 and 1976 respectively. The new institutes will provide about the same number of places as the existing Morrison Hill Institute — about 13,000. Their aims will also be along the same lines—to provide theoretical and basic practical courses for prospective lower level technicians and craftsmen in industry.

The **Chinese version** of the first section of the Labour Department's **career guide** has been published.

This group consists of 15 pamphlets giving information about architects, electronic data processing, interior design, science graduates in commerce and industry, lawyers in private practice, accountants, photography, sound and television broadcasting, journalism, merchant marine officers,

plastics manufacturing industry, textile industry, electronics industry, machine shops and metal works and teaching.

The information includes details of qualifications, salaries and prospects in particular professions and occupations.

The pamphlets are free of charge and have been distributed to the Hong Kong Association of Careers Masters, to libraries and to people concerned with careers advisory work.

**A Simple Guide to Crown Land Transactions**, issued by the Director of Lands and Survey, which outlines the general principles followed by the Crown Lands and Survey Office and the New Territories Administration is now available.

It is intended as a guide to the procedure to be followed in making application to Government concerning land, and refers to land on Hong Kong and Ap Lei Chau Islands, in Kowloon and New Kowloon, and in the New Territories.

The pamphlet contains introductions to the various methods of application for Crown land, methods of disposal of Crown land, payment of purchase price, conditions of sales and grants, modifications of lease terms, resumption of leased land, temporary occupation of Crown land and buildings, private land transactions and the main ordinances affecting land.

The pamphlet is obtainable free at all Public Enquiry Centres and City District Offices.



# Picking-up packaging prizes

You can't tell a book by its cover nor can you tell the quality of a product by its packaging. However, today, when there are so many competitive brands of one kind of product on the market, the consumer is liable to get very confused and frustrated unless he has his own criteria for preferring brand X to brand Y.

In consumer-conscious America, where market research techniques have been developed as a science, many studies have been done on just this quest—Why X and not Y? One answer which is constantly given is simply that 'caught my eye' or 'it looked more interesting' than Y. . . . that is to say, the packaging made the difference.

Hong Kong is finally becoming aware of the importance of packaging thanks to the work of the Hong Kong Packaging Council. On December 17th, 1971, prizes for the second 'Packstar' Award Competition sponsored by the Council and the Chinese Manufacturers' Association were presented, and once again the Chamber, together with other local associations, participated by awarding a prize for the best packaging made of paper.

The winner of the Chamber's award, Supermade Graphics and Photography, produced an outstanding package for a new product which will soon be introduced on the market—the Paos Auto Eraser made by the Cosmos Development Co., a Chamber member (which coincidentally recently won the CMA's best new product award competition). The Paos Auto Eraser is a small battery operated eraser for students, writers or professional draftsmen. It was designed by the Manager and owner of the company, Mr. Cohen Pao.

What made Supermade's entry a winner? The most obvious answer is the fact that it is attractive, but of course being aesthetically pleasing is

only part of the story. The actual packaging comes in two subtle, but eye-catching colours — grey and brown. There is a clear graphic representation of the eraser on the package so that the consumer can see what it looks at a glance, without having to go through the trouble of opening up the package.

## Good from all Angles

Twelve of these packages fit into a well-constructed corrugate box which is not only convenient for transporting and storing, but which, following the basic grey and brown design of the inner packages, can be made into a most striking display stand box which will stand out on any sales counter. The display box has a number of drawings along its sides showing how the eraser can be used, so that the consumer can get an immediate idea of when and in what ways the eraser can be used. Thus the packaging itself, besides being attractive, is also a source of information. All this means that the packaging has clear advantages from both the retailer's and consumer's points of view.

It is next to impossible to do justice

to the packaging without actually seeing it. Suffice it to say, Supermade has done an excellent job.

Talking with Mr. David Lam, the man behind Supermade, it becomes clear that packaging is a very complicated business. Mr. Lam explained that many steps are involved from the time that the client approaches them to the final finished package. Firstly, Supermade looks into the very important question of who the consumers are meant to be. Are they housewives, students, businessmen or what? Each group is different in their tastes and preferences. Next, the question is what market is the product trying to attract — is it local market or an overseas market? Supermade then finds out what outstanding features of the product are, and how the product compares with competitive brands, and approximately how much the client can afford to spend on packaging.

## Getting Down to

Once the basic groundwork has been established, Supermade can get down to the business of actual design and production. Several outer designs are drawn up and presented to the client who picks the best. After this, the right material and processes to be used are chosen. A dummy of the package is then made to the factory producing the product to see whether it works — that is to say, whether the product fits properly, whether the packaging is durable, etc. When this stage

has been passed, the details are worked out and it goes into production. Supermade liaises with the various organizations involved in the production and sees the packaging through to the actual delivery.

## Home Grown Product

Supermade Graphics and Photography was started four years ago. What makes them rather unique in this field is that theirs is a real home-grown success story. All the designers at Supermade were trained locally — with the exception of Mr. Lam's brother who studied both packaging and product design in Taiwan.

David Lam himself was trained in graphic design at the Hong Kong Technical College. He then took packaging courses given by the Packaging Council and made several trips to Japan to meet people in the packaging business and to exchange practical information and ideas with them. Now he travels a great deal to keep up with what is going on in the packaging world overseas.

'Many of our designers are trained here in our studio, and some, at the Technical College.

'I think designers who feel that they must go abroad to get proper training are overlooking some very good courses right here in Hong Kong. There are increasingly good courses here, but it's up to the individual to want to take the time to get as much as possible out of them.'

David Lam & Supermade certainly have.



# The good Business Lunch

In its never-ending desire to serve members, the Chamber plunges into the culinary world with this issue, with the hopes of helping to solve the growing dilemma in Hong Kong of where to go for lunch. In this series, we will be searching for new or at least not so familiar establishments where Members can enjoy a good business lunch in pleasant surroundings.

## Specific Guide

The key words are *business lunches*. This includes working lunches with business colleagues and associates, and also lunches of a more social nature, when you may want simply to say 'thank you' to a customer, or entertain an overseas visitor.

Naturally, a place where you might enjoy a good business lunch may not be the best place to take our wife or a date for dinner. Therefore, it should be kept in mind that we are not attempting a general guide to restaurants in Hong Kong. This will be a very specific guide — a guide for businessmen looking for good places to go for lunch during the working week. Furthermore, we shall try to indicate whether the restaurant is more suited to a 'working lunch' or a more purely social lunch.

What we will be looking for then, is a place where the food is good (but not necessarily of gourmet standard), where the location is convenient for those who work in Central and Tsimshatsui, where the service is prompt and pleasant, where you won't have to fight the crowds to get a

table, and of course, where the prices are reasonable in relation to the standard of the food served.

Perhaps one more point should be made before we launch into our first restaurant, and that is that Members can be assured that all our visits are made completely anonymously. As far as the management is concerned we are simply guests enjoying lunch — just as you will be.

In celebration of the new year, we lead off with a brand new restaurant, the Pavilion in the new Lee Gardens Hotel.

The restaurant is well-situated in Causeway Bay mid-way between the growing North Point-Quarry Bay area, and Central, and is near the entrance to the cross harbour tunnel, now under construction. It is easily accessible by public transportation, being along the main route for the many trams, buses and minis which go between North Point and Central.

## Relaxing & Pleasant

On first impression, the Pavilion is very much what you would expect of a restaurant in a high-class hotel. The decor is Japanese-modern, but tastefully done. The dominant colour is a relaxing light beige which gives the good-sized dining room a pleasant feeling of space. There is also a small alcove set in a corner with four tables, for those who may want a more intimate atmosphere. All the tables have fresh flowers, which add a nice warm touch to the overall setting.

The restaurant was about half full

when we were there. Needless to say, this was a refreshing change from the usual lunchtime crowds. But undoubtedly this will change rapidly when the restaurant becomes better known.

We were a bit disappointed to learn that the Pavilion only serves a buffet at lunch, with no a la carte selections available. At a glance the buffet looked like the standard Hong Kong big hotel buffet that we are all familiar with. Attractively laid out, it offered the usual variety of cold and hot dishes and desserts.

## Buffet with a Difference

Once we began conscientiously working our way through the different dishes, however, we were pleasantly surprised. The food is good. Much, much better than the usually indifferent steam-table quality food served at some buffets.

The hot roast beef was juicy and done just right, medium rare in the center and crisp on the outside; the salads were light and extremely fresh, coming with five different dressings, all carefully prepared (when was the last time you had *real* mayonaise?); the smoked salmon was undoubtedly the best we have ever had at any buffet, and the pickled herring was equally good; the macaroni and cheese, so often almost inedible, was light — which is no easy feat; and the spicy chicken curry was clearly prepared by a chef who doesn't believe in catering to the bland taste of the masses. The pas-

tries were deliciously rich — although there are better cheesecakes around.

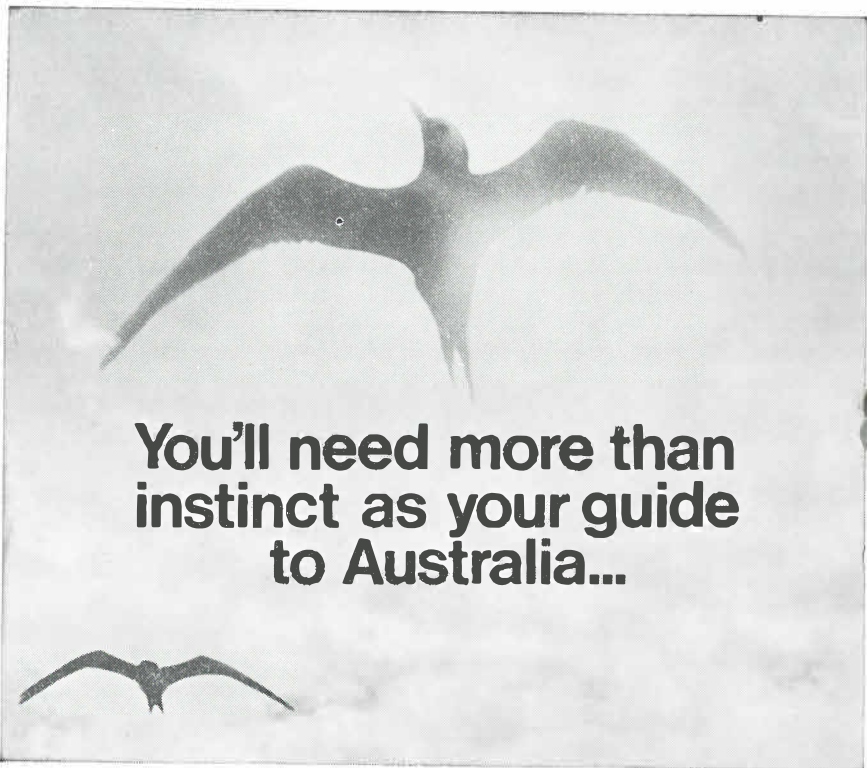
All in all, this is a buffet where the food is to be taken seriously. And for \$18 per person you can certainly eat a lot of good food. (The usual 10 per cent service charge is added, and drinks run around \$6 a piece)

The Pavilion has still one more outstanding feature that it can be really proud of — the high standard and quality of its service. In Hong Kong good waiters and captains are truly rare, so we were amazed to find alert, and attentive waiters at the pavilion who were unobtrusive and quick.

By way of illustration, we ordered a special side order of cream cheese to go with the smoked salmon, and although it was obvious that the waiter had no idea what cream cheese was — as opposed to any other kind of cheese — and probably thought that the request was odd, he actually went and found out what it was and brought it to the table without so much as a grumble, a shrug or a blank look.

So if a buffet lunch appeals to you, we highly recommend the Pavilion, and we sincerely hope that it keeps up this high standard of food and service.

The Pavilion,  
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## **Year the roof fell in - continued**

is our fifth largest source of imports and ninth largest market for direct exports. It is also our fifth largest re-export market. South Korea is not negligible as a supplier, and is also our eleventh largest re-export market.

Singapore is our second largest re-export market, our seventh largest export market, and our ninth largest supplier.

If one wishes to play games with statistics, the total of our exports going to Taiwan and Singapore taken together is worth about \$450 million, on the basis of 1971 figures. This semi-mythical joint market (call it Singawan, Taipore, or whatever you wish) is larger than our markets in Japan, Canada or Australia; is larger in fact than all our markets except the USA, UK, or Western Germany. While markets such as Taiwan can never replace the importance of the USA or EEC, it is worth remembering that they play a significant role in our trade, both as exporters and importers, and are not to be dismissed as 'competitors' only.

### **Hangover from 1971**

Is 1972 going to be the year of reckoning? Many of the problems that cropped up in 1971 did not really hurt us. But we are going into 1972 with a distinct hangover.

One side of the problems is highlighted in a recent exercise carried out by the Department of Census and Statistics.

This sets out to determine how much of Hong Kong's growth in total value of exports is due to price increases and how much is due to

changes in volume. The results of the study, which covers the years from 1968 to 1970, show that in Hong Kong's major exports, the trend has been for a smaller rise in price as opposed to a larger rise in the volume sold.

The tables express increases by means of a point system. Clothing, for example showed an increase of 26 points in the amount exported in the three year period, while the unit value only went up 14 points. In textile yarn and thread, there was a 49 points increase in quantity accompanied by only an eight points rise in value. Radios were up 38 points in volume with a 21 points rise in cost, and electronic components recorded a phenomenal 208 points increase in volume and a *decrease* of 12 points in value.

The fact that Hong Kong manufacturers have been able to produce more to meet growing market demands is good news and suggests that productivity is rising ahead of labour costs. However, on the other hand, this trend also means that if market demand is restricted — as in the case with the quota restrictions imposed by the US and the UK on textiles — Hong Kong could be sorely hit, since, it is argued, up to now export growth has been largely contingent on the ability to expand the volume of sales.

This analysis suggests that Hong Kong's much discussed success in 'trading-up' is certainly less than might have been thought, and in some cases is either negligible or negative.

At the same time, it is difficult to



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draw definitive conclusions from these figures. Firstly, they show that a fair degree of trading-up has taken place. Exports overall, according to the tables, increased in value by 15 points against an increase in quantity of 28 points. An increase of 15 points in value is surely not insignificant?

Secondly, it is worth stressing that these values are measured in *points* and not in percentages (as at least one local journalist who should know better seemed to assume when writing an article commenting on the figures). It is somewhat difficult for the non-statistician to reconcile this points system with the dollar value figures in which exports are usually measured. Furthermore, the charts give, of course, no indication of the extra profits earned from the respective increases in price and volume.

## Cargo Tons

Finally, it is interesting to compare these figures with those for cargo tons loaded. Over the period covered by the analysis, cargo loaded through the port showed an increase of slightly less than 15 per cent. Export earnings, measured in HK dollars, during the same three year period went up by over 40 per cent. Again, it is risky to be dogmatic in drawing conclusions since we have no means of knowing whether we are comparing like with like, but it seems reasonable to assume on the basis of cargo figures that trading up has played a rather larger part in our success than the statisticians' tables might suggest.

The large increase in the use of air freight that occurred between 1968 and '69 might go part of the way towards explaining the discrepancy, but even so it is hard to reconcile this with the overall picture, since even in 1970 air freight accounted for only 20 per cent of exports, again according to Census and Statistics Figures. One is left, therefore, with the problem of how the extra volume has left the Colony. Perhaps the Kowloon-Canton railway can throw some light on the problem?

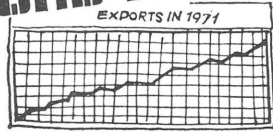
## Period of Adjustment

No matter how successful — or otherwise — we have been in trading up, it is clear that a period of adjustment faces Hong Kong during the early months of 1972. Firstly, we must get used to dealing in new currency values, with of course the implication that trading will be more difficult in some markets, notably the USA, and should be easier in other markets, notably Japan and the EEC. This may call for some fundamental changes in our selling efforts.

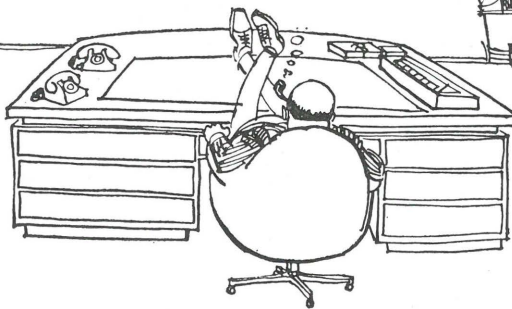
Much has been said about the effects of revaluation on our competitive position vis-a-vis Korea and Taiwan in the USA. Although it is perhaps a case of looking for the silver lining in a dark cloud, the textile quotas will have the inadvertent but useful function of softening the effects of this competition in the clothing and textiles market.

What is also encouraging is the odd report received from the USA that despite their devaluations, Korea and

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Taiwan are already raising prices. In time this may become more widespread as the full effect of the yen revaluation makes itself felt on Korean and Taiwanese imports of materials. In the long run, it is not optimistic to hope that the price differential between our products will be much less than the margin suggested by the immediate mathematics of revaluation. It is also encouraging to report that almost without exception economists agree that 1972 will be a better year for the USA.

All in all, however, we have got to face the prospect of a reduction in our rate of growth in the USA, regardless of whether its cause is monetary revaluation or textile quotas. The big question is—can we find other markets to replace the USA?

### Looking at other Markets

There is no point in pretending that this will be easy, since the two obvious possibilities, Germany and Japan, both of which revalued by a considerable extent, face problems of their own. Neither the Japanese nor the German domestic markets seems right for an overwhelming burst of growth next year, and this will probably be reflected in their volume of imports. There should, however, be scope for modest growth.

Britain at the moment is still doing well and although a deterioration in the British payments situation may well set in during 1972, the situation is sound enough to allow for an all-time record in Hong Kong exports

to the UK as a bon-voyage gesture to our one-time major market before she sets off on her Common Market adventure in 1973.

The extent to which we can use the comparative advantages and disadvantages of new parities in order to carry out market diversification is limited. Selling depends on other factors than price, and many of these are not entirely under our control. But what is largely under our control is the degree to which we can benefit from favourable exchange rates in buying supplies. Whether we do succeed here will depend largely on the skill and assiduity of the individual businessman.

The early months of the year, then, may well see a period of re-adjustment as businessmen take readings on the new situation. By mid-year we should be well adjusted to new conditions, and there is a reasonable chance that we shall not be doing too badly.

During the initial months of the year the going could be particularly tough for the smaller businesses. The larger companies have the ability to sit out a period of uncertainty and to re-plan tactics. The smaller businesses, on the other hand, are those which will have been hardest hit by the devaluation of the US dollar. They are those which will find it difficult to get adequate quotas, since under a quota system markets tend to be carved up by the larger firms. Furthermore, these are most likely the firms that have expanded



by stepping up volume rather than by trading-up. Restrictions will make it difficult for them to realise their productive potential, and at the same time a squeeze will be felt on margins.

What can such a firm do in this position? It should be doing the very things that larger firm ought also to be doing—namely to develop the managerial virtues appropriate to a period of retrenchment or consolidation, as opposed to the managerial virtues appropriate to a period of expansion.

### Managerial Virtues

What are these virtues? Generally, they can be described as increased cost consciousness leading to action to make every cent invested in the business bring in the greatest return. This could include, for instance, improving the general standard of costing information in the company, so that the data is there on which to take meaningful action; to watch the movement of cash in and out of the business so that one is not caught between transactions with an empty till; to adopt a more disciplined approach to buying and stock control and material management generally; to get the greatest productivity out of labour; to restrict investment in non-productive overheads (that usually means staff!).

It is to be hoped that Hong Kong businessmen have not become too engrossed with the tactics of expansion to have forgotten these basic points.

ends

### Pick of the Press — con't

before Mr. Nixon lifted the trade ban.

Mr. Weiner, the trade consultant, says that on a recent trip to Pakistan where he is trying to line up go-betweens to tide him over until he can get a visa for himself, he wrote across a magazine called 'Far East Trade and Development,' with 2,000 of its 8,000 subscriptions going inside China. He said he agreed to work for the magazine in the US in order to get his hands on that list of subscribers who presumably play some important role in deciding Peking's import-export policy.

A recent issue of the magazine carried a full page advertisement for Chinese door locks. The ad depicted two lines of locks, 'Horse Brand,' and 'Diamond Brand.' The copy said 'Modern & various types, Excellent quality, Safety & reliability.'

Mr. Weiner expects the Chinese to send just such small items as door locks into the American market, along with toys and sewing machines.

### USA—New Outlet

The Chinese bought US\$140 million of goods from Canada last year, he notes, while Canada was buying only US\$20 million of goods from China. 'The Chinese are not about to tolerate this great a deficit,' Mr. Weiner says. 'They will be looking for goods to start going the other way. Canada can't absorb that much. A lot of it's going to be sent down here.'

ends

香港出口商能出產更多貨品以供應市場的需求當然是好消息，而且表示生產力提高遠超工資增加。但另一方面這趨勢表示，市場一旦受到限制，如美國及英國對紡織品的限制，則香港受害不淺。

同時我們亦很難從這些數字下結論。第一，根據這些圖表，全部出口以價值計增加了十五點，而數量則增加了二十八點。十五點的增加並不算是微不足道的數目。第二，值得一提的是這些價值是以點數計算而不是百分比。非訓練有素的統計員很難將點數化為銀碼。最後請將這些數字和出口貨運來一比較。海運在此一期內增加了百分之十五弱。但出口貨價值以港幣計增加了百分之四十。空運的增加可以部份解釋這個差額，但根據統計處的數字，一九七零年空運祇負責運輸了百分之二十的出口貨。其他的貨物是怎樣出口的呢？或許九廣鐵路的運輸對這問題的解答有所幫助。

無論我們的貿易如何蒸蒸日上，一九七二年最初幾個月香港將面臨一段調整時間。首先我們必需習慣在新匯率下貿易。在新的情況下有些市場對我們有困難，主要的例子是美國。有些市場如日本及歐洲共同市場則較為容易。因此我們的外銷努力將有基本上的改變。

很多言論會談及升值後我們在美國市場與南韓及台灣比較是很吃虧的。但紡織品限額一項，總算起了減輕競爭的作用。消息傳來，雖然受貶值之利，南韓和台灣貨都紛紛起價。由於日圓升值使入口原料的價錢增加，日後出口成本提高的現象更廣泛。長此以往我們和他們產品的售價並不如想像中那麼懸殊。令人興奮的是美國一九七二年的經濟差不多一致看好。

無論如何我們在美國市場的增長率是會減少的。最大的問題是，我們是否可以找到其他市場來替代美國？

這個問題並不易解決，日本和西德都有可能成為我們的主要市場，但由於升值他們

面對着很多難題。而日本或西德本身今年的經濟發展並不樂觀，這一來便影響入口，因此我們的貨物輸往這兩個國家，祇可希望有多少增加。

英國目下情況良好，雖然收支平衡問題可能在一九七二年發生，看來一九七二年港英貿易將會是英國加入共同市場以前最好的一年。

在國際各國新匯率下利害是參半的，因此展開新市場受到限制。出口銷售除了價錢外，很多條件不是我們所能控制的，在我們控制範圍的是如何在新匯率下，使我們的入口貨供應實受其惠。我們在這方面的成功與否端視個人的努力和機智。

在今年首幾個月將會是一個調整期，商人要在新的情況下探索。年中我們應該可以適應新的環境，而有理由相信到時情況不會太差，在首幾個月，小型企業會覺得日子艱苦，大機構預料有能力渡過此不穩定期而重新計劃。小型企業將受美金貶值，限額分配等打擊。它們在這樣的情況下怎辦呢？他們應該效法大機構所擁有的科學管理優點。

那些科學管理的優點是甚麼呢？一般來說是對成本認識的加深使每一分錢的投資都帶回最大的收穫。例如對公司成本情況方面的資料改善，使公司動向有所依歸。留意現金的支出和收入，避免錢櫃裏面空空如也。對購貨和存貨加以留意，在勞工生產力上要獲得收效。不要加重無謂的皮費（如擁員等），我們希望小型企業家除了銳意發展業務外，還得留意這項相當重要的問題。

### 介紹「包裝星獎」獲獎者

於香港包裝委員會之努力下，香港日漸察覺包裝技術之重要。香港包裝委員會與香港中華廠商聯合會更聯同合辦包裝設計比賽。由彼等主辦第二屆「包裝星獎」亦於去年十二月十七日舉行頒獎典禮。本會於是次包裝比賽中捐贈一獎，贈予最佳用紙料之包裝設計者。獲獎者為超藝設計公司。



超藝設計公司獲獎之包裝設計乃為一電動膠而設者。該據為大工企業公司之出品，該公司經理包可閱先生所創。大工企業公為本會會員之一。

超藝設計公司獲獎之包裝設計利用灰與色——甚具吸引力，而包裝面上繪着包裹內之擦膠之形象，令人一目了然。超藝設計公司之主辦人為林昭漢先生。

據林昭漢先生指出，包裝為一複雜之行，每一包裝設計所涉及之步驟甚多。設計首先要找出此一貨品之顧客是誰——家庭婦或學生或商家等？因為彼等之興趣全然同。其次設計者需探察此一貨品之市場為——在本地或海外推銷。再者，包裝設計要把握此一貨品之特色及在預算之消費額盡其所能而創作新穎之包裝。

至於設計之工作亦頗繁雜。設計者創作欸包裝模樣予顧客挑選。然後是包裝材料選擇。經過多層小心揀選後此一包裝設計方可完竣。而超藝設計公司每次均審慎督一設計工作之完成。

超藝設計公司於四年前創立，旗下之設家——除林昭漢先生之弟兄外——均在本受訓。林氏之弟兄乃於台灣深造包裝此一技術。

林昭漢先生乃於本港工專學院研究設計作。彼亦參與由香港包裝委員會舉辦之課。林氏先後曾往日本考察包裝事業，對美、英國及歐洲之包裝行業之最新消息亦瞭指掌。

林氏謂：「我認為本港工專學院正是培設計人材的好地方，當然一個成功的設計極需要經驗以發揮其所長。而香港包裝委會舉辦之課程皆能予對包裝有興趣之人仕當之訓練。」

林氏強調那些認為惟有在海外才能受到當訓練之人仕忽視了本港所給予之良好受機會。

林氏謂：「本港有不少優良之學習機會但當然一切皆基於個人的選擇與聰明利用否？」

## 本會成員一覽

去年下半季本會會員數字打破二千名大關而創下新的紀錄。

本會之會員來自約三十二種不同之工商業界。顧名思義，本會為一「商業團體」，故二千多名會員中，大半數——或百分之七十二為出、入口商家。餘下之百分之三十八包括廠家，本港主要之銀行、保險公司、輪船公司、航空公司、律政界及公用事業公司等。

於去年底，本會之會員事務部更分門別類將本會之廠家成員作一詳盡之分析。

本會之廠家會員共六百零六間——成衣業（一百五十一家），假髮業（三十四家），玩具（二十三家），及塑膠製成品（三十八家）。餘者包括印務公司及化學品廠等。

從分析中顯示本會之六百零六位廠家會員中之三百四十七位只隸屬本商會。二百一十三位乃同時隸屬工業總會；一百五十七位同時隸屬香港中華廠商聯合會；而餘下之一百零八位均同時加入此三團體。

於鞋履製造業中，有十六間廠家為本會會員。彼等中之九間只加入本會，六間加入工業總會，四間加入香港中華廠商聯合會而三間均同時為此三大機構之會員。

於電器產品製造業中，有二十九間公司隸屬本會。其中九間只加入本會；十二間加入工業總會；十八間加入香港中華廠商聯合會；十間同時為三大團體之成員。

本港之主要工業——紡織業——共三十四間公司為本會會員。其中五間只為本會會員，二十八間隸屬工業總會；九間隸屬香港中華廠商聯合會；八間同時隸屬三機構。

由於本會不斷羅致新會友，因此以上談及之會員數字常有變更。但從分析觀之，由於本會會員來自多種不同之行業，本會可算包羅萬有，代表本港之工、商界各行業，真正為名符其實之「總商會」。



# 33 people sworn to secrecy who know more about business than anyone else in the Far East.

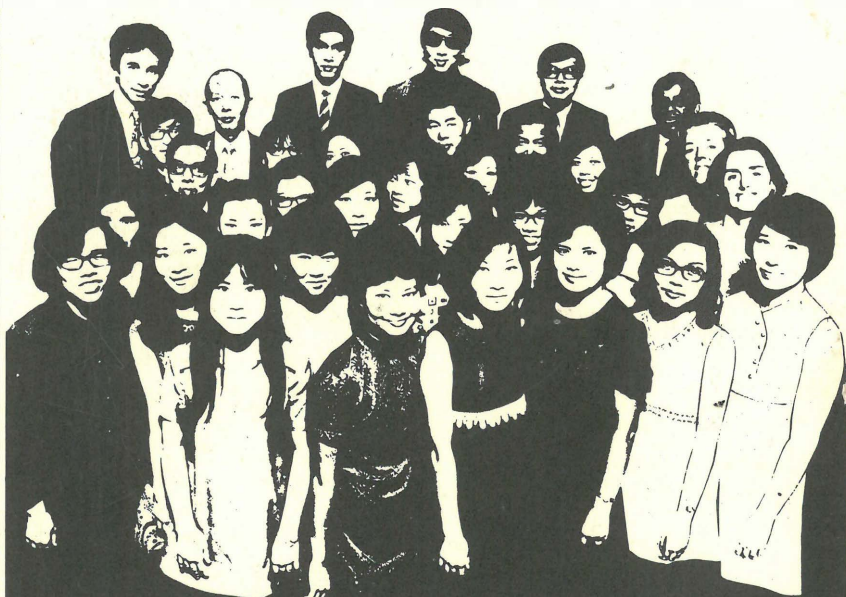
These are the specialist business and banking staff of the Trade and Credit Information Department of The Hongkong and Shanghai Banking Corporation.

Men and women whose job it is to know more about business than any other persons in Asia. And because they work for a bank—they're sworn to secrecy.

The TCID is the bank's business service arm. It is a free service to all businessmen wishing

to trade in Hong Kong or internationally. TCID operates openly to deal with any legitimate business request. We can obtain information on any business and we do it with the consent of the firm under consideration.

Contact the TCID of The Hongkong and Shanghai Banking Corporation, Hong Kong. Any of our 33 sworn specialists will make doing business through us, positive. Or ask your secretary to write for our comprehensive free brochure.



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