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April sees exports drop 7.5 per cent

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Hongkong's domestic exports took a beating last month from the slowdown in US economic growth and the strength of the local dollar.

Provisional trade figures released last night by the Census and Statistics Department said the value of domestic exports in April, at $9.66 billion, was 7.5 per cent below the same month a year earlier.

On a brighter note, domestic exports and re-exports totalled $19.16 billion, up 16 per cent from last year.

However, for the economy as a whole, the decline in domestic exports is probably more significant since a much greater portion of their value translates into Hongkong labour, goods and services.

For the last three months, the report showed domestic exports at $27.47 billion, down 1.1 per cent from the year-earlier period.

For the first four months of the year, the total was 0.2 per cent higher than the same period a year earlier, at $38.64 billion.

But the ultimate picture may prove less favourable, as final figures for the first quarter released by the Government earlier this week and adjusted for inflation, showed the value of domestic exports down one per cent in real terms.

The Government's release quotes a spokesman as citing both the slowdown of the US economic growth rate and the strength of the Hongkong dollar as contributing to "the relatively poor performance of domestic exports."

The "very high growth rates" for re-exports, it says, illustrate "Hongkong's increasing role as an entrepot."

Last month, re-exports jumped to $9.5 billion, up 56 per cent from the year-ago period.

For the last three months against the same period a year earlier, they were up 45.9 per cent to $26.01 billion, and for the last four months, up 46.9 per cent to $34.97 billion.

The value of imports grew 6.8 per cent to $19.8 billion last month against a year earlier. For the first four months, imports were up 9.6 per cent to $73.8 billion.

For the last 12 months as a whole, domestic imports have grown 18.2 per cent, re-exports 46.1 per cent, and imports 17.8 per cent.

The release said the visible trade gap narrowed to three per cent last month from April last year.

For the first four months of this year, the gap declined to 0.3 per cent from seven per cent for the corresponding period last year.

First quarter figures released earlier had shown growth in domestic exports to China as partially compensating for the slowdown in US demand during that period.

But that was before the full impact of newly-imposed Chinese restrictions on foreign currency and contracts with overseas firms.

Many local businessmen claim those have caused sharp drops in their business with China this quarter.

Similarly, there have been US government moves recently, such as an easier monetary and interest policy, aimed at stimulating the American economy. Those could again lift demand in that market for Hongkong goods.

Not so certain, however, is a quick end to the strength of the Hongkong dollar.

The Hongkong Government appears reluctant to make any change in the current level of the link with the US currency, while the latter thus far has stubbornly resisted the sort of significant drop that would also bring a major weakening in the Hongkong unit vis-a-vis other major trading partners.