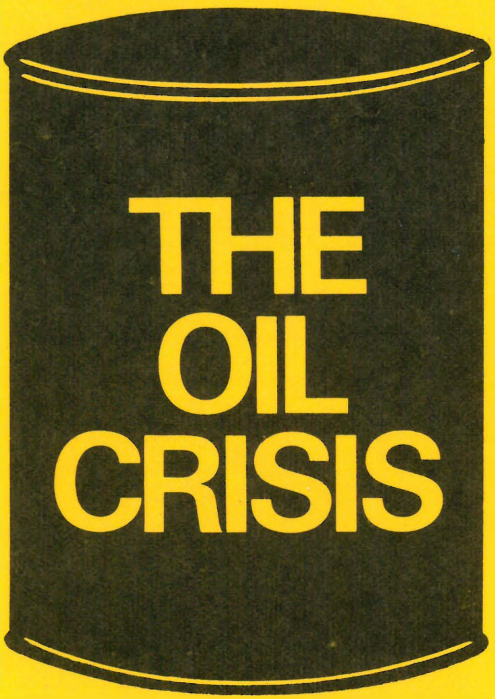
The Hong Kong General Chamber of Commerce

The Bulletin



A YEAR AFTER

See page 3

MARCH 1975

石油問題面面觀

「除非政府與政府之間對當前石油發展所帶來的問題有一個立即解決的辦法，否則世界性的不景氣是無可避免的。」以上是英國石油公司董事長查理德基爵士去年十一月所發表的言論。他的恐懼是商人們、經濟學家、銀行家及政治家都有同感的 我們還可以補充一句 經濟學家所謂世界不景氣現時已困擾着我們。有人表示在十五個月內石油價錢增加五倍可能引致世界金融崩潰、經濟蕭條、走上極端革命和戰爭。

石油供應危機

十五個月前香港首次嘗試到石油的危機，當時很多問題都是地方性的。例如香港是否可以抵受石油的短缺而工業和本身不受破壞？中國是否會幫助我們而給與額外的供應？政府或石油公司是否對可有的儲油量有疏忽？亞拉伯國家對香港是否認爲是友善或非友善區？

香港政府立即委派一名石油供應處長，各諮詢委員會亦相繼成立，暫時管制陳列室用的燈飾，並將夏季時間提前數月實施。當時酒樓及夜總會的東主給人的印象是世界末日將要來臨。

當時對危機的看法是主要從供應那一方面，石油和其他原料的短缺是當時流行的經濟觀念。本會訊在五月那一期曾指出惟一的短缺是用以支付石油的供應之金錢之來源。該期該文的標題是：「如果你能夠支付得來的話，你可以擁有你所需要的石油。」

危機之遺痕

如果以過後孔明的態度來回顧，一年前冬天和春天的事情，好像是一個世紀以前的——很遙遠和表面性。香港渡過了這個危機而祇剩下一個較大的傷痕，那就是燃料的價錢增加時至今日。而事情又推展至更新和較嚴重的地步。

收支欠平衡

去年，主要由於石油價格增加，世界上主要的非共產工業國家，那就是經濟合作及發展的成員，估計收支平衡的逆差達四百億美元。他們今年亦會遭遇同樣的赤字。一九七三年彼等的順差是一百億美元的。

「經濟合作及發展組織」的成員國中繼續有盈餘的只有西德及荷蘭。西德的盈餘實際上續有增加，主要由於國內市場需要減少而出口仍然繼續蓬勃。而荷蘭亦可以出口貨品局部低消石油的成本。

但英國情形則不同，它要比一九七三年多付二億五千鎊，而石油的進口則減少百份之五。意大利及法國亦負債甚深。有些發展中國家因入口石油的負担而經濟所受影响更甚。據報有多過一個國家將面臨破產，因爲差不多用完了之有所儲備金。他們的負担部分受惠於產油國而減輕了。直至目前爲止，產油國經已承諾超過一百億元以發展貸款，投資及救濟金方式給與第三世界的發展中國家。

石油所得財富

去年由石油消費國轉移到石油出產國的財富，其幅度是驚人的。今年產油國由石油所得收入應達一千一百六十億美元，七四年是一千零一十億，而七三年祗有二十二億。因此在短短兩年內，產油國的收益增加了五倍。加上投資及利息所得，去年這些入息是四十億，今年增加至九十億。

據國際基金會估計，產油國的去年的總順差是六百億美元，今年大概是六百五十億至七百億。雖然有些產油國有龐大的工業化計劃，例如伊朗將在十年內變成主要工業國家，但這筆巨大的資金是大多數國家難以運用的。

產油國家怎樣處置這六百億盈餘呢？有少錢存在歐洲和美國的銀行呢？有多少是資在已發展或發展中國家的經濟呢？有多用以發展亞拉伯沙漠或委內瑞拉的森林呢工業國的商業銀行對油幣的處理又如何？

美國財政部估計石油的盈餘資金大概百之三十五投入歐洲幣值市場，十八點五投美國，百分之十二點五投入英國，百分之其他已發展國家，百分之六投入國際性機如國際貨幣基金及世界銀行，又百分之四入發展中國家。

但此等估計加起來祇及石油盈餘百分之十五。有人認爲石油出產國的盈餘有一部是從那些不公佈的雙邊協定流入發展中國，雖然謠言謂意大利獲得一項巨額貸欵。此或許大概百分之二十產油國的盈餘流入展中國家。

亞拉伯之投資

很多亞拉伯國家的投資是有其政治原因。雖然亞拉伯國家了解到假如世界的經濟法維持下去時，他們所持有的油元是沒有的。但直至目前爲止，他們對於將油元投歐洲或美國，態度甚爲審愼。雖然曾經有多收購歐洲大企業的宣傳，本文稍後將談其中一些。

另一方面，沙地亞拉伯、科威特及伊朗大量借錢給埃及，而「亞拉伯非洲石油援金」至目前爲止已將欵項借與十四個非洲家。伊拉克及伊朗已願意以賒賬方式售油印度。亞保代比正爲巴基斯坦興建一價值億美元的肥田料製造廠。據英國雜誌「經學人」指出，此等計劃加上其他較少規模和科威特爲亞拉伯經濟發展的基金所負責活動，都顯示出亞拉伯國給落後國家的援，已超出了一般認爲應做的。

第三世界？

由於西方國家報界對產油國過往一年的動採取了可以了解的敵視態度，因此很可產油國在落後國的投資未得到應有的宣傳

但是西方國家所不甚歡迎的便是產油國家鼓勵和支持第三世界成立一些類似產油國那一種控制生產量的組織。去年有些原料和農產品出口的國家已組數幾個控制生產量的組織。這些組織的目的是保障產品的價格和增加其對資源的控制。無可疑問地，產油國用石油爲經濟鬥爭的武器已給很多原料產品國家指引新的方向。

產油國對本國經濟的投資之幅度亦[illegible]意料之外。有些產油國家竟然把石油收入百分之九十投資本國，例如伊拉克，亞爾及利亞，及印尼。這些投資和產油國的入口比預期爲多，使去年油元的盈餘比預測爲少。去年初油元的盈餘估計達八百億。

對內投資將會繼續增加，產油國宣佈了很多龐大和昂貴的計劃如化學工廠，石油化工廠，肥田料製造廠，煤氣製造等。根據伊朗的財政部長稱，今後兩三年內伊朗將會用所有石油的收益來發展本國。

因此關於所謂處置油元盈餘而成問題的祇是一小撮國家，例如沙地亞拉伯，利比亞，和科威特等。雖然盈餘的銀碼會增大，但實際上是會下降的，根據產油國的意見，五年內便可以恢復收支的平衡。

持這意見的根據是：第一，大概要五年時間才可以作出怎樣用錢的重要決定，獲得需要的專門技術，建好經濟的構架，然後着手建造各項計劃，使它們可以使用。第二，通貨膨脹將繼續，雖然速率可能緩慢，因此產油國入口支付繼續增加。第三，亞拉[illegible]油國是將多數的財富予以私人運用，而他們的行動是比政府快捷的。

再者，有些國家如伊拉克，伊朗及委內瑞拉對它們有限的石油存量減少表示憂慮，並準備減產。如果主要工業國所提議的能源保護和自動約束的計劃得到一半的成功，這無疑是對產油國減產的一種鼓勵，又使油元盈餘減少。那些對大量油元無法處置的國家可能決定最佳辦法還是將石油留在地底。

據估計今年通過金融機構（主要是銀行，政府，和國際組織如國際貨幣基金會，世

A Year of Petro-flation

'UNLESS an urgent inter-governmental solution to the financial problems raised by recent oil developments is found, a worldwide slump is inevitable.'

The Chairman of British Petroleum, Sir Charles Drake, made this pronouncement last November. He expressed fears shared by businessmen, economists, bankers and politicians alike. And one might add that many economists claim that the 'worldwide slump' is already upon us. The five-fold increase in oil prices in the space of 15 months, it is suggested, could lead to worldwide financial collapse, economic depression and, at the extreme, revolution and war.

Some 15 months ago Hong Kong experienced its first taste of the oil crisis. The crisis at that time was seen largely in terms of supply. *The Bulletin,* in an article published in May, suggested that the only real shortage was the availability of money to pay for supplies. 'Of course you can have all the oil you want — if you'll pay for it,' our cover proclaimed.

Looking back with the wisdom of hindsight, one feels the events of winter and spring a year ago belong to another century, so remote and almost superficial do they seem. Hong Kong weathered that particular crisis with only one longer term scar — the increases in energy prices that still obtain to this day. And since then events have moved on to new, probably more serious, dimensions.

Last year, largely as a result of the increased cost of oil, the world's major non-Communist industrial countries — i.e. the members of the Organisation for Economic Co-operation and Development — are estimated to have run up a current balance of payments deficit of around US$40 billion. They are expected to be in the red to roughly the same tune again this year. This deficit, moreover, came on the heels of a US$10 bn. surplus in 1973.

The only major OECD countries which continue to show a large surplus are West Germany and the Netherlands. West Germany has in fact continued to increase its surplus due to a slackening of demand in the home market coupled with a sustained export boom, while the Netherlands also manages partly to offset oil costs with exports of goods.

But the UK, on the other hand, is now paying £2,500 million more for five per cent less oil than it was in 1973. Italy and France are also heavily in debt. And some of the developing countries have been set back even more severely by the heavy burden of oil imports. More than one is reported to be on the verge of bankruptcy, having almost exhausted available monetary reserves. Their burden has been partly offset by the generosity of the oil producers, who so far have pledged more than US$10 bn. in development loans, investments and relief-aid to developing third world countries.

The shift of wealth from the oil-consuming to the oil producing nations over the past year has thus been on a massive scale. Total oil revenue of the OPEC nations should reach $116 bn. this year, compared with an estimated revenue of $101 bn. in 1974 and only $22 bn. in 1973. Thus within the short span of two years, OPEC revenues will have increased more than five-fold. Added to this is income from investments and interest earnings from the surplus funds, variously estimated at around $4 bn. last year and rising to about $9 bn. this year.

The IMF has estimated that the oil states' total surplus last year was $60 bn. and this year will be in the region of $65-70 bn. This is a much larger sum of money than most of these states are capable of spending themselves, despite ambitious plans for industrialisation by some of the oil-exporting countries, such as Iran, which promises to be a major industrial power within a decade or so.

What have the OPEC countries been doing with that $60 bn. surplus? How much has been placed on deposit in banks in Europe and the US? How much has been invested in the economies of developed or developing countries? And how much will help to develop the Arabian sands or the Venezuelan jungle? How has the commercial banking system of the industrialised countries been coping with 'petrodollars'?

The US Treasury estimated recently that 35 per cent of the oil surpluses went into the Eurocurrency markets, 18.5 per cent into the United States, 12.5 per cent into Britain, nine per cent into other developed countries, six per cent into international institutions like the IMF and the World Bank, and four per cent into developing nations.

But these estimates account for only 85 per cent of the surpluses. There is a steadily growing gap between the calculated OPEC surpluses and the placements which can be traced to markets under the surveillance of the developed world's financial institutions. It is suggested that a rapidly growing slice of the total OPEC surpluses is being lent directly in undisclosed bilateral deals, mainly with developing countries — though there are rumours too of a large loan to Italy. Perhaps therefore as much as 20 per cent of OPEC surpluses is going to developing countries.

Politics

There are clear political reasons for much of the Arab investment. While the Arabs are naturally sensible enough to appreciate that their petro-billions would be useless in a world economy which was no longer viable, they have so far shown some caution in re-investing the oil money in Europe and the US, although there have been a few widely publicised takeovers or purchases of large stakes in major European companies, some of which we discuss later in this article.

On the other hand, Saudi Arabia, Kuwait and Iran are lending large sums of money to Egypt, and the Arab-African Oil Assistance Fund has so far lent money to 14 African countries. Iraq and Iran have both agreed to sell oil to India on credit, and Abu Dhabi is building a US$100 million fertiliser plant in Pakistan. These projects, plus scores of smaller or less conspicuous deals, plus the activities of the already established funds led by the Kuwait Fund for Arab Economic Development suggest, according to the British magazine *The Economist*, that the Arab countries are doing more than is generally supposed for the poorer countries.

In view of the understandable hostility shown by much of the Western press to OPEC oil moves during the past year or so, it is possible that OPEC investment and aid in under-developed countries has received less publicity than it deserves.

However, a less welcome trend for the industrialised countries is the support and encouragement which OPEC has been giving to Third World countries to set up cartels along the same lines as OPEC itself. During the last year alone several producers organisations have been set up representing raw materials and primary products exporting countries. The avowed aims of these are to safeguard prices and increase their control over resources. Undoubtedly the OPEC use of oil as a 'weapon of economic struggle' has pointed the way for many other raw materials-producing countries.

The OPEC countries are also investing more than was expected in their own economies. Some of the oil states are investing up to 90 per cent of petroleum revenues internally — for example Iraq, Algeria and Indonesia. This, coupled with a higher than expected level of imports by OPEC countries in the first year after the price increases, helped to keep last year's petrodollar surplus smaller than was originally forecast. Earlier in the year estimates as high as $80 billion were being made.

This internal investment is likely to grow. Huge and expensive projects have been announced by many of the OPEC countries — in chemicals and petrochemicals, fertiliser plants, gas production, and so on. Iran, according to her Finance Minister, will be spending all her revenues on internal development within two or three years.

Disposal problem

Thus the 'problem' of disposing of huge petrodollar surpluses is actually shared by only a handful of Arab countries — viz. Saudi Arabia, the United Arab Emirates, Qatar, Libya and Kuwait — and may turn out to be a fairly short-lived problem. Even if the amount of the surpluses increases, in real terms it is far more likely that it will decline, and the balance may be restored within five years. This anyway is the view of the OECD.

The principal grounds for this view are, firstly, that it takes about five years to make important decisions about how to spend the money, acquire the necessary expertise, put down the infrastructure, build the various projects, and get them working. Secondly, inflation is likely to continue at only a slightly slackened pace, continually pushing up the OPEC countries' import bills. And thirdly, the Arab oil producers are putting much of the wealth into the private hands of individuals who can act more quickly and spend faster than governments. Many of the recent Arab purchases of stakes in large Western companies — for example, 20.7 per cent of Richard Costain, the British contractor, or 1m shares of Occidental Oil — have involved individual Arab businessmen.

Furthermore, some countries, including Iraq, Iran and Venezuela, are reportedly greatly concerned about excessive depletion of their limited oil reserves and are contemplating production cutbacks. If proposed energy conservation and restraint programmes announced by the major industrial countries are halfway successful this should act as a further incentive for OPEC to cut oil output, which will in turn reduce OPEC surpluses. The countries with unmanageably large surpluses may well decide that the most commercially sound policy is to leave their oil in the ground.

Recycling

It has been estimated that recycling this year through financial institutions (mainly banks, governments and international organisations like IMF and the World Bank) will account for two-thirds, or some $38 bn. of the surplus oil funds. These will be in the form of Eurodollar deposits in London, deposits in US banks, the purchase of various money market instruments in the US, and deposits in European and Japanese banks and money markets. Large sums are also expected to be invested in sterling securities.

What does the term 'recycling' mean? The industrialised countries pay billions of dollars for their oil, OPEC lends the money back to banks in the US and Europe, and these banks relend the money where it can be put to use. In theory recycling is fine, but there are those like Sir Charles Drake, who have visions of OPEC oil funds swamping the money markets and thus contributing to a world slump. They see prolonged recycling leading to a pyramiding of debt and interest payments that some nations might find insupportable. The net result would be that some countries might go, quite literally, broke. Recycling, they say, is no kind of solution to the balance of payments problem.

Not only does recycling mean ever-increasing debt, but more realistically, the piling of bad debt onto good debt. According to the Chairman of the US Federal Reserve, Arthur Burns, who should be in as good a position as anyone to judge: 'All the talk of recycling is — an escape from reality. The reality is that the financial problems caused by high oil prices are unmanageable.'

The private banking systems of the industrial countries are stretched tight with the surplus oil funds. Some major international banks are already reportedly showing a strong reluctance to accept any more oil money. Coming on top of a world economic slowdown which was apparent even before the huge oil price increases, this burden could, the analysts fear, be the final blow that knocks recession into depression.

So far the international commercial banking system has coped remarkably well with petrodollars. There were a few bank failures in Europe and the US last year, but these were typically the result of foreign exchange speculation, and had little to do with the flow of oil money. However, some financial experts believe that banks might start running into oil-related difficulties this year if the flood of petrodollars continues unabated.

The difficulty is that much of the oil money is on short term deposit in the banks, which makes it difficult to put it to constructive use. What the developed countries would prefer is long term loans to, or investments in, the countries to whom the producers sell their oil.

Fear for assets

There is also reportedly a fear among some oil states that assets placed in oil-consuming countries might be subject to confiscation or nationalisation as retaliation for increased oil prices. (One enterprising gentleman, it is reported, suggested that the simplest solution would be for the US to sell General Motors and US Steel to the Arabs and then have the US Government nationalise the companies!)

There has been some Arab interest — mainly from Kuwait and the Gulf States — in buying equities. Britain has attracted some of the portfolio funds, but the stronger German economy has attracted more. Not surprisingly, this kind of investment has raised fears among western countries that large segments of their industry are about to fall into the hands of oil-sheiks. In Germany the most notable ventures by Arab governments or individuals so far have been a 15 per cent share in Daimler-Benz purchased by Kuwait and a 25 per cent stake in the steel subsidiary of the huge German conglomerate, Krupp, to Iran. In Britain too large stakes have been bought in a number of companies, including Lonhro and Costains.

While it might be politically difficult for Arab countries to start buying large chunks of western industry, it would at least provide a healthy inflow of fresh capital into those economies such as the British, which have been suffering from a shortage of investment.

What happens to the world economy in the coming months, and years, will depend to some extent on the respective policies of the 'two sides' — OPEC (and perhaps other developing countries) on the one hand and the OECD countries on the other — and perhaps even more on whether or not there is cooperation between them. The Chairman of BP was understandably frustrated at the lack of progress shown by western governments in finding an 'inter-governmental solution' to the oil problem.

However, there have been some more hopeful signs of cooperation recently. An agreement was reached by members of the IMF in January to set up a special fund to help any member country which finds oil debts intolerable. The special fund, which amounts to $6,200 million, would be borrowed from the oil producing countries for relending where it is most needed. At the same time a separate agreement was reached by the finance ministers of The Ten (i.e. the US, Canada, Japan, Sweden, and the main EEC countries) to set up a 'safety net' amounting to $25 bn. for the exclusive use of industrial countries experiencing severe balance of payments problems, but to be used as a last resort only. These measures however are aimed at helping the patient rather than curing the disease. If any long term solution is to be worked out, it is essential for the producers and the consumers to work in cooperation rather than as economic foes.

Should OPEC substantially raise oil prices again the burden of debt suffered by some of the consumer countries might become intolerable. On the other hand, it should be remembered that the Finance Ministers of Germany and the US, Messrs Schmidt and Schultz, were both arguing that the new oil prices were 'impossible' more than a year ago. And many other people in government and business were asserting confidently that oil prices would fall in the second half of 1974. In fact new oil prices have proved only too 'possible', and the growth which can be expected in production of alternative sources of energy, as well as of non-OPEC oil, in the near future, can only be small.

OPEC has said that it will adjust prices from time to time to keep pace with inflation. But on the other hand, OPEC must be aware that drastically to raise prices again would benefit no-one. In the last analysis the welfare of the OPEC countries depends on the welfare of their customers.

Cooperate in trade

One area where there must be cooperation among the developed oil consumers is in trade. It is tempting for these countries to boost exports, devalue currencies, and curb imports as a means of restoring the balance of payments, but this would inevitably lead to a vicious circle of more devaluations, more expensive imports, more inflation and — perhaps most importantly — further increases in the price of oil.

In 1929 the US and European countries all tried to boost exports and lower their imports. This led to the US enactment of the Hawley-Smoot Tariff Law, sharply boosting many tariffs, and retaliation by many of its trading partners. Some countries are still trying to reduce their trade deficit in this way, for large deficits are politically unpopular.

Last year, HK's oil imports (to November) increased by HK$1,229 Mn. or 182 per cent over the 1973 figure. Our visible balance of trade deficit over the year was some HK$4,000 million compared with $3,000 million during 1973. Although it would be gross over-simplification

cont'd Pg. 25

Pen Profile

C. B. Murray

THE subject of this month's *Pen Profile* is a trade commissioner who has served in Hong Kong somewhat longer than most of the overseas trade men previously featured. Colin Murray, New Zealand's chief trade representative in Hong Kong, has been here since July 1972. But his links with the Colony date considerably further back.

'New Zealand representation here began in early 1959. I came over soon after to relieve someone for a spell. But in those several months that I was here, Hong Kong made a tremendous impression on me which made me long for a posting here.'

Colin Murray was born in Dunedin in the south of New Zealand, in 1926. He received his early education on the west coast and finally ended up in Wellington. He joined the Department of Trade and Industry after what he describes as a 'brief and very undistinguished spell in the army'. His first posting was to Tokyo. That was in 1947. 'I was there from the day we first had representation in Japan.'

Since then Colin Murray has served in Japan on several other occasions. But it was that first posting which made all the difference — he met his wife. 'She used to be secretary to the Australian Trade Commissioner.'

Having deprived the Australian Trade Commissioner of his secretary, Colin Murray remained in Japan until 1953 when he returned to New Zealand. 'I went back to Japan in 1963 and stayed there till 1966. But I don't speak Japanese. Learning a language is a full-time job and having a Japanese wife who speaks English makes me lazy. She is however teaching our four-year-old daughter the language and I can manage at her level!'

When Colin Murray left Japan in 1966, he didn't know he would return once again, this time to one of the most memorable experiences.

1970 was Expo year and the bearded New Zealander with the easy-to-talk-to manner and sense of humour was New Zealand's Deputy Commissioner General at Osaka.

'It was almost unbelievable. It's hard to imagine a larger expo than that although every time they have one it gets larger than the last one. Expo 70 was a wonderful place. I found it so good to see such spirit of cooperation among the people involved. That was probably what made it so exciting. Meeting people and getting along with them — that is what trade and a trade commissioner's job is all about.'

He continued, 'It's interesting to see so many people here who were at Expo. One such person is Michael Spencer, the Canadian Trade Commissioner, who was recently featured in *Pen Profile*.'

'Hong Kong is really the place to meet people. We receive so many visitors. When I first came to Hong Kong, it whetted my appetite to come back here. Throughout the years I kept my fingers crossed that I would come back.

There have been a lot of changes here but my feelings have not altered. One quality I admire is the diligence

Picture Briefing

A. A luncheon was held on January 17 in the Chamber Boardroom for officers of the Chinese General Chamber of Commerce. A special scroll with the character 'longevity' was presented to a Vice Chairman of the CGCC, Mr. S. Y. Tang, who celebrated his 80th birthday about the same time. Seen with Mr. Tang are Mr. J. J. G. Brown, Chairman of the China Area Committee, and Mr. L. W. Gordon, Acting Chairman.

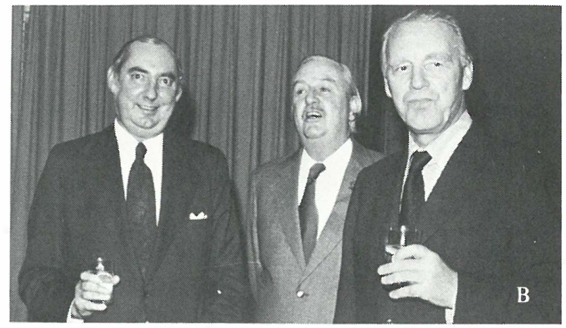
B. Sir Paul Bryan, DSO, MC, MP, Chairman of the Anglo-Hong Kong Parliamentary Group, and Mr. Charles Fletcher-Cooke, QC, MP, visited the Chamber on January 22. Sir Paul Bryan (right) is seen here with Mr. L. W. Gordon and Sir Douglas Clague.

C. A briefing for members of the South East Asia Area Committee on the prospects of two-way trade between HK & the Philippines was given recently by the Consul General of the Philippines, Mr. Rafael A. Gonzales (centre) and the commercial representative in HK, Mr. Jose E. Bustalino (left). Mr. Lim Kee-Chin chaired the meeting.

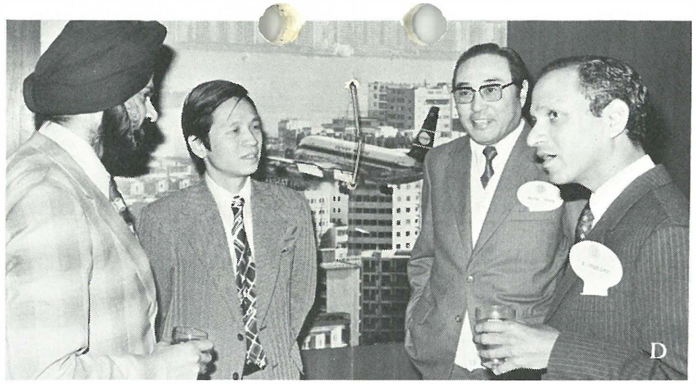
D. An informal meeting on January 30 brought together staff from the Indian Commission and the Chamber. Seen here discussing their individual roles are Mr. H. C. S. Dhody, India's Commercial Secretary, Clement Tsang of the International Trade Department, W. K. F. Wang of the Certification Department and Mr. A. Madhavan, Indian Commissioner in Hong Kong.

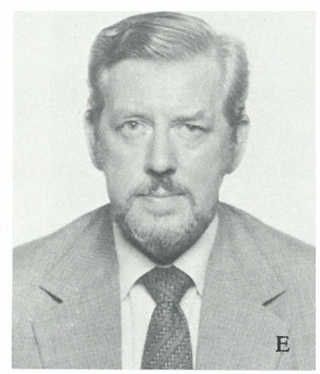
E. Mr. Colin Murray, the New Zealand Government Trade Commissioner in Hong Kong, is the subject of this month's Pen Profile (see page 13).

A


B


C


D


E

of Hong Kong people. There is a strong sense of something being achieved.'

In his present post, Colin Murray does quite a bit of travelling. His trade responsibilities cover the Philippines, Guam and the US Trust Territories in the Pacific.

'I make visits to these areas quite frequently. However New Zealand is extending its official representation in Asia and the Philippines is to have a resident representative soon.'

'The Trade Commission here is also associated with trade work in China and works closely with our Peking counterparts. I visit the Kwangchow Fairs regularly. In fact that is where I often meet my colleagues in the other local consulates and commissions.'

On New Zealand's trade position with China, Colin Murray said that trade between the two countries had grown tremendously and that New Zealand exports to Hong Kong and to China rank equal.

Goods measure up

'New Zealand has a lot to offer. First there are the conventional dairy items, butter, milk, cheese. Then the beef and the lamb. Wool yarn for the local carpet and knitting industry.

'New Zealand has a population of three million. What most people don't seem to realise is that three-quarters of this population live in urban areas. New Zealanders have a fairly high per capita income and their taste for quality has meant that our manufacturing industries must measure up to their high standard. New Zealand is now ready to supply a wide range of manufactured goods to foreign markets.'

'It seems logical for us to trade with South-East Asia. After all, we are neighbours.'

Colin Murray explained the cause for Hong Kong's increased trade with New Zealand which in 1974 amounted to about HK$450 million.

'I think it's because Hong Kong has become much more aware of New Zealand as a handy and convenient source of supply. At the same time our businessmen are actively engaged in developing markets in this region.

'Besides the previously mentioned items, New Zealand supplies Hong Kong with refrigerators, deep freezers and electrical components. These three imports were valued at $3.42 million in the January to November period. During the same period, Hong Kong received $5.10 million worth of newsprint and other paper products, $4.44 million worth of toilet and pharmaceutical preparations, and most Chinese restaurants here serve New Zealand abalone.

'However our major imports are still meat and meat preparations (which in the first eleven months of 1974 were valued at $24.41 million), textile fibres ($20.20 million), non-ferrous metals such as aluminium ingots and alloys ($17.49 million), fruits and vegetables — mainly apples and pears but also including typical New Zealand items like kiwi fruit and

cont'd Pg. 25

Polytechnic Harvest

OBTAINING employment, in present circumstances, is not the easiest of tasks. Newspapers report growing numbers of unemployed and under-employed. For students about to graduate this summer, anticipating their impending advance into the ranks of job hopefuls, the prospects might seem depressing.

These graduates will be more in number and vying for less jobs than in recent years. They realise that they stand a lesser chance when in competition with the more experienced man. It is therefore no bad thing that an educational institution should aid its graduates in the search for suitable career opportunities.

At the moment one such organisation, the Hong Kong Polytechnic, is in the middle of a campaign to boost employment opportunities for its young students. This 'job assistance programme' is being administered by the Polytechnic's Student Welfare Unit headed by Mrs. Rita Fan.

Mrs. Fan explained why the Polytechnic is so actively involved in seeking jobs for its graduates. 'This year 800 students about the age of 20 to 22 will be graduating. Some will be holding Ordinary Diplomas while others will have Higher Diplomas or Associateship qualifications. They have been trained in disciplines such as production and industrial engineering, electrical engineering, design, accountancy and others. Many of them have taken professional examinations.

This summer there will be on the market 96 graduates of accountancy and management studies, 52 graduates from the building and surveying department, 119 from business studies, 58 civil and structural engineering graduates, 25 designers, 99 electrical engineering graduates, 117 electronic engineering graduates, 30 mathematics and science graduates, 77 mechanical and marine engineering graduates, 92 from the production and industrial engineering department and finally 96 textile department graduates.

Mrs. Fan explained that as the Polytechnic was a relatively new institution, she felt that a number of companies were still unfamiliar with the various courses being offered. 'Prospective employers will be especially interested in the contents of our courses in order to decide on the type of graduate most suitable for the kind of work they have in mind. The Unit is always ready to provide them with such material and general information on the Polytechnic.

Vital courses

Individual subjects are covered in greater detail that many people imagine. All the courses offered by the Polytechnic are vital to the economy of Hong Kong.

For instance the Department of Textile Industries covers courses in yarn manufacture, cotton weaving, cotton spinning, textile chemistry, textile technology, fashion and clothing manufacture and fabric manufacture. The Department of Business Studies goes into the theory of economics, accounting, statistics, general principles of law, banking, computerisation, investment, finance of international trade, marketing, elements of transport, insurance, communications and secretarial studies.

'What we are producing here is a group of practical-minded and skilled young persons. The courses have been designed with a view to meeting the changing and growing needs of the community, and primary consideration is given to the employment prospects of the students in curricula planning', says Mrs. Fan.

'Students are also required to attend a compulsory period of practical training each summer, when they are attached to firms, companies, sites, factory offices or workshops, or allied organisations where they can gain practical experience in a work situation. The advantages of these arrangements are obvious.'

Mrs. Fan went on to quote the past performance of Polytechnic graduates. 'The majority of Polytechnic Diploma and Certificate holders are able to find suitable employment in fields appropriate to their education and training. Out of 290 Higher Diploma holders of 1973, 191 were employed as assistant engineers, executives, supervisors, professional and management assistants, and trainees in commerce, industry, Government and other private and public establishments. Most of the 163 Technician/Ordinary Diploma holders were employed as staff trainees, supporting staff in professional practices and technicians.'

Mrs. Fan also revealed that the Department of Languages at the Polytechnic has offered to help the Student Welfare Unit in its job assistance programme by giving classes in English to students of other departments. The classes will instruct the students on how to approach the job market, how to apply for posts and what employers will be expecting from them. The heads of other departments appear enthusiastic about these classes and are encouraging their students to take part.

'We organise throughout the year career talks, visits and seminars which encourage communication and understanding between the students and employers. Students then have some idea about the companies and their work before submitting applications. We can co-ordinate such functions on campus or at the companies' offices.'

Mrs. Fan said that staff members in the different Departments were always ready to talk with executives to explain the work of the individual departments, the subjects offered and the students. The Unit staff will also make personal visits to employers and information gathered during these visits will be compiled into a recruitment file for the reference of interested students. Arrangements can also be made for selection interviews on the campus.

Mrs. Fan and her staff at the Unit have more to tell about these facilities for employers. Write to her care of the Polytechnic or dial 3-634226 Ext. 52.

Imports American Style

'TOO many US companies have looked upon Hong Kong as relatively small and relatively poor. We, of course, know better. Four million people do not constitute a neglible market.'

So said the Deputy Principal Officer of the US Consulate General in Hong Kong, Mr. Norman Getsinger. And if we add that these four million people have the highest per capita income in Asia outside Japan, and that Hong Kong has one of the strongest economic growth rates in the region, we can see that Hong Kong offers a sales potential which no aggressive exporter should fail to examine.

Yet, as Mr. Getsinger pointed out, many large US firms have viewed Hong Kong only as a springboard for selling to other Asian countries, while ignoring the sales potential right under their noses.

Today therefore when the normal trend in so many aspects of business is downwards, it is pleasing to report that Mr. Getsinger's message is appreciated by an increasing number of US suppliers.

Last year the US was HK's third largest supplier, behind Japan and China. In fact at the present rate of increase it looks set to become number two in the near future. During the past two years the US share of the HK market has grown from 11.9 percent in 1972 to 12.8 per cent in 1973 and then to 13.8 per cent between January and October 1974. US exports grew by 41 per cent, from HK$2,855 million in the period January to October 1973 to HK$4,031 million in the corresponding period of 1974. Looked at from a longer term perspective, the trend does to some extent follow a switchback, in that the US was also supplying almost 14 per cent of HK's imports during the mid-Sixties, but then in the latter part of the sixties and early seventies, the US appeared to lose out to some extent, largely, as far as one can assess, in favour of Japan.

Bulk of sales

Recent growth rates look impressive when we consider that oil does not figure amongst US exports to HK. The bulk of sales growth has been in raw materials, capital goods and consumer goods — areas where the principal competitor is Japan. Hong Kong's purchases from the United States of textile fibres, principally raw cotton, grew by a further 150 per cent in the period January to October 1974, after having trebled in 1973 over the preceding year.

Heading the list of imports from the US was still electrical goods, including electronic components, parts for computers, and so on. Imports of these have shown a steady annual growth rate over the past few years. And also registering strong growth were HK purchases of US-made cameras and optical goods, watches, clocks and other scientific equipment. These grew by 80 per cent between January and October.

In contrast to many markets, where industry adopts a protectionist stance, HK welcomes this trend. There has been much exhortation to diversify HK's export markets to avoid placing all the proverbial eggs in a handful of baskets, and the same principle holds equally true for suppliers. Any increase in imports from the US represents a corresponding shift away from over-dependence on a few limited sources. Both manufacturers and consumers in HK seem to have discovered in recent years that, following successive devaluations of the US dollar, US products are very competitively priced. And, of course, in terms of quality and technical superiority these products are rarely surpassed.

While HK exporters complain that devaluation of the US dollar undermines the competitiveness of their exports to the US, in all fairness it should be stressed that HK imports from the US have in the past year or so been cheaper in real terms. And a large part of these imports is made up of raw materials and capital goods.

As for the consumer market in Hong Kong, while purchasing power in HK, in common with almost everywhere else, has temporarily wilted under the double onslaught of inflation and falling trade, in the long term this market must present a good target for US consumer goods.

Some of the increased growth can undoubtedly be traced back to the highly successful 'American Fortnight' held in Hong Kong at the end of 1973 under the joint auspices of the American Chamber of Commerce in Hong Kong and the US Consulate General. The Fortnight's prime achievement was the shattering of the myth prevalent among many US exporters that there was no HK market. The two-week promotion yielded an estimated HK$20-30 million of business over and above the predicted seasonal average, of which more than half was business transacted during the Fortnight itself. More important still, the spurt in sales growth was sustained more or less throughout 1974.

A second American Fortnight is planned for October/November this year, which is expected to achieve even greater successes in promoting US products, particularly industrial and consumer goods.

Attractive proposition

Hong Kong also continues to be an attractive proposition for overseas industrialists, particularly US industrialists, and as a regional headquarters. In the latter case we hope that US (and other) companies will not overlook the sales potential which exists in Hong Kong itself. Indeed this potential should be a factor in any decision to set up an office here. For any further information about the American Fortnight please contact the organisers — the American Chamber of Commerce in Hong Kong, or the United States Consulate General — The American Chamber of Commerce in Hong Kong, 322 Edinburgh House, Hong Kong. Consulate General of the United States of America, 26 Garden Road, Hong Kong.

Forum

Comments on the Shelving of the Oil Refinery

The shelving of the proposed oil refinery and petro-chemical project in no way signifies a loss of business confidence in Hong Kong, and once the world economy begins to pick up again the consortia involved in the project will probably return. This was the feeling expressed by many local business leaders in interviews with the press. The main fear was that the shelving of the project might affect business confidence.

Cecil Chan of the Federation of Hong Kong Industries commented that to embark on such large investment projects would incur too great a risk at a time of universal economic recession. Thus the decision to temporarily shelve the plans must have been expected.

A similar view was held by an economics lecturer at Baptist College, Mr. S.H. Tang, who believed that such projects were being scrapped or postponed all over the world due to a shortage of money and a decreased demand for materials. Moreover the delay in building a petro-chemicals complex will not deprive our industry of a direct supply of raw materials. **(Wah Kiu Yat Pao** 18. 1. 75)

Mr. H.S. Ting, Vice Chairman of the Hong Kong Plastics Manufacturers Association and member of the Chamber's General Committee, also believed that the postponement of the oil refinery project would cause no great problem. However, the announcement, coming on the heels of the Japanese withdrawal from the Mass Transit Railway project created a false impression that the HK economy was shaky, he said. The Government therefore should act to counter this impression as far as possible and to restore local and overseas confidence in HK's future, he said. **(HK Economic Journal** 16. 1. 75)

Apart from the unfortunate coincidence of the international economic slump and the energy crisis Hong Kong has lost out in the refinery field because it has been a late starter, said a **Hong Kong Standard** editorial (17. 1. 75). The postponement may be for several years or even indefinitely, resulting in Hong Kong losing out on millions of dollars of investment and an assured supply of plastics and textile raw materials. By contrast the wisdom of Singapore's early start is clearly demonstrated, said the paper.

The **South China Morning Post** summed up the TAL/TOA and Shell/Dow decisions most succintly when it said: 'The decisions were not a vote of no-confidence in HK so much as a reflection of the present international economic situation.' (17. 1. 75)

Upturn in Textiles, Garments and Toys?

There have been several reports recently of increased orders for the garments and textile industries. While it would be unwise to read too much into these reports, they do suggest there has been some improvement even if it is fairly short-lived.

There have been increased orders for Hong Kong fabrics from the US, reported the **Kung Sheung Daily News** (26. 1. 75). Most of the orders are for cotton fabrics, for at least 300,000 yards to be delivered in February/March. Further orders are expected after the Lunar New Year holiday, the paper said. At present some large and medium sized cloth factories are operating 70-80 per cent of normal capacity, which is an improvement on the situation in earlier months. Some factories have improved their efficiency and the quality of their goods by using fully automated machinery.

The same paper reported on 24 January that there had been more orders in the garment industry as a result of price reduction by local manufacturers at the end of last year. In addition, our garment manufacturers can make delivery within 45 days of the order date as they have enough skilled workers and the materials are readily available. Other countries are unable to do this, and this had enabled the Hong Kong garment industry to keep its head above water in the face of strong competition from neighbouring countries.

Sing Tao Jih Pao (31. 1. 75) also reported an upturn in orders from the USA, West Germany, Italy and Denmark. These were enough to keep some local garment factories fully operational for at least two months. In fact a few factories had even re-introduced night shifts. It is significant moreover that some of these orders have been received as a result of visits to the US and Europe by the manufacturers' representatives.

There is hope for an upturn in exports of HK-made plastic toys in April or May, according to **Ta Kung Pao** (25. 1. 75). Local manufacturers have reduced their price in order to promote sales, said the paper. Moreover, many HK toy manufacturers and exporters will be participating in major international toy fairs in West Germany, the US and Italy this year. These should provide an added boost to the industry.

A Japanese businessman who stopped over in Hong Kong on his way home from the Middle East told **Wah Kiu Yat Pao** (24. 1. 75) that the Middle Eastern market was currently flooded with imports from many countries. This huge influx of goods has caused sales to be sluggish and created a tight money situation. Taiwan, South Korea, Singapore and Hong Kong are all frenziedly competing against each other in the area, promoting sales of their products such as radios, watches and clothing. The businessman believed that it would take at least six months for the Middle East market to absorb all the goods. Thus these markets were bound to cut down on imports. The only way to carry on business with Middle East markets is for exporting countries to lower their quoted prices as much as possible, he suggested.

A British Manager of a Kuwait Bank also told the newspaper that the vast amount of imported goods is more than the Middle East market is capable of consuming.

PETRO-FLATION—cont'd.

to equate the two, it is interesting to note that the increase in overall deficit is just about equivalent to the increase in oil costs. Or to put things another way, had oil prices remained at the 1973 level, HK's trade deficit last year would have *narrowed*.

The only way in which we can offset the higher cost of oil imports is, firstly, through increased exports, and, secondly, by attracting more investment — whether it be Arab, Japanese or US investment. The speed at which the major world economies — in the US, Europe and Japan — recover from the current crisis will depend to a considerable degree on how quickly an all-party solution is reached to the financial problems related to oil prices. But HK's exports and its investment-generating prospects are in turn dependent on recovery in these countries.

We remarked in the February issue of *The Bulletin*, when looking at the pattern of trade with HK's various markets during 1974, that it was difficult to identify the factors that had caused the developed economies to go into recession virtually simultaneously. The outstanding exception to this generalisation is of course energy prices. And although it would be hard to prove that energy costs are the sole source of economic recession, they have undoubtedly played a major — probably *the* major — role, and will undoubtedly continue to do so. Those who thought that the oil crisis ended the day the neon went on again in Wanchai were perhaps over optimistic.

PEN PROFILE—cont'd.

tamarillos ($9.98 million) and of course dairy products and eggs which brought in about $9.07 million.

Mr. Murray informed *Pen Profile* that New Zealand produce was being distributed by a number of agents in Hong Kong, both large and small.

What of our exports to New Zealand? 'Well, they have increased steadily in the past few years and last year registered an astounding 78 per cent increase over the same 11-month period of the previous year. Domestic exports to New Zealand were valued at $294.41 million for the January to November period. The balance of trade is definitely in Hong Kong's favour.

'The major item for Hong Kong was textile yarn, fabrics and made-up articles which accounted for 78 per cent of goods exported to New Zealand last year. Other items included printed matter, toys, clothing, optical goods, watches and clocks, metal manufactures, sanitary and lighting fixtures and fittings, calculating machines, radios and footwear.'

Colin Murray's office is on the 34th floor of the Connaught Centre. The Commission itself serves as a showcase for New Zealand furniture and interiors. Done in warm colours, it gives an idea of what New Zealand has in store for its markets. While the interior of the Commission shows what there is, Colin Murray, his assistant, Peter Finkle, and a local marketing officer set the wheels of buying and selling between New Zealand and Hong Kong in motion.

界銀行等）而得到循環運轉的油元大概爲盈餘三份之二，或等於三百八十億。循環運轉的方式是歐洲美元在倫敦的儲放，存放在美國銀行，在美國金融市場購買的有價證券及存放在歐洲及日本銀行。有大批資金亦將投入英國股票。

「循環運轉」

循環運轉這個名詞作甚麽解釋呢？工業家以美元購入石油，產油國將所得美元借回歐洲及美國的銀行，這些銀行再將美元借出可以運用的地方。在理論上循環運轉是好的，但有些人好像查理德基爵士的看法一般，以爲石油出產國的錢充積金融市場而釀成世界不景氣。他們認爲長期的循環運轉引致金字塔式的債務，有些國家是難以支持的。結果有些國家會破產。他們以爲循環運轉並不是解决收支平衡的辦法。

不但循環運轉表示債務有增無已，而且更實在的是，討債和負債堆在一齊。美國聯邦銀行儲備金委員會主席柏恩斯說：「所有關於循環運轉的說法都是逃避現實，實際上高油價帶來的金融問題是無法處置的。」以其地位而言，他的判斷當然比得上任何人。

工業國家的私有銀行已被石油存欵拉緊，一些主要的國際性銀行已經不願接受更多油元。專家分析認爲——世界經濟增長放緩在油價未報漲前已經有若干跡象，現時所積聚的油元，可能將經濟衰退變成經濟蕭條。

油元溢滿

直至目前爲止國際的商業銀行對油元應付得很好。去年數家銀行在歐洲及美國倒閉了，但都是投機外匯的結果，與油元的流動無關。有些財經專家相信，假如油元繼續氾濫的話，銀行可能遇到石油帶來的困難。

困難之處在於油元都是短期的存放在銀行，因此很難加以有建設性的運用。發展中國家會選擇長期性的貸欵或投資。

產油國之投資

有報導謂產油國恐防在用油國裏之資產將被充公或收歸國有，作爲油價增加的報復。（據說有人曾經提議最簡單的解决辦法是美國將通用汽車公司或美國鋼鐵公司賣與亞拉伯，然後美國政府將之收歸國有。

有些亞拉伯國家，主要是科威特和其他波斯灣國家，買入某些股票。英國吸引了一些這類的資金，而經濟較强的德國所吸引得更多。此等投資當然引起西方國家的恐懼，深怕一大部的份工業落入那些石油酋長手中。在德國最顯著的是例子是科威特購入平治汽車百份之十五的股權及伊朗買入克老伯鋼鐵廠百份之二十五股權。英國一些大公司亦被亞拉伯購入股權。

雖然亞拉伯國家可能爲了政治上的困難而難於大量收購西方工業，但最少資金流入一些國家例如英國，對那些投資短少的國家，甚有作用。

未來經濟展望

世界經濟於未來數月或數年的發展，要看雙方的政策而定——產石油國家和「經濟合作及發展組織」的成員國，或者雙方是否有充份合作。英國石油公司的董事長對西方國家對石油問題國與國間的解决毫無進展而感到遭受挫折。

但最近顯示合作跡象，國際貨幣基金會員國獲得協議於一月份成立特別基金，帮助任何對石油債務認爲吃不消之成員國，該欵項總數六十二億，將由石油出產國借來而貸與有所需要的國家。另外十國財長（美、加、日本、瑞典及歐洲共同市場主要國家）達成協議，集資二百五十億，爲工業國家收支平衡發生問題時作最後的使用。但這種策畧的目的祇可治標而並不是治本。長遠的解决計劃，主要是出產和消費者相互合作，而不是在經濟上敵對。

油價將續升？

如果產油國再度提高油價的話，有些消費國對這項負債將無法忍受。另一方面，一年多前西德及美國的財長都說新油價是沒有可能的。許多在政府及商界的人士都充滿信

地以爲一九七四年下半年的油價會下跌的結果適得其反。

產油國聲明要隨時將油價調整，以便與貨膨脹亦步亦趨。但另一方面，產油國一要明白油價之激增對任何人都無益，從最的分析來看，產油國的福利是要依賴其顧的。

原油貿易

去年至十一月止，香港石油進口較一九三年增加十二億二千九百萬或即百份之一八十二。我們的可見貿易差額是四十億港。一九七三年是三十億。雖然兩者相提並太簡化了事實，但差額的增加等於石油開的增加。

惟一可以抵消石油入口高價的途徑是：一，增加出口，第二，吸引更多投資，無是亞拉伯，日本或美國。主要工業國的經好轉其速度有待各方面在與油價有關的財問題上達成解決，而香港出口增加及外來資的展望有待此等國家的復元。

我們去年二月的「會訊」談及一九七四香港各市場的貿易形勢時曾以爲很難指出工業國經濟同時衰退的因素。惟一的例外油價的高漲，雖然油價高漲並非是經濟衰的惟一原因，但無疑地是主要的原因。所當香港晚上霓虹燈不受管制後便以爲危機過是過份樂觀的。

美國雙週日

「許多美國公司均視香港爲一狹及貧乏之地區。但如所週知，此間容居民四百多萬，決非一渺小之市。」

上述之言爲駐港美領使副貿易官——簡格先生所發表之意見。假若我們對此加以充：而香港經濟增長率强穩爲亞洲地區內冠，基於此，可見香港頗具貿易之潛力，有闖勁之出口商所不可忽視之地區。

但簡氏指出：許多大規模之美國商行以香港作向其他亞洲各國銷售之跳板，因而忽畧了香港之貿易潛力。

去年美國爲香港之第三位主要供應國，僅隨日本及中國。從其目下之增長率看來，在不久將來可升至第二位置。

過去兩年來，美國所佔之香港市塲已由一九七二年之百份之十點九增至百份之十二點八，於一九七四年首十個月間又增至百之十三點八。

美國輸港之產品之增長尤以製造原料、生財用具及消費物品爲主——而於該等貨品中，日本是其勁敵。

但從美國輸入之貨品仍以電器製成品、原子配件及電腦零件等爲主。至於美製相機及鐘錶等成績亦頗佳。

近年來，本港之製造家及消費家均發覺於美元貶值後，美製貨品價格頗具競爭性。誠然，該等貨品之質量及製造技巧仍爲上乘。

上述之貿易成績也許有賴於一九七三年末於香港所舉行之「美國雙週」之美滿成果。該項運動乃由美國總商會及駐港美領事所合辦。

本年十月至十一月間，此「美國雙週日」將再度舉行，有助美製貨品——尤其工業及消費品在港之銷售。

有關此節日詳細活動情形請逕向美國總商會（公爵行三〇二室）或美國領事（花園道二十六號）垂詢。

職業輔導

香港理工學院之學生輔導處現正協助該院學生尋找合適工作。該處乃由范徐麗泰女士出掌事務。

據悉，本年夏天約共八百多名學生將於該院肄業完竣服務社會。彼等均爲工商管理、建築工程、設計、數理及電機工程等各系畢業生。各商號如有職位空缺，請與范女士接洽。（電話：六三四二二六——內綫52）

Printed by South China Morning Post, Ltd., Hong Kong.