

# Advance estimates on Gross Domestic Product for first quarter of 2021

The Census and Statistics Department (C&SD) released today (May 3) the advance estimates on Gross Domestic Product (GDP) for the first quarter of 2021.

According to the advance estimates, GDP increased by 7.8% in real terms in the first quarter of 2021 over a year earlier, as against the decrease of 2.8% in the fourth quarter of 2020. The larger increase in GDP in the first quarter of 2021 was mainly attributable to the strong performance of external trade during the quarter and the low base of comparison last year.

Analysed by major GDP component, private consumption expenditure increased by 1.6% in real terms in the first quarter of 2021 over a year earlier, as against the 6.9% decline in the fourth quarter of 2020.

Government consumption expenditure measured in national accounts terms grew by 6.7% in real terms in the first quarter of 2021 over a year earlier, after the increase of 6.1% in the fourth quarter of 2020.

Gross domestic fixed capital formation increased by 4.5% in real terms in the first quarter of 2021 over a year earlier, compared with the increase of 3.6% in the fourth quarter of 2020.

Over the same period, total exports of goods measured in national accounts terms recorded an increase of 30.6% in real terms over a year earlier, much higher than the increase of 5.5% in the fourth quarter of 2020. Imports of goods measured in national accounts terms grew by 23.3% in real terms in the first quarter of 2021, compared with the increase of 6.7% in the fourth quarter of 2020.

Exports of services fell by 8.7% in real terms in the first quarter of 2021 from a year earlier, compared with the decrease of 28.8% in the fourth quarter of 2020. Imports of services decreased by 14.9% in real terms in the first quarter of 2021, compared with the decrease of 33.9% in the fourth quarter of 2020.

On a seasonally adjusted quarter-to-quarter comparison basis, GDP increased by 5.3% in real terms in the first quarter of 2021 when compared with the fourth quarter of 2020.

## Commentary

A Government spokesman said that the Hong Kong economy saw a visible recovery in the first quarter of 2021, ending the streak of year-on-year contraction in the preceding six quarters. The sharp rebound in the first quarter mainly reflected the very strong growth of exports of goods amid the

global economic recovery led by the Mainland and the US. According to the advance estimates, real GDP resumed appreciable year on year growth of 7.8% in the first quarter of 2021, as compared to the 2.8% decline in the preceding quarter. On a seasonally adjusted quarter to quarter comparison, real GDP rose visibly by 5.3% in the first quarter, a marked acceleration from the 0.5% increase in the preceding quarter.

The economic recovery was, however, uneven and overall economic activity was still below the pre-recession level, as the pandemic and social distancing requirements continued to weigh on certain economic segments, particularly those involving consumer-facing activities. Moreover, tourism remained in the doldrums. It is thus essential for the community as a whole to spare no effort to keep the epidemic under control and to ensure the success of the COVID-19 vaccination programme. This will pave the way for a broad-based economic recovery and a gradual resumption of international travel.

Analysing the economic performance in the first quarter of 2021 by major expenditure component, total exports of goods soared alongside the notable revival of global trading and production activities. Exports of services saw a visibly narrowed decline, though inbound tourism remained at a standstill amid stringent travel restrictions. On the domestic front, private consumption expenditure grew only modestly even against an exceptionally low base of comparison, as outbound tourism was severely hindered and the fourth wave of local epidemic disrupted consumption activities especially in the early part of the quarter. The austere labour market conditions also affected consumer sentiment. Meanwhile, overall investment expenditure sustained moderate growth.

Looking ahead, the global economic recovery led by the Mainland and the US should bode well for Hong Kong's exports of goods in the near term. Exports of services should likewise improve, though the revival of tourism-related activities will likely be slow in view of the still austere pandemic situation in many places around the world. Other risk factors such as China-US relations and geopolitical tensions also warrant attention. Domestically, if the local epidemic remains well contained, business and consumer confidence, supported by the various government relief measures and the improving global economic conditions, can hopefully see a broader based improvement later this year. The Government will monitor the situation closely.

The revised figures on GDP and more detailed statistics for the first quarter of 2021, as well as the revised GDP forecast for 2021 will be released on May 14, 2021.

Further information

The year-on-year percentage changes of GDP and selected major expenditure components in real terms from the first quarter of 2020 to the first quarter of 2021 are shown in Table 1.

When more data become available, the C&SD will compile revised figures on GDP. The revised figures on GDP and more detailed statistics for the first quarter of 2021 will be released at the C&SD website ([www.censtatd.gov.hk/en/scode250.html](http://www.censtatd.gov.hk/en/scode250.html)) and the Gross Domestic Product (Quarterly) Report ([www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1030001&scode=250](http://www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1030001&scode=250)) on May 14, 2021.

For enquiries about statistics on GDP by expenditure component, please contact the National Income Branch (1) of the C&SD (Tel: 2582 5077 or email: [gdp-e@censtatd.gov.hk](mailto:gdp-e@censtatd.gov.hk)).

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## **LegCo Panel on Health Services special meeting**

The following is issued on behalf of the Legislative Council Secretariat:

The Legislative Council (LegCo) Panel on Health Services will hold a special meeting tomorrow (May 4) at 2.30 pm in Conference Room 3 of the LegCo Complex to discuss measures for the prevention and control of coronavirus disease 2019 in Hong Kong.

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## **Effective Exchange Rate Index**

The effective exchange rate index for the Hong Kong dollar on Monday, May 3, 2021 is 101.3 (up 0.3 against last Friday's index).

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## **Speech by SCED at APEC Business Advisory Council Public-Private Dialogue (English only) (with photo)**

Following is a speech by the Secretary for Commerce and Economic Development, Mr Edward Yau, at the virtual meeting of the Asia-Pacific

Economic Cooperation (APEC) Business Advisory Council (ABAC) Public-Private Dialogue today (May 3):

Minister Ong (Minister for Transport of the Republic of Singapore, Mr Ong Ye Kung), Nick (Hong Kong, China's Representative to APEC ABAC, Mr Nicholas Ho), friends of APEC and ABAC,

Great to "see" you all, albeit on screen.

I am sure all of you would share with me that the most common and desperate desire or resolution, at the start of 2021, must be the earnest wish for the expeditious resumption of travel free of the threat of COVID-19. There are simply too many family members and friends, not to mention business partners whom we have not seen face to face for long.

Across the world, the travel industry is a key contributor to jobs, businesses and economic development. The more-than-a-year of suspension of cross-border travel worldwide under COVID is not just about grounded flights and decimated tourism. It also has far-reaching impact on the global and national economies. According to the UN World Tourism Organization, international arrivals dropped by 73 per cent in 2020 globally, and by 84 per cent in Asia Pacific. The huge decline has led to a loss of 1.3 trillion US dollars in total export revenues from international tourism, putting 120 million tourism jobs at risk.

So idling is not an option, but in the processing of achieving reopening of boundaries, we must also respect science, particularly medical science and public health. That's why we have to work very closely with our own public health authorities as well as our counterparts in other jurisdictions. We must plan for the best and prepare for the worst. Taking the example of the Air Travel Bubble between Hong Kong and Singapore, we shouldn't be discouraged by some of the hiccups, but rather we should learn from every step with all the experiences as we move forward.

For international business hubs such as Hong Kong and Singapore, the impact of global border controls are particularly acute. Today's dialogue co-hosted by the ABAC of Hong Kong and Singapore has come timely for policymakers and business leaders to share insights on the road to recovery for both tourism and the economy as we battle our way out of COVID.

From day one, the fight against COVID has been a twin battle – unless the epidemic is contained, economic recovery would continue to be a losing battle.

To win these battles involves difficult choices, balancing between public health risks and business survival for hard-hit sectors like tourism, retail and catering. This is particularly so when the fourth wave of COVID hit Hong Kong last November. Sparing no time, we immediately tightened up social distancing measures and lengthened the compulsory quarantine period for inbound travellers so as to keep the virus at bay. And, to many people's disappointment, we had to push back the launch plan of the long-awaited Air Travel Bubble with Singapore at the eleventh hour. But our fight to resume

bilateral travel has not stopped.

While the new wave of measures have brought much inconvenience to our citizens and dealt another heavy blow to our businesses, we have managed to contain the epidemic since February, with the daily local unlinked cases in recent weeks at very small number or even down to zero some of the days last week. The 7DMA (the seven day moving average) of unlinked cases yesterday is 0.1 case. This we cannot achieve without the collective efforts of the community.

Hong Kong's stabilised epidemic situation gives us the confidence and indeed the condition to re-open local businesses progressively. And to add to the re-opening league, I and Minister Ong announced just last week the re-launch of the Air Travel Bubble with Singapore.

Singapore is one of our important visitor source markets as well as close economic and trade partners. This Bubble is definitely an important milestone of border reopening, enabling a genuine return to pre-COVID cross-border travel – no restrictions on travel purposes, no compulsory quarantine, no restrictions on itineraries – so long as travellers comply with a set of stringent health protocols.

We are now all set for the Bubble's inaugural flights in three weeks' time on May 26, 2021, but we will of course continue to keep close watch on the situation; and there are mechanisms in place to cater for exceptional circumstances. These include double tests before departure and upon arrival, dedicated flights, added safeguards on suspension and resumption criteria, just to name a few. I would like to take this opportunity to thank Minister Ong and his team together with colleagues in my Tourism Commission for working tirelessly over the past months to bring this endeavour into fruition.

The Hong Kong-Singapore Air Travel Bubble is not just a crucial step to border reopening for the two places, but also an important leap for international safe, and quarantine-free travel resumption. I look forward to expanding this bubble arrangement with our trading partners with similar success in containing COVID in the months ahead.

Apart from Singapore, we are also engaging other potential travel bubble partners overseas, and at the same time working towards gradual resumption of quarantine-free travel with the Mainland.

Just as the coronavirus cunningly evolves and mutates, our strategy for epidemic control must also evolve alongside in order that we could stay on top of the pandemic. As our Chief Executive announced recently, the Hong Kong strategy has been refined to attain 4Rs, i.e.:

- Return to normality
- Refrain from "stop and go"
- Reinforce infection control measures in a targeted manner
- Reiterate the need for concerted community efforts

Adopting the concept of "vaccine bubbles" as the basis, social distancing measures can be further relaxed and more business activities can resume, as long as staff and patrons alike are vaccinated, with public health safeguards remaining intact. It is in this spirit that we are also asking Hong Kong residents to get fully vaccinated before boarding a designated flight of the Air Travel Bubble – in order to better protect themselves.

As far as vaccination goes, Hong Kong has secured a vaccine supply twice the size of the population. Every resident can be sure to get two doses of vaccination for free, and can have a choice over which vaccine to take. The vaccine is available to anyone aged 16 or above. Since the roll-out of the vaccination programme in late February, nearly 1.5 million doses of vaccine have been administered, meaning 14.5 per cent of the eligible population already has had their first jab. We will keep up the effort to encourage more residents to get vaccinated.

On the multilateral front, there are a number of initiatives to create digital health passes on testing and vaccination records to facilitate international travel, for example, CommonPass, IATA (the International Air Transport Association) Travel Pass, AOKpass and the health code of Mainland China. They are at different stages of readiness for application. At our end, we are working to ensure that travellers can use them to come to Hong Kong, and Hong Kong will be able to serve them as an international hub. Already in Hong Kong, our residents can keep an electronic record of their COVID test results and vaccine jabs on our own digital platform, the "iAM Smart" mobile app. We will see how this app can eventually integrate with various digital health passes.

I truly believe that we will all emerge from the pandemic stronger and more united. COVID has certainly dealt a heavy blow on economies – on the travel trade, tourism and hospitality sectors, on business in general, and on governments. But there is a silver lining – where there is hope, there are new opportunities. Indeed, each of us is searching for ways to take our enterprises and organisations to the next level, to pursue digitalisation, to adopt more innovative operations and to achieve more sustainable growth. These are common values that the APEC family treasures. We remain confident that we can count on the collective wisdom of the ABAC community to bring about a smarter, healthier and safer environment as we walk out of the pandemic.

Thank you.



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## Sharing knowledge on clinical advances at Hospital Authority Convention

The following is issued on behalf of the Hospital Authority:

The Hospital Authority (HA) Convention 2021 is being held at the Hong Kong Convention and Exhibition Centre and via webinar today and tomorrow (May 3 and 4), with around 50 distinguished speakers from the Mainland, overseas and Hong Kong sharing their knowledge and insights on various health topics of interest with around 3 000 healthcare and academic professionals.

Commemorating the 30th anniversary of the establishment of the HA, the annual HA Convention is this year focusing on the HA's core values, namely "People-centred Care", "Professional Service", "Committed Staff" and "Teamwork". It aims to promote the sharing of knowledge and experience on clinical advances and approaches to modern healthcare service, and facilitate exploration and discussion of the sustainability of the HA, smart hospitals, combating the pandemic and contemporary concepts among healthcare professionals and stakeholders.

The HA Convention 2021 was officially opened this morning by the Chief Executive, Mrs Carrie Lam; the Minister of the National Health Commission, Mr Ma Xiaowei (whose speech was delivered via video); the Secretary for Food and Health, Professor Sophia Chan; the HA Chairman, Mr Henry Fan; and the HA Chief Executive, Dr Tony Ko.

In his welcome address, Mr Fan expressed gratitude to the Central Government and the Hong Kong Special Administrative Region Government for the unwavering support in combating the pandemic. "The swift setting up of the Community Treatment Facility at AsiaWorld-Expo and the North Lantau Hospital Hong Kong Infection Control Centre has significantly enhanced the resilience and capability of the public healthcare system in fighting the pandemic," he said.

Mr Fan also thanked the Government for its staunch support for the HA. He added that, despite facing the pressure of an acute budget deficit, the Government had continued to increase the HA's annual funding by 4.7 per cent to \$82.4 billion, and had also provided the HA with over \$8 billion for ensuring sufficient support and protection for front-line healthcare staff and timely treatment for patients in combating the pandemic.

While the HA is celebrating its 30th anniversary, Mr Fan said the HA is facing formidable challenges of escalating service demand arising from the growing and ageing population, rising public expectations, and increasing prevalence of chronic diseases.

"Therefore, we have embarked on an agenda to examine the major challenges and develop a blueprint for the sustainable development of our public healthcare system for the coming decades. The Task Group on Sustainability formed under the HA Board has formulated forward-looking recommendations and measures which are being implemented in stages," he said.

Mr Fan pointed out that the implementation of measures to achieve a sustainable future requires tremendous effort. "With the gathering of so many distinguished speakers and experts from around the world, I believe that we could all gain more insight in not only areas of sustainability and smart hospitals, but also on the latest developments in regard to the COVID-19 pandemic and patient safety," he said.

Delivering his keynote address, "Embracing the Past, Reaching Out for a Sustainable Future", Dr Ko consolidated HA's past experience in preparation for the future ahead.

"Over the past three decades, the HA has held steadfast to its mission to provide high-quality patient-centred healthcare services to the Hong Kong community. We have put in place many initiatives and service developments in terms of hardware and software," he said.

"As we are now moving on with the development of smart care and smart hospital projects for the coming years, I wish to take this opportunity to thank our predecessors who dared to dream big and pioneer a lot of great initiatives. I am really glad to see that this pioneer spirit continues to grow in the HA and many more innovative ideas are budding. And many of our dreams today, I believe, will also become reality very soon."

Dr Ko said the HA had been facing the dual challenge of the growing and ageing population, and the high and increasing number of patients with chronic diseases.

"Hong Kong's population will increase by around 7 per cent from 7.5 million in 2020 to more than 8 million in 2036, with significant growth in the elderly population, with the percentage of elderly sharply rising from 18 per cent to 30 per cent," he said.

"Parallel to the ageing population and higher longevity is the rising

occurrence of chronic illnesses, not only for the elderly population but also for middle-aged citizens aged 40 to 64. According to the latest projection, the number of patients with chronic diseases will increase by 50 per cent from 2 million by the end of 2019 to 3 million by the end of 2039."

Dr Ko said the rapidly growing demand would quickly further outstrip the supply, and would be a major sustainability challenge to the HA.

To address the sustainability issue, Dr Ko said that the HA is adopting a three-pronged approach through narrowing upstream, collaborating downstream, and diverting midstream. "One of the key directions is to change the service models towards the provision of smart care so as to keep patients healthy in the community and reduce their need for hospitalisation," he said.

Dr Ko added that the HA has four major strategies in driving for this change of service model: adopting data-driven care, developing personalised care, promoting ambulatory care, and enhancing community-based services.

He said that, facing vigorous growth in demand, as well as a shortage of key manpower resources, the HA is also working towards the strategic direction of developing smart hospitals, aiming to achieve digital innovations in meeting future sustainability challenges.

"In essence, our smart hospital strategy aims to enhance the HA's digital capabilities to develop new models of healthcare delivery, improve patients' experience and engage them better in their own care, and provide more efficient support for both clinical and non-clinical staff in the workplace."

Dr Ko said the HA has also strived to build a smart and happy workforce in enabling the direction towards the provision of smart care and smart hospitals. "The HA currently has almost 90 000 staff. Human capital is always our greatest asset, and is also one of the focus areas studied by the Task Group on Sustainability," he said.

In his concluding remarks, Dr Ko said he believed that with the strong support of the Government and the guidance of the HA Board, a dedicated healthcare workforce and close partnership with other stakeholders, the HA will successfully move forward to provide a sustainable healthcare service to help people live healthier and happier.

"While we may not have magical solutions to all challenges ahead, we have strong resolve to provide the best care to our patients," Dr Ko said.