

Statistics on trade involving outward processing in the mainland of China, third quarter 2018

In the third quarter of 2018, 26.6% of Hong Kong's total exports to the mainland of China (the Mainland) were for outward processing in the Mainland. On the other hand, 37.4% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland, according to statistics released today (December 11) by the Census and Statistics Department (C&SD). Over the same period, 71.5% of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland.

In the third quarter of 2017, the corresponding proportions were 27.5% for total exports to the Mainland, 38.7% for imports from the Mainland and 70.9% for re-exports of Mainland origin to other places.

In the first nine months of 2018, 26.5% of Hong Kong's total exports to the Mainland were for outward processing in the Mainland. On the other hand, 38.9% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland. Over the same period, 69.7% of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland.

The corresponding proportions in the first nine months of 2017 were 27.7% for total exports to the Mainland, 40.0% for imports from the Mainland and 71.0% for re-exports of Mainland origin to other places.

In value terms, \$165.9 billion of Hong Kong's total exports to the Mainland in the third quarter of 2018 were for outward processing in the Mainland, representing an increase of 7.6% compared with the third quarter of 2017. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland increased by 6.0% compared with the third quarter of 2017 to \$219.9 billion. Meanwhile, \$261.3 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 6.6% compared with the third quarter of 2017.

In the first nine months of 2018, \$450.8 billion of Hong Kong's total exports to the Mainland were for outward processing in the Mainland, representing an increase of 6.8% compared with the first nine months of 2017. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland increased by 5.8% compared with the first nine months of 2017 to \$620.8 billion. Meanwhile, \$713.0 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 5.6% compared with the first nine months of 2017.

The statistics for the third quarter and first nine months of 2018 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 December 2018 issue of the "Hong Kong External Merchandise Trade". The publication will be available in February 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 third quarter of 2018

The total gross value of construction works performed by main contractors in the third quarter of 2018 decreased by 1.1% in nominal terms over a year earlier to \$60.3 billion, according to the provisional results of the Quarterly Survey of Construction Output released today (December 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 4.5% 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 \$17.3 billion in the third quarter of 2018, down by 3.3% in nominal terms over a year earlier. In real terms, it decreased by 5.0%.

The gross value of construction works performed at public sector sites decreased by 18.7% in nominal terms over a year earlier to \$17.0 billion in the third quarter of 2018. In real terms, it decreased by 22.7%.

The gross value of construction works performed by main contractors at locations other than construction sites amounted to \$26.0 billion in the third quarter of 2018, up by 17.5% in nominal terms compared with a year earlier. In real terms, it increased by 14.8%. 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 \$15.2 billion in the third quarter of 2018, down by 6.5% 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 went down 25.0% in nominal terms to \$8.7 billion in the third quarter of 2018.

On a seasonally adjusted quarter-to-quarter basis, the gross value of construction works performed by main contractors decreased by 0.7% in nominal terms and decreased by 1.0% in real terms in the third quarter of 2018 compared with the second quarter of 2018.

Table 1 shows the provisional figures on the gross value of construction

works performed by main contractors in the third quarter of 2018. Table 2 shows the revised figures for the second quarter of 2018.

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, 3rd Quarter 2018". 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).

Special traffic arrangements on Hong Kong Island

Police will implement special traffic arrangements this Thursday (December 13) to facilitate a public event to be held on Hong Kong Island.

The slow lane and lay-by of eastbound Tung Hei Road (Island Eastern Corridor bound) outside the Hong Kong Museum of Coastal Defence will be intermittently closed from 7.30am to 10.30am, until the crowd is dispersed.

Actual implementation of the traffic arrangements will be made depending on traffic and crowd conditions in the area. Motorists are advised to exercise tolerance and patience and take heed of instructions of the Police on site.

84 companies honoured at Hong Kong Awards for Industries

Eighty-four companies were honoured today (December 11) at the 2018 Hong Kong Awards for Industries (HKAI) presentation ceremony, at which the Chief Executive, Mrs Carrie Lam, officiated.

The Grand Award winners were Roborn Dynamics Limited (equipment and machinery design), Standard Chartered Bank (Hong Kong) Limited – Retail Banking (customer service), Jing Mei Automotive Limited (smart productivity), Marvel Digital Limited (technological achievement), VPower Group International Holdings Limited (upgrading and transformation) and the Audio Session Company Limited (consumer product design).

A total of 259 entries were received in the 2018 HKAI. The winners were decided by the final judging panels chaired by Professor Way Kuo. There is a record-breaking number of winners this year, which speaks for the determination and achievement of Hong Kong companies in pursuing excellence.

The HKAI aims to recognise the outstanding achievements of Hong Kong enterprises in pursuit of advanced technology and high-value-added activities, and to commend excellence in enhancing competitiveness, service quality and various aspects of their performance.

The 2018 HKAI covers seven categories, namely the equipment and machinery design category organised by the Chinese Manufacturers' Association of Hong Kong, the customer service category organised by the Hong Kong Retail Management Association, the innovation and creativity category organised by the Hong Kong General Chamber of Commerce, the smart productivity category organised by the Hong Kong Productivity Council, the technological achievement category organised by the Hong Kong Science and Technology Parks Corporation, the upgrading and transformation category organised by the Hong Kong Young Industrialists Council, and the consumer product design category organised by the Federation of Hong Kong Industries.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Tuesday, December 11, 2018 is 105.7 (up 0.1 against yesterday's index).