

S.C.M.F.

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# ~~\$234b estimate 'a ball-park figure'~~

By STAFF REPORTERS

Political observers and leading business figures yesterday poured scorn on the Taiwan Government's estimate that the flight of capital from Hongkong would top US\$30 billion (about HK\$234 billion) between now and 1997.

"It's a ball-park figure. There is absolutely no way anyone can accurately assess the flow," said one businessman who declined to be named.

A political observer also took the view that Taiwan's estimate should be taken with a pinch of salt since it was "purely speculative" and based entirely on the assumption that Hongkong "would go down the tubes."

Their remarks followed a report that Taiwan was studying ways of coping with the major problems it could face if China carried out its plan to regain sovereignty over Hongkong.

The loss of Hongkong to the communists would cause substantial political and economic difficulties to Taiwan, according to its Foreign Ministry.

A Foreign Ministry official said Hongkong provides Taiwan with a US\$2 billion (about HK\$15.6 billion) export market and is an important source of foreign investment.

A comparison of these figures with local statistics from the Trade and Industry Branch however shows that trade between the two territo-

ries is very much in Taiwan's favour.

Statistics show that Hongkong's exports to Taiwan during the first nine months of the year stood at only \$950 million.

Direct investment from Taiwan in Hongkong's manufacturing sector as at December last year stood at \$96.1 million — a mere 1.3 per cent of overseas investment in Hongkong — against the \$3,526 million (or 47 per cent of overseas investments) ploughed into the territory by our largest investor, the United States.

Taiwan, which has been trying to woo local investors for about a year, now reckons that the flight of capital from the territory will reach US\$30 million in the next 14 years.

If Taiwan lures a small fraction of this the benefits to its economy will be substantial, according to Taiwan's Economic Ministry chief, Mr Chao Yao-tung.

Taiwan's deep concern over Hongkong's shaky future after 1997 is "justified and predictable" given that Hongkong is one of its largest investors, the businessman said.

And the establishment of a special committee headed by its Foreign Minister to prepare contingency plans for the impact on Taiwan which communist rule in Hongkong will have is an "understandable and efficient" manner of responding given the circumstances.

The committee is working

on contingency plans to transfer business and trade to Singapore to minimise the loss to Taiwan.

"I hope these plans will never come to fruition but if they do, it will be due to the Sino-British talks reaching totally unacceptable arrangements for investors.

"If that is the case then Hongkong will cease to be an attractive area for investment altogether and a great many overseas investors, not only the Taiwanese, as well as a large number of local people will vote with their feet, and with their money," said the businessman.

The vice-chairman of Hongkong Belongers Association, Mr Sze Chusian, said that if Taiwan were to withdraw its assets from Hongkong it would hurt Taiwan more than it would the Colony.

"The severance of air, shipping and trade links with Taiwan will only affect Hongkong lightly since its major trading partners are the US and West European countries," he said.

"But it will mean a loss of an important outpost for Taiwan."

The Taiwan Government also said it is under increasing pressure to relax controls on Hongkong Chinese entering Taiwan.

And as an official noted "there is no reason for the Government to turn away, say, one million Chinese from Hongkong who have no place to go" although such a sudden mass influx would create housing, employment and other social problems.

Mr Sze said he did not believe Taiwan either meant to or was capable of taking a large number of Hongkong residents.

"This is just unrealistic and impracticable," he said.

He dismissed the Taiwan statement as "sheer propaganda and psychological warfare."

But a veteran China watcher, Mr Lee Yee, the chief editor of the Seventies Magazine, said it would be unfair to think negatively of the Taiwan offer of accepting Hongkong people.

"It is difficult to judge whether Taiwan is sincere or just waging a propaganda war.

"If you look at it positively they will be providing Hongkong people with another place to go," he said.

But he doubted many Hongkong residents would like to settle in Taiwan.

"Most Hongkong people value their present lifestyle and they are not keen to move there when Taiwan's own political future is uncertain," Mr Lee said.

The chairman of the now defunct Wanderers Association, Mr Chow Hing-chuen, well known for his pro-Taiwan stance, surprisingly was not very impressed by Taipei's pledge to accept one million Hongkong residents, noting that Taiwan could go a step further for Hongkong residents.

"It is a negative way of doing things, especially when not many Hongkong people are willing to leave.

"If Taiwan really cares about Hongkong people, it should support their resistance against communist China in their pursuit of freedom and democracy," he added.

Meanwhile, a spokesman for the local branch of the Central News Agency said he was not in a position to say whether the branch would continue to operate after 1997.

He said the Hongkong branch office had no say in operational matters and this would depend entirely on Taiwan.

A spokesman for the Oriental Daily declined to comment, saying the management has yet to discuss and study the issue.