

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

In the third quarter of 2023, 17.5% of Hong Kong's total exports to the mainland of China (the Mainland) were for outward processing in the Mainland. On the other hand, 30.3% 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, 60.6% 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 2022, the corresponding proportions were 17.9% for total exports to the Mainland, 32.0% for imports from the Mainland and 58.6% for re-exports of Mainland origin to other places.

In the first nine months of 2023, 16.9% of Hong Kong's total exports to the Mainland were for outward processing in the Mainland. On the other hand, 29.5% of Hong Kong's imports from the Mainland were related to outward processing in the Mainland. Over the same period, 60.2% 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 2022 were 18.0% for total exports to the Mainland, 31.1% for imports from the Mainland and 60.2% for re-exports of Mainland origin to other places.

In value terms, \$106.2 billion of Hong Kong's total exports to the Mainland in the third quarter of 2023 were for outward processing in the Mainland, representing a decrease of 10.9% compared with the third quarter of 2022. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland decreased by 5.5% compared with the third quarter of 2022 to \$157.4 billion. Meanwhile, \$177.8 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 1.6% compared with the third quarter of 2022.

In the first nine months of 2023, \$281.3 billion of Hong Kong's total exports to the Mainland were for outward processing in the Mainland, representing a decrease of 20.6% compared with the first nine months of 2022. On the other hand, the value of imports from the Mainland related to outward processing in the Mainland decreased by 11.3% compared with the first nine months of 2022 to \$427.7 billion. Meanwhile, \$503.7 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 13.4% compared with the first nine months of 2022.

The statistics for the third quarter and first nine months 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).

Interest rate of fifth interest payment for iBond Series due 2024

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority, as representative of the Hong Kong Special Administrative Region Government, announced today (December 11) the relevant per annum interest rate for the fifth interest payment of iBond Series due 2024 (Issue Number 03GB2406R; Stock Code: 4246) (the Bonds) issued under the Retail Bond Issuance Programme of the Government Bond Programme.

According to the Issue Circular dated May 12, 2021 for the Bonds, the fifth interest payment of the Bonds is scheduled to be made on December 27, 2023, and the relevant interest rate is scheduled to be determined and announced on December 11, 2023 as the higher of the prevailing Floating Rate and Fixed Rate.

On December 11, 2023, the Floating Rate and Fixed Rate are as follows:

Floating Rate: +2.03 per cent (Annex)

Fixed Rate: +2.00 per cent

Based on the Floating Rate and Fixed Rate set out above, the relevant interest rate for the fifth interest payment is determined and announced as 2.03 per cent per annum.

Construction output for third quarter of 2023

The total gross value of construction works (GVCW) performed by main contractors in the third quarter of 2023 increased by 13.2% in nominal terms over a year earlier to \$69.0 billion, according to the provisional results of the Quarterly Survey of Construction Output released today (December 11) by the Census and Statistics Department (C&SD).

After discounting the effect of price changes, the provisional results showed that the total GVCW performed by main contractors increased by 14.3% in real terms over the same period. GVCW 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 GVCW performed at private sector sites totalled \$21.9 billion in the third quarter of 2023, up by 31.4%

in nominal terms over a year earlier. In real terms, it increased by 29.4%. The GVCW performed at public sector sites increased by 11.5% in nominal terms over a year earlier to \$22.8 billion in the third quarter of 2023. In real terms, it increased by 12.7%.

The GVCW performed by main contractors at locations other than construction sites amounted to \$24.3 billion in the third quarter of 2023, up by 1.9% in nominal terms compared with a year earlier. In real terms, it increased by 3.1%. 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 GVCW performed at construction sites in respect of residential buildings projects amounted to \$18.7 billion in the third quarter of 2023, up by 60.0% in nominal terms over a year earlier. Over the same period, the GVCW performed at construction sites in respect of transport projects went up 2.3% in nominal terms to \$8.7 billion in the third quarter of 2023.

On a seasonally adjusted quarter-to-quarter basis, the GVCW performed by main contractors slightly decreased by 0.3% in nominal terms but slightly increased by 0.3% in real terms in the third quarter of 2023 compared with the second quarter of 2023.

Table 1 shows the provisional figures on the GVCW performed by main contractors in the third quarter of 2023. Table 2 shows the revised figures for the second quarter of 2023.

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 GVCW 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 GVCW 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 the "Report on the Quarterly Survey of Construction Output". Users can browse and download this publication at the website of the C&SD (www.censtatd.gov.hk/en/EIndexbySubject.html?pcode=B1090002&scode=330).

For enquiries about the survey results, please contact the Construction and Miscellaneous Services Statistics Section of the C&SD (Tel: 3903 6965; email: building@censtatd.gov.hk).

Inspection of aquatic products imported from Japan

In response to the Japanese Government's plan to discharge nuclear-contaminated water at the Fukushima Nuclear Power Station, the Director of Food and Environmental Hygiene issued a Food Safety Order which prohibits all aquatic products, sea salt and seaweeds originating from the 10 metropolis/prefectures, namely Tokyo, Fukushima, Ibaraki, Miyagi, Chiba, Gunma, Tochigi, Niigata, Nagano and Saitama, from being imported into and supplied in Hong Kong.

For other Japanese aquatic products, sea salt, and seaweeds that are not prohibited from being imported into Hong Kong, the Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department will conduct comprehensive radiological tests to verify that the radiation levels of these products do not exceed the guideline levels before they are allowed to be supplied in the market.

As the discharge of nuclear-contaminated water is unprecedented and will continue for 30 years or more, the Government will closely monitor and step up the testing arrangements. Should anomalies be detected, the Government does not preclude further tightening the scope of the import ban.

From noon on December 8 to noon today (December 11), the CFS conducted tests on the radiological levels of 225 food samples imported from Japan, which were of the "aquatic and related products, seaweeds and sea salt" category, in the past three days (including last Saturday and Sunday). No sample was found to have exceeded the safety limit. Details can be found on the CFS's thematic website titled "Control Measures on Foods Imported from Japan" (www.cfs.gov.hk/english/programme/programme_rafs/programme_rafs_fc_01_30_Nuclear_Event_and_Food_Safety.html).

In parallel, the Agriculture, Fisheries and Conservation Department (AFCD) has also tested 50 samples of local catch for radiological levels. All the samples passed the tests. Details can be found on the AFCD's website (www.afcd.gov.hk/english/fisheries/Radiological_testing/Radiological_Test.html).

The Hong Kong Observatory (HKO) has also enhanced the environmental monitoring of the local waters. No anomaly has been detected so far. For details, please refer to the HKO's website (www.hko.gov.hk/en/radiation/monitoring/seawater.html).

From August 24 to noon today, the CFS and the AFCD have conducted tests on the radiological levels of 19 222 samples of food imported from Japan

(including 12 754 samples of aquatic and related products, seaweeds and sea salt) and 5 414 samples of local catch respectively. All the samples passed the tests.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Monday, December 11, 2023 is 104.9 (up 0.1 against last Saturday's index).

â€‹The effective exchange rate index for the Hong Kong dollar on Saturday, December 9, 2023 was 104.8 (up 0.2 against last Friday's index).