

Chapter 13

Commerce and Economic Development

Hong Kong's low tax rates, first-class infrastructure, effective legal system and free flow of capital and information all contribute to an environment in which business can flourish. The city is an important gateway to the Mainland of China and one of the world's most dynamic economies.

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, trade facilitation and wine business, as well as work related to the United Nations Security Council sanctions. The bureau is assisted by the Trade and Industry Department, overseas 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 the Customs and Excise Department.

Merchandise Trade

Hong Kong's external trade experienced negative growth in 2023. Total merchandise trade decreased 6.7 per cent to \$8,822.4 billion compared with 2022. Total exports decreased 7.8 per cent to \$4,177.4 billion, while imports decreased 5.7 per cent to \$4,645 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 2023, electrical machinery, apparatus and appliances and electrical parts thereof worth \$1,983.8 billion were the principal commodities exported, followed by telecommunications and sound recording and reproducing apparatus and equipment (\$524.7 billion) and office machines and automatic data processing machines (\$408.1 billion). The Mainland, the US and India were the main destinations, accounting for 55.5 per cent, 6.5 per cent and 4 per cent respectively of the total value of total exports.

Imports

In 2023, electrical machinery, apparatus and appliances and electrical parts thereof constituted the largest share of total imports at \$2,023.8 billion, followed by telecommunications and sound recording and reproducing apparatus and equipment (\$555.2 billion) and office machines and automatic data processing machines (\$323.5 billion). The Mainland, Taiwan and Singapore were Hong Kong's major suppliers, accounting for 43.5 per cent, 11.3 per cent and 7.1 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 2022 was 93.5 per cent and it provided employment for 3,259,800 people, making up 88.3 per cent of total employment in 2023.

The total services trade of Hong Kong amounted to \$1,394.8 billion in 2023, the world's 21st largest in value. The territory exported \$774.1 billion worth of services, contributing to 25.9 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 23rd in the world.

The main components of Hong Kong's exports of services were in transport and financial services, accounting for 30.6 per cent and 25.9 per cent respectively of the total value. The territory is a net exporter of services and had an overall surplus of \$153.4 billion in 2023, including surpluses of \$137.3 billion and \$93 billion in financial services and transport respectively.

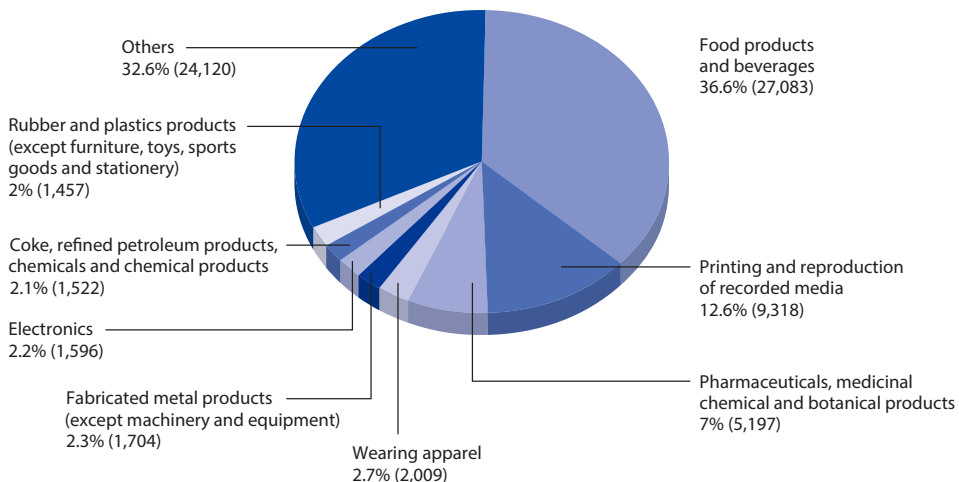
Manufacturing

Hong Kong is a command and control centre for manufacturing with a globalised production network. Domestic manufacturing contributed 1 per cent of GDP in 2022 and provided employment for 75,500 people in 2023, making up 2 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 2023

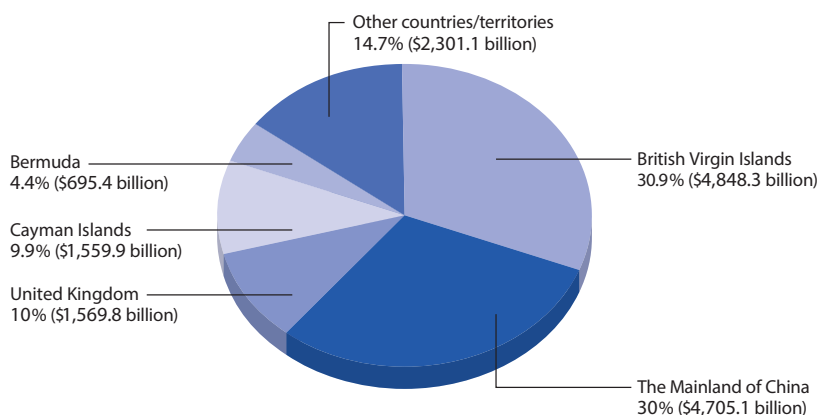


Note: Individual percentage shares may not add up to 100 due to rounding.

Inward Direct Investment

According to the *World Investment Report 2023* issued by the United Nations Conference on Trade and Development, Hong Kong was the world's fourth-largest recipient of inward direct investment in 2022, after the US, the Mainland and Singapore. The Census and Statistics Department's report *External Direct Investment Statistics of Hong Kong 2022* indicated that Hong Kong's foreign direct investment inflow in 2022 was \$958.4 billion. At the end of 2022, the total stock of inward direct investment¹ was \$17,306.5 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 attractiveness as a base for multinational corporations to manage their investments and businesses around the world. Chart 2 shows selected major investor countries and territories of Hong Kong's inward direct investment. The British Virgin Islands and the Mainland were the two largest, accounting for 30.9 per cent and 30 per cent of the total stock 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, professional and business services took up the largest share, at 65.4 per cent of the total stock.

Chart 2 Stock of Hong Kong's Inward Direct Investment at Market Value by Selected Major Investor Country/Territory at end-2022



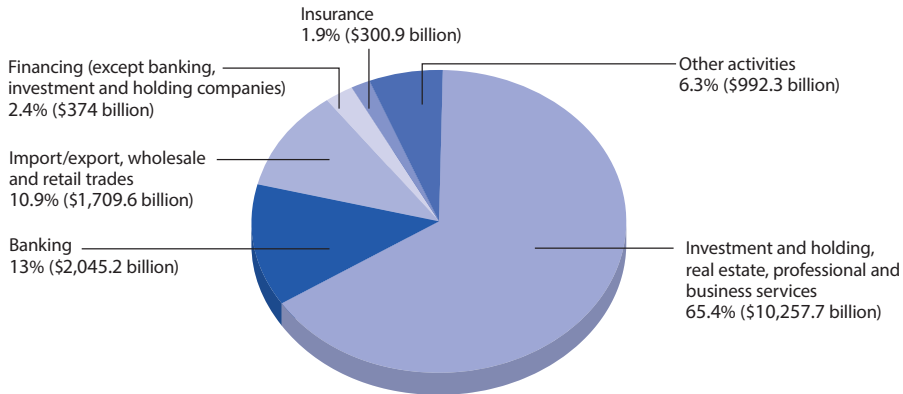
Notes: Selected based on the stock of Hong Kong's inward direct investment from individual investor countries/territories in recent years.
Individual percentage shares may not add up to 100 due to rounding.
Country/ Territory here refers to the immediate source economy. It does not necessarily reflect the country/territory from which the funds are initially mobilised.

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-2022



Note: Individual percentage shares may not add up to 100 due to rounding.

According to the latest survey in 2023, the number of overseas and Mainland companies in Hong Kong was 9,039, covering companies across different sectors, sizes and origins of parent companies.

Inward Investment Promotion

In 2023, Invest Hong Kong helped 382 overseas and Mainland companies set up or expand operations in Hong Kong, involving direct investment of more than \$61 billion and the creation of more than 4,100 jobs within the first year of their operation or expansion³.

Invest Hong Kong promotes the city's business advantages by organising investment promotion activities in the Mainland and key overseas markets, and by sponsoring events to bring foreign direct investment to Hong Kong. In 2023, Invest Hong Kong organised investment promotion seminars in Mainland cities including Guangzhou, Hangzhou, Lanzhou, Nantong, Urumqi, Xiamen and Zibo to introduce Hong Kong's business advantages and promote Hong Kong as a two-way platform for Mainland companies to go global.

The department co-organised physical investment promotion events such as the 'Guangdong-Hong Kong-Macao Greater Bay Area and Europe Economic and Trade Cooperation Conference' in Munich in September, and '2023 Global Investment Promotion Conference for the Guangdong-Hong Kong-Macao Greater Bay Area' in Guangzhou in November with the Department of Commerce of Guangdong Province and the Macao Trade and Investment Promotion Institute to promote the business opportunities of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to the international business community. It completed 136 investment projects from the Mainland in 2023, representing 35.6 per cent of its total number of completed projects.

³ As reported by some of the companies assisted by Invest Hong Kong. Not all the companies disclosed their data.

To better capture opportunities in emerging markets, Invest Hong Kong has strengthened the investment promotion network under the Dubai ETO since April, to enhance its support for the Middle East market. It also organised events with Hong Kong Exchanges and Clearing Limited in Singapore and Thailand during 2023 to introduce the latest developments of Hong Kong's security markets and highlight its advantages as an international financial centre.

Invest Hong Kong 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 in 2023 attracted over 35,000 visitors, more than 700 exhibitors and over 800 speakers from more than 100 economies to its physical forum in Hong Kong, as well as more than 5.5 million online views.

Invest Hong Kong'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 StartmeupHK Festival was held in November to promote innovation and technology, attracting more than 12,000 in-person and 16,000 online participants from more than 85 countries.

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, exhibitions and other cultural events to promote Hong Kong's image, and Dedicated Teams for Attracting Businesses and Talents also offer support to enterprises and individuals 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 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 also covers New Zealand and the Tokyo ETO also 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 December, Hong Kong completed its WTO Trade Policy Review. WTO members commended Hong Kong for its free and open trade regime and its unwavering support for the multilateral trading system.

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 2023, Hong Kong conducted about 84 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 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 conditions for Hong Kong's goods and services to enter international markets. In January, Hong Kong and Peru commenced bilateral FTA negotiations. Hong Kong is seeking early accession to the Regional Comprehensive Economic Partnership and continues to explore possible FTAs with other trading partners.

Investment Promotion and Protection Agreements

Hong Kong has signed 23 investment promotion and protection agreements with 32 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, of which the latest was

signed with Türkiye in October. Negotiations were concluded with Bahrain in December, and are ongoing with Bangladesh and Saudi Arabia.

Trade in Goods

In 2023, the Customs and Excise Department carried out 26,033 factory and consignment inspections and concluded 231 investigations to ensure compliance with factory registration conditions and import and export licensing requirements. The department also conducted 31 blitz checks on consignments of goods at various import and export control points. It prosecuted 14 companies and 21 offenders successfully, leading to fines totalling \$170,000.

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 2023, the Customs and Excise Department successfully prosecuted 30 companies and six offenders involved in the unlicensed import and export of strategic commodities, resulting in fines totalling \$430,000. Goods valued at \$1.5 million 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, Macao, 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 fully participating in and contributing to the Belt and Road Initiative and consolidating Hong Kong's role as the initiative's functional platform.

Under the Steering Group on Integration into National Development, chaired by the Chief Executive, the Working Group on Belt and Road Development has been set up with the Secretary for Justice and the Secretary for Commerce and Economic Development serving as its chairperson and secretary respectively. The working group promotes high-quality cooperation between Hong Kong and Belt and Road countries, particularly in trade and commerce as well as in professional services, and it reviews strategies and progress in promoting Hong Kong's participation in the initiative.

The Chief Executive led a HKSAR delegation to visit Saudi Arabia and the United Arab Emirates in February to enhance connections in areas such as trade, investment and culture, and to promote Hong Kong's unique advantages and investment opportunities; while in July, he led a high-level business delegation to visit Singapore, Indonesia and Malaysia to further strengthen cooperation with ASEAN countries in trade, economy and investment.

To celebrate the 10th anniversary of the Belt and Road Initiative, the Chief Executive led a high-level delegation of around 70 people to participate in the third Belt and Road Forum for International Cooperation in Beijing on 17 and 18 October.

The eighth Belt and Road Summit was held in Hong Kong on 13 and 14 September, with the theme of 'Prospering on a Decade of Collaboration', and the introduction of the Middle East Forum, the Finance Chapter and the Youth Chapter. It attracted the participation of nearly 6,000 senior government officials, business leaders and representatives of enterprises from over 70 countries and regions, including the Secretary-General of ASEAN, and ministerial officers from 12 countries and 100-plus delegations – a record over past editions. A record high of 21 memorandums of understanding were also signed.

Other major events held during the year included the second edition of the Joint Conference Policy Exchange and Capacity Building Programme in June and the sixth Joint Conference on Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative held in Beijing in July, while in December the Secretary for Commerce and Economic Development led a delegation of business enterprises of Belt and Road countries operating in Hong Kong to visit Shenzhen and Guangzhou to promote Hong Kong as the service base for entry into the Mainland market.

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-2023, 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 provides capacity-building services and operates various 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 (IPD) 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 make changes to certain particulars of their registrations and applications directly. In 2023, 86 per cent, 98 per cent and 85 per cent of applications for trademarks, patents and designs respectively were filed electronically.

Trademarks

The Trade Marks Registry received 29,835 applications in 2023, a 1.4 per cent increase from 2022. It registered 25,332 marks in the year, taking the number of registered marks to 494,355 by end-2023. Of the 98 countries and regions that filed applications, the principal ones were:

Hong Kong	12,242	United Kingdom	639
Mainland	5,869	France	609
US	2,442	Singapore	605
Japan	1,976	Germany	459
Korea	1,010	Taiwan	441

The preparatory work continues 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 fine-tuning the required information technology system.

Patents

The original grant patent system 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 grants 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 enables 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 17,614 standard patent by re-registration, 170 standard patent by original grant and 624 short-term patent applications in 2023. It granted 10,815 standard patents by re-registration, 51 standard patents by original grant and 516 short-term patents, respectively 6.5 per cent lower, 75.9 per cent higher and 3.6 per cent lower than in 2022.

Designs

In 2023, the Designs Registry received 1,684 applications to register 3,560 designs and registered 3,390 designs, a 2.1 per cent increase from 2022.

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 came into operation in May to strengthen copyright protection in the digital environment. Preparatory work is under way for a consultation to explore enhancing the ordinance regarding protection for artificial intelligence technology development.

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, local market and online sale, import and export of pirated and counterfeit goods and the possession of such goods for business use.

The department combats infringement activities at the cross-boundary, local market, online and technology levels. In 2023, it arrested 60 people in 50 piracy cases and confiscated goods, mostly electronics products, computers and related accessories and audio visual systems, worth about \$3 million. It also seized counterfeit goods worth about \$285 million and arrested 294 people in 676 cases of forged trademarks.

Public Education

The IPD promotes intellectual property trading and the importance of protecting intellectual property rights. In 2023, 12 trade associations with over 1,700 retail merchants, covering more than 7,400 outlets and online shops, took part in its No Fakes Pledge scheme. Through school talks and interactive drama programmes, the department reached out to 235 schools and over 52,932 students.

Intellectual Property Trading

The National 14th Five-Year Plan supports Hong Kong's development into a regional intellectual property trading centre. The IPD offers a free Intellectual Property Consultation Service, 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 IPD works with its Mainland counterparts to promote intellectual property protection, management and trading. In February, the 16 Cooperation Measures for the Development of the Qianhai Shenzhen-Hong Kong Intellectual Property and Innovation Hub were promulgated, with a view to advancing the development of intellectual property in Hong Kong and Shenzhen, foster cross-boundary intellectual property and innovation, exchange and cooperation, and promote the development of Hong Kong into a regional intellectual property trading centre.

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 IPD 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 pursuant to the FTA between Hong Kong, China and ASEAN to promote intellectual property commercialisation.

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 Satellite-based Tracking System devices recognised by the Customs and Excise Department. The cargo normally undergoes inspection only once, if selected at all, when entering or leaving Hong Kong.

The Single E-lock Scheme streamlines customs clearance procedures by connecting the ITFS to the Speedy Clearance System operated by Mainland customs. Mutually recognised electronic locks are used to minimise duplicate inspections of the same consignment at the boundary. As of 2023, there were 76 clearance points in total (60 in Guangdong covering eight Mainland municipalities in the GBA, 13 in Hong Kong and three in Hunan province).

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 Customs and Excise 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 19 million transactions in 2023.

Trade Single Window

The Trade Single Window 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, was rolled out ahead of schedule at the end of 2023. Phase 3 services are targeted to roll out in batches from 2026 onwards.

Trade and Industrial Support Organisations

Hong Kong Trade Development Council

The statutory Hong Kong Trade Development Council 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 business hub for the GBA, ASEAN and the wider Regional Comprehensive Economic Partnership with the rest of the world. It also promotes Hong Kong's position and advantages as an investment, trade, innovation and cultural hub to the international audience.

The council organises international exhibitions, conferences and business missions to help Hong Kong companies seize opportunities in the Mainland and around the world. It provides a range of business support programmes to help SMEs and start-ups to enhance their capabilities and market expansion; and provides market information through 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.

Macroeconomic and geopolitical uncertainties persisted through 2023, hindering the export trade. The corporation's total insured business and gross premium income respectively declined by 3 per cent to \$116.8 billion and 13 per cent to \$268 million in the year, while cash claims remained at a similar level to last year, amounting to \$24 million.

Against this backdrop, the corporation has taken action to support exporters. The 100% Credit Limit Top-up Scheme, which concluded in June, provided crucial support to exporters during the Covid-19 pandemic, with coverage amounting to over \$37.3 billion worth of shipments and having uplifted over 17,000 credit limits. Uplifted credit limits were absorbed by the corporation, where risk allowed, upon the conclusion of the scheme.

In collaboration with five domestic banks, the corporation also launched the Risk-sharing Arrangement on Domestic Sales in the Mainland to enhance support for exporters seeking to conduct business in the Mainland.

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 2023, the commission received 311 complaints and 422 enquiries. It also started initial assessments of 17 meritorious cases and

escalated three cases to in-depth investigation. During the year, the commission brought three cases to the Competition Tribunal and accepted commitments from two companies in another case.

In 2023, the tribunal handed down two judgments on liability and penalty in one case against four respondents for engaging in price fixing, market sharing and bid rigging regarding the sale of mail inserters in Hong Kong; and another case concerning price fixing in relation to the sales of tickets to tourist attractions and transportation services at hotels in Hong Kong. The tribunal also handed down various judgments and decisions that were of significance in terms of case management and on principles of confidentiality.

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 2023, the council received 34,155 consumer complaints and 57,645 consumer enquiries, and completed 41 product tests, 29 surveys and 13 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 2023, the department carried out 9,746 spot checks and concluded 194 enforcement cases.

The Government Laboratory provides analytical and advisory services to the Customs and Excise Department in the enforcement of consumer protection legislation, and conducts on-site investigations to support the enforcement of the Weights and Measures Ordinance. In 2023, the laboratory carried out 34,051 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 5,259 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, the Communications 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 2020, had over 6.5 million subscriptions as at December 2023, representing a penetration rate of about 87 per cent by population. Overall, there were 24.4 million mobile subscriptions to four mobile network operators and 23 mobile virtual network operators, representing a population penetration rate of 317 per cent, one of the world's highest. Monthly mobile data usage reached 186,159 terabytes in December 2023, a 19 per cent rise year on year. On average, each resident used 24,705 megabytes per month.

Fixed Communications

Hong Kong has one of the world's most advanced fixed broadband network infrastructures and a fixed broadband penetration rate of 98.2 per cent of households.

As at December, local fixed telecommunications services were offered by 26 licensed carriers, with two or more networks available to 91.9 per cent of households and three or more available to 80.6 per cent.

Charges for fixed broadband are competitive, starting from \$78 per month for services at speeds of up to 1 gigabit per second. 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 24 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 239,000 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 2.77 million numbers were registered in 'Do-not-call' registers established under the ordinance for faxes, short messages and pre-recorded telephone messages.

In 2023, the Communications Authority received 713 reports of suspected contraventions and issued eight warning letters to senders.

Real-name Registration Programme for SIM Cards

The Real-name Registration Programme for Subscriber Identification Module (SIM) Cards has been fully implemented since 24 February. All SIM cards issued and used locally, including SIM service plans and pre-paid SIM cards, must complete real-name registration before service activation.

Under the programme, each individual user and each corporate user may respectively register no more than 10 and 25 pre-paid SIM cards with each telecommunications operator. This denies users of such cards the anonymity that could previously be used to conduct illegal activities and assists law enforcement agencies, which safeguards the integrity of telecommunications services and safety of the communications networks. As at end-December, around 14 million SIM cards had completed real-name registration and service activation.

Enhancing the Fifth Generation Mobile Services Infrastructure

The Telecommunications (Amendment) Bill 2023, introduced into the Legislative Council in December, to implement the initiative announced in the 2022 Policy Address will allow the Communications Authority to grant access for mobile network operators to install and maintain mobile communications facilities in reserved spaces in specified new and redeveloped buildings, so as to expand 5G network coverage and facilitate Hong Kong's development into a smart city.

Tax Deductions for Spectrum Utilisation Fees

The Inland Revenue (Amendment) (Tax Deductions for Spectrum Utilisation Fees) Bill 2023, introduced into the Legislative Council in December to implement the proposals in the 2023-24 Budget, will provide tax deductions for spectrum utilisation fees payable by mobile network operators on radio spectrum acquired in the future, with a view to encouraging the enhancement of telecommunications infrastructure.

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.

The government completed the mid-term review of the free TV and sound broadcasting licences in February. In addition to the refinements to the programming requirements to reduce the compliance costs for the licensees, the government updated the requirements for broadcasting specific programmes, including requiring the licensees to broadcast more programmes in relation to the positive promotion of national education, national identity, correct understanding of the national security law and promotion of youth development.

The Communications Authority also conducted a review of the Television and Radio Codes of Practice on Programme and Advertising Standards, to provide a more flexible and conducive operating environment for the broadcasting industry. The revised codes of practice, which took effect on 15 December, also stipulated specific requirements for the broadcasting licensees to implement and give effect to the national security law.

Hong Kong has full digital TV broadcast. At the end of 2023, there were over 700 satellite and pay-TV channels available in digital format. Nine licensed satellite TV broadcasters provided around 150 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.

On sound broadcasting, 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 five 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.

RTHK provides a variety of programmes covering current affairs, education, culture and art, and provides accurate and updated information on government policies and measures through RTHK TV 31 and 32 respectively. RTHK TV 33, 34 and 35 broadcast Mainland programmes and relay Mainland TV channels, including China Central Television Channel 1, China Media Group's China Global Television Network (CGTN) Documentary Channel and CGTN English Channel so as to provide more choices to the local audience and enrich Hong Kong residents' understanding about the country's development and achievements.

RTHK seeks to engender a sense of citizenship and national identity by strengthening its cooperation with Mainland broadcasters through the co-production of television programmes, such as the first ever joint productions with Beijing Radio and Television Station and Zhejiang Satellite Television on *Wishing On the Same Moon – Beijing-Hong Kong Mid-Autumn Festival Special* and *Zhejiang and Hong Kong Welcome the Asian Para Games* in September and October respectively.

RTHK harnesses the multimedia potential of new media platforms, providing a number of mobile applications. As at December, the RTHK website averaged around 520,000 visits per day.

Postal Services

Hongkong Post provides reliable postal and related services at affordable prices. In 2023, it handled 0.71 billion postal items, 88.4 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.

Hongkong Post moved in to its new headquarters in October. The Hongkong Post Building, in Kowloon Bay, is connected by a link bridge to the adjacent Central Mail Centre, creating

synergy for Hongkong Post's operation. It also houses the Postal Gallery for customers to appreciate the development of the city's postal services.

Stamps and Philately

Thirteen issues of special and commemorative stamps were released during the year, with the highlights being A Tribute to Healthcare Workers, Cultural Landmarks in Hong Kong, the 10th Anniversary of the Belt and Road Initiative, and Hong Kong Past and Present Series: Hongkong Post Headquarters.

Postal Cooperation

Hongkong Post participated in the fourth Universal Postal Union Extraordinary Congress, as part of the People's Republic of China delegation, the Chief Executive Officers meeting of the Kahala Posts Group and the fifth Mainland, Hong Kong and Macao Postal Summit Meeting.

Film Classification

To allow a wide choice of films for adults 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, 2,318 films were classified, of which 760, 819, 597 and 142 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 prevent young people from accessing obscene and indecent materials while maintaining 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 Hong Kong Police Force 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