

Continued increase in Hong Kong's gross expenditure on research and development in "Hong Kong Innovation Activities Statistics 2022"

According to the report "Hong Kong Innovation Activities Statistics 2022" released today (December 21) by the Census and Statistics Department, the gross domestic expenditure on research and development (GERD) of Hong Kong in 2022 amounted to \$30,138 million, representing an increase of 8 per cent compared with the corresponding figure in 2021. The GERD as a ratio to the Gross Domestic Product (GDP) increased to 1.07 per cent in 2022.

A Government spokesman said, "The country indicates clear support in the National 14th Five-Year Plan for Hong Kong to develop into an international innovation and technology (I&T) centre. I&T has always been a top priority of the Government. In recent years, the Government has invested heavily in developing I&T infrastructure, promoting research and development (R&D), attracting and nurturing talent, supporting start-ups, etc. Moreover, since taking office, the current-term Government has launched a series of I&T measures to further enhance the I&T ecosystem in Hong Kong. It is encouraging to see that the GERD and the GERD as a ratio to the GDP have recorded satisfactory growth in 2022. We will continue to promote the I&T development in Hong Kong at full steam following the four broad development directions as set out in the Hong Kong Innovation and Technology Development Blueprint."

The spokesman also stated that a series of measures have been announced in the 2023 Policy Address, including pressing ahead with new industrialisation, facilitating the R&D of microelectronics and artificial intelligence development, fostering the synergistic development of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, etc. In addition, the Research, Academic and Industry Sectors One-plus Scheme (RAISE+ Scheme) was launched in October this year to promote the "1 to N" transformation and commercialisation of R&D outcomes. The results of the first round of applications under the RAISE+ Scheme will be announced in the first quarter of 2024.

"I&T is instrumental in societal progress and provides key impetus for Hong Kong's high-quality economic development. The Government will strive to take forward various policy measures to realise the vision of developing Hong Kong into an international I&T centre," the spokesman added.

Consumer Price Indices for November 2023

The Census and Statistics Department (C&SD) released today (December 21) the Consumer Price Index (CPI) figures for November 2023. According to the Composite CPI, overall consumer prices rose by 2.6% in November 2023 over the same month a year earlier, slightly smaller than the corresponding increase (2.7%) in October 2023. Netting out the effects of all Government's one-off relief measures, the year-on-year rate of increase in the Composite CPI (i.e. the underlying inflation rate) in November 2023 was 1.6%, also slightly smaller than that in October 2023 (1.7%).

On a seasonally adjusted basis, the average monthly rate of increase in the Composite CPI for the 3-month period ending November 2023 was 0.4%, and that for the 3-month period ending October 2023 was 0.5%. Netting out the effects of all Government's one-off relief measures, the corresponding rates of increase were both 0.1%.

Analysed by sub-index, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 3.0%, 2.4% and 2.4% respectively in November 2023, as compared to 3.2%, 2.5% and 2.4% respectively in October 2023. Netting out the effects of all Government's one-off relief measures, the year-on-year rates of increase in the CPI(A), CPI(B) and CPI(C) were 1.4%, 1.6% and 1.9% respectively in November 2023, as compared to 1.7%, 1.7% and 1.9% respectively in October 2023.

On a seasonally adjusted basis, for the 3-month period ending November 2023, the average monthly rates of increase in the CPI(A), CPI(B) and CPI(C) were 0.6%, 0.4% and 0.3% respectively. The corresponding rates of increase for the 3-month period ending October 2023 were 0.6%, 0.4% and 0.4% respectively. Netting out the effects of all Government's one-off relief measures, the average monthly rates of increase in the seasonally adjusted CPI(A), CPI(B) and CPI(C) for the 3-month period ending November 2023 were 0.1%, 0.1% and 0.2% respectively, and the corresponding rates of increase for the 3-month period ending October 2023 were 0.1%, 0.2% and 0.2% respectively.

Amongst the various components of the Composite CPI, year-on-year increases in prices were recorded in November 2023 for alcoholic drinks and tobacco (18.9%), clothing and footwear (4.7%), meals out and takeaway food (3.7%), miscellaneous services (3.2%), housing (2.8%), miscellaneous goods (2.6%), transport (2.4%), and basic food (1.1%).

On the other hand, year-on-year decreases in the components of the Composite CPI were recorded in November 2023 for electricity, gas and water (-2.4%), and durable goods (-1.3%).

Taking the first 11 months of 2023 together, the Composite CPI rose by 2.1% over a year earlier. The respective increases in the CPI(A), CPI(B) and

CPI(C) were 2.2%, 2.0% and 2.0% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 1.7%, 1.8%, 1.6% and 1.8% respectively.

For the 3 months ending November 2023, the Composite CPI rose by 2.4% over a year earlier, while the CPI(A), CPI(B) and CPI(C) rose by 2.8%, 2.3% and 2.3% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 1.7%, 1.7%, 1.6% and 1.9% respectively.

For the 12 months ending November 2023, the Composite CPI was on average 2.1% higher than that in the preceding 12-month period. The respective increases in the CPI(A), CPI(B) and CPI(C) were 2.2%, 2.0% and 2.0% respectively. The corresponding increases after netting out the effects of all Government's one-off relief measures were 1.8%, 1.8%, 1.7% and 1.8% respectively.

Commentary

A Government spokesman said that the underlying consumer price inflation rate stayed moderate in November. Prices of meals out and takeaway food, and clothing and footwear continued to show visible increases over a year earlier. Price pressures on other major components remained broadly in check.

Looking ahead, overall inflation should remain moderate in the near term. External price pressures are expected to ease further. Domestic business cost might face some upward pressures as the economy continues to recover. The Government will continue to monitor the situation.

Further information

The CPIs and year-on-year rates of change at section level for November 2023 are shown in Table 1. The time series on the year-on-year rates of change in the CPIs before and after netting out the effects of all Government's one-off relief measures are shown in Table 2. For discerning the latest trend in consumer prices, it is also useful to look at the changes in the seasonally adjusted CPIs. The time series on the average monthly rates of change during the latest 3 months for the seasonally adjusted CPIs are shown in Table 3. The rates of change in the original and the seasonally adjusted Composite CPI and the underlying inflation rate are presented graphically in Chart 1.

More detailed statistics are given in the "Monthly Report on the Consumer Price Index". Users can browse and download this publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1060001&scode=270).

For enquiries about the CPIs, please contact the Consumer Price Index Section of the C&SD (Tel: 3903 7374 or email: cpi@censtatd.gov.hk).

Hong Kong's Balance of Payments and International Investment Position statistics for third quarter of 2023

The Census and Statistics Department (C&SD) released today (December 21) the preliminary Balance of Payments (BoP) and International Investment Position (IIP) statistics of Hong Kong for the third quarter of 2023. This release also included the preliminary External Debt (ED) statistics of Hong Kong for the same period.

I. Balance of Payments

Hong Kong recorded a BoP surplus of \$16.1 billion (2.1% of Gross Domestic Product (GDP)) in the third quarter of 2023. Reserve assets correspondingly increased by the same amount. This was against a BoP deficit of \$90.5 billion (12.8% of GDP) in the second quarter of 2023.

Current account

The current account recorded a surplus of \$103.6 billion (13.5% of GDP) in the third quarter of 2023. This reflects that Hong Kong's savings was greater than its investment, enabling Hong Kong to accumulate external financial assets (such as equity securities or debt securities) as a buffer against global financial volatilities. Compared with the current account surplus of \$117.3 billion (16.3% of GDP) in the third quarter of 2022, the decrease in surplus was mainly due to the switch in goods balance from surplus to deficit and the decrease in services surplus, partly offset by the increase in net inflow of primary income.

The goods account recorded a deficit of \$23.8 billion in the third quarter of 2023, as against a surplus of \$15.3 billion in the same quarter of 2022. Over the same period, the services surplus decreased from \$41.9 billion to \$38.2 billion. The primary income inflow and outflow amounted to \$554.0 billion and \$460.6 billion respectively, thus yielding a net inflow of \$93.4 billion in the third quarter of 2023, compared with a net inflow of \$64.0 billion in the same quarter of 2022.

Financial account

An overall increase in financial non-reserve assets amounting to \$127.4 billion (16.6% of GDP) was recorded in the third quarter of 2023, compared with an overall increase of \$171.2 billion (24.2% of GDP) in the second quarter of 2023. The overall increase recorded in the third quarter of 2023 was due to the net increases in other investment and portfolio investment, partly offset by the net decreases in direct investment and financial derivatives.

In the third quarter of 2023, reserve assets increased by \$16.1 billion, as against a decrease of \$90.5 billion in the second quarter of 2023.

II. International Investment Position

At the end of the third quarter of 2023, both Hong Kong's external financial assets and liabilities stood at a very high level, amounting to \$47,949.0 billion (16.4 times of GDP) and \$34,624.5 billion (11.8 times of GDP) respectively, a typical feature of a prominent international financial centre.

Hong Kong's net external financial assets (i.e. assets minus liabilities) amounted to \$13,324.6 billion (4.6 times of GDP) at the end of the third quarter of 2023, compared with \$13,660.7 billion (4.7 times of GDP) at the end of the second quarter of 2023. Hong Kong's net external financial assets to GDP ratio is one of the largest in the world, which provides the economy with a strong cushion against sudden external shocks.

III. External Debt

At the end of the third quarter of 2023, Hong Kong's gross ED amounted to \$14,402.4 billion (4.9 times of GDP). Compared with \$14,042.0 billion (also 4.9 times of GDP) at the end of the second quarter of 2023, gross ED increased by \$360.4 billion. This was mainly attributable to the increases in ED of the banking sector, ED of other sectors and debt liabilities in direct investment (intercompany lending).

As one of the world's major financial centres, Hong Kong has a significant amount of ED held against the local banking sector arising through normal banking businesses. At the end of the third quarter of 2023, 55.6% of Hong Kong's ED was attributable to the banking sector. Other ED mainly consisted of ED of other sectors (26.5%) and debt liabilities in direct investment (intercompany lending) (17.0%).

Further information

BoP is a statistical statement that systematically summarises, for a specific time period (typically a year or a quarter), the economic transactions of an economy with the rest of the world (i.e. between residents and non-residents).

IIP is a balance sheet showing the stock of external financial assets and liabilities of an economy at a particular time point. The difference between the external financial assets and liabilities is the net IIP of the economy, which represents either its net claim on or net liability to the rest of the world.

Gross ED, at a particular time point, is the outstanding amount of those actual current, and not contingent, liabilities that are owed to non-residents by residents of an economy and that require payment of principals and / or interests by the debtors at some time points in the future.

Table 1 presents Hong Kong's BoP. Table 2 presents the detailed current

account and capital account, while Table 3 presents the detailed financial account. Table 4 shows Hong Kong's IIP, and Table 5 shows Hong Kong's ED.

Statistics on BoP, IIP and ED for the third quarter of 2023 are preliminary figures, which are subject to revision upon the availability of more data. With the incorporation of the latest data from surveys and other sources, the statistics on BoP, IIP and ED for 2022 and the first and second quarters of 2023 have been revised.

A new sign convention has been adopted for BoP statistics since June 2023. From then on: (i) debit entries in the current account and the capital account are switched from negative to positive figures; (ii) increases in assets and liabilities in the financial account are both indicated by positive figures; and (iii) the capital account and the financial account are no longer presented as a combined account. This sign convention complies with the international standards set out in the Sixth Edition of the Balance of Payments and International Investment Position Manual. It ensures consistency with national accounts and IIP statistics, and provides a simpler interpretation for BoP statistics.

The latest statistical tables of BoP (including seasonally adjusted current account), IIP and ED can be downloaded at the website of the C&SD (www.censtatd.gov.hk/en/scode260.html). Analysis of the statistics, together with the conceptual and methodological details, are presented in the publication Balance of Payments, International Investment Position and External Debt Statistics of Hong Kong, Third Quarter 2023 published by the C&SD. Users can download the publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1040001&scode=260).

For enquiries about the BoP, IIP and ED statistics, please contact the Balance of Payments Section of the C&SD (Tel: 3903 6979 or email: bop@censtatd.gov.hk).

TD reminds public of implementation of HKeToll in Aberdeen Tunnel from 5am on December 24 (with photo)

The Transport Department (TD) reminded the public today (December 21) that the HKeToll will be implemented in the Aberdeen Tunnel from 5am this Sunday (December 24). Motorists can drive through the toll plaza and pay tunnel tolls using the HKeToll without having to stop or queue at toll booths for payments. All manual toll booths and Autotoll lanes will be cancelled.

To tie in with the implementation of the HKeToll, temporary traffic and

transport arrangements will be implemented in phases in the vicinity of the Aberdeen Tunnel starting from 1am on December 24. Both directions of the Aberdeen Tunnel and its slip roads will be closed from 4am to 5am. During the temporary closure of the tunnel, four overnight franchised bus routes, namely Nos. N72, N90, N170 and N171, will be diverted via Nam Fung Road, Deep Water Bay Road, Wong Nai Chung Gap Road and the vicinity of Happy Valley while three Hong Kong Island overnight green minibuss routes, namely Nos. N4A, N4C and N40, will be diverted via Nam Fung Road, Deep Water Bay Road, Wong Nai Chung Gap Road and Stubbs Road. Please refer to Annex 1 and 2 for the above-mentioned traffic and transport arrangements.

At present, over 810 000 vehicle tags have been issued, accounting for over 99 per cent of licensed vehicles in Hong Kong. About 92 per cent of vehicle owners had opened HKeToll accounts, and about 73 per cent of vehicle owners have set up automatic payment means. The HKeToll has collected tolls of about 510 000 vehicle trips on average per day at the Tsing Sha Control Area, Shing Mun Tunnels, Lion Rock Tunnel, three road harbour crossings and Tate's Cairn Tunnel.

With the progressive implementation of the HKeToll in government tolled tunnels, the TD once again appealed to vehicle owners to complete the three steps for HKeToll service as soon as possible: (1) install a vehicle tag, (2) open an HKeToll account and (3) set up an automatic payment means, so as to fully enjoy the convenience of the HKeToll. Vehicle owners can select the means of receiving electronic notifications according to their personal needs on the HKeToll website and mobile app to manage the electronic information to be received.

The TD reminds vehicle owners with outstanding tolls that they must make payment within 14 business days after passing through the tunnels. They can log in to the HKeToll website (hketoll.gov.hk) or mobile app to check and pay the outstanding tolls. Motorists should note that late payments will incur a surcharge of \$175, and that the maximum penalty for evading tolls is a fine of \$5,000 (per trip), and the license of the vehicle concerned will not be renewed.

The HKeToll consultation counters specially set up at designated MTR stations will provide service until January 31, 2024. If vehicle owners need assistance after the date, they can go to eight customer service centres or service points in Wan Chai, Ap Lei Chau, Prince Edward, Kowloon Bay, Tseung Kwan O, Sha Tin Shek Mun, Kwai Chung and Yuen Long, or call the 24-hour hotline 3853 7333. The locations and service hours of the above-mentioned facilities are shown in Annex 3.

In addition, with all government toll tunnels using the HKeToll for toll payments starting from 5am on December 24, Government Tunnel Toll Tickets (toll tickets) will no longer be accepted. Holders of toll tickets may apply for refunds for the toll tickets at the eight refund centres located at car parks in Central, Shau Kei Wan, Tsim Sha Tsui, Kwun Tong, Wong Tai Sin, Kwai Fong, Tsuen Wan and Sha Tin until June 30, 2024. The locations and service hours of the refund centres are shown in Annex 4. Applicants should fill in

the application form in advance and bring along the toll tickets for refund. Those applying for a refund for a large quantity of toll tickets are advised to contact the contractor by email (info@wilsonparking.com.hk) or call 2830 3814 in advance for providing assistance to applicants with individual circumstances.



Statistics on innovation activities for 2022

According to the statistics on Hong Kong innovation activities released today (December 21) by the Census and Statistics Department (C&SD), the gross domestic expenditure on research and development (GERD) of Hong Kong in 2022 amounted to \$30,138 million, representing an increase of 8% when compared with the corresponding figure of 2021 (\$27,827 million). The GERD as a ratio to the Gross Domestic Product in 2022 was 1.07%. Analysed by performing sector, the expenditure on research and development (R&D) activities performed in the business, higher education and government sectors amounted to \$12,371 million, \$16,356 million and \$1,412 million respectively in 2022.

R&D activities refer to creative and systematic work undertaken so as to increase the stock of knowledge for devising new and improved products/processes/applications and to improve the existing products/processes/applications.

More detailed statistics on Hong Kong innovation activities, together with the concepts and methodology, are given in the report "Hong Kong Innovation Activities Statistics 2022". Users can browse and download this report at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1110010&scode=580). The report presents the latest statistics on R&D activities in Hong Kong, with analyses on R&D activities performed in the business, higher education and government sectors. It also contains detailed statistics on innovation activities (including product and business process innovations) in the business sector.

Enquiries about the statistics on Hong Kong innovation activities can be directed to the Science and Technology Statistics Section of the C&SD (Tel: 3903 7290 or email: stb1@censtatd.gov.hk).