

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).