

Asia – Pacific Trade Briefs: Hong Kong, China

- The country's merchandise export growth in 2012 was more than four times the average export growth in the Asia-Pacific region. However, judged against its own recent performance, annual export growth of 8% in 2012 was low compared with growth of 22% in 2010 and 14% in 2011. On account of even stronger import growth, the trade balance has gone from a deficit of 11% of GDP in 2009 to 25% of GDP in 2012 [Figures 1 and 2].
- Exports are heavily dominated by machinery and transport equipment which account for almost 60% of total merchandise exports while other manufacturing goods contribute 30% [Figure 5].
- Hong Kong, China continues to attract strong levels of FDI- receiving over \$74 billion in 2012 though this was 22% less than its level in 2011. Companies registered in Hong Kong, China continue to invest large amounts overseas recording FDI outflows over \$80 billion in each of the last three years [Figure 3].
- The economy is one of the most open in Asia-Pacific. The country has minimal restrictions on trade in goods and services; as a result import penetration into the domestic economy is far higher than the regional average [Figure 1].
- Hong Kong, China is the one of the best performers in Asia-Pacific on measures of trade facilitation: the completion of trade procedures there takes only 5 days compared with 28 days for the region on average. The country has lower than average trade costs with most Asia-Pacific subregions. The only exception is trade with North and Central Asia which incurs high trade costs mainly due to geographical barriers and poor infrastructure [Figures 1 and 4].

Figure 1. Trade and Investment Performance Indicators (2012)

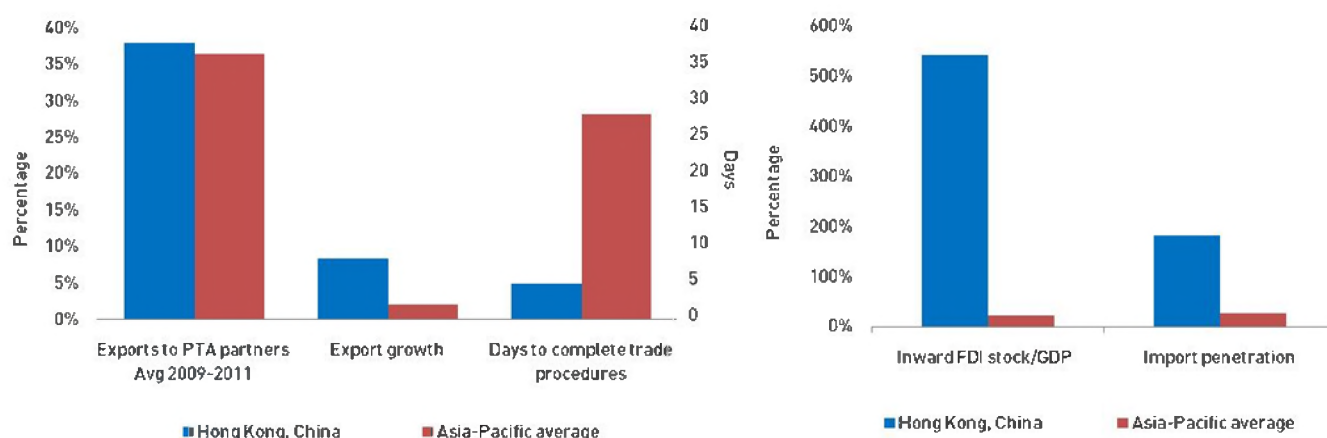


Figure 2. Merchandise Trade

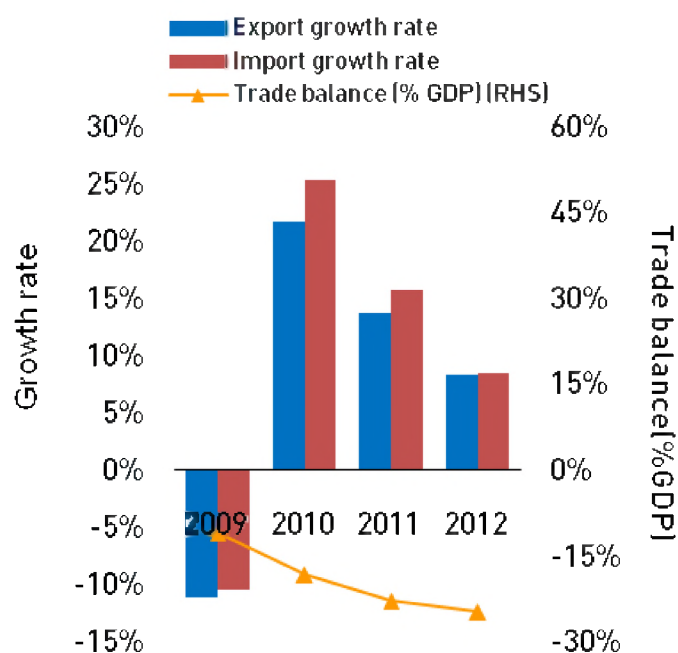


Figure 3. FDI Flows

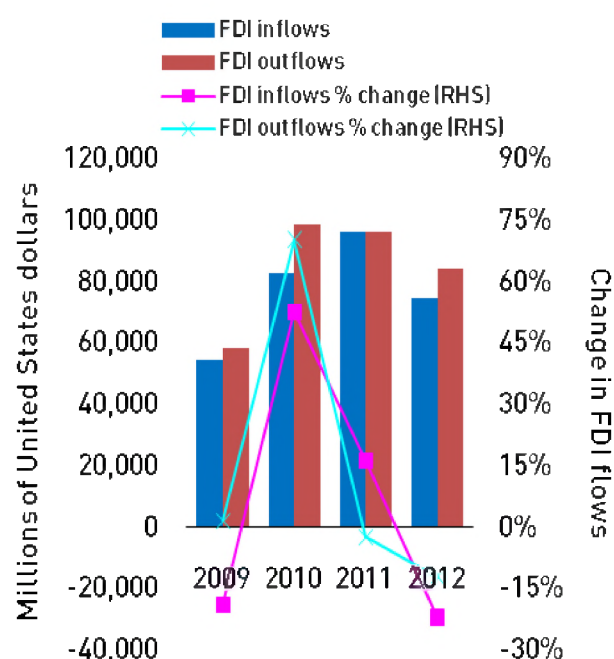


Figure 4. Trade Costs (excl. tariffs) with Asia-Pacific Subregions

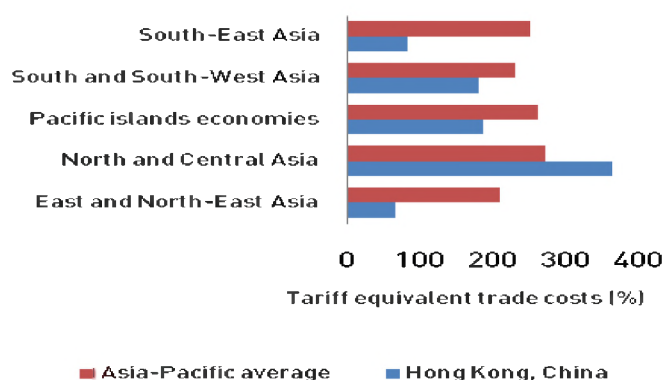
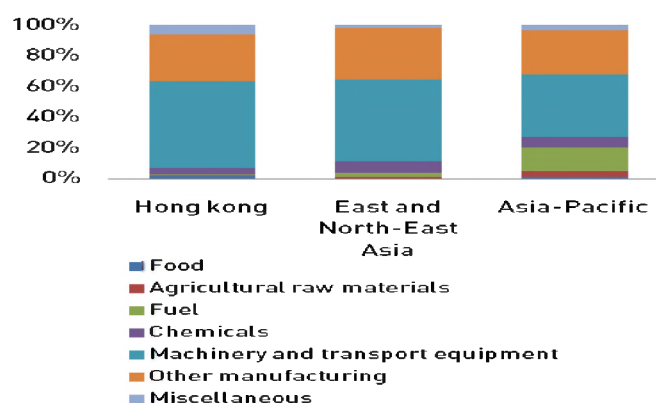


Figure 5. Export Composition by Category (2010-2012)



Notes

FDI: foreign direct investment

PTA: preferential trade agreement

MFN: most-favoured-nation

STRI: Services Trade Restrictiveness Index <http://iresearch.worldbank.org/service/trade/>

Definitions:

Import penetration: share of imports in domestic demand

PTA coverage: share of exports to PTA partners in total exports.

Average over 2009-11

Trade costs: all costs involved in trading goods internationally relative to those involved in trading goods domestically. Average over 2006-11

MFN applied: tariffs applied on imports among WTO members.

MFN Bound: maximum MFN tariff levels agreed to as part of WTO obligations.

Source: Asia-Pacific Trade and Investment Report (APTIR) 2013 unless otherwise specified.

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