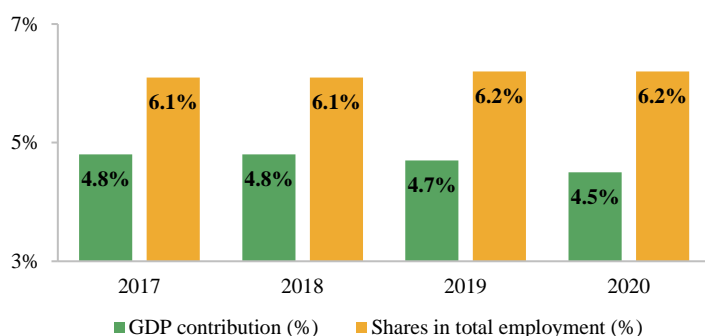




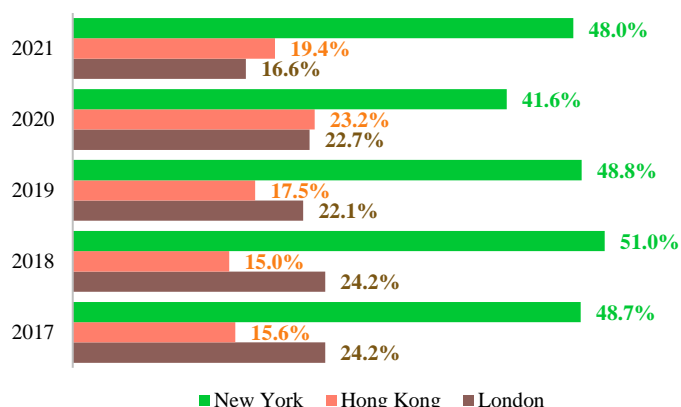
Art sector in Hong Kong

Figure 1 – GDP and employment contribution of CCI, 2017-2020^(a)



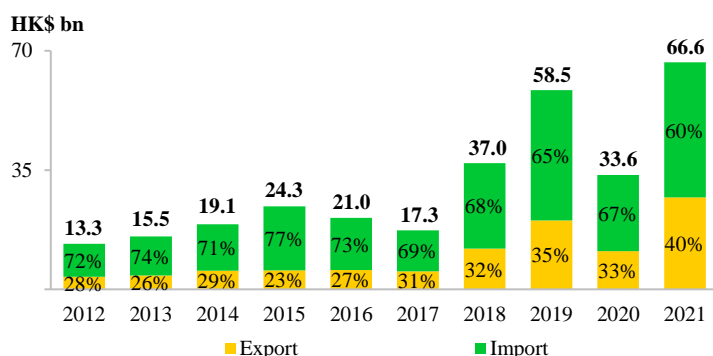
Note: (a) The coverages of selected component domains of CCI have been expanded since 2017. Thus, the figures from 2017 onwards are not strictly comparable with those of earlier years.

Figure 2 – Market share of the world’s top three art auction hubs, 2017-2021^(a)



Note: (a) Percentages refer to the respective share of total public auction sales (generated by three major auction houses, namely Sotheby’s, Christie’s and Phillips) in the three cities above.

Figure 3 – Total trade value of artworks, collectors’ pieces and antiques in Hong Kong, 2012-2021^(a)



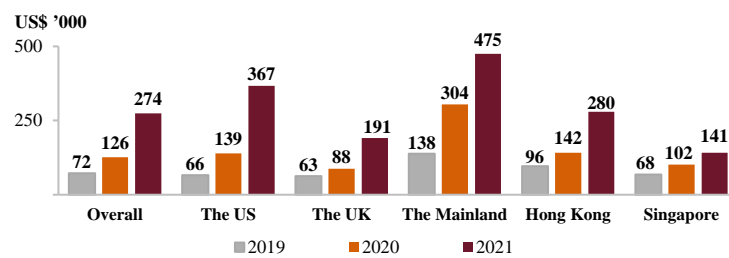
Note: (a) Percentage refers to the respective share of exports and imports to the total external trade value.

Highlights

- In Hong Kong, the cultural and creative industries (“CCI”) comprise a set of knowledge-based activities that make use of creativity and intellectual capital as primary inputs and deliver goods and services with cultural, artistic and creative contents. As one of the most dynamic economic sectors in the territory, CCI encompass 11 component domains which together consistently account for about 5% of GDP and some 6% of total employment (**Figure 1**).
- Among the 11 component domains, the “art, antiques and crafts” (“AAC”) domain has in recent years consistently ranked second in value added after the “software, computer games and interactive media” (“SCI”) domain, as well as third in job creation after SCI and publishing domains. AAC, consisting mostly the distribution activities of art, antiques and crafts (e.g. trading and auctioning activities), contributed a value added of HK\$14.7 billion and 29 000 jobs in 2020.
- Hong Kong is one of the largest art auction hubs in the world. It is located at the centre of Asia, making it a very convenient location for participation by clients around the world. Major art auction houses around the world have established their presence in Hong Kong and auctions are operated with standardized procedures and high transparency.
- The outbreak of the COVID-19 pandemic in 2020 disrupted the global art auction market, with a number of art fairs and auctions being deferred or cancelled. Hong Kong’s art auction sales recorded a year-on-year decline of 2% in 2020, substantially smaller than the double-digit declines in New York and London. The relatively mild setback has allowed Hong Kong to overtake London as the world’s second largest art auction market for the first time in 2020 (**Figure 2**). It maintained the lead in 2021.
- Hong Kong’s tax system is simple and competitive. Its zero tariff on art trading and abolition of estate duty in 2006 both contribute to the development of the city into an art trading hub. In 2021, Hong Kong’s total trade value of artworks, collectors’ pieces and antiques reached HK\$66.6 billion, quadrupling the value in 2017 (**Figure 3**).

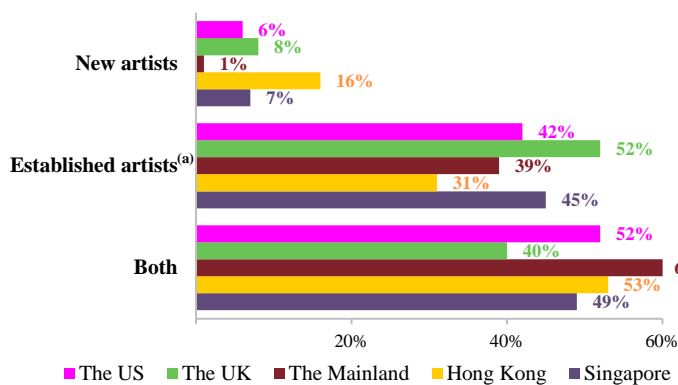
Art sector in Hong Kong (cont'd)

Figure 4 – Median expenditure on art pieces and antiques by HNW collectors in selected places, 2019-2021^{(a), (b)}



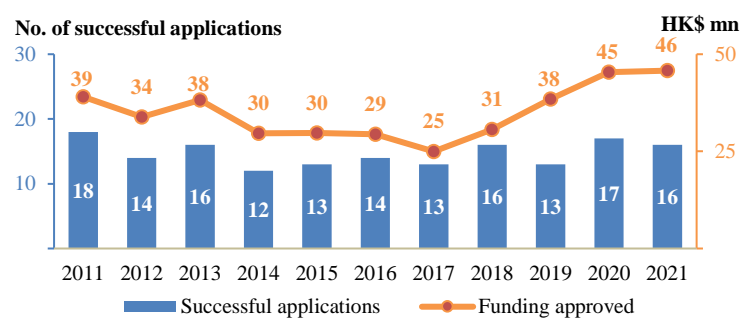
Notes: (a) Based on the survey conducted by Arts Economics and UBS Investor Watch in 2021, which interviewed 2 339 HNW collectors from 10 selected markets about their spending patterns and preference on art collections.
(b) Art pieces here refer to fine art (e.g. paintings) and decorative art (e.g. jewellery).

Figure 5 – HNW collectors' preference regarding career stage of artists in 2021



Note: (a) Established artists refer to artists whose works were familiar to the HNW collectors or whose works had been previously purchased by the HNW collectors.

Figure 6 – Number of successful applications and funding approved under the Arts Capacity Development Funding Scheme



Note: (a) ACDFS covers two forms of funding support: (i) **Springboard Grant** offering a 200% matching grant (capped at HK\$4 million) provided that applicants have secured or will secure a cash income of at least HK\$1 million with at least HK\$250,000 are non-government sponsorships or donations; and (ii) **Project Grant** providing direct grant for non-profit proposals of high artistic/professional merit with funding support up to a ceiling of HK\$3 million. The grant seeks to fund large-scale, impactful arts projects and only projects with an overall projected expenditure at or above HK\$800,000 can apply.

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Highlights

- In the Mainland, the auction market has more restrictions and the tax rates are higher than Hong Kong. Together with its geographical proximity to the Mainland, Hong Kong has thus been particularly attractive to affluent Mainland art buyers in recent years. An increasing number of high-net-worth (“HNW”) individuals from the Mainland are getting involved in Hong Kong’s art trading and auctioning activities. Reflecting the purchasing power of these buyers, their median expenditure of art pieces and antiques amounted to US\$475,000 (HK\$3.71 million) in 2021, outpacing the value in many developed places (**Figure 4**).
- Hong Kong’s HNW collectors have also increased their art spending in recent years. They seem to be more interested in buying art pieces from new artists (**Figure 5**), pointing to opportunities for emerging artists to start their careers in Hong Kong. The newly established Culture, Sports and Tourism Bureau (“CSTB”), in collaboration with other public bodies such as Hong Kong Arts Development Council, administers various schemes to support local arts groups and artists.
- For example, CSTB administers Arts Capacity Development Funding Scheme (“ACDFS”) with nurturing budding artists through the provision of Springboard Grant and Project Grant as one of the ACDFS’ objectives (**Figure 6**). Yet, the threshold set for the amount of private donations and sponsorships to be eligible for the matching grants of Springboard Grant, and the requirement for a proposal to be of high artistic/professional merit with at least a projected expenditure of HK\$800,000 for applying the Project Grant, might pose challenges for emerging visual artists to apply for the ACDFS funding.
- In the 2022 Policy Address, the Government proposes new funding support for individual artists who have not received public subsidies before. Hong Kong might take reference from South Korea where a number of pro-active support measures have been introduced for art practitioners after the enforcement of Artist Welfare Act in 2012. These include a low-income subsidy and a low interest-rate guaranteed loan scheme for artists with health, tuition and/or housing needs. More recently in August 2022, the South Korean government announced that artists aged 39 or below who have not received any government art funding before will be eligible to receive financial support for preparing, researching and presenting their works.

Data sources: Latest figures from Culture, Sports and Tourism Bureau, Census and Statistics Department, ArtTactic, Art Economics, Art Basel, UBS, South Korea’s Ministry of Culture, Sports and Tourism and United Nations Educational, Scientific, and Cultural Organization (UNESCO).

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