

Academic calls for rethink on mainland

By IRIS LEE

HONGKONG business should diversify its overseas investment and not rely on a mainland market whose short-term growth is not promising, says director of Hongkong University's Asian Studies Centre Professor Edward Chan.

Speaking at a dinner of the Chinese Association of Deposit-taking Companies yesterday, Professor Chan said the Chinese economy was still critical and would not see a quick recovery.

"A close link between Hongkong and China is good but local businessmen should also consider other investment opportunities rather than concentrating on the mainland market," said Professor Chan.

They should not be too optimistic about how much the mainland factor would benefit the local economy as the development potential in existing bilateral activities was limited although long-term prospects were good.

"Hongkong's economy will be weakened if it relies too much on China," he said.

Although China's industrial production in the second and third quarters this year had seen a seven per cent increase, the actual growth in local consumption remained at a very low level.

Professor Chan said Hongkong's economy next year would not be a prosperous one but it would be full of investment opportunities and he expected Hongkong would experience another economic boom before 1997, probably in 1992 or 1993.

But he warned that local consumption and investment desires would remain low.