

**FRENCH COMPANIES TELL IT THE WAY THEY SEE IT**

While some people may sing the praises of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), applauding the good works of Chief Executive Tung Chee Wah, maintaining that the worst is over and that the economy is on the mend, for a number of members of the French Chamber of Commerce in the HKSAR, they have a different view of this enclave, lying, as it does, at the foot of the Asian Continent which is dominated by the sovereign power of the Government of the PRC.

The French Chamber, recently, concluded a survey of its members. The survey was based on a 26-percent return of its questionnaire, the theme of which centred on

1. business environment in the HKSAR;
2. forecasts of French companies, with offices or branches in the HKSAR; and,
3. staff policy.

Here are some of the highlights of the survey:

With regard to the business environment in the HKSAR since 1997, about 32 percent of the companies, surveyed, thought that business costs had improved, slightly, with about 2 percent of the companies, claiming that there had been a great improvement since 1997.

About 9 percent of the companies, participating in the survey, believe that there has been a slight deterioration in business costs since 1997.

On the subject of bureaucracy (misspelled by the French Chamber as 'bureaucraty'), about 12 percent of the companies, which were surveyed, thought that there had been a slight deterioration since 1997, and about 2 percent of the companies maintained that there had been a great deterioration in the level of bureaucracy in the HKSAR.

As for the HKSAR's legal system, about 5 percent of the Chamber's members believe that there has been a slight deterioration since 1997.

Turning to social stability, it appears that about 14 percent of the companies think that there has been a slight deterioration since 1997.

As for the quality of environment in the HKSAR, about 28 percent of the companies think that there has been a slight deterioration, overall.

On the subject of the business environment in the HKSAR, today, standing out, like the proverbial sore thumb, was that about 35 percent of the companies, surveyed, believe that business costs in the HKSAR are poor, and about 36 percent of those companies believe that labour costs, also, are poor.

While social stability approached the 39-percentage mark as being good, on the subject of the quality of life, about 14 percent of the companies believe that it is poor.

The legal system in the HKSAR, infrastructure efficiency and business efficiency all rated very highly within the respondents of the surveyed group.

For the next 2 years, about 48 percent of the companies believe that there will be a deterioration of the environment, while about 28 percent of the companies believe that the status quo will be maintained.

For the next 3-year plan, about 35 percent of the companies, which were surveyed, intend to expand, about 43 percent of the companies intend to remain as they are, today, and about 21 percent of the companies are planning to decrease operations in the HKSAR.

About 2 percent of the companies, surveyed, intend to relocate, out of the HKSAR.

Over the past 2 years, the companies, surveyed, stated that about 39 percent of the companies had reduced the number of expatriate staff in the HKSAR, in favour of a localization policy.

But, when Management of the surveyed companies was asked, '*Does Your Company Plan to Replace Expatriates with Locals?*' 39 percent of the respondents answered 'yes' and 61 percent of the respondents answered 'no'.

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