

Chapter 13

Commerce and Economic Development

To enhance Hong Kong's competitiveness and create impetus for growth, the government has implemented an array of new initiatives in 2022 to compete for enterprises and investment. It established the Office for Attracting Strategic Enterprises in December, offering tailor-made plans to attract strategic enterprises from overseas and the Mainland to set up and expand operations in Hong Kong. Twelve overseas and five Mainland Economic and Trade Offices have set up dedicated teams that will approach target enterprises and talent and encourage them to develop in Hong Kong.

Hong Kong seeks to integrate itself into the overall development of the country and dovetail with national development strategies. The Commerce and Economic Development Bureau utilises and establishes various exchange and collaboration platforms to promote opportunities under the Belt and Road Initiative, giving full play to Hong Kong's role as the functional platform for the initiative. In 2022, it co-organised the seventh Belt and Road Summit with the Hong Kong Trade Development Council (HKTDC), held government-level webinars and organised a seminar and an online focus networking session on overseas Economic and Trade Cooperation Zones to foster different sectors' participation in the initiative.

The National 14th Five-Year Plan supports Hong Kong's development into a regional intellectual property trading centre. Hong Kong maintains a robust regime for protecting intellectual property rights that features comprehensive legislation, convenient registration systems, rigorous enforcement and extensive public education. The Copyright (Amendment) Ordinance 2022 was enacted in December to strengthen copyright protection in the digital environment.

Hong Kong has signed six free trade agreements with 18 foreign economies and 22 investment promotion and protection agreements with 31 foreign economies. In January, Hong Kong and Chile agreed to update their commitments to broaden and deepen market access for trade in services under their free trade agreement, opening up more service sectors to create more opportunities for businesses in both places.

Hong Kong has one of the most vibrant telecommunications markets in the world, providing a wide range of innovative and advanced telecommunications services to consumers and business users. With 22.34 million mobile service subscriptions, the population penetration rate of 298 per cent was one of the world's highest. There were over 4.6 million 5G subscriptions as at December 2022.

The Real-name Registration Programme for Subscriber Identification Module (SIM) Cards has been implemented, requiring all new SIM cards issued by local telecommunications operators from 1 March 2022 to complete real-name registration before activation. It helps safeguard the security of the communications network and combat serious crime involving the use of SIM cards.

The Support Scheme for Pursuing Development in the Mainland was launched in 2022 to help the business community seize the opportunities in the Mainland, in particular in the Guangdong-Hong Kong-Macao Greater Bay Area. Under the scheme, the HKTDC organised briefings, visits and promotional activities for Hong Kong enterprises to enhance their understanding of the Mainland markets and further develop their business there.

Hong Kong is a leading international trading and services centre as well as an important command and control centre for manufacturing activities in the region. It is recognised as one of the freest economies in the world, a model for international trade and the most strategic gateway to the vast Mainland market. The government is firmly committed to free trade and sees its task as facilitating commerce and industry within the framework of a free market. As a separate customs territory, the Hong Kong Special Administrative Region (HKSAR) does not impose any tariffs, and aims to enhance customs clearance efficiency while maintaining effective control. Hong Kong also adopts an open and liberal investment policy and proactively encourages inward investment.

The Commerce and Economic Development Bureau formulates and coordinates a range of economic, commercial and industry policies: external commercial relations, inward investment promotion, business support, participation in the Belt and Road Initiative, telecommunications, broadcasting, intellectual property protection, consumer protection, promoting competition, film censorship, control of obscene and indecent articles, conventions and exhibitions, postal services and trade facilitation, as well as work related to the United Nations Security Council sanctions. The bureau oversees the Trade and Industry Department, Hong Kong Economic and Trade Offices (ETOs), Invest Hong Kong, Office of the Communications Authority, Radio Television Hong Kong, Intellectual Property Department, Hongkong Post and Customs and Excise Department.

Merchandise Trade

Hong Kong's external trade experienced negative growth in 2022. Total merchandise trade decreased 7.9 per cent to \$9,459.1 billion compared with 2021. Total exports decreased 8.6 per cent to \$4,531.6 billion, while imports decreased 7.2 per cent to \$4,927.5 billion. The territory's biggest trading partner was the Mainland, followed by Taiwan and the United States. Hong Kong was the world's 10th-largest trading entity in terms of value of merchandise trade.

Total Exports

In 2022, electrical machinery, apparatus and appliances and electrical parts thereof worth \$2,221.3 billion were the principal commodities exported, followed by telecommunications and sound recording and reproducing apparatus and equipment (\$545.7 billion) and office machines and automatic data processing machines (\$488.8 billion). The Mainland, the US and India were the main destinations, accounting for 56.7 per cent, 6.5 per cent and 3.8 per cent respectively of the total value of total exports.

Imports

In 2022, electrical machinery, apparatus and appliances and electrical parts thereof constituted the largest share of total imports at \$2,251.2 billion, followed by telecommunications and sound recording and reproducing apparatus and equipment (\$556.3 billion) and office machines and automatic data processing machines (\$414.8 billion). The Mainland, Taiwan and Singapore were Hong Kong's major suppliers, accounting for 42.2 per cent, 11.9 per cent and 8.1 per cent respectively of the total value of imports.

Services

Hong Kong is one of the world's most service-oriented economies. The services sector's share of Gross Domestic Product (GDP) in 2021 was 93.7 per cent and it provided employment for 3,199,200 people, making up 88.4 per cent of total employment in 2022.

The total services trade of Hong Kong amounted to \$1,143.08 billion in 2022, the world's 23rd largest in value. The territory exported \$649.3 billion worth of services, contributing to 23 per cent of GDP, compiled based on the change of ownership principle. It ranked sixth in the region after the Mainland, India, Singapore, Japan and Korea in total value of services exported, and 24th in the world.

The main components of Hong Kong's exports of services were in transport and financial services, accounting for 39.9 per cent and 32 per cent respectively of the total value. The territory is a net exporter of services and had an overall surplus of \$155.6 billion in 2022, including surpluses of \$147.4 billion and \$101.2 billion in financial services and transport respectively.

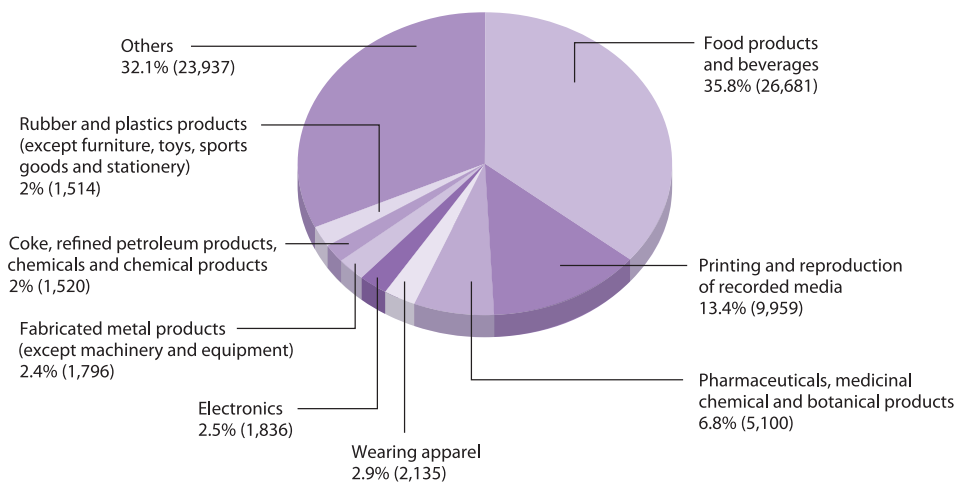
Manufacturing

Hong Kong is a command and control centre for manufacturing with a globalised production network. Domestic manufacturing contributed 1 per cent of GDP in 2021 and provided employment for 75,600 people in 2022, making up 2.1 per cent of overall employment.

Food and beverage producers are the largest employers in the sector, followed by employers in the printing and reproduction of recorded media industries. Chart 1 shows the breakdown of manufacturing employment.

Chart 1

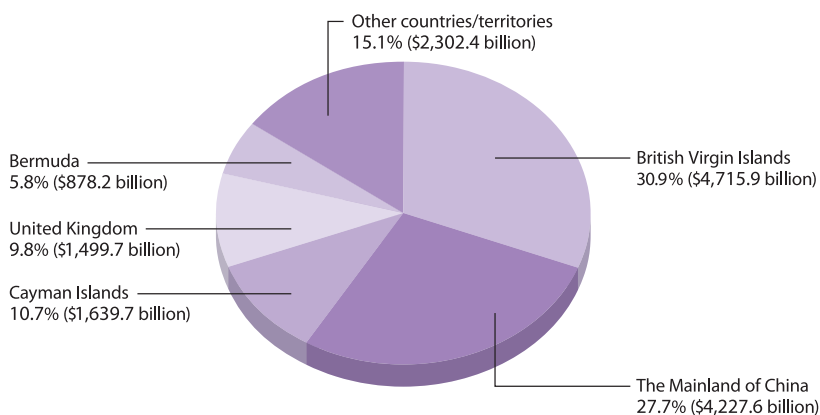
Number of People Engaged by Manufacturing Sector as at December 2022



Inward Direct Investment

According to the *World Investment Report 2022* issued by the United Nations Conference on Trade and Development, Hong Kong was the world's third-largest recipient of inward direct investment in 2021, after the US and the Mainland. The Census and Statistics Department's report *External Direct Investment Statistics of Hong Kong 2021* indicated that Hong Kong's foreign direct investment (FDI) inflow in 2021 was \$1,066.2 billion. At the end of 2021, the total stock of inward direct investment¹ was \$16,826.2 billion. The vast stock of external direct investment in Hong Kong testifies to its status as a prominent international financial centre and commercial hub, as well as its appeal to multinational corporations as a base to manage their investments and businesses around the world. Chart 2 shows selected major investor countries and territories of inward direct investment. The British Virgin Islands and the Mainland were the two largest, accounting for 30.9 per cent and 27.7 per cent of the total respectively. Chart 3 shows the major economic activities of Hong Kong enterprise groups² having received inward direct investment. Those engaged in investment and holding, real estate, and professional and business services took up the largest share, at 63.9 per cent of the total.

Chart 2 Stock of Hong Kong's Inward Direct Investment at Market Value by Selected Major Investor Country/Territory# at end-2021



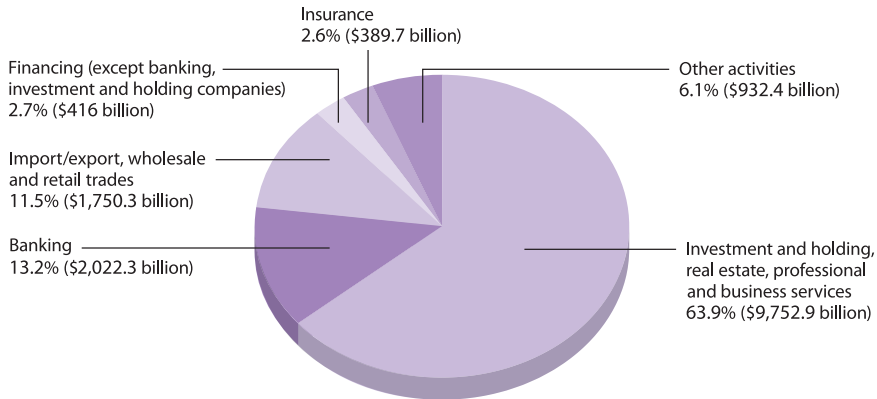
Selected based on the stock of Hong Kong's inward direct investment from individual investor countries/territories in recent years

¹ According to international statistical standards, the total stock and flow of inward direct investment presented in this paragraph is compiled based on the asset/liability principle, while detailed inward direct investment figures analysed by country/territory and by major economic activity of Hong Kong enterprise groups presented in charts 2 and 3 respectively are based on the directional principle. Owing to the adoption of different presentation principles, the total stock of inward direct investment is different from the sum of the detailed inward direct investment figures by country/territory or by major economic activity of Hong Kong enterprise groups.

² A Hong Kong enterprise group consists mainly of a Hong Kong parent company and its Hong Kong subsidiaries, associates and branches.

Chart 3

Stock of Hong Kong's Inward Direct Investment at Market Value by Major Economic Activity of Hong Kong Enterprise Groups at end-2021



According to the latest survey in 2022, the number of overseas and Mainland companies in Hong Kong was 8,978, covering companies across different sectors, sizes and origins of parent companies.

Inward Investment Promotion

In 2022, Invest Hong Kong (InvestHK) helped 300 overseas and Mainland companies set up or expand operations in Hong Kong, involving direct investment of more than \$21 billion and the creation of more than 3,670 jobs within the first year of their operation or expansion³.

InvestHK promotes the city's business advantages by organising investment promotion activities in the Mainland and key overseas markets, and by sponsoring important events to bring FDI to Hong Kong. In 2022, it collaborated with relevant Mainland cities to promote Hong Kong as a two-way platform to attract overseas companies to invest in the Mainland via Hong Kong, and to encourage Mainland enterprises to use Hong Kong to go global. It organised hybrid events in Shandong, Jiangsu and Hong Kong. The department also held a hybrid investment promotion symposium in Melbourne in May to promote business opportunities of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to the Australian business community, as well as two hybrid investment forums in Hong Kong in June and October to promote respectively the advantages and synergies of Hong Kong and Shenzhen in financial and professional services, and the latest policies and opportunities in the GBA, particularly in Qianhai, Hengqin and Nansha. It completed 82 investment projects from the Mainland in 2022, representing 27.3 per cent of its total number of completed projects.

³ As reported by some of the companies assisted by InvestHK. Not all the companies disclosed their data.

InvestHK's StartmeupHK initiative aims to attract global start-ups to set up in Hong Kong, promote the territory as a leading hub for start-ups and entrepreneurship, and support the development of the local start-up ecosystem. The week-long virtual StartmeupHK Festival was held in September to promote innovation and technology, attracting more than 20,000 participants.

InvestHK hosted the Investment Promotion Week from 17 to 21 October to promote business opportunities in Hong Kong. Government officials and distinguished speakers from various sectors, including financial and professional services, innovation and technology industries, lifestyle and creative industries, start-ups and businesses in the GBA, shared their insights and experiences. The event attracted more than 4,000 participants.

InvestHK's financial technology team helps overseas and Mainland fintech-related companies establish their presence in Hong Kong and organises international events, such as the annual Hong Kong Fintech Week, which attracted over 30,000 visitors and more than 5 million online views, and more than 600 exhibitors and over 500 speakers from close to 100 economies to its virtual and physical hybrid iteration in November.

Overseas Hong Kong Economic and Trade Offices

There are 14 overseas Hong Kong ETOs, in Bangkok, Berlin, Brussels, Dubai, Geneva, Jakarta, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington.

The Geneva ETO represents Hong Kong, China as a member of the World Trade Organisation (WTO) and as a participant at the Trade Committee of the Organisation for Economic Cooperation and Development (OECD), while the other ETOs promote Hong Kong's economic and trade interests in the countries under their respective purviews by enhancing understanding of Hong Kong among opinion-formers, monitoring developments that may affect Hong Kong's economic and trade interests, and liaising with government bodies, politicians, businesses, think tanks and the media. The ETOs also assist in telling good stories about Hong Kong, and clarify and rebut inaccurate or misleading reports. They organise and participate in important meetings, conferences and exhibitions and other cultural events to promote Hong Kong's image, and dedicated teams also offer support to individual enterprises interested in setting up operations or expanding their presence in Hong Kong.

The Brussels ETO represents Hong Kong's overall economic and trade interests in Europe, particularly in dealings with the European Union, including the European Commission and European Parliament. It also promotes Hong Kong's bilateral relations with 15 European countries. The Berlin ETO covers eight countries in central and eastern Europe, while the London ETO is responsible for nine countries and is also the base of Hong Kong's representative to the International Maritime Organisation.

The Washington ETO represents Hong Kong's overall economic and trade interests in the US, monitors developments that may affect Hong Kong's interests, and promotes Hong Kong's bilateral relations with the US. The New York and San Francisco ETOs cover 31 eastern states and 19 western states of the US respectively.

The ETOs in Dubai, Sydney, Tokyo and Toronto are responsible for bilateral economic and trade relations in their host countries. Aside from the United Arab Emirates, the Dubai ETO also covers the other member states of the Cooperation Council for the Arab States of the Gulf, namely Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. The Sydney ETO covers New Zealand and the Tokyo ETO covers Korea. The Jakarta ETO represents Hong Kong in dealing with the Association of Southeast Asian Nations (ASEAN) as a whole, and in particular matters with Indonesia, Brunei Darussalam, Malaysia and the Philippines. The Bangkok ETO covers Thailand, Bangladesh, Cambodia and Myanmar, while the Singapore ETO covers Singapore, India, Laos and Vietnam.

External Commercial Relations

Participation in World Trade Organisation

The rules-based multilateral trading system under the auspices of the WTO is the cornerstone of Hong Kong's external trade policy. Hong Kong is a founding member of the WTO and has continued its separate membership under the name 'Hong Kong, China' since the establishment of the HKSAR. Hong Kong takes part in WTO negotiations and discussions to safeguard and advance Hong Kong's trade interest. In June, Hong Kong attended the 12th WTO Ministerial Conference in Geneva.

Regional Economic Cooperation

Hong Kong takes part as a full and separate member in the Asia-Pacific Economic Cooperation (APEC), a regional forum for high-level dialogue and trade and economic cooperation, under the name 'Hong Kong, China'. In 2022, Hong Kong conducted about 85 per cent of its external trade with the other 20 APEC member economies.

Hong Kong also takes part in the Pacific Economic Cooperation Council, which is a regional forum comprising government officials, business leaders and academics working on policy issues to enhance trade, investment and economic development in the Asia-Pacific region.

Organisation for Economic Cooperation and Development

Hong Kong takes part in the Trade Committee of the OECD, which is an important forum for discussing policies on international trade.

Free Trade Agreements

Hong Kong has signed six free trade agreements (FTAs) with 18 foreign economies to secure more favourable market access for Hong Kong goods and services, thereby creating new opportunities for Hong Kong businesses. In November, Hong Kong and Peru announced the commencement of bilateral FTA negotiation. Hong Kong is seeking to join the Regional Comprehensive Economic Partnership and continues to explore possible FTAs with other trading partners.

Investment Promotion and Protection Agreements

Hong Kong has signed 22 investment promotion and protection agreements with 31 foreign economies to assure overseas investors that their investments in Hong Kong are protected and to enable Hong Kong investors to enjoy similar protection overseas.

Trade in Goods

In 2022, the Customs and Excise Department carried out 27,177 factory and consignment inspections and concluded 335 investigations to ensure compliance with factory registration conditions and import and export licensing requirements. The department also conducted 29 blitz checks on consignments of goods at various import and export control points. It prosecuted 17 companies and 13 offenders successfully, leading to fines totalling \$270,000.

Trade in Strategic Commodities

The Trade and Industry Department maintains a comprehensive import and export licensing system for strategic commodities. It also administers a permit system for certain chemicals in order to implement the requirements under the Chemical Weapons Convention. Hong Kong works with its trading partners to keep abreast of international developments on strategic trade controls and to ensure its control arrangements are in line with international standards.

In 2022, the Customs and Excise Department successfully prosecuted 16 companies involved in the unlicensed import and export of strategic commodities, resulting in fines totalling \$260,000. Goods valued at \$70,000 were confiscated.

Customs Cooperation

The Customs and Excise Department plays an active role in the work of the World Customs Organisation (WCO) and APEC Sub-Committee on Customs Procedures. It liaises with the WCO and seconded one officer each to the WCO Compliance and Facilitation Directorate in Brussels, the WCO Regional Intelligence Liaison Office for Asia and the Pacific in Seoul, and the WCO Asia Pacific Regional Office for Capacity Building in Bangkok.

Local companies that satisfy the department's security standards may be accredited under the Hong Kong Authorised Economic Operator Programme and enjoy customs facilitation, including reduced inspection and prioritised clearance of their goods in Hong Kong and in economies with mutual recognition arrangements with Hong Kong. As at December, these economies included the Mainland, Australia, Canada, India, Indonesia, Israel, Japan, Korea, Malaysia, Mexico, New Zealand, Singapore and Thailand.

The department shares intelligence and enforcement experience with other law enforcement agencies. It also maintains bilateral cooperation arrangements with a number of customs administrations.

Closer Economic Partnership Arrangements with Mainland and Macao

Hong Kong signed the Closer Economic Partnership Arrangement (CEPA) with the Mainland in 2003. The two sides work to broaden its coverage and deepen liberalisation in trade and investment. It has become a comprehensive FTA, covering trade in goods, trade in services, investment and economic and technical cooperation. The Agreement Concerning Amendment to the Agreement on Trade in Services, implemented in 2020, makes it easier for Hong Kong service suppliers, including professionals, to develop business in the Mainland.

Hong Kong signed a CEPA separately with Macao in 2017, which covers trade in goods, trade in services, investment, intellectual property, and economic and technical cooperation.

Participation in Belt and Road Initiative

The government adopts a whole-government approach to consolidate Hong Kong's role as the functional platform for the Belt and Road Initiative and to proactively dovetail with the National 14th Five-Year Plan for integration into the overall development of the country.

In May, the bureau co-organised a government-to-government webinar with the United Arab Emirates to deepen economic and trade cooperation between the two economies.

The bureau's Belt and Road Office and the Commercial Office of the Economic Affairs Department of the Liaison Office of the Central People's Government in the HKSAR jointly held an online focus networking session in June and a seminar in November to encourage and facilitate Hong Kong enterprises' business development in the Mainland's Economic and Trade Cooperation Zones established under the initiative.

The seventh Belt and Road Summit co-organised by the government and the Hong Kong Trade Development Council (HKTDC) was held on 31 August and 1 September. Over 6,000 government officials, entrepreneurs and professionals from more than 80 countries and regions signed up to participate. The summit attracted a viewership of 19,000 and more than 800 one-on-one business matching sessions were arranged for some 280 projects.

In September, the government and Mainland authorities convened the fifth Joint Conference on Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative to follow up on the implementation of measures set out in the relevant arrangement signed between the National Development and Reform Commission and the HKSAR Government in 2017.

Small and Medium Enterprises

Small and medium enterprises (SMEs) are manufacturing businesses that employ fewer than 100 people and non-manufacturing businesses with fewer than 50 employees in Hong Kong. As at end-2022, there were more than 360,000 SMEs, representing over 98 per cent of all local enterprises and employing more than 1.2 million people. The government has funding schemes to help SMEs secure loans from lending institutions, explore more diversified markets and enhance their competitiveness.

Protection of Intellectual Property Rights

Hong Kong maintains a robust regime for protecting intellectual property rights that features comprehensive legislation, convenient registration systems, rigorous enforcement and extensive public education. This has earned Hong Kong a reputation for effective protection of intellectual property.

Registration

The Intellectual Property Department provides electronic registration and management services through the internet. Its e-registers allow free data searches in Chinese or English, while the e-filing system enables intellectual property owners and agents to file their applications

securely and to make changes to certain particulars of their registrations and applications directly. In 2022, 84 per cent, 98 per cent and 87 per cent of applications for trademarks, patents and designs respectively were filed electronically.

Trademarks

The Trade Marks Registry received 29,432 applications in 2022, a 16.5 per cent decrease from 2021. It registered 30,630 marks in the year, taking the number of registered marks to 489,300 by end-2022. Of the 95 countries and regions that filed applications, the principal ones were:

Hong Kong	12,050	United Kingdom	780
Mainland	4,712	France	591
US	3,195	Singapore	535
Japan	2,078	Switzerland	533
Korea	945	Germany	495

The government is continuing the preparatory work to implement the international registration system under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in Hong Kong, including preparing the related subsidiary legislation and setting up the required information technology system.

Patents

The original grant patent system, launched in 2019, provides a direct route for applicants to file standard patent applications in Hong Kong that are subject to the Patents Registry's substantive examination. The pre-existing re-registration system is retained to grant standard patents based on corresponding patents granted by one of three designated patent offices, namely the China National Intellectual Property Administration, UK Intellectual Property Office, and European Patent Office in respect of patents designating the UK. The short-term patent system has also been refined, enabling short-term patent owners or third parties having a legitimate interest in the validity of a patent to ask the registry to carry out post-grant substantive examination.

The registry received 20,031 standard patent by re-registration, 133 standard patent by original grant and 579 short-term patent applications in 2022. It granted 11,573 standard patents by re-registration and 535 short-term patents, respectively 21 per cent and 21.8 per cent lower than in 2021, as well as 29 standard patents by original grant.

Designs

In 2022, the Designs Registry received 1,672 applications to register 3,286 designs and registered 3,319 designs, a 21.1 per cent decrease from 2021.

Copyright

The Copyright Ordinance protects original literary, dramatic, musical and artistic works, typographical arrangements of published editions, sound recordings, films, broadcasts, cable programmes and performers' performances irrespective of the domicile of the authors and performers. No registration is required to obtain protection.

The Copyright (Amendment) Ordinance 2022 was enacted in December to strengthen copyright protection in the digital environment. The government is undertaking the preparatory work to bring the new legislation into operation.

Enforcement

The Customs and Excise Department enforces criminal sanctions against the infringement of intellectual property rights. It investigates reports of copyright infringement and trademark counterfeiting; maintains licensing control on all optical disc and stamper factories; and takes action against the manufacture, distribution, sale, import and export of pirated and counterfeit goods and the possession of such goods for business use. The department liaises with businesses to investigate cases and promote protection of intellectual property rights.

In addition to targeted raids, officers carry out intensive and high-profile patrols in high-risk areas to deter the peddling of pirated and counterfeit goods, including street sales. In 2022, the department arrested 72 people in 53 piracy cases and confiscated goods, mostly audio visual systems, computers and related accessories, worth about \$3.1 million. It also seized counterfeit goods worth about \$177 million and arrested 304 people in 503 cases of forged trademarks.

Public Education

The Intellectual Property Department promotes intellectual property trading and the importance of protecting intellectual property rights. In 2022, 11 trade associations with over 1,700 retail merchants, covering more than 7,000 outlets and online shops, took part in its No Fakes Pledge scheme. Through school talks and interactive drama programmes, the department reached out to 110 schools and over 29,100 students.

Intellectual Property Trading

The National 14th Five-Year Plan supports Hong Kong's development into a regional intellectual property trading centre. The Intellectual Property Department promotes the commercialisation and trading of intellectual property in Hong Kong. It offers free consultation, the Intellectual Property Manager Scheme Plus and, in collaboration with stakeholders, seminars and training courses. It also showcases success stories of enterprises that engage in intellectual property trading in the GBA, and works with the Department of Justice to promote arbitration and mediation in resolving intellectual property disputes.

Cooperation with Mainland

The Intellectual Property Department works with its Mainland counterparts, including those in the GBA, to promote intellectual property protection, management and trading.

The Customs and Excise Department exchanges experience and information with its Mainland counterparts on the detection and prosecution of intellectual property-related offences. It conducts joint operations with Guangdong customs to intercept the cross-boundary movement of infringing goods, and shares intelligence and provides mutual assistance with the Economic Crime Investigation Bureau of the Guangdong Provincial Public Security Department in combating cross-boundary infringing activities.

Participation in International and Regional Organisations

The Intellectual Property Department takes part in events of the WTO's Council for Trade-Related Aspects of Intellectual Property Rights, the World Intellectual Property Organisation, and the APEC Intellectual Property Rights Experts Group. It also works with the ASEAN Working Group on Intellectual Property Cooperation to promote intellectual property commercialisation in the ASEAN economies.

Trade Documentation

Hong Kong is a free port and most products do not need licences to enter or leave. Licences are required mainly to fulfil Hong Kong's international obligations and to protect public health, safety, the environment and intellectual property rights. An origin certification system is also in place to facilitate exports.

Road Cargo System

The Customs and Excise Department's Road Cargo System facilitates customs clearance of road cargo through prior risk-profiling. Under the system, a shipper or his agent submits key cargo information electronically before the consignment is imported to or exported from Hong Kong. As a result, cross-boundary goods vehicles, except those selected for inspection, may go through seamless customs clearance at land boundary control points.

Intermodal Transshipment Facilitation Scheme and Single E-lock Scheme

The Intermodal Transshipment Facilitation Scheme (ITFS) seeks to simplify customs clearance procedures for air-land and sea-land intermodal transshipment cargo. Enrolment is voluntary. Participating enterprises convey their cargo using vehicles installed with electronic locks and Global Navigation Satellite System devices recognised by the department. The cargo normally undergoes inspection only once, if selected at all, when entering or leaving Hong Kong.

The Single E-lock Scheme (SELS) streamlines customs clearance procedures by connecting the ITFS to a speedy clearance system operated by Mainland customs. Mutually recognised electronic locks are used to minimise duplicate inspections of the same consignment at the boundary. The SELS network covers all nine Mainland municipalities in the GBA. As of 2022, there were 75 clearance points in total (13 in Hong Kong and 62 in Guangdong).

Free Trade Agreement Transshipment Facilitation Scheme

The Free Trade Agreement Transshipment Facilitation Scheme allows consignments passing through Hong Kong to enjoy preferential tariffs under FTAs signed between the Mainland and its trading partners. The department supervises such consignments and issues certificates of non-manipulation, enabling traders to claim preferential tariffs from the authorities at the importing end.

Government Electronic Trading Services

The Government Electronic Trading Services allows the trading community to submit key trade-related documents to the government electronically to fulfil statutory obligations in a

cost-effective and environment-friendly manner. Three government-appointed operators selected by open tender provide the services. They processed about 21 million transactions in 2022.

Trade Single Window

The Trade Single Window, being implemented in three phases, is a one-stop electronic platform for lodging business-to-government trade documents for trade declaration and cargo clearance. Phase 1, covering 14 types of documents, is in full service and Phase 2, adding 28 types of documents, will be rolled out in batches from mid-2023. Phase 3 is planned to commence from 2026 with a view to full implementation by 2027.

Trade and Industrial Support Organisations

Hong Kong Trade Development Council

The statutory HKTDC promotes, assists in and develops Hong Kong's external trade. With 50 offices globally, including 13 in the Mainland, it promotes Hong Kong as a two-way global investment, trade and business hub.

The council organises international exhibitions, conferences and business missions to create business opportunities in the Mainland and international markets for Hong Kong companies. It also provides business support programmes, market research and industry information via digital and physical channels.

Hong Kong Export Credit Insurance Corporation

The statutory Hong Kong Export Credit Insurance Corporation encourages and supports export trade by providing insurance protection for Hong Kong exporters against non-payment risks arising from prescribed circumstances.

Growth in the global economy and trade volume were dragged down by a series of destabilising uncertainties in 2022. The corporation's total insured business and gross premium income respectively declined by 9.8 per cent to \$120.5 billion and 4.6 per cent to \$309 million in the year, while payment of claims decreased by 41.5 per cent to \$24 million. To support exporters during the pandemic and other challenges, the validity period of the 100% Credit Limit Top-up Scheme has been extended four times, to end-June 2023. The corporation also launched the Export Credit Guarantee Programme on a pilot basis and the Flexible Indemnity Ratio arrangements in 2022 to enhance support for exporters.

Other Trade and Industrial Support Organisations

The Federation of Hong Kong Industries, Chinese Manufacturers' Association of Hong Kong, Hong Kong General Chamber of Commerce, Chinese General Chamber of Commerce, Hong Kong Chinese Enterprises Association and Hong Kong Chinese Importers' and Exporters' Association promote the interests of, and foster relationships among, their members. There are also overseas chambers of commerce, SME organisations and other associations representing specific sectors or interests.

Promoting Competition

The government promotes sustainable competition to enhance economic efficiency and the free flow of trade, benefiting both consumers and businesses. The Competition Ordinance provides a legal framework to tackle anti-competitive conduct in different sectors. Serious anti-competitive conduct includes price fixing, market sharing, bid rigging and output limitation.

The government-appointed Competition Commission enforces the ordinance and investigates possible contraventions, promotes public understanding of the ordinance, carries out market studies and advises the government on competition matters. In 2022, the commission received 252 complaints and 258 enquiries. It also started initial assessments of five meritorious cases and escalated four cases to in-depth investigation. During the year, the commission brought three cases to the Competition Tribunal and accepted commitments from seven companies in another case.

In 2022, the tribunal handed down judgment on sanctions in one case, and seven other cases were either pending trial or judgment. The Court of Appeal also handed down judgment in relation to the commission's appeals against pecuniary penalties imposed by the tribunal in two cases.

Consumer Protection

Consumer Council

The government-appointed Consumer Council protects and promotes the interests of consumers of goods and services and purchasers, mortgagors and lessees of immovable property.

The council tests consumer products, conducts market surveys, monitors prices and trade practices, handles complaints and enquiries, advises the government and public authorities on consumer protection issues, and raises public awareness of consumer rights. It maintains close contact with its Mainland and overseas counterparts to promote and protect consumer interests, and administers the Consumer Legal Action Fund to enhance consumer access to legal remedies. In 2022, the council received 30,764 consumer complaints and 58,848 consumer enquiries, and completed 44 product tests, 27 surveys and 11 in-depth studies. It published the findings and disseminated practical consumer advice in its monthly magazine, *Choice*.

Enforcement of Legislation

The Customs and Excise Department enforces the Consumer Goods Safety Ordinance, Toys and Children's Products Safety Ordinance, Trade Descriptions Ordinance and Weights and Measures Ordinance.

The Trade Descriptions Ordinance prohibits unfair trade practices commonly deployed against consumers of goods and services, including false trade descriptions, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch, and wrongly accepting payments.

The Toys and Children's Products Safety Ordinance is updated regularly to ensure toys and other children's products supplied in Hong Kong comply with operative, up-to-date international safety standards.

The department carries out spot checks and investigations to ensure toys, children's products and consumer goods supplied locally are safe and that the quantity of goods supplied in the course of trade by weight and other measures is accurate, and to guard against false trade descriptions and other unfair trade practices over goods and services. In 2022, the department carried out 9,261 spot checks and concluded 273 enforcement cases.

The Government Laboratory provides analytical and advisory services to the department in the enforcement of consumer protection legislation, and conducts on-site investigations to support the enforcement of the Weights and Measures Ordinance. In 2022, the laboratory carried out 35,112 tests to check the compliance of toys, children's products and consumer goods with safety standards, and to determine the weight of retail goods. It also carried out 5,100 tests to examine the authenticity of commodities and the correctness of trade descriptions under the Trade Descriptions Ordinance.

Communications Authority

The Communications Authority, an independent statutory body established under the Communications Authority Ordinance, regulates Hong Kong's broadcasting and telecommunications industries according to the Broadcasting Ordinance, Telecommunications Ordinance, Communications Authority Ordinance, Broadcasting (Miscellaneous Provisions) Ordinance, Trade Descriptions Ordinance and Competition Ordinance. It also enforces the Unsolicited Electronic Messages Ordinance.

The Office of the Communications Authority (OFCA), the authority's executive arm and secretariat, helps administer and enforce these ordinances.

Telecommunications

The government aims to facilitate the development of the telecommunications industry and enhance Hong Kong's position as the telecommunications hub of the region. Hong Kong's telecommunications services market is fully open to competition and the pro-market approach has encouraged an abundant supply of competitively priced state-of-the-art services for consumers and businesses.

Mobile Communications

Commercial fifth generation (5G) mobile services, launched in April 2020, had over 4.6 million subscriptions as at December 2022, representing a penetration rate of about 63 per cent by population. Overall, there were 22.34 million mobile subscriptions to four mobile network operators and 23 mobile virtual network operators, representing a population penetration rate of 298 per cent, one of the world's highest. Monthly mobile data usage reached 157,348 terabytes in December 2022, a 37 per cent rise year on year. On average, each resident used 21,358 megabytes per month.

Fixed Communications

As at December, local fixed telecommunications services were offered by 27 licensed carriers, with two or more networks available to 91.4 per cent of households and three or more available to 80.3 per cent.

Hong Kong has one of the world's most advanced fixed broadband network infrastructures and a fixed broadband penetration rate of 99 per cent of households.

Charges for fixed broadband are competitive, starting from \$78 per month for services at speeds of up to 1Gbps. The city is also at the forefront of providing public Wi-Fi, with more than 86,000 Wi-Fi hot spots.

External Telecommunications

Thirty-nine operators are licensed to provide facility-based external telecommunications services. Hong Kong is connected with the Mainland through 23 overland cables and with the rest of the world through 12 regional and transcontinental submarine cable systems set up at eight submarine cable landing stations. The total equipped capacity of the external telecommunications facilities in December exceeded 190,250 Gbps.

Two Hong Kong companies are licensed to operate and provide satellite communications services, operating nine satellites in total.

Unsolicited Electronic Messages

The Unsolicited Electronic Messages Ordinance regulates the sending of commercial electronic messages, including faxes, pre-recorded telephone messages, short messages and emails. As at year end, more than 2.69 million numbers were registered in 'Do-not-call' registers established under the ordinance for faxes, short messages and pre-recorded telephone messages.

In 2022, the Communications Authority received 522 reports of suspected contraventions and issued 18 warning letters to senders.

Real-name Registration Programme for SIM Cards

The Telecommunications (Registration of SIM Cards) Regulation under the Telecommunications Ordinance took effect on 1 September 2021. The Real-name Registration Programme for Subscriber Identification Module (SIM) Cards has been implemented since 1 March 2022. From 24 February 2023 onwards, all SIM cards issued and used locally (including SIM service plans and pre-paid SIM cards) are required to have their real-name registration completed before activation or continuation of service. Under the programme, each individual user and each corporate user may register no more than 10 and 25 pre-paid SIM cards respectively with each telecommunications operator. The programme protects Hong Kong's telecommunications system and genuine users of mobile telecommunications services. It also supports law enforcement agencies in combating serious crime involving the use of SIM cards to better safeguard law and order.

Review of Telecommunications Regulatory Framework

The Telecommunications (Amendment) Ordinance 2021 came into operation on 24 June 2022 to implement the measures proposed under the review of the telecommunications regulatory framework, including specifying the powers of the Communications Authority on regulating the telecommunications functions of smart products, enhancing protection for underground telecommunications infrastructure, simplifying the licensing framework to facilitate the introduction of innovative services by the industry and improving the appeal mechanism under the Telecommunications Ordinance.

Broadcasting

Commercial Broadcasting

Hong Kong's broadcasting policy objectives are to widen programme choice and diversity through competition, to facilitate the introduction of innovative broadcasting services and to enhance the city's position as a regional broadcasting hub. It adopts a facilitating and pro-competition approach to promote the use of innovative technologies and provides a facilitating regulatory environment that moves with the times.

The Broadcasting Ordinance regulates the four categories of TV programme services – domestic free, domestic pay, non-domestic (mainly satellite TV services targeting the Asia-Pacific region) and other licensable TV programme services (mainly TV services for hotel rooms) – according to their characteristics and pervasiveness. Sound broadcasting services are regulated under the Telecommunications Ordinance and Broadcasting (Miscellaneous Provisions) Ordinance.

Hong Kong has implemented full digital TV broadcast. At the end of 2022, there were over 800 satellite and pay-TV channels available in digital format. Nine licensed satellite TV broadcasters provided around 140 channels mainly targeting the Asia-Pacific region. Three domestic free-TV licensees operated 10 digital TV channels.

As for radio, two sound broadcasting licensees provided six radio channels at the year end.

Public Service Broadcasting

Radio Television Hong Kong (RTHK) is a government department that serves as the city's public service broadcaster. It provides editorially independent, professional and quality radio, TV and new media services. The Charter of RTHK sets out its public purposes, mission and relationship with the Commerce and Economic Development Bureau, the Communications Authority and the RTHK Board of Advisors.

RTHK operates four FM and four AM radio channels, offering radio programmes in Cantonese, English, Putonghua and other languages, including 22 hours of radio programmes every week under the Community Involvement Broadcasting Service.

RTHK operates four digital TV channels. Programmes are mainly in Cantonese, with some in English or Putonghua, while some include subtitles in ethnic minority languages. To cater for the visually or hearing impaired, some programmes incorporate audio descriptions or sign language.

From 1 July, RTHK has relayed China Media Group's radio channel The Greater Bay, and the China Global Television Network Documentary channel.

RTHK harnesses the multimedia potential of new media platforms, providing a number of mobile applications. As at December, the RTHK website averaged around 453,000 visits per day.

Postal Services

Hongkong Post provides reliable postal and related services at affordable prices. In 2022, it handled 0.79 billion postal items, 82.8 per cent of which was local mail.

To leverage the growth of e-commerce, Hongkong Post continued to expand its network of iPostal Kiosk self-service posting facilities and iPostal Station self-service collection facilities, and invested in a new robotic sorting system to process e-commerce packets.

Hongkong Post is redeveloping the Air Mail Centre, enhancing its capacity to meet the demand for cross-border e-commerce postal services. The new centre, equipped with a modern centralised handling system, will strengthen Hong Kong's competitiveness as a postal and logistics hub in the GBA.

Stamps and Philately

Thirteen issues of special and commemorative stamps were released during the year, with the highlights being the 25th Anniversary of the Establishment of the HKSAR, the 25th Anniversary of the Stationing of the Chinese People's Liberation Army in Hong Kong and the Hong Kong Palace Museum.

Postal Cooperation

Hongkong Post participated in the 13th Asian-Pacific Postal Union Congress, as part of the People's Republic of China delegation, and the chief executive officers meeting of the Kahala Posts Group.

Film Classification

To allow adults wide access to films while protecting the interest of young people and children, Hong Kong adopts a three-tier film classification system with four categories: Category I, suitable for all ages; Category IIA, not suitable for children; Category IIB, not suitable for young persons and children; and Category III, for persons aged 18 or above only. Categories IIA and IIB are advisory, while the age restriction for Category III films is mandatory. The classification standards are kept in line with society's expectations through public surveys and consultation with a statutory advisory panel of about 300 members drawn from different backgrounds. The Board of Review (Film Censorship) is responsible for reviewing film classification decisions upon request.

During the year, 1,984 films were classified, of which 647, 673, 506 and 158 films were classified as Category I, Category IIA, Category IIB and Category III respectively.

Control of Obscene and Indecent Articles

The policy objective in regulating obscene and indecent articles is to preserve public morals and protect young people from the harmful effects of obscene and indecent materials while preserving the free flow of information and safeguarding freedom of expression. The publication and public display of obscene and indecent articles is regulated under the Control of Obscene and Indecent Articles Ordinance.

The relevant enforcement agencies are the Office for Film, Newspaper and Article Administration, the police and the Customs and Excise Department.

Under the ordinance, an article may be classified as Class I (neither obscene nor indecent), Class II (indecent) or Class III (obscene). The ordinance prohibits the publication of Class III articles. Publishers, authors, printers, manufacturers, importers, distributors and copyright owners may submit articles voluntarily to the Obscene Articles Tribunal for classification before publication if in doubt.

Websites

Commerce and Economic Development Bureau: www.cedb.gov.hk

Communications Authority: www.coms-auth.hk

Competition Commission: www.compcomm.hk

Consumer Council: www.consumer.org.hk

Customs and Excise Department: www.customs.gov.hk

Hongkong Post: www.hongkongpost.hk

Hong Kong Trade Development Council: www.hktdc.com

Intellectual Property Department: www.ipd.gov.hk

Invest Hong Kong: www.investhk.gov.hk

Office of the Communications Authority: www.ofca.gov.hk

Office for Film, Newspaper and Article Administration: www.ofnaa.gov.hk

Radio Television Hong Kong: www.rthk.hk

Trade and Industry Department: www.tid.gov.hk