

香港特別行政區政府  
財政司司長辦公室  
經濟分析及方便營商處  
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Economic Analysis and Business Facilitation Unit  
Financial Secretary's Office  
Government of the Hong Kong  
Special Administrative Region  
25/F, Central Government Offices  
2 Tim Mei Avenue, Admiralty, Hong Kong

4 July 2013

Your fax no. 3529 2837

Clerk to the Panel on Financial Affairs  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn: Ms Angel Shek)

Dear Ms Shek,

**Panel on Financial Affairs  
Follow-up to meeting on 3 June 2013**

I refer to your letters of 6 and 7 June 2013 on the captioned to the Financial Secretary. The information on Asian merchandise exports performance and recent employment and business performance of the property-related sectors is enclosed in *Annexes 1 and 2* respectively.

We would like to take this opportunity to thank Members for their interest in the subjects.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Andrew Au', written over a faint circular stamp.

(Andrew Au)  
Government Economist (Acting)

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### **Performance of Asian merchandise exports**

In the first quarter of 2013, Hong Kong's total merchandise exports in US dollar terms increased by 4.0% year-on-year, which compared favourably among the Asian economies. Over the same period, the corresponding figures for Singapore, South Korea and Taiwan were -6.8%, 0.4% and 2.4% respectively (please see **Table 1** for details).

2. Amid subdued import demand in the EU, US and Japan, Hong Kong's merchandise exports to these markets fell by 2.9% in US dollar terms over a year earlier in the first quarter of 2013, while those of Singapore, Korea, and Taiwan also fell by 17.6%, 7.4% and 2.1% respectively over the same period (please see **Table 2** for details). This shows that other export-dependent Asian economies were likewise affected by the advanced economies, and Hong Kong was no exception.

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**July 2013**

**Table 1 : Total merchandise exports**

		<b><u>Hong Kong</u></b>	<b><u>Singapore</u></b>	<b><u>Korea</u></b>	<b><u>Taiwan</u></b>
<b>(Year-on-year rate of change in exports in US\$ terms, %)</b>					
2012	Q1	-1.1	6.0	2.9	-3.9
	Q2	2.1	-0.6	-1.7	-5.4
	Q3	4.3	-5.9	-5.8	-2.2
	Q4	7.4	0.0	-0.4	2.4
2013	Q1	4.0	-6.8	0.4	2.4
	First 5 months	3.9	-3.0	0.9	1.2
<b>(Total export value in US\$ billion)</b>					
2013	Q1	104.7	96.3	135.4	72.6
	First 5 months	179.6	167.2	230.0	124.0

**Table 2 : Merchandise exports to the EU, US and Japan**

		Exports to EU				Exports to US				Exports to Japan				Exports to US, EU and Japan			
		HK	Singapore	Korea	Taiwan*	HK	Singapore	Korea	Taiwan	HK	Singapore	Korea	Taiwan	HK	Singapore	Korea	Taiwan*
<b>(Year-on-year rate of change in exports in US\$ terms, %)</b>																	
2012	Q1	-3.9	-2.9	-17.7	-7.7	0.2	10.4	24.4	-7.1	6.5	13.1	13.6	-5.0	-0.5	4.3	4.1	-6.8
	Q2	-8.9	-0.4	-14.5	-8.4	4.6	-12.9	-1.5	-14.2	8.7	-1.6	-7.9	0.8	-0.7	-4.4	-7.9	-9.1
	Q3	-12.3	-14.6	-4.6	-14.2	2.6	-3.6	-0.3	-9.4	8.1	-3.8	-7.4	10.3	-3.1	-9.2	-3.8	-6.7
	Q4	-2.3	0.5	-6.8	-2.6	3.1	7.2	-3.4	-5.8	4.7	-11.2	-5.1	10.4	1.1	-0.8	-5.0	-1.1
2013	Q1	-4.4	-22.0	-9.3	-9.3	-1.4	-18.5	-4.4	-3.4	-3.0	-7.7	-9.7	11.5	-2.9	-17.6	-7.4	-2.1
	First 5 months	-4.2	-15.7	-7.1	-11.6	-3.2	-7.0	1.5	-0.8	-5.5	-4.2	-10.4	4.7	-4.0	-10.5	-4.4	-3.4
<b>(Export value in US\$ billion)</b>																	
2013	Q1	9.5	7.3	11.6	6.1	9.2	4.9	15.0	7.3	4.2	4.2	9.1	4.7	23.0	16.4	35.7	18.0
	First 5 months	16.8	12.9	20.1	10.2	16.5	8.9	26.1	13.1	7.2	7.2	14.3	7.7	40.5	29.0	60.5	31.0

Note (\*): Since Taiwan does not release figures for merchandise exports to Cyprus, the above figures only include Taiwan's merchandise exports to the remaining 26 Member States of the EU.

Data source : CEIC, Hong Kong Census and Statistics Department.

## **Recent employment and business performance of the property-related sectors**

The recent employment and business performance of the property market-related sectors, *viz.* real estate, decoration, repair and maintenance for buildings, cleaning and similar services, and retailing of furniture and fixtures, are summarised in the following paragraphs.

### **Employment situation**

2. The employment situation in the property-related sectors generally improved over the past few years, with the unemployment rates showing noticeable decline amid a generally tight labour market with full employment. The situation largely continued on entering 2013. Specifically, unemployment rate in the real estate sector, including real estate development and leasing, brokerage, agency and maintenance management, hovered at a low of 2.3% in the first quarter of 2013 (please see **Table 1** for details), slightly lower than 2.5% a year earlier. Unemployment rate for the cleaning and similar services sector also declined from 4.1% a year earlier to 2.2%. The unemployment rate in the decoration, repair and maintenance for the buildings sector, which generally shows greater seasonal fluctuations from quarter to quarter, also improved, falling to 7.8% in the first quarter of 2013, from 9.5% a year earlier. Separate breakdown of unemployment rate in retail trade of furniture and fixtures is not available.

### **Business receipts and output**

3. The various property-related sectors showed mixed business performance in the first quarter of 2013. Specifically, business receipts of the real estate sector<sup>1</sup> were 5% higher over a year earlier. On the other

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<sup>1</sup> Refers to service receipts, receipts from sales of goods, commissions, rental, interest and other income of the real estate sector.

hand, the gross value of construction works at locations other than construction sites<sup>2</sup> edged down by 1%. The volume of retail sales of furniture and fixtures<sup>3</sup>, which accounted for around 1% of the value of total retail sales, also fell slightly by 1% in the first quarter (please see **Table 2** for details). Separate indicator for business receipts of cleaning and similar services is not available.

## **Assessment**

4. While the Government measures to curb housing market exuberance may have affected the various property-related sectors to different extents, the analysis above indicates that so far, the impact had been cushioned by a vibrant domestic sector and the overall tightness in the labour market. As a result, employment conditions in various property-related sectors had not shown any significant deterioration up till now, largely because sufficient job opportunities were available in many other sectors.

5. More importantly, the various property-related measures are deemed necessary to curb market exuberance for the sake of ensuring stable and healthy development of the property market. These measures would help protect Hong Kong's macroeconomic and financial stability, to the benefit of the economy in the long term. We would continue to monitor the situation closely, and would introduce appropriate measures when necessary.

**Economic Analysis and Business Facilitation Unit**  
**Financial Secretary's Office**  
**July 2013**

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<sup>2</sup> Calculated based on constant (2000) market prices, and includes general trades (including decoration, repair and maintenance, and construction works at minor work locations such as site investigation, demolition, and structural alteration and addition works) and special trades (including carpentry, electrical equipment, ventilation, gas and water fitting installation and maintenance etc.).

<sup>3</sup> Covers retail outlets selling furniture and fixtures, mattress and kitchen cupboards, etc.

**Table 1 : Unemployment rate for real estate, decoration, repair and maintenance for buildings, and cleaning and similar services sectors**

		Real estate	Decoration, repair and maintenance for buildings	Cleaning and similar services
2008		2.9%	9.4%	3.3%
2009		4.3%	13.4%	3.3%
2010		3.8%	8.3%	3.7%
2011		2.7%	6.6%	2.6%
2012		2.3%	7.4%	3.0%
2008	Q3	3.1%	6.4%	3.0%
	Q4	3.1%	8.0%	2.7%
2009	Q1	4.1%	17.4%	2.8%
	Q2	4.8%	16.7%	3.4%
	Q3	4.3%	10.8%	3.4%
	Q4	4.1%	9.0%	3.8%
2010	Q1	4.2%	11.5%	3.0%
	Q2	4.2%	8.9%	4.2%
	Q3	3.4%	7.2%	5.0%
	Q4	3.3%	5.6%	2.9%
2011	Q1	2.9%	8.5%	2.4%
	Q2	3.1%	7.1%	2.4%
	Q3	2.8%	5.1%	2.8%
	Q4	2.4%	6.1%	2.8%
2012	Q1	2.5%	9.5%	4.1%
	Q2	1.9%	7.5%	2.6%
	Q3	2.3%	6.1%	2.5%
	Q4	2.2%	6.9%	2.1%
2013	Q1	2.3%	7.8%	2.2%

Source : Census and Statistics Department.

**Table 2 : Business receipts/output indicators**

	Business receipts of real estate sector		Gross value of construction works at locations other than construction sites		Retail sales of furniture and fixtures		
	<u>Value index</u> (2008=100)	<u>yoy %</u>	<u>\$ million</u> (constant (2000) market prices)	<u>yoy%</u>	<u>Volume index</u> (Oct-09-Sep- 10=100)	<u>yoy%</u>	
2008	100.0	-4%	49,139	-2%	95.8	8%	
2009	109.7	10%	45,932	-7%	92.0	-4%	
2010	122.2	11%	45,883	-0.1%	103.3	12%	
2011	121.1	-1%	43,643	-5%	108.9	5%	
2012	135.5	12%	44,049	1%	98.3	-10%	
2008	Q3	94.5	-2%	12,009	-10%	102.8	8%
	Q4	97.8	-27%	12,423	-9%	86.6	4%
2009	Q1	87.5	-13%	11,296	-5%	87.8	-11%
	Q2	115.1	8%	11,859	-8%	87.7	-8%
	Q3	119.8	27%	11,178	-7%	101.2	-2%
	Q4	116.4	19%	11,599	-7%	91.3	6%
2010	Q1	105.4	21%	11,015	-3%	100.1	14%
	Q2	119.3	4%	11,268	-5%	97.3	11%
	Q3	130.1	9%	11,719	5%	111.3	10%
	Q4	134.1	15%	11,881	2%	104.7	15%
2011	Q1	119.6	13%	11,033	0.2%	111.7	12%
	Q2	133.8	12%	10,229	-9%	104.3	7%
	Q3	110.0	-15%	10,682	-9%	114.5	3%
	Q4	121.1	-10%	11,700	-2%	105.1	0.4%
2012	Q1	127.6	7%	11,050	0.2%	96.1	-14%
	Q2	137.1	3%	10,785	5%	95.8	-8%
	Q3	142.1	29%	10,535	-1%	104.6	-9%
	Q4	135.1	12%	11,678	-0.2%	96.8	-8%
2013	Q1	133.6	5%	10,922	-1%	95.5	-1%

Note : (yoy%) year-on-year rate of change.

Source : Census and Statistics Department.