

Airport project helps push up trade deficit

By Peter Chan

HONG Kong recorded a visible trade deficit of \$80.7 billion last year.

The figure is equivalent to 6.5 per cent of the value of imports and represents a rise of 206.8 per cent from the previous year.

A government spokesman attributed the widening trade deficit to the replenishment of low supplies in 1993, greater absorption of materials and equipment for production and construction activities, and faster rate of increase in import prices than export prices.

Economists said the figures showed a continued increase in the import of building materials for the new \$170 billion airport project, and the shrinking local manufacturing.

Mak Lik-keung, an economist at the Standard Chartered Bank, said the deficit would continue rising in the coming years as the airport project gained full speed.

He said the deficit would further expand with the recovery this year of the markets for products made in Hong Kong or in China by Hong Kong manufacturers. He said this would push manufacturers to import more raw materials and equipment to cope with the anticipated

increasing demand. The value of total exports in 1994 reached \$1.17 trillion, or 11.8 per cent, over the 1993 level.

The value of re-exports rose by 15.1 per cent to \$948 billion, while domestic exports fell marginally by 0.4 per cent to \$222.1 billion.

The value of imports rose 16.6 per cent to \$1.25 trillion.

Domestic exports showed only a gradual improvement for the year, recovering only in the second half after declining in the first six months. However, imports grew even faster, resulting in the widening of the trade deficit in "visibles" as opposed "invisibles" such as banking, insurance and other services.

In December alone, Hong Kong recorded a trade deficit of \$9.463 billion, or 456 per cent higher than the \$1.702 billion recorded in December 1993.

For the same month, the value of total exports totalled \$102.2 billion or 8.3 per cent higher than the December 1993 level. Of this amount, the re-exports' value at \$82.0 billion was 11 per cent higher than a year earlier.

The government spokesman said a more detailed analysis of Hong Kong's external trade for December 1994, by commodity and country, would be released in mid-February.

EXTERNAL TRADE FIGURES				
	1994 HK\$m	1993 HK\$m	Change HK\$m	%
Domestic Exports	222,092	223,027	-935	-0.4
(% of total exports)	(19.0%)	(21.3%)		
Re-exports	947,921	823,224	+124,698	+15.10
Total Exports	1,170,013	1,046,250	+123,763	+11.80
Imports	1,250,709	1,072,597	+178,111	+16.60
Trade balance	-80,695	-26,347	-54,348	

Source: Census and Statistics Department

Hongkong Standard Graphic