

Statistics on trade involving outward processing in the mainland of China, first quarter 2023

In the first quarter of 2023, 17.3% of Hong Kong's total exports to the mainland of China (the Mainland) were for outward processing in the Mainland. On the other hand, 29.7% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland, according to statistics released today (June 9) by the Census and Statistics Department (C&SD). Over the same period, 59.6% 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 2022, the corresponding proportions were 19.2% for total exports to the Mainland, 31.1% for imports from the Mainland and 59.8% for re-exports of Mainland origin to other places.

In value terms, \$86.5 billion of Hong Kong's total exports to the Mainland in the first quarter of 2023 were for outward processing in the Mainland, representing a decrease of 31.1% compared with the first quarter of 2022. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland decreased by 14.1% compared with the first quarter of 2022 to \$132.6 billion. Meanwhile, \$160.1 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 17.4% compared with the first quarter of 2022.

The statistics for the first quarter of 2023 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.

Users can download the times series of outward processing trade statistics in Tables 410-52001 to 410-52003 (www.censtatd.gov.hk/en/scode230.html) at the website of the C&SD.

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

Results of monthly survey on business situation of small and medium-sized enterprises for May 2023

The Census and Statistics Department (C&SD) released today (June 9) the results of the Monthly Survey on Business Situation of Small and Medium-sized Enterprises (SMEs) for May 2023.

The current diffusion index (DI) on business receipts amongst SMEs decreased from 48.0 in April 2023 in the contractionary zone to 47.2 in May 2023, whereas the one-month's ahead (i.e. June 2023) outlook DI on business receipts was 49.2. Analysed by sector, the current DIs on business receipts for many surveyed sectors dropped by varying degrees in May 2023 as compared with previous month, particularly for the business services (from 51.9 to 46.9) and retail trade (from 49.4 to 45.8).

The current DI on new orders for the import and export trades remained at 48.0 in May 2023, whereas the outlook DI on new orders in one month's time (i.e. June 2023) was 49.4.

Commentary

A Government spokesman said that overall business sentiment among SMEs softened slightly in May. Expectation on the business situation in one month's time also retreated somewhat. Nonetheless, the overall employment situation remained broadly stable.

Looking forward, the spokesman said that slower growth in the advanced economies and tight financial conditions will continue to affect business sentiment, but the local economic recovery and the various measures introduced by the Government in boosting the recovery momentum should provide support. The Government will monitor the situation closely.

Further information

The Monthly Survey on Business Situation of Small and Medium-sized Enterprises aims to provide a quick reference, with minimum time lag, for assessing the short-term business situation faced by SMEs. SMEs covered in this survey refer to establishments with fewer than 50 persons engaged. Respondents were asked to exclude seasonal fluctuations in reporting their views. Based on the views collected from the survey, a set of diffusion indices (including current and outlook diffusion indices) is compiled. A reading above 50 indicates that the business condition is generally favourable, whereas that below 50 indicates otherwise. As for statistics on the business prospects of prominent establishments in Hong Kong, users may refer to the publication entitled "Report on Quarterly Business Tendency Survey" released by the C&SD.

The results of the survey should be interpreted with care. The survey solicits feedback from a panel sample of about 600 SMEs each month and the survey findings are thus subject to sample size constraint. Views collected from the survey refer only to those of respondents on their own establishments rather than those on the respective sectors they are engaged in. Besides, in this type of opinion survey on expected business situation, the views collected in the survey are affected by the events in the community occurring around the time of enumeration, and it is difficult to establish precisely the extent to which respondents' perception of the business situation accords with the underlying trends. For this survey, main bulk of the data were collected around the last week of the reference month.

More detailed statistics are given in the "Report on Monthly Survey on the Business Situation of Small and Medium-sized Enterprises". Users can browse and download the publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1080015&scode=300).

Users who have enquiries about the survey results may contact Industrial Production Statistics Section of the C&SD (Tel: 3903 7246; email: sme-survey@censtatd.gov.hk).

Quarterly business receipts indices for service industries for first quarter of 2023

Business receipts in value terms of many major service industries showed increases of different magnitudes in the first quarter of 2023 when compared with the first quarter of 2022, according to the provisional figures of business receipts indices released today (June 9) by the Census and Statistics Department (C&SD).

Comparing the first quarter of 2023 with the first quarter of 2022, double-digit increases were recorded in business receipts of the accommodation services (+84.5%), food services (+81.7%), banking (+30.6%), retail (+24.1%), and administrative and support services (+21.9%) industries. On the other hand, double-digit decreases were recorded in business receipts of the transportation (-18.7%), import/export trade (-17.5%) and courier (-12.5%) industries during the same period.

Analysed by service domain, business receipts of the tourism, convention and exhibition services domain increased by 400.6% year-on-year during the same period, whereas those of the computer and information technology services domain decreased by 9.9% year-on-year.

On a seasonally adjusted quarter-to-quarter comparison, business receipts in value terms of most of the major service industries recorded increases of different magnitudes in the first quarter of 2023 when compared with the fourth quarter of 2022. In particular, double-digit increases were recorded in business receipts of the accommodation services (+53.4%) and retail (+12.0%) industries. On the other hand, a double-digit decrease was recorded in business receipts of the courier (-10.6%) industry during the same period.

Comparing the first quarter of 2023 with the fourth quarter of 2022 and on a seasonally adjusted basis, business receipts of the tourism, convention and exhibition services domain increased by 150.3%, while those of the computer and information technology services domain also increased by 5.5%.

Commentary

A Government spokesman said that business of many service industries improved in the first quarter of 2023, thanks to the strong recovery of inbound tourism and domestic demand. Yet, the weak external environment continued to weigh on the business performance of those service industries that are related to external trade.

On a seasonally adjusted quarter-to-quarter comparison, business receipts of most service industries increased in the first quarter of 2023. On a year-on-year comparison, business receipts of many service industries increased, notably the retail, land transport, air transport, accommodation services, food services, film entertainment, banking, and administrative and support services industries. On the other hand, some industries saw decreases in business receipts, notably the import/export trade, water transport, courier, and asset management industries.

Looking ahead, the recovery of inbound tourism and domestic demand will continue to benefit the domestically-oriented service industries. The disbursement of consumption vouchers and "Happy Hong Kong" events will provide additional support to the consumption-related industries. Yet, slower growth in the advanced economies will continue to pose pressure on the externally-oriented service industries.

Further information

Table 1 presents the business receipts indices and their corresponding year-on-year rates of change in respect of selected service industries and service domains for the recent five quarters, while Table 2 shows the corresponding quarter-to-quarter rates of change in the business receipts indices for the recent five quarters based on the seasonally adjusted series.

The revised figures of business receipts indices for the first quarter of 2023 will be released at the website of the C&SD (www.censtatd.gov.hk/en/web_table.html?id=660-69001) and relevant publications of the C&SD starting from July 20, 2023.

Data for compiling the business receipts indices are mainly based on the Quarterly Survey of Service Industries conducted by the C&SD, supplemented by relevant data provided by the Hong Kong Monetary Authority and the Hong Kong Tourism Board.

A service domain differs from a service industry in that it comprises those economic activities which straddle different industries but are somehow related to a common theme. It may include all activities carried out by all establishments in a service industry that is closely related to the domain. For a service industry that is less closely related, however, only a portion of the establishments in the industry or even only part of the economic activities of the establishments is related to the domain. Taking the tourism, convention and exhibition services domain as an example, it includes all services of convention and exhibition organisers, short-term accommodation services and services of travel agents, and some (those involving visitors as customers) of the services of restaurants, retailers and transport operators.

The classification of service industries 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 the report "Quarterly Business Receipts Indices for Service Industries, First Quarter 2023". Users can browse and download this publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1080006&score=520).

For enquiries about the business receipts indices, please contact the Business Services Statistics Section of the C&SD (Tel: 3903 7267 or email: business-receipts@censtatd.gov.hk).

[22 persons arrested during anti-illegal worker operations \(with photos\)](#)

The Immigration Department (ImmD) mounted a series of territory-wide anti-illegal worker operations codenamed "Contribute" and "Twilight", and joint operations with the Hong Kong Police Force codenamed "Champion" and "Windsand", for four consecutive days from June 5 to yesterday (June 8). A total of 16 suspected illegal workers and six suspected employers were arrested.

During the anti-illegal worker operations, ImmD Task Force officers raided 26 target locations including manicure shops, massage parlours, premises under renovation, residential buildings, restaurants, a retail shop and a wet market. Twelve suspected illegal workers and five suspected employers were arrested. The arrested suspected illegal workers comprised four men and eight women, aged 25 to 60. Among them, one man and three women were holders of recognisance forms, which prohibit them from taking any employment. In addition, one woman was suspected of using and being in possession of a forged Hong Kong identity card. Three men and two women, aged 35 to 72, were suspected of employing the illegal workers and were also arrested.

During operation "Champion", enforcement officers raided 20 target locations in Central district, including restaurants, retail shops and salons. Three suspected illegal workers and one suspected employer were arrested. The arrested suspected illegal workers comprised one man and two women, aged 23 to 66. One man, aged 34, was suspected of employing the illegal workers and was arrested.

Furthermore, during operation "Windsand", one female Mainland visitor, aged 28, was arrested for breaching her condition of stay by being involved in suspected parallel trading activities at San Wan Road in Sheung Shui district. The goods are mainly skincare products.

An ImmD spokesman said, "Any person who contravenes a condition of stay in force in respect of him or her shall be guilty of an offence. Also, visitors are not allowed to take employment in Hong Kong, whether paid or unpaid, without the permission of the Director of Immigration. Offenders are liable to prosecution and upon conviction face a maximum fine of \$50,000 and up to two years' imprisonment. Aiders and abettors are also liable to prosecution and penalties."

The spokesman warned, "As stipulated in section 38AA of the Immigration Ordinance, an illegal immigrant, a person who is the subject of a removal order or a deportation order, an overstayer or a person who was refused permission to land is prohibited from taking any employment, whether paid or unpaid, or establishing or joining in any business. Offenders are liable upon conviction to a maximum fine of \$50,000 and up to three years' imprisonment. Under the prevailing laws, it is an offence to use or possess a forged Hong Kong identity card or a Hong Kong identity card related to another person. Offenders are liable to prosecution and upon conviction face a maximum fine of \$100,000 and up to 10 years' imprisonment."

The spokesman reiterated that it is a serious offence to employ people who are not lawfully employable. Under the Immigration Ordinance, the maximum penalty for an employer employing a person who is not lawfully employable, i.e. an illegal immigrant, a person who is the subject of a removal order or a deportation order, an overstayer or a person who was refused permission to land, has been significantly increased from a fine of \$350,000 and three years' imprisonment to a fine of \$500,000 and 10 years' imprisonment to reflect the gravity of such offences. The director, manager, secretary, partner, etc, of the company concerned may also bear criminal liability. The High Court has laid down sentencing guidelines that the employer of an illegal worker should be given an immediate custodial sentence.

According to the court sentencing, employers must take all practicable steps to determine whether a person is lawfully employable prior to employment. Apart from inspecting a prospective employee's identity card, the employer has the explicit duty to make enquiries regarding the person and ensure that the answers would not cast any reasonable doubt concerning the lawful employability of the person. The court will not accept failure to do so as a defence in proceedings. It is also an offence if an employer fails to inspect the job seeker's valid travel document if the job seeker does not have a Hong Kong permanent identity card. Offenders are liable upon conviction to a maximum fine of \$150,000 and to imprisonment for one year. In that connection, the spokesman would like to remind all employers not to defy the law by employing illegal workers. The ImmD will continue to take resolute enforcement action to combat such offences.

Under the existing mechanism, the ImmD will, as a standard procedure, conduct an initial screening of vulnerable persons, including illegal workers, illegal immigrants, sex workers and foreign domestic helpers, who are arrested during any operation with a view to ascertaining whether they are trafficking in persons (TIP) victims. When any TIP indicator is revealed in the initial screening, the ImmD officers will conduct a full debriefing

and identification by using a standardised checklist to ascertain the presence of TIP elements, such as threats and coercion in the recruitment phase and the nature of exploitation. Identified TIP victims will be provided with various forms of support and assistance, including urgent intervention, medical services, counselling, shelter or temporary accommodation and other supporting services. The ImmD calls on TIP victims to report crimes to the relevant departments immediately.



[Effective Exchange Rate Index](#)

The effective exchange rate index for the Hong Kong dollar on Friday, June 9, 2023 is 103.5 (down 0.3 against yesterday's index).