

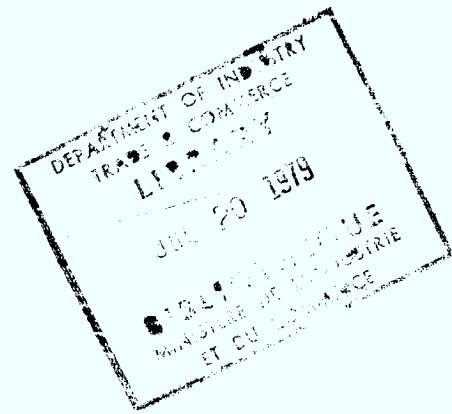
markets  
for canadian  
exporters

HONG KONG



# MARKETS FOR CANADIAN EXPORTERS

## HONG KONG



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## I. GENERAL

### Historical Background

Once a notorious haunt of pirates, Hong Kong came into being soon after 1839. This was the year that the Chinese, concerned over the expanding opium trade, drove foreign interests from Canton (Kwangchow in Chinese), the principal foreign trading centre. The British community went to Macao, downstream from Canton, but the Portuguese Government could not guarantee their safety so they sailed across the mouth of the Pearl River and took refuge in the harbour at Hong Kong. Subsequently, the British negotiated the cession of Hong Kong Island in perpetuity in 1842 by the Treaty of Nanking. It has been under British administration ever since, apart from the Japanese occupation during World War II.

The Convention of Peking in 1860 provided for a mainland addition -- part of Kowloon Peninsula -- to the Colony. Then in 1898, the famous 99-year lease was signed, whereby Britain took possession of some 200 islands called the "New Territories".

### Area and Geography

The British Crown Colony of Hong Kong is composed of three areas: Hong Kong Island -- 77 km<sup>2</sup> (29 square miles); Kowloon Peninsula and Stonecutters Island -- 11 km<sup>2</sup> (four square miles); and the New Territories -- 787 km<sup>2</sup> (370 square miles).

Hong Kong consists of 236 islands and islets, many waterless and uninhabited, and a portion of the Chinese mainland adjacent to the Pearl River estuary some 144 km (90 miles) south of Canton. The greater part of the land area consists of rugged and unproductive mountainous terrain.

### Climate

Although Hong Kong lies just within the tropics, it enjoys an unusual variety of weather. The climate is sub-tropical and monsoonal, with hot, humid summers and cool dry sunny winters. The mean daily temperature ranges from 59°F in February to 82° F in July. The average annual rainfall is 215.9 cm (85 inches), three-quarters of which falls between May and September.

### Population

Hong Kong's population is estimated at 4.5 million.

### Principal Cities

Victoria, the capital, business and commercial centre, is situated on the north side of Hong Kong Island. On the mainland opposite lies Kowloon, where are found the chief industrial and residential areas in the Colony, the principal wharves, the railway terminus and the airport. Magnificent Victoria Harbour separates Hong Kong Island from Kowloon.

### Local Time

Hong Kong time is 13 hours ahead of Eastern time. When it is 9:00 a.m. in Ottawa, it is 10:00 p.m. the same day in Hong Kong. Daylight saving time (clocks advance one hour) is observed from the first Sunday after April 15 to the first Sunday after October 15.

### Weights and Measures

Hong Kong uses the imperial standard.

### Electricity

Electricity is supplied at 200 volts, single phase, 50 cycles AC and 346 volts, three phase, 50 cycles AC. There is no uniformity of plug designs.

### Currency and Exchange Rate

The Hong Kong dollar, the legal tender, was floated in November 1974 and in March 1977, had an exchange value of about HK \$4.40 to the Canadian dollar.

### Public Holidays

New Year's Day	January 1
Chinese New Year (three days)	January or February
Good Friday	March or April
Easter Monday	March or April
Ching Ming Festival	April 5
Queen's Birthday	April 21
Tuen Ng (Dragon Boat) Festival	June
First weekday in July	July
First Monday in August	August
Liberation Day	August (last Monday)
Day following Chinese Mid-autumn Festival	September
Chung Yeung Festival	October
Christmas Day	December 25
Boxing Day	December 26

The Commission for Canada in Hong Kong observes 11 statutory holidays annually, the selection of which varies from year to year.

### Business Hours

Offices:	8:30 a.m. to 12:30 p.m. 1:30 p.m. to 5:00 p.m.
Department stores:	9:30 a.m. to 6:30 p.m. (Monday to Saturday)
Banks:	10:00 a.m. to 3:00 p.m. (weekdays) 9:30 a.m. to 12:00 noon (Saturdays)

### Language

Approximately 98 per cent of the population may be classified as Chinese on the basis of language and origin. Chinese and English are the two official languages. English, however, is the principal language of government and business. Among the Chinese population, the Cantonese dialect predominates and is used to a considerable extent in advertising.

### Government System

Hong Kong enjoys the status of a British Crown Colony and is administered by a governor (the personal representative of the Queen), an executive council, a legislative council and an urban council, with membership of all but the latter being on an appointed basis.

English common law prevails insofar as it is applicable to local circumstances.



## II. ECONOMY AND FOREIGN TRADE

### General

Hong Kong has a versatile and industrious labour force, a deep-water harbour and convenient geographical location, but virtually no natural resources.

Until the 1950s, the economy depended largely on the entrepôt trade between China and the rest of the world which gave rise to excellent banking, shipping, warehousing and insurance facilities -- vital factors in Hong Kong's continuing development as an industrial centre.

Today the Colony is regarded as one of the world's outstanding examples of free enterprise. Taxes are low and there is a minimum of foreign exchange restrictions and a skilled and hard-working labour force. These factors, combined with an almost complete absence of red tape, have helped transform this trading community into a manufacturing centre of primary importance. With per capita income having surpassed U.S.\$2,000, residents now enjoy the second highest standard of living in Asia (Japan ranks first).

### Industry

Hong Kong's principal industries produce relatively sophisticated light consumer goods and light engineering products and components. The largest industrial sector, textiles and garments, accounts for 54 per cent of all exports and also 50 per cent of all workers directly employed in manufacturing. This industry includes spinning, weaving, finishing, cotton knitting, woollen knitting and wearing apparel.

Significant growth sectors are plastic products (including toys, flowers and household wares) and electronics (transistor radios, calculators, and components), reflecting a trend in recent years to more capital-intensive manufactures. Hong Kong has become the world's largest exporter of toys.

Other major sectors are light engineering and processing industries producing a wide variety of light metal products such as flashlights, cutlery, watch cases, clocks, building materials and furniture.

Hong Kong's heavy industries include more than 20 shipbuilding and repair yards, steel rolling and processing mills and two cement factories.

While the Colony has grown accustomed to an annual economic growth rate of more than 10 per cent, rising wages and land costs may force local manufacturers to diversify and improve both design and productivity to compete successfully with other low-cost producers in the region.

### Tourism

Tourism is Hong Kong's second most important industry after textiles. Arrivals reached 1.6 million in 1976, 20 per cent more than in 1975.

### Transportation

Hong Kong's magnificent harbour is equipped to cater to all the requirements of modern shipping, including a number of recently built container berths. Most cargo handled in port is transported by lighter, servicing ships anchored in mid-harbour.

The strategic geographical location of Hong Kong has led to the creation of an international airport at Kai Tak with more than 400 scheduled weekly services operated by 28 international airlines. A new air cargo terminal has been completed and a passenger terminal expansion is underway to handle increased traffic.

In 1972, the cross-harbour vehicular tunnel was completed, linking the island with the mainland.

Construction of Hong Kong's proposed mass transit system, a multibillion dollar project that will take more than 15 years to complete, began in 1976. There are only 970 km (606 miles) of road in Hong Kong, but the Colony has more than 288 vehicles per kilometer (mile) of roadway. This is believed to be the highest vehicular density of any territory in the world.

### Agriculture and Fishing

There are a mere 12,000 hectares (30,000 acres) of land under cultivation in Hong Kong, with rice and market garden crops accounting for much of this figure. Swine and poultry are raised to a limited extent, but because of a large population and shortage of land, the Colony is forced to import some 85 per cent of its food. Only 3.8 per cent of the economically active population was employed in farming, forestry and fishing during 1971.

Foreign Trade

As the local government does not compile national income accounts, export growth has become the most popular barometer of the Colony's economic well-being.

With a small domestic market, Hong Kong exports more than 90 per cent of its manufactured goods. Major overseas markets include North America and Western Europe, which account for three-quarters of domestic exports.

Constituting 20 to 25 per cent of total exports, entrepôt trade is still important but is now concerned principally with trade to and from different Southeast Asian countries that use Hong Kong facilities. Hong Kong is also used as a regional storage and distribution centre by suppliers in such countries as the United States, Britain and Federal Republic of Germany.

HONG KONG TRADE, 1976  
(Can. \$Millions)

(Average Exchange Rate @ Can. \$1.00 = HK \$4.80)

		Canada
Hong Kong Imports	9,019.27	57.75
Hong Kong Exports	6,797.73	290.79
Hong Kong Re-exports	1,859.96	18.21
	<u>17,676.96</u>	<u>366.75</u>

MAIN IMPORTS

Textile yarn, fabrics and made-ups  
Electric and non-electric machinery  
and appliances  
Non-metallic mineral manufactures  
Scientific instruments (including  
cameras and watches)  
Foodstuffs  
Non-ferrous metals  
Paper and manufactures  
Transport equipment  
Plastic materials, regenerated  
cellulose and artificial resins  
Medicinal and pharmaceutical  
products

MAIN EXPORTS

Clothing and textiles  
Plastic toys  
Transistor radios  
Plastic flowers  
Footwear  
Transistors  
Household equipment  
Watches  
Cameras

CHIEF SUPPLIERS IN 1976

	Value (Can. \$Millions)	Percentage
Japan	1,947.5	21.6
China	1,616.9	17.9
United States	1,106.1	12.3
Taiwan	636.9	7.1
Singapore	524.4	5.8
Britain	382.0	4.2
Republic of Korea	341.0	3.8

CHIEF EXPORT MARKETS IN 1976

	Value (Can. \$Millions)	Percentage
United States	2,341	34.4
Federal Republic of Germany	832	12.2
Britain	685	10.1
Japan	292	4.3
Canada	291	4.3
Australia	285	4.2

Source: Hong Kong government statistics

CANADA/HONG KONG TRADE

Canada is Hong Kong's eleventh largest trading partner and ranks as the Colony's fifth biggest market after the United States, Federal Republic of Germany, Britain and Japan.

Canada/Hong Kong trade in 1976 totalled \$343 million (exports \$58.7 million; imports \$284.6 million). Approximately one-quarter of Canadian exports to Hong Kong consists of manufactured products whereas the latter account for more than four-fifths of total Canadian imports from Hong Kong.

CANADIAN TRADE WITH HONG KONG<sup>1</sup>  
(Can. \$Millions)

	<u>EXPORTS<sup>2</sup></u>	<u>IMPORTS<sup>2</sup></u>	<u>NET TRADE BALANCE</u>
1965	16.7	31.0	- 14.3
1966	15.4	38.9	- 23.5
1967	17.3	51.0	- 33.7
1968	16.6	58.4	- 41.8
1969	17.7	72.9	- 55.2
1970	20.8	78.5	- 57.7
1971	20.0	80.2	- 60.2
1972	21.1	105.0	- 83.9
1973	28.0	109.9	- 81.9
1974	40.2	134.8	- 94.6
1975	42.1	170.9	- 128.8
1976	58.7 <sup>3</sup>	284.6 <sup>3</sup>	- 225.9

MAJOR CANADIAN EXPORTS TO HONG KONG<sup>1</sup>  
(Can. \$Millions)

	<u>1975<sup>2</sup></u>	<u>1976<sup>3</sup></u>
Aluminum pigs, ingots	10.3	12.5
Newsprint	5.1	4.1
Wheat	1.3	4.0
Groundwood printing paper	1.0	2.0
Gold coin	-	1.9
Semi-conductors and parts	0.8	1.4
Apples and crab apples, fresh	1.3	1.3
Crude herbs, plant protein for medicine	1.0	1.3
Zinc blocks, pigs	1.2	1.3
Soybeans	0.6	1.2
Total Commodities Listed	22.6	31.0
(Per cent of Total)	(54)	(53)
TOTAL EXPORTS	42.1	58.7
(Percentage Change)		(+39)

MAJOR CANADIAN IMPORTS FROM HONG KONG  
(Can. \$Millions)

	<u>1975</u> <sup>2</sup>	<u>1976</u> <sup>3</sup>
Sweaters	15.6	25.6
Pants and slacks	11.5	24.4
Shirts	12.5	20.5
Radio receiving sets	11.0	18.9
Blouses	10.0	11.4
Toys and parts, n.e.s.	6.5	8.3
Calculating machines and parts	4.1	8.0
Gloves	6.0	6.9
Outdoor jackets	4.0	6.4
Denims, cotton	1.9	6.1
Total Commodities Listed	83.1	136.5
(Per cent of Total)	(49)	(48)
TOTAL IMPORTS	170.9	284.6
(Percentage Change)		(+67)

1. Statistics Canada, Trade by Countries, Ottawa
2. revised Statistics Canada figures
3. provisional Statistics Canada estimates

### III. DOING BUSINESS IN HONG KONG

#### Opportunities for Canadian Products and Services

Hong Kong depends greatly on imports of all types, embracing all manner of goods from raw materials and consumer items to technical know-how. Good opportunities exist for Canadian suppliers of the following products if prices are competitive with those of Japan, Australia, the United States and Western Europe.

#### Grains and Foodstuffs

- poultry parts, smoked and frozen salmon, offals, dry salted herring, apples, processed foods
- rapeseed oil
- wheat
- feed grains
- soybeans

#### Primary and Forestry Products

- non-ferrous metals
- newsprint
- kraft paper, fine paper, converting paper, envelopes

#### Chemicals

- plastics and synthetic resins
- biologicals
- pharmaceuticals

#### Textiles and Fashionware

#### Electronics and Electrical Equipment

- commercial and consumer appliances
- electrical generation and distribution equipment
- electronic components and production equipment

#### Machinery

- airport equipment
- pollution control equipment
- educational equipment
- hotel and restaurant equipment and supplies
- boat accessories
- container port equipment
- specialized machinery
- low-cost automation machinery

Hong Kong also represents a sizable market for specialized engineering services.

### Merchandising and Distribution

Public utilities and occasionally local industries and Hong Kong government departments import machinery and supplies directly. However, most business is conducted through agents.

### Representation and Agents

More than 200 Canadian companies are represented and/or doing business in Hong Kong, mainly through local agents. When selecting an agent, it is advisable to consider the range of goods that will be exported and whether that agent can adequately promote them. There is a wide variety of import houses in the Colony, from the long-established British trading firms, to a large number of predominantly Chinese-managed companies. Their capacities and capabilities vary greatly.

In appointing agents, care should be taken to ensure that conflicting agencies are not held or that a firm selected is not overcommitted and unable or unlikely to give the product the support necessary for market establishment, penetration and servicing. Because of the relatively small size of the Hong Kong market, appointment of agents is usually made on an exclusive basis.

Representation in Hong Kong is generally undertaken on a commission basis; the indent basis is a well-established practice. Some companies, in a variety of fields, purchase on their own account and resell as wholesalers and/or retailers. When local stocks are necessary, they may be held by the agent, or by the wholesaler and/or retailer. In some lines, potential business will be too limited to warrant more than one outlet, not an uncommon situation. However, the commission agent/wholesaler/retailer pattern still dominates.

The Commercial Division of the Commission for Canada can recommend suitable and potentially interested agents for most Canadian products. Appointment for a trial period is recommended.

It should always be borne in mind that the degree of enthusiasm of the principal will exert considerable influence on how active the agent will be.

### Advertising and Promotion

The usual facilities and media employed in Canada are also available in Hong Kong. In some cases, local distributors or agents receive an advertising appropriation from their principals for use over a stated period. The advertising of consumer goods is extensive.



Promotional literature in English is acceptable. The Canadian company's name and complete address, telephone and telex, if available, should be clearly marked on all catalogues and brochures.

There are a number of good advertising agencies in Hong Kong and Canadian exporters would do well to consult them before embarking on a comprehensive promotional campaign.

#### Status Information

Status reports on the suitability of local firms as representatives for Canadian manufacturers may be obtained from the Canadian Government Trade Commissioner, Commission for Canada, Hong Kong.

#### Price Quotations

Prices should be quoted CIF Hong Kong. Hong Kong, United States or Canadian dollars are acceptable.

#### Usual Terms and Methods of Payment

Payment performance of most of the established Hong Kong importers is good. Financial status can be checked through your bank or the Commercial Division of the Commission for Canada.

When dealing directly with local firms, payment by irrevocable letter of credit is usual until the customer becomes well known to the exporter. However, a variety of credit terms is used by regular exporters who are in most cases represented locally and are well informed on the current standing of their customers.

#### Debt Collection

As protection against a bad debt, export shipments should always be preceded by a credit investigation of the financial standing of the foreign buyer.

Legal procedures in Hong Kong are usually time-consuming, expensive and complicated. Recourse to litigation in the matter of debt collection should be used only when all other means of obtaining satisfaction have failed. Banks provide unofficial or informal assistance in such matters in their normal course of business. It is usually advisable to accept the settlement proposals of a reliable agent or banker.

Shipping Services To Hong Kong

By Sea

From Eastern Canadian Ports

Barber Blue Sea Lines schedules three sailings per month from Saint John. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Hurum Marine Ltd., Montreal and Toronto, and R.C. Elkin Ltd., Saint John.

Japan Line schedules three sailings per month from Saint John with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Atlantic Container Line Ltd., Montreal and Toronto.

"K" Line schedules three sailings per month from Saint John with transshipment via Japanese ports. Space for general and refrigerated cargo and containers. Contact: Kerr Steamships Ltd., Montreal, Toronto, Saint John, Halifax and Vancouver.

Korea Shipping America Inc. schedules sailings every two weeks from Saint John. Space for containerized cargo. Contact: Seabridge International Shipping Ltd., Montreal and Toronto.

Mitsui O.S.K. Lines schedules weekly sailings from Saint John with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Montreal Shipping Co. Ltd., Montreal and Toronto.

NYK Line schedules weekly sailings from Saint John with transshipment via Japanese ports. Space for containerized general and refrigerated cargo. Contact: March Shipping Ltd., Montreal, Toronto and Saint John.

Orient Overseas Container Line schedules sailings every two weeks from Saint John. Space for containerized cargo. Contact: Dart Containerline Ltd., Montreal and Toronto.

Scindia Line (Scindia Steam Navigation Company) schedules monthly sailings from Montreal (in summer) and Halifax or Saint John (in winter). Space for general cargo, bulk liquids and containers. Contact: Montreal Shipping Ltd., Montreal and Toronto.

Y. S. Line schedules weekly sailings from Saint John with transshipment via Japanese ports. Space for general and refrigerated cargo and containers. Contact: B & K Shipping Agency Ltd., Montreal and Toronto.

Zim Container Service schedules two sailings per month from Halifax. Space for containerized general and refrigerated cargo. Contact: Zim Israel Navigation Company Ltd., Montreal and Toronto, and Warren Containership Agencies Ltd., Halifax.

From Canadian Pacific Coast Ports

American President Lines schedules two sailings per month from Vancouver. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Trans-Pacific Steamship Agencies Ltd., Vancouver.

Fesco Pacific Line schedules three sailings per month from Vancouver. Space for general cargo and containers. Contact: Morflot Freightliners Ltd., Vancouver, and Universal Container Services Ltd., Montreal and Toronto.

Japan Line schedules three sailings per month from Vancouver with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Westward Shipping Ltd., Vancouver.

"K" Line schedules sailings every four-five days from Vancouver with transshipment via Japanese ports. Space for general cargo and refrigerated cargo and containers. Contact: Kerr Steamships Ltd., Vancouver, Montreal, Toronto, Halifax and Saint John.

Knutsen Line schedules two sailings per month from Vancouver. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Bakke Steamship Corporation, Vancouver, and McLean Kennedy Ltd., Montreal and Toronto.

Mitsui O.S.K. Lines schedules weekly sailings from Vancouver with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact: C. Gardner Johnson Ltd., Vancouver.

NYK Line schedules six sailings per month from Vancouver with transshipment via Japanese ports. Space for containerized general and refrigerated cargo and for bulk liquids. Contact: Greer Shipping Ltd., Vancouver.

Orient Overseas Container Line schedules sailings every 12 days from Vancouver. Space for general cargo and containers. Contact: Eckert Overseas Agency Ltd., Vancouver.

Phoenix Container Liners Ltd. schedules sailings every 10-14 days from Vancouver. Space for general and refrigerated cargo and containers. Contact: Kerr Steamship Co., Vancouver, Montreal and Toronto.

Scindia Line schedules monthly sailings from Vancouver. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Anglo Canadian Shipping (Westship) Ltd., Vancouver.

Showa Line schedules six sailings per month from Vancouver with transshipment via Japanese ports. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Kingsley Navigation (1970) Ltd., Vancouver, and Clarke Transportation Canada Ltd., Winnipeg, Montreal and Toronto.

States Line schedules two conventional and one RoRo sailings per month from Vancouver. Space for general and refrigerated cargo, bulk liquids and containers. Contact: Dodwell of Canada Ltd., Vancouver.

Y.S. Line schedules six sailings per month from Vancouver with transshipment via Japan. Space for containerized refrigerated and general cargo. Contact: North Pacific Shipping Co. Ltd., Vancouver.

#### By Air

Three CP Air 747 flights per week from Vancouver constitute the direct air service between Canada and Hong Kong. Alternate routes are available from Vancouver via Seattle, San Francisco, Los Angeles and Manila.

From Toronto, several flights connect with CP Air direct service out of Vancouver. Optional routes are via Chicago, San Francisco, Los Angeles and London. Flights from Montreal connect with CP Air direct service from Vancouver as well as offering links via gateways such as New York, Chicago, Los Angeles, London and Rome.

It is recommended that the originating carriers in Canada be consulted in respect to all-cargo flights, routings and the most expedient routing for air freight and passenger travel.

Further information on shipping services from Canada to Hong Kong may be obtained from:

Transportation Services Branch  
Department of Industry, Trade and Commerce  
Ottawa, Ontario  
K1A OH5

### Patents

There is no provision in the laws of Hong Kong for the original grant of patents, but patents granted in Britain may be registered under a Hong Kong ordinance provided application is made within five years of the date of issue of the British patent.

### Trademarks

Trademarks can be registered under a local trademarks ordinance which is based substantially on the British Trademarks Act. Procedures relating to the registration of trademarks may be gleaned from the Registrar General, Central Government Offices (west wing), Hong Kong.

### Copyrights

Copyright in Hong Kong is governed by the British Copyright Act of 1911, whereby copyright subsists automatically without the formality of registration.

### Investment

Foreign investment is welcomed in Hong Kong and, while overseas concerns receive no preferential treatment from the government, limitations are not imposed on foreign participation.

Hong Kong's low taxation rates, abundant labour force and entrepôt status have created a favourable investment climate which has attracted a high level of foreign investment, particularly from the United States and Japan. Most private investment appears to be involved in short-term projects yielding quick returns. This is no doubt due to the fact that Britain's lease on the New Territories expires in 1997.

#### IV. YOUR BUSINESS VISIT TO HONG KONG

There is no substitute for a personal visit. The successful exporter must sooner or later study his foreign markets firsthand. Hong Kong rightly deserves the often-used metaphor, "The Pearl of the Orient." The rugged beauty of Hong Kong Island, the "Old China" tranquility of the New Territories, the commercial frenzy of Kowloon and the magnificent panorama of the deep-water harbour all combine to make this British Crown Colony one of the most fascinating commercial centres in the world.

##### Services of the Trade Commissioner

The Commercial Division of the Commission for Canada is equipped to function as a liaison between Canadian firms and local business and industry. It actively seeks business opportunities for Canada and relays these to firms considered interested and capable. Potential buyers and sellers are introduced with guidance provided to each as required. Market surveys of reasonable proportions are conducted on behalf of Canadian firms; agents, distributors or other outlets may be recommended. Space in the Commission is available for product displays, in-office shows and film presentations.

##### Assistance to Travellers to the People's Republic of China

Each of the State Trading Corporations of the People's Republic of China has an agent in Hong Kong whose primary responsibility is Chinese trade and commercial interests in the Colony and Southeast Asia. Appointments can be easily arranged by the Canadian Trade Commissioner in Hong Kong and many visiting Canadians call on these agents to discuss business prospects.

The Commission can also advise and assist Canadians en route to China. Travellers to the People's Republic require an invitation, a valid passport and a visa. Canadian businessmen should note that visas for entry to China will not be issued in Hong Kong\* as in past years, but must be obtained from the Chinese Embassy in Ottawa.

\*This is subject to change.

### Advise and Consult the Trade Commissioner

When planning your business visit to Hong Kong, advise the Commercial Division of the Commission for Canada in the Colony well in advance of your arrival. Inform it of the purpose of your visit and include several copies of product brochures. It is extremely helpful if you work out the CIF prices on at least part of your product range. You should also list any contacts you may already have in the Hong Kong business community.

With this information at his disposal, the Trade Commissioner will be pleased to arrange a tentative itinerary and make appointments on your behalf which you can confirm upon arrival.

### When to Go

The best time to visit Hong Kong is during the winter. The tourist season peaks in the autumn and hotel reservations are hard to come by. Excessive numbers of visitors also pass through the Colony during the month-long Canton Trade Fair held semi-annually from April 15 to May 15 and October 15 to November 15. If possible avoid the Chinese New Year holiday period (late January or early February).

### How to Get There

CP Air operates four direct flights a week from Vancouver to Hong Kong via Alaska and Tokyo. Jumbo jets were introduced in 1974. The economy fare from Ottawa to Hong Kong is approximately Can. \$1,600 return and most businessmen plan stops in other centres such as Tokyo, Taipei, Bangkok, Singapore, Manila, Jakarta and Kuala Lumpur.

The Colony is the centre of a network of routes covering the Far East and is well served by international airlines.

### Travel in Hong Kong

Most journeys in the Colony are short, particularly on the island where many business visits are easily made on foot.

On Hong Kong Island and in Kowloon, taxis are plentiful (except when it's raining!), reliable and cheap. The Colony also has an efficient bus and tram service.

The cross-harbour tunnel provides the first direct link between the island and the mainland. In addition, cross-harbour ferries make frequent crossings between Kowloon and Hong Kong, the most accessible being the Star Ferry with service every few minutes until 2:00 a.m. Ferry service to outlying islands is also readily available.

The only railway in Hong Kong is the line that runs from Kowloon through the New Territories to the Chinese border at Lo Wu. Passengers proceeding beyond the frontier must change trains at the border and walk the short distance to the Chinese terminus.

Most visitors to Hong Kong will enjoy a ride on the Peak Tram, a cable railway running up to the Peak District of the island and affording a breathtaking view of the harbour.

Hydrofoils and ferries operate a frequent service to the Portuguese province of Macao (the oldest European settlement in the Far East) situated across the mouth of the Pearl River about 72 km (45 miles) from Hong Kong.

### Hotels

The Commission will be pleased to make reservations or recommend suitable hotels. Excellent facilities of international standard are available, but travellers are advised to book early.

Up-to-date visitor information may be obtained from the Hong Kong Tourist Association which maintains offices in Montreal, Toronto and Vancouver (see VII. Useful Addresses).

### Passports

A valid passport is necessary for entry into Hong Kong. Canadians do not need a visa for business-tourist visits of limited duration. Care should be taken to investigate visa requirements for onward travel from the Colony.

### Health Certificate

A valid international certificate of vaccination against smallpox is required. It is also advisable to have a cholera inoculation.

### Travel Tips

Seasoned business travellers bring a number of useful business and other supplies. Among them are:

- company stationery (for writing thank-you notes, confirming appointments, etc.)
- business cards (bring plenty)
- small giveaways with firm's name printed on them
- extra passport photos (for exit visas, etc.)



### Business Calls

A complete presentation on the first call is most important. This should include literature, specifications, samples if possible, and all the price, delivery and quality-control information a buyer needs to compare the seller's capabilities with his current sources. Many buyers keep up-to-date records on their suppliers and a favourable impression is made if a résumé including the following can be supplied at the time of the first visit:

- vendor's name, address and telephone number
- name, address and telephone number of local representative, if applicable
- date company established
- size of plant
- number of employees
- principal products
- location of plants
- description of production facilities and equipment
- transportation facilities
- approximate yearly sales volume
- three representative customers
- copies of advertisements published in Canada
- financial and credit rating

### Follow Up

Appropriate follow up can be crucial to the success of your business visit to Hong Kong. Thank-you notes, brochures and requested information should be quickly dispatched and regular contact should be maintained with the Trade Commissioner, representatives and important customers.

## V. CUSTOMS AND EXCHANGE REGULATIONS

### Canadian Export Documents

All Canadian exports must be accompanied by Canadian customs export form B-13. Canadian customs requires three copies at the time of exportation but it is wise to prepare at least five. Two numbered copies will then be returned to the exporter unless otherwise specified on the B-13. By doing this, the exporter avoids having to submit a form C-6 for additional certified copies of the B-13 should the goods be returned to Canada for any reason. Two numbered copies of the B-13 must always accompany the Canadian customs entry as proof of export.

B-13's may be obtained from the Canadian customs offices across Canada.

### Hong Kong Import Licences

Import licences are required for few items. These include dutiable items (see "Customs Duties" below); strategic-type goods such as arms, ammunition and explosives; sugar, coffee, rice, frozen meat, frozen poultry; diamonds, gold, silver; certain insecticides, plants and vaccines.

### Customs Duties

Apart from relatively few items, Hong Kong is a free port.

Import duties are levied only on alcoholic beverages, tobacco, hydrocarbon oils, table waters and methyl alcohol; excise duties are imposed on these commodities when locally produced. Reduced duties are charged on tobacco and liquor of Commonwealth origin. Imported motor vehicles are subject to a first registration tax of 15 per cent of the CIF value.

Imports must be manifested and, where appropriate, covered by an import licence. Importers are required to complete an import declaration form for statistical purposes. Parcel post imports require no documentation other than a standard Canadian customs declaration attached to the parcel.

The system of exchange control in Hong Kong is based on that in force in Britain. Control is effected through authorized banks which handle most of the financial transactions relating to the Colony's commerce.

There are, however, a number of ways in which the system differs from the British model since it has been found beneficial to allow the existence of a free market in U.S. dollars and other foreign currencies. With minimal restrictions, authorized banks may sell foreign exchange or remit payment for imports intended for use or sale in the Colony upon presentation of invoices and shipping documentation. Exchange for imports into Hong Kong from the American Account Area and from Canada may be easily purchased in the free market by the importer.

Further information may be obtained from the Hong Kong Government Exchange Control and from Canadian banks with representatives in Hong Kong.

Importers are required to provide their own exchange for imports from the American Account Area and Canada, but this involves no difficulty since currency may be purchased in the free market.

#### Documentation

Normal documents required by importers are commercial and certified invoices, packing lists, bills of lading or airway bills, and insurance certificates. However, certificates of origin may be required if the imports are for further processing, as various Commonwealth countries grant preferential duty treatment to Hong Kong manufactures meeting certain Commonwealth content stipulations. Sanitary certificates are also required for certain goods.

#### Samples and Advertising Material

Goods which the Director of Commerce and Industry, Hong Kong Government, considers to be samples or advertising matter of no commercial value, and which are not for resale, are exempt from duty. Other samples carried by visitors may be liable to duty subject to normal customs formalities, bearing in mind that Hong Kong is a free port where small duties are levied only on tobacco, alcohol, etc.

#### Labelling

Goods classified as dangerous require special labelling. In addition, any food containing a preservative should be appropriately labelled.

### Packing

As for similar overseas destinations, external packing must be able to withstand Hong Kong's semitropical conditions of heat and extreme humidity. Protective measures must be taken to prevent rusting of metal, mildewing of leather and textiles and degeneration of foodstuffs. Weatherproofed and greased wrappings for metal items and airtight containers for foodstuffs are important. Crates and boxes should be well made to withstand rough handling and discourage pilferage.

No special marks are required for Hong Kong shipments and shipping instructions marked on cases need not be in Chinese characters.

### Insurance

There are numerous insurance companies of all types operating in Hong Kong. These firms employ qualified surveyors for the inspection of goods subject to insurance claims.

### Further Details

Further details with respect to customs duties, import licensing, documentation regulations and exchange controls may be obtained from the Asia Division, Pacific, Asia and Africa Bureau, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5 or from the Trade Commissioner, Commission for Canada, Hong Kong.

## VI. SERVICES FOR EXPORTERS

### Export Development Corporation

Of vital importance to Canadian businessmen is the Export Development Corporation (EDC), a crown corporation that reports to Parliament through the Minister of Industry, Trade and Commerce. Its purpose is to encourage, facilitate and develop Canadian export trade by providing export credit insurance, guarantees, loans and other financial assistance to enable exporters to meet international competition.

The main functions of EDC are:

1. to insure the Canadian exporter against nonpayment due to credit or political risks beyond the control of either the exporter or the buyer when export sales are made on normal credit terms. Almost all export transactions are insurable, not only those involving goods or technical services, but also those involving "invisible" exports such as managerial services, advertising programs, the licensing or sale of patents, trademarks, copyrights, etc.;
2. to issue appropriate guarantees to chartered banks or to any person providing nonrecourse supplier financing in respect of an export sale. Guarantees may also be issued in connection with a loan made to a foreign buyer for the purchase of Canadian goods and services;
3. to finance foreign buyers of Canadian capital goods and related services when extended credit terms are necessary and are not available from commercial lenders. Major engineering and other technical services (but not feasibility studies) may be financed, even when such sales are not related to the export of goods;
4. to insure Canadian investments abroad against noncommercial risks such as loss through confiscation, expropriation, war or revolution or the inability to repatriate capital or earnings.

EDC, which succeeded the Export Credits Insurance Corporation in October 1969, has its head office in Ottawa (mailing address: P.O. Box 655, Ottawa, Ontario K1P 5T9). Branch offices are located in Montreal, Toronto and Vancouver. EDC is also represented by regional offices of the Department of Industry, Trade and Commerce in Halifax, Fredericton, Winnipeg, Regina and Edmonton.

### Program for Export Market Development

In 1972, the Department of Industry, Trade and Commerce initiated the Program for Export Market Development (PEMD) which is designed to assist individual firms in their particular marketing endeavours. Briefly, financial assistance will be provided to cover:

- A. precontractual and bidding costs for specific capital projects
- B. travel and related costs in market identification and market adjustment
- C. costs of individual participation in foreign trade fairs
- D. specified costs of bringing foreign buyers to Canada
- E. the formation of export consortia

Applications should be submitted to:

Program Office  
Export Market Development  
Department of Industry, Trade and Commerce  
Ottawa, Ontario  
K1A OH5

### Fairs and Missions

In order to further stimulate Canadian exporters in developing business in foreign markets, the Office of Export Programs and Services, Department of Industry, Trade and Commerce, Ottawa, administers the following promotional programs:

- 1. participation in trade fairs abroad
- 2. trade missions to and from Canada
- 3. in-store promotions; point-of-sale displays
- 4. export-oriented technical training for buyers' representatives

For further information, write to:

General Director  
Office of Export Programs and Services  
Department of Industry, Trade and Commerce  
Ottawa, Ontario  
K1A OH5

Once a year, the Chinese Manufacturers' Association of Hong Kong sponsors an exhibition of products of Hong Kong manufacture. The only other trade fairs held in the Colony are either national products shows or shows put together by a single trading-import firm. These tend to be held on an irregular basis.

Publicity

Canada Commerce, published quarterly in English, and Commerce Canada, the French edition, contain articles and reports on export opportunities; Industry, Trade and Commerce services to industry; international market conditions and terms of access; industrial developments; and joint industry-government efficiency studies. Both are available free to Canadian manufacturers by writing to the Office of Information and Public Relations, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

Canada Courier, a full-colour, tabloid-size newspaper, gives international exposure to products and services that Canadian firms have for export. Published in English, French, German, Spanish and Japanese, its 22 issues a year are read by 215,000 potential customers around the world.

Banking

There are five Canadian banks with resident representatives in Hong Kong:

Canadian Imperial Bank of Commerce   Tel: H-242059  
1604 Bank of Canton Building  
6 Des Voeux Road Central  
Hong Kong

Bank of Montreal   Tel: 224182-6  
P.O. Box 15756  
St. George's Building, 11th Floor  
2, Ice House Street  
Hong Kong

Toronto-Dominion Bank   Tel: 227180/9  
Hutchison House, Room 920  
10 Harcourt Road  
Hong Kong

Bank of Nova Scotia   Tel: 5-250084  
Room 2011, Connaught Centre  
Connaught Road Central  
Hong Kong

Royal Bank of Canada   Tel: 522-7166  
New Henry House, 12th Floor, Room 127  
10, Ice House Street Central  
Hong Kong

These representatives maintain contacts with their correspondent banks throughout Southeast Asia, but do not carry on day-to-day banking functions. They can be helpful, however, in servicing import-export transactions, providing market information, contacts, credit information and letters of introduction.

Additionally, banks in Canada have international departments which offer export assistance. Major Hong Kong banks include:

The Hong Kong & Shanghai Banking Corporation      Tel: H-222011  
1, Queen's Road, Central  
Hong Kong

The Chartered Bank      Tel: H-224011  
4 Des Voeux Road, Central  
Hong Kong

Hang Seng Bank Ltd.      Tel: H-255011  
77 Des Voeux Road, Central  
Hong Kong

Overseas Trust Bank Ltd.      Tel: H-237151  
Ground Floor, Prince's Building  
5E Ice House Street  
Hong Kong

Shanghai Commercial Bank Ltd.      Tel: H-229111  
12, Queen's Road, Central  
Hong Kong



VII. USEFUL ADDRESSES

HONG KONG

The Commission for Canada in Hong Kong:

Canadian Government Trade Commissioner  
Commission for Canada  
P.O. Box 20264  
Asian House, 14th and 15th Floors  
1, Hennessy Road  
Hong Kong

Cable: DOMCAN  
CANADIAN  
Tel: 5-282224,  
5-282423  
Telex: 73391  
(DOMCA-HX 73391)

CP Air, CP Rail, CP Ships  
Union House, 1702  
Chater Road  
Hong Kong

Tel: 5-248161

Air Canada, Canadian National Railways  
1803 Realty Building  
Des Voeux Road Central  
Hong Kong

Tel: 5-251854

Phillips & Vineberg  
Canadian Barristers & Solicitors  
1601, Bank of Canton Building  
Des Voeux Road Central  
Hong Kong

Tel: H-251202

Hong Kong Trade Development Council  
Connaught Centre, Third Floor  
Hong Kong

Tel: 5-257151

CANADA

Asia Division  
Pacific, Asia and Africa Bureau  
Department of Industry, Trade and Commerce  
Ottawa, Ontario  
K1A OH5

Tel: (613)  
992-0356

Export and Import Permits Division  
Office of Special Import Policy  
Department of Industry, Trade and Commerce  
Ottawa, Ontario  
K1A OH5

Tel: (613)  
996-2387

Hong Kong Trade Development Council  
347 Bay Street, Suite 204  
Toronto, Ontario  
M5H 2R7

Tel: (416)  
366-3594,  
366-2642

REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT THE NEAREST REGIONAL OFFICE OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN YOUR AREA.

NEWFOUNDLAND LABRADOR	Director 210 Water Street St. John's, Newfoundland A1C 1A9	Tel: (709) 737-5511 Telex: 016-4749
NOVA SCOTIA	Director Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1N9	Tel: (902) 426-7540 Telex: 019-21829
NEW BRUNSWICK	Director Suite 642, 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 454-9707 Telex: 014-46140
PRINCE EDWARD ISLAND	Director P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown, Prince Edward Island C1A 8C1	Tel: (902) 892-1211 Telex: 014-44129
QUEBEC	Le directeur Bureau 2124, Place Victoria C.P. 257, Tour de la Bourse Montréal (Québec) H4Z 1J5	Tél: (514) 283-6254 Télex: 055-60768
	Le directeur Suite 620, 2, Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 051-3312

ONTARIO	Director Commerce Court West 51st Floor P.O. Box 325 Toronto, Ontario M5L 1G1	Tel: (416) 369-3711 Telex: 065-24378
	Regional Officer 9th Floor 240 Sparks Street Ottawa, Ontario K1A 0H5	Tel: (613) 996-1216 Telex: 053-4124
MANITOBA	Director Suite 1104 Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba R3C 0A5	Tel: (204) 985-2381 Telex: 075-7624
SASKATCHEWAN	Director Room 980 2002 Victoria Avenue Regina, Saskatchewan S4P 0R7	Tel: (306) 569-5020 Telex: 071-2745
ALBERTA NORTHWEST TERRITORIES	Director 500 Macdonald Place 9939 Jasper Avenue Edmonton, Alberta T5J 2W8	Tel: (403) 425-6330 Telex: 037-2762
BRITISH COLUMBIA YUKON	Director P.O. Box 49178, Suite 2743 Bentall Centre, Tower III 595 Burrard Street Vancouver, British Columbia V7X 1K8	Tel: (604) 666-1434 Telex: 04-51191



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