



# Asia Pacific Roundtable

## Hong Kong : Economic Performance

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# Asian crisis - growth slowed, but not as bad in USD terms

## Real GDP Growth Rate (%)

	IN LOCAL CURRENCY			IN USD
	1997	1998	1999*	1999 over 1997
<b>Hong Kong</b>	<b>5.0</b>	<b>-5.1</b>	<b>1.8</b>	<b>-3.6</b>
<b>Singapore</b>	<b>8.0</b>	<b>1.5</b>	<b>5.0</b>	<b>-6.8</b>
Taiwan	6.8	4.8	5.2	-1.8
S. Korea	5.5	-5.8	9.0	-19.5
Thailand	-1.3	-9.4	4.0	-25.6
Malaysia	7.5	-7.5	2.0	-31.4
Indonesia	4.9	-13.7	5.0	-68.2
Philippines	5.2	-0.5	3.0	-23.7

Remarks: \* for Hong Kong : latest Government forecast in Nov 99;  
for other economies : latest ADB forecast in Nov 99

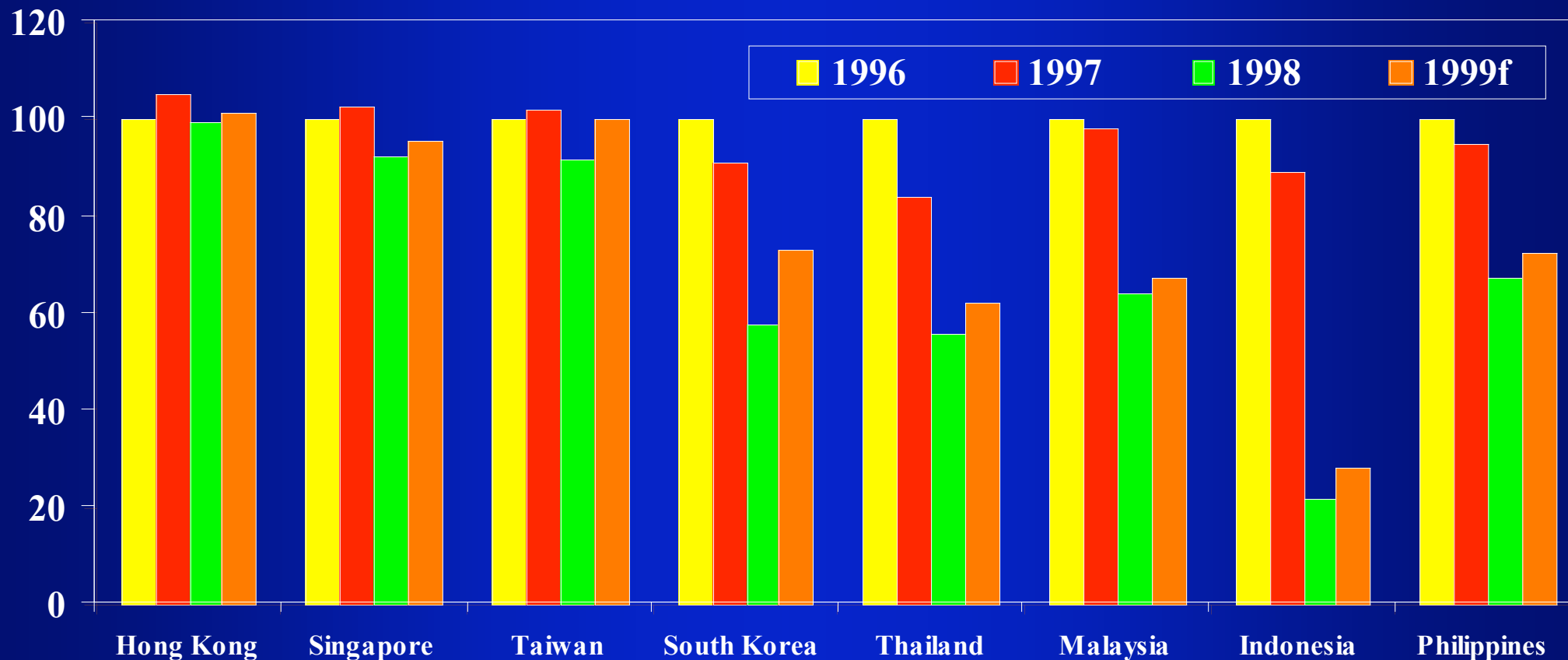


# Depreciation Since June 1997 (%)

	<u>Exchange Rate Against USD</u>		change end Jun 97 to end <u>Dec 1999</u>
	<u>end Jun 1997</u>	<u>end Dec 1999</u>	
<b>Hong Kong</b>	<b>7.748</b>	<b>7.7735</b>	<b>-0.3</b>
<b>Singapore</b>	<b>1.430</b>	<b>1.6658</b>	<b>-14.2</b>
Taiwan	27.81	31.395	-11.4
S. Korea	888	1140	-22.1
Thailand	24.70	37.49	-34.1
Malaysia	2.525	3.7995	-33.5
Indonesia	2432	7100	-65.8
Philippines	26.38	40.245	-34.5
Australia	1.326	1.523	-12.9



# Hong Kong's GDP in USD terms remains at pre-crisis level (1996=100)



Remarks: \* for Hong Kong : latest Government forecast in Nov 99;  
for other economies : latest ADB forecast in Nov 99



# Forecast of GDP Growth in Asia (%)

	OECD		ADB	IMF	Street
	2000	2001	2000	2000	2000
Hong Kong	4.0	6.0	1.5	3.6	4.5
China	6.8	6.5	6.5	6.0	7.4
Singapore	----	----	6.0	5.0	5.9
Taiwan	----	----	6.3	5.1	6.1
S. Korea	6.5	5.7	6.0	5.5	6.5
Thailand	5.0	7.0	5.0	4.0	4.8
Malaysia	5.5	6.5	3.9	6.5	5.7
Indonesia	----	----	4.0	2.6	3.7
Philippines	4.5	4.3	4.5	3.5	4.0

Remark: OCED and ADB forecasts were updated in Nov 99, while IMF forecasts were in Oct 99; street forecast is conducted by Reuters in Dec 99.



## Current Account Position (US\$ billion)

	1995	1996	1997	1998	1999f
<b>5 Asian Crisis Economies</b>	<b>-41.0</b>	<b>-54.6</b>	<b>-26.3</b>	<b>58.5</b>	<b>43.2</b>
<b>Latin America</b>	<b>-31.2</b>	<b>-34.0</b>	<b>-58.1</b>	<b>-83.1</b>	<b>-69.5</b>

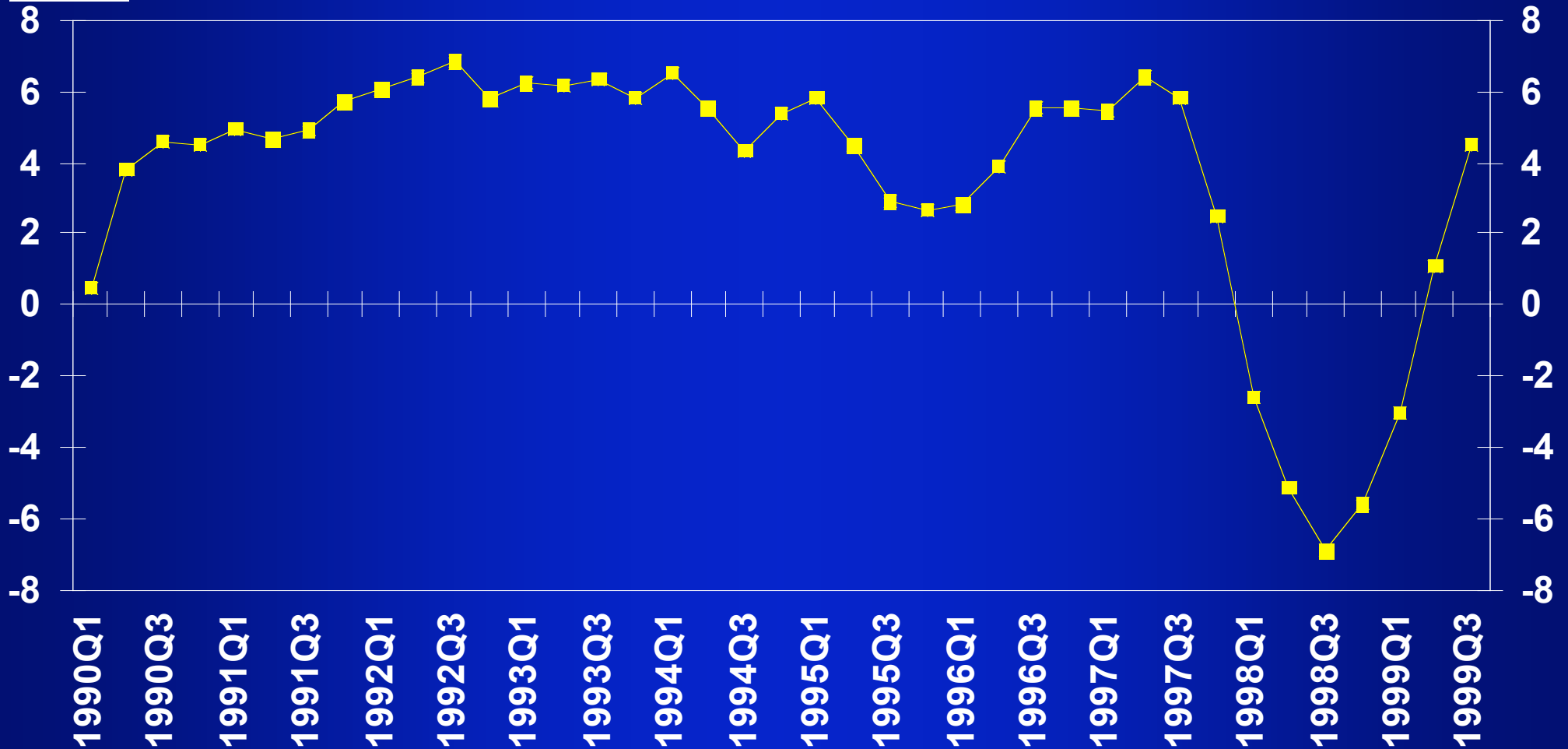


## Recovery Continued in Hong Kong

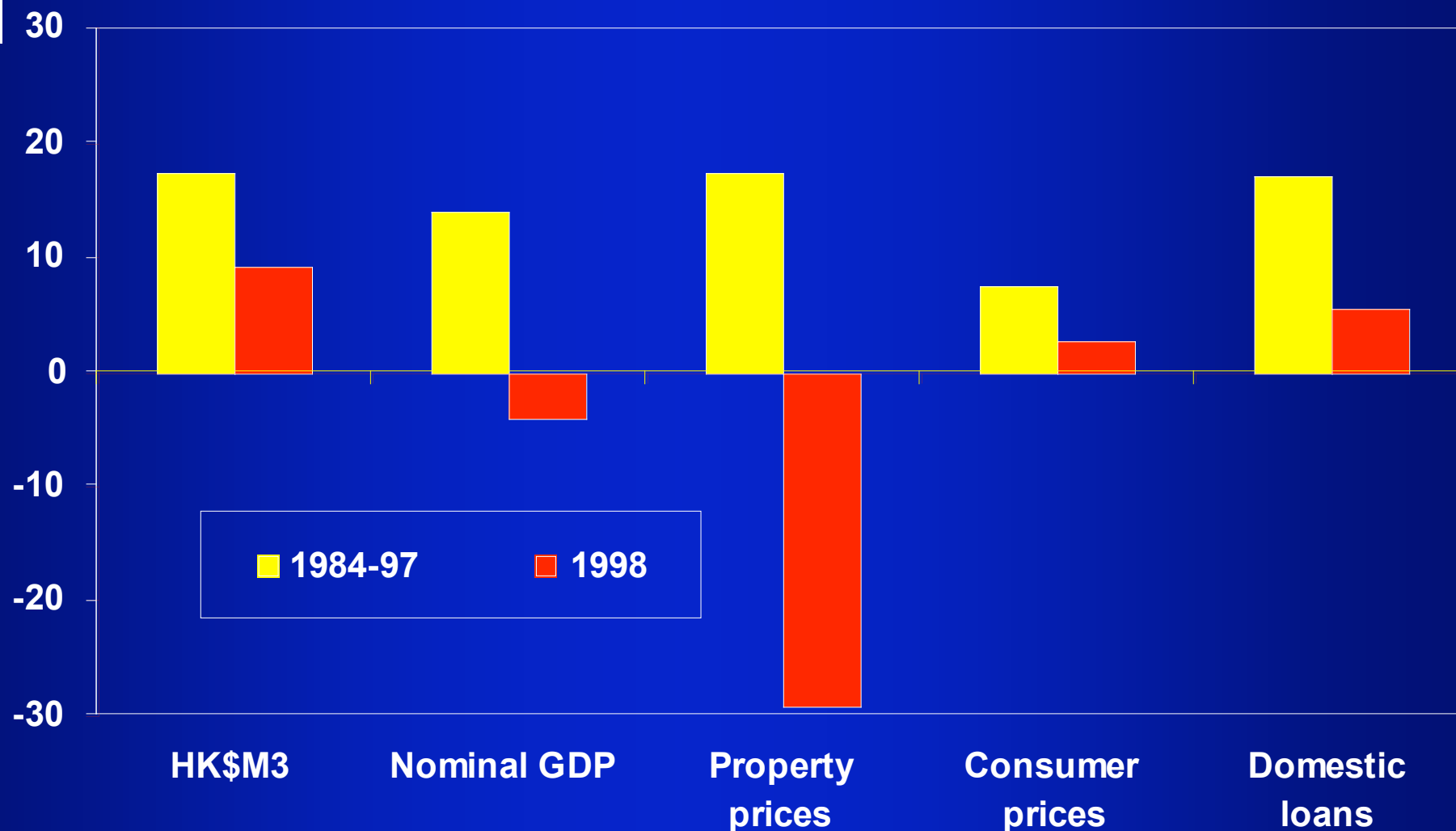
- ◆ GDP picking up - 99Q2 at 1.1% and 99Q3 at 4.5%
- ◆ Property prices stabilizing
- ◆ Tourist arrivals rebounding + Walt Disney to build a theme park
- ◆ Overall trade surplus in 1998 and 1999Q1-Q3
- ◆ During 1999, HSI up 68.8%, signalling economic recovery
- ◆ Clear policies to improve competitiveness through privatization and reform
- ◆ GDP forecast for 2000 - OECD at 4.0% and IMF at 3.6%



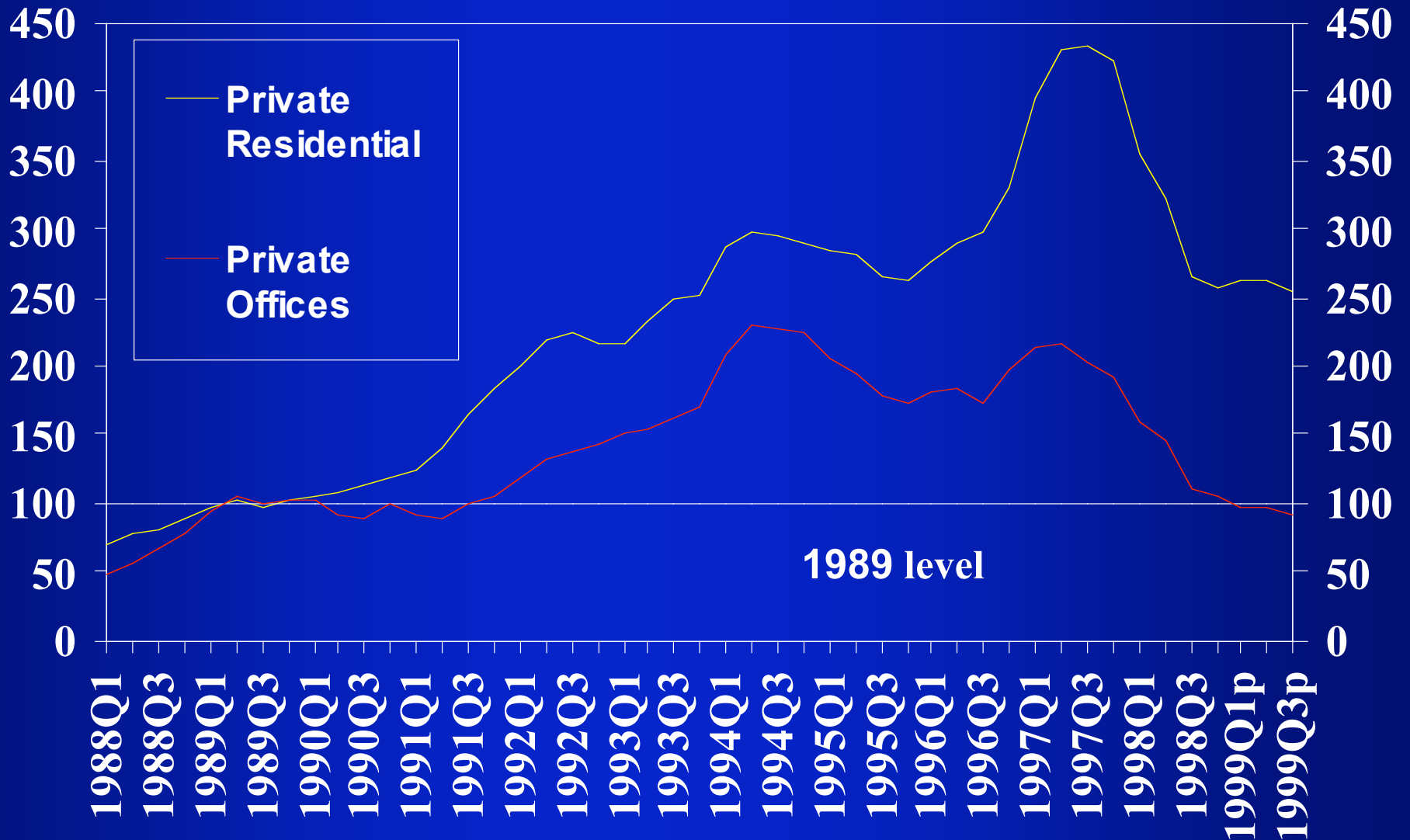
# Real GDP Growth of Hong Kong (YoY %)



# The Linked Exchange Rate has served HK well (annual % change)



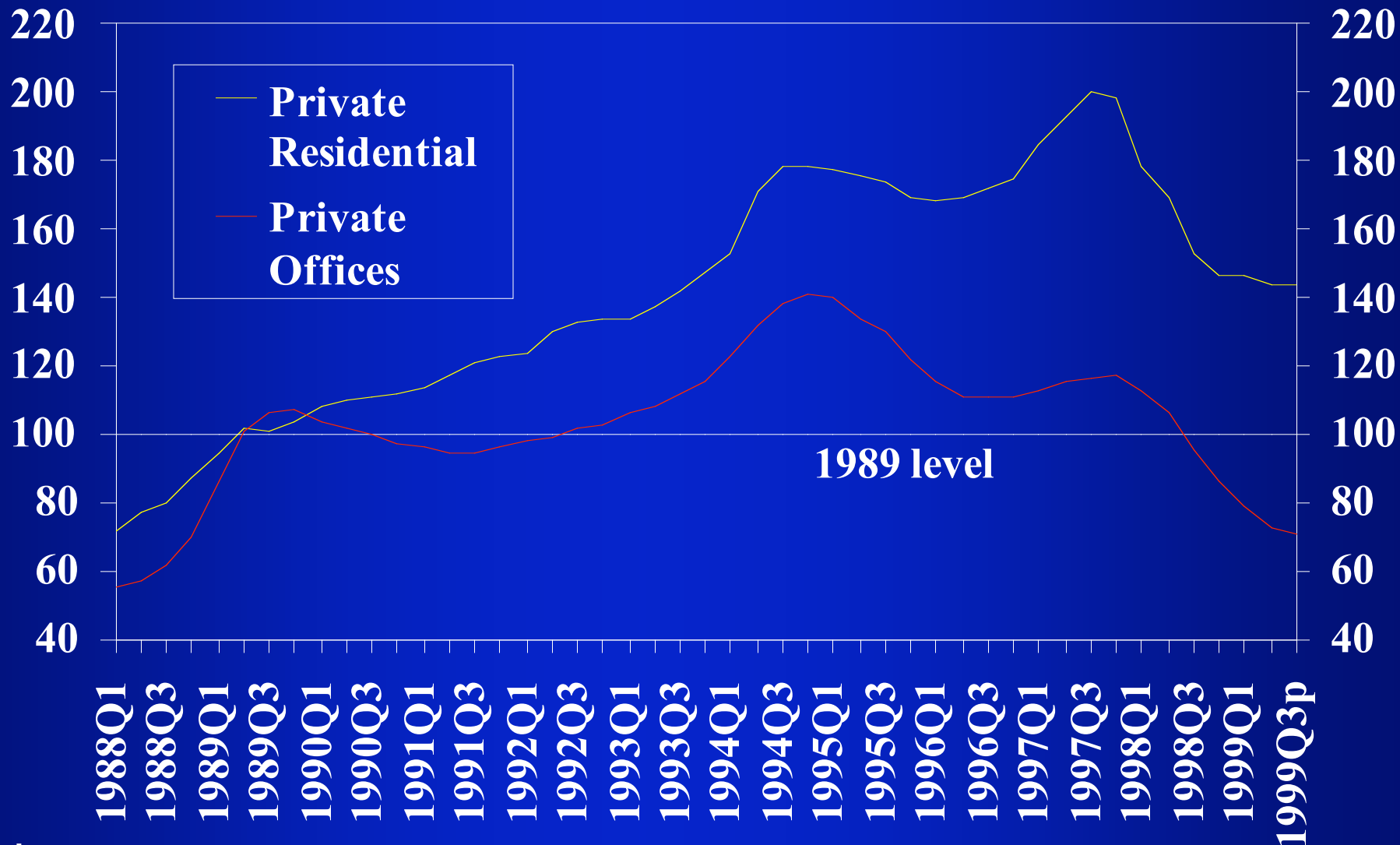
# Property Prices Adjusting (1989=100)



p = preliminary

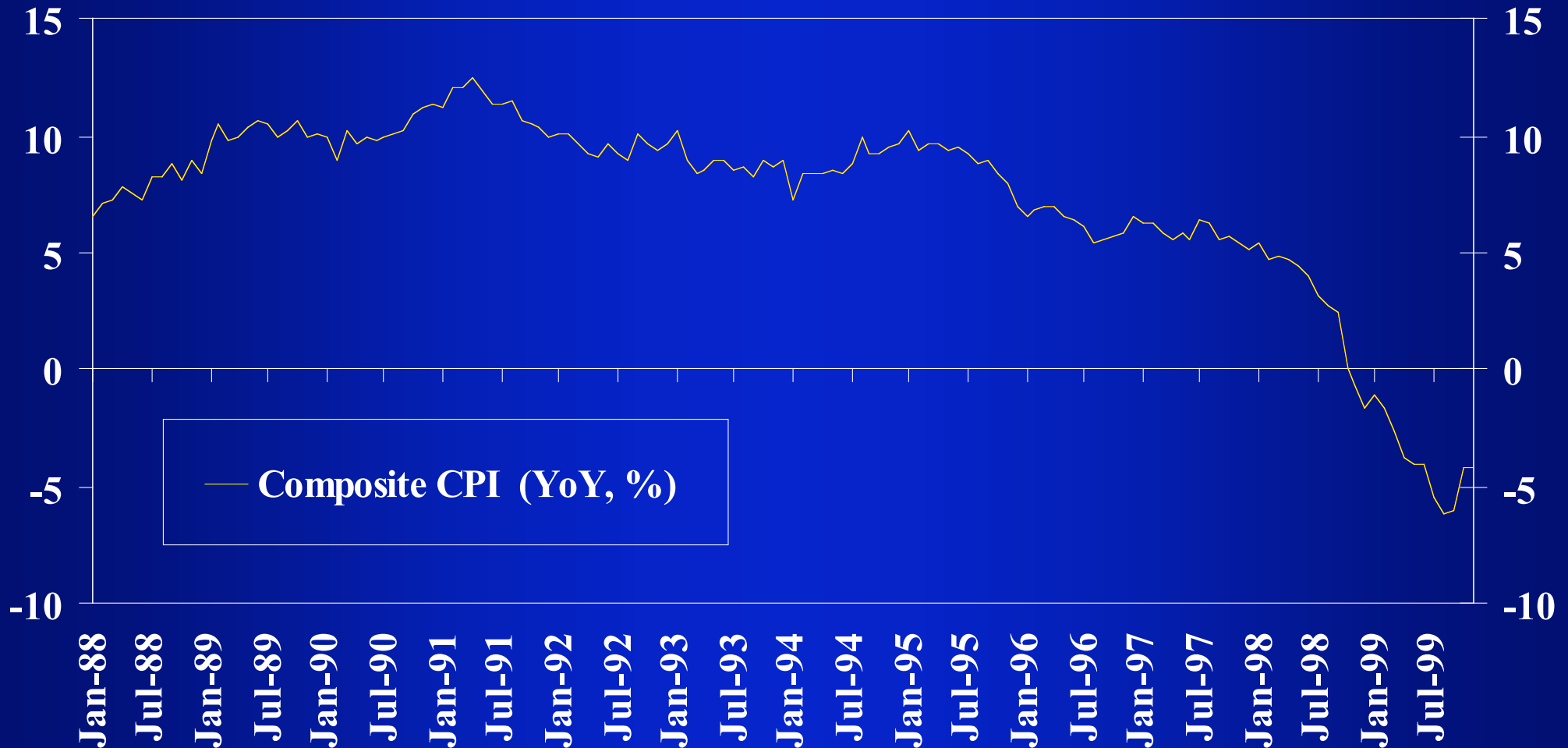


# Rentals Adjusting (1989=100)



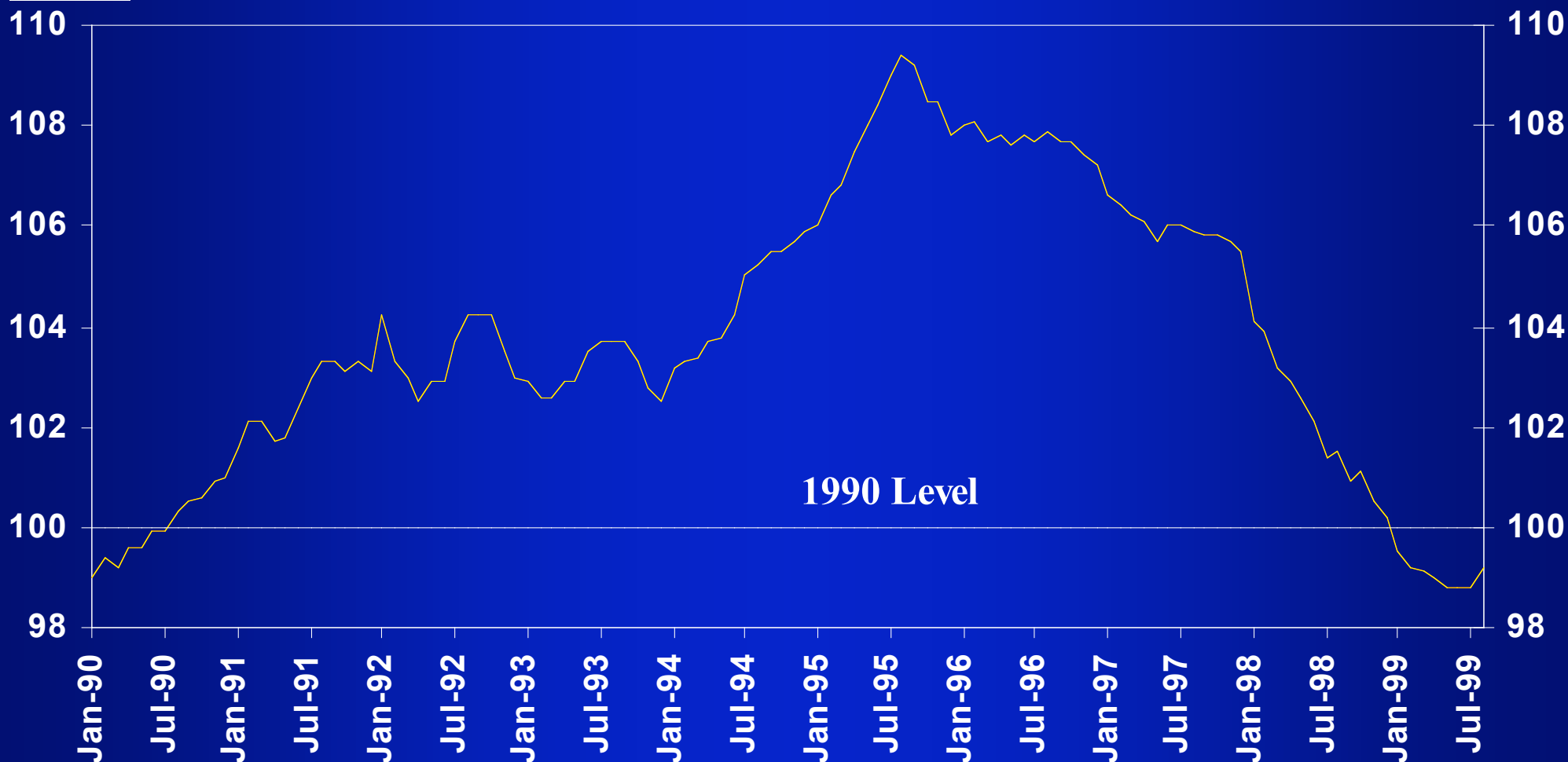
p = preliminary

# Prices Adjusting Rapidly and Restoring Competitiveness





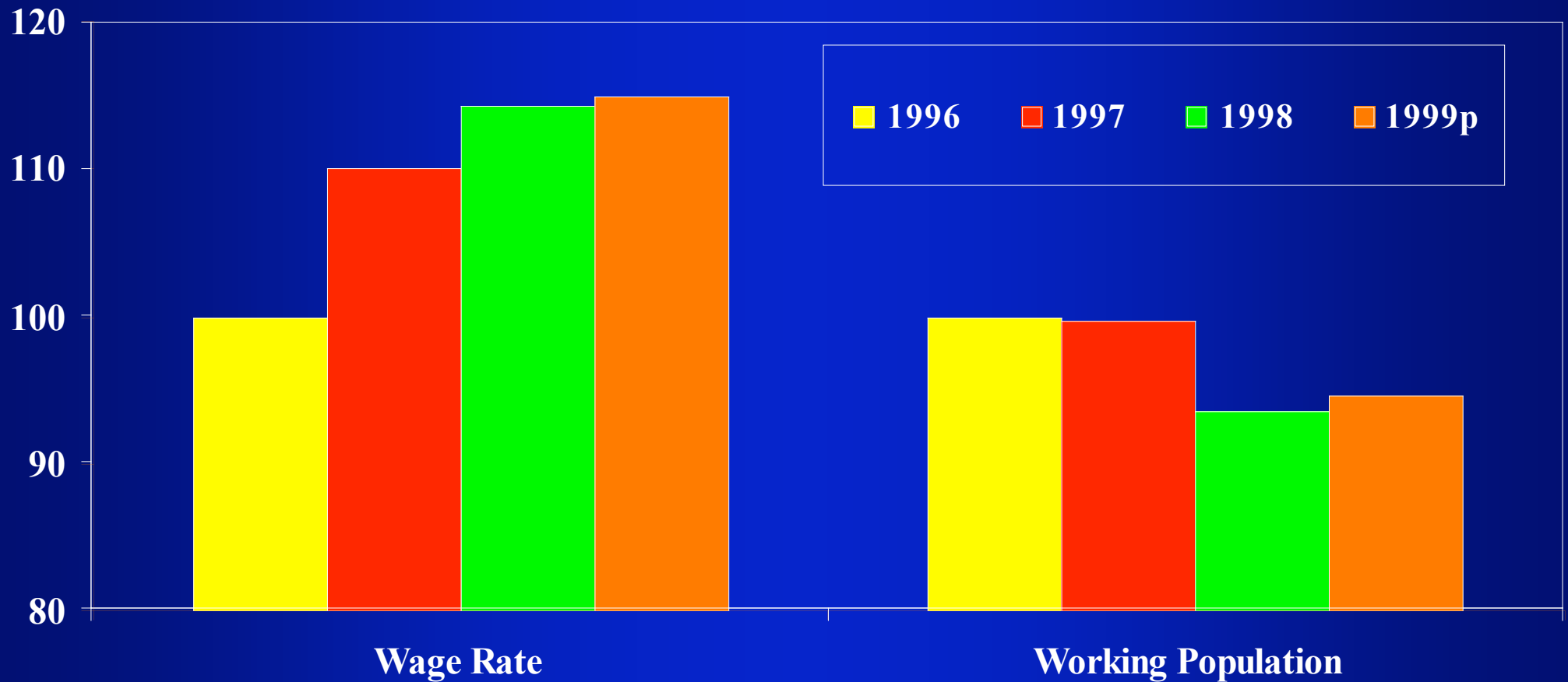
# Export Prices below 1990 level (1990=100)





# Adjustments in Headcount rather than in Wage Rate (1996=100)

- ◆ Therefore, quality and flexibility of labour are crucial

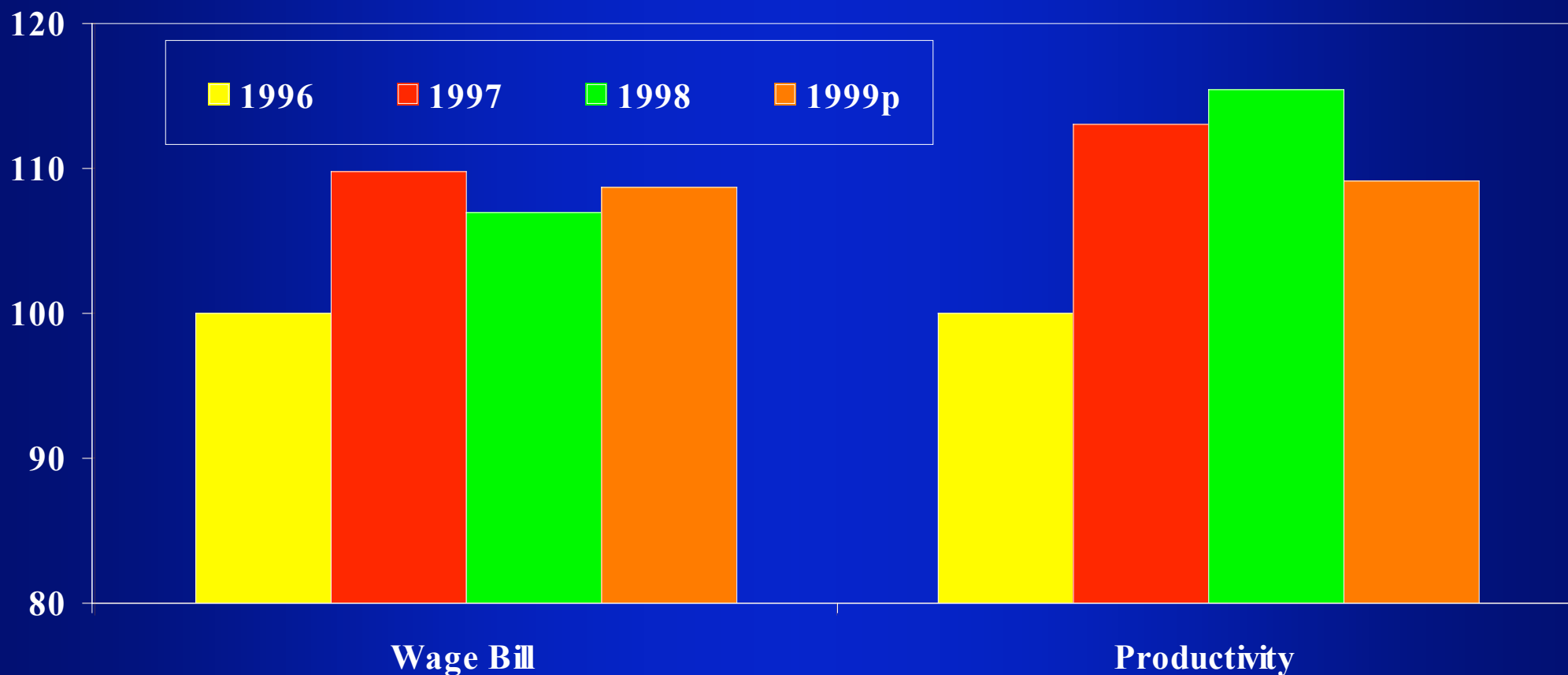


Remark: 1999 figures are based on the data of the first three quarters of the year



# Growth in Wage Bill in line with Productivity Gain (1996=100)

- ◆ Therefore, enhancing labour productivity is crucial

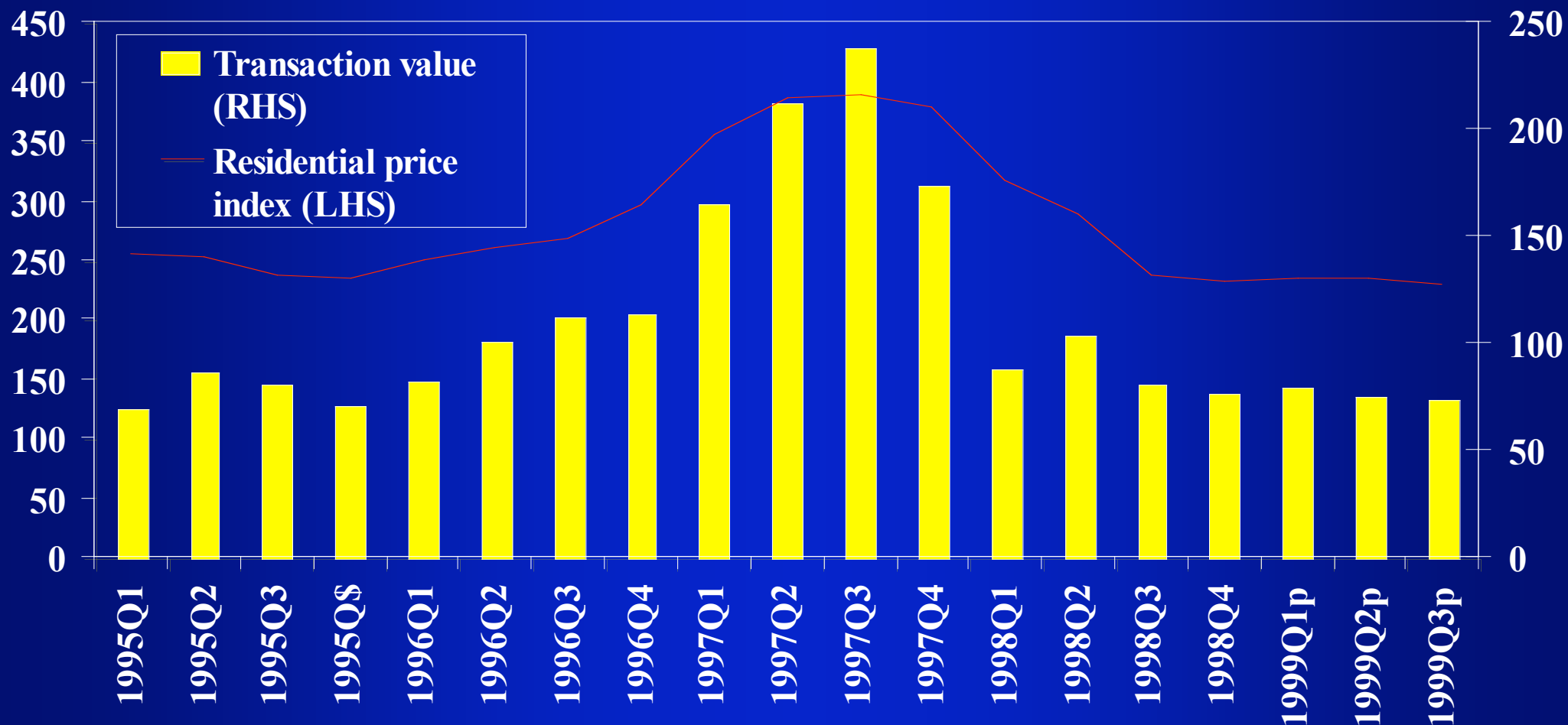


Remark: 1999 figures are based on the data of the first three quarters of the year



# Housing Policies and Reforms

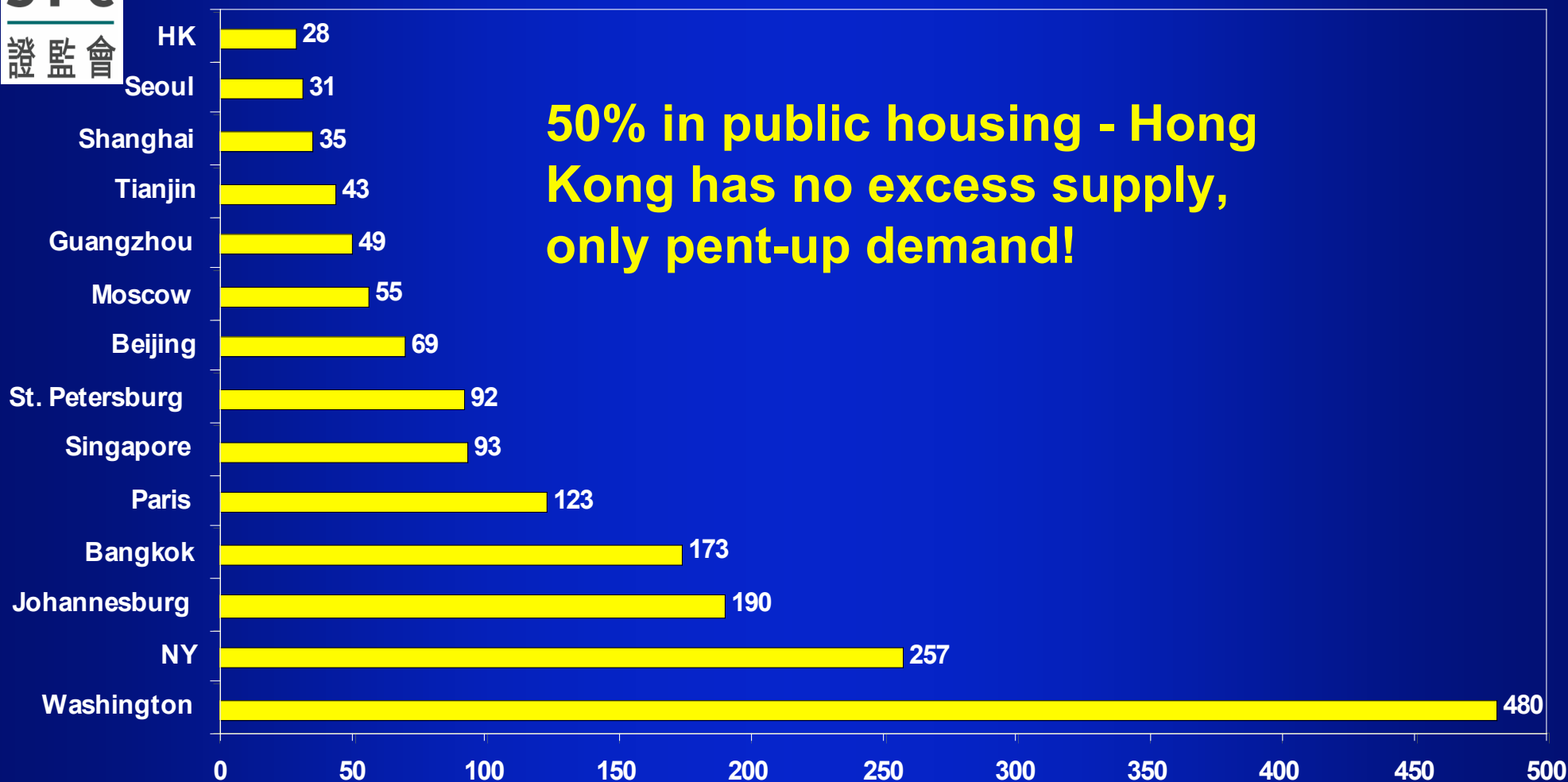
◆ The property market has stabilized



Source: Rating and Valuation Department



# Lowest Built up Area per Person in Global Cities (sq. m. per capita)



Source: "Measuring Constraints on Land Supply: The Case of Hong Kong", Alain Bertaud, 1997



# Housing Policies and Reforms

- ◆ **The targets of the Government are to:**
  - provide an average of 50,000 public flats and 35,000 private flats per year
  - achieve an overall homeownership rate of 70% by 2007
  - reduce the average waiting time for public rental housing to 3 years by 2005
- ◆ **Sufficient land has been provided for these targets**



# Education Policies and Reforms

## - Cultivating Talents for a Knowledge-based Society

To ensure adequate supply of quality labour,

- ◆ About **22% of the population** is at school
- ◆ Education is the single **largest policy area** where the budget spent on: HK\$55 billion in 1990/00, 19% of the total
- ◆ To provide a **quality learning environment**
  - to enable 60% of primary school pupils to study in **whole-day schools**
  - to build additional schools for **newly-arrived children** from the Mainland



# Education Policies and Reforms

- ◆ To enable students and workforce to be **bi-literate and trilingual**,
  - to promote **mother-tongue teaching**
  - to provide **native English-speaking teachers**
  - to enhance in-service teacher training for the **Putonghua** curriculum
- ◆ To maximize the benefits of **information technology** in education,
  - to provide primary and secondary school an average of 40 and 82 **computers** respectively
  - to achieve at least 25% of the curriculum taught with the support of **information technology** by 2002-2003



# Environment Policies and Reforms

To ensure that Hong Kong is a healthy city to live in,

- ◆ To improve **air quality**,
  - to replace diesel taxis/light buses with **LPG** taxis/light buses
  - to tighten the **emission standards** of diesel vehicles
  - to tighten the **fuel standards** of motor diesel and petrol



# Environment Policies and Reforms

- ◆ To improve **water quality**,
  - to provide **disinfection** for all major sewage discharges
  - to complete Stage I of the Strategic Sewage Disposal Scheme (**SSDS**) by 2000; and
  - to determine detailed works programme requirements for further stages of the SSDS
- ◆ To **reduce waste**,
  - to **ban the import of waste** into Hong Kong
  - to promote the beneficial reuse of inert construction and demolition material



**End of Presentation**