

Statistics on trade involving outward processing in the mainland of China, first quarter 2019

In the first quarter of 2019, 25.7% of Hong Kong's total exports to the mainland of China (the Mainland) were for outward processing in the Mainland. On the other hand, 36.9% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland, according to statistics released today (June 11) by the Census and Statistics Department (C&SD). Over the same period, 64.7% of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland.

In the first quarter of 2018, the corresponding proportions were 25.8% for total exports to the Mainland, 37.3% for imports from the Mainland and 65.0% for re-exports of Mainland origin to other places.

In value terms, \$123.5 billion of Hong Kong's total exports to the Mainland in the first quarter of 2019 were for outward processing in the Mainland, representing a decrease of 6.9% compared with the first quarter of 2018. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland decreased by 1.6% compared with the first quarter of 2018 to \$173.7 billion. Meanwhile, \$203.4 billion of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland, representing an increase of 1.1% compared with the first quarter of 2018.

The statistics for the first quarter of 2019 are given in the attached tables.

Information on trade involving outward processing in the Mainland is collected in a sample survey conducted by the C&SD. For the purpose of the survey, exports to the Mainland for outward processing refer to raw materials or semi-manufactures exported from or through Hong Kong to the Mainland for processing with a contractual arrangement for subsequent re-importation of the processed goods into Hong Kong.

Imports from the Mainland related to outward processing refer to processed goods imported from the Mainland, of which all or part of the raw materials or semi-manufactures have been under contractual arrangement exported from or through Hong Kong to the Mainland for processing.

Re-exports of Mainland origin to other places involving outward processing in the Mainland refer to processed goods re-exported through Hong Kong, of which all or part of the raw materials or semi-manufactures have been exported from or through Hong Kong to the Mainland for processing with a contractual arrangement for subsequent re-importation of the processed goods into Hong Kong.

In interpreting the statistics, it should be noted that all imports and exports of goods (not including transshipments and goods-in-transit) are recorded as external trade, irrespective of whether the goods are associated with outward processing or not. Moreover, the value and proportion of imports from the Mainland and re-exports of Mainland origin to other places involving outward processing in the Mainland refer to those of the entire goods instead of just the value added contributed by outward processing in the Mainland.

A sample of import/export declarations in respect of Hong Kong's trade with the Mainland and Hong Kong's re-exports originated in the Mainland to other places is selected for enumeration to obtain the required information from the establishments concerned. The findings of the survey facilitate a more informed analysis of the nature of Hong Kong's trade with the Mainland. In this respect, the survey results are a useful supplement to the regular trade statistics.

The above survey results will be included in the June 2019 issue of the "Hong Kong External Merchandise Trade". The publication will be available in August 2019. Users can download this publication free of charge from the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp230.jsp?productCode=B1020005).

Enquiries on the survey results may be directed to the Outward Processing and Shipping Statistics Section of the C&SD (Tel: 2582 2126 or email: ops@censtatd.gov.hk).

Construction output for first quarter of 2019

The total gross value of construction works performed by main contractors in the first quarter of 2019 decreased by 11.5% in nominal terms over a year earlier to \$56.9 billion, according to the provisional results of the Quarterly Survey of Construction Output released today (June 11) by the Census and Statistics Department (C&SD).

After discounting the effect of price changes, the provisional results showed that the total gross value of construction works performed by main contractors decreased by 13.9% in real terms over the same period.

Gross value of construction works in real terms is derived by deflating the corresponding nominal value with an appropriate price index to the price level in the base period of 2000.

Analysed by type of construction works, the gross value of construction

works performed at private sector sites totalled \$16.5 billion in the first quarter of 2019, down by 16.9% in nominal terms over a year earlier. In real terms, it decreased by 16.6%.

The gross value of construction works performed at public sector sites decreased by 25.1% in nominal terms over a year earlier to \$16.1 billion in the first quarter of 2019. In real terms, it decreased by 28.3%.

The gross value of construction works performed by main contractors at locations other than construction sites amounted to \$24.3 billion in the first quarter of 2019, up by 6.1% in nominal terms compared with a year earlier. In real terms, it increased by 3.3%. Construction works at locations other than construction sites included minor new construction activities and decoration, repair and maintenance for buildings; and electrical equipment installation and maintenance works at locations other than construction sites.

Analysed by major end-use group, the gross value of construction works performed at construction sites in respect of residential buildings projects amounted to \$14.9 billion in the first quarter of 2019, down by 16.9% in nominal terms over a year earlier. Over the same period, the gross value of construction works performed at construction sites in respect of transport projects dropped by 38.3% in nominal terms to \$6.8 billion in the first quarter of 2019.

On a seasonally adjusted quarter-to-quarter basis, the gross value of construction works performed by main contractors decreased by 7.1% in nominal terms and decreased by 5.2% in real terms in the first quarter of 2019 compared with the fourth quarter of 2018.

Table 1 shows the provisional figures on the gross value of construction works performed by main contractors in the first quarter of 2019. Tables 2 and 3 show the revised figures for the whole year of 2018 and the fourth quarter of 2018 respectively.

Owing to the widespread sub-contracting practices in the construction industry, a construction establishment can be a main contractor for one contract and a sub-contractor for another contract at the same time. The gross value of construction works performed by main contractors covers only those projects in which the construction establishment takes the role of a main contractor, but not projects in which it takes only the role of a sub-contractor. However, sub-contractors' contribution to projects should have been included in the gross value of construction works performed by main contractors for whom they worked.

The classification of construction establishments follows the Hong Kong Standard Industrial Classification Version 2.0, which is used in various economic surveys for classifying economic units into different industry classes.

More detailed statistics are given in "Report on the Quarterly Survey of

Construction Output, 1st Quarter 2019". Users can download this publication free of charge at the website of the C&SD (www.censtatd.gov.hk/hkstat/sub/sp330.jsp?productCode=B1090002).

For enquiries about the survey results, please contact the Construction and Miscellaneous Services Statistics Section of the C&SD (Tel: 3903 6965 or email: building@censtatd.gov.hk).

Exchange Fund Bills tender results

The following is issued on behalf of the Hong Kong Monetary Authority:

Exchange Fund Bills tender results:

Tender date	: June 11, 2019
Paper on offer	: EF Bills
Issue number	: Q1924
Issue date	: June 12, 2019
Maturity date	: September 11, 2019
Amount applied	: HK\$105,260 MN
Amount allotted	: HK\$46,226 MN
Average yield accepted	: 1.92 PCT
Highest yield accepted	: 1.96 PCT
Pro rata ratio	: About 30 PCT
Average tender yield	: 2.01 PCT

Tender date	: June 11, 2019
Paper on offer	: EF Bills
Issue number	: H1953
Issue date	: June 12, 2019
Maturity date	: December 11, 2019
Amount applied	: HK\$35,500 MN
Amount allotted	: HK\$9,000 MN
Average yield accepted	: 1.87 PCT
Highest yield accepted	: 1.88 PCT
Pro rata ratio	: About 89 PCT
Average tender yield	: 1.99 PCT

Tender date	: June 11, 2019
Paper on offer	: EF Bills
Issue number	: Y1990

Issue date	: June 12, 2019
Maturity date	: June 10, 2020
Amount applied	: HK\$10,620 MN
Amount allotted	: HK\$3,000 MN
Average yield accepted	: 1.80 PCT
Highest yield accepted	: 1.83 PCT
Pro rata ratio	: About 96 PCT
Average tender yield	: 1.98 PCT

Hong Kong Monetary Authority tenders to be held in the week beginning June 17, 2019:

Tender date	: June 18, 2019
Paper on offer	: EF Bills
Issue number	: Q1925
Issue date	: June 19, 2019
Maturity date	: September 18, 2019
Tenor	: 91 Days
Amount on offer	: HK\$43,485 MN

Tender date	: June 18, 2019
Paper on offer	: EF Bills
Issue number	: H1954
Issue date	: June 19, 2019
Maturity date	: December 18, 2019
Tenor	: 182 Days
Amount on offer	: HK\$10,000 MN

Tender date	: June 21, 2019
Paper on offer	: EF Bills
Issue number	: M1903
Issue date	: June 24, 2019
Maturity date	: July 31, 2019
Tenor	: 37 Days
Amount on offer	: HK\$1,000 MN

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Tuesday, June 11, 2019 is 105.3 (down 0.1 against yesterday's index).

EMSD signs MOC with academic and research institutions to promote innovation and technology (with photos)

The Electrical and Mechanical Services Department (EMSD) today (June 11) signed a memorandum of co-operation (MOC) with five local universities and seven research institutions to establish a strategic partnership to support the application of innovation and technology (I&T) in government departments so as to improve their services and enhance efficiency.

The Secretary for Innovation and Technology, Mr Nicholas W Yang, and the Director of Electrical and Mechanical Services, Mr Alfred Sit, witnessed the signing ceremony of the MOC. The areas of collaboration include promoting the use of the E&M InnoPortal, identifying I&T solutions for government departments and fostering knowledge and experience exchange, with a view to facilitating the application and development of I&T.

Speaking at the ceremony, Mr Yang said that collaboration and partnership are key tenets for I&T development, fostering a new culture of collaboration among stakeholders. The universities, research and development (R&D) centres and start-ups in Hong Kong are never short of innovative technology solutions. What they need more is the culture that supports embracing I&T. The E&M InnoPortal of the EMSD and the Smart Government Innovation Lab of the Office of the Government Chief Information Officer are the platforms that the Government uses to boost innovation. Through public-private partnership, government departments are encouraged to adopt technologies and local R&D results with a view to delivering better public services and driving applied R&D that benefits the local community.

Also addressing the ceremony, Mr Sit said he was very pleased that the EMSD had the opportunity to act as a facilitator to promote the application of new technologies and match the needs of government departments with I&T projects from start-ups through the E&M InnoPortal. He expressed the hope for pooling together local I&T efforts to provide appropriate innovation and technologies to society, and accelerate the implementation and testing of innovative solutions from universities and start-ups, thus creating an all-win situation.

The universities signing the MOC are the Chinese University of Hong Kong, the City University of Hong Kong, the Hong Kong Polytechnic University, the University of Hong Kong and the Hong Kong University of Science and Technology, while research institutions are the Hong Kong Science and Technology Parks Corporation, the Hong Kong Cyberport Management Company

Limited, the Hong Kong Productivity Council, the Hong Kong Applied Science and Technology Research Institute Company Limited, the Logistics and Supply Chain MultiTech R&D Centre, the Automotive Parts and Accessory Systems R&D Centre, and the Nano and Advanced Materials Institute Limited.

For details of the E&M InnoPortal of the EMSD, please visit <https://inno.emsd.gov.hk>.

