

## COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA-HONG KONG BILATERAL TRADE RELATIONS

### INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The special Administrative Region (SAR) of Hong Kong lies in eastern Asia, off the south coast of the People's Republic of China. The SAR consists of the island of Hong Kong, Stonecutters Island, the Kowloon Peninsula and the New Territories, which are partly on the mainland. Hong Kong is a member of the World Trade Organization (WTO), Asia-Pacific Economic Cooperation (APEC), etc.

2. The economy of Hong Kong is a highly developed free-market economy. One of the world's most significant financial centres and commercial ports, Hong Kong has a market economy focused on services, characterised by low taxation, minimal government market intervention, and an established international financial market. It is the world's 38th-largest economy, with a nominal GDP of approximately US\$407 billion. Hong Kong's economy ranked at the top of the Heritage Foundation's economic freedom index between 1995 and 2021. As per available report of IMF Executive Board Concludes 2024 Article IV Consultation Discussions with the People's Republic of China—Hong Kong Special Administrative Region January 23, 2025, it has been reflected that, Hong Kong SAR's economy is on a path of gradual but uneven recovery following three years of recession since 2019. The removal of COVID-related restrictions in early 2023 resulted in a strong rebound in domestic demand and inbound tourism in 2023H1, and decline in unemployment rate to historical lows. However, the recovery has since lost momentum with domestic demand softening amid multiple headwinds, including the high interest rate environment and continued adjustment in the property market. Increased regional competition has also weighed on economic activity by putting pressure on some of the territory's traditional growth engines. The financial system has remained resilient, supported by strong institutional frameworks and substantial capital and liquidity buffers, while the Linked Exchange Rate System continued to function smoothly.

A snapshot of Hong Kong's select economic indicators is presented as under.

**TABLE -1**

**Hong Kong SAR—Selected Economic and Financial Indicators, 2019-29**

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
						Projections					
<b>NATIONAL ACCOUNTS</b>											
Real GDP (percent change)	-1.7	-6.5	6.5	-3.7	3.3	2.7	2.7	2.6	2.5	2.5	2.4
Private consumption	-0.8	-10.6	5.6	-2.2	7.7	-0.7	0.5	1.0	1.4	1.9	1.9
Government consumption	5.1	7.9	5.9	8.0	-4.3	0.4	-0.5	-0.5	-0.2	0.0	0.3
Gross fixed capital formation	-14.9	-11.1	8.3	-7.4	11.1	3.6	7.7	8.1	3.6	1.5	1.6
Inventories (contribution to growth)	-0.5	1.8	-1.8	-0.9	-0.5	0.2	1.1	0.0	0.0	0.0	0.0
Net exports (contribution to growth)	2.2	0.2	2.8	-1.3	-2.5	2.3	0.0	0.6	1.0	1.0	0.8
Output gap (in percent of potential GDP)	-2.5	-7.3	-2.3	-4.1	-2.5	-2.3	-1.7	-1.1	-0.6	-0.2	0.0
<b>LABOR MARKET</b>											
Employment (percent change)	-0.3	-4.7	-0.6	-1.6	2.7	1.1	1.0	-0.1	-0.2	-0.1	-0.1

Unemployment rate (percent, period average)	2.9	5.8	5.2	4.3	2.9	2.8	2.7	2.7	2.7	2.7	2.7
Real wages (percent change)	0.1	2.5	-0.5	-1.4	1.4	0.9	1.2	1.3	1.3	1.3	1.3
<b>PRICES</b>											
Inflation (percent change)											
Consumer prices	2.9	0.3	1.6	1.9	2.1	1.8	2.3	2.4	2.5	2.5	2.5
GDP deflator	2.0	0.6	0.7	1.7	2.8	2.3	2.3	2.4	2.5	2.4	2.5
<b>GENERAL GOVERNMENT</b>											
Consolidated budget balance (percent of GDP) 1/	-0.6	-9.4	0.0	-6.7	-5.8	-5.2	-3.0	-1.7	0.1	1.3	1.1
Revenue	20.8	21.1	24.2	22.1	18.4	19.4	20.6	21.5	22.0	22.4	22.4
Expenditure	21.4	30.5	24.2	28.9	24.2	24.6	23.6	23.2	21.8	21.1	21.4
Fiscal reserves (as of end-March, percent of GDP)	40.8	34.7	33.4	29.7	24.6	21.3	20.0	19.7	19.7	19.7	19.3
<b>FINANCIAL 2/</b>											
Interest rates (percent, period average)											
Best lending rate	5.1	5.0	5.0	5.1	5.8	5.6	...	...	...	...	...
Three-month HIBOR	2.1	1.1	0.2	2.1	4.6	4.4	...	...	...	...	...
10-year Treasury bond yield	1.6	0.7	1.2	2.8	3.6	3.0	...	...	...	...	...
<b>MACRO-FINANCIAL 2/</b>											
Loans for use in Hong Kong SAR (excl. trade financing)	7.4	2.1	4.3	0.9	-0.4	1.7	...	...	...	...	...
House prices (year-on-year percent change for last quarter)	3.8	0.2	3.7	-13.6	-7.1	-13.0	...	...	...	...	...
Credit-to-GDP gap 3/	21.2	23.9	11.5	3.2	-14.5	-38.9	...	...	...	...	...
<b>EXTERNAL SECTOR</b>											
Merchandise trade (percent change)											
Export value	-4.1	-1.5	26.3	-8.6	-7.8	7.2	1.7	3.1	3.2	3.0	3.0
Import value	-6.5	-3.3	24.3	-7.2	-5.7	3.1	3.0	3.5	3.7	3.7	3.9
Current account balance (percent of GDP)	5.9	7.0	11.8	10.2	9.2	12.0	10.6	10.2	10.0	9.9	9.5
Foreign exchange reserves											
In billions of U.S. dollars (end-of-period)	441	492	497	424	426	439	453	477	503	529	544
In percent of GDP	121	143	135	118	112	109	108	108	108	108	106
Net international investment position (percent of GDP)	432	615	574	492	468	457	446	435	424	413	403
<b>EXCHANGE RATE</b>											
Market rate (HK\$/US\$, period average)	7.836	7.757	7.773	7.831	7.830	...	...	...	...	...	...
Real effective rate (period average, 2010=100)	117.7	116.9	111.7	115.8	119.6	...	...	...	...	...	...
<b>Sources:</b> Haver Analytics; BIS; CEIC; HKSAR Census and Statistics Department; and IMF staff estimates.											
1/ Before issuance and repayment of government bonds and notes.											
2/ Based on loans for use in Hong Kong SAR, excluding trade financing.											
3/ Using latest data available for 2024.											

**Source:** IMF Executive Board Concludes 2024 Article IV Consultation Discussions with the People’s Republic of China—Hong Kong Special Administrative Region January 23, 2025.

## FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the four major merchandise export partners of Hong Kong are China, United States, India and Vietnam. On the other hand four major import partners of Hong Kong are China, Singapore, Korea, Rep, and Japan. Major five exported goods of Hong Kong are (i) Monolithic integrated circuits, digital (ii) Transmission apparatus, for radioteleph incorpo (iii) Parts and accessories of automatic data process (iv) Gold in unwrought forms non-monetary and (v) Diamonds non-industrial nes excluding mounted. On the other hand major five imported goods are (i) Monolithic integrated circuits, digital (ii) Transmission apparatus, for radioteleph incorpo. (iii) Gold in unwrought forms non-monetary (iv) Parts and accessories of automatic data and (v) Art. of jewellery and pts thereof.

4. Hong Kong’s total exports in 2019 were of the order of US\$ 535,711 million. It has scaled up to US\$ 575,044 million in 2023. In the year 2021 immediately after pandemic hit year 21.65% pick-up was recorded followed by a 9.06% decline in 2022. During the period from 2019 to 2023, the annual average compound rate of growth of exports was only 1.79%.

5. Hong Kong’s total imports in 2019 were of the order of US\$ 578,590 million and which has touched US\$ 654,824 million mark in 2023. During the period from 2018 to 2022, the annual average compound rate of growth of imports was 3.14% with a huge leap recorded in 2021 over 2020.

6. Hong Kong runs an overall Balance of Trade deficit as is observed from data 2019 to 2023 and it scaled of USD -79,780 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 2.50%.

A snapshot of Hong Kong’s overall Trade Statistics is presented in [Table 2](#) and [Figure 1](#).

**TABLE - 2**

### HONG KONG'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2019 TO 2023

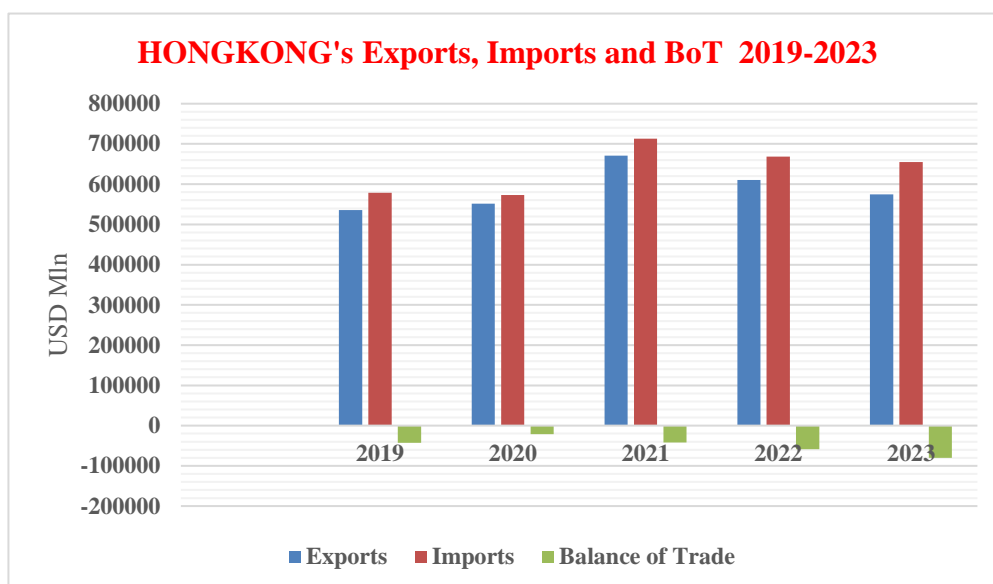
(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	535711		578590		11,14,301		-42879
2020	551516	2.95	573061	-0.96	11,24,577	0.92	-21545
2021	670926	21.65	713173	24.45	13,84,099	23.08	-42247
2022	610138	-9.06	668483	-6.27	12,78,621	-7.62	-58345
2023	575044	-5.75	654824	-2.04	12,29,868	-3.81	-79780
<b>Annual Compound Growth Rate</b>		<b>1.79</b>		<b>3.14</b>		<b>2.50</b>	

**NOTE :** Figures relate to calendar year (January to December)

**SOURCE :** UN COMTRADE PUBLICATION

**Figure - 1**



## **BILATERAL TRADE WITH INDIA**

### **Merchandise Trade**

7. Trade relations between Hong Kong and India were established shortly after the British gained control of Hong Kong in 1841. The Hong Kong Monetary Authority (HKMA) and Reserve Bank of India (RBI) signed a MoU on Supervisory Cooperation and Exchange of Information on 17 July 2014. India and Hong Kong have a significant economic relationship, with Hong Kong being a key export destination for India and a significant source of imports. In 2023, India was Hong Kong's 8th largest trading partner, and Hong Kong was India's 12th largest export market. India's export to Hong Kong was 1.89% of India's total export value in FY2023-24. Hong Kong was the India's 12th largest export destination in FY 2023-24. In the same financial year imports from Hong Kong was 3.033% of India's total import value. Hong Kong was the 11th largest import trading partner of India in FY 2023-24. Almost 2.58% of India's total international trade value between India and Hong Kong has been recorded in FY 2023-24 as per DGCI&S data base.

8. Indo- Hong Kong total volume of bilateral trade in FY 2019-20 was of the order of US\$ 27,902.44 million. It has increased to US\$ 28,693.74 million in FY 2023-24. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 has been of the order of 0.70%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Hong Kong. The annual average compound rate of growth of Exports was -6.89% during the period under review. The annual average compound rate of growth of imports was 4.83% during the same period.

A snapshot of India's merchandise trade statistics w.r.t. Hong Kong is presented in **Table- 3 Figure 2**

**TABLE - 3**

**INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. HONG KONG  
FY 2019-2020 to 2023-2024**

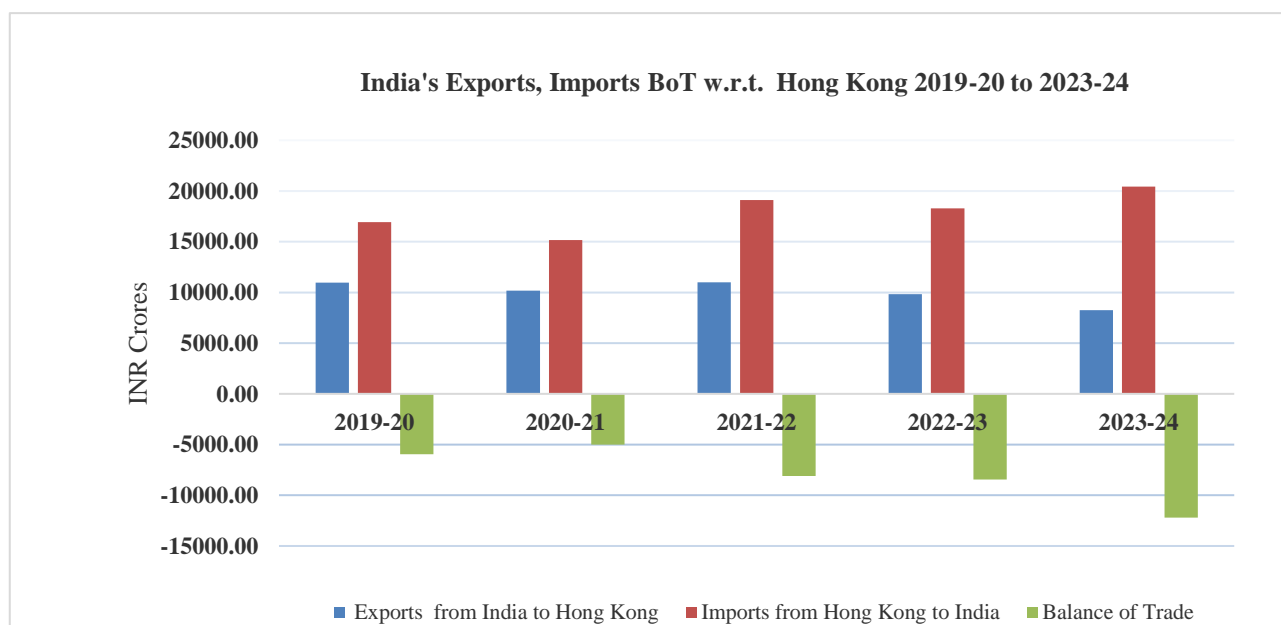
(Value in USD Million)

Year	Exports from India to Hong Kong	Percentage Growth in Exports	Imports from Hong Kong to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	10967.12		16935.32		27902.44		-5968.20
2020-21	10162.40	-7.34	15172.8	-10.41	25335.20	-9.20	-5010.40
2021-22	10984.80	8.09	19096.61	25.86	30081.41	18.73	-8111.81
2022-23	9832.66	-10.49	18274.95	-4.30	28107.61	-6.56	-8442.29
2023-24	8244.04	-16.16	20449.70	11.90	28693.74	2.09	-12205.66
<b>Annual Compound Growth Rate</b>		<b>-6.89</b>		<b>4.83</b>		<b>0.70</b>	

**NOTE** : Figures relate to Financial Year (April to March)

**SOURCE** : DGCI&S, M/oC&I

**Figure 2**



10. Additionally, from **Tables 4 & 5** presented below the following are stated:

a. **Pearls, Precs. Semiprecs. Stones, Gold & Other Precs. Metal Jewellery and Telecom Instruments** are occupying the top three slots in India's exports to Hong Kong in the year 2023-24. **Pearl, Precs. Semiprecs. Stones** occupying highest share of 58.65% of total export from India to Hong Kong.

b. **Electronic Components ; Pearl, Precs. Semipercs. Stones and Telecom Instruments** are the three major commodities in India's imports list from Hong Kong in the year 2023-24, **Electronic Components** is occupying bulk share of India's imports from Hong Kong to the tune of 29.14% and **Pearl, Precs. Semipercs. Stones** has a share of 20.51%.

**TABLE -4**

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO HONG KONG  
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	<b>Pearl, Precs. Semiprecs. Stones</b>	<b>6839.17</b>	<b>6211.2</b>	<b>7250.89</b>	<b>5937.93</b>	<b>4835.50</b>	<b>-9.18</b>	<b>16.74</b>	<b>-18.11</b>	<b>-18.57</b>
	Share in total export	62.36	61.12	66.01	60.39	58.65				
2	<b>Gold &amp; Other Precs. Metal Jewellery</b>	<b>2241.15</b>	<b>1841.15</b>	<b>2054.9</b>	<b>2797.56</b>	<b>1890.96</b>	<b>-17.85</b>	<b>11.61</b>	<b>36.14</b>	<b>-32.41</b>
	Share in total export	20.44	18.12	18.71	28.45	22.94				
3	<b>Telecom Instruments</b>	<b>121.46</b>	<b>111.03</b>	<b>137.13</b>	<b>198.24</b>	<b>462.75</b>	<b>-8.59</b>	<b>23.51</b>	<b>44.56</b>	<b>133.43</b>
	Share in total export	1.11	1.09	1.25	2.02	5.61				
4	<b>Cosmetic And Toiletries</b>	<b>5.76</b>	<b>2.55</b>	<b>2.16</b>	<b>56.40</b>	<b>133.63</b>	<b>-55.73</b>	<b>-15.29</b>	<b>2511.11</b>	<b>136.93</b>
	Share in total export	0.05	0.03	0.02	0.57	1.62				
5	<b>Electric Machinery And Equipment</b>	<b>38.47</b>	<b>101.54</b>	<b>39.44</b>	<b>56.4</b>	<b>121.48</b>	<b>163.95</b>	<b>-61.16</b>	<b>43.00</b>	<b>115.39</b>
	Share in total export	0.35	1.00	0.36	0.57	1.47				
6	<b>Electronic Components</b>	<b>93</b>	<b>110.68</b>	<b>129.48</b>	<b>136.27</b>	<b>109.60</b>	<b>19.01</b>	<b>16.99</b>	<b>5.24</b>	<b>-19.57</b>
	Share in total export	0.85	1.09	1.18	1.39	1.33				
7	<b>Electronic Instruments</b>	<b>37.62</b>	<b>42.4</b>	<b>73.8</b>	<b>64.06</b>	<b>91.22</b>	<b>12.71</b>	<b>74.06</b>	<b>-13.20</b>	<b>42.40</b>
	Share in total export	0.34	0.42	0.67	0.65	1.11				
8	<b>Marine Products</b>	<b>66.08</b>	<b>82.4</b>	<b>72.74</b>	<b>67.4</b>	<b>64.88</b>	<b>24.70</b>	<b>-11.72</b>	<b>-7.34</b>	<b>-3.74</b>
	Share in total export	0.60	0.81	0.66	0.69	0.79				
9	<b>Finished Leather</b>	<b>75.23</b>	<b>36.95</b>	<b>41.11</b>	<b>36.33</b>	<b>48.54</b>	<b>-50.88</b>	<b>11.26</b>	<b>-11.63</b>	<b>33.61</b>
	Share in total export	0.69	0.36	0.37	0.37	0.59				
10	<b>Consumer Electronics</b>	<b>8.34</b>	<b>9.96</b>	<b>6.49</b>	<b>11.11</b>	<b>32.45</b>	<b>19.42</b>	<b>-34.84</b>	<b>71.19</b>	<b>192.08</b>
	Share in total export	0.08	0.10	0.06	0.11	0.39				
	<b>Total export to HONG KONG</b>	<b>10967.12</b>	<b>10162.40</b>	<b>10984.80</b>	<b>9832.66</b>	<b>8244.07</b>	<b>-7.34</b>	<b>8.09</b>	<b>-10.49</b>	<b>-16.16</b>

**NOTE : Figures relate to each Financial Year (April to March)**

**SOURCE: DGCI&S, M/o C&I**

**TABLE -5****INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM HONG KONG  
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES****(Value in USD Million)**

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	<b>Electronic Components</b>	<b>4039.18</b>	<b>3293.79</b>	<b>4756.4</b>	<b>4287.86</b>	<b>5959.73</b>	<b>-18.45</b>	<b>44.41</b>	<b>-9.85</b>	<b>38.99</b>
	Share in total imports	23.85	21.71	24.91	23.46	29.14				
2	<b>Pearl, Precs. Semiprecs. Stones</b>	<b>3639.18</b>	<b>3394</b>	<b>4355.91</b>	<b>5321.89</b>	<b>4195.08</b>	<b>-6.74</b>	<b>28.34</b>	<b>22.18</b>	<b>-21.17</b>
	Share in total imports	21.49	22.37	22.81	29.12	20.51				
3	<b>Telecom Instruments</b>	<b>2932.34</b>	<b>2690.81</b>	<b>2355.12</b>	<b>1795.92</b>	<b>1855.27</b>	<b>-8.24</b>	<b>-12.48</b>	<b>-23.74</b>	<b>3.30</b>
	Share in total imports.	17.31	17.73	12.33	9.83	9.07				
4	<b>Computer Hardware Peripherals</b>	<b>899.49</b>	<b>1314.6</b>	<b>1998.49</b>	<b>1347.67</b>	<b>1488.27</b>	<b>46.15</b>	<b>52.02</b>	<b>-32.57</b>	<b>10.43</b>
	Share in total import	5.31	8.66	10.47	7.37	7.28				
5	<b>Residual Chemical And Allied Products</b>	<b>57.83</b>	<b>60.51</b>	<b>48.05</b>	<b>55.53</b>	<b>1219.15</b>	<b>4.63</b>	<b>-20.59</b>	<b>15.57</b>	<b>2095.48</b>
	Share in total import	0.34	0.40	0.25	0.30	5.96				
6	<b>Silver</b>	<b>901.92</b>	<b>334.38</b>	<b>1158.06</b>	<b>1148.53</b>	<b>1126.03</b>	<b>-62.93</b>	<b>246.33</b>	<b>-0.82</b>	<b>-1.96</b>
	Share in total import	5.33	2.20	6.06	6.28	5.51				
7	<b>Electronic Instruments</b>	<b>597.48</b>	<b>582.27</b>	<b>653.74</b>	<b>715.07</b>	<b>674.50</b>	<b>-2.55</b>	<b>12.27</b>	<b>9.38</b>	<b>-5.67</b>
	Share in total import	3.53	3.84	3.42	3.91	3.30				
8	<b>Electric Machinery And Equipments</b>	<b>310.16</b>	<b>160.71</b>	<b>215.37</b>	<b>341.02</b>	<b>403.15</b>	<b>-48.18</b>	<b>34.01</b>	<b>58.34</b>	<b>18.22</b>
	Share in total import	1.83	1.06	1.13	1.87	1.97				
9	<b>Consumer Electronics</b>	<b>625.93</b>	<b>505.94</b>	<b>469.48</b>	<b>538.62</b>	<b>372.72</b>	<b>-19.17</b>	<b>-7.21</b>	<b>14.73</b>	<b>-30.80</b>
	Share in total import	3.70	3.33	2.46	2.95	1.82				
10	<b>Accumulators And Batteries</b>	<b>404.62</b>	<b>372.96</b>	<b>491.53</b>	<b>298.33</b>	<b>318.53</b>	<b>-7.82</b>	<b>31.79</b>	<b>-39.31</b>	<b>6.77</b>
	Share in total import	2.39	2.46	2.57	1.63	1.56				
	<b>Total import from HONG KONG</b>	<b>16935.32</b>	<b>15172.82</b>	<b>19096.61</b>	<b>18274.95</b>	<b>20449.70</b>	<b>-10.41</b>	<b>25.86</b>	<b>-4.30</b>	<b>11.90</b>

**NOTE : Figures relate to each Financial Year (April to March)****SOURCE : DGCI&S, M/o C&I****“NOTICE”**

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