

April deficit continues to widen

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Hong Kong's visible trade deficit continued to widen during April, reaching \$10.5bn as domestic exports remained sluggish. The deficit recorded in the same month last year was \$8.2bn.

The trade figures, released yesterday by the Government, showed that while re-exports – mostly goods shipped between the mainland and other countries – were still “robust”, according to a Government spokesman, the growth rate had “moderated somewhat” from last year.

The value of re-exports was 11 per cent higher, at \$74.8bn. At the same time, the general shift to re-exports affected domestic exports, which were down almost 7 per cent, to \$16.6bn. This left total exports up 7 per cent, at \$91.4bn.

The spokesman said the slowdown in re-exports was particularly noticeable in goods shipped to China, the United States and Germany. Re-exports rose 13 per cent in the first four months of the year, accounting for 82 per cent of total exports over that time, compared to 78 per cent in the same period last year.

The slowdown in re-exports has prompted the Government to lower its forecast for re-export growth in 1994, from 22 per cent to 17 per cent.

Domestic exports dropped 7.8 per cent. The value of imports, meanwhile, rose almost 9 per cent last month to \$101.9bn, while retained imports were 6 per cent higher than last year. April's deficit accounted for a tenth of total imports, compared to just under 9 per cent last year.

The spokesman also said the Government's budgetary forecast of the gross domestic product for 1994 would remain unchanged at an annual growth rate of 5.5 per cent, as the economy posted a similar growth rate in the first quarter.

The latest official statistics showed that the GDP probably grew by 5 to 5.5 per cent in real terms from January to March, similar to the growth rates in the recent quarters.