

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

In the second quarter of 2018, 27.2% of Hong Kong's total exports to the mainland of China (the Mainland) were for outward processing in the Mainland. On the other hand, 41.9% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland, according to statistics released today (September 11) by the Census and Statistics Department (C&SD). Over the same period, 72.1% of Hong Kong's re-exports of Mainland origin to other places were produced through outward processing in the Mainland.

In the second quarter of 2017, the corresponding proportions were 28.8% for total exports to the Mainland, 43.3% for imports from the Mainland and 75.1% for re-exports of Mainland origin to other places.

In the first half of 2018, 26.5% of Hong Kong's total exports to the Mainland were for outward processing in the Mainland. On the other hand, 39.7% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland. Over the same period, 68.8% 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 half of 2017 were 27.9% for total exports to the Mainland, 40.8% for imports from the Mainland and 71.0% for re-exports of Mainland origin to other places.

In value terms, \$152.2 billion of Hong Kong's total exports to the Mainland in the second quarter of 2018 were for outward processing in the Mainland, representing an increase of 5.1% compared with the second quarter of 2017. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland increased by 5.9% compared with the second quarter of 2017 to \$224.2 billion. Meanwhile, \$250.5 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 5.9% compared with the second quarter of 2017.

In the first half of 2018, \$284.9 billion of Hong Kong's total exports to the Mainland were for outward processing in the Mainland, representing an increase of 6.4% compared with the first half of 2017. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland increased by 5.6% compared with the first half of 2017 to \$400.8 billion. Meanwhile, \$451.6 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 5.1% compared with the first half of 2017.

The statistics for the second quarter and first half 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 September 2018 issue of the "Hong Kong External Merchandise Trade". The publication will be available in November 2018. 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 second quarter of 2018

The total gross value of construction works performed by main contractors in the second quarter of 2018 decreased by 1.6% in nominal terms over a year earlier to \$61.5 billion, according to the provisional results of the Quarterly Survey of Construction Output released today (September 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 6.5% 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 \$19.7 billion in the second quarter of 2018, up by 3.3% in nominal terms over a year earlier. In real terms, it increased by 1.1%.

The gross value of construction works performed at public sector sites decreased by 14.5% in nominal terms over a year earlier to \$19.5 billion in the second quarter of 2018. In real terms, it decreased by 18.0%.

The gross value of construction works performed by main contractors at locations other than construction sites amounted to \$22.3 billion in the second quarter of 2018, up by 8.1% in nominal terms compared with a year earlier. In real terms, it showed virtually no change. 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 \$18.5 billion in the second quarter of 2018, up by 8.1% 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 30.2% in nominal terms to \$9.1 billion in the second quarter of 2018.

On a seasonally adjusted quarter-to-quarter basis, the gross value of construction works performed by main contractors decreased by 4.6% in nominal terms and decreased by 6.2% in real terms in the second quarter of 2018 compared with the first quarter of 2018.

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

works performed by main contractors in the second quarter of 2018. Table 2 shows the revised figures for the first 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, 2nd 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).

Launch of Electronic Road Pricing Pilot Scheme's new dedicated website

The Transport Department (TD) announced today (September 11) that a new dedicated website for the "Electronic Road Pricing Pilot Scheme in Central and its Adjacent Areas" has been launched with a view to promoting public understanding of the pilot scheme.

Electronic road pricing (ERP) is a traffic management tool that addresses localised road traffic congestion. It seeks to reduce the number of vehicles within the charging area by charging them for using the roads therein, hence improving traffic conditions in the charging area.

The TD commissioned a consultant to carry out an in-depth feasibility study on the pilot scheme at the end of 2017. The feasibility study includes carrying out a detailed analysis of the views collected during the Stage 1 public engagement activities in 2016, as well as formulating detailed options for the pilot scheme with reference to the latest traffic data, overseas experience and previous ERP study results, for seeking the views of the

public and stakeholders.

The new dedicated website of the pilot scheme outlines the concept of the scheme, and provides relevant information about the implementation of ERP in overseas cities. Members of the public are welcome to visit the dedicated website (www.erp.gov.hk).

Arrangement on automatic exchange of financial account information in tax matters between Mainland and HKSAR in force

An arrangement between the Mainland and Hong Kong for conducting automatic exchange of financial account information in tax matters (AEOI) came into effect on September 6, 2018.

"With the conclusion of the arrangement, Hong Kong will conduct AEOI with the Mainland for the first time later this month along with that for 49 jurisdictions. Hong Kong will continue to deliver its obligations to implement AEOI in accordance with the Common Reporting Standard promulgated by the Organisation for Economic Co-operation and Development," a government spokesman said.

Hong Kong has already activated exchange relationships under AEOI with 49 other jurisdictions on the basis of similar bilateral competent authority agreements or a multilateral competent authority agreement under the Convention on Mutual Administrative Assistance in Tax Matters.

AEOI is a global tax co-operation initiative which mandates financial institutions to identify financial accounts held by tax residents of reportable jurisdictions and collect relevant information for reporting to the tax authority. The Inland Revenue Department of Hong Kong will exchange the relevant information with their counterparts in the reportable jurisdictions concerned on an annual basis. As of end August 2018, 149 jurisdictions, including Hong Kong, have undertaken to implement AEOI.

Restaurant in Tsuen Wan convicted for generating excessive noise from its ventilation system

The ventilation system of a restaurant in Tsuen Wan caused night-time noise nuisance which affected nearby residents. The responsible person of the restaurant was fined \$10,000 at Fanling Magistrates' Courts today (September 11) for contravening the Noise Control Ordinance (NCO).

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A spokesman for the Environmental Protection Department (EPD) said that the department received a complaint in October last year from a resident against the excessive noise emanating from a restaurant located at Sam Pei Square in Tsuen Wan. The investigation conducted by EPD enforcement officers confirmed that the noise generated by the restaurant's ventilation system at night exceeded the statutory limit and a noise abatement notice (NAN) was issued to request for improvement. EPD staff made a follow-up inspection in March this year and found that there was no improvement in the noise level generated from the restaurant's ventilation system at night, which reached 71 decibels after 11pm and exceeded the statutory limit by 16dB. It was comparable to the noise level of a busy traffic street in the daytime, seriously affecting the daily lives of members of the public. The department then initiated prosecution against the owner of the restaurant.

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The spokesman reminded all operators of food premises to carry out regular inspection and maintenance of ventilation systems installed at their premises. They should hire a professional contractor to replace the parts and install noise abatement equipment for their ventilation systems to ensure their normal operation and avoid causing noise nuisance to nearby residents.

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According to the NCO, anyone who violates the requirements of a noise abatement notice commits an offence. First-time offenders are liable to a maximum fine of \$100,000. A maximum fine of \$200,000 may be imposed on second or subsequent conviction.