

Hong Kong / United Kingdom (UK) Trade and Economic Relations

A. TRADE IN GOODS

I. Points-to-Note

- In 2015, the UK ranked as Hong Kong's -
 - (a) 12th largest trading partner in the world; and
 - (b) 2nd largest trading partner among the 28 European Union (EU) Member States¹.
- Reciprocally, Hong Kong ranked 10th among the UK's trading partners outside the EU in 2014².
- The average annual growth rate in bilateral merchandise trade from 2011 to 2015 was -1.2%.
- In 2014³, Hong Kong ranked as the world's 8th largest trading entity in merchandise trade while the UK ranked 7th.
- In 2015, 8.3%⁴ of the total trade between the UK and the Mainland (HK\$56.7 billion or US\$7.3 billion)⁵ was routed through Hong Kong.

II. Summary of Hong Kong's Trade with the UK⁶

Value in HK\$ million (US\$ million)

	2014	2014/2013 % change	2015	2015/2014 % change
(a) Domestic Exports	1,197.3 (154.4)	+15.2	1,118.2 (144.3)	-6.6
(b) Re-exports	53,104.0 (6,848.6)	+0.2	53,637.1 (6,919.1)	+1.0
- of Mainland origin	44,779.5 (5,775.0) [84%] ⁷	-0.7	44,465.2 (5,736.0) [83%] ⁷	-0.7
(c) Total Exports [(a)+(b)]	54,301.3 (7,003.0)	+0.5	54,755.4 (7,063.4)	+0.8
(d) Imports	48,457.0 (6,249.3)	-10.3	47,779.7 (6,163.5)	-1.4
(e) Total Trade⁸ [(c)+(d)]	102,758.3 (13,252.3) [1.3%]	-4.9	102,535.1 (13,226.9) [1.3%]	-0.2
(f) Balance of Trade⁹ [(c)-(d)]	5,844.3 (753.7)	-	6,975.6 (899.9)	-

¹ The 28 EU Member States are: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

² Source: Statistical Office of the European Communities, Eurostat.

³ Source: WTO International Trade Statistics 2015.

⁴ An estimate based on the Eurostat and Hong Kong Trade statistics. The Eurostat 2015 yearly figure is projected from January - October 2015 statistics.

⁵ The figures represent the total of : (a) re-exports of Mainland-origin goods to the UK via HK (HK\$44.5 billion or US\$5.7 billion); and (b) re-exports of the UK-origin goods to Mainland via HK (HK\$12.2 billion or US\$1.6 billion).

⁶ Source: Census and Statistics Department.

⁷ Figures denote percentage share of Mainland-origin re-exports over total Hong Kong re-exports to the UK.

⁸ Figures in brackets [] denote percentage share in Hong Kong's total trade with the world.

⁹ Positive figures denote a trade balance in favour of Hong Kong, while negative figures denote a trade balance in favour of the UK.

III. Major Categories of Commodities Traded between Hong Kong and the UK in 2015¹⁰

Domestic Exports to the UK	<ul style="list-style-type: none"> - The UK ranked 10th among Hong Kong's domestic export markets. - Jewellery (65.5%); edible products and preparations (13.4%); printed matter (6.5%); nails, screws, nuts, bolts, rivets and the like, of iron, steel, copper or aluminium (2.2%); and concentrates, waste and scrap of precious metals (other than of gold) (1.7%).
Re-exports to the UK	<ul style="list-style-type: none"> - The UK ranked 9th among Hong Kong's re-export markets. - Clothing (17.7%); telecommunications equipment (14.1%); jewellery (8.4%); automatic data processing machines and units thereof (6.4%); and toys and games (6.0%).
Imports from the UK	<ul style="list-style-type: none"> - The UK ranked 15th among Hong Kong's sources of imports. - Non-electric engines and motors (21.6%); silver and platinum (11.8%); jewellery (7.7%); works of art, collectors' pieces and antiques (7.0%); and telecommunications equipment (6.7%).

B. TRADE IN SERVICES¹¹

IV. Points-to-Note

- In 2013, the UK ranked as Hong Kong's 3rd largest trading partner in the world.
- In 2014¹², Hong Kong ranked as the world's 18th largest commercial services trading entity while the UK ranked 4th.

V. Summary of Hong Kong's Trade with the UK

	<i>Value in HK\$ million (US\$ million)</i>	
	2013	2013/2012 % change
(a) Exports of Services	48,449 (6,247)	+0.4
(b) Imports of Services	32,460 (4,185)	-0.02
(c) Total Trade of Services [(a)+(b)]	80,909 (10,432)	+1.3
(d) Net Exports of Services [(a)-(b)]	15,989 (2,062)	-

¹⁰ Source: Census and Statistics Department.

¹¹ Source: Census and Statistics Department, unless otherwise specified. The Trade in Services (TIS) statistics are compiled based on the new standards as set out in the Manual on Statistics of International Trade in Services 2010.

¹² Source: WTO International Trade Statistics 2015.

VI. Major Service Components Traded between Hong Kong and the UK in 2013

Exports to the UK	<ul style="list-style-type: none"> - The UK ranked 3rd among Hong Kong's export markets. - The top 3 major service components are (in descending order): <ul style="list-style-type: none"> • Financial services¹³ • Transport • Other business services
Imports from the UK	<ul style="list-style-type: none"> - The UK ranked 4th among Hong Kong's sources of imports. - The top 3 major service components are (in descending order): <ul style="list-style-type: none"> • Travel • Transport • Other business services

C. INVESTMENT PROMOTION AND PROTECTION AGREEMENT (IPPA) WITH THE UK

- Hong Kong and the UK signed an IPPA in 1998. The IPPA has been operating smoothly since its entry into force in April 1999.
- The IPPA mainly provides investors of the Contracting Parties with (a) non-discriminatory treatment of their investments and returns; (b) compensation for losses owing to war or other armed conflict, national emergency, etc; (c) compensation for expropriation; (d) unrestricted right to transfer their investments and returns abroad; and (e) procedures for settlement of investment disputes.

D. ECONOMIC INDICATORS

	UK ¹⁴		Hong Kong ¹⁵	
	2013	2014	2013	2014
Population (million)	64.1	64.5	7.2	7.3
Current Price GDP (US\$ billion)	2,678	2,950	276	291
Current GDP per capita (US\$)	41,793	45,729	38,364	40,170
Real GDP growth (% change)	1.7	3.0	3.1	2.5
CPI (% change)	2.6	1.5	4.3	4.4
Unemployment (%)	7.6	6.2	3.4	3.3
Merchandise exports (US\$ billion)¹⁶	541	506	459	474
Merchandise imports (US\$ billion)¹⁶	656	684	524	544

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¹³ Since data on geographical breakdowns of financial intermediation services are not available, the figures in respect of financial intermediation services are not included.

¹⁴ Source: International Monetary Fund (IMF), World Economic Outlook Database, October 2015 edition, unless otherwise specified.

¹⁵ Source: Census and Statistics Department.

¹⁶ Source: WTO Statistics Database.