

# Statistics on trade involving outward processing in the mainland of China, first quarter 2020

In the first quarter of 2020, 24.1% of Hong Kong's total exports to the mainland of China (the Mainland) were for outward processing in the Mainland. On the other hand, 36.5% 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, 64.0% 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 2019, the corresponding proportions were 25.7% for total exports to the Mainland, 36.9% for imports from the Mainland and 64.7% for re-exports of Mainland origin to other places.

In value terms, \$113.7 billion of Hong Kong's total exports to the Mainland in the first quarter of 2020 were for outward processing in the Mainland, representing a decrease of 7.9% compared with the first quarter of 2019. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland decreased by 17.8% compared with the first quarter of 2019 to \$142.8 billion. Meanwhile, \$160.5 billion of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland, representing a decrease of 21.1% compared with the first quarter of 2019.

The statistics for the first quarter of 2020 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 2020 issue of the "Hong Kong External Merchandise Trade". The publication will be available in August 2020. 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](http://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](mailto:ops@censtatd.gov.hk)).

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## **Government announces appointments to Advisory Panel on BEPS 2.0**

The Government announced today (June 11) the appointments to the Advisory Panel on BEPS 2.0, which will advise the Government on issues relating to the proposal of the Organisation for Economic Co-operation and Development (OECD) to address the base erosion and profit shifting (BEPS) risks.

The Financial Secretary, Mr Paul Chan, announced in the 2020-21 Budget Speech that he would invite scholars, experts and members of the business community who are experienced in the fields of international taxation and economic development to tender advice on the OECD's proposal to impose a global minimum tax (commonly known as "BEPS 2.0").

The Advisory Panel will be chaired by the Secretary for Financial Services and the Treasury, and its terms of reference and membership are in the Annex.

Mr Chan said, "The non-official members of the Advisory Panel possess rich experience and knowledge in the fields of finance and business. I am grateful that they have joined the Advisory Panel to render advice on Hong Kong's tax policy."

The Advisory Panel will review the possible impact of the latest requirements under BEPS 2.0 on the competitiveness of Hong Kong's business environment, and advise the Financial Secretary on strategies and measures to facilitate the sustainable development of Hong Kong as an international financial, trading and business centre in light of the changing international tax landscape.

The OECD is working on a proposal to further address the BEPS risks. The proposal has two parts, namely digital tax and global minimum tax rate. Digital tax will create taxing rights for market jurisdictions to tax profits of certain businesses even if such businesses have no physical presence there. Global minimum tax would require multinational enterprises to pay a minimum level of tax on a group basis, or else the parent company will be subject to additional taxes or defensive measures imposed by the parent jurisdiction. The OECD aims to agree on a consensus-based solution for both parts of the proposal by the end of 2020.

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## **Total number of reported drug abusers in first quarter 2020 declines but youth drug abuse remains a concern**

The Action Committee Against Narcotics (ACAN) reviewed the local drug situation in the first quarter of 2020 at its quarterly meeting today (June 11). While the total number of reported drug abusers declined compared to the same period in 2019, the cannabis abuse problem among young people has persisted.

Figures from the Central Registry of Drug Abuse (CRDA) revealed that the total number of reported drug abusers in the first quarter this year decreased as compared with same period last year. However, the figures might have been affected by the COVID-19 situation. For example, reporting agencies might have come into contact with fewer drug abusers due to the pandemic, and might have taken more time to submit data of drug abusers to the CRDA. The Narcotics Division (ND) and ACAN will closely monitor the number of reported drug abusers in the remaining quarters of 2020 to arrive at suitable analysis of the drug situation in Hong Kong.

According to the latest figures of the CRDA, the total number of reported drug abusers in the first quarter of 2020 decreased by 13 per cent

(from 2,175 to 1,896) as compared to the same period last year. The number of reported drug abusers aged under 21 decreased by 15 per cent (from 162 to 138), with students accounting for 27 per cent of reported drug abusers of that age group, which was roughly equivalent to the proportion in the same period last year.

The number of reported cannabis abusers decreased by 13 per cent (from 182 to 159) compared to the same period in 2019. For reported drug abusers aged under 21, although the number of cannabis abusers decreased by 14 per cent (from 72 to 62) as compared to the same period last year, cannabis remained the most popular type of psychotropic substance abused. The situation warrants attention.

The number of newly reported drug abusers decreased by 29 per cent (from 460 to 326). Nearly half (49 per cent) of them were young adults aged between 21 and 35. The median history of drug abuse of newly reported abusers (i.e. the time for abusers to be reported to the CRDA by reporting agencies from their first drug abuse) was 5.6 years, compared with 5.5 years in the first quarter of 2019.

In the first quarter of 2020, the total number of reported psychotropic substance abusers (PSAs) decreased by 27 per cent (from 1,332 to 969) compared to the same period in 2019. The total number of reported narcotic analgesic abusers increased by 5 per cent (from 1,074 to 1,128). Among the newly reported cases, the number of PSAs (at 291) remained substantially higher than that of narcotic analgesic abusers (at 47).

Heroin remained the most common type of drug abused among all reported drug abusers, with the number of reported abusers having increased by 5 per cent (from 1,074 to 1,126) compared to the same period last year. Methamphetamine (commonly known as "Ice") continued to be the most common type of psychotropic substance abused, with the number of reported abusers having decreased by 28 per cent (from 489 to 350).

The CRDA figures for the first quarter of 2020 are available on the website of the ND ([www.nd.gov.hk/en/index.htm](http://www.nd.gov.hk/en/index.htm)).

The ACAN Chairman, Dr Ben Cheung, said, "As revealed by the figures of the CRDA, cannabis abuse among young people calls for attention. Parents are encouraged to learn and understand the harm of cannabis together with their children. Anyone who encounters drug problems, or would like to know more about drugs and their hazards, can seek help through the ND's instant messaging service 98 186 186 or 24-hour hotline 186 186."

The Commissioner for Narcotics, Ms Ivy Law, said, "With the summer holiday approaching, the ND and ACAN will step up anti-drug publicity. This will include the launch of new TV and radio Announcements in the Public Interest on the harm of cannabis, TV programmes, a new pamphlet and detailed information on cannabis, with a view to encouraging members of the public – in particular young people – to deepen their understanding on the harm of cannabis and resist the temptations of the drug. As for the perils of abusing

other drugs such as "Ice" and cocaine, the ND will continue to carry out relevant preventive education and publicity."

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## Anti-epidemic Fund to strengthen support for engineering, architectural, surveying, town planning and landscape sectors

The Development Bureau (DEVB) announced today (June 11) that with a view to encouraging and supporting private organisations to employ graduates and assistant professionals of the engineering, architectural, surveying, town planning and landscape sectors, the Government will provide salary subsidies to the relevant employers under the Anti-epidemic Fund.

The spokesman for the DEVB said that the Hong Kong economy has been hit by the COVID-19 pandemic, with the unemployment rate of the construction industry continuously rising. Both new graduates of the relevant professional sectors and assistant professionals who have just completed professional training or are waiting to attend the professional assessment examination are facing difficulties in finding jobs. There is a need to introduce targeted and swift measures to create for them opportunities for both on-the-job and practical training.

A total of 1 750 subsidy places, which are divided into two groups, will be provided under the new measures. The first group is similar to the existing Engineering Graduate Training Scheme provided by the Vocational Training Council. It is applicable to university students studying architecture, surveying, town planning and landscape architecture, and are graduating this year. The approved employers will receive a salary subsidy of \$5,610 per month for providing recognised professional training to each employed eligible graduate. The period of the subsidy is up to 18 months and a total of 500 subsidy places will be provided.

The second group is applicable to assistant professionals of the engineering, architectural, surveying, town planning and landscape sectors, which means the assistant engineers who complete the recognised training within this year but still need to obtain practical work experience, or the assistant professionals who complete the recognised training within this year and satisfy the admission criteria of the professional assessments in the architectural, surveying, town planning and landscape sectors. The approved employers will receive a salary subsidy of \$10,000 per month for providing opportunities for recognised professional practice to each eligible assistant professional employed. The period of the subsidy is up to 12 months and a

total of 1 250 subsidy places will be provided.

"The above subsidy will be able to provide employment and training opportunities for graduates and assistant professionals of the relevant professional fields. This helps to retain talents and nurture successors continuously under the influence of the pandemic. At the same time, we encourage and support relevant professional institutions and bodies to provide graduates and assistant professionals in the construction-related professions with various training to accelerate their development in the professional fields," the spokesman for the DEVB said.

The subsidy scheme will be opened for application from June 19 to July 18. The application forms and guidelines can be downloaded from the website of the DEVB ([www.devb.gov.hk/en/issues\\_in\\_focus/support\\_easpl/index.html](http://www.devb.gov.hk/en/issues_in_focus/support_easpl/index.html)).

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## **CHP announces no new local confirmed cases of COVID-19 today and follows up on Luk Chuen House cluster**

The Centre for Health Protection (CHP) of the Department of Health has announced that as of 4pm today (June 11), no new local confirmed cases of coronavirus disease 2019 (COVID-19) had been recorded, and that the number of cases in Hong Kong remained at 1 108 so far (comprising 1 107 confirmed cases and one probable case).

Meanwhile, the CHP has been proactively conducting epidemiological investigations and carrying out preventive control measures in regard to the cluster in Luk Chuen House, Lek Yuen Estate, Sha Tin. As of 4pm today, 1 397 deep throat saliva samples had been collected in Luk Chuen House, among which seven samples need to be collected again owing to leakage, while 1 390 samples have had testing for COVID-19 completed. Except for the four confirmed cases announced on June 2 with positive results, other samples have tested negative.

The CHP is also following up with the residents in Luk Chuen House who have not yet returned their deep throat saliva samples. As of 4pm today, the CHP, with assistance from the police, had been in touch with residents of one more unit and ascertained that they had moved out from Luk Chuen House before April. There is still one unit of relevant residents that the CHP cannot contact. The CHP strongly appeals to them to contact the CHP personnel according to the medical test order issued and return their samples to the CHP as soon as possible for testing.

Meanwhile, as of 4pm today, the CHP had collected and tested 2 120

samples for Luen Yuet House, Kwai Luen Estate, with no positive results.

The CHP again urged members of the public to maintain an appropriate social distance with other people as far as possible in their daily lives to minimise the risk of infection. In particular, they should go out less and avoid social activities such as meal gatherings or other gatherings to reduce the chance of contacting infected persons who may not present any symptoms, and minimise the risk of outbreak clusters emerging in the community.

A spokesman for the CHP said, "Given that the situation of COVID-19 infection remains severe and that there is a continuous increase in the number of cases reported around the world, members of the public are strongly urged to avoid all non-essential travel outside Hong Kong.

"The CHP also strongly urges the public to maintain at all times strict personal and environmental hygiene, which is key to personal protection against infection and prevention of the spread of the disease in the community. On a personal level, members of the public should wear a surgical mask when having respiratory symptoms, taking public transport or staying in crowded places. They should also perform hand hygiene frequently, especially before touching the mouth, nose or eyes.

"As for household environmental hygiene, members of the public are advised to maintain drainage pipes properly, regularly pour water into drain outlets (U-traps) and cover all floor drain outlets when they are not in use. After using the toilet, they should put the toilet lid down before flushing to avoid spreading germs."

Moreover, the Government has launched the website "COVID-19 Thematic Website" ([www.coronavirus.gov.hk](http://www.coronavirus.gov.hk)) for announcing the latest updates on various news on COVID-19 infection and health advice to help the public understand the latest updates. Members of the public may also gain access to information via the COVID-19 WhatsApp Helpline launched by the Office of the Government Chief Information Officer. Simply by saving 9617 1823 in their phone contacts or clicking the link [wa.me/85296171823?text=hi](https://wa.me/85296171823?text=hi), they will be able to obtain information on COVID-19 as well as the "StayHomeSafe" mobile app and wristband via WhatsApp.

To prevent pneumonia and respiratory tract infections, members of the public should always maintain good personal and environmental hygiene. They are advised to:

- Wear a surgical mask when taking public transport or staying in crowded places. It is important to wear a mask properly, including performing hand hygiene before wearing and after removing a mask;
- Perform hand hygiene frequently, especially before touching the mouth, nose or eyes, after touching public installations such as handrails or doorknobs, or when hands are contaminated by respiratory secretions after coughing or sneezing;
- Maintain drainage pipes properly and regularly (about once a week) pour about half a litre of water into each drain outlet (U-trap) to ensure environmental hygiene;



- Cover all floor drain outlets when they are not in use;
- After using the toilet, put the toilet lid down before flushing to avoid spreading germs;
- Wash hands with liquid soap and water, and rub for at least 20 seconds. Then rinse with water and dry with a disposable paper towel. If hand washing facilities are not available, or when hands are not visibly soiled, performing hand hygiene with 70 to 80 per cent alcohol-based handrub is an effective alternative;
- Cover your mouth and nose with tissue paper when sneezing or coughing. Dispose of soiled tissues into a lidded rubbish bin, then wash hands thoroughly; and
- When having respiratory symptoms, wear a surgical mask, refrain from work or attending class at school, avoid going to crowded places and seek medical advice promptly.