

# External Direct Investment of Hong Kong in 2021

Hong Kong's external direct investment (DI) statistics for 2021 were released today (December 9) by the Census and Statistics Department (C&SD).

## Stocks of DI

At the end of 2021, the total stock of Hong Kong's inward DI (i.e. the position of Hong Kong's DI liabilities) increased by 5.9% over a year earlier to \$16,826.2 billion. Its ratio to the Gross Domestic Product (GDP) stood at 586% in 2021. The increase in 2021 was mainly attributable to the positive DI inflow to Hong Kong during the year.

As for the total stock of Hong Kong's outward DI (i.e. the position of Hong Kong's DI assets), it increased by 4.5% over 2020 to \$17,154.3 billion. Its ratio to GDP was 598% in 2021. The increase in 2021 was mainly attributable to the positive DI outflow to enterprises outside Hong Kong during the year.

Analysed by immediate source of investment, the British Virgin Islands (BVI) and the mainland of China (the Mainland) were the two largest sources for Hong Kong's inward DI, with a share of 30.9% and 27.7% respectively at end-2021. Analysed by major economic activity of Hong Kong enterprise groups (HKEGs) which had received inward DI, those engaged in investment and holding, real estate, professional and business services took up the largest share, at 63.9% at end-2021. This was followed by banking, at 13.2%; and import/export, wholesale and retail trades, at 11.5%.

Analysed by immediate destination of investment, the Mainland and the BVI were the two largest destinations for Hong Kong's outward DI, with a share of 49.3% and 30.3% respectively at end-2021. Analysed by major economic activity of HKEGs which had made outward DI, those engaged in investment and holding, real estate, professional and business services took up the largest share, at 77.3% at end 2021. This was followed by import/export, wholesale and retail trades, at 8.8%.

## Flows of DI

In 2021, total DI inflow amounted to \$1,066.2 billion, larger than that of \$911.1 billion in 2020. On the other hand, total DI outflow in 2021 amounted to \$726.0 billion, larger than that of \$647.4 billion in 2020. Taking the inflow and outflow together, a net DI inflow of \$340.1 billion was recorded in 2021.

Analysed by immediate source of investment, the Mainland was the major source of Hong Kong's DI inflow in 2021, amounting to \$351.6 billion. The BVI came next, at \$311.0 billion. Analysed by major economic activity of HKEGs

which had received DI inflow, those engaged in investment and holding, real estate, professional and business services attracted the largest amount in 2021, at \$753.6 billion.

Analysed by immediate destination of investment, the Mainland accounted for a predominant share of Hong Kong's DI outflow in 2021, at \$436.4 billion. The BVI came next, at \$177.5 billion. Analysed by major economic activity of HKEGs which had made DI outflow, those engaged in investment and holding, real estate, professional and business services took up the largest amount, at \$518.7 billion.

## Commentary

A Government spokesman said that Hong Kong's total DI inflow and total DI outflow saw increases of 17.0% and 12.1% respectively in 2021, partly related to the visible recovery of the global and local economies during the year. A net DI inflow of \$340.1 billion was recorded in 2021, which was 29.0% larger than in the preceding year.

The stocks of overall inward and outward DI were substantial at end-2021, at \$16,826.2 billion and \$17,154.3 billion (586% and 598% of GDP) respectively, making Hong Kong one of the world's major destinations for and sources of external DI. The vast stock of external DI in Hong Kong testifies our status as a prominent international financial centre and commercial hub, as well as our attractiveness as a base for multinational corporations to manage their investments and businesses around the world.

Hong Kong's DI covers a large geographical spread and a wide range of economic activities, with the Mainland featuring prominently both as a source and as a destination.

The spokesman noted that the National 14th Five Year Plan sets a clear positioning for Hong Kong. With the country's staunch support, Hong Kong will fully leverage its unique advantages under "one country, two systems" and further reinforce our position as an international financial and business centre.

## Further Information

DI represents external investment in which an investor of an economy acquires a lasting interest and a significant degree of influence or an effective voice in the management of an enterprise located in another economy. For statistical purpose, an effective voice is taken as being equivalent to a holding of 10% or more of the voting power in an enterprise.

According to the international statistical standards, the total stocks and flows of DI presented above are compiled based on the "asset/liability principle", while detailed DI figures analysed by country/territory and by major economic activity of HKEGs are based on the "directional principle". Owing to the adoption of different presentation principles, the total stocks and flows of DI are different from the sums of the detailed DI figures by

country/territory or by major economic activity of HKEGs. However, the overall direct investment balance compiled from figures based on these two presentation principles respectively is the same.

Tables 1 and 2 show the positions (i.e. stocks) and flows of inward DI in Hong Kong by selected major investor country/territory and by major economic activity of HKEGs respectively for 2020 and 2021. Similar statistics on outward DI from Hong Kong are presented in Tables 3 and 4.

More detailed statistics for 2021 are given in the report External Direct Investment Statistics of Hong Kong 2021. Users can download the publication at the website of the C&SD ([www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1040003&scode=260](http://www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1040003&scode=260)).

Enquiries about the DI statistics may be directed to the Balance of Payments Branch (2) of the C&SD at 3903 7024.