

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 (IP) 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 grew in 2024. Total merchandise trade increased 7.3 per cent to \$9,464.5 billion compared with 2023. Total exports increased 8.7 per cent to \$4,542.4 billion, while imports increased 6 per cent to \$4,922.1 billion. The territory's biggest trading partner was the Mainland, followed by Taiwan and the United States. Hong Kong was the world's seventh-largest trading entity in terms of value of merchandise trade.

Total Exports

In 2024, electrical machinery, apparatus and appliances and electrical parts thereof worth \$2,182.7 billion were the principal commodities exported, followed by telecommunications and sound recording and reproducing apparatus and equipment (\$543.6 billion) and office machines and automatic data processing machines (\$541.5 billion). The Mainland, the US and Vietnam were the main destinations, accounting for 59 per cent, 6.5 per cent and 3.2 per cent respectively of the total value of total exports.

Imports

In 2024, electrical machinery, apparatus and appliances and electrical parts thereof constituted the largest share of total imports at \$2,198.4 billion, followed by telecommunications and sound recording and reproducing apparatus and equipment (\$553.1 billion) and office machines and automatic data processing machines (\$445.9 billion). The Mainland, Taiwan and Singapore were Hong Kong's major suppliers, accounting for 43.6 per cent, 11.3 per cent and 7.9 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 2023 was 93.5 per cent and it provided employment for 3,259,100 people, making up 87.9 per cent of total employment in 2024.

The total services trade of Hong Kong amounted to \$1,549.7 billion in 2024, the world's 21st largest in value. The territory exported \$847.3 billion worth of services, contributing to 26.7 per cent of GDP, compiled based on the change of ownership principle. It ranked sixth in the region after the Mainland, Singapore, India, 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 32.9 per cent and 25.4 per cent respectively of the total value. The territory is a net exporter of services and had an overall surplus of \$145 billion in 2024, including surpluses of \$144.8 billion and \$116.7 billion in financial services and transport respectively.

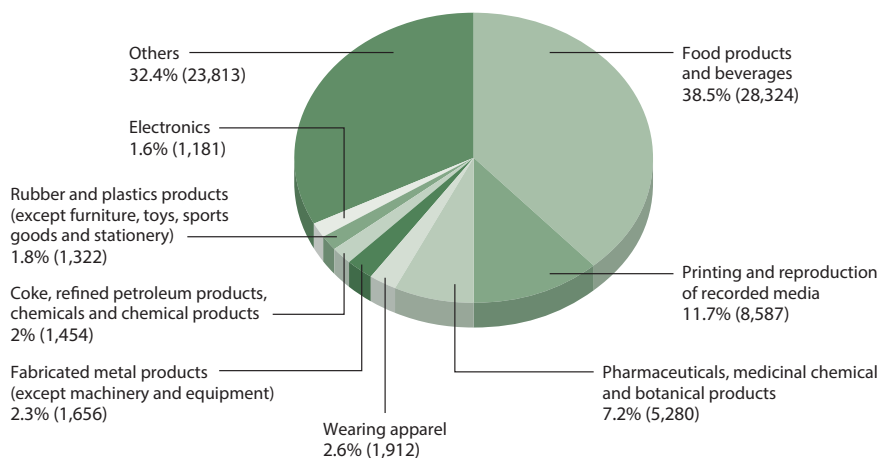
Manufacturing

Hong Kong is a command and control centre for manufacturing with a globalised production network. Domestic manufacturing contributed 1 per cent of GDP in 2023 and provided employment for 75,700 people in 2024, 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 2024**

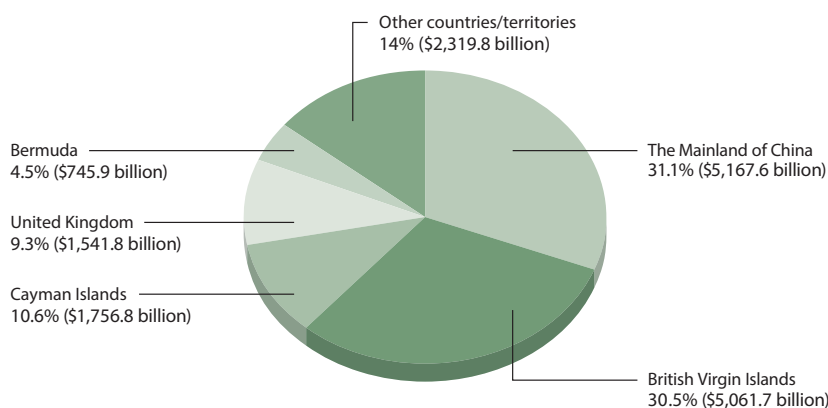


Note: Individual percentage shares may not add up to 100 due to rounding.

Inward Direct Investment

According to the *World Investment Report 2024* issued by the United Nations Trade and Development, Hong Kong was the world's fourth-largest recipient of inward direct investment in 2023, after the US, the Mainland and Singapore. The Census and Statistics Department's report *External Direct Investment Statistics of Hong Kong 2023* indicated that Hong Kong's foreign direct investment inflow in 2023 was \$954.9 billion. At the end of 2023, the total stock of inward direct investment¹ was \$18,376.1 billion. The vast stock of external direct investment testifies that Hong Kong continues to be an international centre for finance and commerce, as well as a preferred base for multinational corporations to manage their investments and businesses. Chart 2 shows selected major investor countries and territories of Hong Kong's inward direct investment. The Mainland and British Virgin Islands were the two largest, accounting for 31.1 per cent and 30.5 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 67.1 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-2023**



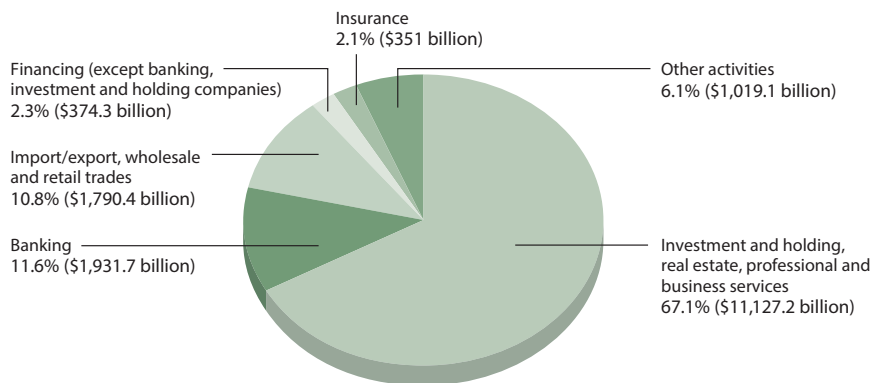
Notes: Selected based on the stock of Hong Kong's inward direct investment from individual investor countries/territories in recent years.
Individual percentage shares may not add up to 100 due to rounding.
Country/territory refers to the immediate source economy. It does not necessarily reflect the 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-2023



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

According to the latest survey in 2024, the number of overseas and Mainland companies in Hong Kong was 9,960, covering companies across different sectors, sizes and origins of parent companies.

Inward Investment Promotion

In 2024, Invest Hong Kong helped 539 overseas and Mainland companies set up or expand operations in Hong Kong, involving direct investment of more than \$67 billion and the creation of more than 6,800 jobs within the first year of their operations 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 2024, Invest Hong Kong organised investment promotion seminars in Mainland cities including Beijing, Changsha, Chengdu, Guangzhou, Hangzhou, Harbin, Nanjing, Shanghai, Wuhan, Xiamen and Xi'an to introduce Hong Kong's business advantages and promote the city as an ideal platform for Mainland companies to go global.

The department also co-organised investment promotion events, such as the 'Guangdong-Hong Kong-Macao Greater Bay Area and Europe (France) Economic and Trade Cooperation Conference' in Paris in May, and '2024 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 Commerce and Investment Promotion Institute to promote the business opportunities of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to the international business

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

community. It completed 273 investment projects from the Mainland in 2024, representing 50.6 per cent of its total number of completed projects.

Invest Hong Kong organised and participated in over 220 diverse investment promotion activities conducted overseas, including the 'Thailand-Hong Kong Business Forum' in Bangkok, 'Africa Day' in Cairo and a business community networking event in Lima. To better capture opportunities in emerging markets along the Belt and Road, Invest Hong Kong also set up a consultant office in Cairo in July.

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 2024 attracted over 37,000 visitors, more than 700 exhibitors and over 800 speakers from more than 100 economies to its physical forum in Hong Kong.

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 October to promote innovation and technology, attracting more than 3,400 participants from more than 49 countries/regions.

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 Organization (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. The Dedicated Teams for Attracting Businesses and Talents, under the ETOs, offer support to enterprises and individuals interested in setting up operations or expanding their presence in Hong Kong. The teams also support the work of the Office for Attracting Strategic Enterprises under the Financial Secretary's Office and Hong Kong Talent Engage under the Labour and Welfare Bureau in providing facilitation services for attracting businesses and talents.

The Brussels ETO represents the economic and trade interests of Hong Kong in 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 Organization.

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 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 Organization

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. Hong Kong attended the 13th WTO Ministerial Conference in Abu Dhabi from 26 February to 2 March.

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 2024, Hong Kong conducted about 86 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 seven free trade agreements (FTAs) with 19 foreign economies to secure more favourable conditions for Hong Kong's goods and services to enter international markets. In November, Hong Kong and Peru signed an FTA, the first by the current-term government. Hong Kong is also seeking early accession to the Regional Comprehensive Economic Partnership (RCEP) and continues to explore possible FTAs with other trading partners.

Investment Promotion and Protection Agreements

Hong Kong has signed 24 investment promotion and protection agreements with 33 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 Bahrain in March. Negotiations are ongoing with Bangladesh, Egypt, Peru and Saudi Arabia.

Trade in Goods

In 2024, the Customs and Excise Department carried out 25,902 factory and consignment inspections and concluded 243 investigations to ensure compliance with factory registration conditions and import and export licensing requirements. The department also conducted 33 blitz checks on consignments of goods at various import and export control points. It prosecuted 19 companies and 15 offenders successfully, leading to fines totalling \$250,000.

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 2024, the Customs and Excise Department successfully prosecuted 35 companies and two offenders involved in the unlicensed import and export of strategic commodities, resulting in fines totalling \$230,000. Goods valued at \$400,000 were confiscated.

Customs Cooperation

The Customs and Excise Department plays an active role in the work of the World Customs Organization (WCO) and APEC Sub-Committee on Customs Procedures. It liaises with the WCO and seconded one officer each to support the WCO Compliance and Facilitation Directorate in Brussels, the WCO Regional Intelligence Liaison Office for Asia and the Pacific in Tokyo, 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 Authorized 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. As at December, these economies included the Mainland, Macao, Australia, Bahrain, Canada, India, Indonesia, Israel, Japan, Korea, Malaysia, Mexico, New Zealand, Singapore, South Africa 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.

In June, Hong Kong, China was elected as the vice-chairperson for the Asia/Pacific region of the WCO for a two-year term. Upon assuming the role, the department organised several meetings, conferences and workshops to bring together representatives from around the world to engage in discussions and exchange insights, fostering closer cooperation among regional enforcement agencies.

Closer Economic Partnership Arrangements with the 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 two sides amended the CEPA Agreement on Trade in Goods in June to increase the duty-free allowance for baggage articles of Mainland resident travellers entering the Mainland from Hong Kong and signed the Second Agreement Concerning Amendment to the CEPA Agreement on Trade in Services in October to further enhance the liberalisation level of trade in services between the Mainland and Hong Kong.

Hong Kong signed a CEPA separately with Macao in 2017, which covers trade in goods, trade in services, investment, IP, 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/regions, particularly in trade and commerce and professional services, as well as people-to-people bond, and reviews strategies and progress in promoting Hong Kong's participation in the initiative, thereby contributing to the latest national strategy which includes the country's eight major steps supporting the joint pursuit of high-quality Belt and Road cooperation⁴.

The Belt and Road Office has been organising outbound missions to major Belt and Road countries/regions to promote the strength of Hong Kong enterprises and professional services and build long-lasting collaborative relationships.

⁴ The eight major steps are: building a multidimensional Belt and Road connectivity network; supporting an open world economy; carrying out practical cooperation; promoting green development; advancing scientific and technological innovation; supporting people-to-people exchanges; promoting integrity-based Belt and Road cooperation; and strengthening institutional building for Belt and Road international cooperation.

The office and the Ministry of Commerce co-led a joint business mission to visit Hungary and Kazakhstan on 16 to 25 May, and returned via the Xinjiang Uygur autonomous region, to encourage Hong Kong and Mainland enterprises as well as Hong Kong professional services in exploring the Belt and Road markets and seeking collaboration opportunities. Hong Kong delegates exchanged a total of 10 memorandums of understanding and agreements during the visit.

The Chief Executive led a delegation to visit Laos, Cambodia and Vietnam on 28 July to 2 August. The delegation introduced Hong Kong's strengths and business opportunities, with a view to exploring potential collaborations and establishing more extensive connections and networks. Hong Kong signed a total of 55 memorandums of understanding and agreements during the trip.

The ninth Belt and Road Summit was held in Hong Kong on 11 and 12 September, with the theme of 'Building a Connected, Innovative and Green Belt and Road'. It attracted around 6,000 government officials, business leaders and representatives of enterprises from over 70 Belt and Road countries and regions, including more than 100 delegations and 38 state-owned enterprises from the Mainland. A total of 25 memorandums of understanding were signed during the summit.

Other major events during the year included the 'Discover NEOM' roadshow in April, the seventh 'Joint Conference on Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative' in Beijing in July and a cooperation and exchange forum between China (Xinjiang, Hong Kong) and Kazakhstan in Urumqi in November.

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-2024, there were about 360,000 SMEs, representing over 98 per cent of all local enterprises and employing about 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 IP 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 IP.

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 IP owners and agents to file their applications securely and make changes to certain particulars of their registrations and applications directly. In 2024, 87 per cent, 98 per cent and 83 per cent of applications for trademarks, patents and designs respectively were filed electronically.

Trademarks

The Trade Marks Registry received 33,149 applications in 2024, an 11.1 per cent increase from 2023. It registered 28,835 marks in the year, taking the number of registered marks to 496,196 by end-2024. Of the 101 countries and regions that filed applications, the principal ones were:

Hong Kong	13,376	United Kingdom	636
Mainland	7,802	Singapore	615
US	2,692	France	613
Japan	1,966	Switzerland	463
Korea	1,098	Taiwan	449

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 continues, 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 re-registration system grants standard patents based on corresponding patents granted by one of the 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 grants short-term patents upon formality examination while enabling their owners or third parties having legitimate business interests in or reasonable grounds to doubt the validity of a short-term patent to ask the registry to carry out post-grant substantive examination of the patent.

The registry received 15,758 standard patent by re-registration, 182 standard patent by original grant and 813 short-term patent applications in 2024. It granted 10,037 standard patents by re-registration, 86 standard patents by original grant and 659 short-term patents, respectively 7.2 per cent lower, 68.6 per cent and 27.7 per cent higher than in 2023.

To encourage more research and development and promote IP commercialisation, the government has introduced the 'patent box' tax incentive. Starting from the 2023-24 tax year, qualifying income from patents, plant varieties and software copyrights will be taxed at 5 per cent instead of the usual 16.5 per cent.

Designs

In 2024, the Designs Registry received 2,228 applications to register 4,582 designs and registered 3,852 designs – a 13.6 per cent increase from 2023.

A review of the local registered designs regime is under way, ahead of a public consultation in 2025.

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.

To explore enhancing the ordinance regarding protection for artificial intelligence technology development, a public consultation was conducted from July to September with a view to putting forward a proposal in 2025.

Enforcement

The Customs and Excise Department enforces criminal sanctions against the infringement of IP 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 2024, it arrested 61 people in 59 piracy cases and confiscated goods, mostly electronics products, computers and related accessories, worth about \$3.9 million. It also seized counterfeit goods worth about \$305 million and arrested 284 people in 738 cases of forged trademarks.

Public Education

The Intellectual Property Department promotes public awareness of IP protection, management, trading and commercialisation. In 2024, 13 trade associations with over 1,750 retail merchants, covering more than 7,067 outlets and online shops, took part in its No Fakes Pledge scheme. Through school talks and interactive drama programmes, the department reached out to 200 schools and over 56,000 students.

Intellectual Property Trading

The National 14th Five-Year Plan supports Hong Kong's development into a regional IP trading centre. Apart from continuing to enhance the legal framework on protecting IP, the Intellectual Property Department also encourages the innovation and technology sector to leverage the original grant patent system. It also strengthens promotion and capacity building of IP talents by offering the free Intellectual Property Consultation Service, the Intellectual Property Manager Scheme Plus and, in collaboration with stakeholders, seminars and training courses. It showcases success stories of enterprises that engage in IP trading in the GBA, and also works with the Department of Justice to promote arbitration and mediation in resolving IP disputes.

Cooperation with Mainland

The Intellectual Property Department works with its Mainland counterparts to strengthen IP protection, management and trading. In July, Hong Kong and Shenzhen established a joint taskforce under the 16 Cooperation Measures for the Development of the Qianhai

Shenzhen-Hong Kong Intellectual Property and Innovation Hub. This initiative aims to enhance IP development in both cities and encourage cross-boundary IP cooperation.

The Customs and Excise Department exchanges experience and information with its Mainland counterparts on the detection and prosecution of IP-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 Organization and the APEC Intellectual Property Rights Experts Group. It also works pursuant to the FTA between Hong Kong, China and ASEAN to promote IP commercialisation.

Trade Facilitation

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 IP 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. Shippers or their agents submit electronic cargo information before the consignment is imported to or exported from Hong Kong. All cross-boundary goods vehicles, except those selected for inspection, enjoy seamless customs clearance at the 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 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 Customs Clearance System operated by Mainland customs. Mutually recognised electronic locks are used to minimise duplicate inspections of the same consignment at the boundary. In 2024, the coverage of the scheme was extended to Macao and Fujian province.

As of 2024, there were 93 clearance points in total (66 in Guangdong province covering eight Mainland municipalities in the GBA, four in Hunan province, six in Fujian province, four in Macao and 13 in Hong Kong).

Free Trade Agreement Transhipment Facilitation Scheme

The Free Trade Agreement Transhipment 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. There are 70 economies and 22 agreements covered under the northbound service scope of the scheme, while there are seven economies and eight agreements covered under the southbound service scope.

Alternative Smoking Product Transhipment Control Scheme

The Import and Export (Amendment) Ordinance took effect in 2023, providing an exemption for certain transshipments of alternative smoking products. To streamline operations, the Customs and Excise Department launched the Alternative Smoking Product Transhipment Control Scheme in February, which had registered 33 operators as at December. A total of 5,070 consignments with 12,257 tonnes of alternative smoking products have passed through Hong Kong International Airport under the scheme, en route to overseas markets.

Cross-boundary Express Cargo Clearance Facilitation Arrangement

The Cross-boundary Express Cargo Clearance Facilitation Arrangement speeds up customs clearance, by using advance cargo data and tracking technology to assess risks early and ensure secure transportation. Inspections are conducted at designated downtown clearance points, saving substantial time at control points. Compared to the traditional clearance mode, the arrangement has reduced the clearance time by 80 per cent.

In December, the Customs and Excise Department signed a memorandum of understanding with a multinational express cargo operator to implement the arrangement, and will expand it to other eligible express cargo operators. By end-2024, the arrangement had processed more than 2,000 vehicle trips and 470,000 consignments.

Government Electronic Trading Services

The Government Electronic Trading Services allows the trading community to submit key trade-related documents 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 20 million transactions in 2024.

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. Phases 1 and 2 are in full service, covering 42 types of documents. Phase 3 services are targeted to roll out in batches from 2026.

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 RCEP with the rest of the world. It also promotes Hong Kong's position and advantages as an investment, trade, innovation and cultural hub internationally.

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 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.

In 2024, the global economy has increasingly stabilised and demand for goods has gradually recovered, driving Hong Kong's export volume. The corporation's total insured business and gross premium income respectively increased by 33.6 per cent to \$156.1 billion and 20.6 per cent to \$324 million in the year, while cash claims increased by 41.7 per cent to \$34 million.

The Legislative Council passed a resolution in January to increase the corporation's maximum liability from \$55 billion to \$80 billion, allowing it to provide greater insurance coverage to Hong Kong exporters.

The 2024 Policy Address announced that the corporation will now cover 95 per cent of insured losses – up from 90 percent – giving exporters stronger protection. To help businesses seize more opportunities, the corporation offers 20 additional free credit checks on buyers from the Mainland, ASEAN and the Middle East. It is also collaborating with various financial institutions to enhance financing support for e-commerce business, helping Hong Kong companies develop their online cross-border trade.

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 2024, the commission received 319 complaints and 380 enquiries. It also started initial assessments of seven meritorious cases and escalated four cases to in-depth investigation.

During the year, the Competition Tribunal ruled in a case concerning cartel conduct when providing quotations for innovation and technology solutions in applications for a government subsidy scheme. Three other cases are still pending.

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 2024, the council received 40,839 consumer complaints and 57,613 consumer enquiries, and completed 37 product tests, 28 surveys and 15 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 2024, the department carried out 9,739 spot checks and concluded 246 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 2024, the laboratory carried out 33,978 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 5,322 tests to examine the authenticity of commodities and the correctness of trade descriptions under the Trade Descriptions Ordinance.

Communications Authority

The statutory Communications Authority 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 regional telecommunications hub. 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 had about 8 million subscriptions as at December 2024, representing a penetration rate of about 106 per cent by population. Overall, there were 27.9 million mobile subscriptions to four mobile network operators and 24 mobile virtual network operators, representing a population penetration rate of 360 per cent, one of the world's highest. Monthly mobile data usage reached 233,204 terabytes in December 2024, a 19 per cent rise year on year. On average, each resident used 30,722 megabytes per month.

Under the amended section 14 of the Telecommunications Ordinance, which took effect on 1 October, mobile network operators can install and maintain 5G equipment in certain buildings – commercial, industrial, residential and hotels – without paying fees to the property owners. It applies to buildings approved for construction after April 2025, as well as all new government buildings and public housing.

Fixed Communications

Hong Kong has one of the world's most advanced fixed broadband network infrastructures and a fixed broadband penetration rate of 96.8 per cent of households.

As at December, local fixed telecommunications services were offered by 29 licensed carriers, with two or more networks available to 92.5 per cent of households and three or more available to 81.3 per cent.

Charges for fixed broadband are competitive, starting from \$88 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 85,000 Wi-Fi hot spots.

External Telecommunications

Forty-one operators are licensed to provide facility-based external telecommunications services. Hong Kong is connected with the Mainland through 25 overland cables and with the rest of the world through 11 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 284,000 Gbps.

Three Hong Kong companies are licensed to operate and provide satellite communications services, operating 10 satellites in total.

Unsolicited Electronic Messages

The Unsolicited Electronic Messages Ordinance regulates the sending of commercial electronic messages. As at year end, more than 2.85 million numbers were registered in 'Do-not-call' registers established under the ordinance for faxes, short messages and pre-recorded telephone messages. In 2024, the Communications Authority received 505 reports of suspected contraventions and issued two enforcement notices and nine warning letters to senders.

Real-name Registration for SIM Cards

To safeguard the integrity of telecommunications services and safety of the communications networks, all Subscriber Identification Module (SIM) cards issued and used locally, including SIM service plans and pre-paid SIM cards, must complete real-name registration before activation.

Each individual user and corporate user may respectively register no more than 10 and 25 pre-paid SIM cards with each telecommunications operator. As at end-December, over 14 million SIM cards had completed real-name registration and service activation.

From 1 October, Hong Kong identity card holders can register pre-paid SIM cards and verify their identities through the mobile application 'iAM Smart'.

Auctions of Radio Spectrum

Spectrum auctions for the 850/900 MHz and 2.3 GHz bands, as well as the newly launched 6/7 GHz band, were concluded in November, providing a total of 410 MHz of spectrum for public mobile communications services. The 6/7 GHz band can support 6G development, making Hong Kong one of the first places in the world to auction such spectrum.

Broadcasting

Commercial Broadcasting

Hong Kong's broadcasting policy promotes competition to diversify programme content and encourages innovation through flexible regulations to secure the city's position as a regional broadcasting hub.

The Broadcasting Ordinance regulates 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 full digital TV broadcast. At the end of 2024, 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. 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. It strives to enhance the public understanding of 'one country, two systems' and its implementation in Hong Kong; to facilitate their understanding of the community and country; to strengthen the dissemination of government information; and to promote a sports culture and social inclusion.

On sound broadcasting, RTHK operates four FM and four AM radio channels, offering radio programmes in Cantonese, English, Putonghua and other languages, including 27 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 use 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 also co-produces programmes with Mainland broadcasters to enhance public understanding of the motherland, with themes covering food, culture, travel, music and art.

RTHK harnesses the multimedia potential of new media platforms, providing a number of mobile applications. As at December, the daily average of archive access to the RTHK website and mobile applications was around 580,000.

Postal Services

Hongkong Post provides reliable postal and related services at affordable prices. In 2024, it handled 0.62 billion postal items, 91.4 per cent of which was local mail. To leverage the growth of e-commerce, Hongkong Post roughly tripled its number of collections points through cooperating with a local convenience store company. It also partnered with China Post Hong Kong to launch the 'China Post Hong Kong & Hongkong Post Joint Douyin Account' to help Hong Kong brands tap into the Mainland market.

Hongkong Post is redeveloping the Air Mail Centre to provide modern and high value-added logistics services, which will support the continuous growth of e-commerce and strengthen the city's competitiveness as a postal and logistics hub in the GBA.

The new Hongkong Post Building, connecting to the Central Mail Centre, was fully commissioned in March. To celebrate the 75th anniversary of the founding of the People's Republic of China, Hongkong Post renewed the stamp exhibition at the Postal Gallery and organised guided tours to tell the stories of the country's achievement and Hong Kong's development through stamps.

Stamps and Philately

Fifteen issues of special and commemorative stamps were released during the year, including the 'Year of the Dragon' souvenir packs jointly issued by China Post, Hongkong Post and Macao Post and Telecommunications, containing the first-ever souvenir sheet issued by the three postal administrations. Among the others were 'Support to the Delegation of Team Hong Kong, China to Paris 2024', 'Hong Kong Palace Museum II' and 'Welcome Giant Pandas'.

Postal Cooperation

Hongkong Post participated in the Universal Postal Union World Round Table on Remuneration and Regional Strategy Conference, as part of the People's Republic of China delegation, the Chief Executive Officers meeting of the Kahala Posts Group and the China 2024 Asian International Stamp Exhibition.

Film Classification

To allow a wide choice of films for adults while protecting children and young people, 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) reviews film classification decisions upon request.

During the year, 2,128 films were classified, of which 817, 667, 523 and 121 films were classified as Category I, Category IIA, Category IIB and Category III respectively.

Control of Obscene and Indecent Articles

The policy objective on the control of obscene and indecent articles is to protect children and young people from the influence of harmful material while maintaining the free flow of information. 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.

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