



# Expanding global economic and trade network

Prepared by  
Council Business Divisions  
Legislative Council Secretariat

September  
2025

## Overview

Our country's 14th Five-Year Plan has established Hong Kong's status as centres for development in eight key areas, including **international trade centre**. Hong Kong has all along played an important part in global trade. With its free market economy, sound rule of law system, as well as world-class infrastructure and professional services, it has successfully attracted global enterprises to establish presence and strived to promote international trade flows.

This issue of **Policy Pulse** briefly describes Hong Kong's **unique advantages** in economic and trade and how it leverages the roles as a "**super connector**" and a "**super value-adder**" to continuously expand the economic and trade network amidst global economic changes and geopolitical challenges, as well as summarizes relevant discussions in the Legislative Council ("LegCo").

Hong Kong's advantages in economic and trade competitiveness.....	[1]
Opportunities and strategies for expanding the economic and trade network .....	[2-6]
(1) Expanding trade and investment agreements network .....	[2]
(2) Deepening regional cooperation—Striving for accession to RCEP .....	[3]
(3) Attracting enterprises and investment: Building a multinational supply chain management centre .....	[4]
(4) Further opening up of trade in goods and services with the Mainland .....	[5]
(5) Participating in the Belt and Road Initiative to explore emerging markets .....	[6]

Note 1 World Trade Organization "Global Trade Outlook and Statistics (April 2025)"

Note 2 United Nations Conference on Trade and Development "World Investment Report 2025"

Note 3 Canada-based Fraser Institute "Economic Freedom of the World 2024 Annual Report"

Note 4 No customs duties are levied on imported or exported goods. Only four categories of dutiable goods (such as alcoholic beverages and tobacco products) are subject to taxation

Note 5 Airports Council International "World busiest airport rankings 2024"

## Hong Kong's advantages in economic and trade competitiveness

Hong Kong is one of the most competitive trade centres in the world. It emerged as the **seventh largest trading entity in merchandise trade globally**<sup>Note 1</sup> and rose to **the world's third in foreign direct investment** in 2024.<sup>Note 2</sup> It was ranked again as the world's freest economy and **topped** the world's rankings in the assessment areas of "**Freedom to trade internationally**" and "**Regulation**".<sup>Note 3</sup>

Hong Kong's "**success factors**" include:

### 1. Free port, zero tariff and good tax system

- 👉 Hong Kong is a **free port** advocating "zero-tariff" policy;<sup>Note 4</sup> its open and **free market** allows **free flows** of capital, goods and information.
- 👉 Hong Kong also adheres to a **low and simple tax regime**, which is very attractive to investors.

### 2. World-class infrastructure and global connections

- 👉 Hong Kong enjoys the reputation of an **international aviation hub** and **international shipping center**, and its **air cargo volume** has even been **the world's first** for more than 10 years.<sup>Note 5</sup>
- 👉 LegCo passed in July 2025 the **Import and Export (Amendment) Bill 2025**, providing the legal basis for the full implementation of Trade Single Window in Hong Kong and further **enhancing the efficiency of cargo clearance** in Hong Kong.

### 3. Effective common law system and sound rule of law

- 👉 Hong Kong has a well-established **common law system**, with an independent judicial system and a stringent intellectual property protection mechanism. It is also a leading centre for international legal services and dispute resolution in the Asia-Pacific region.
- 👉 **Ranks first in the "Business legislation" category** in the World Competitiveness Yearbook 2025.

### 4. Institutional strengths of "one country, two systems"

- 👉 Boasting a highly internationalized business environment, and serving as a bridge between the Mainland and the rest of the world under "**one country, two systems**", Hong Kong has been playing its role as a "**super connector**" and a "**super value-adder**", as well as the gateway to the huge markets in **Guangdong-Hong Kong-Macao Greater Bay Area** ("GBA").

## Opportunities and strategies for expanding the economic and trade network

The Hong Kong Special Administrative Region (“HKSAR”) Government has been adopting a multi-pronged approach to expand Hong Kong’s global economic and trade network, capitalizing on its advantages of enjoying strong support of the Motherland and being closely connected to the world, while combining Hong Kong’s rich experience in international trade and world-class professional services, to proactively explore overseas markets. In recent years, particular **emphasis has been placed on strengthening economic and trade ties with emerging and promising markets**, so as to expand the **diversified economic and trade network**. Core strategies include:

### (1) Expanding investment network trade and agreements

The Basic Law provides that HKSAR is a **separate customs territory** which can use **the name “Hong Kong, China” to participate in** World Trade Organization and Asia-Pacific Economic Cooperation, etc. **as a separate member**. Hong Kong has been actively participating in international trade organizations and is committed to concluding free trade agreements (“**FTAs**”) and Investment Promotion and Protection Agreements (“**IPPAs**”) with trading partners to strengthen its status as an international trading hub.

	FTA	IPPA
Benefits	<ul style="list-style-type: none"><li>↳ <b>Creating favourable conditions</b> for Hong Kong enterprises to access the Mainland and international markets, including <b>eliminating or reducing custom duties</b> for Hong Kong-originating goods and <b>removing import barriers</b></li><li>↳ Providing <b>favourable market access conditions</b> for Hong Kong service providers</li></ul>	<ul style="list-style-type: none"><li>↳ Trading partners entering into IPPAs with Hong Kong have <b>undertaken to provide protection for investors of the other side</b></li><li>↳ <b>Enhancing the confidence of overseas investors</b> investing in Hong Kong, and <b>ensuring that Hong Kong investors enjoy the corresponding protection in their overseas investments</b></li></ul>
Economies that have signed the agreements	Signed <b>9 FTAs</b> with <b>21 economies</b> # including: Mainland China, Macao, member states of the European Free Trade Association, Peru, etc.	Signed <b>24 IPPAs</b> with <b>33 economies</b> # including: Germany, Japan, Korea, United Arab Emirates, Bahrain, etc.
	# <b>Signed both FTAs and IPPAs with Hong Kong:</b> Association of Southeast Asian Nations (“ASEAN”), Australia, New Zealand and Chile	
Latest developments	↳ Hong Kong has substantially concluded negotiations on an IPPA with Qatar and is exploring the signing of IPPAs with Saudi Arabia, Bangladesh, Egypt and Peru	



### Members’ views

- **Members urge** the Administration to strive to **forge FTAs and IPPAs with more economies** (particularly emerging markets in ASEAN and the Middle East) and step up efforts in promoting Hong Kong’s role as an international trade and investment hub to overseas economies so as to explore further opportunities for Hong Kong businesses and enterprises, during which the **economic benefits** to be brought to Hong Kong by various **FTAs and IPPAs** should be **assessed**.
- Following the **signing of an FTA between Hong Kong and Peru** in November 2024 and the official **commissioning of the Chancay Port in Peru**, a joint venture between Chinese and Peruvian enterprises, in the same month, **Members suggest** that the Administration should **provide Hong Kong enterprises with the latest market information of Latin America, technical support and consultation services etc.** to assist them in expanding into the local market, while stepping up efforts to attract enterprises from Latin American countries to establish presence in Hong Kong and make use of Hong Kong as the gateway to enter into GBA and even the entire market of China.

LegCo  
Relevant  
paper



## (2) Deepening regional cooperation — Striving for accession to RCEP

The Regional Comprehensive Economic Partnership (“RCEP”) is the **world’s largest FTA, covering 30% of the world’s total population** and about one third of the world’s total gross domestic product (“GDP”). At present, RCEP has a total of 15 member countries (Mainland China, 10 ASEAN countries, Australia, Japan, Korea and New Zealand), all of which are major trading partners of Hong Kong. Among them, **13 member countries have signed FTAs with Hong Kong**.

### Major RCEP initiatives

- ✓ Eliminate tariffs on 91% of goods among members by stages
- ✓ Adopt the “negative list” approach to liberalize market access for services sectors among members
- ✓ Make general rules on origin criteria, electronic commerce operations, customs procedures, etc.

🔗 Object : To reduce the cost of international trade and trade barriers

- Upon the entry into force of RCEP in January 2022, the **HKSAR Government** has immediately **submitted** its formal **accession request, with support from the Central People’s Government** and positive responses from other RCEP members.

- Following the adoption of the Procedures for Accession to the RCEP Agreement to be applicable to new members by the RCEP Joint Committee (“RJC”) in September 2024, the SAR Government is proactively following up with RJC to strive for early accession to RCEP.
- Being a **staunch supporter** of the **multilateral trading system**, Hong Kong will help deepen trade ties among RCEP members after its accession to RCEP, particularly by assisting RCEP members in participating in the Belt and Road (“B&R”) Initiative and facilitating their access to the Mainland market.
- **LegCo has been actively rallying support from various parties for Hong Kong’s early accession to RCEP**. The **LegCo President led delegations to visit ASEAN countries** (Malaysia, Indonesia, and Singapore) and **Japan** in May and December 2024 respectively, to meet with the ASEAN Community, local government officials and representatives of business organizations and lobby them to support Hong Kong’s accession to RCEP, with a view to further promoting regional economic development. In addition, LegCo Members have also received Consuls-General in Hong Kong and Members of Parliaments from various countries to explain to them how Hong Kong’s accession to RCEP is conducive to achieving mutual benefits and win-win outcomes.

### LegCo rallies support from various parties for Hong Kong’s accession to RCEP

The LegCo President led a delegation to visit three ASEAN countries in May 2024, during which a networking reception with representatives of the ASEAN Community was hosted in Jakarta to secure member countries’ support for Hong Kong’s accession to RCEP



The LegCo President led a delegation to visit Japan in December 2024 to rally support from the political and business communities in Japan for Hong Kong’s accession to RCEP



### Members’ views

- **Members are concerned** about the **progress of Hong Kong’s application for accession to RCEP**, and **urge** the Administration **to actively liaise with the business community and stakeholders of RCEP members** so as to rally their support for Hong Kong’s accession to RCEP.
- **Members suggest** that the Administration should **conduct a detailed economic impact assessment to quantify the economic benefits** to be brought by Hong Kong’s **accession to RCEP** and make early plans, including assisting small and medium enterprises to tap into the markets of RCEP members and **focusing on promoting related supporting industries** that can benefit from **RCEP when planning the Northern Metropolis**, so as to seize the development opportunities as early as possible.

LegCo  
Relevant  
paper





(3) Attracting enterprises and investment: Building a multinational supply chain management centre

The current-term Government attaches great importance to attracting enterprises and investment, and promotes inward investment through its international network comprising Economic and Trade Offices (“ETOs”), Invest Hong Kong (“InvestHK”) and the Hong Kong Trade Development Council (“HKTDC”). Such work was in good progress:

centre, leveraging Hong Kong’s wealth of high-quality **talents and networks in offshore trade** and **supply chain management**, including production chain management, export credit risk management, trade financing, marketing, testing and certification, accounting and other professional services, to attract Mainland enterprises to set up international or regional headquarters in Hong Kong for managing offshore trading and supply chain.

- In 2024, InvestHK and HKTDC set up a high value-added supply chain services mechanism to jointly **attract Mainland enterprises to set up international or regional headquarters in Hong Kong**, and provided those enterprises established in Hong Kong with one-stop professional advisory service to help them “go global”.
- In 2024, the **number of companies in Hong Kong with overseas and Mainland parent companies increased to 9 960**, up 10% from 2023; the number of people employed was as high as 493 000, an increase of 5% year on year.

Targets and developments in attracting enterprises and investment (as of July 2025)		
	Targets (2023-2025)	Progress (as of July 2025)
Attracting enterprises to establish/expand operations in Hong Kong	1 130	about 1 300 in total
Amount of direct investment brought in (HK\$)	77 billion	Estimated to be over 160 billion
Employment opportunities created	15 250	Over 19 100
Attracting family offices to establish/expand business in Hong Kong	200 (by end-2025)	Over 190 <sup>Note 6</sup> (as of May 2025)

Note 6 Separately, around 150 family offices have indicated that they are preparing or have decided to set up or expand their business in Hong Kong

- In view of the rapidly-changing global trade landscape and geopolitics, some parts of the supply chains are shifting to the Global South and B&R countries, and Mainland enterprises are proactively “going global”. The SAR Government has grasped the opportunity to actively **develop Hong Kong into a multinational supply chain management**

Number of regional headquarters/regional offices/local offices by selected location of parent company in Hong Kong 2024	
Location of parent company	Total
Mainland	2 620
Japan	1 430
US	1 390
UK	720
Singapore	520
Others	3 280
Total	9 960



Members’ views

- **Members urge** the Administration to comprehensively coordinate and strengthen Hong Kong’s efforts in attracting enterprises and investment; **reviewing and enhancing the division of responsibilities and functions among various government departments and public organizations** responsible for **trade promotion** (e.g. ETOs, InvestHK and HKTDC) to avoid duplication of resources. **Members suggest** that InvestHK should maintain close liaison with organizations such as ETOs and clansmen associations in **organizing more overseas and Mainland investment promotion activities** so as to introduce Hong Kong’s business advantages and opportunities to local enterprises.
- **Members urge** the Administration to seize the opportunities brought by emerging markets and new industries to **establish sound industry and supply chains**, fully leverage Hong Kong’s edge as an international city equipped with professional services, assist enterprises in “going global and attracting foreign investment”, and **encourage enterprises to adopt** technologies such as the **Internet of Things, big data analytics, artificial intelligence** and **blockchain** to enhance the efficiency and effectiveness of the supply chain, with a view to contributing to the upgrading and transformation of the industry and supply chains of our country and the world.

LegCo  
Relevant  
paper



## (4) Further opening up of trade in goods and services with the Mainland

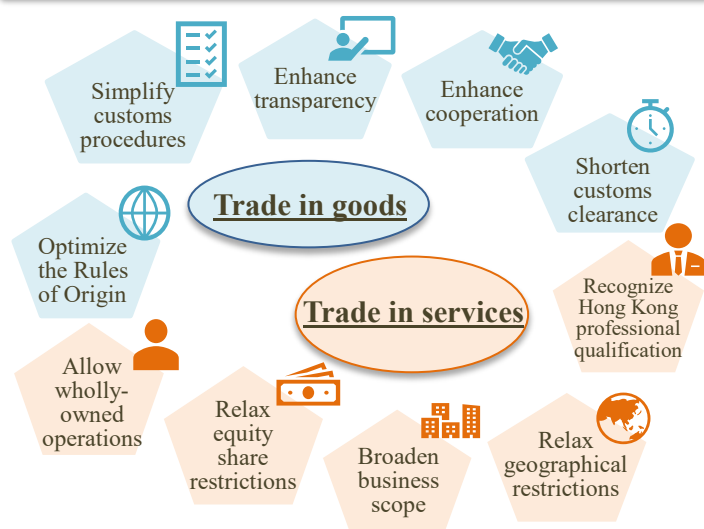
The Mainland and Hong Kong Closer Economic Partnership Arrangement (“**CEPA**”), signed in 2003, **covers** four areas, namely **trade in goods**, **trade in services**, **investment**, and **economic and technical cooperation**. Overseas investors can, by meeting the relevant requirements, utilize CEPA’s preferential measures to expand into the Mainland market, which helps **enhance the attractiveness of Hong Kong to overseas investors** and at the same time **enables Hong Kong to serve as a perfect springboard for Mainland enterprises to “go global”**.

- For **trade in goods**, products made in Hong Kong and meeting the CEPA rules of origin **can enjoy** the preference of **zero tariff upon importation into the Mainland**. As of the end of May 2025, the cumulative tariff savings amounted to over RMB 10.3 billion, creating enormous economic benefits to Hong Kong.

- In terms of **trade in services**, CEPA continues to expand Mainland’s scope of liberation for Hong Kong’s services industry. The **CEPA Second Agreement Concerning Amendment to the Agreement on Trade in Services** (“Amendment Agreement II”) signed in **October 2024** has **introduced new liberalization measures** in a number of service sectors which Hong Kong enjoys distinctive advantages, including removing or relaxing restrictions on equity shareholding and business scope, as well as relaxing qualification requirement, thus making it **easier** for Hong Kong service suppliers and professionals **to set up enterprises and develop business in the Mainland**.

- CEPA fully embodies the close relationship of strength complementarity and joint development between the Mainland and Hong Kong. After the implementation of CEPA, Hong Kong’s **merchandise trade** with the Mainland and all countries and regions has **increased significantly**:

### Leveraging CEPA to create business opportunities



	2004 (HK\$)	2014 (HK\$)	2024 (HK\$)
<b>Total merchandise trade with the Mainland</b>	<b>1,806.8 billion</b>	<b>3,966 billion</b> (Up 120% from 2004)	<b>4,826.3 billion</b> (Up 167% from 2004)
<b>Total merchandise trade with all countries/regions</b>	<b>4,130.2 billion</b>	<b>7891.8 billion</b> (Up 91% from 2004)	<b>9,464.5 billion</b> (Up 129% from 2004)

### Members’ views

- **Members** welcome the CEPA Amendment Agreement II, which further opens up the Mainland market to Hong Kong in a number of professional services sectors, and **suggest** that the Administration should join hands with professional, trade or business associations in Hong Kong to actively promote cooperation with Mainland professional regulatory bodies in ensuring a streamlined and transparent certification process for the relevant professional qualifications, and further **enhancing the mechanisms for mutual recognition of professional qualifications between the Mainland and Hong Kong** to **minimize repetitive vetting** as far as possible.
- To **assist Hong Kong businesses in utilizing the preferential measures under CEPA** to tap into the Mainland market, **Members urge** that the Administration should **formulate and promote the GBA Standards in more different areas**, thereby promoting the enhancement of product and service quality as well as deepening economic and trade exchanges and cooperation among the three places of Guangdong, Hong Kong and Macao.

LegCo  
**Relevant paper**



## (5) Participating in the Belt and Road Initiative to explore emerging markets

The B&R Initiative is a long-term national development strategy with a grand pattern, spanning across a number of regions such as **ASEAN**, the **Middle East**, **Central Asia** and **Africa**. Leveraging its distinctive advantages, Hong Kong has become the prime functional platform for the B&R Initiative. The SAR Government also proactively **develops emerging markets along B&R**. In recent years, the work focuses include:

 <b>Contribute to B&amp;R Initiative</b>	<ul style="list-style-type: none"> <li>➤ The “<b>Belt and Road Summit</b>” jointly organized by the SAR Government and HKTDC has been held since 2016. It gathers senior government officials and business leaders from countries and regions along B&amp;R, and serves as a <b>premier international trade platform for fostering B&amp;R cooperation</b>.</li> <li>➤ The <b>10th “Belt and Road Summit”</b> will be held in Hong Kong from <b>10 to 11 September 2025</b> under the theme “<b>Collaborate for Change • Shape a Shared Future</b>”, covering areas such as finance and investment, innovation and technology as well as professional services.</li> </ul>
 <b>Enhance customs facilitation</b>	<ul style="list-style-type: none"> <li>➤ The SAR Government plans to enter into <b>mutual recognition arrangements (“MRAs”)</b> for the <b>Authorized Economic Operator Programme (“AEO”)</b> with more B&amp;R economies so as to provide customs facilitation.</li> <li>➤ At present, <b>Hong Kong</b> has <b>ratified AEO MRAs with 16 economies</b>, <b>ranking fourth globally</b> in terms of the number of MRA.</li> </ul>
 <b>Strengthen international ties</b>	<ul style="list-style-type: none"> <li>➤ During Chief Executive John LEE’s visit to the Middle East in May 2025, Hong Kong had <b>signed Memorandums of Understanding</b> with <b>Qatar</b> and <b>Kuwait</b> to strengthen economic and trade ties. InvestHK also conducted multiple <b>outbound missions to emerging markets</b> such as <b>Eastern Europe, Africa and the Middle East</b> in the second quarter of 2025, actively <b>promoting Hong Kong’s business advantages and opportunities overseas</b>.</li> </ul>
 <b>Support the development of non-local markets</b>	<ul style="list-style-type: none"> <li>➤ The SAR Government assists enterprises in developing non-local markets through various funding schemes and support measures, such as introducing enhancement measures under the <b>BUD Fund</b> to <b>expand the geographic scope of “E-commerce Easy” to 10 ASEAN countries</b>.</li> <li>➤ Formulating policies through the E-commerce Development Task Force to <b>encourage enterprises to grasp the opportunities in developing e-commerce business</b>, thereby exploring more diversified markets.</li> </ul>
 <b>Promote Hong Kong</b>	<ul style="list-style-type: none"> <li>➤ The SAR Government is actively expanding its global office network, particularly in emerging markets. <b>Discussions</b> are underway with the governments of <b>Malaysia</b> and <b>Saudi Arabia</b> on the <b>establishment of ETOs</b>. In addition, InvestHK has established new consultant offices in <b>Cairo</b>, <b>Egypt</b>, and <b>Izmir, Türkiye</b>, whereas HKTDC has also set up a consultant office in <b>Cambodia</b>.</li> </ul>



### Members’ views

- **Members urge** the Administration to **proactively assist Hong Kong enterprises and the professional services sector in exploring wider business opportunities in the B&R markets**, including supporting exchanges between local trade organizations and their counterparts in B&R countries, and liaising with overseas Chinese organizations to help Hong Kong enterprises explore the local markets.
- **Members suggest** that the Administration should make use of the “Digital Corporate Identity” platform to **streamline the application process for the BUD Fund**, thereby facilitating applications from enterprises for the Fund to explore overseas markets. Members also **suggest** that the Administration should encourage local airlines to **operate more international flights between Hong Kong and Middle East cities**, to provide convenience for business visitors and tourists.
- **Members urge** the Administration to actively **attract enterprises and family offices from B&R countries to set up or expand their businesses in Hong Kong**, and **suggest** that the Administration should **enhance understanding of Islamic culture among the public and enterprises** and put in place measures helpful for the daily lives of Muslims, thereby attracting more investors and talents from Islamic countries along B&R to settle in Hong Kong.

LegCo  
Relevant  
paper



Legislative Council  
Secretariat

To know more about the related  
discussions in the Legislative Council

please scan the **QR codes** on the right  
or visit the relevant Legislative Council **webpages**



**Panel on Commerce, Industry,  
Innovation and Technology**