



The Bulletin

The Hong Kong General Chamber of Commerce

plastics shortage
factory closures
investors pull-out
textiles shortage
stock exchange sluggish
inflation
floating currencies
high rents
multinationals pull-out
wage demands
interest rates up
tourists pull-out

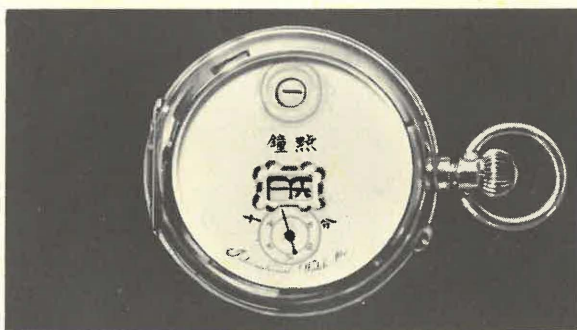
**OK, now let's get down
to the facts—
Have we got problems?**

see page 5

SEPTEMBER 1973



瑞士萬國錶 在八十多年前已製造 跳數錶



並具有中國數字.....

數年前一位瑞士外交家的太太，無意發現一隻寫有中國數目字的舊跳數錶，翻查紀錄之後，發現該錶於一八八七年由瑞士萬國錶廠製造，距今已有八十多年歷史。

我們首先將該錶潔淨，加以潤滑，並換上新發條，然後連續在十四日內進行準確測試，結果顯示該錶平均二十四小時之內，祇有約三秒偏差；其精確程度，不少現代手錶亦自愧不如。瑞士萬國錶的優越性能，又再度獲得證實。瑞士萬國錶廠在八十多年以前已經製作跳數錶，時至今日，萬國錶仍然是最值得驕人的手錶。

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本港上半年度經濟剖視

香港在本年度所面臨之困難較諸過往數年更為繁雜，令人困擾。明顯地，價格不斷飛漲，可幸地，香港並未受到通貨膨脹的影響，但我們斷不可忽視通貨膨脹這一回事。

昂貴的租金引致的困難甚多，但有異於由其他物價飛揚所導致的疑難，而我們所面臨之問題乃是成功之果實，而並非失敗之惡果。

本港所面臨之其他問題，包括製造原料的缺乏，對工業界影响尤甚，但這是一世界性的困難。

其他令本港人仕窘擾的問題為貨幣動盪不已——但這乃是一世界性的困難課題。股市方面，市況呆滯不前，大失所望，有些人更報導不少海外投資人仕把資金調離本港。另一方面，很多人仕對未來旅遊事業的發展有所懷疑；亦有些人仕論及不少海外公司遷離香港。

本總商會有見及此，故於本期「會訊」內研討一下本港目下之經濟狀況。

首先，讓我們細察一下貿易形勢。正如眾所週知，本年度首六個月的貿易狀況較諸過去兩年為佳。於六月份，本港之出口創下新紀錄，這點尤使人不可忽視。在上半年內，本港出口增加百分之十七，轉口又增加了百分之三十九而入口亦增長了百分之二十。這一切，均令人鼓舞非常。

至於經由海港運抵本港之貨品方面，在本年一月至五月間，此等數量為三百六十萬噸，較諸一九七二年同期之三百四十萬噸為多。於一九七三年經海道出口之貨物為一百一十萬噸，而於一九七二年則為一百萬噸。

在啟德方面，由空運抵港之貨物從八百四十二噸躍增至一萬一千四百六十噸。而出口之空運貨物亦由一萬九千零十九噸增

至二萬一千七百七十六噸。

經由火車運載之進出口貨物亦顯示出大同小異的遞增。

讓我們仔細觀察一下貿易形勢，從很多方面顯示，一切均有所進展。紡織原料及生財器具的入口有顯著的增加，消費品數量亦上揚，但食物入口方面只畧增少許。

那麼最近的塑膠原料短缺一事又如何呢？

雖然大家都談論着塑膠原料供應不足，但實際上於本年首數月內，塑膠原料的入口總值已增加百份之三十六，而數量上則增加了百份之二十五。再者，至本年五月，大部份主要的塑膠原料的入口，如Polythene, PVC及Polystyrene等都增加了。事實上，本年度首五個月內，Polystyrene的入口增長數量較諸別的塑膠原料為多。

本港塑膠業人仕於本年四、五月間猝然發覺原料供應短缺。本年五月，Polystyrene的入口從數字看來，確是比前四個月的平均入口數量減少了約百份之五十，但這一情形並未見諸於Polythene或PVC的入口。

在出口方面，電子業有良好的表現，手錶及旅行用品均有所遞增。同樣地，成衣及紡織品的出口亦增加了，而玩具則無任何大變化。

本港之出口市場大致上亦與前相同。為首的十個海外市場共吸取本港總出口百份之七十五，除却加拿大一國外，其他國家均多購近百份之十港製貨品。

香港與其他同一地域的國家間的貿易有超卓的表現，其中尤其以與星加坡及台灣間的貿易為最佳。香港的另一海外市場——日本——兩者間的貿易增加了百份之七十六，於一九七二年，港日貿易曾令人失望。

出入口之貿易乃是香港之命脈，我們在這方面若鞏固非常，那末其他的事物的情形又怎樣？

明顯地勞工就業，是一主要問題。本年三月，勞工處登記數字顯示出共有二萬一千七百九十五個機構僱請達六十一萬六千六百零九名工人。而於六月此等數字均直綫上升——共有二萬二千一百零八個機構，僱請工人六十二萬五千零八十七名。

這些數字全指註冊之工廠而言，如象所週知，尚有無數工廠是並無註冊登記的。從一九七一年人口調查所得數字指示，當時工人人數為一百五十萬，這包括那些身兼副業及擔當「散工」的工人與並無註冊的機構屬下之工人等。

一九七一年人口統計亦顯示出失業人數為勞工人數全數之百分之四點三五。目下，我們很難知道這百分率是否增加或減少了。

勞工處亦指出各工業所呈勞工空缺。本年六月，約共一千一百四十七間機構共有一萬五千三百六十八個空缺職位。在三月，此等數字為一千三百九十四個機構及二萬一千八百三十二個空缺，而去年則為一千二百八十個機構及二萬一千一百五十九個空缺。

換言之，近數月來，勞工就業人數有所增加而空缺數字則減少了。

在過去數月來，我們閱讀到不少有關工廠倒閉的消息，這是否由於公司破產所致？

雖然我們並不知道有多少間公司是自行結束營業，但截止本年七月，共有十九間公司倒閉——其中包括六間破產，十三間奉命結束營業（因為它們是有限公司）。而一九七二年同期數字則為三十六間，其中八間破產，二十八間被迫結束。

讓我們細察一下「公司註冊」方面新近註冊的公司數字，從此可推想勞工就業狀況及海外投資情形等。

本年一月至五月間，本港先後共有二千

六百六十七間新公司登記，而於去年同期則只有一千六百八十一間。在本年五月份亦有七百零三間新成立公司註冊，較諸一九七二年之四百零二間為多。本年五月份亦有六間公司解組，而一九七二年五月份之數字則為三十間。換言之，本年首五個月內共有八十九間公司解散，而一九七二年同期數字為一百一十二間。又本年五月間登記之公司為二萬八千六百四十五間，一九七二年五月之數字則為二萬三千一百九十一間。

於一九七三年五月，共有八百四十七間海外公司在本港開設辦事處，而於一九七二年五月則只有七百九十五間。本年五月共有十一間海外公司註冊，七間解組。自本年一月來，共有三十五間註冊，三十間瓦解。於一九七一年共有一百零七間海外公司在港登記，而於一九七二年則只有一百零一間。

在工業合夥投資方面，一九七二年年底之數字為二百六十七間，而一九七一年年底則為二百六十二間。根據工商處指出，共有二十多間海外公司目下正首次研討有關在港投資之各項事宜。

本「會訊」上期一專文曾指出於本年初，英國投資人仕共把三十至四十五億元調離本港，本港之經濟狀況，也許從銀行借貸及存款方面獲悉其詳。一九七三年六月；銀行總存款達二萬四十六億四千萬，而貸款總額為二萬一十億元。一九七二年六月之數則為——總存款二萬一十億元，借貸一萬三千億四千萬。

我們會審慎細察本港十六間規模龐大的一九七二年十月至一九七三年七月間之報告，該等公司包括怡和、和記、香港置地、香港電燈、太古船塢及香港上海滙豐銀行等。此等公司均顯示出彼等之淨賺利潤有所遞增。其中數間甚至獲得增加百份之一百盈利，而又只有六間獲得增加少於百份之五十（下接第二十七頁）

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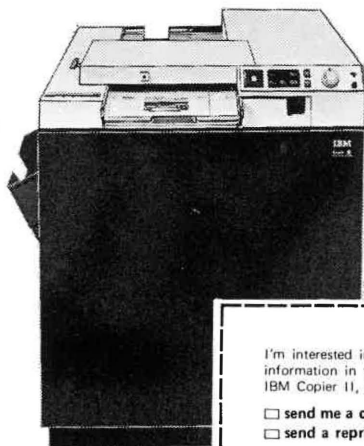
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Facts, Figures - and Doubts

‘EVER since I arrived in Hong Kong over a quarter of a century ago, our businessmen have always been quick to shout about their problems. But while the shouting goes on, they’re also very efficiently taking steps to see that their own interests remain well looked after.’

‘Hong Kong appears to have been on the verge of complete chaos at least once a year for every year I’ve been here.’

The comment was made by a man well known in commercial circles during a recent debate in the Chamber on the credibility gap between, on the one hand, the story shown in the official figures, and, on the other, the story summarised in some newspaper headlines.

This year’s harvest of problems is somewhat more spectacular than those of recent years. It is clear that prices are rising rapidly. For a variety of causes Hong Kong has been relatively free from inflation so far, but it was inevitable that this world wide trend would eventually catch us. Inflation, when it hits, is impossible to ignore since its effects fall on all sections of society. Neither H.E. The Governor nor schoolchildren are immune. Since the stings of inflation are so widespread, it is easy to assume that something drastically wrong is occurring in the economy.

In passing, it is worth remarking that the problems of inflation, unpleasant though they may be, are probably a better alternative to the problems of depression. Our problems, to use a phrase coined, we believe, by *The Bulletin*, are problems of success rather than the problems of failure.

Other problems, affecting immediately only the industrial community, but nonetheless with implications for us all, include materials shortages. At present it is difficult to assess the seriousness of shortages on Hong Kong, although it is reasonably clear that the trend is world wide and thus Hong Kong cannot be entirely exempted.

The pessimists also point to monetary uncertainties as a third cause for gloom. The Hong Kong dollar has not yet been seriously hit, but then the general flux of world currencies certainly hasn’t helped either.

Other dark clouds are the sluggishness of the stock market; reports of vast capital sums leaving the Colony; doubts that have been cast on the future growth of our tourist industry; the alleged exodus from Hong Kong of overseas companies; and the recent rise in interest rates. But these must be regarded as secondary to the big three:—inflation, materials shortages and monetary uncertainty.

With this in mind, *The Bulletin* set out this month to collect as many facts as it could concerning the present state of the economy. We tried to be conservative yet scientific in our approach. We have not assumed that the facts — which are available



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mostly in the form of figures — necessarily mean what they appear to mean. In other words, where there is room for scepticism, we have tried to be sceptical. Where there was opportunity for testing one set of figures against another, we have done so. When an optimistic trend appeared to emerge, we have tried to put its implications modestly rather than dramatically.

The Bulletin has taken a range of figures from different sources. We do not claim that these are the key indicators to the economy, nor do we claim that they are the only indicators. But — we most certainly did not select figures deliberately.

First, the trade scene. As is widely known, the overall pattern for the first six months of 1973 was somewhat better than in the past two years. The fact that the figure for direct exports during the month of June was an all time record is in itself hardly important, but it would be hard to believe that the all round increases secured over the six month period January to June in exports, re-exports and imports was downright bad.

Modest but encouraging

Trying to be cautious, we may claim that a growth rate of 17 per cent in exports, 39 per cent in re-exports and of 20 per cent in imports is modest but encouraging.

The obvious criticism is that these figures hide a high degree of inflation caused by price rises in the costs of

imports which has in turn been passed on to the export customer, and that real growth must be far lower than the figures would suggest.

Cargo

In an attempt therefore to measure growth of volume we examined the tonnage figures for goods entering and leaving Hong Kong. Again, growth — or otherwise — in volume does not in itself necessarily measure real growth but it seems reasonable to assume that any discrepancy between value and volume of exports would provide evidence of either inflation or of trading-up.

Incoming cargo via the harbour in the five months January to May 1973 was 3.6 million tons. During the equivalent period of 1972 it was 3.4 million tons. Outgoing cargo was 1.1 million tons for 1973, and 1.0 million tons for 1972.

At Kai Tak, incoming freight rose from 8,442 to 11,460 tons, and outgoing freight from 19,019 to 21,776 tons. For the sake of completeness, commodities entering and leaving Hong Kong by rail showed a similar pattern, except that outgoing rail freight showed a large increase.

The cargo figures are not as dramatic as the value figures, and therefore reinforce — but not prove — our cautious conclusion that real growth was modest. What is however clear is that it would be hard to use these figures to prove that anything is desperately wrong with our trade.

Looking more closely at the trade picture, the trend of growth was re-

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peated in most particular instances. Imports of both textile materials and of capital goods increased substantially. Consumer goods also rose, but imports of foodstuffs, after allowing a generous margin for price increases, grew only marginally (13 per cent up in value terms, nonetheless).

What have the import figures to say about the shortage of plastics materials? Despite the widely publicised shortage of materials, imports of plastics in fact grew rapidly during the early part of this year — by 36 per cent in value and by 25 per cent in quantity.

Furthermore, up to the end of May, this increase was a straight across the board increase for all major materials, polythene and PVC as well as polystyrene, which has been the material allegedly most subject to tight supply. In fact, imports of polystyrene during the five month period increased considerably more rapidly than did those of PVC.

Hong Kong's plastics industry apparently became aware of the shortage virtually overnight round about April/May this year. The import figures for polystyrene for May 1973 (the latest month for which a breakdown was available) do show a drop of about 50 per cent below the average imports for the previous four months. The drop-off was not however apparent in imports of either polythene or PVC.

The pace setter in export growth was the electronics industry. Exports

of watches and travel goods also grew in what must undeniably be real terms, although these two products are in the second division, as it were, of the export league. In the first division, clothing and textiles sales increased, while toys remained more or less stationary — indeed after allowing for price increase almost certainly declined in real terms.

Apart from toys, the only leading export performers to show a growth of under ten per cent were footwear and wigs, both of which recorded substantial declines.

House on a rock

The pattern in export markets was similar. Among the top ten overseas markets, accounting collectively for over 75 per cent of total domestic exports, only Canada bought less this year than in 1972. Again, all increases were in excess of ten per cent. Trade with our regional partners was especially good, with hefty increases being recorded with Singapore and Taiwan, while Japan — which had been a somewhat disappointing market throughout 1972 — recorded an increase of 76 per cent.

Overseas trade, both import and export, is the rock on which the house of Hong Kong is built. If the foundations showed no sign of crumbling, what happened elsewhere?

Employment is obviously a key area. In March 1973, 21,795 establishments employing a total of 616,609 workers were registered with the Labour Department. By June this had risen to 22,108 establishments

employing 625,087 workers. When these figures are broken down industry by industry, the same pattern appears in major industries—i.e. both number of units and number of workers up.

The critics will once again seize upon the fact that this measures employment only in registered factories, and, as is widely known, countless thousands of factories are unregistered. The 1971 Census put the total working population in excess of 1.5 million. This would include of course the minority group of the self-employed, the 'moon-lighters' and those who were employed in a part time capacity, those in one of the countless out-units making parts for a larger concern, as well as those working for small concerns which for one reason or another were beyond the scope of 'registration'. Nonetheless the gap—approaching almost one million workers—is considerable.

The missing million

Could it be in this 'missing million' that the vast majority or unemployment occurs? Apparently no one knows for sure. The 1971 Census put the overall unemployment rate at 4.35 per cent of the total labour force. No one knows—or is prepared to say—whether it has gone up or down since.

The Labour Department did point out to us that the majority of the missing million are engaged in apparently prosperous sectors of the community, including commerce, construction and services. By no means all of the faceless million work

in unregistered factories or as out-workers in cottage industry.

The Labour Department also produced their figures of vacancies in the industries over which they do keep watch. In June, a total of 15,368 vacancies were recorded in 1,147 establishments. In March this year, the respective figures were 21,832 vacancies in 1,394 establishments. A year earlier 21,159 vacancies existed in 1,280 establishments.

In other words, the number of people at work has increased and the number of vacancies has fallen during recent months.

It would be too easy to suggest that this has occurred as the result of closures and unemployment among the 'unregistered rump,' which has led those formerly employed in unregistered factories to seek work in registered factories. But such a possibility cannot be ruled out. Whatever closures there have been, it is suggested, has occurred mainly among the smaller and therefore unregistered factories.

Since stories of factory closures have been widely reported in past months, and since the available employment figures neither confirm nor deny this, perhaps bankruptcy figures throw a different light on the situation? These however merely confirm the story shown by other figures. Although no figure for voluntary windings-up is available, the 1973 figures to end-July totalled 19, including six bankruptcies (ie. applying

to unincorporated concerns) and 13 compulsory winding up orders (ie. applying to limited companies). The total for the same period in 1972 was 36 orders, eight of which were bankruptcies and 28 compulsory windings-up.

More companies

Another approach is to look at the number of incorporations recorded by the Registrar of Companies. This of itself does not help in assessing the degree of unemployment or related economic hardship, but it does nonetheless throw some light on the employment situation, and also on the degree of overseas investment, another area of concern.

The five month period January to May 1973 saw the registration of 2,667 new companies. The figure for the same period last year was 1,681. During the month of May alone 709 companies were registered in 1973, compared with 402 in 1972. Six companies were dissolved in May 1973, compared with 30 companies in May 1972, while for the five month period, 89 companies were dissolved in 1973 against 112 in 1972. The total number of companies registered at May 1973 was 28,645. The figure for May 1972 was 23,191.

Looking specifically at overseas companies and joint ventures, we found that the total number of foreign companies in Hong Kong at May 1973 was 847. The total one year earlier was 795. Eleven overseas companies were registered during the

month of May 1973 and seven were dissolved. Since January this year, 35 have been registered and 20 have been dissolved. If this record is stretched backwards a slight overall downward trend is apparent, in that a net surplus of 101 overseas companies were registered during 1972 as compared with 107 for 1971.

The number of industrial joint ventures at the end of 1972 was 267, against 262 at the end of 1971. And according to the Commerce and Industry Department, 20 overseas companies are currently actively investigating joint ventures or licensing arrangements here for the first time.

The current figures therefore hardly confirm the rush to Kai Tak by foreign industrialists that some sources have suggested is occurring.

It is hard to come by specific evidence of any large scale outflow of capital. *The Bulletin* itself suggested in its last issue that between \$3000-\$4500m. was repatriated by UK investors earlier this year. This figure was based on the estimates of two of Hong Kong's leading bankers, and was subject to scrutiny by the Commissioner of Banking.

The most positive evidence of the financial state of the Colony is probably the month end figures for bank loans and deposits. At June 1973, deposits were at \$24,642m. and loans at \$21,032m. Although this shows a tighter liquidity ratio than equivalent figures for June 1972 (deposits \$21,750m.—loans \$13,477m.),

Cont'd on Pg. 23

Reports from our Roving Executives

THE HK Business Group to Africa, jointly organised by the Chamber and the TDC, completed their successful month-long visit to five African countries on June 18. A follow-up group for late 1974 has been recommended and their visit may be arranged to coincide with the Lagos International Fair in November 1974.

Orders received in Nairobi, Kenya amounted to HK\$1.5 million with a further HK\$1 million under negotiation. Abidjan (Ivory Coast), because of traditional trading ties with France and with headquarters of their major firms located in Paris, offered few opportunities for business. Nevertheless HK\$300,000 worth of business was concluded.

Lagos in Nigeria presents great potential. Orders received totalled HK\$4 million with another HK\$4 million being negotiated. In the past, HK exports to Nigeria have been hindered by the problem of deferred payments. As a result of income derived from oil production and the accumulation of a substantial amount of foreign exchange, settlement of payment of all purchases from overseas has improved.

Nigeria may be shortening her '90-days Letter of Credit' payment arrangements. In the meantime, LCs by the Standard Bank of Nigeria are being accepted by the Chartered Bank here at a discount immediately after shipments are effected.

Because of political uncertainty, Libyan businessmen are hesitant about stocking merchandise at the

moment. In any case the buying season for Libya is February to March and October to November. Despite the market potential of this country, delegates only managed to sell HK\$2.4 million worth of goods. At present HK does not enjoy a good reputation in Libya as a result of numerous trade disputes between buyers and HK firms. The situation, if not checked, could seriously affect HK exports to Libya.

Mr. J. B. Kite, the Director, visited Central and South America in May to carry out research for the prospects for HK in this vast market. He noted that the Brazilian economy is now moving ahead very fast. Businessmen are also beginning to realise that in order to continue exporting, Brazil must start to do some importing.

Panama City appears prosperous, with a great number of recently completed buildings and almost an equal number under construction. It is possible that much of the country's available resources are tied up in the construction industry. Large investments there are owned by HK investors, or more accurately, former HK people. The Colon Free Zone is a restricted entry zone where goods are imported and held for legitimate re-export. It serves a wide area of the Caribbean. Mexico also has Free Trade Zones and it would appear that these zones are worthwhile areas to visit. Banks and Chambers of Commerce in these areas are efficient and overseas-trade orientated and both are keen to help traders find appropriate contacts.

Briefing

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

□ Following the Director's visit to **Central and South America** and his subsequent recommendations, initial plans for a **Business Group** there have been decided upon. The Group will leave for Los Angeles on October 30 and for the next three weeks, will visit Rio de Janeiro, Sao Paulo, Port-of-Spain (Trinidad), Panama City and Mexico City.

□ A mission from the **London Chamber of Commerce and Industry** will be visiting Hong Kong from October 21 to 24. Their itinerary and business appointments will be handled by the British Trade Commission in Hong Kong with assistance from the Chamber. The Chamber is also organising a **reception for the Mission at the Hong Kong Club** on Monday, **October 22**, at 5.30 p.m. Members are invited to attend on a subscription basis.

The **Johannesburg Chamber of Commerce** is also sending a **trade mission** to Hong Kong from October 22 to 28. A **reception will be held on Tuesday, October 23**, for Members to meet the South African Mission.

□ The Department of **Extra Mural Studies of the University of Hong Kong** has announced that their **evening courses on English** will start in October 1973.

The Use of English Courses are intended to improve the students' standard of General English. On a higher level, the **English for Business** courses are specifically **designed to help those engaged in commerce and industry**, providing intensive tuition in those

applied varieties of English that they are most likely to require in order to communicate with business counterparts and colleagues.

Further particulars and application forms can be obtainable from Mr. D. J. H. Macintosh, Department of Extra Mural Studies, University of Hong Kong.

□ The **South East Asia Area Committee** is considering the possibility of organising a **business group to the Philippines, Indonesia and Malaysia, and possibly Vietnam**, in 1974. The Committee will formalise plans for the project if sufficient Members indicate their interest.

□ The Transport Department has noted that a small number of **operators moving freight containers** are doing so **without taking the necessary precautions to secure loads on their vehicles** with twist locks or other devices to ensure that loads are properly anchored to the frame of the vehicles. Such negligence can cause injury to people and damage to property as well as constitute a danger to other users of the road. The Commissioner for Transport warns that action will shortly be initiated against owners and operators of these vehicles and **failure to secure containers with proper twist locks may be an offence leading to prosecution.**

□ A direct telephone line has been installed by the **Fire Prevention Bureau**. The **new number is 5-281224** and is manned 24 hours daily.

Picture Briefing

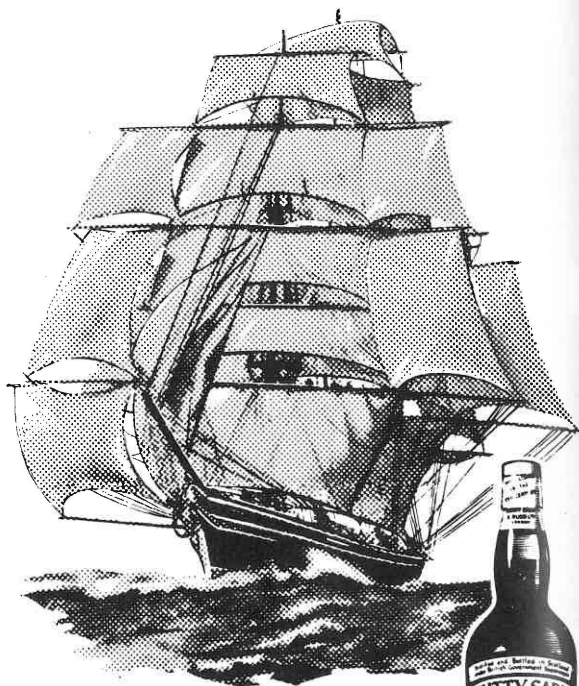
- A-B While in Hong Kong, Labour MPs visited the Chamber on August 1. A shows Mr. J. A. Cunningham with the Director and L. W. Gordon while B shows Mr. T. Pendry with Vice-Chairman, H. P. Foxon.
- C A Businessmen's Group from Australia met Members of the Australia Area Committee on July 23. The Australian Group was led by Sir Ewen Waterman (3rd from left).
- D Richard Wang, Chairman of the Central America Area Committee is the subject of this month's Pen Profile (see page 19).
- E At a Good Citizen Award presentation on July 5, Mr. Jack Cater, Chairman of the Fight Violent Crime Campaign, congratulates one of the award recipients.
- F After eleven years with the Chamber's Certification Department, P. C. Yue is now enjoying a well-earned retirement. He is 61.





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Briefing - continued

□ **The British Safety Council** is offering a **training course in the basics of accident prevention, loss and damage control, occupational health and safety management.** To facilitate overseas-based organisations, the Council is now offering a specific **concentrated course** telescoping the normal six months into **six weeks.** The first course will take place in London during June and July 1974 and organisations interested can contact the British Safety Council, National Safety Centre, Chancellor's Road, London.

□ **The Companies Law Revision Committee** has emphasised in a recent report that **directors of all companies, especially those of public companies, should acquaint themselves with the principal requirements of the Companies Ordinance and the standards of ethical conduct** followed by the best companies.

The UK Institute of Directors' book **Standard Boardroom Practice** deals with the normal problems that arise in running a company. The Committee has not only arranged for copies of this book to be sent to Hong Kong but also for a **Chinese version** to be prepared. The Committee also recommends another book **The Company Director** for those who wish to acquire some basic legal knowledge of the director's functions.

'Standard Boardroom Practice', its Chinese version and 'The Company Director' are available at the Chamber library for reference. The Chinese version of 'Standard Boardroom

Practice' is still obtainable from the Government Publications Centre at \$3 each while the two English publications have been sold out. Interested Members can however obtain 'Standard Boardroom Practice' direct from the Institute of Directors, 10 Belgrave Square, London SW1X 8PW and 'The Company Director' from Jordan & Sons Ltd., P.O. Box 260, 15 Pembroke Road, Bristol BS9 7DX, England.

□ **The Conservancy Association,** whose aim is to combine local knowledge and expertise available and to co-ordinate the activities of all those who are **working towards a better environment,** has approached the Chamber for support in its work.

The Association has tried to publicise bad cases of pollution, it has carried out surveys of streams in the NT, beach clean-up campaigns as well as publish a number of leaflets, regular newsletters and other material. An education committee, with the help of the Education Department, organises workshops, expeditions and Conservancy Clubs in secondary schools.

To carry out its work, the scope of which is increasing all the time, **the Association needs financial support.** It is hoped that Members who are interested in the Association's work and aims will **consider becoming sustaining members, contributing an annual sum** to help recurrent expenses. Further information may be obtainable from the Association's office at Metropole Building, 7th floor, 57 Peking Road, Kowloon Tel. 3-687064.



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072A

Pen Profile

Richard Wang

‘I was born in Burma where the family had cotton factories. But we had to leave in 1942 because the Japanese were coming. I was ten and we returned to China where we had branch offices. We were at Kunming which was untouched by the Japanese and guarded by the Americans under General Chennault of Flying Tigers fame. After the war, I was at Shanghai for two years.’

It is a pleasure to listen to Richard Wang, Chairman of the Chamber’s Central America Area Committee. The combination of an intelligent and well-informed mind, together with a quiet and cultured voice, makes him a fascinating conversationalist, especially when he reminisces on his youth.

‘After working for a short while in my father’s HK office, I decided to go to university in Australia. When I got to Sydney, I ended up studying civil engineering and after I graduated I went to work in a property development company in Sydney. It was also there that I first learnt the concept of marketing.’

It is obvious that Richard Wang liked Australia. He married an Australian girl eight years ago and they now have two little girls, aged five and one.

‘I wasn’t going to come back,’ smiled Mr. Wang. ‘I was happy in the property development job and was already settled in Australia. But one has a loyalty to one’s family. I was back here for three or four weeks in 1964 for Christmas. The family was thinking of going into the wig business and asked me to stay to have a look and get the business on its feet.’

‘It was a hard decision. I had to give up my work in Australia. But I finally decided to come back and we

did well. Actually our wig business succeeded not so much because we were specially good at production; nor were we the most advanced company—compared to our competitors. But we understood the market, or at least we tried to. Back in 1962, I went on a trip all over Western Europe and the United States and I was very impressed with what I saw of marketing methods there. I was so interested that three years ago I found time to attend a Marketing course held at Harvard Business School.

‘To boil it down, marketing means the art or technique of creating a customer. In addition to exercising a tight grip on production, special attention should be paid to the channels of distribution, and consumers’ reaction towards one’s particular product.’

‘Hong Kong has very efficient commercial services’, observes Richard Wang. ‘Banking and shipping, for example, are very up-to-date and in some cases, are much better organised than those in the industrialised countries.’

‘On the other hand, our business concepts are not as advanced. Twenty odd years back, right after the Second World War, there was a general world shortage of most products and as long as you could produce something, you

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had a buyer—you were in business! By the 60's, production has caught up with demand and technological innovations came into being. Today we have to look into marketing more deeply than ever before. I feel that to market a product properly, you need a lot of money and a good market research method. It also requires long-term planning.

'Hong Kong's got to diversify. We've got to get into new lines, preferably items not subject to quotas. Hong Kong industry is basically selling production and we are now faced with competition from several production-oriented countries with lower land and labour costs. We just have to upgrade our products and pay attention to marketing. In this regard, we may see many manufacturers of similar products merging and pooling their resources to achieve this aim.'

Mr. Wang sold his wig manufacturing business last year and his company, Hearte (Industries) Ltd. now concentrates on watches and toys though still dealing in wigs whilst planning to enter a new industry.

Both Mr. and Mrs. Wang enjoy snow-skiing, but in Hong Kong the Wangs spend most of their spare time boating and swimming. Like every one else, they find Hong Kong crowded but are at present happily settled here.

Richard Wang will be joining the Chamber's business group to Central and South America in November and will be the group's leader while in Central America.

'I've never been there and am looking forward to the trip. As far as we can guess, Brazil provides our biggest opportunity—both for buying and selling. But I'm going with an open mind, to see what they offer and what they want to take. There should be some opportunity for Hong Kong to diversify its sources of import and export markets.'

Richard Wang has a habit of pondering before answering in his quiet voice and with a ready smile. When discussing the Chamber he seems extra thoughtful.

Time to re-define

'It seems to me that the Chamber had a defined role up to about six or seven years ago, but now we should re-define its role and function in the light of the present situation when specialised organisations like the TDC and the Federation of Hong Kong Industries are each fulfilling a specific role.

'On the raw materials importing side, I wonder if it would be possible to set up under the auspices of the Chamber, an association of some kind. I'm thinking of the current shortage of plastics, affecting virtually all toy manufacturers. This association could keep track of all suppliers and would-be suppliers abroad, their current production quantity, their estimated production excess or shortage, price movements etc. If this system works, we might even import as a "bloc", thereby getting better prices and deliveries. I'm only thinking out aloud now.'

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Facts, Figures - continued

it is well known that the banks have been highly liquid in recent years, and the growth in loans is if anything an encouraging rather than a dangerous sign. It must remain a matter of guesswork how far the growth in loans is accounted for by the financing of stock and share purchases.

The recent increase in interest rates to borrowers can hardly be seen as sinister, since it was part of a move designed to attract depositors to Hong Kong, where rates had become a trifle uncompetitive as a result of upward movements in interest rates around the world. It is hoped that this will arrest a slight fall in the level of deposits this year from a high at end-January of \$27,000m. to the present \$21.7m. Loans throughout this period have remained at much the same level, showing only slight fluctuations.

We then turned our attention to what was happening to the capitalists. We studied the results of major companies reporting between 31st December last year and end-July 1973.

We obtained without much difficulty the results for sixteen of the Colony's biggest businesses, including Jardines, Hutchison, HK Land, HK Electric, Taikoo Dockyard, the HK&S Bank, etc. In no instance did one of these sixteen fail to show an increase in net profits. Several managed to record an increase well in excess of 100 per cent. Only six recorded an increase of less than 50 per cent.

Admittedly, these profits are on earnings which accrued during the companies' previous financial year, and are therefore no indication of how the companies concerned are faring at present.

The Bulletin does not therefore wish to place too much emphasis on this particular exercise, but includes it since results of this nature are after all part of the business environment.

Probing other areas

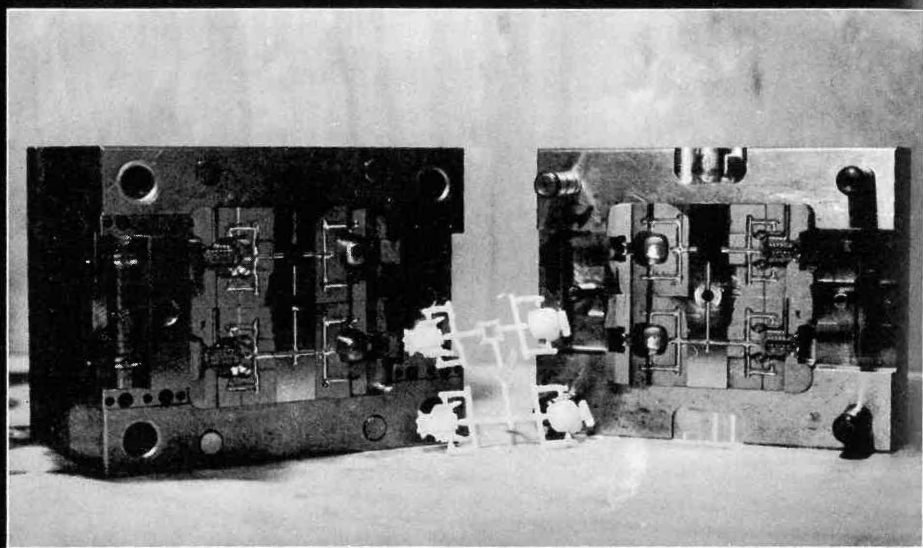
Although this survey of aspects of the economy does not pretend to be complete, we have nonetheless tried to probe areas such as unemployment, bankruptcies, and company dissolutions, that might show weaknesses not apparent in e.g., the overall trade figures.

We could have quoted other indices—the consumer price index being an obvious example. But the fact that it has been rising rapidly is, well enough known, and we do not seek to dispute the reality of the trend.

We could have quoted the figure for tourist arrivals, but this again is of the up-up-up and away variety, although there are signs that the average length of stay is falling.

Where does this get us? Well, one thing appears to be for sure—that the prophets of doom will have to look outside the official figures for evidence to confirm their belief that disaster is around the corner. As far as it is possible to generalise, Hong Kong is at present doing no

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worse than it was twelve months ago and is indeed perhaps doing rather better.

There undoubtedly are individual problem areas, and indeed possible pockets of extreme hardship. And any one of our three major problems—monetary uncertainty, inflation and materials shortages—could escalate to the point where it causes widespread damage.

Finally, whatever the facts—with all their shortcomings—may be, they are perhaps less important than attitudes towards what is believed to be fact. Attitudes act partly in the nature of a self-fulfilling prophecy. If A says 'prices are going up', B puts up his prices so as not to be left behind. A clear example is the recent alleged rice shortage. Alarmist reports said rice would be in short supply. Immediately prices shot up and immediately consumers started stock piling. And rice for a few days did indeed become scarce. What caused the price hikes and shortage—the facts or the attitudes?

The Chamber survey

Since attitudes play a part in determining the economic climate, the Chamber decided to approach leading businessmen in order to discover their attitudes to the immediate future prospects of Hong Kong. Since the figures gathered in this survey were entirely under our own control we can be specific about their limitations.

Firstly, the size of the sample is so small that a statistician would regard it as meaningless. We sent out

questionnaires to 140 businessmen who are actively concerned in the affairs of the Chamber. We assumed that at this time of year about 20 per cent would be absent from the Colony either on leave or on business. This meant that we were reaching an active sample of, we estimate, about 112 people. We had replies from over 50 per cent of this sample—66 businessmen in all.

On the other hand, the questionnaire reached executives in a large number of Hong Kong's bigger companies, companies which taken collectively must account for a largeish chunk of Hong Kong's economy.

Replies were received from, in many cases, the top men in these concerns, although, since no attempt has been or will be made to link views expressed with individuals, the people concerned must remain anonymous.

The point we wish to stress is that these are men who know Hong Kong's business scene and are as well placed as any to comment. Here is a summary of the views that emerged.

Firstly, the vast majority of respondents thought that business in Hong Kong was good or average at the moment. Only 10 respondents regarded business as slack. They were however somewhat more pessimistic for the future, since 21 thought business in general might decline over the next six months, while 25 thought it might decline over the next twelve months.

In contrast to this, as far as the prospects facing their own companies were concerned, only two respondents felt that they would not do well during the coming six months. The largest group felt that prospects for their own companies were in fact above average.

It is difficult to draw conclusions from this, but, perhaps understandably, respondents appeared to believe that their own companies were capable of doing a little better than the average Hong Kong company. Or if they felt otherwise, they were not prepared to commit the view to paper, anonymously or not!

Companies not leaving

The greatest unanimity of opinion came on two questions that read 'have you any evidence to support the view that Hong Kong has suffered or is about to suffer from a significant withdrawal of overseas companies at present operating here?' and 'have you any evidence to support the view that closures of business during the past six months are having a serious effect on either or both of employment and export earnings.' Sixty respondents had no evidence that overseas companies were leaving on a significant scale, while 53 had no evidence that any serious closure of factories had occurred.

Thus the view that emerges is one of satisfaction with the present tempered by a degree of concern for what may come later this year, and early next year.

Finally, respondents were asked to

name what they considered were the main problems facing Hong Kong both in the short and long term. As these were 'open ended' questions, a considerable range of views were expressed, many mentioning much the same things from differing points of view. The Chamber has not yet had time thoroughly to analyse these views, but will return to this theme in the next *Bulletin*.

However, it can be safely said at this stage that a serious degree of concern exists among the industrial community concerning the materials position, which was mentioned with a high degree of frequency.

Inflation, taken in its overall sense, and often linked to monetary problems, also figured prominently but the emphasis put on different aspects of these linked topics varied, and without closer analysis it is difficult to sort out exactly what particular aspect causes most concern.

Surprisingly enough, only a few respondents saw protectionism and restrictions in overseas markets as a problem.

Finally, two notes of warning for those concerned. Government emerged as the target of considerable criticism because of its land policy. Secondly, a minor but persistent theme to emerge was criticism of the stock exchange — not necessarily of the exchanges themselves, but more the very fact of their existence. They appear to be regarded by some sectors of business as a hindrance rather than an aid to development.

利潤。

讓我們又仔細看一下消費指數。如家所週知，生活指數不斷上揚。又於旅遊事業方面，抵步遊客大致把逗留香港的日子縮短了。

但大致上，香港目下並不比十二個月之前的形勢有所遜色，反而較諸其為佳。

誠然，我們面臨的困難也不少——這包括貨幣動盪未已、通貨膨脹及原料供應短缺等——這些方面的影响可能極為嚴重。

由於人們的觀感對經濟狀況有所影响，本總商會因此向各工商界人士徵詢彼等對香港之前途的意見。

首先，讓我們強調：我們調查的對象為數不多。我們把調查徵詢表寄給一百四十位商界人士，彼等對總商會會務最為關注。我們估計每年在這時候，約有百份之二十工商界人士會離渡假或料理公事。因此，我們預測約有一百一十二位會回覆我們的意見調回覆我們的諮詢。

我們的意見調查表格得到公司之首腦人物的正視，該等人士對本港經濟動向明瞭澈底，可稱經濟權威人士。

我們試把彼等之意見畧述如下：

首先，他們大都表示香港之工商業情況良好，只有九位接受調查人士認為此間工業呈呆滯不前之現象。彼等對將來均不甚樂觀。有二十位認為工商業在未來六個月內有所退縮，而二十五位認為在未來十二個月內，工商業定會衰退。

問及有關被調查之公司之遠景時，只有兩間公司認為在今後六個月內，他們的業務並不會符合其理想。而大部份被調查人士則認為他們的成績會達中上的階段。

我們問及之問題中，有兩題獲得差不多一致的答案。

該兩項問題就是：閣下有無證據證實許多設於本港之海外公司正調遷本港他往？閣

下有無證據證實在過去六個月內公司之結束及倒閉影响勞工就業及爭取外匯？

共有五十九位人士回答說他們對第一項問題並無搜集到證據，而有五十一位人士回覆說並無證據是以支持第二項問題。

我們又向調查者徵詢一下彼等心目中認為本港面臨或將來之困難是甚麼。他們的意見不一，各有高見。我們目下並無時間加以逐一分析。而這一切將在下一期「會訊」有所發表。

但明顯地，大家目下最關注的就是原料供應的問題，人們亦不斷談論着貨幣動盪所引起的危機。令我們感覺到驚訝的就是有些接受調查的人士對一些海外市場的「保護式主義」而立訂之制限覺得無限窘擾和憂慮。

最後我們需要一提的就是彼等對政府的土地政策有所批評。另一些接受調查人士亦對股票市場有獨特的意見。他們對證券交易所的存在有所異議，蓋他們認為彼等對工商業有所阻礙，而並非有助他們的發展。

介紹——王衛華先生

本會國際貿易部屬下之中美洲貿易分區委員會之主席為王衛華先生。

王氏智敏超人，眼光遠大而智識廣博，待人接物和藹可親，使這次訪問生色不少。

據王氏稱，彼誕生於緬甸，其家族於該地設有紡織工廠。

王氏謂：「一九四二年，由於日人侵略，我們要離開緬甸，返回中國，在那裏，我們設有分廠。那時，我們居於昆明，遠離日軍侵擾。我在上海停居約兩年。於一九四八年，來香港。」

王氏續稱：「在香港，我在父親的公司工作一短暫時期後，便前往澳洲一大學肄業。」

「本來，我的志趣是在紡織工程方面，而希望專修這科目，但在雪梨，彼等並沒有設立這一科目，因此，我就專攻土木工程，而我亦對這科目發生興趣。畢業後，我在雪梨一地產公司服務，而在該處，我有機會學習有關市務這一回事。」

王衛華先生對澳洲頗為嗜愛，王夫人為一澳洲淑女，彼等現有女公子兩名，年齡為五歲及一歲。

據王氏稱：「我在澳洲之地產公司之工作甚為滿意，並在該處定居。但在一九六四年聖誕期間，我返港回家約四星期與家人團聚。於其時，假髮業正開始蓬勃，料必大有作為。我的家人正考慮在這方面發展而叫我再逗留多些時日協助他們創辦這一門業務。」

「因此，我就決定放棄在澳洲的工作而重返香港。我們在假髮業這一方面發展甚符理想——那主要是由於我們對市場有深入的認識。於一九六二年，我曾遍訪歐洲及美國各地，對彼邦人仕之市場研究方法最為賞識，而因此，在三年前，我更特地在哈佛商科學院專攻市務這一科。」

王衛華先生強調，市務（或俗稱市場研究），主要是找出合適的顧客。他說：「我們要控制產品的銷路及分發等事宜，亦要注意顧客的反應。」

王氏謂，於目下香港而言，我們已備有妥善的各項商業服務：例如航運及銀行業均提供現代化之服務，遠勝許多工業國家。」

「但在另一方面，我們在生意上的觀念遠不及彼等先進。在二十多年前，由於世界上多方面的缺乏，只要你能出產甚麼，你便能把它一一推銷。在一九六零年年代，生產已能符合世界所需。現今，我們要加意注視

市務這一方面事宜。我認為假若我們要成功地推銷某一樣貨品，我們要化費不少的金錢，在研究上下不少的功夫及作長遠的打算。」

王氏指出香港應懂得如何在「分散」方面下功夫。我們應發展新的門類——一些不受入口配額所管制的門類。「香港的工業主要是把製成品推銷，但現今，香港面臨其他地價及勞工低廉的國家的競爭。我們要提高產品的質素及注意市場之研究。于此，我們可能見到許多同類產品的廠家聯同一起合作，以達到此一目標。」

於去年，王氏已將其假髮製造營業轉讓他人，目下，其公司——一心工業有限公司正全力製造手錶及玩具。

王氏夫婦均嗜滑雪，於香港而言，公餘閒暇之際，彼等最愛遊河及游泳。雖然王氏伉儷覺得香港人口稠密非常，但彼等樂於在此間定居。

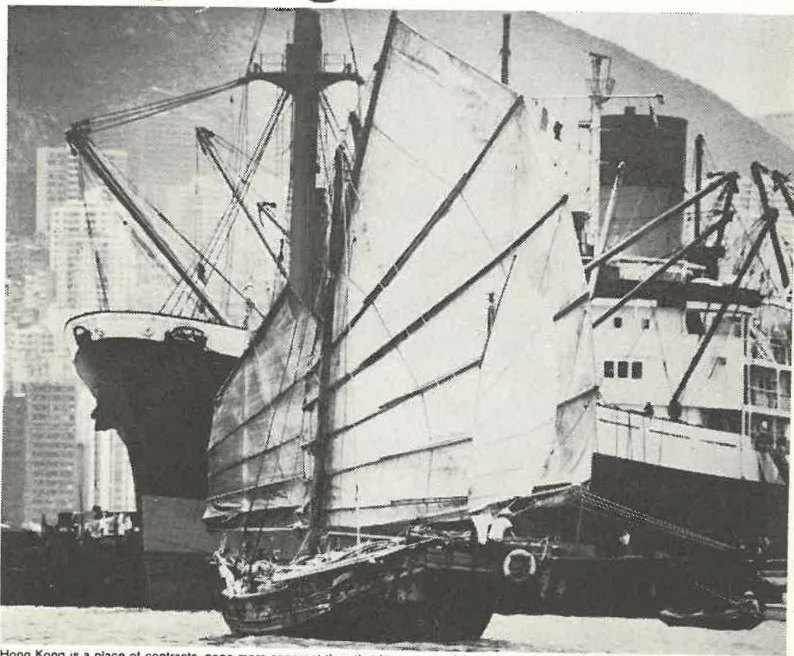
王衛華先生將於本年十一月參加由本總商會舉辦之貿易訪問團，前往中美及南美洲各國，王氏更被選委為是次訪問團在中美期間之領隊。

據悉：王氏于前並未到訪該等地域。彼認為於巴西，在買賣方面，香港工商界定有所作為。

王衛華先生指出由於香港貿易發展局及香港工業總會等機構的存在及分別擔負着其特有的工作，總商會亦有重申其任務的必要。

於原料入口方面，王氏謂：「我不知道總商會能否協力組織一有關這方面的團體。我正在想及的是目下塑膠原料短缺，至令所有玩具製造廠家大受影響。我心目中的入口社團是能夠正視海外供應商之動態，彼等之生產數量及價格變動等事宜，假若此舉成功的話，我們也許可以集體採購入口貨品，以便享有更低廉的價格及服務。」

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