

**Information Paper for
LegCo Panel on Trade & Industry**

**Reports on the work of
Hong Kong Economic and Trade Offices overseas
and the latest developments
on various economic and trade matters in the countries concerned**

Attached at Appendices 1 to 11 for Members' reference are reports on the work of the Hong Kong Economic and Trade Offices overseas and the latest developments on various economic and trade matters in the countries concerned since the last meeting between the Panel and the Heads of Overseas Offices on 11 January 2000.

Commerce and Industry Bureau
November 2000

Brief Report on the Work of the London ETO

The London Office is responsible for Hong Kong's economic and trade relations with the UK, as well as our relations with the non-European Union (EU) countries in the continent including Norway, Switzerland and the Central and Eastern European countries.

The UK

2. Business confidence and consumer sentiment in the UK remains strong in 2000 with a forecast economic growth at 2.75% to 3.25%. Opinion polls show a majority of the public are against joining the euro. The Labour government maintains the position that while the UK should not join the European Economic and Monetary Union immediately, the options should remain open when the conditions are right. Political parties are gearing up their publicity campaigns in preparation for the General Election, expected to be held in 2001.

Incoming Visits

3. The London Office organised the Chief Executive's visit to London in late October. During the visit, the CE met the British Prime Minister, the Deputy Prime Minister, and the President of the Council and Leader of the House of Commons. He also met business leaders in the UK and updated them on the latest developments and business opportunities in Hong Kong. He delivered a keynote speech at the Annual Dinner of the Hong Kong Trade Development Council (HKTDC). The CE introduced to the UK audience Hong Kong's continuing role as an active regional and global player in international trade, commerce and finance. He also visited a waste recycling facility and the Imperial College.

4. The Financial Secretary visited the UK, Hungary, Poland and Czech Republic in September. The FS met government officials, businessmen, bankers, rating agencies and the media in London and delivered two keynote speeches on Hong Kong's economic recovery and the reforms in the financial services sector. He headed the highest level business mission from Hong Kong for a groundbreaking visit to Hungary and Poland. He also attended the annual meetings of the IMF/World Bank in Czech Republic.

5. A delegation led by the Hon Edward HO Sing-tin SBS JP, Chairman of Parliamentary Liaison Sub-committee of the Legislative Council visited London in February. With the assistance of the Foreign and Commonwealth Office, the London Office arranged for the delegation to meet politicians, senior government officials, representatives of the Confederation of British Industry and a think-tank.

Outgoing visits

6. During the period, the London Office invited 19 influential opinion formers to visit Hong Kong under the government's sponsored visitor programme.

Public Relations and Inward Investment Promotion Activities

7. During the period under report, the London Office organised eight receptions, seven briefings and five luncheon speeches, and the Director-General was invited to give five speeches on Hong Kong. We sponsored a performance by the Hong Kong City Contemporary Dance Company in London in February. We also conducted 45 company visits and had been successful in helping 8 British companies set up their business in Hong Kong.

8. The Office continued to liaise closely with opinion formers in the UK, including politicians, businessmen, journalists, rating agencies, think tankers, academics and professional groups, to keep them abreast of developments in Hong Kong.

Other countries

9. During the reporting period, the London Office made eight bilateral visits to and organised five receptions in capitals and major cities in the Non-EU countries in the continent including Zurich, Oslo, Budapest, Prague, Warsaw and Ljubljana. We organised, together with the HKTDC, a financial service seminar in Zurich in January. We also conducted 11 company visits in Norway and Switzerland.

10. The London Office monitored closely the progress of the first wave countries' accession to the EU, namely, Hungary, the Czech Republic, Poland, Slovenia, Estonia and Cyprus. At the forthcoming December EU Summit in Nice, the European Commission and the candidate states will discuss the possibility of setting a target date for the accession of the first wave countries.

Brief Report on the Work of the Brussels ETO

Commercial Relations

We follow closely developments within the European institutions e.g. intergovernmental conference and enlargement. We monitor the European Union (EU)'s anti-dumping policy and report specific anti-dumping or anti-circumvention cases of interest to Hong Kong. We report new or proposed technical regulations and standards promulgated by the EU and individual Member States (MSS). Where Hong Kong's interests are being affected, we make representations to the European Commission and MSS. We continue to follow closely developments related to the introduction of the Euro. Other issues monitored by us include the EU's position on multilateral trade issues, particularly regarding the launch of the new round and the EU's bilateral relations with other countries. Where necessary, we assist in the negotiation of bilateral agreements between Hong Kong and the European Commission and present Hong Kong's views on various trade issues to our European contacts.

Public Relations

2. We update European government officials, politicians, businessmen, journalists and think-tanks on the situation in Hong Kong, in particular, on the economic rebound and the efforts of the Government to develop Hong Kong into a knowledge-based and sustainable economy. We continue to lobby for support for visa free access for HKSAR passport holders. We have also established an internet website to help disseminate information about Hong Kong and facilitate communication with our contacts in Europe.

3. We organized a promotional visit headed by the Chief Secretary for Administration in Germany and the Netherlands as well as her bilateral visit to Belgium. We also organized the visit of a delegation of Legislative Council Members to Strasbourg and Berlin; the Secretary for Information Technology and Broadcasting's visit to Ireland and Finland; the Secretary for the Environment and Food's visit to Denmark, Belgium and the Netherlands; the Secretary for Transport's visit to Paris; Director of Immigration's visit to Berlin and the visit of the Deputy Secretary for Information Technology and Broadcasting to Stockholm and Berlin. We organized various seminars and round-table discussion to promote business with Hong Kong, including a briefing at Turin by the Secretary for Transport on the massive transport infrastructure development in Hong Kong; a luncheon in Paris for the Commissioner of Customs and Excise; a luncheon briefing in Frankfurt by the Convenor of the Executive Council; and a dinner and a luncheon in Helsinki and Stockholm respectively on the occasion of the visit of the Better Hong Kong Foundation delegation to promote IT development in Hong Kong. We also arranged speaking engagements for the former Court of Appeal Judge and Non-permanent Hong Kong Judge of the Hong Kong Court of Final Appeal, Justice Barry Mortimer, in Amsterdam, Stockholm and Copenhagen to publicize the rule of law and the legal system in Hong Kong.

4. On the media front, we monitor about 160 European newspapers and periodicals. Over the past 12 months, we issued 5 newsletters and held 50 interviews and press briefings to update European journalists on the situation in Hong Kong.

Investment Promotion

5. We run an active investment programme to promote Hong Kong as a regional business centre. We conducted two direct mailing exercises, one targeted at Germany and the other targeted at participants in Cebit 2000 in Hanover covering a total of 3000 companies. We also set up a booth in Cebit 2000, the world's largest fair for office automation, information technology and telecommunication. The exposition attracted over 150 enquiries. In October 2000, we co-organized an investment seminar on Hong Kong with the Bologna Chamber of Commerce. The seminar was well attended by about 80 senior executives from companies in Bologna and its vicinities. The event was followed by 25 meeting sessions with individual companies interested in doing business in Hong Kong.

Brief Report on the Work of the Geneva ETO

For a number of reasons, especially the breadth and complexity of the outstanding issues, the Seattle Ministerial Conference held in late 1999 did not succeed in its aim of launching a new round of multilateral trade negotiations.

2. Conscious of the need to demonstrate that the WTO was still in business after Seattle, Members agreed in early 2000 to work on a package of confidence-building measures. This package included the following elements : tariff-free and quota-free access for essentially all products from least-developed countries; technical assistance and capacity building for developing and least developed countries; a mechanism to address problems encountered by some Members in implementing existing WTO Agreements; and a review of some of the WTO's working methods. In parallel, the mandated negotiations on agriculture and services officially started from January 2000.

3. The work of the WTO in the past months thus focused to a considerable extent on confidence-building measures and mandated negotiations. Geneva Office staff were actively involved. We generally succeeded in putting across our positions effectively and with good support from other WTO Members in a number of key areas of offensive and defensive interest to Hong Kong. We also contributed positively to other ongoing work of the WTO including various reviews mandated under WTO Agreements.

4. It has naturally been a task of the highest priority for the Geneva Office during this year to follow closely and report developments in the WTO's Working Party on the Accession of China. Steady progress has continued to be made and we are hopeful that remaining issues can be resolved soon.

5. As the current Chair of the International Textiles and Clothing Bureau (ITCB) and a key player in this sector, Hong Kong was well positioned to argue our case in the context of implementation of the WTO Agreement on Textiles and Clothing. The ITCB's Council of Representatives reaffirmed its commitment to combat protectionism.

6. Geneva Office staff have played a key role in shaping the agenda of the mandated negotiations on services. Progress has been made in developing the outstanding rule-making areas, and in drawing up the framework for the substantive negotiations which we hope will start in 2001. Together with like-minded Members, we shall continue to work hard to extend Hong Kong's interests in this important economic sector.

7. The WTO's Trade-Related Aspects of Intellectual Property Rights Council reviewed Hong Kong's legislation for the protection of intellectual property in late June. Members were impressed by both the action we have taken on this front in recent years and the clear and effective presentation made by a visiting team led by the Intellectual Property Department. There were no outstanding issues to follow up.

8. Dispute settlement has continued to be a busy area of WTO activities. While Hong Kong was neither a complainant nor a respondent so far, it is necessary to follow cases closely in order to stay abreast of legal developments which could affect us in future.

9. Looking further ahead, the attention of Members is beginning to turn to preparing for the Fourth Ministerial Conference which is likely to be held in the fourth quarter of 2001. We are already working with a number of like-minded Members on a future work programme for the WTO which should include a number of trade liberalization elements such as negotiations on non-agricultural tariffs.

Brief Report by Commissioner for Economic & Trade Affairs, USA

The Commissioner oversees the three Hong Kong Economic and Trade Offices in the USA (Washington, D.C., New York and San Francisco) which are responsible for:

- (a) safeguarding Hong Kong's commercial interests and strengthening economic and trade ties with the US;
- (b) looking after Hong Kong's public relations interests in the US; and
- (c) promoting US investments into Hong Kong.

2. The three Economic and Trade Offices work together closely and adopt a proactive approach in representing Hong Kong's interests in the States. Our target audiences include the US Administration, Congress, political leaders, business community, media, think-tanks and academic institutions. We maintain regular dialogue with our interlocutors through personal calls, meetings, briefings, public speeches, seminars, conferences, interviews and media-related activities. We raise our public visibility through newsletters, press releases, website and electronic mail distribution services. We also work closely with our network of advocates who are important opinion-formers and influential leaders prepared to speak up for Hong Kong.

3. The year 2000 has been extremely busy and rewarding. Hong Kong's system of strategic trade control was no longer a major issue in the US. In part this was due to our intensive lobbying on the integrity of our system and the fact that the Cox Report had been largely discredited. There is however no room for complacency and we must remain vigilant and continue to demonstrate to our interlocutors that Hong Kong is a reliable trade partner and that we have a vigorous system in place.

4. The main focus of our work has been on lobbying for Permanent Normal Trade Relations (PNTR) for the Mainland and explaining its importance for Hong Kong and the opportunities for U.S. businesses located in Hong Kong. The visit of the Chief Executive in April 2000 and the Financial Secretary in June 2000 helped reinforce our PNTR lobbying efforts. The eventual passage of the PNTR votes by the House and the Senate in May and September respectively was a great encouragement to many US businesses and injected momentum into China's WTO accession process. The Commissioner also visited key states and cities to update our target audiences on Hong Kong's economic recovery, the latest developments in Hong Kong and to promote inward investment to Hong Kong.

5. We have been monitoring very closely the US Presidential and Congressional elections and have increased our efforts in reaching out to the Bush and Gore campaign teams. The outcome of both the Presidential and Congressional races show a closely divided country. The political balance is extremely fine and it will be difficult for the new president to get legislation through the Congress. Deal-making in this closely fought atmosphere could threaten Hong Kong's interests. There will be substantial changes in the line-up within the Administration and Congress. For Hong Kong it will be essential to build up good working relations and mutual trust with the new Administration and with the Congress.

Brief Report on the Work of the Washington ETO

Recent months have been dominated by lobbying efforts in connection with permanent Normal Trade Relations with China, but other issues including textiles negotiations, export control matters, US thinking on the launch of a new round of multilateral trade negotiations and the run up to the US Presidential and Congressional elections have also required close attention.

2. Visits by the Chief Executive in April and the Financial Secretary in June provided a focus for the HKETO's lobbying and PR efforts. The former was timed during the final critical stages in the House vote; the latter during preparations for a vote in the Senate. Both visits were valuable to the lobbying effort but served a wider purpose to publicise the success of the SAR's first-three years and the strength of the economic recovery.

3. Similarly, the PNTR lobbying effort provided opportunities for the HKETO and its lobbying team to carry these broader messages about Hong Kong to the Congress and Administration. It was seen as particularly important to extend the office's network during this period in preparation for the changes which the US elections have inevitably brought to personnel in both the Administration and the Congress.

4. Other visitors helped the Office promote Hong Kong's interests on a wide range of issues. Visitors included the Secretary for Commerce and Industry, the Secretary for the Environment and Food, the Director-General of Trade and Industry, the Commissioner for Customs and Excise, the Commissioner for Tourism and the Commissioner for Narcotics. The Office helped arrange a number of congressional and staffer visits to Hong Kong and sponsored visits were arranged for a number of think tankers and others in positions of influence. These two way visits are very valuable.

5. With the prospect of China's entry to the WTO and, as a result, permanent PNTR now imminent the focus of the Office's work will broaden. The immediate challenge is to ensure a good understanding of Hong Kong among key players in the new Administration and Congress.

Brief Report on the Work of the New York ETO

To promote and sustain the economic and trade relations between United States and Hong Kong, the New York ETO conducts a vigorous and proactive programme of activities to reach out to companies, business groups, think-tanks and economic and trade officials in 31 states under its purview. Its information services team liaises with the electronic and print media to provide them with updated information on Hong Kong. A dedicated investment promotion team also makes frequent company visits to seek out potential investors.

2. Since the last report, the NYETO had organised a visit programme for the Chief Executive in New York in April. In June, the Financial Secretary visited New York and Boston. Both visits were highly successful in elevating Hong Kong's profile in the US. In August, the NYETO was the major sponsor of the 10th Hong Kong Dragon Boat Festival in New York that attracted 30,000 participants and spectators. In September the Director-General of Invest Hong Kong visited New York and the Secretary for Environment and Food visited Chicago. In October the Commissioner of Customs & Excise met the press and spoke at a Hong Kong Association of New York seminar.

3. The NYETO also assisted in organizing the visit programmes of the Chairman of the Airport Authority in September and the Chairman of the Hong Kong Trade Development Council in October.

4. As for visitors to Hong Kong, the NYETO helped organize the visit of the Governor of Massachusetts in March. Two more gubernatorial visits are being arranged. The NYETO also played a significant role in the opening of the State Office of South Carolina in Hong Kong in July. The selection of Hong Kong as the venue of the high-power Fortune Global Forum in May 2001 was also a process initiated by the NYETO.

5. So far this year, D(NY) visited 16 cities in 14 states. Apart from specific topics, the overall theme of our message is that Hong Kong is recovering well from the Asian financial crisis. With its strong economic fundamentals, Hong Kong continues to offer business opportunities in a free and fair environment. The level of interest was evidently higher after the US Government accorded Permanent Normal Trade Relations to China recently.

6. We are continuing with our visits to states out of the New York tri-state areas to give talks and have meetings with a view to furthering their understanding of the economic and trade opportunities in Hong Kong, the Mainland China and Asia as a whole.

Brief Report on the Work of the San Francisco ETO

The San Francisco Office looks after the economic and trade interest of Hong Kong in the 19 western states of the US. The Director and staff of the Office meet with business executives, government officials, academics, local community leaders and the media to promote Hong Kong as a premier location for US businesses and enhance understanding of our free trade policy.

2. In April, the Office organised the Chief Executive's visit to Southern California. Besides meeting with senior executives of Walt Disney and visiting its theme park and research facilities, the Chief Executive made use of the opportunity to discuss environmental protection issues with representatives of responsible government agencies in the region.

3. Promoting Hong Kong's vision of becoming the innovation and technology hub of Asia remained an important focus of the Office. We co-organized the "Y2HK" Business Conference with Hong Kong-SV.com in Silicon Valley in January, and assisted in the planning of three missions from California to attend the TechWorld 2000 International Conference in Hong Kong in March. In addition, Hong Kong's innovation and technology initiatives were frequently highlighted in presentations made by the Director and government visitors to the western states. The message was sent beyond the Silicon Valley to other US technology hubs, such as Seattle, Dallas, Austin, San Diego and Denver.

4. In view of the strong interest in China's coming accession to the WTO in the US business community, opportunities were also taken to market Hong Kong as the primary gateway to the Mainland China. Visitors from the public and private sectors brought news of exciting developments that helped to strengthen confidence in Hong Kong's capability in transportation, logistics, telecommunications, financial and other business services and our commitment to environmental protection, corruption prevention and intellectual property protection.

5. During the period, the West Coast media continued to show interest in Hong Kong-related events. Subjects that received prominent coverage included the LegCo election, the performance of dot-com companies and the GEM in Hong Kong, CE's popularity and the potential benefits to Hong Kong brought by China's accession to the WTO.

Brief Report on the Work of the Tokyo ETO

Japan's Economy

Following successive pump-priming measures introduced by the Japanese government, the long-awaited economic recovery appears shifting into higher gear. The respective quarter-to-quarter growth of 2.5% and 1.0% in the first two quarters of 2000 have thrown some positive light on the prospect of achieving the government's target growth of 1.5% for the year. Unemployment rate has also shown improvement, dropping from a postwar record high of 4.9% to 4.7% in September. Spearheading the comeback is capital spending by major manufactures. However, holding the key to the economic performance in the coming months is whether increased production and investment will trickle down to paychecks and eventually help stimulate consumer spending which accounts for 60% of the GDP.

2. Many sceptics remain unmoved by the recent upbeat mood, cautioning that the economic stimulus packages have left the nation with a mountain of debts. Combined long-term debt of the central and local governments is expected to reach some 645 trillion yen, or 130% of GDP, by the end of fiscal 2000, which is the highest ratio among OECD nations. When and how the state finances are to be reconstructed is a thorny issue which the Japanese government needs to address sooner or later.

3. In the financial sector, globalization and deregulation have touched off a spate of mergers and tie-ups amongst major Japanese banks to survive the increasingly competitive arena of financial services. Four gigantic banking groups are set to be formed following the consolidation. These moves by the banks are also prompting alliances in other financial sectors, such as life and non-life insurance. What remains to be seen is whether these newly formed mega financial institutions will be able to compete in world markets in ways that make them better, not just bigger.

Politics

4. When Prime Minister Yoshiro Mori took the helm earlier in April following the sudden hospitalization of the former Prime Minister Keizo Obuchi, he was said to be just a stopgap leader. Public confidence in Mori wavered amidst a series of slip-of-the-tongue remarks he made. The lacklustre performance of the ruling Liberal Democratic Party in the general election in June this year did not help alleviate public scepticism over Mori's leadership. There remains a strong body of opinion in favour of discarding Mori. Some commentators believe that Mori's leadership would be subject to challenge in the run-up to the Upper House election scheduled for next summer.

Office's Activities

5. ETO Tokyo continued to conduct nationwide promotional activities during the reporting period. Three major business seminars were held respectively in Sendai, Fukuoka and Kyoto. Distinguished speakers including the Hon. Henry Tang, Mr. Jacky Chan, Prof. Charles Kao were invited to address the audience. Duty visits were conducted to Okinawa, Osaka, Yokohama, Kagoshima and Kumamoto to strengthen our contacts in Japan at prefectural level and to bring them up-to-date on the economic and political developments of Hong Kong. In conjunction with the Hong Kong Tourist Association, several tourism fora were held to brief senior executives from the travelling trade on Hong Kong's latest initiatives to promote inbound tourism. Regular briefings on topical issues such as the policy address, budget, China's accession to the WTO, LegCo elections, were conducted for our interlocutors.

6. One of the highlights of the promotional events launched by ETO Tokyo this year was the week-long Hong Kong Film Festival held in October/November under the prestigious Tokyo International Film Festival. The Chief Secretary for Administration officiated at the premiere show.

Perception of Hong Kong

7. Overall, Hong Kong continues to enjoy a broad-based support from Japan. The effective implementation of 'One Country, Two Systems' is widely recognized. The robust rebound of Hong Kong's economy and the initiatives taken by both the Government and private sector in spearheading IT developments have won the acclaim of many of our interlocutors. Some seasoned Hong Kong watchers are looking closely into whether Hong Kong could capitalize on its position as the strategic gateway to China following the latter's impending entry into the WTO.

Brief Report on the Work of the Toronto ETO

Economic Development

Canada continued to benefit from the robust US economy (more than 80% of Canada's total international trade (goods and services) is with the US). The IMF predicted that Canada could achieve a growth rate of 4.7% in 2000 while the private sector forecast a GDP growth of 4.6% in 2000. The unemployment rate fell to 6.8% in September, approaching its lowest level in 24 years. The federal government has recorded three consecutive fiscal surpluses. The C\$12.3 billion surplus for 1999-2000 is the largest in Canadian history. The Finance Minister vowed to use the surpluses to reduce the debt-to-GDP ratio to 58.9% in 1999-2000 and to about 40% by 2005-2006. At the same time, the Finance Minister proposed a cumulative tax cut of C\$100 billion by 2004-2005. Political commentators perceived the tax-cut measures a preparation for the general election in November.

2. China, including Hong Kong SAR, is Canada's third largest trading partner (exports and imports totalled C\$13.9 billion in 1999) after the US and Japan. The business sector is very interested in the impact of China's accession to the WTO and whether Hong Kong could maintain its status as the gateway to China. We are aware that the Canadian business sector is particularly interested in the prospects of Hong Kong as an international financial centre for China. The Toronto Office has been stepping up efforts to promote Hong Kong's strong fundamentals as an international financial centre and staged a successful exhibition on Hong Kong's financial sector at the Capital Summit 2000 in July in Montreal. The Summit is the first ever international venture capital conference organized by the Canadian Venture Capital Association. The Toronto Office will keep close contact with the players in the financial market to highlight Hong Kong's advantages as a regional financial hub.

Political Development

3. On October 22, the Prime Minister called an early election for November 27 in view of the favourable economic climate. The Official Opposition – the Canadian Alliance (CA) (formerly the Reform Party) - has been gaining popularity with voters. The CA is a right wing pro-business party advocating small government and a flat rate tax of 17% in the long run. According to recent opinion polls, it is likely that the Liberals can win the majority of seats in the Parliament in the next general election, enabling the Liberals to serve a third consecutive term following seven years in power. The Prime Minister originally planned a Team Canada visit to Beijing, Shanghai and Hong Kong in late November but had postponed it tentatively to February 2001 due to the election. Team Canada is an annual trade mission led by the Prime Minister and Provincial Premiers.

Work of the Toronto Office

4. The Toronto Office has been targeting its liaison and promotional work at three areas, namely, IT/telecommunications, environment and education. It arranged the Chief Executive's official visit to Ottawa and Toronto in April. In Ottawa, the Chief Executive (CE) met with the Prime Minister, the Foreign Affairs Minister and the Finance Minister to discuss issues of common interest. The Canadian government in its official statement said that "Canada has a direct interest in the continued well-being of Hong Kong and supports the future development of Hong Kong, based on a 'one country, two systems' formula".

5. On IT/telecommunications and education, the Toronto Office partnered with Sheridan College in Ontario (often cited as Harvard for computer animation) to launch the Hong Kong/Sheridan Multimedia Awards project. It is a computer animation and web-site design competition on the theme of Canada-Hong Kong link for Hong Kong and Canadian students. The objectives are to arouse Canadian students' interests in Hong Kong and to offer an award to a Hong Kong student who can receive first-class multimedia education in Canada. The Toronto Office also coordinated a visit to Vancouver, Ottawa and Halifax by the Secretary for Information Technology and Broadcasting (SITB) in October. SITB met with the federal Industry Minister, other government officials and IT/Telecom companies and related organizations. After the visit, the Office has been following up on IT and multimedia cooperation opportunities with interested organizations such as the Vancouver Film School, the University of British Columbia and the Vancouver Economic Development Commission under the auspices of the Memorandum of Understanding on Co-operation in Information and Telecommunications Technologies between Canada and Hong Kong signed in 1998. SITB also highlighted Hong Kong's advantages as an IT centre to audiences at luncheon meetings in Vancouver, Ottawa and to the participants of Softworld 2000 in Halifax.

6. On environment, the Toronto Office organized a joint briefing by the Ontario Ministry of Environment and the City of Toronto on environmental policy and waste management and recycling initiatives for the CE during his visit to Canada in April. The Toronto Office has been facilitating further study of Canadian environmental technologies that may be applicable in Hong Kong. In September, the Toronto Office assisted RTHK's production of a TV special on advanced waste management technology developed in Canada and the implementation of solid waste recycling programme by the Halifax Municipal Government.

Others

7. The Toronto Office recognizes the importance of promoting Hong Kong culture as part of the general public relations program to project a positive image of Hong Kong in Canada. At the Canadian Chinese Cultural Centres Annual Conference to be held in Toronto in November, the Toronto Office will brief participants on relevant issues in Hong Kong. It is also considering hosting a joint project with the Department of History of the University of British Columbia, which may involve organizing a seminar/exhibition on Hong Kong culture.

Brief Report on the Work of the Singapore ETO

Overview

The Singapore Office is responsible for advancing the economic and trade interests of Hong Kong among member countries of the Association of South East Asian Nations (ASEAN)*; providing a reliable feed of information to Hong Kong on political, economic and social developments in the region; conducting minor research projects on public policies and legislation; arranging visits for official delegations from Hong Kong; and serving as a point of liaison with the APEC and PECC Secretariats.

2. Through business seminars and conferences, speaking engagements, exhibitions and other promotional activities, the Singapore Office strives to enhance the overseas image and knowledge of Hong Kong amongst government authorities, business communities, research institutions, academia, as well as international and community organisations in the region. Press/editorial briefings are also held in ASEAN capitals to update the media on latest economic developments, government policies and strategic initiatives in Hong Kong.

3. Furthermore, the Singapore Office organises art and cultural activities to expose a softer side of Hong Kong. Events of this nature that have taken place last year included a Green Hong Kong photo exhibition, a seminar on environmental protection and conservation, an artist dialogue in Manila, a premier dinner featuring Hong Kong's fashion scene as well as an event to promote New Age Hong Kong.

Regional Development

4. Most ASEAN countries are experiencing nascent economic recovery but their structural problems remain. The Singapore Office will keep a close watching brief on business prospects associated with market liberalisation, debt restructuring, corporate downsizing and technological upgrading arising from the wave of globalisation and the rush towards becoming a knowledge economy.

5. Despite some impressive GDP growth figures set against a low base of comparison last year, there are potential risks that could dismantle the recovery process. Some examples are the social stability and separatist movements in Indonesia, Muslim extremist activities and domestic politics in the Philippines, general elections in Thailand and leadership succession in Malaysia. At a macro level, the dynamics within ASEAN as well as its collaboration with countries in North Asia like China, Korea and Japan will impact significantly on the regional economic and political landscape.

* ASEAN member countries include Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam

Brief Report on the Work of the Sydney ETO

The Sydney Office continues vigorously to promote Hong Kong as Asia's premier international city and explain government policies to political leaders, government officials, the business community and the general public in both Australia and New Zealand. This is done through regular liaison, speaking engagements, exhibitions, press interviews, media conferences, and press releases and op-eds/letters to editors. The Investment Promotion Desk conducted a number of investment promotion visits to Australian and New Zealand companies and assisted them in establishing/expanding their presence in Hong Kong.

2. There were a number of visits by senior officials from Hong Kong during the past 10 months. In late July/early August 2000, the Financial Secretary visited Sydney, Melbourne and Adelaide and spoke at three Austrade seminars on the impact on Hong Kong of China's accession to the WTO. He also met with federal and state government leaders, senior politicians, think tanks and leading business executives. To promote Hong Kong as a regional wine distribution centre, the Financial Secretary visited a number of wineries in South Australia and had discussions with leaders in the industry. A number of radio and TV interviews as well as editorial board meetings were also arranged.

3. In September, the Secretary for Commerce and Industry attended and addressed the World Economic Forum in Melbourne. He also delivered a keynote address at the Hong Kong Networking Lunch which was well attended by conference delegates and senior business executives.

4. The Chief Secretary for Administration visited Sydney in September 2000 during the Olympics to render support to Hong Kong's athletes and lobby for Hong Kong's bid to host Asian Games 2006. She also took the opportunity to meet with senior politicians and business leaders. The Chief Secretary visited New Zealand in November 2000 as an official guest of the New Zealand Government. Her week-long visit covered Auckland, Wellington and Christchurch. She was joined on the visit by a delegation of business leaders from Hong Kong. The HKETO in Sydney organised, in association with the Hong Kong Trade Development Council and the Hong Kong Tourist Association in Sydney, a series of business conferences, tourism promotion activities, an infrastructure exhibition and meetings with government leaders, think tanks and leading business executives. Radio and press interviews were also arranged.

5. The various visits by our senior officials have all contributed towards raising the profile of Hong Kong in Australia and New Zealand and highlighting the opportunities for further developing two-way trade and investment links between Hong Kong and Australia/New Zealand.

6. In Australia, after much debate and preparation, the Goods and Services Tax (GST) was implemented on 1 July 2000. The process went quite smoothly and there were very few complaints from consumers. Many businesses, however, had difficulties in meeting the new reporting deadline and Government had to grant an exceptional extension. The federal election is expected to be held in 2001 and Australia will soon witness intensive electioneering.

7. The Australian economy grew by 4.5% in 1999/2000. In this year's Budget, the Treasurer predicted a very solid growth in the economy of 3.75% for 2000/01. In May 2000, the Organisation of Economic Co-operation and Development also estimated strong growth for the Australian economy at 3.9% in 2000, and 3.7% in 2001. Unemployment rate is currently 6.6%, a ten-year low.

8. In New Zealand, the new Labour-Alliance Government took office in December 1999 and has since then implemented a number of significant policy changes, including nationalising the accident compensation system for workers, amending labour legislation to give unions more bargaining power and raising taxes on the top income earners. Business confidence dropped at the start but appeared to have stabilised recently.

9. The New Zealand economy grew by 5.8% in 1999, which was the strongest annual growth since the boom of 1994. Standard and Poor's affirmed New Zealand's AA+ status in March 2000, which it said was supported by a moderate, and still falling, government debt burden, a resilient economy and an independent central bank pursuing cautious monetary policies. In the Budget for 2000, economic growth was forecast to be 3.7% in 2001, followed by a slowing to 2.7% in 2002 and 2.2% in 2003.
