

46 per cent spurt for April

Export total shows recession is over ^{wages}

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The zesty surge of domestic exports in April, reported by the Government yesterday as 46.6 per cent over the previous April, proves that Hongkong is well out of its own recession.

April marked the eighth consecutive month of significant export increases. This would indicate that there is real growth instead of the occasional lucky spurt.

Admittedly, the corresponding months of the previous year were periods of quite slack trade, which in comparison would tend to endow extra lustre to the more recent figures. However, that increases have been sustained at high levels is an encouraging enough sign of the underlying strength in Hongkong's trade recovery.

During the first four months of this year, increases have ranged from a low of 37.5 per cent in February to the record of 58 per cent in January.

In dollar terms, only in February did exports fall below the \$2,000 million level. Even if percentage growths slow down

towards the end of the year, as industrialists predict, total exports in value terms are still most likely to set a record this year.

The Census and Statistics Department placed the value of domestic exports in April at \$2,434 million, a rise of \$774 million over April 1975 when the figure stood at \$1,660 million.

Hefty increases were also recorded in imports, up 38.1 per cent to \$3,469 million, and in re-exports, up 18.8 per cent to \$659 million.

Another significant point is the increasing domestic export content of the total trade in relation to re-exports. In the latest report, domestic exports made up 78.7 per cent of total exports with the share of re-exports declining to 21.3 per cent.

Trade sources also point out the healthy spread of the increase among all of the Colony's markets, a diversification which should help bolster industry against the impact of restraints in major importing countries.

"Despite the poor performance during the first few months of 1975, I think we must consider the substantial

growth in early 1976 as a most encouraging and happy sign of a very fast recovery from our difficulties last year," the Director of the Hongkong General Chamber of Commerce, Mr Jimmy McGregor, said yesterday.

"I believe that the recovery is well established in almost all areas of our industry and trade and my only real concern is that there will be pressures for wage increases at levels which could add rather too much to our cost of production," he added.

Wages have already risen from 20 to 40 per cent since the beginning of the year. The increases have been mainly in the garment, electronics and plastics industries.

Mr McGregor conceded that some of the wage increases which have taken place only balance the losses in real wages experienced in 1975.

Employers have responded favourably to requests for higher wages, said the Secretary General of the Chinese Manufacturers' Association, Mr J. P. Lee.

"So long as the market can bear the cost increase, manufacturers will be responsive. On the other hand,

workers are sensible as shown in the past." Labour accepted wage cuts during the recession.

While trade sources are convinced that there is concrete growth in our exports, they nonetheless stress the possibility of slower percentage rates of growth towards the end of the year.

Cautioned Mr McGregor: "I don't think we should overestimate our ability to sustain the substantial growth figures and obviously they will be reduced on a monthly basis by the third quarter."

"But there is very solid growth and I believe we are well and truly out of our own recession. We should be very pleased with the performance of our trade."

Traders say industry has gone through a "process of building up from the recession," and although value figures for the rest of the year will still be high, the rate of increase will be reduced.

During the 12-month period May 1975 to April 1976, domestic exports increased by 18.5 per cent to \$25,948 million, imports by 14.6 per cent to \$37,151 million, and re-exports by 11.8 per cent to \$7,631 million.