



U.S. Department of State FY 2001 Country Commercial Guide: Hong Kong

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1. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Hong Kong's commercial environment using economic, political and market analyses. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies and consulates through the combined efforts of several U.S. Government agencies.

On July 1, 1997, Hong Kong reverted to Chinese sovereignty after over 150 years under British rule. The Sino-British Joint Declaration, signed in 1984, and the Basic Law, passed by China's National People's Congress in 1990, form the legal basis for China's "One Country, Two Systems" guarantees for the Hong Kong Special Administrative Region (SAR) of China. These documents, which guarantee a high degree of autonomy for the HKSAR except in matters relating to foreign affairs and defense, have to date been observed scrupulously. So far, Beijing has honored its commitments that the Hong Kong people will continue to enjoy the social and economic systems, life-style, and rights and freedoms that they enjoyed previously. The HKSAR continues to enjoy executive, legislative and independent judicial power.

After a very painful recession brought about by the financial and economic crisis that affected the entire Asian region, Hong Kong's economy began to recover in the second quarter of 1999, and the recovery has continued to strengthen. Unemployment stood at a very high 6.2% for 1999, but has now fallen to 5.5%. GDP rose by 3% in 1999, after contracting by 5.1% in 1998, and grew by a very impressive 14.3% in the first quarter of 2000. Some economists are now calling for 10% real GDP growth for full-year 2000.

The stock market, after losing over 60% of its value from its peak in August 1997 to its nadir in August 1998, has recovered to pre-crisis levels. Inbound tourist arrivals, a key economic driver for the Hong Kong economy, has also recovered strongly, growing 11.5% in 1999, and by 15% through the first four months of 2000. Property prices, which also fell sharply during the crisis, have now stabilized. For office space in the prime

“Central” business district, prices are currently 30-40% lower than at their peak in 1997.

According to U.S. Government statistics, U.S. exports to Hong Kong totaled US\$12.6 billion in 1999, and two-way trade totaled US\$23.2 billion, making Hong Kong the United States' thirteenth largest trading partner. US exports to Hong Kong in the first quarter of 2000 were up 5.5% over the year-earlier period.

Hong Kong experienced 4% deflation in 1999. Foreign currency reserves totaled US\$96.3 billion at year's end, the world's fourth largest. A tradition of prudent fiscal management has generally enabled Hong Kong to realize budget surpluses. To stimulate the economy in response to the financial crisis, however, the government increased spending on infrastructure projects and provided some tax concessions, resulting in deficits for two years. Now that the economy has stabilized, government books are back in the black, having registered a modest fiscal surplus for 1999-2000 of US\$1.3 billion.

The keys to Hong Kong's economic success -- its free-market philosophy, entrepreneurial drive, absence of trade barriers, well-established rule of law, low and predictable taxes, transparent regulations, and complete freedom of capital movement -- remain as strong as ever. And Hong Kong's attractiveness as a profitable commercial and financial center have been enhanced as the high cost of doing business, largely stemming from rising property and labor costs, has come down considerably because of the economic crisis. The rise in unemployment has eased wage pressure and dampened the high turnover that most companies faced here in the past, as a result of the extremely low unemployment rates that had prevailed traditionally (2.2% in 1997).

In 1998, the US\$9 billion Chek Lap Kok Airport replaced Hong Kong's Kai Tak Airport, which was strained beyond capacity in its last year of operation with 30 million passengers and 1.6 million tons of cargo. The new airport, with a second runway that opened in May 1999, is much larger than Kai Tak, with an ultimate annual capacity of 87 million passengers and nine million tons of air cargo. Hong Kong also boasts the world's busiest container port, now handling over 16 million TEU's (twenty-foot equivalent units) of cargo per year. To meet the continued growth in demand for container handling facilities, Hong Kong is building its ninth container terminal (CT 9) on Tsing Yi Island.

There are over 1,100 U.S. businesses represented in Hong Kong -- including over 400 regional operations -- and over 50,000 American citizens reside in Hong Kong. According to preliminary U.S. Government statistics, U.S. direct investment in Hong Kong totaled almost US\$24 billion at year-end 1999 (based on historical cost), making the United States one of Hong Kong's largest investors, along with the U.K., China and Japan.

Geographic proximity and cultural and linguistic ties, particularly to adjacent Guangdong province, have greatly accelerated Hong Kong's economic integration with China. Trade and investment with China have surged as China's economy continues its fast-track

growth. China is Hong Kong's largest trading partner, absorbing one-third of Hong Kong's total exports of US\$172.9 billion. Hong Kong serves as the principal transshipment point for Chinese exports. Almost 60% of cumulative foreign investment in China originated from or transited through Hong Kong. Over 5 million Chinese workers are employed by Hong Kong-invested enterprises in Guangdong alone.

With a per-capita GDP of over US\$23,086, Hong Kong's revived market offers outstanding opportunities for sales of a full range of U.S. products and services. Continued liberalization of the telecommunication and broadcasting sectors will attract U.S. investors, service providers and suppliers. The Government's energized focus on the environment and its continued spending on infrastructural projects will also provide substantial business opportunities for U.S. firms. Other attractive sectors for U.S. firms are information technology, franchises, paper and high-value food products.

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2. ECONOMIC TRENDS AND OUTLOOK

A. Major Trends and Outlook

Hong Kong experienced negative growth of 5.1% in 1998. After continued negative growth (-3%) at the beginning of 1999, the economy began to pick up in the second quarter of 1999. Real GDP grew by 3% to US\$158 billion as a whole in 1999, with growth of 1.1%, 4.4% and 9.2% in the last three quarters of the year. Real GDP rose at the remarkable rate of 14.3% in the first quarter of 2000, and is project to rise 6% in 2000.

Labor market conditions remained slack, reflecting the after effects of the Asian financial crisis. Unemployment rates rose to 6.2% in 1999 compared with 2.2% in 1997. The continued labor force growth reflected sustained expansion in the working age population, which in turn was underpinned by inflows of returning emigrants, immigrants from Mainland China, and other foreign workers. As the economy began to recover, unemployment declined to 5.5% in the second quarter of 2000.

Hong Kong's merchandise, or visible, trade deficit decreased by 46.3% in 1999 to US\$5.6 billion. Exports of services increased 6.3% in real terms in 1999, while imports of services declined by 0.6%. Hong Kong's services surplus, which grew slightly in 1999 to US\$13.2 billion, offset all of its merchandise trade deficit.

In 1999, Hong Kong's total exports (comprising re-exports and domestic exports) grew by a meager 0.1% to US\$173 billion. In real terms, total exports in 1999 increased by 3.7%, as compared with a 4.3% decrease in 1998. Total exports continued to rise in 2000, rising 18.7% in value terms for the period January-April 2000 compared to the year earlier (an admittedly low base). Re-exports, which account for 87% of Hong Kong's total exports, increased by 1.7% in value terms in 1999. (Re-exports refer to goods made in foreign countries, principally China, which officially enter Hong Kong's customs territory for shipment onward to other countries.) Re-exports surged 19.6% in value terms for the period January-April 2000 compared to the year earlier. Domestic exports decreased by 9.5% in value terms in 1999, following a 10.9% decrease in 1998. Domestic exports grew 12.2% in value terms for the period January-April 2000 compared to the year earlier. China is Hong Kong's principal export market, taking approximately one third of total domestic merchandise exports. The United States is Hong Kong's second largest export market. Including re-exports from China, in 1999 Hong Kong's total exports to the U.S. were US\$41.1 billion, according to Hong Kong Government statistics. Other principal export markets in order of importance are Japan, Germany and the U.K.

Total imports shrank by 2.5% in value terms in 1999 to US\$178.6 billion. In real terms, total imports increased 0.1% in 1999, following a 7.2% decrease in 1998. Retained imports -- those not shipped onward to China or elsewhere -- fell by 12% in real terms to US\$53.9 billion in 1999. The drop represented a setback in production and consumption in 1999 as a result of the economic downturn. For the period January-April of 2000, total imports rose 21.5% in value terms compared to the year earlier period. China is the largest supplier of imports with a 42% share, followed by Japan, the United States and Taiwan. U.S. exports to Hong Kong totaled US\$13 billion in 1999, down 8.8% from 1998. (Note: According to U.S. Government statistics U.S. exports to Hong Kong totaled US\$12.6 billion in 1999, down from US\$ 12.9 billion in 1998. For January-March 2000, U.S. exports to Hong Kong are up 5.5% compared to the year earlier.)

Since 1983, the Hong Kong dollar has been linked to the U.S. dollar at a rate of approximately HK\$7.8 = US\$1. The Hong Kong Government is steadfastly committed to the link and has pledged to maintain it. Currency notes are issued by three commercial banks, and are fully backed by U.S. dollars on deposit with the Exchange Fund. The link requires local interest rates generally to track those in the United States. The market exchange rate of the Hong Kong dollar against the U.S. dollar remained on the strong side of the link during 1999, ranging from 7.746 to 7.771. During the Asian currency turmoil, the strength of the Hong Kong dollar was maintained through the operations of its currency board mechanism, resulting in upward adjustments, at times quite sharp, of interest rates.

B. Principal Growth Sectors

Services dominate Hong Kong's economy, accounting for 84.7% of GDP and employing 86% of the work force in 1998. Between 1989 and 1999, exports of services grew at an average annual rate of 4.6% in real terms, while services imports increased at 5.7%. Major services include the trade and travel related sector (wholesale trade, retail trade, import/export, restaurants and hotels), which accounted for 24% of GDP in 1998; and financing, insurance, real estate and business services, which contributed 25.6% of GDP in 1998, up from 20% in 1990. See Chapter 7 Section (I) for a discussion of the banking/financial services sector.

Manufacturing as a percentage of GDP has declined steadily as companies have shifted production facilities to lower cost locations in China and elsewhere. Manufacturing in 1998 accounted for only about 6.2% of GDP and 10.9% of the work force, down from 17.6% and 28% respectively in 1990. The textile and clothing/apparel industries remain the backbone of Hong Kong's manufacturing sector. These industries employed 29.1% of the manufacturing work force and accounted for 43.5%, or US\$9.5 billion, of Hong Kong's 1999 domestic exports. Other principal industries include electronics, watches and clocks, and chemical and industrial machinery. Manufacturers continue to shift production facilities out of Hong Kong, primarily to China, to take advantage of lower labor and land costs.

(1) Tourism and Retail Sales

Tourism is Hong Kong's largest earner of foreign exchange after the textile and apparel industries. Tourism provided revenues of US\$6.8 billion in 1999, down by 4.1% from 1998. Visitor arrivals numbered some 10.7 million in 1999, up by 11.5% from 1998. Tourism to Hong Kong maintained its strong momentum in 2000, with tourist arrivals for the first four months of 2000 rising by 15% from a year ago to 4.1 million. The surge is partly attributed to the improved economy in the region. Visitors from China accounted for 28.9% of Hong Kong's total arrivals last year, followed by Taiwan with 18.7%, Southeast Asia with 13.3%, Japan with 9.6%, and the U.S. with 7.5%. The volume of visitors from the U.S. in 1999 increased to 802,705 from 1998's 773,309. Hotel room occupancy rates rose to 79% in 1999 from 76% in 1998. For the period of January-April 2000, the hotel room occupancy rate increased to 80%.

Retail sales volume grew by 1.5% in 1999 (reflecting the recovery of consumer demand) following a 16.7% decrease in 1998. The largest increases in sales included furniture/fixtures and wearing apparel, registering a growth of 6% and 2.8% respectively in volume in 1999. Other retail segments also showed an increase in volume in 1999, including supermarkets (up 1.7% in volume); food, alcoholic drinks and tobacco (up 1.8% in volume); and clothing and footwear (up 1.9% in volume). However, motor vehicles, fuels, footwear and clothing accessories, consumer durable goods dropped by 12.3%, 10.1%, 3.1% and 0.1% in volume, respectively. For the period January-April, 2000, retail sales have risen 14.1% in volume compared to the same period in 1999.

(2) Property

In 1999, average monthly rental prices for Grade A (the highest grade) office space in Central, Hong Kong's premier district, dropped 28.6% from 1998 because of the downsizing in the corporate sector and an uncertain business outlook. The decrease narrowed in the fourth quarter of 1999, boosted by better-than-expected GDP growth in the third quarter, the bullish stock market and confirmation of the Disney Corporation's plans to construct a theme park on Lantau Island. Prices for Grade A space in Wan Chai North, another popular commercial district for multinational companies on Hong Kong Island, dropped by 35.9%. In the fourth quarter of 1999, the leasing market began to pick up, particular in Central and Quarry Bay. Demand came from information-technology firms and finance companies. Office rentals in Central averaged about US\$5.5 per square foot per month, 30-40% lower than levels before the Asian financial turmoil.

The residential property market continued its severe downturn in 1999, overshadowed by rising unemployment, moderate income and higher mortgage rates. The market began to slip in the third quarter of 1997 when Chief Executive C.H. Tung announced his plan to build 85,000 new flats a year, aimed at increasing the home ownership rate to 70% by 2007. In the fourth quarter of 1997, the market plunged as a result of the Asian financial turmoil and high interest rates. The Peak, Wan Chai/Mid-levels, and the South Side of Hong Kong Island are the most popular living areas for expatriates. In June 2000, rental prices in these areas, the "luxury" segment, had fallen some 33% from 1997's peak, with average rents of US\$3.5 to \$4.4 per square foot for the Peak, US\$2.5 to \$4.3 for Wan Chai/Mid-levels, and \$2.5-\$3.5 for the South Side.

(3) Infrastructure (Construction, Telecommunications, Environment)

See Chapter 2 Section (E) below for a discussion of these sectors.

C. Government Role in the Economy

The Hong Kong Special Administrative Region Government continues to pursue a generally non-interventionist approach to economic policy that stresses the predominant role of the private sector, just as it did prior to the transition to Chinese sovereignty in July 1997. Economic policy is based primarily on minimal interference with market forces. However, the government plays a significant role in infrastructure development, healthcare, public housing, and land sales. In recent years, the government has also become more proactive in support of high technology development. It has introduced various schemes to encourage applied research and development and has plans to develop a Science Park. In the spring of 1998, the government, responding to public pressure, put forward a US\$5.7 billion economic relief package, a package which resulted in a deficit of US\$3 billion for fiscal year of 1998-99.

Hong Kong has consistently supported an open multilateral trading system. The government is an active member of the World Trade Organization (WTO) and the Asia Pacific Economic Cooperation Forum (APEC). Hong Kong maintains no anti-dumping laws, countervailing duty laws, import quotas or tariffs. (There are consumption taxes on a few items which apply equally to imports and local products.) It urges similar open trade policies for its neighbors and trading partners. Since July 1, 1997, Hong Kong has continued to enjoy a high degree of autonomy as a separate customs territory.

The tax system in Hong Kong is simple and tax rates are low. No one pays more than 15% of their income in salaries tax. As a result of generous allowances under the law, 61% of the work force pay no salary tax at all. The business profit tax is 16% and is payable only on net profits arising in Hong Kong or derived from business performed in Hong Kong. There are no taxes on capital gains, dividends, or interest. Other revenue sources include stamp duty on property and stock market transactions, betting duties, estate duty and hotel accommodation tax. The Hong Kong Government's low taxes and prudent fiscal policy have enabled it, generally, to achieve surpluses on its consolidated account over the past decade. Under the Sino-British Joint Declaration and China's Basic Law on Hong Kong, Beijing cannot tax Hong Kong or otherwise extract revenue from the HKSAR Government.

Hong Kong Government-funded core projects, including those related to the Chek Lap Kok Airport and environmental protection, have further fueled the development of Hong Kong's economy. In Fiscal Year 2000 (FY00), which ended March 31, 2001, government expenditure accounted for about 21.9% of GDP. For the second year in a row government expenditure has exceeded 20% of GDP. Prudent fiscal management and strong reserves have obviated the need for the Hong Kong Government (HKG) to incur debt to finance expenditures. The Hong Kong Monetary Authority (Hong Kong's de facto central bank) had a total of US\$13.1 billion in Exchange Fund bills and notes outstanding at year-end 1999. The bills and notes are used as instruments of monetary policy and are a principal means by which the HKG has worked to develop a local debt market. They are not used to finance expenditures.

D. Balance of Payments Situation

Hong Kong released official Balance of Payments (BoP) data for 1997 in April, 1999. The broad BoP account for 1998 and the first set of quarterly BoP account for the same reference quarter were available in January 2000.

In 1999, Hong Kong recorded an overall BoP surplus of US\$9.5 billion compared with a deficit of US\$6.9 billion in 1998. The current account registered a surplus of US\$9.0 billion, which was 5.8% as ratio of the GDP estimate at current market prices in 1999. This was the net effect of a visible trade deficit of US\$3.1 billion, an invisible trade surplus of US\$10.3 billion, a net inflow of factor incomes of US\$3.5 billion, and a net outflow of current transfers of US\$1.5 billion.

In the first half of 2000, Hong Kong recorded an overall BoP surplus of US\$249.9 million and US\$941.8 million in the first and second quarters, respectively. Total inflow into Hong Kong in the second quarter of 2000 amounted to US\$11.8 billion, while total outflows were US\$11.2 billion. The gross flows of external factor income into and out of Hong Kong were both very sizable, with each equivalent to about 30% of GDP.

E. Infrastructure Situation

Hong Kong's modern and efficient infrastructure has supported Hong Kong's role as a trade entrepot and regional financial and services center. Rapid growth has placed severe demands on that infrastructure, requiring major new investments, particularly on transportation and shipping facilities. Hong Kong's new airport and airport railway opened on July 6, 1998. All the related roads, bridges and tunnels were completed in advance of the opening. The conclusion of the Airport Core Program, however, is not the end of Hong Kong's commitment to an efficient infrastructure. On the contrary, Hong Kong has plans to invest US\$18 billion over the next five years to further enhance its competitiveness as a regional center. Significant projects include a planned expansion of container terminal facilities, additional roadway and railway networks, sewage and telecommunications facilities.

Airport

Despite start-up problems during the first few weeks of operations, particularly for cargo shipments, Hong Kong's new international airport at Chek Lap Kok has settled into a routine of efficiency after two years of operations. Each day, it handles an average of 450 flights, 90,000 passengers and more than 4,500 ton of cargo. There are more than 60 airlines operating some 3,000 flights between Hong Kong and 110 cities around the world. With 167,369 aircraft movement and 1,974,000 tons of cargo throughput in 1999, the new Hong Kong International Airport ranks fifth in the world in terms of passenger throughput and first in terms of cargo handled.

Hong Kong is a major gateway to China, the world's fastest growing region for aviation. There are direct flights from Hong Kong to nearly 40 Mainland cities, and the demand for aviation services is growing. Looking ahead, Hong Kong International Airport is well placed to take advantage of Asia's economic recovery. With 24-hour operations, two all-weather runways, an ability to cater to all types of commercial aircraft, high-speed transport links from the terminal to the city, and the largest and most efficient cargo handling facilities in the world, Hong Kong International Airport appears to be well positioned to cater to Hong Kong's aviation needs in the coming decades.

While the airport is now completed and fully operational, the Airport Authority is considering plans to build a Third Party Logistics Center and possibly a warehouse

shopping mall on the airport grounds, and is considering other commercial developments to boost revenues. The Hong Kong Civil Aviation Department is in the early stages of a complete upgrade of its air traffic control system, which should provide good opportunities for U.S. companies over the next five years.

Shipping and Port Activities

Hong Kong enjoys one of the best natural deep-water ports on the Chinese coast. With continued high economic growth and industrialization in China, the development of deep water ports at Yantian and Gaolan in south China should complement Hong Kong's facilities over the medium term. Over the longer term, increased competition should generate greater efficiencies in service.

Hong Kong's container port is one of the world's busiest. In 1999, Hong Kong's eight privately operated container terminals and mid-stream operators handled 16.2 million twenty foot equivalent units (TEUs) of cargo, an 11.0% increase over 1998. The Port Development Board expects container throughput to reach 32.8 million by the year 2016.

Given long-term growth projections, Hong Kong expects that it will require additional container terminals. There are currently eight terminals with 19 berths. Hong Kong is building its ninth container terminal (CT 9) on Tsing Yi Island opposite the eight existing terminals at Kwai Chung. The first of this six-berth, 2.6 million TEU capacity container terminal could be in operation as early as 2001. The Hong Kong Government has also made provisions for port facilities (CT 10 & 11) on reclaimed land on Lantau Island, though declining through-put may forestall the need for these facilities. Also, responding to the increased container traffic from the Pearl River waterways, Hong Kong's first river trade terminal was completed in 1999. The river trade terminal occupies 65 hectares with a quay length of 3,000 meters, and is capable of handling 1.3 million TEUs of river trade cargo a year.

Roads and Railroads

Hong Kong's roads have one of the highest vehicle densities in the world. In March 2000, there were 509,046 licensed vehicles and about 1953 kilometers of roads, or 261 vehicles per kilometer of road. This high vehicle density, combined with difficult terrain and high density building development, poses a constant challenge to transport planning, road construction and maintenance. To cope with worsening traffic congestion, largely due to the rapid growth in the number of private cars, the Highways Department has launched an extensive road construction program. The department's budget for the financial year ended March 2001 totaled US\$833 million.

Hong Kong is serviced by three major railway systems. The Mass Transit Railway Corporation (MTRC) operates a five-line metro system, including the 34km Airport Express and the Tung Chung Line which opened in mid-1998. The Kowloon-Canton

Railway Corporation (KCRC) operates a 34-km line that services the new towns in the Northeastern New Territories, and that also provides a border crossing and freight service into China. In addition, KCRC also operates a Light Rail Transit System in the Northwestern New Territories.

Hong Kong is planning a massive expansion of its rail system. The investment in Hong Kong's domestic and cross-boundary rail networks in the next decade is expected to exceed in scale the US\$20 billion spent on the Airport Core Program. Three major domestic passenger rail projects are already at various stages of implementation. Of these, KCRC is moving rapidly with West Rail Phase I and gearing up for extensions of its existing East Rail. In parallel, MTRC is pressing ahead with an existing rail line extension (Tseung Kwan O Extension) to service a new town in East Kowloon. A second cross-border passenger service and a second cross-harbor rail link are also high on Hong Kong Government's railway network development priority list.

Telecommunications

Telecommunications ranks as one of Hong Kong's most dynamic and technologically advanced industries, having for many years played an integral role in Hong Kong's development as an international business center. This role is poised to grow as Hong Kong's government places an increasing emphasis on information technology and IT-based industries. The telecommunications industry contributed US\$6.5 billion (or 4.1%) to GDP in 1999, while annual telecommunication investment amounted to US\$1.8 billion in the fiscal year of 1998-99. Hong Kong's core telecommunications infrastructure has been digitalised since 1995, with 388,000 kilometers of optical fiber. As of April 2000, Hong Kong had an estimated 2.3 million Internet users with 178 Internet service providers. Broadband networks cover all commercial buildings and are available to over 80% of households. Hong Kong also has a highly developed wireless market, and plans to issue licenses for third generation ("3G") services in 2001.

Opening telecommunications markets in Hong Kong was the subject of intense debate in 1998 and early 1999. Substantial liberalization has been achieved, including a January 1999 opening of the international simple resale market that produced dramatic reductions in consumer long-distance rates. In May 1999 the government extended the current moratorium on additional fixed line service providers through December 2002. That decision will prolong the current arrangement in which a dominant local operator handles most residential and retail services while three recent entrants battle over the corporate market. In January 2000, the government issued 5 new licenses for local fixed wireless services and 12 new licenses for satellite-based external facilities. In February the government announced an additional 13 licenses for cable-based external facilities. The successful bidders will have 18 months to conclude construction and maintenance contracts with their consortium partners, acquire overseas cable landing rights and reach interconnection agreements with local networks. The Letters of intent guarantee cable landing rights in Hong Kong and specify that the government will issue external facilities

licenses once the companies complete negotiations with overseas regulatory authorities and commit to acceptable performance bonds. 7 of the 11 successful bidders on these new submarine cables have U.S. connections: Global Crossing, AT&T, Flag Telecom, Global One, Level(3), MCI Worldcom, and PSI. If implemented without bias towards existing providers, this opening should produce a further expansion of telecom services and a reduction in consumer costs.

In order to enhance security in electronic transactions, Hong Kong enacted in January 2000 the Electronic Transactions Ordinance, which gives electronic records and digital signatures the same legal status as paper-based counterparts. Hong Kong Post became a public Certification Authority (CA) on January 31, 2000. The private sector is free to set up more Certification Authorities to meet the demand of electronic commerce in Hong Kong. Furthermore, CAs may apply to the government for recognition on a voluntary basis, a provision intended to take account of consumer interests and enhance users' confidence in electronic transactions.

Environment

The Chief Executive of the Hong Kong government, Mr. Tung Chee-hwa, highlighted environmental protection as one of his top three work priorities in his October 1999 Policy Address. Continuing degradation of Hong Kong's environment has triggered increasingly vocal demands by businesses and the community to improve air and water quality. The government responded by outlining a series of new objectives and initiatives to address these challenges. The Hong Kong government is continuing to work on a wide range of environmental infrastructure projects with an estimated cost of US\$2.6 billion per year for the next three years.

The largest of all the environmental infrastructure projects currently being undertaken is the Strategic Sewage Disposal Scheme, at a cost that may reach US\$3 billion. The development of the second phase, including sludge minimization and deep oceanic outfall, is under environmental impact assessment and is expected to begin construction by the end of 2000. Some of the construction work for the third and the fourth phases will begin concurrently with the second phase. For the areas that are not served by the SSDS, there are opportunities for smaller scale municipal sewage systems and related equipment. The total demand for this sector is estimated at US\$300 million.

This year marks the second year of the implementation of a ten-year Waste Reduction Framework Plan. It is aimed at minimizing the amount of waste requiring collection, treatment, and disposal. There are plans to build two centralized waste-to-energy incineration facilities at a total cost of US\$1 billion; a construction materials recovery facility at a cost of US\$100 million; and a US\$5 million composting facility expansion. The choice of site locations for the incineration facilities is currently contracted out for feasibility study. Completion of the study is expected by mid-2001. Opportunities for incineration and waste recycling technologies and related equipment are valued at

US\$200 million.

Other business opportunities include the government's plans to privatize drinking water treatment and distribution facilities. The government is expected to release its feasibility study for public consultation by the end of 2000. It will create investment opportunities for bankers, private investors, and water management companies to bid on the management and service contracts for the water facilities.

Additional niche markets exist in Hong Kong for the following types of environmental technologies. These include:

Indoor air pollution control technologies - Centralized air conditioning is commonly seen in Hong Kong's office buildings, hospitals, and shopping complexes. The government has begun to look into management and control technologies to improve the air quality inside public buildings. There will be a growing demand for new and retrofit ventilation and infection control technologies for use in public buildings.

Vehicular air pollution control technologies - Vehicular emissions of diesel buses and trucks are a major cause of air pollution in Hong Kong. The government is seeking options for alternative fuels and advanced technologies to control the growing problem of respirable suspended particulates in particular.

Energy efficient building technologies - Improved energy efficiency and energy savings in buildings is another priority. The government has projected that the population will increase from 6.8 million in 2000 to 8.1 million by 2010. The population increase will impose a strong demand for energy efficient lighting and air conditioning technologies in both old and new buildings, particularly given the large number of people in Hong Kong living and working in high-rise buildings.

Noise abatement technologies - It is expected that Hong Kong will build more highways, roads, and railroads linked to the newly-developed towns created to house the anticipated population increase. Good noise control on roads and railroads is essential to minimize disturbances to residential neighborhoods.

Environmental consultant services – Project-based environmental consultant services are expected to continue to grow 8-10% per year following the successful implementation of the environmental impact assessment ordinance one year ago. All major development projects are required to submit environmental assessment reports before the projects commence.

F. Macau Economic Scene

Macau, a thirteen square mile enclave of around 438,000 persons, became a Special

Administrative Region of the People's Republic of China on December 20, 1999 after 450 years as a Portuguese colony.

U.S. business interests in Macau are modest by international standards. There are approximately 586 Americans residing in Macau, engaged in business, academic and missionary work. The United States is Macau's most important foreign market, taking nearly 47% of Macau's total exports, while imports from the United States amount to five percent of Macau's total imports.

1999 real GDP growth was down 2.9% from 1998 levels compared with a decline of 4.6% in 1998. Nominal GDP for 1999 was US\$6.2 billion. Deflation continues to worsen and prices declined 3.2% for 1999 and -2.4 percent for the first quarter of 2000. The Asian financial crisis did not effect Macau's industrial sector. A sharp decline in gambling and tourism revenues, which account for 55% of government revenues, led the decrease in GDP. Improved law and order since the handover, however has improved revenue from these sectors in the first half of 2000.

Unemployment, which has averaged around four percent in recent years, climbed to 6.8% in early 2000, according to official statistics. Trade unions put the figure closer to 10%. After nearly a decade of quiet on the labor scene, there were several demonstrations in mid-2000 to protest cheap labor from the PRC.

Total government revenue for 1999 was US\$1.264 billion. Expenditures were slightly less at US\$1.236 billion leaving a fiscal surplus of US\$38 million. Accumulated surplus over the past three years has created a balance of US\$138.6 million with no public debt. Net domestic credits equaled US\$744.1 million.

Macau's money supply (M2) was US\$11.3 billion at year-end 1999. Patacas (the local currency) account for only 31 percent of this supply while 52 percent is Hong Kong Dollars and 17% is other currencies. Currency in circulation equals US\$228 million. The public sector is only responsible for 0.4% of the US\$5.8 billion in loans and other credits. The Macau Monetary Authority holds 38.9% of net foreign assets.

Macau ran a positive trade balance in 1999 of US\$160 million, down from US\$186 million in 1998, with total exports of US\$2.2 billion exceeding imports of US\$2.04 billion. In 1999, exports increased 2.9% while imports rose 4.5%. Textiles lead Macau's exports, accounting for nearly 85% of all merchandise exports.

Macau, with a well-developed infrastructure, relatively low rents and available cargo and warehouse capacity, and an well-educated population, is working to develop its status as a gateway to China. Macau also has substantial potential as a training center and service provider.

Table 1: Macau -- Forecasts for Major Indicators (real growth rate percent change)

	1997	1998	1999
Real GDP	-0.3	-4.6	-2.9
Inflation Rate	3.5	0.2	-3.2
Private Consumption	1.4	-0.9	1.7
Public Consumption	4.1	2.4	9.5
Gross Fixed Capital Formation	1.9	-12.7	-9.2
Public Sector	4.6	4.3	---
Private Sector	7.3	-13.2	---
Unemployment*	3.2	4.6	6.4
Trade Balance (US\$ MN)	65.7	185.9	160.0

*Feb. 2000 – Apr. 2000 = 6.8 percent

Table 2: 1997-1999 Nominal Trade Figures (US\$ millions)

	1997	1998	1999
Total Goods Exports	2,141.2	2,135.5	2,197.5
Domestic Exports	1,881.0	1,863.0	1,880.6
Re-exports*	260.1	272.5	317.0
Total Services Exports	3,131.4	---	---
Total Goods Imports	2,075.4	1,949.6	2,037.5
Macau/U.S. Trade			
Imports from U.S.	130.3	91.7	103.8
Exports to U.S.	968.4	1,017.6	1,031.1

* Converted from Patacas using average yearly exchange rates of 7.976, 7.979 and 7.992 for years 1997, 1998 and 1999 respectively.

Sources: Based on compilation by Research Department of the Macau Economic Services Bureau.

3. POLITICAL ENVIRONMENT

A. Nature of Political Relationship with the U.S.

The U.S. and Hong Kong maintain close and cooperative relations. Hong Kong is our thirteenth-largest trading partner overall. U.S. direct investment in Hong Kong through

1998 totaled US\$20.8 billion on a historic cost basis. The U.S. maintains a wide number of cultural and educational exchanges with Hong Kong, and enjoys excellent cooperation in law enforcement matters. Over 50,000 American citizens reside in Hong Kong and over 1,100 U.S. companies have offices in Hong Kong.

B. Major Political Issues Affecting Business Climate

Hong Kong became a "Special Administrative Region" (HKSAR) of the People's Republic of China on July 1, 1997. The Sino-British Joint Declaration, signed in 1984, and the Basic Law of the HKSAR, passed by China's National People's Congress in 1990, form the legal basis for China's "One Country, Two Systems" guarantees for Hong Kong.

The HKSAR has a high degree of autonomy, and enjoys independent executive, legislative and judicial power. China has promised that the social and economic systems, life-style, and rights and freedoms currently enjoyed by Hong Kong people will remain unchanged for at least 50 years. The HKSAR Government negotiates bilateral agreements (then "confirmed" by Beijing), and makes major economic decisions, on its own. The central government in Beijing is responsible only for foreign affairs and defense of the HKSAR.

C. Brief Synopsis of Political System, Schedule for Elections, and Orientation of Major Political Parties

When Hong Kong became a Special Administrative Region of China in July 1997, the Basic Law guaranteed the continuation of the rights and freedoms that Hong Kong residents already enjoyed: in essence, the continued rule of law, and the maintenance of Hong Kong's capitalist system for 50 years. In fact, the HKSAR has maintained its capitalist economic and trade systems, retained the status of a free port and continued a free trade policy with free movement of goods and capital. It retains its status as an international financial center, as can be seen in its active participation in efforts to address the Asian financial crisis. It formulates, on its own, monetary and financial policies and safeguards the free operation of business and financial markets. The Basic Law states that the HKSAR will maintain its own currency and use revenues exclusively for its own purposes. The Hong Kong Dollar continues to be freely convertible and foreign exchange, gold and securities markets continue to operate as before. Systems currently in place, including Hong Kong's regulatory and supervisory framework, have remained unchanged. Hong Kong's legal system, including the independence of the judiciary and obligation of the executive authorities to abide by the law, has also continued. Beijing is only responsible for foreign affairs and defense of the HKSAR.

Hong Kong is a free society with legally protected rights. Executive powers are vested in the Chief Executive, C.H. Tung, who was selected by a 400-person Selection Committee. The judiciary is an independent body which operates according to the precepts of the

Common Law, with certain variations. The Basic Law (article 8) stipulates that the laws in force in Hong Kong before reversion, except for any which contravene the Basic Law, remain in force. The Court of Final Appeal (CFA) was also established on July 1, 1997 to replace the British Privy Council as the final arbiter of cases brought in Hong Kong courts. Legislative power rests in the hands of Hong Kong's Legislative Council.

Prior to 1985, members of the Legislative Council were not elected. Between 1985 and 1995, legislative seats appointed by the Governor were eliminated and an increasing number of legislators were elected either directly from geographic constituencies or by professional, business, and labor groups, called functional constituencies. The first elected legislature under the SAR Government was elected on May 24, 1998 and sworn in on July 2, 1998. Based on the Basic Law formula of 20 geographic seats, 30 seats from "functional" constituencies representing the professions, business sectors, and labor, and 10 seats from an electoral committee, the methods used to elect the legislature limited "pro-democracy" candidates to about twenty out of sixty seats, despite the fact that they received about two thirds of the popular vote. The leading opposition political party, with 600-800 members, is the Democratic Party, which received 43 percent of the vote in the May 1998 election. The left-wing labor union-affiliated and generally pro-China DAB (Democratic Alliance for the Betterment of Hong Kong) is the second leading party. Elections for the Legislative Council in September 2000 will provide a bellwether of current political party strength.

D. Macau Political Scene

Under the principle of "one country, two systems" specified in the 1987 Sino-Portuguese Joint Declaration, The Macau Special Administrative Region (SAR) enjoys a high degree of autonomy except in foreign affairs and defense. The Joint Declaration and Basic Law (the Special Administration's mini-constitution) specify that Macau's economy and way of life will remain unchanged for 50 years. After the handover, laws in force continued to apply. New laws were passed to provide for a new judicial system, including the establishment of a Court of Final Appeal. Macau's judiciary is independent.

The Macau SAR government is headed by Chief Executive Edmund Ho, who was chosen by a 200-member Selection Committee, in turn chosen by the Beijing-appointed Preparatory Committee. Macau's pre-handover legislature was a "through train," continuing to serve until its term expires in 2001. In contrast to the pre-handover system where both the Portuguese Governor and the Legislative Assembly exercised legislative power, only the legislature has legislative power. However, the Basic Law stipulates limits on the types of private member bills which may be tabled. Voters elect only eight of Macau's twenty-three legislators in direct elections in geographical constituencies. Eight are elected by interest groups. Seven are appointed by the Chief Executive.

Macau's human rights record is generally good. The police force is under civilian control. A Chinese People's Liberation Army garrison in Macau has no responsibility for internal security. There were serious law and order problems before the handover, almost all relating to organized crime violence. The new government, however, has made dealing with crime and corruption a priority. The proposed reorganization of the police force, including the establishment of a new Customs Service, coupled with a clampdown on organized crime activity on the Chinese side of the border, have resulted in a sharp decrease in organized crime violence.

4. MARKETING U.S. PRODUCTS AND SERVICES

For many American products and services, initial market penetration in Hong Kong does not require an investment of millions of dollars of company funds. Given that Hong Kong is a "free port" with virtually no duties or tariffs and that it has a wide ranging network of agents and distributors, a well-managed market penetration program with a moderate investment in market development is generally all that is required initially. The market for U.S. service firms is also quite open. Due to its open nature, however, Hong Kong is among the most competitive and price sensitive markets in the world. Companies considering the market should also be aware that the Hong Kong business climate is extremely fast-paced. Decisions are made quickly and companies need to be able to respond to inquiries immediately or they risk losing the market to faster moving suppliers.

Many American products and services do have a market in Hong Kong, and in many cases through Hong Kong to China. Many excellent agents and distributors for China are located in Hong Kong, although given China's size and diversity, it is usually necessary to work with different agents for different regions of China. Hong Kong companies are eager to talk to potential exporters and have a strong interest in representing good quality, competitively priced U.S. products from companies committed to the market. Commitment to the market is demonstrated in various ways but should include: quoting in metric, providing Chinese language material, responding quickly to inquiries, meeting relevant standards, and visiting the market for first hand understanding and building of relationships.

A. Distribution and Sales Channels

One of the best ways to sell products in the Hong Kong market is through the use of agents or distributors. It is also an excellent way of minimizing the initial investment in the market. As outlined below, there is a wide range of companies which can serve as agents or distributors for U.S. firms. Other options for pursuing Hong Kong's market are establishing an office or partnering. Companies looking to sell equipment needing long term maintenance or technical support or installation or who are seeking to become

involved in infrastructure projects frequently seek to partner with local companies.

B. Information on Typical Product Pricing Structures (e.g. percent mark-up for products)

Hong Kong is a very open and competitive market. The actual markup varies depending on the product and the industry. Government contracts, for example, tend to be highly competitive with very thin margins or markups. Consumer goods, on the other hand, have higher markups due to the high local costs, particularly for retail space.

C. Use of Agent/Distributors; Finding a Partner

Working with agents and distributors in Hong Kong is very much like working with an agent in the United States. An agent takes orders in the supplier's name. Distributors act in their own name and may stock products purchased from the manufacturer for resale. The choice depends on the relationship with which the manufacturer/supplier is most comfortable and the nature of the business.

Hong Kong has no special legislation regarding agents and distributors. Virtually anything which both sides can agree to and put into a written contract is acceptable and enforceable, including restrictions on territory and a grace period for termination of the agreement. While not required by Hong Kong law, the more complex the contract, the more helpful legal counsel can be in drafting the text. Items that are often in the contract include:

- Discussion of exclusivity and sales territories (always a sensitive issue; business people should be careful about granting an exclusive agency too soon or in too large a territory if the agent is to cover beyond Hong Kong.)
- Discussion of proprietary information (theft of intellectual property is prohibited by local law, but prevention of piracy is always less expensive and more effective than post-facto legal action.)
- Levels of sales activity -- set specific targets and goals to qualify for maintaining or renewing the agreement
- Time duration
- Payment terms
- Quality control -- inspection -- verification
- Rule of law -- jurisdiction in the USA vs. Hong Kong (It is generally Hong

Kong, but another location may be specified -- for arbitration, for example.)

- Covenants restricting activity following cancellation of the contract.

There are many types of agents and distributors in Hong Kong, ranging from those who simply stock retail stores with standard items to agents who provide sales, engineering and technical support for complex systems. It is common for a single company to deal in a wide variety of products in a particular sector. Agents and trading companies may be less specialized than companies in a large economy like the U.S., but the best ones are focused and have contacts in a general line of business.

D. Franchising

During the past decade, Hong Kong and the region have been catching on to the concept of franchising. With the rise in household income over the years, there has been growing demand for goods and services of a better, more consistent quality. The number of franchise operations in Hong Kong increased from 52 in 1992 to 120 in May 2000. Nearly 80% of all franchise sales in Hong Kong are made by U.S. franchises. In addition to foreign franchises, there are also a number of homegrown franchises such as fast food, frozen yogurt and herbal tea.

E. Direct Marketing

Over the years, Hong Kong has developed an efficient wholesale and retail network to cater to the growing consumption needs of a more affluent population. Supermarkets, large department stores, convenience stores and modern shopping centers have become increasingly popular. Shopping is a popular pastime, creating a need for a much wider selection of value for money merchandise. From the consumer standpoint, because of the convenience of having a wide selection of merchandise available in the retail market, direct marketing is not yet an well-accepted sales channel in Hong Kong. Recently there has been some growth in direct marketing through television, but mail order and other forms of direct marketing are still very limited.

E-commerce looks to be ready to emerge in Hong Kong. The Government is moving on several fronts to try to make up for a slow start in promoting the development of electronic commerce. Its initiatives include a program to deliver government services on-line, the establishment of a community-wide public key infrastructure and a root certification authority, and new legislation to give legal recognition to electronic records and digital signatures. Plans are for government departments to offer services -- including voter registration, bill paying, and tax filing -- on-line beginning in late 2000. The government hopes its use of electronic commerce will spur Hong Kong businesses and individuals to "go digital." Some merchants, including the Wellcome supermarket chain, now offer on-line shopping.

F. Joint-Ventures/Licensing

Joint-ventures or strategic alliances can be very helpful in entering the market, and are particularly important in competing for major projects. (For additional information on joint ventures, see Chapter 7 below, Investment Climate Statement.)

Licensing is increasingly common in the field of brand name product manufacturing and marketing.

G. Steps to Establishing an Office

Foreign companies are allowed to incorporate their operations freely in Hong Kong, to register branches, or to set up representative offices. There is no restriction on the ownership of such operations. Company directors are not required to be citizens of, or resident in Hong Kong. Reporting requirements are straightforward and not onerous. There is no distinction in law or practice between investment by foreign-controlled companies and those controlled by local interests. There are no disincentives to foreign investment such as limitations on the use or transfer of foreign currency, or any system of quotas, performance requirements, bonds, deposits, or other similar regulations. High labor and rental costs are the major disincentives to establishing a presence in Hong Kong although, as noted above, commercial rents have declined by 30-40%.

To incorporate or register an overseas company, the company should first file statutory declarations with the Registrar of Companies. It should then submit necessary documents to the Administration Section of the Companies Registry. Specific information on required documents can be found on the Companies Registry's web site (<http://www.info.gov.hk/cr/handouts/index.htm>).

Companies seeking more information on establishing an office in Hong Kong may contact:

Overseas Companies Section
Companies Registry
29/F, Queensway Government Offices
66 Queensway
Hong Kong
Tel: (852) 2867-4655
Fax: (852) 2523-5629
Web site: <http://www.info.gov.hk/cr>

H. Selling Factors/Techniques

The major selling factors are the same as in the United States: price, quality, timeliness in delivery and service. Initial sales require more face-to-face contact as Asians generally place a premium on developing personal connections.

I. Advertising and Trade Promotion (including listing of Major Newspapers and Business Journals)

Many promotional vehicles are open to suppliers to introduce and develop their services in the Hong Kong market. These include:

- special trade fairs and exhibitions
- advertising in the media and other public relations activities
- holding seminars
- in-store promotions
- joint promotions with wholesale and retail outlets

Hong Kong is a major conference and exhibition center. Hundreds of international exhibitions are held annually. The Hong Kong Convention and Exhibition Centre (operated by the quasi governmental Hong Kong Trade Development Council), has approximately 500,000 square feet of exhibition space, including 300,000 square feet added in a major expansion completed in the summer of 1997. A privately built facility, the International Trademart, opened in Kowloon Bay in early 1996 with 158,000 square feet of exhibition space. For more information about these exhibition facilities, please contact:

The Marketing Executive
Hong Kong Convention & Exhibition Centre
No. 1 Expo Drive
Wan Chai, Hong Kong
Tel: (852) 2582-8888
Fax: (852) 2802-7284

The Hong Kong International Trademart
No. 1 Trademart Drive
Kowloon Bay, Hong Kong
Tel: (852) 2620-2222
Fax: (852) 2620-2818

Television is a widely used medium with an estimated daily audience of 2.25 million households out of a population of 6.9 million people. Hong Kong Television also reaches much of neighboring Guangdong Province in China, where it is very popular.

As one of the largest centers in the world for Chinese language publications, the territory produces more than 700 publications, including some 45 Chinese newspapers, approximately 693 periodicals, and two English daily newspapers. Advertising agencies, including many of international standing, offer a full range of services.

Suppliers should provide technical catalogs in English, and desirably in Chinese, for distribution to agents and firms. Company brochures are particularly useful when visiting Hong Kong for the first time. English-Chinese business cards are also helpful.

Newspapers:

Owen Jonathan, Chief Executive
South China Morning Post
South China Morning Post Publishers Limited
29/F, Dorset House
979 King's Road
Quarry Bay, Hong Kong
Tel: (852) 2565-2222
Fax: (852) 2565-5380
E-mail: scmphkh@attmail.com
Web site: www.scmp.com

David Wong, Director in Chief
Hong Kong Standard
Hong Kong Standard Newspapers Ltd.
4/FI., Sing Tao Building
1 Wang Kwong Road
Kowloon Bay
Kowloon, Hong Kong
Tel: (852) 2798-2798
Fax: (852) 2795-3027, 2795-3009
E-mail: standard@hkstandard.com
Web site: www.hkstandard.com

Trade Journals:

Fred Armentrout, Publication Manager
AmCham (Monthly)
American Chamber of Commerce in Hong Kong
1904 Bank of America Tower
Central, Hong Kong
Tel: (852) 2526-0165
Fax: (852) 2537-1682

E-mail: amcham@amcham.org.hk

James Leung, Executive Editor
Asian Business (Monthly)
Far East Trade Press Ltd.
Block C, 10/F, Seaview Estate
2-8 Watson Road
North Point
Hong Kong
Tel: (852) 2566-8381
Fax: (852) 2508-0197
E-mail: abeditor@hkstar.com
Web site: <http://web3.asia1.com.sg/timesnet/navigator/text/ab.html>

Felix Leung, Publisher
Construction & Contract News (Monthly)
Trend Publishing (HK) Ltd.
Room 901, C.C. Wu Building
302 Hennessy Road
Wan Chai, Hong Kong
Tel: (852) 2802-6299
Fax: (852) 2802-6458
E-mail: trend@building.com.hk
Web site: www.building.com

Karen Mullis, Managing Director
Far Eastern Economic Review (Weekly)
Review Publishing Company Limited
25/F, Citicorp Center
18 Whitfield Road
Causeway Bay, Hong Kong
Tel: (852) 2508-4300
Fax: (852) 2503-2992
E-mail: review@feer.com
Web site: www.feer.com

Mrs. V.C. Davies, Director General
Hong Kong Industrialist (Monthly)
Federation of Hong Kong Industries
4/F, Hankow Center
5-15 Hankow Road
Tsimshatsui, Kowloon
Hong Kong
Tel: (852) 2732-3188

Fax: (852) 2721-3494
E-mail: fhki@fhki.org.hk
Web site: fhki.org.hk

Thomas Tang, Executive Director
Productivity News (Monthly)
Hong Kong Productivity Council
HKPC Building
78 Tat Chee Avenue
Yau Yat Chuen, Kowloon Tong
Kowloon, Hong Kong
Tel: (852) 2788-5678
Fax: (852) 2788-5900
E-mail: hkpcenq@hkpc.org
Web site: www.hkpc.org

Tom Gorman, Director
Telecom Asia (Monthly)
CCI Asia-Pacific
101, 1/F, Pacific Plaza
410 Des Voeux Rd West
Central, Hong Kong
Tel: (852) 2858-0789
Fax: (852) 2857-6309
E-mail: marketing@cci.com.hk
Web site: www.cci.com.hk

J. Pricing Product

If possible, quote in metric, on a deliverable basis to Hong Kong (i.e. CIF or C&F rather than FOB). Hong Kong companies have many options, so American companies must make it as easy as possible to deal with them.

K. Sales Service/Customer Support

Some sort of local presence, whether it is a branch office or an agent or distributor, is very important in getting established in the market. Business in Hong Kong (and elsewhere in Asia) requires relationships which can only be developed with some sort of full-time presence. Prompt after-sales service is also crucial to succeeding in this very competitive market.

L. Selling to the Hong Kong Government

The Government Supplies Department (GSD) is the central purchasing, storage and supply organization for the Government of the Hong Kong Special Administrative Region, serving over 80 government departments and certain non-government organizations. The GSD normally purchases by open tender, with decisions based on compliance with tender specifications, competitiveness in price, back-up service and delivery. The GSD gives no preference to any particular source of supply from any country or organization. GSD spent US\$873 million in 1999, with American products winning around 44 percent of the total procurement contracts (about US\$382 million). Hong Kong joined the WTO Agreement on Government Procurement in June 1997. Tenders are now covered by the Agreement on Government Procurement of the World Trade Organization (WTO GPA), and a Review Body on Bid Challenges has been set up by the Government to handle challenges made against alleged breaches of the WTO GPA. Invitations to open tender are published in the Government of the Hong Kong Special Administrative Region Gazette and in selected Hong Kong newspapers. Tender notices are also published on the Internet in the GSD Home Page (<http://www.info.gov.hk/gsd/index.htm>). Tenderers usually have about six weeks to prepare their offers. Tenders normally have a 90-day validity period unless otherwise indicated. Payment is usually effected by check or telegraphic transfer within 30 days upon acceptance of the goods. Contract awards with the names of successful tenderers and contract sums are published monthly in the Government Gazette and on the Internet.

For information about a subscription to the Government of the Hong Kong Special Administrative Region Gazette contact:

Information Officer
Publications Sales Section
Information Services Department
28th Floor, Siu On Centre
188 Lockhart Road
Wanchai, Hong Kong
Tel: (852) 2598-8197
Fax: (852) 2598-7482

The GSD maintains lists of registered suppliers for issuing tender invitations. Any company not currently registered with the GSD wishing to be considered for inclusion in these lists may apply in writing to the Director of Government Supplies. Companies are required to provide basic information about their organizations and the goods they offer, such as the business registration certificate, company profile, annual report and product catalogues. The GSD evaluates this information and those companies that are found acceptable will be included on the lists. The GSD offers the Electronic Tendering System (ETS) for firms interested in obtaining and submitting tender documents on-line. GSD-registered suppliers can download tender documents, submit tender offers and related

questions. To access ETS, firms need to subscribe. Details are available in GSD-ETS's web site at <http://www.ets.com.hk/>.

The U.S. & Foreign Commercial Service at the U.S. Consulate General in Hong Kong office regularly reports on government tenders. These reports are available via the NTDB. For information, call the U.S. Department of Commerce at 1-800 stat-usa.

Companies seeking more information on the GSD are encouraged to contact:

The Director of Government Supplies
Government Supplies Department
10/F, North Point Government Offices
333 Java Road
North Point, Hong Kong
Tel: (852) 2231-5100
Fax: (852) 2510-7904
<http://www.info.gov.hk/gsd/index.htm>

M. Protecting Your Product from IPR Infringement

The best protection for an American company is to aggressively market in Hong Kong. By using a good local agent, American manufacturers or suppliers can make their product legally available. Dealers have a strong incentive to stop any piracy, and with good local connections, have a better chance of making that happen than an American company which is not actively participating in the market. The chief law enforcement body for Intellectual Property Rights (IPR) is the Hong Kong Customs and Excise Department. However, protecting copyrights or trademarks takes vigilance, and even with the U.S. Government vigorously pressing Hong Kong on this issue, enforcement is still dependent on reporting incidents of product piracy to the authorities and, in some cases, providing evidence in court. For more information on intellectual property legislation and registration, see Chapter 7 Section G, below.

N. Need for a Local Attorney

Hong Kong follows the Common Law System and disputes which cannot be resolved between the interested parties are commonly pursued through the court system. Attorneys are needed for most court processes and are extremely expensive.

O. Performing Due Diligence, Checking Bona Fides of Banks, Agents and Customers

To research potential customers and business partners, U.S. businesses can check with the

Hong Kong Government's Companies Registry or consult with banks and credit agencies both in the United States and Hong Kong.

All businesses must register with the Hong Kong Government's Companies Registry. Information available to the public is limited to: date of registration, names of major shareholders/directors and investment capital. The Companies Registry is located at:

Companies Registry
12th-15th, 17th & 29th Floors, Queensway Government Offices
66 Queensway
Hong Kong
Tel: (852) 2867-4570
Fax: (852) 2869-6817
Web Site: <http://www.info.gov.hk/cr/>

Other sources include Dun & Bradstreet and Kroll Associates, and publications such as "Key Decision-Makers in Hong Kong Businesses 1999" by the Dun & Bradstreet Corporation or "The Hoenig Guide to the Companies of Hong Kong 1998" by EFP International (1997). Contact information for major banks and trade associations is included in Chapter 11. Contact information for Dun & Bradstreet and Kroll Associates is provided below:

Dun & Bradstreet (HK) Ltd.
Credit Services
17/F, Warwick House West
Taikoo Place, 979 King's Road
Quarry Bay
Hong Kong
Tel: (852) 2516-1111
Fax: (852) 2811-0053
Web site: www.dnb.com.hk

Kroll Associates (Asia) Ltd.
Suite 1701-1702, Central Plaza
18 Harbor Road
Wanchai
Hong Kong
Tel: (852) 2884-7788
Fax: (852) 2568-8505

5. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENTS

Hong Kong, with the second highest per capita income in Asia, continues to offer good

opportunities to U.S. businesses despite the economic slowdown that this region has been mired in for nearly two years. Telecommunications products and services are among the most promising as Hong Kong continues to liberalize its telecommunications market. Interest in computers and other information technology products should remain high given their high priority in the Hong Kong Government's agenda, and given the anticipated growth in electronic commerce. Plans for a Cyberport and a Science Park in Hong Kong and continued environmental spending suggest strong markets for scientific equipment and pollution control products. Increasing consumer sophistication is also leading to growth in areas such as cosmetics, insurance services, medical equipment and franchising. Other "best prospect" sectors include paper products to support Hong Kong's large printing and publishing industry, and building materials for residential and commercial projects.

Total U.S. agricultural exports to Hong Kong reached US\$1.34 billion in 1999, making Hong Kong the 8th largest export market for U.S. agricultural products. For Asia, Hong Kong ranks as the fourth largest U.S. agricultural export market among 18 Asian countries after Japan, the Republic of Korea, and Taiwan. Hong Kong has become an increasingly important market for consumer-oriented American foods, ranking as the fourth largest importer of consumer-oriented agricultural products after Canada, Japan and Mexico.

There is also potential growth for U.S. grocery line items as the number of food retail outlets continues to increase. Because of established ties and advantageous trading arrangements, most of Hong Kong's grocers have traditionally looked to the United Kingdom, Europe, Australia and New Zealand for supplies. In recent years, however, those buying habits have been shifting and many American items are now available on local shelves at highly competitive prices. U.S. style warehouse/club retail stores in Hong Kong continue to grow. Unlike most supermarket chains, there are no slotting fees, giving U.S. companies access to this highly competitive market. Over the past few years a variety of new players have joined the local retail scene, such as Carrefour. Additionally, traditional supermarkets such as Park'N Shop have adopted the warehouse concept and have dedicated space in some of their stores for bulk items. A host of other new players have also entered the market and include Guangnan KK, City Super and Market Republic.

A. Best Prospects for Non-Agricultural Goods and Services

Following is a list of the non-agricultural goods and services best prospects sectors for U.S. exporters to Hong Kong:

No.	Code	Sector Description
1	TEL	Telecommunications Equipment

2	TES	Telecommunications Services
3	CPT	Computers and Peripherals
4	CSF	Computer Software
5	PAP	Paper
6	AIR	Aircraft and Parts
7	FRA	Franchises
8	COS	Cosmetics and Toiletries
9	LAB	Laboratory and Scientific Instruments
10	RRE	Railroad Equipment
11	PHR	Plastic Materials and Resins
12	POL	Pollution Control Equipment
13	MCS	Environmental Consultancy Services
14	TRA	Travel and Tourism Services
15	BLD	Building Products

Note: All Figures in US\$ millions unless otherwise indicated.

1. TELECOMMUNICATIONS EQUIPMENT (TEL)

In January 1999, Hong Kong Government awarded five Wireless Local Loop licenses, twelve satellite-based international facilities licenses, and fourteen “letters of intent” to issue cable-based facilities licenses. The new licensees have committed to invest approximately US\$1.6 billion to build their new telecommunications networks over the next three years. In addition, the three existing non-dominate wireline operators have made commitments to the government to invest an additional 388 million U.S. dollars to further deploy their landline networks in Hong Kong. The cable television company is also committed to continue its rollout of its hybrid fiber-coaxial network and will invest heavily in equipment to provide high-speed internet service, and possibly voice service, on its network.

On the mobile side, according to the latest figures there are over 3.8 million mobile telephone subscribers, representing a penetration rate surpassing 50% of a population of 6.7 million. The government started its consultation process on third generation mobile service in March 2000 and is expected to award new licenses in 2001. There are currently six companies operating 11 mobile networks.

With the major telecommunication investment commitments made by existing and new licensees, most companies expect to invest heavily in new and upgraded telecommunications systems. There will be a high demand for hardware and ancillary equipment required for the construction of the external facilities.

With the growing demand for high-speed broadband Internet and data services, local operators are introducing services using new technologies such as xDSL (digital

subscriber loop) and cable modems. Companies are looking to invest in information technology-related services and products to complement their telecommunications service offerings and enhance their ability to differentiate themselves from other competitors. There will be strong demand for cabling equipment, switches, networking hardware, network management software, Asynchronous Transfer Mode (ATM) equipment, and Internet Protocol (IP) related products and services.

Year	1998	1999	2000
Total Market Size	2,587	1,350	2,973
Total Local Production	1,267	1,203	1,142
Total Exports	15,579	15,226	14,464
Total Imports	16,899	15,373	16,295
Total Imports from the U.S.	869	574	814

All figures are in US\$ million. The above statistics are unofficial estimates.

2. TELECOMMUNICATIONS SERVICES (TES)

Since the opening of the external telecommunications services market in January 1999, the Hong Kong government has issued licenses to over 153 operators to offer long distance service by reselling capacity from Hong Kong Telecom. In January 2000, the Hong Kong government has awarded facilities-based licenses to offer wireline-based and non-wireline-based (mainly satellite) external facilities services. This is expected to significantly expand the international capacity, which is essential for the deployment of broadband services including high-speed data and Internet.

The government awarded twelve companies licenses to operate satellite-based external facilities services, which allows the licensees to establish new international gateways by using satellite uplinks to provide international telecommunication and broadcasting services. Fourteen companies were awarded a "letter of intent" to issue cable-based facilities licenses, eleven for submarine cables to international destinations and three for land cables to Shenzhen, China. The cable television company was also permitted to offer telecommunications service over its hybrid fiber-coaxial network upon satisfactory rollout of its network.

With the convergence of telecommunications, information technology, and broadcasting technologies, companies are investing heavily in innovative and value-added service offerings. U.S. companies will find major opportunities to provide access, content, and

broadband solutions to these companies.

On the mobile side, currently there are three cellular licensees operating five networks (one CDMA, one TDMA, and three GSM), as well as 6 PCS (GSM 1800 frequencies) licensees. By the end of this year, almost all the operators will start introducing GPRS and other data services to their mobile network subscribers. And next year, the government will award new third generation mobile services licenses, which will enable full broadband services like full-motion video, video-on-demand, internet multimedia services on the mobile handset. Besides the hardware and software supporting third generation applications, companies will need telecommunications services to upgrade their existing network and network integration and management services.

All these developments in the market and technology provide significant opportunities for U.S. manufacturers and suppliers to export their telecommunications products and services to Hong Kong.

Year	1998	1999	2000
Telephone Lines	3,707,000	3,838,735	4,000,000
Fax Lines	359,779	383,887	406,920
Outgoing International Traffic	1.72 B min.	2.56 B min.	3.86 B min.
Incoming International Traffic	1.96 B min.	1.7 B min.	1.7 B min.
Cellular Mobile Subscribers	2,080,000	3,779,501	4,913,351

3. COMPUTER AND PERIPHERALS (CPT)

The emergence of electronic commerce over the Internet has been the most significant development affecting Hong Kong's businesses in the new millennium. Industry estimates suggest that the total value of products and services transacted in Hong Kong over the Internet will increase from US\$60 million in 1998 to US\$1.3 billion in 2002 and to US\$2.4 billion in 2003.

Thanks to the continued popularity of Internet and e-commerce, Hong Kong's demand for IT equipment is expected to grow steadily in 2000. Hong Kong's IT spending in 1999 was US\$2.1 billion and is predicted to reach US\$2.6 billion by 2003, an average growth rate of 6%. U.S. firms are expected to continue to command a dominant market share. We see the development of electronic commerce in Hong Kong as an excellent opportunity for U.S. IT providers. The potential market for electronic commerce is enormous, has great growth potential and is thus an excellent opportunity for U.S. firms.

A substantial amount of the IT equipment imported to Hong Kong is re-exported to China. China was Hong Kong's largest export market, constituting over 25% of Hong Kong's total IT exports in 1999. Feeding China's demand for IT equipment and services are its high GDP growth and the Golden Projects Plan to modernize its banking, customs, statistics and taxation systems. The growing popularity of the Internet is another factor contributing to continuing strong demand for IT spending in China.

Business opportunities for U.S. companies

- Internet Security Products, including firewall, encryption products, antiviral and PKI products
- Network Solution: Virtual Private Networks including extranet, Intranet and remote access VPNs. Network Management Device.
- Wireless LAN Connectivity Solution.
- T.V. set-top box for broadband Internet access.
- Wireless Application Protocols (WAP) – enabled devices for Internet access.
- Service: e-commerce consultancy.

Year	1998	1999	2000
Total Market Size	1,196	1,365	1,447
Total Local Production	506	530	557
Total Exports	11,589	12,058	12,648
Total Imports	12,279	12,893	13,538
Total Imports from the U.S.	1,829	1,920	2,016

All figures are in US\$ million. The above statistics are unofficial estimates.

4. COMPUTER SOFTWARE (CSF)

Spending on software and related services in Hong Kong grew from US\$644 million in 1998 to US\$735 million in 1999 and is forecasted to grow to US\$779 million in 2000.

The rapid and wide-spread adoption of the Internet in Hong Kong has significantly increased Hong Kong's demand for Internet related software. Hong Kong's Internet Service Providers (ISPs) and System Integrators (SIs) are reacting swiftly to the emerging needs of electronic commerce in Hong Kong. To add value to their existing services, many ISPs and SIs have restructured their business models to become Application Service Providers (ASPs). They offer web-enabled software applications on their portals,

ranging from enterprise applications such as Enterprise Resources Planning (ERP), Supply Chain Management (SCM), and Customer Relation Management (CRM) solutions to less-sophisticated, back-office solutions such as accounting. These ASPs usually partner with overseas solution providers to lower costs and increase effectiveness. Other application solutions, such as on-line auction software and on-line financial software are in great demand. Demand for Internet content providers is also growing.

With the increased usage of the Internet, Internet-security software (anti-virus, firewalls, encryption software, and authentication) is in strong demand. Relaxed U.S. export control regulations on strong encryption software (from 56-bit to 128 bit) will allow U.S. encryption software providers to compete more effectively with third country encryption software providers.

Year	1998	1999	2000
Total Market Size – Products *	276	315	334
- Services **	368	420	445
Total Local Production – Products *	69	79	84
- Services **	294	336	356
Total Exports – Products *	168	178	188
Total Imports – Products *	375	414	438
Total Imports from the U.S. – Products*	188	207	219

* Standard software packages sold in recorded media form for other than sound or images.

** Customized software systems and services sold usually on a project basis.

All figures are in US\$ million. The above statistics are unofficial estimates.

5. PAPER (PAP)

The two principal paper users in Hong Kong are the printing and packaging sectors. Their performance depends largely upon other industry users, e.g., advertising service, textile and electronics. The Asian Financial Crisis which swept through Hong Kong and its major export markets in 1997 and 1998 had a negative impact on the entire manufacturing industry and thereby indirectly affected Hong Kong's overall paper consumption. As of 1999, Hong Kong was yet to recover fully. Economists however, in general believe that the worst time is over, and therefore a high level of paper

consumption should resume soon.

Hong Kong is the world's fourth largest printing and publishing center. It is home to 43 newspapers, 693 registered periodicals and approximately 130 international media organizations. Its strategic location, excellent transport and telecommunications networks, and freedom of the press have all contributed to the industry's success.

The printing and publishing industry is the third largest manufacturing industry in terms of gross output and is the second largest employer in Hong Kong's manufacturing sector. In 1999, the industry hired approximately 44,000 workers in its more than 4,700 establishments and gross output was estimated at US\$3.3 billion. Prospects for the industry remain promising as Hong Kong's telecommunications infrastructure continues to improve and its industrialists continue to invest in modern printing equipment.

The packaging sector serves primarily local manufacturers in Hong Kong, or their production facilities in Mainland China. In 1999, there were approximately 500 establishments in the packaging industry, employing more than 2,000 workers. Gross output for the industry was estimated at more than US\$450 million. Due to an increasing environmental awareness and a global encouragement of biodegradable packaging materials, the outlook for paper packaging remains bright.

Year	1998	1999	2000
Total Market Size	952	1,041	1,180
Total Local Production	380	380	380
Total Exports	1,348	1,167	1,000
Total Imports	1,920	1,828	1,800
Total Imports from the U.S.	315	192	250

All figures are in US\$ million. The above statistics are unofficial estimates.

6. AIRCRAFT AND PARTS (AIR)

Hong Kong's new airport located in Chek Lap Kok, approximately 25 kilometers west of Hong Kong's central business district, opened in July 1998. The airport, which operates 24 hours a day, had initial annual capacity for 35 million passengers and three million tons of cargo. A second runway commenced operation on May 26, 1999 bringing the annual capacity of the airport to 87 million passengers and nine million tons of cargo.

At present, Hong Kong is served by 63 scheduled airlines, which operate 3,341 flights in and out of Hong Kong weekly to 128 cities. Although these numbers are below initial projections because of the recent regional economic downturn, they are projected to increase as the region's economy continues to recover. Hong Kong has three locally based airlines (Cathay Pacific, Hong Kong Dragon Airlines and Air Hong Kong) which own a total of 80 aircraft. Macau opened its airport in 1995, with one locally based airline, Air Macau. Replacement needs and expansion opportunities both in Hong Kong and Macau continue to create a demand for more aircraft and parts.

At present, the Hong Kong Aviation Engineering Company (HAECO) provides both line and base maintenance services for aircraft. China Aircraft Services Ltd. and Pan Asia Pacific Aviation Services Ltd. both provide base service. The expected increase in aircraft movements made available by the larger airport capacity will increase the demand for aircraft maintenance parts. Also, over 30% of Hong Kong's re-exports of aircraft parts go to China where the aviation industry has been growing rapidly, and it is projected that demand for parts for replacement and maintenance purposes will increase tremendously.

In Hong Kong, the United States already maintains a 60% and 80% share of the import market for aircraft and aircraft parts, respectively. American aircraft and parts manufacturers' long established reputation in Hong Kong should enhance their competitiveness still further in the expanded market after 2000.

Year	1998	1999	2000
Total Market Size	1,814	621	683
Total Local Production	0	0	0
Total Exports	111	101	111
Total Imports	1,925	722	794
Total Imports from U.S. (*)		568	624

* This includes imports of both aircraft and parts. For 1998, the figure reflects mainly the purchase of 14 new aircraft. For 1999, the figure also reflects mainly aircraft purchases, however, only six new aircraft were purchased. Total imports decreased significantly in 1999 due to the decrease in aircraft purchases, as well as, the decrease in demand for parts for replacements and maintenance purposes as a result of new aircraft purchased in the previous year. We estimate that imports of U.S. aircraft parts will grow at 10% per year.

The above statistics are unofficial estimates.

7. FRANCHISES (FRA)

The number of franchise operations in Hong Kong increased from 52 in 1992 to 120 in May 2000, the majority of which are U.S. franchises. The 120 franchise operations in Hong Kong (60% foreign) operate 2,000 outlets. Master franchisees operate about half of these foreign franchises and do not have sub-franchising activities. Food-related franchisees dominate the market, occupying 40% whereas retailing and other services account for 18% and 42%, respectively. A growing number of local bakeries and herbal teashops have adopted franchising as a preferred method of market expansion.

Most franchise growth has been in such areas as cleaning and maintenance services, computer education and training. Technology franchising (such as computer training) is also becoming popular in Hong Kong. Nearly all of these franchises are from overseas.

Well-known U.S. brands such as Hardee's, Haagen-Dazs, Jack-in-the-Box, KFC, McDonald's, and Futurekids are well received by Hong Kong customers. Foreign brands such as Benetton (apparel), Fujicolor (photoproducts), IKEA (furniture) and Yoshinoya (fast food) are also popular.

Hong Kong's high, per-capita income and westernized lifestyle offer tremendous opportunities to interested U.S. franchise firms.

Year	1998	1999	2000
Total sales by franchises	902	992	1,190
Sales by local franchises	181	199	239
Sales by foreign franchises	721	793	951
Sales by U.S. franchises	703	773	927

All figures are in US\$ million. The above statistics are unofficial estimates.

8. COSMETICS AND TOILETRIES (COS)

Hong Kong's cosmetics and toiletries imports exceeded US\$1 billion in 1999, up slightly from 1998's level.

The U.S. had an 18% market share, due to a favorable quality image, especially for medium to high-end products. Well-known brand names such as Nu Skin, Max Factor, Avon and Revlon are popular in the market.

Hong Kong consumers prefer foreign cosmetics but U.S. exporters face keen competition from Japan, and Europe. To maintain their competitiveness, U.S. suppliers frequently introduce new products, such as concept nails, whitening powder, age management complex, etc.

Tourism, the territory's second largest earner of foreign exchange, also provides a substantial market for cosmetics and toiletries. Tourists to Hong Kong make cosmetics and perfume prime targets for their shopping.

To assist U.S. exporters, the U.S. cosmetics industry organizes a pavilion at the annual Cosmoprof Asia Show. U.S. companies have enjoyed tremendous success at this show. Hong Kong is important both as a major market and as a springboard for exporting U.S. cosmetics products to the rest of the region, particularly China.

Year	1998	1999	2000
Total Market Size	1,621	1,692	1,945
Total Local Production	540	538	540
Total Exports	81	131	177
Total Imports	1,000	1,023	1,228
Total Imports from the U.S.	176	185	221

All figures are in US\$ million. The above statistics are unofficial estimates.

9. LABORATORY AND SCIENTIFIC INSTRUMENTS (LAB)

Over the past two decades, Hong Kong has switched from a manufacturing economy to a service-oriented one. In 1999, the manufacturing sector comprised less than 10% of Hong Kong's total GDP. Without a solid manufacturing base, Hong Kong has found itself facing tremendous economic difficulties, especially during the recent economic downturn. In light of this, the Hong Kong SAR Government announced in late 1999 various initiatives to diversify the economy by creating more favorable conditions for growth in the hi-tech industry sectors. Initiatives to strengthen the manufacturing and hi-tech industries include: the creation of a US\$650 million Innovation and Technology Fund; an investment of over US\$250 million in the coming ten years for the establishment of an Applied Science and Technology Research Institute; and the stimulation of collaboration between academic institutions and industry in research and development. All these initiatives will generate an increase in demand for laboratory and scientific instruments.

Another plan high on the Hong Kong SAR Government's agenda is to make Hong Kong the international center for Chinese medicine, through the application of the latest technology. To facilitate the commercialization of Chinese herbal health food and medicinal products in the global market place, detailed analysis of the chemical content of Chinese herb is necessary, thus further fueling a demand for quality laboratory and analytical instruments.

Recently, Hong Kong's natural environment has deteriorated considerably. To attract international visitors and keep professionals and managerial staff, the Government is making a concerted effort to protect the environment particularly the air and water. This increased environmental awareness has given rise to an expanded market for environmental products, environmental consulting services, and various sophisticated environmental monitoring instruments.

Year	1998	1999	2000
Total Market Size	402	303	315
Total Local Production	145	145	145
Total Exports	965	1,090	1,130
Total Imports	1,221	1,248	1,300
Total Imports from the U.S.	367	375	390

All figures are in US\$ million. The above statistics are unofficial estimates.

10. RAILROAD EQUIPMENT (RRE)

To boost the local economy, the Hong Kong government is investing heavily in the city's infrastructure. Railway, in particular, will be absorbing the largest portion of that investment. In the next few years, the government, together with the two railway operating companies -- the Mass Transit Railway Corporation (MTRC) and the Kowloon Canton Railway Corporation (KCRC) -- will spend more than US\$15 billion to create a efficient railway network, which will include both domestic and cross border links. The priority railway projects comprise the West Rail, Tseung Kwan O Extension, Tsimshatsui Extension, Ma On Shan Extension and the Lok Ma Chau Spur Line. All of the above projects are scheduled to begin operation between 2002 and 2004.

As of April 2000, the MTRC and KCRC have either selected or pre-qualified contractors for almost all of the civil and railway system contracts associated with the West Rail and

Tseung Kwan O Extension projects. Business opportunities for American companies now lie in the development of the Lok Ma Chau Spur Line, the Ma On Shan Extension and Tsimshatsui Extension. Traditionally, U.S. suppliers have been active in bidding for consulting study contracts, as well as railway system contracts in Hong Kong, such as the signaling, communications and automatic fare collection contracts in which the United States has competitive advantage.

Year	1998	1999	2000
Total Market Size	251	264	450
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	251	264	450
Total Imports from the U.S.	13	13	22

All figures are in US\$ million. The above statistics are unofficial estimates.

11. PLASTIC MATERIALS AND RESINS (PHR)

The plastics industry is Hong Kong's eighth largest manufacturing employer and the ninth largest in gross output and export earnings. Plastic raw materials produced in Hong Kong, limited to polystyrene (PS), can only satisfy about 20% of local demand. Korea, Taiwan, Japan and the U.S. are the major suppliers. American plastics are more expensive but are better quality. The U.S. is strong in engineered plastics for more sophisticated and higher value-added products, where the local end-users are willing to pay more for better quality.

To reduce land and labor costs, Hong Kong manufacturers have shifted production to China. As such, much of the imported resins and plastic materials are re-exported to China for plastic products production. Demand for engineered plastics and other specialized plastics are increasing, particularly in autos, computers, fiber optic cables and many other high-tech products. Consequently, China imports a substantial plastic material through Hong Kong (as opposed to importing directly from supplying countries).

Year	1998	1999	2000 (est.)
Total Market Size	1,279	1,134	1,207
Total Local Production	594	483	507

Total Exports	4,891	4,961	5,754
Total Imports	5,576	5,612	6,454
Total Imports from the U.S.	614	633	664

All figures are in US\$ million. The above statistics are unofficial estimates.

12. POLLUTION CONTROL EQUIPMENT (POL)

In the next five years, U.S. firms will see ample opportunities to export pollution control equipment as planned infrastructure projects come on line and as industry works to comply with environmental regulations. The key areas for U.S. firms are municipal sewage, industrial wastewater, air pollution control and solid waste minimization equipment.

To cope with Hong Kong's environmental infrastructure requirements, the government anticipates awarding over US\$950 million in project contracts over the next three years, from 2000 - 2002. Projects currently being awarded or planned include: municipal sewage treatment systems and related equipment for US\$500 million; two refuse transfer stations for US\$65 million; two landfill restoration sites for US\$90 million; two one-million tons per year waste-to-energy incinerators for US\$300 million and a low-level radioactive waste storage facility for US\$20 million. Equipment to support these projects typically accounts for 15-20% of the project cost and will offer over US\$150 million in sales opportunities to U.S. suppliers.

There are many business opportunities in pollution prevention and control technologies. The government is actively promoting the installation of catalytic converters and particulate traps on the existing fleet of diesel buses and trucks to reduce emissions. It is estimated that a total of 7,700 diesel vehicles (40% of the existing diesel fleet) will require retrofit of the converters in the next three years and will offer over US\$15 million in sales opportunities. In addition, the government has plans to replace a fleet of 18,000 taxis that are currently using diesel with cleaner liquefied petroleum gas (LPG) taxis. It is estimated that about 3,000 taxis will be replaced in each of the next five years providing opportunities for the sale of LPG vehicles and refueling equipment.

In May 1998, the government put forward a waste reduction framework plan that includes a policy of waste avoidance, minimization, and material recycling. The goals are to reduce the amount of waste requiring disposal; to prolong the service life of landfills, and to reduce the costs involved in transporting, disposing, and treating the waste. Total waste reduction cost, including waste minimization technologies and management service, will be US\$300 million over the ten-year period from 1998-2007. This should

provide excellent opportunities for U.S. firms given that U.S. technologies are highly competitive in Hong Kong's market.

In 1996, the government implemented the water quality control zone effluent discharge regulations for Hong Kong waters. The Hong Kong Industry Department estimates that the total cost of compliance for Hong Kong's two thousand factories affected by the water quality control zone will reach US\$200 million, spread over a period of 5-8 years. The key industries requiring wastewater control equipment are electroplating, printed circuit board, bleaching and dyeing, food processing, and printing.

Year	1998	1999	2000
Total Market Size	224	245	254
Total Local Production	18	22	25
Total Exports	54	55	57
Total Imports	260	278	286
Total Imports from the U.S.	95	102	105

All figures are in US\$ million. The above statistics are unofficial estimates.

13. ENVIRONMENTAL CONSULTANCY SERVICES (MCS)

The International Organization for Standards (ISO) 14000 series of Environmental Management System (EMS) has seen implementation in Hong Kong since 1995 as a means for companies to improve their environmental performance. After five years of EMS development, many business leaders recognize that developing an EMS is an effective way of improving the competitiveness and corporate stewardship of their organization.

The next five years will see more business opportunities on the provision of EMS consultancy and training courses. Many industry leaders believe that building/construction and service/manufacturing companies will be the first to seek ISO 14000 certification. This will create a favorable environment for U.S. companies that provide EMS training. It is estimated that the market size of the EMS consultancy is US\$2 million with modest growth of 3-5% per year over this period.

In addition, Hong Kong passed the Environmental Impact Assessment (EIA) Ordinance in April 1998. Under the EIA Ordinance, all major infrastructure projects are required to conduct environmental impact assessment and ecological evaluation before starting any

construction work. In the next five years, Hong Kong has plans to construct major infrastructure projects, including the West Rail, Route 7, and the Incineration Facility. Such projects will create opportunities for U.S. environmental consultancy firms to bid on the environmental assessment portions of these projects. It is estimated that the market size of the EIA consultancy service is US\$40 million per year over the next three years.

Year	1998	1999	2000
Total Market Size	25	32	41
Total Local Production	5	8	11
Total Exports	0	0	0
Total Imports	20	24	30
Total Imports from the U.S.	8	11	14

All figures are in US\$ million. The above statistics are unofficial estimates.

14. TRAVEL AND TOURISM SERVICES (TRA)

Hong Kong's 7 million population enjoys a high per capita income and a propensity to travel. Starting over a decade ago, travelling today is no longer a luxury but a habit for old and young.

Due to the economy downturn in 1998 and 1999, travel agents offered discount tour packages within Asia as Hong Kong's outbound tourists opted for cheaper, short-haul travel instead of long-haul travel. With the economic rebound this year, experts in the travel/tourism industry predict that Hong Kong people will return to long-haul travel. The U.S. is a popular, long-haul travel destination for Hong Kong tourists. Traditional destinations include Los Angeles, San Francisco, Hawaii, Las Vegas, Boston, Washington D.C. and New York.

(In terms of departures '000)	1998	1999	2000(est.)
Total Outbound Travel*	4,196	4,174	4,591
Outbound Travel to USA	221	219	252

* The figures exclude departures to China and Macau

The above statistics are unofficial estimates.

15. BUILDING PRODUCTS (BLD)

Hong Kong is striving to become a city that is innovation-led and technology intensive, while maintaining its international and cosmopolitan nature. As builders become more focused on quality of life issues and sustainable development future construction standards will become stricter and more environmentally friendly. To help meet these standards, there are business opportunities for U.S. companies that can provide cutting-edge design and engineering expertise, and supply technologically innovative building materials and/or construction equipment that reduce the amount of labor and construction time needed. In addition, there is a rapidly expanding market for energy efficient and environmentally friendly building materials and technology.

A few examples of projects in Hong Kong that are planned or underway are: the "City within a City" Kai Tak redevelopment project; Cyberport (a US\$1.6 billion high-technology project); a Disney theme park at Penny Bay; the waterfront project along the harbor; the Hong Kong Government Headquarters (a US\$970 million project incorporating solar energy as its power source); and a 102-story commercial tower. The demand for building products in order to satisfy the needs of these projects alone, will be substantial in the coming years. Furthermore, Hong Kong continues to be a major re-exporter to the Chinese Mainland where rapid development continues apace.

Hong Kong relies heavily on imports of building products because local production is too small to meet demand. In the import market, competition is keen with major players from China, Japan, Italy, Germany, Spain and the United Kingdom competing against U.S. companies. However, the strength of American products lies in their quality and advanced technology. U.S. companies should target the high-tech niche, as well as environmentally friendly building materials.

Scarcity of land and high labor costs have long been problems for Hong Kong's building industry. Skyscraper-type buildings, therefore, have been the solution. Building products that reduce the amount of labor needed, and save on construction time, will always be favored in Hong Kong. Also, due to increasing concern over the environment by both the government, and the private sector, market potential will increase for products that enhance lighting and ventilation in buildings, heat transfer among buildings, and reduce energy consumption in buildings.

Year	1998	1999	2000
Total Market Size	2,017	1,054	1,748

Total Local Production	600	480	504
Total Exports	1,749	1,959	1,519
Total Imports	3,166	2,533	2,764
Total Imports from the U.S.	224	180	189

All figures are in US\$ million. The above statistics are unofficial estimates.

B. Best Prospects for Agricultural Products

Sector Description

1. Poultry Products
2. Grapes
3. Offals
4. Hardwood Lumber
5. Food Ingredients
6. Beef
7. Fresh Oranges
8. Other Red Meat
9. Salty Snacks
10. Almonds
11. Frozen Potatoes
12. Milk Powder
13. Breakfast Cereals
14. Other Poultry Meat
15. Fluid Milk
16. Cheese
17. Prunes

Total U.S. agricultural exports to Hong Kong reached US\$1.34 billion in 1999. This ranks Hong Kong as the 8th largest export market for U.S. agricultural products. Hong Kong has become an increasingly important market for consumer-oriented American foods, ranking as the fourth largest importer of consumer-oriented agricultural products after Canada, Japan, and Mexico. Hong Kong imported US\$1.02 billion of consumer-oriented products in 1999.

Of all U.S. agricultural exports to Hong Kong; poultry meat, red meats, fresh fruit, processed fruit & vegetables, hardwood lumber and hides & skins are the leading items. Poultry meat once again topped the list of U.S. food exports to Hong Kong in 1999, reaching a value of US\$406 million, which was 10 percent higher than the 1998 level.

Chicken meat was the star performer as Hong Kong consumers continue to enjoy U.S. chicken wings, feet, franks and leg quarters. Hong Kong was the fifth largest market for U.S. fruits exports. U.S. fresh fruit exports to Hong Kong amounted to US\$115 million in 1999. Popular items include oranges, apples and grapes.

Hong Kong's agricultural import market continues to command the attention of producers, manufacturers, processors, and exporters of U.S. agricultural products, due to several factors, including: (1) the absence of trade barriers on any agricultural products other than alcoholic beverages and processed tobacco products, (2) a strategic location next to the potentially enormous mainland China market, frequently resulting in "unofficial" re-exports subject to low or no duties, and (3) a highly developed marketing system and affluent consumers who demand high value imports. Per capita income (US\$23,200 in 1999) in Hong Kong is among the highest in Asia, with a significant portion of income spent on food.

The government is projecting a 5% GDP growth for 2000. This shows a slow recovery from the general economic downturn of the last few years. Hong Kong is currently experiencing relatively high unemployment of 5.7%. This slow recovery and high unemployment have affected consumers' eating and shopping habits. Whereas most people used to eat out frequently, now more are shopping for groceries and preparing more meals at home, or eating more meals at low-end or fast food restaurants. Hong Kong's relatively sophisticated shoppers are buying an increasing percentage of their groceries in supermarkets, as opposed to traditional wet markets. Demand for grocery store products, meats, poultry, eggs, and fresh fruit continue to be very strong.

6. TRADE REGULATIONS, CUSTOMS AND STANDARDS

A. Trade Barriers, Including Tariffs, Non-Tariff Barriers and Import Taxes

The Hong Kong Government levies no import tariffs. However, domestic consumption taxes (referred to as duties in Hong Kong) are imposed on certain goods, such as tobacco (including cigarettes), alcoholic beverages, methyl alcohol and some fuels. These taxes are levied equally on local manufactures and imports. In addition, a steep tax, called a "First Registration Tax," which ranges from 40-60% of the price, is levied on new car purchases.

Useful contact for inquiring about specific products:

Customs and Excise Department
8/F, Harbour Building, 38 Pier Road
Central, Hong Kong
Tel: (852) 2852-3324
Fax: (852) 2542-3334 (Dutiable Commodities Division)

B. Customs Regulations

Customs valuation is only an issue for the taxable items listed above. The tax on tobacco is by volume. The tax on distilled spirits is 100%, on wine is 60% and on beer is 30%. The tax on petroleum products is by both volume and value. The value is based on the bill of lading as long as it represents a reasonable market value. The tax on automobiles is based on both retail price and engine size.

For more information about Hong Kong customs regulations, please check the Hong Kong Customs Department's web site at <http://www.info.gov.hk/customs>.

C. Import Licenses

Textiles are subject to import and export licensing because of Hong Kong's obligations under agreements with the United States and other countries. Importers of "Reserved Commodities" which include rice and frozen meat must obtain an importer's license before they can import these commodities. Frozen/chilled meat imports must be accompanied by appropriate health certificates issued by a recognized authority of the country of origin. Plant and animal imports must be accompanied by appropriate health certificates. Hong Kong imposes quarantine requirements for certain pets and breeding swine depending on country of origin. The Agriculture and Fisheries Department's Livestock Regulatory Division contact is Tel: (852) 2733-2166 and Fax: (852) 2311-3731.

D. Export Controls

The Hong Kong Government imposes restrictions on the export of high-technology products to countries proscribed under the former COCOM regime, including the People's Republic of China. Restrictions on trade with China were relaxed significantly by the United States in 1991, allowing Hong Kong to re-export to China on a more liberal basis. Textiles are subject to import and export licensing because of Hong Kong's obligations under agreements with the USA and other countries.

Hong Kong's export control system has not changed as a result of Hong Kong's July 1, 1997 reversion to Chinese sovereignty. Additionally, Hong Kong's status with regard to access to controlled U.S. technologies has not been altered as a result of reversion.

E. Import/Export Documentation

U.S. standard trade documentation is acceptable.

F. Temporary Entry

There are no problems for most products which are not subject to any Hong Kong duties or taxes. For alcohol, cigarettes and fuel, companies must fill out a duty waiver form which can be obtained from Hong Kong Customs at the address above.

G. Labeling, Marking Requirements

Non-tariff barriers such as labeling requirements, standards, etc. are also minimal.

H. Prohibited Imports

The import of munitions, firearms and fireworks is strictly forbidden.

I. Standards

Few product safety standards are required for the domestic Hong Kong market. What little there are relate to fire control (gas and electricity) in the city's high rise buildings. Other standards of quality and safety control imposed on domestic manufacturers are for goods made for export or re-export outside Hong Kong. Currently, building materials and electrical/mechanical supplies have to meet British standards. However, Hong Kong is gradually recognizing other standards so U.S. companies seeking to export to Hong Kong check with potential agents and customers to determine exact standards required.

Another guideline to use regarding quality control is the "ISO 9000" series, published by the International Organization for Standardization (ISO). These standards, now in the process of being adopted in Hong Kong via the Hong Kong Quality Assurance Agency, provide a framework for all types of manufacturing industries. The Hong Kong Housing Authority has also adopted ISO 9000 for all of its consultants/contractors, and the Works Branch has extended ISO 9000 to engineering and architectural consultants as of April 1, 1996. The Airport Authority also requires suppliers and contractors to conform to ISO 9000.

J. Free Trade Zones/Warehouses

There are no special zones since the whole territory is basically a free trade zone.

K. Special Import Provisions

None

L. Membership in Free Trade Arrangements

Hong Kong is a GATT member in good standing, and is a founding member of the WTO as well as a member of APEC.

M. Customs Contact Information

Hong Kong Customs:
Customs and Excise Department
8/F, Harbour Building
38 Pier Road
Central, Hong Kong
Tel: (852) 2852-3185
Fax: (852) 2542-3334

U.S. Customs maintains an office in Hong Kong. They can be contacted at:
U.S. Customs Service
American Consulate General
26 Garden Road
Central, Hong Kong
Tel: (852) 2524-1136
Fax: (852) 2810-6550

7. INVESTMENT CLIMATE STATEMENT

A. Openness to Foreign Investment

The Hong Kong Special Administrative Region, China, hereafter referred to as Hong Kong, pursues a free market philosophy, and there is minimum Government interference with corporate initiative. The government maintains its August 1998 US\$15 billion intervention in the stock, futures, and a currency market to thwart "manipulators" was a one-off event. It welcomes foreign investment. It offers no special incentives nor does it impose disincentives for foreign investors. Hong Kong's well-established rule of law is

applied consistently and without discrimination. There is no distinction in law or practice between investments by foreign-controlled companies and those controlled by local interests.

There are no direct subsidies to domestic industries and, as a duty free port, no tariff barriers. There is no discrimination against foreign investors either at the time of initial investment or afterwards. There is no capital gains tax nor are there withholding taxes on dividends and royalties. Profits can be freely converted and remitted. Foreign-owned and domestically owned firms are taxed at the same rate, 16% of profits. There are no preferential or discriminatory export and import policies which affect foreign investors.

There are no disincentives to foreign investment such as limitations on the use or transfer of foreign currency, or any system of quotas, performance requirements, bonds, deposits, or other similar regulations. There is no anti-trust law. Certain sectors of the economy are dominated by monopolies or cartels, not all of which are regulated by the Hong Kong Government. These entities do not necessarily discriminate against U.S. goods or services, but they can use their market position to block effective competition. The Hong Kong Code on Takeovers and Mergers (1981) sets out general principles for acceptable standards of commercial behavior.

With few exceptions, the Hong Kong Government does not attempt to limit the activities of foreign investors either in specified projects or sectors. Foreign investment in Hong Kong flows freely into the industrial sector as well as into services, franchises, restaurants, the entertainment industry, and the ownership of property, both residential and commercial. There are certain exceptions:

i) Telecommunications -- The Hong Kong government introduced liberalization of the telecommunications services market on June 30, 1995 following the expiry of Hong Kong Telephone Company Limited's (HKTC) franchise for the local telephone service. Four companies, namely HKTC, Hutchison Communications Limited, New World Telephone Limited, New T&T Hong Kong Limited, have been licensed to provide Fixed Telecommunication Network Services (FTNS) on a competitive basis. After the 1998 review of fixed telecommunications, the government decided not to issue any more FTNS licenses until 2003. Nevertheless, the government opened the previously-monopolized international telecommunications services market to full competition on January 1, 1999. International simple resale (ISR) and Internet telephony are also allowed. The government took a step forward in liberalizing the telecommunications market in 2000 by awarding 13 licenses for operating satellite-based external facilities and 14 licenses for operating cable-based external facilities. This move has significantly increased Hong Kong's bandwidth for external connection. Furthermore, the government was consulting the industry in May 2000 on the licensing framework for third generation mobile services. The government expected the licenses would be issued in the first quarter of 2001. In order to enhance competition safeguards, improve interconnection for telecommunications services, streamline licensing procedures and provide the

Telecommunications Authority with powers, the government tabled the Telecommunication (Amendment) Bill in 1999. The bill was passed by the Legislative Council on June 7, 2000.

ii) Broadcasting -- In January 1998, the Hong Kong Government opened the broadcast uplink market to full competition. Several months later, after a policy review, it announced its intention to open the entire television sector to full competition. The only restrictions that will remain are those that limit foreign ownership to 49%. On July 4, 2000, the government awarded five new licenses to operate pay-TV channels. In the next six to 18 months, the five new operators will make a total investment of approximately US\$90 million to create 149 new pay-TV channels. Hong Kong's expanding pay-TV market presents some outstanding business opportunities for American companies specializing in the supply of TV broadcasting equipment and expertise, as well as those in TV content production.

iii) Legal Services -- Until recently, foreign lawyers were not allowed to practice Hong Kong law in Hong Kong (though they have been able to practice foreign and international law). However, as of spring 1996, foreign lawyers could apply to take the Hong Kong Bar Examination and, if successful, practice Hong Kong law. Foreign law firms may not hire local lawyers to advise on Hong Kong law, but may themselves become "local" firms (after satisfying certain residency and other requirements) and thereafter hire local attorneys. They also can form associations with local law firms.

iv) Financial Services -- In September 1994, a one-branch restriction on overseas banks licensed after 1978 was relaxed. Overseas banks are now permitted to set up one regional office and one back office, in separate buildings, to conduct such activities as strategic planning, general liaison with correspondent banks and corporate entities, and processing and settlement of transactions already entered into by the branch office. Moreover, foreign banks may acquire a controlling interest in a local bank that has unlimited branching rights.

v) Government Contracts -- Hong Kong's record for open and fair government procurement is generally without blemish. The Hong Kong Government agreed in December 1996, to join the new WTO plurilateral agreement on government procurement. On December 30, 1998, the Hong Kong Government announced the establishment of the Bid Challenge System consistent with the WTO's Government Procurement guidelines.

Foreign firms and individuals are allowed freely to incorporate their operations in Hong Kong, to register branches of foreign operations, and to set up representative offices without discrimination or undue regulation. There is no restriction on the ownership of such operations. Company directors are not required to be citizens of, or resident in Hong Kong. Reporting requirements are straightforward and not onerous.

Hong Kong's extensive body of commercial and company law generally follows that of the United Kingdom, including the common law and rules of equity. Most statutory law is made locally. The local court system provides for effective enforcement of contracts, dispute settlement and protection of rights. Hong Kong remains a member of the World Trade Organization in its own right and a separate customs territory.

Formalities are minimal for company incorporation and business registration. Foreign and domestic companies register under the same rules and are subject to the same set of business regulations. The Hong Kong Government's Industry Bureau encourages inward investment as a means to introduce new or improved products, processes, designs and management techniques. U.S. and other foreign firms can participate in government financed and subsidized research and development programs on a national treatment basis.

According to the Hong Kong Government's survey of regional representation by overseas companies in Hong Kong, 2,490 regional operations by overseas companies were identified in Hong Kong in 1999. Among these companies, 840 were regional headquarters and 1,650 were regional offices. The United States of America has the largest number of regional headquarters in Hong Kong (205 companies), followed by Japan (114 companies) and the United Kingdom (82 companies). The major lines of business of the regional headquarters included wholesale/retail, import/export, finance and banking, manufacturing, and transport and related services. In terms of attractiveness of investment climate in Hong Kong and China for the next five years, the survey showed that more than 79% (among 644 respondents) of these overseas companies were of the opinion that the investment climate was favorable in both areas.

B. Conversion and Transfer Policies

There are no restrictions on conversion and inward or outward transfer of funds for any purpose. The HK dollar is a freely convertible currency that, since late 1983, has been linked to the U.S. dollar at an exchange rate of HK\$7.8 = US\$1. Authorities are committed to exchange rate stability through maintenance of the linked rate. There is no allocation of foreign exchange.

C. Expropriation and Compensation

The U.S. Consulate General is not aware of any expropriation actions in the recent past. However, expropriation of private property may occur if it is clearly in the public interest, but only for well-defined purposes such as implementation of public works projects. If this is the case, and then expropriations are conducted through negotiations, in a non-discriminatory manner in accordance with established principles of international law. Due process and transparency of purposes are observed. Investors in and lenders to

expropriated entities receive prompt, adequate, and effective compensation. Property may be acquired under the State Land Resumption Ordinance, the Land Acquisition Ordinance, the Mass Transit Railway (Land Resumption and Related Provisions) Ordinance or the Roads Ordinance. These ordinances provide for payment of compensation. If agreement cannot be reached on the amount payable, either party can refer the claim to the Land Tribunal for jurisdiction.

D. Dispute Settlement

The U.S. Consulate General is not aware of any investor-state disputes in recent years involving U.S. or other foreign investors or contractors and the Hong Kong Government. Private investment disputes are normally handled in the courts or via private negotiation. Alternatively, disputes may be referred to the Hong Kong International Arbitration Center.

The Hong Kong Government accepts international arbitration of investment disputes between itself and investors. Following reversion to Chinese sovereignty on July 1, 1997, Hong Kong continued to apply provisions of the International Center for the Settlement of Investment Disputes (ICSID, known as the Washington Convention) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Hong Kong has also adopted the United Nations Commission on International Trade Law (UNCITRAL) model law for international commercial arbitration.

Hong Kong and China reached consensus in June 1999 on an arrangement parallel to the New York Convention for the reciprocal enforcement of arbitral awards, since the New York Convention, being an international agreement, is no longer applicable to the enforcement of arbitral awards between Hong Kong and China. The two parties signed a Memorandum of Understanding in June 1999 on the arrangement. The Legislative Council enacted the Arbitration (Amendment) Ordinance in January 2000. And the arbitration awards made in China and Hong Kong became mutually binding effective from February 2000.

Hong Kong's legal system is firmly based on the rule of law and the independence of the judiciary. Courts of justice in Hong Kong include the Court of Final Appeal; the High Court (composed of the Court of Appeal and the Court of First Instance); the District Court; the Magistrate's Courts; the Coroner's Court; and the Juvenile Court. There is also a Lands Tribunal, Labor Tribunal, and other statutory tribunals. On July 1, 1997, the Court of Final Appeal replaced Britain's Privy Council as Hong Kong's highest court when Hong Kong reverted to Chinese sovereignty.

The Hong Kong Government owns all land, granting long-term leases without transferring the title. Local and foreign leaseholders are given equal treatment.

E. Performance Requirements/Incentives

Consistent with its generally non-interventionist economic philosophy, Hong Kong imposes no export performance or local content requirements as a condition for establishing, maintaining or expanding a foreign investment. Hong Kong offers no special privileges to attract foreign investment. There are no requirements that Hong Kong residents own shares, that foreign equity be reduced over time, or that technology be transferred on certain terms. Such matters are left to the market. While pledging to steer clear of market intervention, in 1996 the Hong Kong Government pledged to establish a technology-centered industrial park and to spend greater efforts promoting service exports.

All of Hong Kong is a duty-free zone, as it is a free port. Subject to non-discriminatory application of excise taxes and restricted entry in some sectors, as noted above (e.g. broadcasting, electric power, etc.), local and foreign firms are free to take advantage of investment opportunities as they arise.

F. Right to Private Ownership and Establishment

Hong Kong law and regulations provide for the right of foreign and domestic private entities to establish, own and to dispose of interests of business enterprises. Foreign investors are generally allowed to engage in all lawful forms of remunerative activity. Restrictions on the latter involve regulated entry of practice in the mass transit, electric power generation, medical services, legal, telecommunications and broadcasting sectors. The Hong Kong Government does not generally engage directly in business activity via public enterprises, preferring to leave this to the private sector. In general, business privileges, franchises and land development rights are granted on the basis of competitive equality.

G. Protection of Property Rights

Hong Kong's commercial and company laws provide for effective enforcement of contracts and protection of corporate rights. The Intellectual Property Department, which includes the Trademarks and Patents Registries, is the focal point for the development of Hong Kong's intellectual property regime. The Customs and Excise Department is the principal enforcement agency for intellectual property rights (IPR). The Hong Kong Government has taken significant steps to improve its intellectual property rights regime and step up enforcement. As a result of these efforts and progress in controlling illicit production, the United States Trade Representative took Hong Kong off the Special 301 Watchlist in 1999.

In mid-1998, Hong Kong adopted the "Prevention of Copyright Piracy Ordinance," which required compact disc producers to register with the government, and authorized Hong Kong Customs to inspect factories. Implementation of this law appears to have reduced illegal production of copyrighted products significantly. Separately, the Customs and Excise Department, which has a special IPR unit, stepped up raids against retail shops selling pirated goods. Using enforcement tools from the June 1997 Copyright Law, Customs officers have been able to substantially increase seizures of pirated goods, and curtailed activity at several of the most notorious retail centers.

Hong Kong has made significant progress over the past year in addressing the problem of copyright piracy, including creation of a new anti-piracy task force in the customs department that allowed a stepped-up pace of enforcement. The Hong Kong courts have also begun imposing longer jail terms for violations of Hong Kong's copyright ordinance. A first-ever conviction for hard disk loading piracy has helped to discourage the previously widespread practice of retailers bundling unlicensed software with new computers. Despite customs' success in breaking up several underground distributions and manufacturing syndicates, however, pirated product remains available at the retail level throughout Hong Kong. The Legislative Council's January 2000 reclassification of piracy under Hong Kong's organized and serious crimes ordinance will provide additional tools for customs' effort against pirate networks. The Council has also passed legislation to criminalize corporate end user software license abuse. In addition, U.S. officials have encouraged Hong Kong authorities to ensure that Hong Kong's very large optical disc production capacity is used only for legitimate products.

Hong Kong successfully localized its intellectual property laws to ensure the maintenance of a strong legal regime after the July 1997 reversion to China. Protection continues under both local laws and international conventions, which continue to apply to Hong Kong. Hong Kong has acceded to the Paris Convention for the Protection of Industrial Property, the Bern Convention for the Protection of Literary and Artistic Works, and the Geneva and Paris Universal Copyright Conventions. Hong Kong also continues to participate in the World Intellectual Property Organization, as part of China's delegation.

The 1997 copyright ordinance protects any original copyright work created or published by any person anywhere in the world. It provides for rental rights for sound recordings and computer programs but not films. It provides for enhanced penalty provisions against copyright piracy and additional legal tools to facilitate enforcement. It decriminalizes parallel imports of copyrighted products one year after their release anywhere in the world, but maintains civil penalties. Registration is voluntary.

The patent ordinance, approved in June 1997, allows for granting of an independent patent in Hong Kong based on the patents granted by the UK and the Chinese Patent Offices. The patent granted in Hong Kong would be independent, and would be capable of being tested for validity, rectified, amended, revoked and enforced in the Hong Kong courts in accordance with Hong Kong law. Based on the law, Hong Kong

has established an independent patent registry. Continuity is preserved so that pre-existing patents eligible for protection continues to enjoy protection in Hong Kong.

The new registered design ordinance is modeled on the proposed EU design registration system, with certain modifications. To be registered, a design must be new. The system requires no substantive examination. Protection will be for an initial period of five years, and may be extended for four periods of five years each, up to a maximum of 25 years.

Hong Kong's recently updated trademark law is not dependent on that of the UK, and so does not need to be "localized." The law is already TRIPS-compatible, and was recently revised to broaden the categories of marks that can be subject to trademark protection. All trademark registrations originally filed in Hong Kong are valid for seven years and renewable for 14-year periods. Proprietors of trademarks registered elsewhere must apply anew and satisfy all requirements of Hong Kong law. When evidence of use is required, such use must have been in Hong Kong. Trademarks are registered under the Trademarks Ordinance, with provisions similar to trademarks legislation in the United Kingdom. The Trademarks (Amendment) Ordinance, which came into effect in 1992, extends the trademarks law to allow for registration of trademarks relating to services.

Hong Kong has no specific ordinance to cover trade secrets. Under the Trade Description Ordinance, however, the government has the duty to protect the information being disclosed to other parties. The Trade Description Ordinance prohibits false trade descriptions, forged trademarks and misstatements in respect of goods supplied in the course of trade.

H. Transparency of the Regulatory System

Hong Kong's body of law and regulation implicitly and explicitly promotes competition in all forms of economic endeavor. The only exceptions are those previously mentioned, where entry is restricted. Tax, labor, health and safety and other laws and policies avoid distortions or impediments to the efficient mobilization and allocation of investment. Bureaucratic procedures and "red tape" are held to the minimum and are equally transparent to local and foreign investors. In November 1996, the Consumer Council published a study report to recommend the setting up of competition law and an independent Competition Authority to investigate any anti-competitive practices. After examining these recommendations, the Hong Kong government does not support enacting a competition law, saying that all-embracing competition law would not be able to take into account the specific requirements of individual sectors. Instead of a Competition Authority, the government has established a Competition Policy Advisory Group (COMPAG), chaired by the Financial Secretary, to review competition issues that have substantial policy or systemic implications.

I. Efficient Capital Markets and Portfolio Investment

There are no impediments to the free flow of financial resources.

Non-interventionist economic policies, complete freedom of capital movement and a well-understood regulatory and legal environment have greatly facilitated Hong Kong's growing role as a regional and international financial center. As noted earlier, the government maintains its August 1999 US\$15 billion intervention in the stock, futures, and currency markets to thwart "manipulators" was a one-off event. Hong Kong has continued to enjoy substantial economic autonomy following its reversion to Chinese sovereignty on July 1, 1997. Chinese leaders have repeatedly underscored China's intention to abide by the provisions of the Sino-British Joint Declaration and China's Basic Law for Hong Kong, which amplify the meaning of "one country, two systems" to include separate monetary systems, separate financial and regulatory systems, and separate budgetary regimes.

Hong Kong's foreign exchange markets handled an average daily turnover of US\$78.6 billion in 1998, making it the seventh largest in the world. By the end of 1999, Hong Kong had 156 licensed banks (125 were incorporated overseas), 58 restricted licensed banks (25 were incorporated overseas), 71 deposit-taking institutions (all incorporated in Hong Kong), and 127 representative offices (all were set up by foreign banks). Thirty-two American "authorized financial institutions" operate in Hong Kong, including 7 of the top 10 U.S. banks. U.S. banks licensed in Hong Kong are listed in Chapter 11 Section F below. Most banks in Hong Kong maintain U.S. correspondent relationships.

Hong Kong's five largest banks, in terms of total assets (1999), are as follows:

Rank	Institution	Total Assets (US\$ billion)
1	Hong Kong & Shanghai Banking Corporation (HSBC)	210.0
2	Bank of China Group	108.3
3	Hang Seng Bank Ltd.	56.7
4	Bank of East Asia, Ltd.	18.6
5	Dao Heng Bank	16.9

Sources: Companies' annual reports

Hong Kong has a three-tier system of deposit-taking institutions: licensed banks, restricted license banks, and deposit-taking companies. Only licensed banks can offer current (checking) or savings accounts. The Hong Kong & Shanghai Banking

Corporation (HSBC) is Hong Kong's largest banking group. With its majority-owned subsidiary Hang Seng Bank, and 369 branches, the group controls more than 40% of Hong Kong dollar deposits. The 12 banks of the Bank of China Group comprise the second-largest banking group (374 branches), and control 24% of Hong Kong dollar deposits.

Credit is allocated strictly on market terms and is available to foreign investors on a non-discriminatory basis. The private sector has access to the full spectrum of credit instruments as provided by Hong Kong's banking and financial system. Legal, regulatory, and accounting systems are transparent and consistent with international norms. The Hong Kong Monetary Authority (HKMA) functions as its de facto central bank. The HKMA is responsible for maintaining the stability of the banking system and managing the Exchange Fund backing Hong Kong's currency -- linked to the U.S. dollar at HK\$7.8 = US\$1. HKMA, with the assistance of the banking sector, has upgraded Hong Kong's financial market infrastructure. For example, the interbank payment system based on Real Time Gross Settlement principles was installed in December 1996. The new system helps minimize risks in the payment system and brings Hong Kong in line with international standards. In March 1997, the Hong Kong Mortgage Corporation (HKMC) was set up to promote the development of the secondary mortgage market in Hong Kong. The HKMC is 100% owned by the Government through the Exchange Fund. The HKMC purchases residential mortgage loans for its own retained portfolio, and then repackages mortgages into mortgage-backed securities for sale. In 1999, the HKMC has issued US\$801.3 million worth of unsecured debt securities in the local debt market.

Insurance: Under the Insurance Companies Ordinance, insurance companies are authorized by the Insurance Authority to transact business in Hong Kong. Hong Kong has the highest number of authorized insurance companies in Asia. At the end of 1999, there were 208 authorized companies: of these, 105 were foreign companies from 25 countries. In terms of assets, of the world's top 10 insurance companies, six have branch offices or subsidiaries in Hong Kong. In addition, premium income from insurance services in Hong Kong is the fifth highest in Asia (after Japan, South Korea, Taiwan and China) and the 24th highest in the world.

Stock and Futures Markets: With a total market capitalization of US\$606.1 billion and 701 listed firms at year-end 1999, the Stock Exchange of Hong Kong (SEHK) was ranked second in Asia after Tokyo, and eleventh in the world in terms of capitalization. The SEHK launched regional derivative warrants and convertible bonds in 1997. In August 1998, the government made its first ever intervention on the stock and futures markets because speculators reportedly manipulated the market using a "double play" approach in which speculators sold Hong Kong dollars (driving up interest rates and causing the stock market to fall) to profit from short stock and futures positions. The government spent US\$15.3 billion to buy all 33 Hang Seng Index constituent stocks and futures. The intervention aroused controversy locally and overseas. An independent company, the Exchange Fund Investment Limited (EFIL), was later established by the government to

dispose of its stock portfolio in the form of mutual funds, the Tracker Fund of Hong Kong (TraHK). EFIL launched the initial issue size of TraHK in the amount of US\$4.3 billion at the unit price of US\$1.65 in November 1999. TraHK is traded on the SEHK. At the end of March 2000, the SEHK had grown to 709 firms with total market capitalization of US\$638.9 billion. The stock and futures exchanges were merged into the Hong Kong Exchanges and Clearing Limited in March 2000, which would be listed on the SEHK in June 2000.

There are no discriminatory legal constraints to foreign securities firms establishing in Hong Kong via branching, acquisition, or establishing subsidiaries. In practice, foreign firms typically establish in Hong Kong as subsidiaries. Rules governing operations are the same, irrespective of ownership. There are no restrictions on cross-border capital flows.

The SEHK plays a significant role in raising capital for Chinese state-owned enterprises. A memorandum of understanding on regulatory cooperation between Chinese and Hong Kong stock and regulatory authorities signed in June 1993 provides a framework for Chinese state enterprises to raise equity (through the issuance of so-called "H" shares) in Hong Kong provided they meet Hong Kong regulatory and accounting requirements. These "H" shares are denominated in renminbi, but must be purchased in Hong Kong dollars. In 1999, a total of 44 Chinese enterprises had "H" share listings on the SEHK, with market capitalization of US\$5.14 billion. The Hong Kong Futures Exchange Ltd. provides a market for Hang Seng Index futures and options. In May 2000, futures contracts for seventeen local stocks traded at the Exchange: CITIC Pacific, Cheung Kong Holdings, CLP Holdings, HSBC Holdings, Hang Seng Bank, Henderson Land, Cable & Wireless HKT, China Telecom, Hopewell Holdings, Hutchison Whampoa, New World Development, Sun Hung Kai Properties, Swire Pacific 'A', Wharf Holdings, China Resource Enterprise, Hong Kong Electric Holdings and Shanghai Industrial Holdings.

Since 1990, Hong Kong has made a concerted effort to develop a local debt market with the launching of the Exchange Fund bills and notes program. Maturities now extend to ten years. Hong Kong dollar debt (public and private) has increased gradually, from US\$3.46 billion at the end of 1989 to US\$53.4 billion by the end of 1999. Regional infrastructure financing requirements, continued high regional GDP growth rates, and increasing investor demand are projected to stimulate further development of the local debt market. The Securities and Futures Commission, an independent statutory body outside the civil service, has licensing and supervisory powers to ensure the integrity of markets and to protect investors, while the exchanges' own Association serves as the first line of regulatory defense.

The Hong Kong Government has begun work on a Mandatory Provident Fund to encourage workers and employers to contribute to retirement funds. Contributions are expected to channel US\$3 to 4 billion per year into various investment opportunities. Schemes are expected to begin operations in December 2000.

Portfolio investment decisions are left to the private sector. There are no laws or regulations that specifically authorize private firms to adopt articles of incorporation/association which limit or prohibit foreign investment, participation or control.

J. Political Violence

Hong Kong is politically stable and secure. The U.S. Consulate General is not aware of any incidents over the past few years involving politically motivated damage to projects or installations. There has been no major unrest in Hong Kong since China's Cultural Revolution spilled across the border in 1967. The protests in Hong Kong related to the May 1999 accidental bombing of China's embassy in Belgrade were peaceful and orderly.

K. Corruption

Hong Kong has a good track record in combating corruption. U.S. firms have not, for the past three decades, identified corruption as an obstacle to foreign direct investment. The Independent Commission Against Corruption (ICAC) is responsible for combating corruption. The ICAC was established in 1974, three years after enactment of the Prevention of Briberies Ordinance. The ICAC is independent of the public service and the ICAC Commissioner is responsible directly to the Chief Executive (formerly to the Governor). A bribe to a foreign official is a criminal act as is the giving or accepting of bribes, for both private individuals and government employees. Of the 4,147 corruption reports filed in 1999 (about one-third were ultimately investigated), 60 percent involved the private sector, 12.2 percent the police, 22.6 percent other government bodies, and 5.1 percent public bodies such as the Legislative Council, Urban Councils, and universities. Penalties are stiff. For example, a civil servant who solicits or accepts any advantage without special permission of the Government can receive one year's imprisonment and a HK\$100,000 fine if convicted. Individuals in both the private and public sector can receive up to 7 years imprisonment and a HK\$500,000 fine for offering, soliciting or accepting a benefit for performance or non-performance of an official duty.

L. Bilateral Investment Agreements

Hong Kong is negotiating a series of bilateral investment agreements – the Hong Kong Government calls them "Investment Promotion and Protection Agreements" -- with major foreign investors. To date, Hong Kong has signed agreements with Australia, Austria, Belgo-Luxembourg Economic Union, Denmark, France, Germany, Italy, Japan, Korea, the Netherlands, New Zealand, Sweden, Switzerland and United Kingdom. The Hong Kong Government has initialed agreements with Canada and Vietnam. It is negotiating

agreements with Singapore, Thailand, and the United States. All such agreements have been based on a model text approved by China through the Sino-British Joint Liaison Group. The United States and Hong Kong began discussing a bilateral investment agreement in 1996 and, although good progress has been made, have not yet finalized an agreement as of this writing.

M. OPIC and Other Investment Insurance Programs

Overseas Private Investment Corporation (OPIC) coverage is not available in Hong Kong. Hong Kong is a member of the World Bank Group's Multilateral Investment Guarantee Agency (MIGA).

N. Labor

For most of the last decade, Hong Kong's unemployment rate hovered around 2% as the economy continued a rapid structural transformation from manufacturing to a financial and services center. The burgeoning services sector easily absorbed displaced manufacturing workers. The unemployment rate in 1997 was 2.2%, after reaching 2.6% in the fourth quarter of 1996. During the period of February to April 1999, unemployment has risen to 6.3%, reflecting the impact of regional economic turmoil. In the first quarter of 2000, unemployment rate dropped to 5.5%, much in line with the economic recovery. As part of a package of measures adopted in February 1996 to combat rising unemployment, the Hong Kong Government began curtailing its labor importation schemes. The measures, seen as a response to union and pro-labor legislative pressure, 1) replaced the General Importation of Labor Scheme for skilled and semi-skilled workers (with its 25,000-worker quota) with the Supplementary Labor Scheme (with a 2,000-worker preliminary limit and a ban on foreign workers in 26 professions), 2) provided for expanded recruitment of local construction workers for the now completed Chek Lap Kok airport and related infrastructure projects, and, 3) imposed stricter local recruitment criteria before local firms can hire foreign workers. Qualified foreign professionals, technical staff, administrators and managerial personnel are not affected, nor are foreign domestic helpers. An employee retraining board, established in 1992, provides skills retraining for local employees to cope with ongoing structural change in the economy. Labor-management relations are generally smooth. The average number of days lost due to industrial conflicts is one of the lowest in the world (0.47 worker days lost per 1,000 workers in 1998). In early 1996 labor groups achieved their goals of scaling back labor importation and boosting severance pay. In 1998, membership in Hong Kong's 558 registered unions totaled 657,019, a participation rate of about 21.46%. Hong Kong has implemented 31 conventions of the International Labor Organization in full and 18 others with modifications. Hong Kong continued to adhere to these conventions after reversion to Chinese sovereignty on July 1, 1997.

O. Foreign Trade Zones/Free Ports

Hong Kong is a free port without foreign trade zones.

P. Foreign Direct Investment Statistics

Table 1: Position of Inward Foreign Direct Investment by Major Investor Country/Territory, as at end of 1998

Country	U.S.\$ Billion	% Share of Total
China	27.4	21.0
UK	19.7	15.1
Netherlands	16.0	12.2
USA	14.8	11.3
Japan	13.9	10.7
Bermuda	5.9	4.5
Singapore	5.6	4.3
South Korea	1.9	1.4
Switzerland	1.8	1.3
Others	16.3	12.5
TOTAL	130.5	100.0

Source: Hong Kong Census and Statistics Department

Note 1: Excluding inward direct investment from offshore financial centers, which were original from Hong Kong.

Note 2: US\$1 = HK\$7.8

Table 2: Position of Inward Foreign Direct Investment by Major Economic Activity, as at end of 1998

	U.S.\$ Billion	% Share of Total
Wholesale, retail and import/export trades	34.2	26.2
Banks and deposit-taking Companies	27.5	21.1
Investment holdings, real estate and various business services	16.1	12.3
Communications	15.3	11.8
Financial institutions other than banks and deposit-taking companies	8.4	6.4
Manufacturing	5.8	4.4
Transport and related services	4.8	3.7
Insurance	4.1	3.1
Construction	3.5	2.7
Restaurants and hotels	0.6	0.5
Other activities	10.1	7.8
TOTAL	130.5	100.0

Source: Hong Kong Census and Statistics Department

Note: Excluding inward direct investment from offshore financial centers, which were original from Hong Kong.

Table 3: Position of Outward Foreign Direct Investment by Major Resident Country/Territory, as at end of 1998

Country	U.S.\$ Billion	% Share of Total
China	70.2	54.3
British Virgin Islands	25.3	19.6
UK	7.3	5.6

New Zealand	4.7	3.7
U.S.	2.6	2.0
Singapore	2.0	1.5
Philippines	1.4	1.1
Netherlands	1.4	1.1
Bermuda	1.3	1.0
Thailand	1.2	0.9
Others	11.9	9.2
TOTAL	129.3	100.0

Source: Hong Kong Census and Statistics Department

Note: Excluding outward direct investment of offshore financial centers which were channeled back to Hong Kong.

Table 4: Position of Outward Foreign Direct Investment by Major Economic Activity, as at end of 1998

	U.S.\$ Billion	% Share of Total
Investment holdings, real estate and various business services	40.0	31.0
Wholesale, retail and import/export trades	21.8	16.9
Manufacturing	14.4	11.2
Transport and related services	10.8	8.3
Financial institutions other than banks and deposit-taking companies	8.0	6.2
Restaurants and hotels	6.8	5.3
Construction	5.1	3.9

Banks and deposit-taking Companies	2.5	1.9
Communications	1.4	1.1
Insurance	1.4	1.1
Other activities	17.1	13.2
TOTAL	129.3	100.0

Source: Hong Kong Census and Statistics Department

Note: Excluding outward direct investment of offshore financial centers which were channeled back to Hong Kong.

Table 5: Amount and Growth of U.S. Investment in Hong Kong for 1997/98/99 in US\$ Millions

CATEGORY	1997	1998	1999	%Change 1998/99
Petroleum	594	598	398	-33.4
Manufacturing	2,942	3,292	3,798	15.4
Wholesale	4,890	4,319	4,851	12.3
Depository Institutions	1,845	1,766	1,873	6.1
Financial/ Insurance/ Real Estate	3,592	4,604	5,766	25.2
Services	1,074	997	1,141	14.4
Others	4,329	2,844	3,022	6.3
TOTAL	19,266	18,421	20,848	13.2

Note 1: The U.S. Department of Commerce estimates the total U.S. direct investment position in Hong Kong at historical cost (the book value of U.S. direct investors' equity

in, and net outstanding loans to, their foreign affiliates).

Note 2: USDOC statistics differ from HKG statistics. Per Table 1 above, the latter indicates total U.S. investments of US\$14.8 billion at year-end 1998.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, U.S. Direct Investment Position Abroad on a Historical Cost Basis.

Table 6: Japanese Investment in Hong Kong in Yearly Flows for 1995-1999 in US\$ Millions

Year	Amount
1995	1,125
1996	1,540
1997	691
1998	602
1999	1,031

Source: Japan Ministry of Finance. Figures are direct investment flows per Japanese Fiscal Year (April 1 to March 31).

Exchange rate: 1996 (average): 108.78/US\$
 1997 (average): 120.99/US\$
 1998 (average): 115.60/US\$
 1999 (average): 102.20/US\$

Table 7: Japanese Investment in Hong Kong Sectors Breakdown for 1996/997/1998/1999 in US\$ Millions

SECTORS	1996	1997	1998	1999
Manufacturing	409.00	218.00	108.00	N.A.
Finance	302.00	154.00	193.00	N.A.
Trade	229.00	173.00	252.00	N.A.

Service	60.00	61.00	40.00	N.A.
Real Estate	117.00	63.00	0.00	N.A.
Transport	30.00	16.00	0.00	N.A.
Others	392.00	21.00	9.00	N.A.
TOTAL	1,540.00	705.00	602.00	1,031

Note: N.A.= Not Available

Source: Japanese Ministry of Finance.

Exchange rate: 1996 (average): 108.78/US\$
1997 (average): 120.99/US\$
1998 (average): 115.60/US\$
1999 (average): 102.20/US\$

Table 8: Hong Kong's Pledged and Actual Direct Investment in China in US\$ Billions and Percent Share of Total Investment in China

Year	Amount Pledged	Actually Invested	Share of Total Investment
1990	3.8	1.9	58.0
1991	7.2	2.4	60.0
1992	40.0	2.5	69.0
1993	74.0	17.2	66.0
1994	49.0	20.0	60.0
1995	n.a.	20.4	54.4
1996	n.a.	20.9	50.1
1997	n.a.	21.7	47.9

1998	n.a.	19.4	42.6
1978-April 1999	297.6	138.4	50.0

Source: PRC Ministry of Foreign Trade and Economic Cooperation (MOFTEC), Hong Kong Government estimates, Hong Kong Commercial Daily, April 12, 1996 citing MOFTEC.

Table 9: Major Foreign Investor Firms

United States: Motorola, Chase Manhattan, Sea-land, Exxon, Citibank, Mobil, Caltex, AT&T, IBM, Kodak, Bank of America, American International Group, Coca-Cola, Pepsi-Co, Pacific Waste Management.

Japan: Kumagai Gumi, Jusco, Sogo, Mitsubishi, Uny, Nishimatsu, Daido Concrete, C. Itoh.

United Kingdom: Inchcape Pacific, Cable and Wireless, Hong Kong and Shanghai Banking Corporation, Standard Chartered Bank, Jardine Matheson, Swire Pacific Group, P & O Shipping.

West Europe: Carlsberg (Denmark), Hong Kong Petrochemicals (Italian/Korean/Chinese joint venture), Siemens, Heraeus (Germany), Philips (Netherlands); Bouygues/Drageages, Bachy-Soletanches, Banque National de Paris, Banque Indosuez, Chanel, Cartier, Christian Dior, Remy (France), Erikson, Asea Brown Boveri, Tetrapak, Electrolux (Sweden).

China: China Investment and Trust Corporation (CITIC), China Resources, China Merchants, Bank of China, China Travel Services, China Overseas Construction, Guangdong Enterprises, Yue Xiu Enterprises, China Everbright, Shanghai Industrial.

Asia: San Miguel Brewery (Philippines), News Corp., Pioneer (Australia), Sime Darby, Shangri-la/Kerry Trading (Malaysia), Park View Properties (Taiwan), Lippo Group (Indonesia), C.P. Pokphand (Thailand).

NOTE: This list is not in rank order nor is it comprehensive.

8. TRADE AND PROJECT FINANCING

A. Description of the Banking System

Hong Kong has an open financial system, with no controls on currency movement. A more complete description is contained in Chapter 7 Section I above.

B. Foreign Exchange Controls Affecting Trading

The local currency, the Hong Kong Dollar (HK\$), is freely convertible and there are no foreign exchange controls.

C. General Availability of Financing

Commercial trade financing is available in Hong Kong for qualified customers. All licensed banks are authorized to provide loans to residents and non-residents in the currency of their choice. Letters of credit and other financial instruments are widely used to protect participants in trade arrangements. All banks maintain close working relationships with correspondent banking institutions. The financial system is highly developed and efficient.

D. How to Finance Exports/Methods of Payment

The preferred method of quoting is "CIF" or "C and F" in HK\$. The U.S. dollar and other freely convertible currencies may be accepted for bids and pro forma invoicing. Terms of payment depend on the relative negotiating strength of the buyers and sellers. U.S. suppliers should seek to obtain letters of credit or sight draft terms when dealing with buyers who are not well known to them. Asking for a letter of credit is a standard business practice, and your potential customer will not generally interpret this as a sign of mistrust.

The importance of trade finance to Hong Kong has resulted in a high level of bank efficiency in providing import payment services. Letters of Credit, document collection and international remittance are widely available. All licensed banks are authorized to provide loans to residents and nonresidents. The risk of financing receivables can be readily evaluated via locally available credit information. Prospective exporters should make use of banking relationships to determine credit risk.

E. Types of Available Export Financing and Insurance

The U.S. ExIm Bank offers both trade financing and insurance for U.S. exports. Commercial vendors are also readily available.

F. Availability of Project Financing, Including OPIC and Eximbank Project Finance, As

Well as Lending from Multilateral Institutions

Hong Kong and Macau are not recipients of official development assistance. Projects are financed on commercial terms. U.S. Trade and Development Agency programs are available for Hong Kong and Macau. Hong Kong is also a major center for commercial project financing for China.

G. List of Banks with Correspondent U.S. Banking Arrangements

The list of Hong Kong based banks with correspondent U.S. banking arrangements is too large to include here. Chapter 11 Section F provides a list of U.S. banks licensed in Hong Kong. Hong Kong's five largest local banks are indicated in Chapter 7 Section I, above.

H. The Asian Development Bank

Asia's premier financial institution, the Asian Development Bank (ADB), is headquartered in Manila, Philippines. ADB was founded in 1966 and is owned by 58 member countries. The United States and Japan are the largest shareholders. The Bank's regional membership extends from the Far East to South Asia, through the Pacific Islands up to Central Asia. The newest member is Azerbaijan, which joined in 1999.

The PRC was the top borrower in 1999 (25%), followed by Indonesia (20%), India (12%), Pakistan (8%) and Thailand (7%). ADB lends an average of \$5 billion annually. For 1999, total lending was \$4.9 billion for public and private sector projects. The Bank also provided \$135 million worth of technical assistance.

ADB's lending portfolio provides commercial opportunities for consultants, equipment suppliers, contractors and project sponsors from the Bank's member countries. In 1999, American companies won \$236 million worth of contracts under ADB projects for a wide range of equipment and services. The U.S. maintained its number one ranking in total procurement awards for the year among donor countries. Cumulatively, U.S. companies have won \$4.6 billion worth of contracts since the Bank began its operations.

In line with ADB's heightened emphasis on poverty alleviation, the highest sectoral lending for 1999 was for social infrastructure (i.e., education, health, housing and environmental projects) which received 28% of total lending. Transport and communications ranked second (20%), followed by energy (14%), multisector (14%), agriculture and natural resources (9%), and industry (8). The trend towards more socially oriented projects is expected to continue for the immediate future and is reflected in the Bank's 2000-2002 country assistance plans. (Detailed plans for each borrowing member country and project information can be found on the ADB web site: www.adb.org.)

Aside from its public sector operations, ADB also lends directly to the private sector where its participation serves to leverage further investments for projects that have a high developmental impact. Four such loans were approved in 1999: two in the Philippines, for a water services and an air terminal project; one in the PRC, for a waterworks project; and one in Sri Lanka, for a port terminal project.

The Bank maintains resident offices in Bangladesh, Cambodia, India, Indonesia, Nepal, Pakistan, Sri Lanka, Vietnam, Vanuatu, Uzbekistan and Kazakhstan. A resident mission will open in the PRC in June 2000. The Bank also maintains representative offices in Tokyo, Washington, D.C., and Frankfurt.

The U.S. Department of Commerce maintains a congressionally mandated Liaison Office to ADB. The Office's sole mission is to assist American firms in taking advantage of commercial opportunities under the Bank's lending program. The Office provides counseling, advocacy, project information and conducts outreach programs in the region as well as in the U.S. mainland. The Office conducted its second regional seminar on consulting and procurement opportunities in January 2000 at the ADB headquarters. In cooperation with ADB and the Commerce Department's Multilateral Development Banks Operations, the Office helped organize seminars in five U.S. cities in April 2000 (Spokane, Seattle, Washington, D.C., San Francisco and Kansas City).

To perform its mandate, the U.S. Commercial Liaison Office (CS/ADB) cooperates with the U.S. Director's Office at ADB and works closely with Commercial Service posts in the region. An American Senior Commercial Officer heads the office (Stewart Ballard assumes the post in August 2000). Two Commercial Specialists complement him, one of whom is funded by the US-Asia Environmental Partnership and focuses exclusively on environment projects. CS/ADB invites American firms to work with it in pursuing ADB commercial opportunities. CS/ADB's contact information:

Address: American Business Center
25th Floor, Ayala Life-FGU Building
6811 Ayala Avenue
Makati City, Philippines 1226

U.S. mailing address:

PSC 500 Box 33,
FPO AP 96515-1000.

E-mail: manila.adb.office.box@mail.doc.gov
csadb@pacific.net.ph

Telephones: (632) 887-1345(-7)

Fax: (632) 887-1164

9. BUSINESS TRAVEL

A. Business Customs

Over the years, Hong Kong has developed as a unique society based on Chinese tradition and western technology. It is a society which practices religious and racial tolerance. Above all, it is a society that emphasizes hard work and success.

Americans encounter few if any cultural problems when conducting business in Hong Kong. Americans should be aware that Hong Kong people tend to be more formal than many Americans. Business acquaintances are addressed as Mr. or Ms. unless they state that their first name should be used. Business cards are exchanged frequently and the exchange should be fairly formal: the card should be accepted with both hands and a moment taken to read it carefully. "Face" is very important, and problems or areas of disagreement are handled indirectly to avoid loss of "face." While a study of local customs and practices may be helpful, most people in Hong Kong are sufficiently familiar with Western customs that they are tolerant of cultural differences. Business contacts should be treated the same as a formal business relationship in the United States. Western business attire (suit and tie for men, business suits for women) is appropriate.

B. Travel Advisory and Visas

Visas allowing residence and local employment for expatriates are granted on the basis of simple, comprehensible procedures, are handled in a timely manner and managed in a way that is consistent with the interests of employees. There are no quotas, bonds, or guarantees required. All residents are equal under the law, enjoy freedom of movement, access to public education, and basic civil freedoms.

Visiting Americans generally fit in well. Most Hong Kong business executives speak English, and are accustomed to dealing with Westerners.

C. Holidays

2000

September 13	Day following the Mid-Autumn Festival
October 2	Day following National Day
October 6	Chung Yeung Festival
December 25	Christmas Day

December 26 First week-day after Christmas Day

2001

January 1	New Year's Day
January 24	Lunar New Year's Day
January 25	Second day of the Lunar New Year
January 26	Third day of the Lunar New Year
April 5	Ching Ming Festival
April 13	Good Friday
April 14	Day following Good Friday
April 16	Easter Monday
April 30	The Buddha's Birthday
May 1	Labor Day
June 25	Tuen Ng Festival
July 2	Hong Kong Special Administrative Region Establishment Day
October 1	National Day
October 2	Day following Chinese Mid-Autumn Festival
October 25	Chung Yeung Festival
December 25	Christmas Day
December 26	First week-day after Christmas Day

D. Work Week

Business hours are 9 to 5, Monday through Friday. Saturday has traditionally been a half day but, due to the competition to keep staff, many companies now advertise a 5 day workweek.

E. Business Infrastructure (e.g. transportation, language, communications, housing, health, food)

Housing, food, telecommunications, transportation and healthcare are all available at levels comparable to major American cities. Most people live in apartments in high-rise buildings. Rents for housing are usually very high. Hong Kong has many different types of restaurants, offering a wide variety of international foods. Grocery stores are also stocked with an international selection of items. Communications facilities are excellent. Long distance telephone and facsimile services can be easily arranged with telecommunications companies, and are available in hotels and business centers. Hong Kong also has a very good public transportation system. Major modes of transportation include buses, the Mass Transit Railway (underground subway system), trams, ferries, the Kowloon-Canton Railway and taxis. In addition, almost all major airlines service Hong Kong. Healthcare facilities are also excellent, and Hong Kong's private hospitals and

private physicians are of international standards.

Your business partners will often speak English, and will negotiate on a very business-like basis. It should be noted, however, that as companies from China continue to expand their business activities in Hong Kong, more business is being conducted in Mandarin. When conducting business with these companies, U.S. business people may be well advised to bring along a Mandarin-English interpreter to avoid any misunderstandings.

F. Temporary Entry of Goods (e.g. laptop computers, software, exhibit materials)

Hong Kong Customs does not restrict the temporary import of goods into Hong Kong, such as laptop computers, software and general exhibit materials, for business purposes so long as the goods are not restricted items which normally require an import license. The temporary import of supercomputers, which is a controlled item, or of any exhibit materials which are also controlled items, would require a license even if the commodity is being shipped in only for exhibit purposes.

U.S. business travelers are encouraged to obtain a copy of the “Key Officers of Foreign Service Posts: Guide for Business Representatives” available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; tel.: (202) 512-1800; fax: (202) 512-2250. General and country-specific travel information can be retrieved from the Department of State’s web site at <http://travel.state.gov>. Business travelers to Hong Kong seeking appointments with U.S. Consulate General Hong Kong officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (852) 2521-1467, fax at (852) 2845-9800, or email at Hong.Kong.Office.Box@mail.doc.gov or visit our web site at: www.usconsulate.org.hk.

10. ECONOMIC AND TRADE STATISTICS

APPENDIX A -- COUNTRY DATA

a.	Population	6.9 million (end-1999)
b.	Population Growth Rate	2.5%
c.	Religion(s)	Buddhist, Taoist, Christian, small numbers of Moslems, Hindus, Jews, and Sikhs.

- d. Government System Reverted to Chinese sovereignty and became a Special Administrative Region of China on July 1, 1997 with a high degree of autonomy until 2047.
- e. Language(s) English and Cantonese are the languages of administration and commerce. Mandarin Chinese is becoming increasingly common.

APPENDIX B -- DOMESTIC ECONOMY

(US\$ Millions, unless otherwise noted)

	1998	1999	2000 (est.)
a. GDP (current prices)	162,415	157,979	163,110
b. Real GDP Growth (%)	-5.1	3.0	5.0
c. GDP Per Capita (US\$) (current prices)	24,288	23,086	23,530
d. Government Spending as % of GDP (FY)	19.2	21.1	21.9
e. Inflation (%)	2.8	-4.0	-1.0
f. Unemployment (%)	4.7	6.2	5.5
g. Foreign Exchange Reserves	89,625	96,255	102,993
h. Average Exchange Rate for US\$1.00	7.745	7.758	7.781
i. Debt Service Ratio*	N/A	N/A	N/A
j. U.S. Military/Economic Assistance	N/A	N/A	N/A

Sources: Hong Kong Government; forecasts for 2000 are U.S. Consulate General unofficial projections.

Note: Beginning July 1, 1997, the Land Fund, estimated to be US\$ 19.2 billion, has been included in the Foreign Exchange Reserves.

* Hong Kong has no foreign debt.

APPENDIX C -- TRADE STATISTICS

(US\$ Millions, unless otherwise noted)

	1998	1999	2000
a. Total Country Exports			
Total Exports (including re-exports)	186,660	172,949	188,764
of which: Domestic Exports	27,104	21,872	21,001
b. Total Country Imports			
Total Imports	207,063	178,554	197,986
of which: Retained Imports	75,671	65,834	74,245
c. U.S. Exports			
U.S. Exports to Hong Kong	14,239	12,990	15,641
d. U.S. Imports			
Hong Kong Exports to the U.S. (domestic exports)	7,031	6,584	6,510
(re-exports)	33,315	34,544	38,586

Note: The above statistics are based on Hong Kong Government trade statistics. U.S. Department of Commerce statistics show U.S. exports to Hong Kong in 1999 of \$12.6 billion, and imports from Hong Kong of \$10.5 billion.

The 2000 number is based on U.S. Consulate General unofficial projections.

Sources: Hong Kong Government

11. U.S. AND HONG KONG CONTACTS

A. U.S. Consulate General Trade-Related Contacts.

Foreign Commercial Service -- Hong Kong

Senior Commercial Officer	Barry Friedman	U.S. Consulate General 26 Garden Road Hong Kong
Commercial Officers	David Murphy Joel Fischl Jerry Woolsey Tel: (852) 2521-1467 Fax: (852) 2845-9800 E-mail: Hong.Kong.Office.Box@mail.doc.gov Web site: www.usconsulate.org.hk	

Economic/Political Section -- Hong Kong

Chief	Lisa Kubiske	U.S. Consulate General 26 Garden Road Hong Kong
Economic-Political Section	Tel: (852) 2841-2101 Fax: (852) 2526-7382	

Foreign Agricultural Service -- Hong Kong

Agricultural Trade Officer	Howard Wetzell	U.S. Consulate General 26 Garden Road Hong Kong
Asst. Agricultural Trade Officer	George Ferris Tel: (852) 2841-2350 Fax: (852) 2845-0943	

Department of Commerce -- International Trade Administration

Country Desk Officer	Cheryl McQueen Tel: (202) 482-3932 Fax: (202) 482-1576	U.S. Department of Commerce Room 2317 Office of China, Hong Kong and Mongolia 14th & Constitution Ave, NW Washington, D.C., 20230
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US&FCS Director	Carmine D'Aloisio	U.S. Department of
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East Asia and Pacific
Tel: (202) 482-2422
Fax: (202) 501-6165

Commerce
Room 1229, Office of
International Operations
14th & Constitution Ave,
NW
Washington, D.C., 20230

Department of State

Country Desk Officer
Kin Moy
Tel: (202) 647-6802
Fax: (202) 647-6820

U.S. Department of State
Office of Chinese and
Mongolian Affairs
Room 4318,
Washington, D.C., 20520

B. American Chamber of Commerce and U.S. China Business Council

American Chamber of Commerce in Hong Kong

Frank G. Martin, President
1904 Bank of America Tower
12 Harcourt Road
Central, Hong Kong
Tel: (852) 2526-0165
Fax: (852) 2810-1289
E-mail: amcham@amcham.org.hk
Web site: <http://www.amcham.org.hk>

U.S. China Business Council
2802 Admiralty Centre, Tower I
18 Harcourt Road, Hong Kong
Tel: (852) 2527-5397
Fax: (852) 2527-1516
E-mail: uscba@netvigator.com
Web site: <http://www.uschina.org>

C. Hong Kong Trade or Industry Associations in Key Sectors

Chartered Institution of Building Services Engineers
(Hong Kong Branch Committee)
Mr. K.O. Yeung, Chairman
c/o Ovearup & Partners
Level 5, Festival Walk

80 Tat Chee Avenue
Kowloon Tong, Kowloon
Hong Kong
Tel: (852) 2268-3712
Fax: (852) 2268-3957

Chartered Institute of Building (Hong Kong Branch)
Mr. Dixon Chan, Honorary Secretary
Room 301, 3/F, Cheong Tai Building
7-11 Mercer Street, Sheung Wan
Hong Kong
Tel: (852) 2543-6369
Fax: (852) 2543-6727

Chinese General Chamber of Commerce, Hong Kong
Dr. Robin Chan, Chairman
4th Floor, 24-25 Connaught Road
Central
Hong Kong
Tel: (852) 2525-6385
Fax: (852) 2845-2610
E-mail: cgcc@cgcc.org.hk
Web site: <http://www.cgcc.org.hk>

Chinese Manufacturers' Association of Hong Kong
Mr. Chan Wing Kee, Chairman
CMA Building
64-66 Connaught Road
Central
Hong Kong
Tel: (852) 2542-8600
Fax: (852) 2541-4541
E-mail: cma@hkstar.com
Web site: www.cma.org.hk

Computer Club Hong Kong Ltd.
Mr. Joe Leung, Chairman
Room 9A, 9/F
Go-Up Commercial Building
998 Canton Road
Mongkok, Hong Kong
Tel: (852) 2374-1328
Fax: (852) 2374-0859

The Cosmetic & Perfumery Association of Hong Kong Ltd.
Mr. Jacky Choi, President
Room 308, Winning Commercial Building
46-48 Hillwood Road
Tsimshatsui, Kowloon
Hong Kong
Tel: (852) 2366-8801
Fax: (852) 2312-0348

Federation of Hong Kong Industries
Mr. Henry Tang, Chairman
4th Floor, Hankow Center
5-15 Hankow Road, Tsimshatsui
Kowloon, Hong Kong
Tel: (852) 2732-3188
Fax: (852) 2721-3494
E-mail: fhki@fhki.org.hk
Web site: <http://www.fhki.org.hk>

Graphic Arts Association of Hong Kong Ltd.
Mr. John K.F. Ng, Chairman
Rm. 2307, Billion Trade Centre
31 Hung To Road, Kwun Tong
Kowloon, Hong Kong
Tel: (852) 2856-9760
Fax: (852) 2856-9765
E-mail: gaahk@att.net.hk
Web site: <http://www.gaahk.org.hk>

Hong Kong Air Traffic Control Association
Mr. Patrick Yam Kwok Ming, President
Air Traffic Management Division
Civil Aviation Department
1 Control Tower Road
Hong Kong International Airport
Lantau, Hong Kong
Tel: (852) 2910-6461
Fax: (852) 2910-1177

Hong Kong Association for the Advancement of Science & Technology
Mr. Leung Shou Chun, President
2A, Tak Lee Commercial Building

113-117 Wanchai Road
Wanchai, Hong Kong
Tel: (852) 2891-3388
Fax: (852) 2838-1823
E-mail: info@hkaast.org.hk

Hong Kong Association of Certification Laboratories Ltd.
Mr. Nigel Cheung, Chairman
1/F, CMA Building
64-66 Connaught Road
Central, Hong Kong
Tel: (852) 2542-8620
Fax: (852) 2541-4541
E-mail: ats@cma.org.hk
Web site: www.cma.org.hk/acl/acl.htm

Hong Kong Association of the Pharmaceutical Industry
Mr. Stephen Leung, President
Room A, 13/F, Trust Tower
68 Johnston Road
Wan Chai, Hong Kong
Tel: (852) 2528-3061
Fax: (852) 2865-6283
E-mail: hkapi@netvigator.com

Hong Kong Aviation Club Ltd.
Mr. Alex Yan, President
31 Sung Wong Toi Road
Kowloon, Hong Kong
Tel: (852) 2713-5171
Fax: (852) 2761-9511
E-mail: hkac@netvigator.com

The Hong Kong Chinese Importers' & Exporters' Association
Mr. Hui Cheung Ching, President
7-8th Floors, Champion Building
287-291 Des Voeux Road
Central, Hong Kong
Tel: (852) 2544-8474
Fax: (852) 2544-4677/2581-4979

Hong Kong Computer Society
Mr. Daniel Lai, President

Unit D, 1/F, Luckifast Building
1 Stone Nullah Lane
Wanchai, Hong Kong
Tel: (852) 2834-2228
Fax: (852) 2834-3003
E-mail: hkcs@hkcs.org.hk
Web site: www.hkcs.org.hk

Hong Kong Construction Association Ltd.
Mr. Jimmy Tse, President
3/F, 180-182 Hennessy Road
Wanchai, Hong Kong
Tel: (852) 2572-4414
Fax: (852) 2572-7104
E-mail: hkca@hingenet.com
Web site: www.hkca.hingenet.com

The Hong Kong Electronics Industries Association Ltd.
Mr. Samson Tam, Chairman
Unit 208-209, HK Industrial Technology Center
72 Tat Chee Avenue, Kowloon Tong
Hong Kong
Tel: (852) 2778-8328
Fax: (852) 2788-2200
E-mail: hkeia@hkeia.org
Web site: www.hkeia.com

Hong Kong Federation of Insurers
Mr. Robert Hubbard, Chairman
902, 9/F, First Pacific Bank Center
56 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2520-1868
Fax: (852) 2520-1967
E-mail: hkfi@hkfi.org.hk
Web site: www.hkfi.org.hk

The Hong Kong General Chamber of Commerce
Dr. Eden Woon, Director
Unit A, 22nd Floor, United Center
95 Queensway
Hong Kong
Tel: (852) 2529-9229
Fax: (852) 2527-9843

E-mail: inquiry@hkgcc.org.hk
Web site: www.hkgcc.org.hk

Hong Kong Institution of Engineers
Mr. C.C. Chan, President
9/F, Island Beverley
No. 1 Great George Street
Causeway Bay, Hong Kong
Tel: (852) 2895-4446
Fax: (852) 2577-7791

The China Hong Kong International Aerospace Forum
Mr. Peter Lok, Secretary General
G.P.O. Box 10797
Hong Kong
Tel: (852) 2869-8483
Fax: (852) 2869-5783

Hong Kong Medical Association
Dr. So Kai Ming, President
5/F, Duke of Windsor Social Service Building
15 Hennessy Road
Wanchai, Hong Kong
Tel: (852) 2527-8285
Fax: (852) 2865-0943
E-mail: hkma@hkma.org
Web site: <http://www.hkma.org>

Hong Kong PATA (Pacific Asia Travel Association) Chapter
Mr. Brian Deeson, Chairman
Room 1003, Tung Ming Building
40 Des Voeux Road
Central, Hong Kong
Tel: (852) 2869-8600
Fax: (852) 2869-8632

Hong Kong Pharmaceutical Manufacturers Association Ltd.
Mr. Sin Lam Kwong, President
17/F, Jing Ho Industrial Building
78-84 Wing Lung Street
Tsuen Wan, New Territories
Hong Kong
Tel: (852) 2407-3271

Fax: (852) 2407-5707

Hong Kong Plastic Material Suppliers Association

Mr. S.Y. Chu, Chairman

12/F, Eader Center

39-41 Hankow Road

Tsimshatsui, Kowloon

Hong Kong

Tel: (852) 2375-2686

Fax: (852) 2317-1129

Hong Kong Plastic Technology Center Ltd.

Dr. Dennis Ting, Chairman

U509 Hong Kong Polytechnic University

Hung Hom, Kowloon

Hong Kong

Tel: (852) 2766-5577

Fax: (852) 2766-0131

E-mail: ptc@polyu.edu.hk

Web site: <http://www.plastics-ctr.org.hk>

Hong Kong Printers Association

Mr. Ho Ka Hun, Chairman

1/F, 48-50 Johnston Road

Wanchai, Hong Kong

Tel: (852) 2527-5050

Fax: (852) 2861-0463

Hong Kong Productivity Council

Mr. Kenneth Fang, Chairman

HKPC Building

78 Tat Chee Avenue, Kowloon Tong

Kowloon, Hong Kong

Tel: (852) 2788-5678

Fax: (852) 2788-5900

E-mail: hkpcenq@hkpc.org

Web site: www.hkpc.org

Hong Kong Telecom Association

Mr. Hubert Ng, Chairman

GPO Box 13461

Hong Kong

Tel: (852) 2504-2732

Fax: (852) 2504-2752
E-mail: tahk@mlink.net.hk
Web site: www.tahk.org.hk

Hong Kong Trade Development Council
Mr. Michael Sze, Executive Director
38th Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2584-4333
Fax: (852) 2824-0249
E-mail: hktdc@tdc.org.hk
Web site: www.tdctrade.com

Hong Kong/United States Economic Co-operation Committee
c/o Hong Kong Trade Development Council
Miss Anne Chick, Secretary
38th Floor, Office Tower, Convention Plaza
1 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2584-4333
Fax: (852) 2583-9275
E-mail: hktdc@tdc.org.hk
Web site: www.tdctrade.com

Internet Service Providers Association
Mr. York Mok, Deputy Managing Director
Room 3203, East Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong
Tel: (852) 2110-3388
Fax: (852) 2110-0088/2110-0078

Office of the Telecommunications Authority
Mr. Antony Wong, Director General
29th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2961-6333
Fax: (852) 2803-5110
Web site: www.ofta.gov.hk

Hong Kong Tourist Association
Mrs. Amy Chan, Executive Director
9-11/F, Citicorp Centre
18 Whitfield Road
North Point, Hong Kong
Tel: (852) 2807-6543
Fax: (852) 2806-0303
Web site: www.hkta.org

Society of Builders Hong Kong
Mr. Franco Hui, Hon. Secretary
Room 801-802, On Lok Yuen Building
25 Des Voeux Road Central
Central, Hong Kong
Tel: (852) 2523-2081
Fax: (852) 2845-4749

Travel Industry Council of Hong Kong
Mr. Simon Hau, Chairman
Room 1706-1709, Fortress Tower
250 King's Road
North Point, Hong Kong
Tel: (852) 2807-1199
Fax: (852) 2510-9907
E-mail: execoff@tichk.org
Web site: www.tichk.org

World Energy Council Member Committee of Hong Kong, China
c/o China Light & Power Co. Ltd.
Mr. Ross Sayers, Chairman
147 Argyle Street
Kowloon, Hong Kong
Tel: (852) 2678-8833
Fax: (852) 2678-8393
E-mail: ekwong@clp.com.hk
Web site: <http://www.clpgroup.com>

D. Hong Kong Government Offices Relating to Key Sectors and/or Significant Trade Related Activities

Government & Quasi Government Offices Relating to Key Sectors

Agriculture and Fisheries Department
Mrs. Lessie Wei, Director
5/F, 303 Cheung Sha Wan Road
Kowloon
Hong Kong
Tel: (852) 2150-6666
Fax: (852) 2311-3731

Airport Authority
Dr. Victor Fung, Chairman
8 Chun Yue Road
Hong Kong International Airport
Lantau, Hong Kong
Tel: (852) 2824-7111
Fax: (852) 2824-0717
Web site: www.hkairport.com

Buildings Department
Dr. Y.L. Choi, Director
18/F, Pioneer Centre
750 Nathan Road
Mongkok
Kowloon, Hong Kong
Tel: (852) 2626-1313
Fax: (852) 2840-0451

Census & Statistics Department
Mr. Freddie Ho, Commissioner for Census
21st Floor, Wanchai Tower
12 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2582-4807
Fax: (852) 2824-1003
E-mail: genenq@censtatd.gcn.gov.hk
Web site: <http://www.info.gov.hk/censtatd>

Civil Aviation Department
Mr. Albert Lam, Director
46th Floor, Queensway Government Offices
66 Queensway, Hong Kong
Tel: (852) 2867-4332
Fax: (852) 2869-0093

Consumer Council
Mrs. Pamela Chan, Chief Executive
22nd Floor, K. Wah Center
191 Java Road
North Point, Hong Kong
Tel: (852) 2856-3113
Fax: (852) 2856-3611
E-mail: cc@consumer.org.hk
Web site: <http://www.consumer.org.hk>

Customs & Excise Department
Mr. John C. Tsang, Commissioner
9th Floor, Harbour Building
38 Pier Road
Central, Hong Kong
Tel: (852) 2815-7711
Fax: (852) 2542-3334
E-mail: gpd@hkstar.com
Web site: <http://www.info.gov.hk/customs>

Drainage Services Department
Mr. John Collier, Director
43rd Floor, Revenue Tower
5 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2877-0660
Fax: (852) 2827-8605
Web site: www.info.gov.hk/dsd/index.htm

Electrical & Mechanical Services Department
Mr. C.T. Leung, Director
98 Caroline Road
Causeway Bay, Hong Kong
Tel: (852) 2882-8011
Fax: (852) 2890-7493
Web site: www.info.gov.hk/emsd

Environmental Protection Department
Mr. R.J.S. Law, Director
24th-28th Floors, Southorn Centre
130 Hennessy Road
Wanchai, Hong Kong

Tel: (852) 2835-1018
Fax: (852) 2838-2155
Web site: <http://www.info.gov.hk/epd>

Government Supplies Department
Mr. Nigel C.N. Shipman, Director
10/F, North Point Government Office,
333 Java Road,
North Point, Hong Kong
Tel: (852) 2231-5105
Fax: (852) 2887-6591
Web site: <http://www.info.gov.hk/gsd/index.htm>

Department of Health
Dr. Margaret Chan, Director
17th & 21st Floors, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2961-8989
Fax: (852) 2836-0071
E-mail: dhenq@dh.gcn.gov.hk
Web site: <http://www.info.gov.hk/dh>

Hospital Authority
Mr. Peter Wu, Chairman
Hospital Authority Building
147B Argyle Street
Kowloon, Hong Kong
Tel: (852) 2300-6555
Fax: (852) 2881-8058
Web site: www.ha.org.hk

Innovation & Technology Commission
Mr. Francis Ho, Commissioner
14th Floor, Ocean Center
5 Canton Road
Tsimshatsui, Hong Kong
Tel: (852) 2737-2208
Fax: (852) 2730-4633
Web site: <http://www.inf.gov.hk/itc>

Office of the Commissioner of Insurance
Mr. Benjamin Tang, Commissioner

21st Floor, Queensway Government Offices
66 Queensway
Central, Hong Kong
Tel: (852) 2867-2565
Fax: (852) 2869-0252
E-mail: iamail@oci.gov.hk
Web site: <http://www.info.gov.hk/oci>

Intellectual Property Department
Mr. Stephen Selby, Director
24th & 25th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2803-5860/2961-6901
Fax: (852) 2838-6276
E-mail: enquiry@ipd.gov.hk
Web site: www.info.gov.hk/ipd

Hong Kong Productivity Council
Mr. Kenneth Fang, Chairman
HKPC Building
78 Tat Chee Avenue
Yau Yat Chuen, Kowloon Tong
Kowloon, Hong Kong
Tel: (852) 2788-5678
Fax: (852) 2788-5900
E-mail: hkpcenq@hkpc.org
Web site: <http://www.hkpc.org>

Hong Kong Trade Development Council
Mr. Michael Sze, Executive Director
38th Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2584-4333
Fax: (852) 2824-0249
E-mail: hktdc@tdc.org.hk
Web site: www.tdctrade.com

Office of the Telecommunications Authority
Mr. Anthony Wong, Director General
29th Floor, Wu Chung House

213 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2961-6333
Fax: (852) 2803-5110
Web site: www.ofta.gov.hk

Trade and Industry Department
Mr. Joshua Law, Director-General
Ground Floor, Trade and Industry Department Tower
700 Nathan Road, Mong Kok
Kowloon, Hong Kong
Tel: (852) 2398-5333
Fax: (852) 2789-2491, (825) 2789-2435
E-mail: dcsn@tid.gcn.gov.hk
Web site: www.info.gov.hk/tid

E. Hong Kong Market Research Firms

AC Nielsen
2/F East Wing, Warwick House
Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
Tel: (852) 2880-3500
Fax: (852) 2516-6856

Arthur Anderson & Co.
21/F, Edinburgh Tower
Landmark, 15 Queen's Road
Central, Hong Kong
Tel: (852) 2852-0222
Fax: (852) 2815-0548

Asian Strategies Ltd.
4401 China Resources Bldg.
26 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2827-4627
Fax: (852) 2827-6097

Boston Consulting Group, The
34th Floor, Times Square

Shell Tower, 1 Matheson Street
Causeway Bay, Hong Kong
Tel: (852) 2506-2111
Fax: (852) 2506-9084

Gartner Group Hong Kong Ltd.
Suite 5904-7, 59/F
Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2824-6168
Fax: (852) 2824-6138

Hong Kong Productivity Council
Marketing Group
HKPC Building
78 Tat Chee Avenue
Yau Yat Chuen, Kowloon Tong
Kowloon, Hong Kong
Tel: (852) 2788-5678
Fax: (852) 2788-5042

International Data Corporation China/Hong Kong Ltd.
12/F, St. John's Building
33 Garden Road
Central, Hong Kong
Tel: (852) 2530-3831
Fax: (852) 2537-7347

Industrial Market Research (HK) Ltd.
2802 Admiralty Centre, Tower 1
18 Harcourt Road
Central, Hong Kong
Tel: (852) 2529-0356
Fax: (852) 2861-3420

Marketing & Management Solutions
3B Golden Hill Mansion
209-211 Hennessy Road
Wanchai, Hong Kong
Tel: (852) 2511-2021
Fax: (852) 2598-7378

Nomura Research Institute (HK) Ltd.
20/F, Citibank Tower
3 Garden Road
Central, Hong Kong
Tel: (852) 2536-1800
Fax: (852) 2536-1818

Ogilvy & Mather (Asia) Pte. Ltd.
23/F, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 2567-4461
Fax: (852) 2885-3227

Pacific Rim Consulting Group
8th Floor, California Tower
30-32 D'Aguilar Street
Central, Hong Kong
Tel: (852) 2810-6044
Fax: (852) 2810-4845

Research International Asia Ltd.
Unit 3503, 35/F, Hong Kong Telecom Tower
Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
Tel: (852) 2591-2591
Fax: (852) 2591-2599

Ringe Marketing Services Ltd.
1306 Hermes Commercial Centre
4 Hillwood Road, Tsimshatsui
Kowloon, Hong Kong
Tel: (852) 2366-3089
Fax: (852) 2722-6300

Sidley & Austin
Suite 3403-5, Two Exchange Square
Central, Hong Kong
Tel: (852) 2901-3800
Fax: (852) 2901-3850

F. Licensed U.S. Commercial Banks in Hong Kong

American Express Bank Ltd.
35th Floor, One Pacific Place
88 Queensway, Hong Kong
Tel: (852) 2844-0688
Fax: (852) 2845-3637

Bank of America NT & SA
1st Floor, Bank of America Tower
12 Harcourt Road, Hong Kong
Tel: (852) 2847-5333
Fax: (852) 2847-5410

Bank of California, The
15th Floor, Asia Pacific Finance Tower
Citibank Plaza, 3 Garden Road
Central, Hong Kong
Tel: (852) 2826-0600
Fax: (852) 2877-2666

Bank of New York, The
6th Floor, New Henry House
10 Ice House Street
Central, Hong Kong
Tel: (852) 2840-9888
Fax: (852) 2810-5279

BankBoston, NA
Suites 801-809, Jardine House
1 Connaught Place
Central, Hong Kong
Tel: (852) 2526-4361
Fax: (852) 2845-9222

Deutsche Bank
55/F, Cheong Kong Centre
2 Queen's Road Central
Hong Kong
Tel: (852) 2533-8000
Fax: (852) 2203-7300

Chase Manhattan Bank

35/F, Tower I, Exchange Square
8 Connaught Place
Central, Hong Kong
Tel: (852) 2841-4321
Fax: (852) 2841-4396

Citibank NA
40/F, Citibank Tower
Citibank Plaza, 3 Garden Road
Central, Hong Kong
Tel: (852) 2868-8888
Fax: (852) 2306-8111

First National Bank of Chicago, The
13th Floor, Jardine House
1 Connaught Place
Central, Hong Kong
Tel: (852) 2844-9222
Fax: (852) 2844-9318

NationsBank NA
32/F Dah Sing Finance Centre
108 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2597-2565
Fax: (852) 2597-2142

NBD Bank, NA
Room 804, Lippo Tower, Lippo Center
89 Queensway, Hong Kong
Tel: (852) 2523-1816
Fax: (852) 2810-6582

Norwest Bank Minnesota, NA
9/F, The Peninsula Office Tower
18 Middle Road, TST
Kowloon, Hong Kong
Tel: (852) 2315-9500
Fax: (852) 2721-0033

Note: This list does not include U.S. restricted license banks, deposit taking companies, and representative offices

G. TPCC Trade Information Center in Washington

Trade Information Center (TIC)
Tel: 1-800-USA-TRADE (1-800-872-2723)
Fax: (202) 482-4473

TIC specialists provide basic export counseling and information on export services and programs offered by 20 federal agencies of the Trade Promotion Coordinating Committee (TPCC). The annual report of the TPCC, "The National Export Strategy", designates "the Trade Information Center, situated in the U.S. Department of Commerce, as the single TPCC-wide information office that will coordinate specialized non-agricultural export information offices."

H. U.S. Department of Agriculture

Trade Assistance and Planning Officer (TAPO)
Mr. Leslie Burkett
USDA/FAS/TAPO
ROOM 4939, SOUTH BUILDING
1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250
Tel: (202) 720-6343
Fax: (202) 690-4374
Home Page: <http://www.fas.usda.gov>

12. MARKET RESEARCH

A. Industry Sector Analyses

FCS Hong Kong prepares a number of Industry Subsector Analyses (ISAs) every year. These reports are on subsectors of our Best Prospects or other market segments, which offer good opportunities for US exports. These reports are available on the National Trade Data Bank (NTDB).

In FY 2000 we have submitted (or will be submitting) the following reports:

Sector Code/ ISA Topics FY 2000

(WRE) Privatization in Water Treatment Works
(MED) Medical Laboratory Equipment

(TES) Wireless Local Loop
 (FPP) Food Packaging Equipment
 (CSF) Encryption Software
 (HTL) Hotel & Restaurant Equipment
 (ACR) Components/Spare Parts for Air Conditioning Equipment
 (TES) Mobile Data Services
 (BLD) Energy Efficient and Control Equipment in Building and Construction Industry
 (PAP) Recycled Paper and Paperboard
 (CON) Boring & Tunneling Equipment and Parts
 (CSF) Internet Content Providers
 (BTC) Biotechnology – Testing Instruments
 (FUR) Office Furniture

For FY 2001, we plan to complete ISAs on the following topics:

Sector Code/Proposed ISA Topics FY 2001	Due Date
(MED) Disposable Products for Healthcare	December 15, 2000
(TRN) Alternative Fuel Technology for Transport Sector	January 31, 2001
(CSF) Application Service Providers	February 28, 2001
(TES) Third Generation Mobile Services	February 28, 2001
(BLD) Green Building Materials	March 31, 2001
(RRE) Railway Development Projects	March 31, 2001
(HCG) Housewares	April 1, 2001
(POL) Pollution Control & Prevention Equipment in Textile Industry	July 31, 2001
(CSF) Wireless Application Solution	August 31, 2001
(SEC) Security and Access Control Equipment	August 31, 2001
(BOK) Books and Periodicals	September 1, 2001
(PHE) Plastics Machinery	September 7, 2001
(BLD) Fire Protection Materials	September 30, 2001
(MHM) Materials Handling Machinery	September 30, 2001

B. Reports Prepared by FAS

Market Overviews

The Agricultural Trade Office (ATO) Hong Kong prepares a broad range of market overviews which are available to the public by contacting the Foreign Agricultural Service, through the mail at: PSC 464, Box 17, FPO AP 96521-0006; fax (852) 2845-0943, or by E-mail at: ATOHongKong@fas.usda.gov. Market overviews are updated as

often as possible, and new overviews are added according to market trends. The current list of overviews is as follows:

Beer (Jan 98)
Bourbon (Apr 98)
Cakes, Cookies and Crackers (Sep 98)
Canned Food (Sep 98)
Cheese (Mar 98)
Chocolate & Sugar Confectionery (Mar 98)
Cooking Oils and Fats (Apr 98)
Dairy Products (Mar 98)
Dried Fruits and Tree Nuts (Apr 98)
Fast Food (Apr 98)
Food Retailing (Apr 98)
Fresh Fruit & Vegetables (Apr 98)
Frozen Fruit & Vegetables (Apr 98)
Frozen Desserts (Jan 98)
Fruit Juice (Mar 98)
Herbs, Spices and Ginseng (Jun 98)
Hong Kong's Food Service (Dec98)
Meat (Jun 98)
Microwaveable Foods (Jan 98)
Poultry & Eggs (Apr 98)
Pet Foods (Jan 98)
Seafood (Apr 98)
Snack Foods (Nov 98)
Sauces, Relishes and Condiments (Jun 98)
Soft Drinks (May 98)
Wine (Jan 98)

Hong Kong Market Reports

- Annual Report of Poultry
- Annual Report of Cotton
- Annual Report of Livestock
- Annual Report of Tobacco
- Semi-Annual Report of Poultry
- Semi-Annual Report of Livestock
- Exporter Guide
- Competitor Report
- Market Opportunities Update
- Food Importer Lists

U.S. MARKET DEVELOPMENT COOPERATOR ORGANIZATIONS
REPRESENTED IN HONG KONG

USA POULTRY & EGG EXPORT COUNCIL

Ms. Sarah Li
Director of Market Development
Room 2010, Hang Lung Center
2-20 Paterson Street
Causeway Bay
Hong Kong
Tel: (852) 2890-2908
Fax: (852) 2895-5546
E-mail: usapeec-hk@ia.com.hk

SUNKIST GROWERS, INC.

Ms. Maria Kwok, Marketing Director
Sunkist (Far East) Promotion Limited
Room 1303, Bank of America
12 Harcourt Road
Central
Hong Kong
Tel: (852) 2524-9219
Fax: (852) 2845-3454
E-mail: sunfe@netvigator.com

U.S. POTATO BOARD
CALIFORNIA TREE FRUIT AGREEMENT

Mr. Michael Wong
Michael Wong & Co.
3B Harvard Commercial Building
105 Thomson Road
Wanchai
Hong Kong
Tel: (852) 2891-3889
Fax: (852) 2891-3702
E-mail: agrichin@netvigator.com
E-mail: michaelcfwong@hotmail.com

AMERICAN FOREST & PAPER ASSOCIATION, INC.

Mr. John Chan
Director
Room 528, New World Office Building
West Wing, 20 Salisbury Road

Kowloon
Hong Kong
Tel: (852) 2724-0228
Fax: (852) 2366-8931
E-mail: afandpakh@cserve2.ccmil.compuserve.com

COTTON COUNCIL INTERNATIONAL

Mr. Jeff Coey
Director, China & South East Asia
20/F, Zoroastrian Building
101 Leighton Road
Causeway Bay
Hong Kong
Tel: (852) 2890-2755
Fax: (852) 2882-5463
E-mail: ccihkg@ibm.net

ALMOND BOARD OF CALIFORNIA
CALIFORNIA CHERRY ADVISORY BOARD
CALIFORNIA PEARS ADVISORY BOARD
U.S. DAIRY EXPORT COUNCIL
USA DRY PEA & LENTIL COUNCIL
WASHINGTON STATE POTATO COMMISSION (Dehydrated Potato)
WINE INSTITUTE OF CALIFORNIA

Mr. Daniel Chan
PR Consultants Ltd.
Unit D, 14/F., Vulcan House
21-23 Leighton Road
Hong Kong
Tel: (852) 2833-5977
Fax: (852) 2893-7538
(Hong Kong) E-mail: prconhk@hkstar.com
(Shanghai) E-mail: prconsh@shanghai.cngb.com
(Taiwan) E-mail: prcontwn@ms26.hinet.net

U.S. MEAT EXPORT FEDERATION

Mr. Joel Haggard
8th Floor, Zoroastrian Building
101 Leighton Road
Causeway Bay
Hong Kong
Tel: (852) 2890-7408
Fax: (852) 2576-7345
Internet Homepage: <http://usmef.org>

E-mail: hongkong@usmef.org

WASHINGTON APPLE COMMISSION
NORTHWEST CHERRY GROWERS
Mr. Philander Fan
Marketing Channels
Room 2107, Progress Commercial Building
9 Irving Street
Causeway Bay
Hong Kong
Tel: (852) 2815-6773, 2815-9375
Fax: (852) 2544-7858
E-mail: philfan@navigator.com

U.S. WHEAT ASSOCIATES
Mr. Matt Weimar
Far East Director
12/F, Zoroastrian Building
101 Leighton Road
Causeway Bay
Hong Kong
Tel: (852) 2890-2815
Fax: (852) 2576-2676
E-mail: mweimar@uswheat.org

NATIONAL RENDERERS ASSOCIATION, INC.
Dr. Yu Yu
Asia Regional Director
Unit A, 22/F, Circle Tower
28 Tang Lung Street
Causeway Bay
Hong Kong
Tel: (852) 2890-2529
Fax: (852) 2576-8045
E-mail: nrakkg@compuserve.com

CALIFORNIA CLING PEACH GROWERS ADVISORY BOARD (Hong Kong)
CALIFORNIA KIWI FRUIT COMMISSION (Hong Kong)
CALIFORNIA PISTACHIO COMMISSION (China)
CALIFORNIA RAISIN ADMINISTRATIVE COMMITTEE (China & Hong Kong)
CALIFORNIA TABLE GRAPE COMMISSION (China & Hong Kong)
FLORIDA DEPARTMENT OF CITRUS (China)

PEAR BUREAU NORTHWEST (Hong Kong)

Mr. Louis Ng
 Louis Ng & Associates Ltd.
 Suite B, 3/F, Luen Wai Commercial Building
 93-97 Des Voeux Road West
 Hong Kong
 Tel: (852) 2858-2230
 Fax: (852) 2559-5896
 E-mail: lnahk@netvigator.com

ALASKA SEAFOOD MARKETING INSTITUTE
 CALIFORNIA PRUNE BOARD CHINA OFFICE

Trade Liaison China & Hong Kong
 Mr. Robin Wang
 7B Yi Cui Court, Crest Garden
 97 Song Lin Road, Pudong
 Shanghai 200120
 P.R. China
 Tel: (8621) 6875-9971
 Fax: (8621) 6875-9961
 E-mail: qhwang@ihw.com.cn

13. TRADE EVENT SCHEDULE

A. FY 2001 Events with Foreign Commercial Service involvement:

Event Name: Cosmoprof 2000
 Date of Event: November 7-9, 2000
 Industry Theme: COS
 Type of Event: Recommended for Certification
 Event Location: Hong Kong

Event Name: Internet World 2000
 Date of Event: November 1-3, 2000
 Industry Theme: CPT
 Type of Event: Product Literature Center
 Event Location: Hong Kong

Event Name: ITU Telecom Asia 2000
 Date of Event: December 4-9, 2000
 Industry Theme: TEL, TES
 Type of Event: Trade Fair Overseas Recruited
 Event Location: Hong Kong

Event Name: International Machine Tool Exhibition '01 & Measurex Exhibition '01
 Date of Event: March 21-24, 2001
 Industry Theme: LAB, MTL, GIE
 Type of Event: Product Literature Center
 Event Location: Hong Kong

Event Name: International Building Exhibition 2001 (IBEX 2001)
 Date of Event: June 12-15, 2001
 Industry Theme: ACE, BLD, CON
 Type of Event: Product Literature Center
 Event Location: Hong Kong

Event Name: International Tourism Asia 2001
 Date of Event: September 14-16, 2001
 Industry Theme: TRA
 Type of Event: Trade Fair Overseas Recruited
 Event Location: Hong Kong

B. Trade Events Schedule (July, 2000 – September, 2001)

The following major trade shows are also scheduled for Hong Kong, although the U.S. Commercial Service Hong Kong is not directly involved with them.

July 19-24, 2000
 Hong Kong Book Fair 2000
 Hong Kong Convention & Exhibition Centre
 Organized by: HKTDC

July 27-29, 2000
 Internet Commerce Expo & Conference 2000
 Hong Kong Convention & Exhibition Centre
 Organized by: IDG World Expo (Asia) Ltd.

July 27-30, 2000
 Digital World 2000
 Hong Kong Convention & Exhibition Centre
 Organized by: IDG World Expo (Asia) Ltd.

July 28-30, 2000
 Millennium Health, Food, Drugs & Auxiliary Products Expo
 Hong Kong Convention & Exhibition Centre

Organized by: Paper Communication Exhibition Services

August 4-6, 2000

20th Wedding Fashion Expo 2000

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong (Asia) Exhibition Co. Ltd.

August 9-11, 2000

MarComAsia 2000

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

August 17-20, 2000

SmartWorld 2000

Hong Kong Convention & Exhibition Centre

Organized by: Reed Exhibitions Limited

August 17-21, 2000

Food Expo 2000

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

August 23-26, 2000

Print + Pack Expo 2000 – The 14th International Printing & Packaging Machinery & Materials Exhibition for Asia

Hong Kong Convention & Exhibition Centre

Organized by: Business & Industrial Trade Fairs Ltd.

August 23-26, 2000

Asian Industrial Expo 2000

Hong Kong Convention & Exhibition Centre

Organized by: Business & Industrial Trade Fairs Ltd.

August 23-26, 2000

Machine Components Conference & Expo 2000

Hong Kong Convention & Exhibition Centre

Organized by: Business & Industrial Trade Fairs Ltd.

August 23-26, 2000

Mould & Die Asia 2000

Hong Kong Convention & Exhibition Centre

Organized by: Business & Industrial Trade Fairs Ltd.

September 6-10, 2000

Hong Kong Watch & Clock Fair 2000
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

September 14-16, 2000
International Tourism Asia 2000
Hong Kong Convention & Exhibition Centre
Organized by: Miller Freeman Asia Ltd.

September 20-24, 2000
September Hong Kong Jewellery & Watch Fair 2000
Hong Kong Convention & Exhibition Centre
Organized by: Miller Freeman Asia Ltd.

September 27-30, 2000
The 12th Asian Information Technology Exhibition – Asian IT Expo 2000
Hong Kong Convention & Exhibition Centre
Organized by: Adsale Exhibition Services Ltd.

October 11-14, 2000
Hong Kong International Lighting Fair 2000
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

October 11-14, 2000
ElectronicAsia 2000
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

October 11-14, 2000
Hong Kong Electronics Fair 2000
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

October 18-21, 2000
9th Hong Kong International Toys & Gifts Show 2000
Hong Kong Convention & Exhibition Centre
Organized by: Kenfair International Limited

October 18-21, 2000
8th Asian Gifts, Premium & Household Products Show 2000
Hong Kong Convention & Exhibition Centre
Organized by: Kenfair International Limited

October 24-26, 2000

Hong Kong International Hardware & Home Improvement Fair 2000

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

October 25-27, 2000

Asiaflor – Asia Pacific Exhibition of Decorative Flooring, Carpets and Rugs 2000

Hong Kong Convention & Exhibition Centre

Organized by: Messe Frankfurt (H.K.) Ltd.

October 25-27, 2000

Interstoff Asia Autumn 2000 – International Fabric Show

Hong Kong Convention & Exhibition Centre

Organized by: Messe Frankfurt (H.K.) Ltd.

October 25-27, 2000

Heimtextil Asia – International Trade Fair for Textiles Home Fashion and Interior Furnishings 2000

Hong Kong Convention & Exhibition Centre

Organized by: Messe Frankfurt (H.K.) Ltd.

October 25-27, 2000

Asia Pacific Leather Fair 2000 – Fashion & Finished Products – Autumn Show

Hong Kong Convention & Exhibition Centre

Organized by: Asia Pacific Leather Fair Ltd.

November 1-3, 2000

Internet World Asia@Hong Kong 2000

Hong Kong Convention & Exhibition Centre

Organized by: Reed Exhibitions Limited

November 7-9, 2000

Cosmoprof Asia 2000

Hong Kong Convention & Exhibition Centre

Organized by: Cosmoprof Asia Ltd.

November 8-10, 2000

Hong Kong Optical Fair 2000

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

November 15-18, 2000

Software Exhibition 2000

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Productivity Council

November 16-19, 2000

The 8th Hong Kong Jewelry Manufacturers' Exhibition 2000

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Jewelry Manufacturers' Association

December 4-9, 2000

ITU Telecom Asia 2000

Hong Kong Convention & Exhibition Centre

Organized by: International Telecommunication Union, TELECOM Secretariat (ITU-TELECOM)

December 15-17, 2000

IT in Education Exhibition Hong Kong 2000

Hong Kong Convention & Exhibition Centre

Organized by: IT in Education Ltd.

December 24-26, 2000

21st Fall/Winter Wedding Expo 2000

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong (Asia) Exhibition Co. Ltd.

January 9-12, 2001

Hong Kong Toys & Games Fair 2001

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

January 16-19, 2001

Hong Kong Fashion Week for Fall/Winter 2001

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

February 1-5, 2001

Hong Kong 2001 Stamp Exhibition

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Post

February 15-18, 2001

Education & Careers Expo 2001

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

February 22-25, 2001

Hong Kong Information Infrastructure Expo 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

February 27 – March 1, 2001
2001 Hong Kong International Fur and Fashion Fair
Hong Kong Convention & Exhibition Centre
Organized by: Hong Kong Fur Federation

March 5-8, 2001
Hong Kong International Jewellery Show 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

March 16-19, 2001
Hong Kong International Plastics 2001
Hong Kong Convention & Exhibition Centre
Organized by: Paper Communication Exhibition Services

March 16-19, 2001
Hong Kong International Machine Tools – Linkage Industry Exhibition 2001
Hong Kong Convention & Exhibition Centre
Organized by: Paper Communication Exhibition Services

March 21-23, 2001
Interstoff Asia Spring 2001 – International Fabric Show
Hong Kong Convention & Exhibition Centre
Organized by: Messe Frankfurt (H.K.) Ltd.

April 17-20, 2001
Hong Kong Houseware Week 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

April 24-27, 2001
Hong Kong Gifts & Premium Week 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

April, 2001
Asia Pacific Leather Fair 2001 – Raw Materials and Manufacturing
Hong Kong Convention & Exhibition Centre
Organized by: Asia Pacific Leather Fair Ltd.

April, 2001

Asia Pacific Leather Fair 2001 – Fashion and Finished Products – Spring Show

Hong Kong Convention & Exhibition Centre

Organized by: Asia Pacific Leather Fair Ltd.

May 8-11, 2001

Asian International Seafood Show and Conference 2001 – The 3rd International Seafood Exhibition for the Asian Region

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Exhibition Services Ltd.

May 8-11, 2001

Asian Bakery 2001 – The 5th Asian International Bakery Equipment, Suppliers & Ingredients Show

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Exhibition Services Ltd.

May 8-11, 2001

Wine & Spirits Asia 2001 – The 6th International Exhibition of Wine, Spirits and Beer for the Asian Region

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Exhibition Service Ltd.

May 8-11, 2001

Hospitality Interiors 2001 – The 4th Asian International Interior Design and Contract, Furnishing Show for the Hospitality Industry

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Exhibition Services Ltd.

May 8-11, 2001

HOTEX 2001 – The 3rd International Hospitality Industry Technology Show for Asia's Hotel, Restaurant, Club, Cruise and Food Services Industries

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Exhibition Services Ltd.

May 8-11, 2001

HOFEX 2001 – The 9th Asian International Exhibition of Hotel, Restaurant, Retail and Catering Equipment, Supplies, Retail and Services, Food and Drink

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong Exhibition Services Ltd.

May 8-11, 2001

Confectionery Asia 2001 – The 5th Asian International Sweet, Biscuit, Chocolate and Ice Cream Industries Show

Hong Kong Convention & Exhibition Centre
Organized by: Hong Kong Exhibition Services Ltd.

May 23-26, 2001
IBEX – The 17th International Building Exposition 2001
Hong Kong Convention & Exhibition Centre
Organized by: Hong Kong Exhibition Services Ltd.

May, 2001
Money World Asia, Hong Kong 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

May, 2001
May Hong Kong Jewellery & Watch Fair 2001
Hong Kong Convention & Exhibition Centre
Organized by: Miller Freeman Asia Ltd.

May, 2001
Asia's Fashion Jewellery & Accessories Fair 2001
Hong Kong Convention & Exhibition Centre
Organized by: Miller Freeman Asia Ltd.

May, 2001
The 17th International Computer Expo – Computer 2001
Hong Kong Convention & Exhibition Centre
Organized by: Miller Freeman Asia Ltd.

June 7-10, 2001
ITE Hong Kong 2001 – The 15th International Travel Expo Hong Kong
Hong Kong Convention & Exhibition Centre
Organized by: Adsale Exhibition Services Ltd.

June, 2001
Hong Kong International Film & TV Market (FILMART) 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

July, 2001
Hong Kong Fashion Week for Spring/Winter 2002
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

July, 2001

Hong Kong Book Fair 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

August, 2001
24th Wedding Fashion Expo 2001
Hong Kong Convention & Exhibition Centre
Organized by: Hong Kong (Asia) Exhibition Co. Ltd.

August, 2001
MarComAsia 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

August, 2001
SmartWorld 2001
Hong Kong Convention & Exhibition Centre
Organized by: Reed Exhibitions Limited

August, 2001
Food Expo 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

September 14-16, 2001
International Tourism Asia 2001
Hong Kong Convention & Exhibition Centre
Organized by: Miller Freeman Asia Ltd.

September, 2001
Hong Kong Watch & Clock Fair 2001
Hong Kong Convention & Exhibition Centre
Organized by: HKTDC

September, 2001
September Hong Kong Jewellery & Watch Fair 2001
Hong Kong Convention & Exhibition Centre
Organized by: Miller Freeman Asia Ltd.

September, 2001
The 13th Asian Information Technology Exhibition – Asian IT Expo 2001
Hong Kong Convention & Exhibition Centre
Organized by: Adsale Exhibition Services Ltd.

(NOTE: Changes may occur after this listing goes into print. Readers are advised to check with the organizers directly if they wish to participate in or attend a particular event. More up-to-date information on trade events can also be retrieved from the Hong Kong Trade Development Council homepage at <http://www.tdctrade.com>)

Contact Address for Organizers:

Adsale Exhibition Services Ltd.
4/F, Stanhope House
734 King's Road, North Point
Hong Kong
Tel: (852) 2811-8897
Fax: (852) 2516-6024
E-mail: aes@adsaleexh.com
Web Site: www.adsaleexh.com

Asia Pacific Leather Fair Ltd.
102-105 Stanhope House
738 King's Road, North Point
Hong Kong
Tel: (852) 2827-6211
Fax: (852) 2827-7831
Web Site: www.aplf.com

Business & Industrial Trade Fairs Ltd.
Unit 1223, 12/F, Hong Kong International Trade & Exhibition Centre
1 Trademart Drive, Kowloon Bay
Hong Kong
Tel: (852) 2865-2633
Fax: (852) 2866-1770

Cosmoprof Asia Ltd.
102-105 Stanhope House
738 King's Road, North Point
Hong Kong
Tel: (862) 2827-6211
Fax: (852) 2827-7831
E-mail: cosmasia@mfasia.com.hk
Web Site: www.cosmoprof-asia.com

Hong Kong (Asia) Exhibition Co. Ltd.
Room 601-3, Cigna Tower
482 Jeffee Road, Wanchai

Hong Kong
Tel: (852) 2591-9823
Fax: (852) 2573-3311

Hong Kong Exhibition Services Ltd.
9/F, Shiu Lam Building
23 Luard Road, Wanchai
Hong Kong
Tel: (852) 2804-1500
Fax: (852) 2528-3103
E-mail: exhibit@hkesmontnet.com.hk
Web Site: www.hkesmontnet.com.hk

Hong Kong Fur Federation
Room 603, 6/F, Chevalier House
45-51 Chatham Road South
Tsimshatsui, Kowloon
Hong Kong
Tel: (852) 2367-4646
Fax: (852) 2739-0799
E-mail: furs@hkfurfed.com.hk
Web Site: www.hkfurfed.com.hk

Hong Kong Jewelry Manufacturers' Association
2/F, Block G, Kaiser Estate Phase II
51 Man Yue Street, Hung Hom
Kowloon, Hong Kong
Tel: (852) 2526-6516
Fax: (852) 2362-3647

Hong Kong Post
1706 East Asia Aetna Tower
308-320 Des Voeux Road, Central
Hong Kong
Tel: (852) 2921-6021
Fax: (852) 2530-2618

Hong Kong Productivity Council
HKPC Building
78 Tat Chee Avenue
Yau Yat Chuen, Kowloon Tong
Hong Kong
Tel: (852) 2788-5678
Fax: (852) 2788-5090

Web Site: www.hkpc.org

Hong Kong Trade Development Council (HKTDC)
38/F, Office Tower, Convention Plaza
1 Harbour Road, Wanchai
Hong Kong
Tel: (852) 2584-4333
Fax: (852) 2824-0249
E-mail: hktdc@tdc.org.hk
Web Site: www.tdc.org.hk

IDG World Expo (Asia) Ltd.
Room 1306-10, Kornhill Metro Tower
1 Kornhill Road, Quarry Bay
Hong Kong
Tel: (852) 2527-9338
Fax: (852) 2529-9956

International Telecommunication Union, TELECOMS Secretariat (ITU-TELECOM)
Place des Nations
1211 Geneva 20
Switzerland
Tel: 41-22-7306161
Fax: 41-22-7306444

IT in Education Ltd.
No. 4, Dai Fu Street
Tai Po Industrial Estate, Taipo
Hong Kong
Tel: (852) 2509-3430
Fax: (852) 2667-6927

Kenfair International Limited
1705 Nanyang Plaza
57 Hung To Road, Kwun Tong
Kowloon, Hong Kong
Tel: (852) 2311-8216
Fax: (852) 2311-6629
E-mail: kenfair@hk.super.net

Messe Frankfurt (HK) Ltd.
1808 China Resources Building
26 Harbour Road, Wanchai
Hong Kong

Tel: (852) 2802-7728
Fax: (852) 2511-3466
E-mail: mfhk@netvigator.com

Miller Freeman Asia Ltd.
102-5 Stanhope House
738 King's Road, North Point
Hong Kong
Tel: (852) 2827-6211
Fax: (852) 2827-7831

Paper Communication Exhibition Services
Room 515, Wah Shing Centre
11 Shing Yip Street, Kwun Tong
Kowloon, Hong Kong
Tel: (852) 2763-9012
Fax: (852) 2341-0379

Reed Exhibition Limited
19/F, Eight Commercial Tower
8 Sun Yip Street, Chai Wan
Hong Kong
Tel: (852) 2824-0330
Fax: (852) 2824-0246
Web Site: www.reedexpo.com

The Federation of Hong Kong Watch Trades & Industries Ltd.
Room 604, Peter Building
58-62 Queen's Road Central
Hong Kong
Tel: (852) 2523-3232
Fax: (852) 2868-4485