

U.S. Country Commercial Guides



Hong Kong and Macau 2019

Doing Business in Hong Kong and Macau:

2019 Country Commercial Guide for U.S. Companies

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Doing Business in Hong Kong and Macau

Market Overview

Hong Kong

The Hong Kong economy grew moderately in 2018. Hong Kong, a Special Administrative Region of the People's Republic of China (PRC) since its reversion in 1997, has proven in past economic crises to be exceptionally resilient. Dominant and sustained drivers of economic growth include private consumption (retail), logistics and business services, financial services, real estate development (bolstered by ongoing public infrastructure works), and tourism. Hong Kong has benefited from continued economic integration with mainland China's growing economy.

Hong Kong is an ideal platform for doing business in Asia. Hong Kong is a free port that does not levy any customs tariff and has limited excise duties. Its strong rule of law and respect for property rights make it a strategic platform for U.S. companies, especially small- and medium-sized firms, seeking to do business in the region. Hong Kong's businesses enjoy close links to mainland China and the rest of Asia. According to Hong Kong Government statistics, there are 1,351 subsidiaries of U.S. parent companies in Hong Kong, making the United States the third largest source of subsidiaries in Hong Kong. Among those U.S. subsidiaries, 724 are regional headquarters or regional offices.

Hong Kong's key characteristics are its openness, tourism, trade and investment.

- Population: 7.48 million (end-year 2018)
- Visitors: 65.1 million (2018)
- Total GDP: US\$364.8 billion (2018)
- GDP Per Capita: US\$48,958 (2018)
- GDP Growth: 3.0 percent (2018)
- Trade to GDP Ratio: 312 percent (2018)
- U.S. Exports: US\$37.5 billion (2018).

Major Trading Partners. Mainland China, United States, EU, Japan, Taiwan and India.

Key Characteristics. World-class infrastructure; free flow of information; no restrictions on inward or outward investment; no foreign exchange controls; no nationality restrictions on corporate or sectoral ownership; simple, low-tax regime; and world financial hub.

Hong Kong is a Special Administrative Region of China. Hong Kong enjoys a high degree of autonomy, except in foreign affairs and defense. It has its own common law legal system (as distinct from the PRC), currency, and customs jurisdiction. There are numerous business opportunities given Hong Kong's expertise in finance and marketing, sophisticated infrastructure, and access to mainland China's manufacturing base. A majority of Hong Kong manufacturers has moved production to South China's Pearl River Delta (PRD), with Hong Kong functioning as the region's services and trade hub. Mainland China is Hong Kong's largest trading partner.

Hong Kong enjoys growing preferential access to the mainland. The Closer Economic Partnership Arrangement (CEPA) offers Hong Kong's products and firms preferential access to the mainland's market. CEPA goes beyond China's World Trade Organization (WTO) commitments, eliminating tariffs and allowing earlier or preferential access to some services sectors. Overseas companies can also benefit from CEPA. For trade in goods, foreign investors can set up production lines in Hong Kong to

produce goods that meet the CEPA rules of origin requirements. For trade in services, companies incorporated in Hong Kong by foreign investors can make use of CEPA as long as they satisfy eligibility criteria of a “Hong Kong Service Supplier” (for example, they must be engaged in business operation in Hong Kong for three to five years) or by partnering with or acquiring a CEPA-qualified company.

Macau

Macau is also a Special Administrative Region of China that shares many structural similarities with its close neighbor Hong Kong, yet offers U.S. suppliers a market with distinct characteristics and opportunities. In this Guide, Macau is treated under each chapter following Hong Kong, with emphasis placed on those areas where the business climate diverges.

Macau enjoys significant autonomy. Formerly a Portuguese colony, Macau became a Special Administrative Region (SAR) of the People's Republic of China (PRC) upon reversion to China on December 20, 1999. Macau maintains a high degree of autonomy except in foreign affairs and defense, and retains its own currency, laws, and border controls. Macau does not use common law, but uses code law patterned on the Portuguese system.

Macau's GDP surged by 4.7 percent in 2018. The economic growth was mainly driven by gaming sector. Like Hong Kong, Macau is a free port with low taxation. Since liberalizing the gaming industry in 2002, industry experts calculate that Macau has received US\$23.8 billion in U.S. foreign direct investment in the gaming industry (through 2016), spurring visitors and consumption. Other recent growth areas include finance, insurance, construction, real estate, and retail. Macau's exports include textiles, garments, machines and apparatus, footwear, tobacco and wine. The main export markets are Hong Kong, mainland China, Vietnam, EU and the United States, while imports originate primarily from mainland China, Hong Kong, EU, Japan and Switzerland.

Macau's huge gaming sector dominates the economy. Gaming revenues recovered significantly mainly due to gaming capacity increases, attracting visits from recreational gamblers. Taxes on gaming revenues accounted for over 80 percent of the Government of Macau's (GOM) revenues in 2018, generating a significant budget surplus (12 percent of GDP).

Macau's Key Characteristics are its rapid growth in tourism and inbound investment.

Population: 667,400 (end-2018)

Visitors: 35.8 million (2018)

Total GDP: US\$55.0 billion (2018)

GDP Per Capita: US\$82,600 (2018)

U.S. Exports: US\$601.8 million, 5.3 percent of Macau's imports (2018)

Trading Partners: Mainland China, Hong Kong, Japan, EU, Switzerland and United States.

Macau enjoys a Closer Economic Partnership Arrangement (CEPA) with mainland China. Macau's 2003 agreement with mainland China - largely parallel to the arrangement Hong Kong enjoys with the mainland - has enhanced its economic integration with the PRC. In October 2017, Macau and Hong Kong signed a CEPA to strengthening economic and commercial relations between the two cities. On January 1 2018, the CEPA between Macau and Hong Kong became effective.

Market Challenges

Hong Kong

Increasing competition from the mainland: Even as integration has given Hong Kong greater market access and growth opportunities, higher rental and labor costs become a drawback of doing business in Hong Kong. Mainland rivals are becoming more competitive, even in sectors where Hong Kong has long been dominant, like container port operations, logistics, and related trade and financial services.

Foreign firms are bypassing Hong Kong: The trend of foreign firms heading directly to the mainland was accelerated by China's 2001 admission to the WTO. Companies that go directly to China without sufficient due diligence, however, may face higher costs and longer delays than if they had first engaged a Hong Kong-based intermediary.

Macau

Gaming and tourism eclipse other sectors. In 2018, Macau's gross gaming revenue reached US\$37.9 billion, significantly exceeding the combined revenues of Nevada and Atlantic City combined. However, many U.S. firms are overlooking opportunities in other sectors. Finding local talent can be challenging: Macau's explosive growth has led to stiff competition among firms in identifying and retaining high-caliber local managers and staff. This challenge will endure due to Macau's relatively small local population.

Market Opportunities

Hong Kong

Excellent prospects for U.S. suppliers: Leading export sectors for U.S. firms include electronic components, medical equipment and pharmaceuticals, aviation and airport equipment, transportation infrastructure, safety and security equipment, financial services, education and training services, travel and tourism services, retail, and consumer goods such as packaged food, wine, cosmetics, and toiletries. Smart city development initiatives being undertaken by the Hong Kong government also present opportunities for U.S. technology providers.

Hong Kong public infrastructure works valued at over US\$10.2 billion are in various stages of planning or execution: Ongoing projects include the West Kowloon Cultural District, the University of Hong Kong Campus Expansion, Ocean Park amusement park enhancement, the Harbor Area Treatment Scheme, the Hong Kong-Zhuhai-Macau Bridge, multiple subway and light rail lines, and the Guangzhou-Shenzhen-Hong Kong Express Rail Link. New projects include the Hong Kong International Airport Expansion Plan and tourism infrastructure and city improvement plans. The Kai Tak Airport Redevelopment has been an ongoing project; however, due to the magnitude of the project there will also be new tenders.

Hong Kong-based private procurement: Hong Kong is home to a large number of procurement agents and purchasing offices. Many purchasing decisions for major projects and conglomerates in Macau, mainland China, or other economies are made in Hong Kong.

SelectUSA - Hong Kong serves as a priority market to attract foreign investment to the U.S.: Established in 2011 by Executive Order of the President, SelectUSA is a government-wide initiative to promote foreign direct investment (FDI) in the United States to create jobs, spur economic growth, and promote American competitiveness. SelectUSA works in partnership with state, regional, and local economic development organizations to promote FDI into the U.S. and works on behalf of the entire nation, exercising strict geographic neutrality. SelectUSA chose 10 pilot markets, including Hong Kong,

to initiate the program in 2012, because of the territory's special role as a commercial and financial hub through which over 60 percent of China's overseas investment flows. SelectUSA can work with locations in the U.S. interested in attracting FDI and with FDI-support service providers (such as consultants, law firms, financial service providers, etc). For enquiries, please visit <https://www.selectusa.gov/welcome> or contact: (202) 482-6800 / (852) 2521-1467 in Hong Kong.

Macau

U.S. exports to Macau. In 2016, U.S. capital goods, and fuel and lubricants (in comparison with 2015) dropped by 30.8 percent and 45.31 percent, respectively. Consumer goods and raw materials/semi-finished products dropped by 15.21 percent and 53.16 percent, respectively.

Specific U.S. export opportunities. The recent expansion of Macau's hospitality sector has created demand for food/beverage products and services and related hospitality consumables. Other opportunities include: gaming equipment; architectural services; energy-efficient lighting, HVAC systems, and "smart building" systems; recreational and sports equipment; security equipment; hotel, restaurant, and resort management training services; computer and financial software; and meetings, incentives, conventions, and exhibitions (MICE) services such as exhibition and event planning.

Major projects. Among the ongoing private and public projects are the development of the Cotai Strip (Las Vegas Sands added 5,800 additional rooms to three new hotels; neighboring competitor, Hong Kong-based SJM and Galaxy Entertainment, MGM Macau, and Wynn also planned to add new facilities), a new Light Rail Transit System, and the Hong Kong-Zhuhai-Macau Bridge. New projects include the Pac On Ferry Terminal.

Hengqin Island and Regional Development in Zhuhai, PRC. Hengqin Island in Zhuhai, adjacent to Macau's Taipa and Coloane islands, is being developed by several investors who are also currently building projects in Macau. A number of planned projects have been reported in the press, including resorts, hotels, integrated retail and convention centers, luxury villas, education facilities and other services areas in Hengqin and elsewhere in Zhuhai. Notably, these projects will not include gaming facilities. The GOM finished a full-scale relocation of the University of Macau to Hengqin Island in August 2014. With focused planning and support from Beijing, Hengqin could help diversify Macau's own economy beyond gaming.

Market Entry Strategy

Hong Kong

Hong Kong agents and distributors can increase sales of U.S. products in both Hong Kong and mainland China. Given mainland China's size and diversity, it is usually advantageous to work with different agents for different regions of mainland China. Hong Kong-based agents and distributors usually include Macau and Southern China in their coverage territory, and often have networks to other major regions in mainland China.

Hong Kong firms are eager to work with serious exporters. U.S. firms can show commitment to success in this market by using metric measurements, providing Chinese-language materials, responding quickly to inquiries, meeting relevant standards, and visiting the market for first-hand understanding and relationship building.

Companies considering entering this market should understand Hong Kong's fast-paced business climate. Decisions are made quickly. Firms must respond immediately to inquiries or risk losing opportunities to faster-moving competitors.

Macau

Macau- and Hong Kong-based agents and distributors can increase sales in Macau. Many major gaming and hotel operators in Macau maintain procurement or purchasing offices in Hong Kong.

The U.S. Commercial Service Office in Hong Kong provides customized market research and business facilitation services in Macau.

The American Chamber of Commerce in Macau can provide U.S. newcomers with orientation and various types of member support, including entre to Macau's leading trade shows.

Political Environment

Hong Kong: <https://www.state.gov/u-s-relations-with-hong-kong/>

Macau: <https://www.state.gov/u-s-relations-with-Macau/>

Selling U.S. Products & Services

Using an Agent to Sell U.S. Products and Services

Working with agents and distributors in Hong Kong and Macau is very much like working with agents and distributors in the United States. Hong Kong and Macau have no special legislation regarding agents and distributors. Virtually anything to which both sides can agree to and put into a written contract is acceptable and enforceable; this includes restrictions on territory and a grace period for termination of the agreement. U.S. firms should consult local legal counsel when drafting contract terms. Items that are often in contracts include:

- Exclusivity and sales territories - businesses should be careful about granting an exclusive agency too soon or in too large a territory if the agent is to have coverage beyond Hong Kong or Macau;
- Proprietary information - local laws prohibit theft of intellectual property, but prevention of piracy is always less expensive and more effective than post-facto remedial legal action;
- Levels of sales activity - set specific targets and goals the agent or distributor must meet in order to maintain or renew the agreement;
- Duration;
- Payment terms;
- Quality control - inspection - verification;
- Legal jurisdiction - generally, Hong Kong is chosen, but another location sometimes (U.S. or Macau) may be specified; and
- Covenants restricting business activity following cancellation of the contract.

There are many types of agents and distributors in Hong Kong and Macau, ranging from those who simply stock retail stores with standard items to agents who provide sales, engineering and technical support for complex systems. It is common for a single company to deal in a wide variety of products in a particular sector. Agents and trading companies may be less specialized than companies in a large economy like the United States, but the best ones are focused and have contacts in a specific line of business.

Although it may be desirable to identify distributors based in Macau, many Hong Kong distributors are capable of covering Macau.

Establishing an Office

Hong Kong

Foreign companies are allowed to incorporate their operations, register branches, or set up representative offices freely in Hong Kong with no restriction on ownership. Company directors need not be citizens of, nor reside in, Hong Kong. Reporting requirements are straightforward and not onerous. There is no distinction in law or practice between investment by foreign-controlled companies and those controlled by local interests. There are no disincentives to foreign investment such as limitations on the use or transfer of foreign currency, or any system of quotas, performance requirements, bonds, deposits, or other restrictive regulations.

To incorporate or register in Hong Kong, a foreign company should first file statutory declarations and submit the necessary documents to the Administration Section of the Companies Registry. Specific information on establishing an office in Hong Kong is available at:

New Companies Section
Companies Registry
14/F, Queensway Government Offices
66 Queensway, Hong Kong
Tel: (852) 2867-2587
Email: crenq@cr.gov.hk

Website: <http://www.cr.gov.hk>

Additional information including detailed step-by-step guidance for setting up in Hong Kong can also be found at <http://www.investhk.gov.hk>

Macau

There are no restrictions or constraints for establishing a company in Macau. There are however, regulations that govern various economic activities and specific licenses. Authorizations are required for certain types of businesses, such as banking, insurance, manufacturing, tourism, civil construction, education and telecommunications. All entities carrying out business activities in Macau must be registered with the Macau Commercial Registration Bureau, and with the Macau Finance Bureau. All legal and administrative procedures apply to all local and foreign individuals or organizations interested in setting up a company in Macau.

A limited liability company by quota in Macau and a branch of a company incorporated outside of Macau are the most common types of business entities operating in Macau. Foreign entities with only one-off or occasional contractual projects in Macau may choose to apply for a tax registration status on a project basis.

Investors may obtain details of the necessary procedures for setting up a business from the Macau Trade and Investment Promotion Institute at

<http://www.ipim.gov.mo/en/business-investment/setting-up-a-co-through-ipim/>.

Franchising

Hong Kong's legal framework and high per capita income attracts foreign franchisors looking to sub-franchise. It is relatively easy to set up a foreign franchise operation in Hong Kong as there is no specific legislation governing franchising operations, no foreign exchange controls, and no foreign equity participation or local management participation regulations. Disputes arising from a franchise agreement are subject to common law (and specifically to contract law) and to legislation relating to licensing, protection of intellectual property rights, and registration of trademarks/service marks.

Direct Marketing

Direct marketing is now recognized not just as the fastest growing segment of the marketing business, but also the segment that produces the most substantial profits for every business, from financial services to fast moving consumer goods. Direct marketing in Hong Kong has changed significantly over the last decade and is now multichannel and electronic to a large extent.

Transactions via online business-to-business (B2B) marketplaces are increasing at a brisk pace. Well-known online B2B platforms in Hong Kong include Alibaba and Global Sources.

The direct marketing business environment relies on a highly developed supply chain infrastructure that enables even small firms to sell directly to their consumers with minimal complications. Smaller-scale companies, that do not have an in-house supply chain department, often make use of professional logistics service providers established in Hong Kong.

Regulations regarding direct marketing are primarily centered on customer privacy rights, data security and postal regulations. On April 1, 2013, the new Personal Data Ordinance took effect regulating the use of personal data for direct marketing. The Digital + Direct Marketing Association Asia (D+D, <http://ddma.asia/>) works with regulatory bodies to ensure that regulations do not have an adverse effect on direct marketing users and suppliers.

Hong Kong is the marketing services capital of Asia. The sophistication of the market has attracted a strong presence of multinational agencies and a pool of marketing services talent. A number of multinational PR, marketing, and advertising agencies have regional headquarters in Hong Kong.

Hong Kong's marketing services companies are first-movers in the mainland market. Mainland business has also become an increasing source of income for Hong Kong marketing services companies. The Closer Economic Partnership Arrangement (CEPA) agreement has further facilitated Hong Kong marketing firms' expansion in the mainland market.

Joint Ventures/Licensing

Joint ventures or strategic alliances can be very useful in helping firms enter the market. They are particularly important when competing for major projects.

Licensing is increasingly common in the field of brand-name product manufacturing and marketing.

There are generally few legal restrictions on Joint Ventures / License arrangements in Hong Kong.

Selling to the Government

Hong Kong SAR Government Procurement

The Government Logistics Department (GLD) is the central purchasing, storage and supply organization for the Hong Kong Special Administrative Region, serving over 80 government departments and certain

non-government public bodies. The GLD normally purchases by open tender, with decisions based on compliance with tender specifications, price competitiveness, back-up service and delivery. The GLD does not give preference to any particular source of supply from any country or organization.

In 2016, GLD spent US\$14.98 million on American products (such as encryption solutions, x-ray checkers, spare parts for marine diesel engines, integrated high performance liquid chromatographic systems with ultra-high resolution mass analyzer etc.) winning approximately 4.4 percent of the total procurement contracts (about US\$338.7 million). This was up from a total of approximately 2.13 percent of total procurement contracts in 2015.

Hong Kong joined the WTO Agreement on Government Procurement in May 1997. Tenders are now covered by the Agreement on Government Procurement of the World Trade Organization (WTO GPA). A revised GPA took effect on April 6, 2014 for Hong Kong, Canada, the European Union (EU), Iceland, Israel, Liechtenstein, Norway, Singapore, Taiwan and the United States. The revised GPA expanded the procurement opportunities covered under the GPA by US\$80-100 billion per year, on top of the approximate US\$1 to 1.5 trillion already covered under the last GPA. With the revised GPA, new work programs on small and medium enterprises (SMEs) and sustainable procurement has begun.

A Review Body on Bid Challenges has been set up by the government to handle challenges made against alleged breaches of the WTO GPA. Tender invitations are published in the Government of the Hong Kong Special Administrative Region Gazette. Tender notices are also published on the Internet in the GLD's web site: http://www.gld.gov.hk/eng/services_2.htm. Bidders usually have at least three weeks to prepare their offers. Contract awards with the names of successful bidders and contract sums are published monthly in the Government Gazette and on the Internet.

For information about a subscription to the Government of the Hong Kong Special Administrative Region Gazette, contact:

Information Officer
Publications Sales Unit
Information Services Department
Room 626, 6/F, North Point Government Offices
333 Java Road, North Point
Hong Kong
Tel: (852) 2537-1910
Fax: (852) 2523-7195
Email: puborder@isd.gov.hk
Website: <http://www.isd.gov.hk/eng/publication.htm>

The GLD maintains lists of registered suppliers for issuing tender notifications. Any company not currently registered with the GLD wishing to be considered for inclusion in these lists may apply online through the Procurement and Contract Management System (PCMS) at <http://www.gldpcms.gov.hk>; or in writing to the Director of Government Logistics. Companies are required to provide basic information about their organization and the goods they offer, such as the business registration certificate, company profile, annual report and product catalogs. The GLD evaluates this information, and those companies that are found acceptable will be included on the lists. The ETB allows GLD-registered suppliers to download tender documents and to submit tender offers and related questions online.

Companies seeking more information on the GLD or enquiries relating to application for inclusion in the GLD Supplier Lists and general tendering matters are encouraged to contact:

Suppliers Officer (Technical Secretariat)
Government Logistics Department
9/F, North Point Government Offices
333 Java Road, North Point
Hong Kong
Tel: (852) 2231-5298
Fax: (852) 2807-2764
Email: hktender@gld.gov.hk
Website: <http://www.gld.gov.hk>

While the public procurement market is transparent and generally open to all comers, given its competitive nature and the recourse to national support by many third-country bidders, potential U.S. bidders on projects in Hong Kong (and, even more so, Macau) are encouraged to touch base with Commercial Service Hong Kong (or other Consulate offices) about their interests and the potential to apply for project advocacy support.

Macau SAR Government Procurement

The Macau SAR Government is gradually moving many of its procurement notices and tenders to the Internet. These notices are published in Chinese and Portuguese only.

Public procurement processes in Macau are notably less transparent than those in Hong Kong. Instances of alleged official corruption and/or procedural irregularities have plagued several public projects in recent years. An extended dispute over the tender for water treatment services is currently in Macau courts. U.S. firms are encouraged to contact the Commercial Service for counseling and/or formal advocacy support in connection with their public tender interests.

For tender information on Macau SAR Government website, visit:

<http://portal.gov.mo/web/guest/citizen>, click on "Proclamation" on the menu, and click on "Gov. Tender."

Project Financing

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

Distribution & Sales Channels

One of the best ways to sell products in Hong Kong and Macau is through the use of agents or distributors. There are many companies across most sectors that can serve as agents or distributors for U.S. firms, and a number of third party logistics providers, specialized warehouses and order fulfillment firms that offer related trade facilitation services. Companies that are looking to sell equipment that requires long-term maintenance, technical support or installation, or that are seeking to become involved in infrastructure projects, frequently partner with local companies.

Furthermore, as discussed in other sections, many Hong Kong (and Macau) firms have established sales networks that expand throughout mainland China.

Express Delivery

Hong Kong's express industry is dominated by a few multinational players including DHL, UPS, FedEx, Expeditors, Panalpina, Kerry Logistics and Schenker. Typical express services involve transport logistics of door-to-door deliveries with guaranteed time and traceable location. With Hong Kong's well connected air and land connectivity, express delivery firms are able to deliver the goods within the same day to major Asian cities and next day delivery to cities in Europe and in America. Efficient customs clearance is also an important element in the express industry. Hong Kong International Airport speeds up this process by providing integrated Electronic Data Interchange (EDI) with eight major air cargo operators and the Customs & Excise Department, which allows pre-arrival customs clearance for all types of cargo. In the World Bank's 2016 Logistics Performance Index, Hong Kong ranked 9th among 160 regions and second in Asia.

Selling Factors & Techniques

One of the best ways to sell products in Hong Kong and Macau is through the use of agents or distributors. There are many companies across most sectors that can serve as agents or distributors for U.S. firms, and a number of third party logistics providers, specialized warehouses and order fulfillment firms that offer related trade facilitation services. Companies that are looking to sell equipment that requires long-term maintenance, technical support or installation, or that are seeking to become involved in infrastructure projects, frequently partner with local companies.

Furthermore, as discussed in other sections, many Hong Kong (and Macau) firms have established sales networks that expand throughout mainland China.

eCommerce

Hong Kong

Hong Kong has maintained its position as one of the world's leading digital cities with personal computer(PC), smartphone penetration and Internet usage at a consistently high level. According to the latest government survey conducted in 2017, over 2 million households (compared to 1.99 million in 2014) in Hong Kong had PCs, representing 80.9% of all households in Hong Kong. Among them, some 2.05 million households (compared to 1.92 million in 2014) had their home PC connected to the internet, representing 99.2% of all households in Hong Kong. The survey also showed significant growth of the percentage of persons aged 10 and above who had used internet service increased from 79.9% in 2014 to 99.8% in 2017.

The significant increase in internet usage was largely due to the wider availability and usage of smartphones. It is reported that close to 5.7 million persons aged 10 and above had smartphones in 2017. The percentage of persons aged 10 and above who had used smartphones for connection to the internet reached 98% in 2017, compared to 94.7% in 2014.

On the business side, IT usage has also increased steadily. Based on the most recent government survey, in 2017, 80% of business establishments used computers and 88% of business establishments used the internet. In 2003, the same survey determined that only 54.8% of businesses used computers, and 47.5% of businesses used the internet. IT usage in Hong Kong's business sector is continuously on the rise.

E-Commerce is on the rise. In 2017, 34% of Hong Kong companies had their own websites, up from 26% in 2013. The proportion varied from 88% for large companies (those employing more than 100 people) to 28% for small companies (those employing fewer than 10 people.)

A survey on B2C online shopping in Hong Kong revealed that on average, a Hong Kong consumer spends more than 24 hours a week on the Internet. 88% of consumers in Hong Kong made at least one purchase online in the past three months.

E-Commerce sales have been increasing steadily from US\$2.9 billion in 2015 to an estimated US\$3.7 billion in 2017, and are forecast to grow at an average annual rate of 10% to US\$5.4 billion by 2021.

The growing desire for online shopping has prompted many Hong Kong merchants to merge online and offline retail. Even traditional Hong Kong retailers have established online platforms. Online platforms such as HKTVMall are experimenting with concept brick and mortar stores to find out the most applicable online-to-offline retail model for Hong Kong.

The Hong Kong SAR Government plays two essential roles in relation to computerization. It acts as a facilitator for building up the necessary infrastructure for the IT industry and it also acts as a user of IT to support its own operational and managerial needs. Government spending on IT has grown from US\$ 726 million in fiscal year 2014-2015 to an estimate of more than US\$ 1.1 billion in fiscal year 2017-2018. Below are some figures relating to e-Government:

- Number of visits to GovHK (Oct 2016-Sep 2017) 83,265 per day on average
- Number of e-government transactions (2016) over 710 million

Macau

The number of local households using the Internet in 2017 increased by 1,200 year-on-year to 168,800, accounting for 88% of all households. Internet users aged 3 and above totaled 513,600, up by 3% year-on-year. The Internet penetration rate for members of the population aged 35 to 44 and 25 to 34 reached 97.6% and 97.4%, respectively; and 60% of the population aged 55 and above used the Internet, an increase of 10%. Most of those surveyed reported that they use the Internet for communication and online entertainment. Online shoppers rose 16% percent to 87,900 in 2017.

Trade Promotion & Advertising

U.S. companies can use a variety of promotional vehicles to introduce and raise the visibility of their products and services in the Hong Kong and Macau markets. These include:

- Special trade fairs and exhibitions
- Advertising in the media, Internet and other public relations activities
- Seminars
- In-store promotions
- Joint promotions with wholesale and retail outlets

Hong Kong Exhibitions

Hong Kong is a major conference and exhibition center, with hundreds of international exhibitions held annually. Located in the business district on Hong Kong Island, the Hong Kong Convention and Exhibition Center (HKCEC, <http://www.hkcec.com>) is owned by the Hong Kong Trade Development Council (HKTDC) and operated by Hong Kong Convention and Exhibition Center (Management Ltd. The HKCEC presently provides 66,000 sqm of purpose-built exhibition space, 20,000 sqm of multi-functional venues and 5,500 sqm of event support space.

AsiaWorld-Expo (<http://www.asiaworld-expo.com>) is located next to Hong Kong International Airport. AsiaWorld-Expo offers over 70,000 square meters of exhibition and function space.

Macau Exhibitions

In August 2007, the Venetian Macao (<http://www.venetianmacao.com>) opened in Macau, adding more than 75,000 sqm of exhibition space. Macau also boasts the well-established Macau Tower (<http://www.macautower.com.mo>) with a regular schedule of events. The Macau Government is keen to develop Macau as a regional MICE (Meetings, Incentives, Conferences, and Exhibitions) hub.

Other Media

Television penetration in Hong Kong is high at 99%. It is the top media channel in Hong Kong. As at August 31, 2017, there were three domestic free television program service licensees, two domestic pay television program service licensees, 15 non-domestic television program service licensees, and one government funded public service broadcaster. On average, the free domestic television licensees' programs reach 6.49 million viewers, or 2.46 million households. Hong Kong Television also reaches Macau and much of neighboring Guangdong Province in mainland China, where Hong Kong programming is very popular.

Hong Kong is one of the largest centers in the world for Chinese-language publications. Hong Kong produces 674 publications, including 55 daily newspapers (28 Chinese, 12 English, ten bilingual, five Japanese), and 619 periodicals. Advertising agencies, including many international firms, offer a full range of services in Hong Kong.

English Newspapers

South China Morning Post: <http://www.scmp.com>

The Standard: <http://www.thestandard.com.hk>

Wall Street Journal Asia: <http://www.wsj-asia.com>

Macau Post Daily: <http://www.macaupostdaily.com>

Macau Daily Times: <http://www.macaodailytimes.com.mo>

Chinese Newspapers

Apple Daily: <http://hk.apple.nextmedia.com>

Hong Kong Economic Journal: <http://www.hkej.com>

Hong Kong Economic Times: <http://www.hket.com>

Ming Pao Daily News: <http://www.mingpao.com>

Oriental Daily News: <http://orientaldaily.on.cc/>

Sing Tao Daily: <http://www.singtao.com>

Macao Daily: <http://www.macaodaily.com>

Trade Journals

Biz.hk (AmCham Monthly):

<http://www.amcham.org.hk/publications/chamber-magazine>

Building Journal (Monthly): <http://www.building.com.hk/bjhk.asp>

Construction & Contract News (Monthly): <http://www.building.com.hk/ccn.asp>

Hong Kong Business: <http://hongkongbusiness.hk/>

Hong Kong Entrepreneur (Monthly): <http://www.cma.org.hk/hke>

Hong Kong Industrialist (Monthly): <https://www.industryhk.org/en/publication.php?id=25468>

Macau Image (Semi-annual):

<http://www.ipim.gov.mo/en/publications/macau-image-en/>

Macau Business (Monthly): <http://www.macaubusiness.com/>

Macau TradeInvest Information (Bi-monthly): <http://www.ipim.gov.mo/en/publications/macao-tradeinvest-information-en/>

Featured U.S. Exporters (FUSE)

FUSE is a directory of U.S. products featured on U.S. Commercial Service websites around the world. It gives U.S. companies an opportunity to target specific country markets in the local language of business. Currently, listings are offered to qualified U.S. exporters seeking trade leads or representation in over 60 markets around the world including Hong Kong. For detailed information, please visit:

<http://export.gov/fuse/fuseinformation037538.asp>

Single Company Promotion (SCP)

The U.S. Commercial Service can assist a U.S. Company or its local representative to organize a professional, effective promotional event, technical seminar, product/service launch, luncheons, cocktail receptions or matchmaking event tailored to its specific needs through its **Single Company Promotion Program (SCP)**. For further information, please visit:

http://export.gov/hongkong/servicesforu.s.companies/eg_hk_030853.asp

Pricing

Hong Kong is a free port and does not levy a customs tariff or impose a value-added tax. See “Trade Regulations, Customs and Standards” for more information on import tariffs.

If possible, U.S. exporters should quote using the metric system and use a term of sale specifying delivery to Hong Kong or Macau (i.e. CIF or C&F destination rather than FOB origin). Hong Kong and Macau companies have many sourcing options, so American companies must make it as easy as possible to “buy American.”

Sales Service/Customer Support

Some sort of local presence, whether it is a branch office, an agent, or distributor, is very important in getting established in the market. Doing business in Hong Kong, Macau (and elsewhere in Asia) requires relationships that can only be developed with a local presence. Prompt responses to inquiries and after-sales service are also crucial to succeeding in this very competitive market.

Protecting Intellectual Property

IPR Climate in Hong Kong and Macau

The best protection for an American company is to make sure that its products are available in the local market in authentic form. Local agents, dealers and partners also have a strong incentive to stop any piracy or counterfeiting and, with good local connections, have a better chance of making that happen than an American company that is not actively participating in the market. In Hong Kong, the chief law enforcement agency for IPR is the Hong Kong Customs and Excise Department, which works closely with affected industries and conducts vigorous anti-piracy and anti-counterfeiting operations. However, protecting copyrights or trademarks takes vigilance. For more information, see Investment Climate Statement - Protection of Property Rights.

Protecting Your Intellectual Property in Hong Kong and Macau:

Several general principles are important for effective management of intellectual property (“IP”) rights in Hong Kong and Macau. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Hong Kong and Macau than in the United States. Third,

rights must be registered and enforced in Hong Kong and Macau, under local laws. For example, your U.S. trademark and patent registrations will not protect you in Hong Kong and Macau. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

Granting patents registrations are generally is based on a first-to-file [or first-to-invent, depending on the country basis. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], so you should consider how to obtain patent and trademark protection before introducing your products or services to the Hong Kong and Macau market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Hong Kong and Macau. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Hong Kong and Macau law. A list of legal services providers in Hong and Macau is available at <https://hk.usconsulate.gov/u-s-citizen-services/attorneys/>.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Hong Kong and Macau require constant attention. Work with legal counsel familiar with Hong Kong and Macau laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Hong Kong, Macau or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)

- Biotechnology Innovation Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <https://www.uspto.gov/>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-3000**, or visit <https://www.copyright.gov/>.
- The U.S. Commercial Service published “A Basic Guide to Exporting”. The Intellectual Property Section is available at: <https://www.export.gov/article?id=Intellectual-Property>.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get a list of the IP attachés and their detailed contact information at: <https://www.uspto.gov/learning-and-resources/ip-policy/intellectual-property-rights-ipr-attach-program/intellectual>. Below is a list of IP attachés based in China with their email addresses:

Beijing, China
Duncan Willson
duncan.willson@trade.gov

Guangzhou, China
Danielle Zheng
danielle.zheng@trade.gov

Shanghai, China
Michael Mangelson
michael.mangelson@trade.gov

Due Diligence

Knowing your business partner is critical to evaluating any major business deal. In today’s business climate, while a company’s financial and legal standing are important, issues relating to the company’s reputation, history, business ethics, integrity, business acumen, and influence in its business sectors and local environments can all be critical to a successful deal. One key aspect, often misunderstood, is that negative information need not be a deal killer. Such information often offers opportunities to re-negotiate better terms and/or structure deals to mitigate identified risks. The key to due diligence is to do it up front, before any commitments or deals are signed. Unlike mainland China where it is more difficult to gather information, getting information on Hong Kong and Macau entities is relatively easy. There are many service providers that offer investigative due diligence. The U.S. Commercial Service can provide a list of due diligence companies in Hong Kong upon request.

U.S. Commercial Service offers the International Company Profile (ICP) program, which provides credit rating, financial information, key officers and U.S. Commercial Service’s overall assessment of your

potential business partners. The ICP enables U.S. small and medium-sized businesses to more effectively evaluate overseas companies. For detail information please visit:

http://export.gov/hongkong/servicesforu.s.companies/eg_hk_030848.asp

Local Professional Services

Hong Kong

Association of Accredited Advertising Agencies of Hong Kong: <http://www.aaaa.com.hk/>

The Direct Selling Association of Hong Kong Limited: <http://www.hkdsa.org.hk/>

Hong Kong Designers Association: <http://www.hongkongda.com>

Hong Kong Franchising Association: <http://www.franchise.org.hk>

Hong Kong Institute of Marketing: <http://www.hkim.org.hk>

Hong Kong Management Association: <http://www.hkma.org.hk>

Law Society of Hong Kong: <http://www.hklawsoc.org.hk>

Management Consultancies Association of Hong Kong: <http://www.mca.org.hk>

Macau

The Macau Small and Medium Enterprises Association: <http://www.sme.org.mo>

Macau Lawyers Association: <http://www.aam.org.mo/en/enindex.aspx>

Macau Fair & Trade Association: <http://www.macauftra.com>

Macau Gaming Management Association (MGMA): <http://www.macaugm.org/>

Macau Gaming Research Association: <http://www.mgra.org.mo/en>

Principle Business Associations

Hong Kong

The American Chamber of Commerce in Hong Kong (www.amcham.org.hk): AmCham was designed to represent the ever-growing range of American business interests in Hong Kong. In addition, the Chamber serves as a forum for the exchange and development of ideas among members of the business community, both in Hong Kong and throughout the Asia-Pacific region.

Hong Kong General Chamber of Commerce (www.chamber.org.hk): The Hong Kong General Chamber of Commerce is one of the most dynamic business organizations in Hong Kong. Members represent a wide spectrum of local, Mainland Chinese and international businesses. More than half of the flagship corporations listed on the Hang Seng Index are their members. The Chamber serves as the voice of business, and helps their members succeed through their core functions: advocacy, knowledge-based events, networking, and a variety of business documentation services.

The Federation of Hong Kong Industries (www.industryhk.org): The Federation of Hong Kong Industries' goal is to promote and foster the interests of Hong Kong's industrial and business communities, to promote trade, investment, technological advancement, manpower development, and business opportunities in Hong Kong. The organization also represents business's views and advises the government on policies and legislation which affect business.

Macau

Macao Chamber of Commerce (www.acm.org.mo): The Macao Chamber of Commerce supports the industrial and commercial sectors in Macau by safeguarding their legitimate rights and interests and promoting commercial links with other countries and regions.

American Chamber of Commerce in Macau: (www.amcham.org.mo): AmCham Macau was founded in 2007 and stands at the forefront of development in Macau. With new American-based corporations establishing themselves in Macau, AmCham Macau provides insight and business connectivity that is unrivalled by any other international chamber. Through promoting American business interests and practices in Macau, AmCham Macau stands as one of the most influential Chambers. From retail to manufacturing, its members represent both diversity of interests and relationships.

Limitations on Selling U.S. Products and Services

There are no limitations in Hong Kong and Macau on the type of people that can sell U.S. products and services.

Web Resources

Hong Kong

Hong Kong SAR Government: <http://www.gov.hk>

Companies Registry: <http://www.cr.gov.hk>

Digital 21 Strategy: <http://www.digital21.gov.hk>

Government Logistics Department: <http://www.gld.gov.hk>

GS1 Hong Kong: <http://www.gs1hk.org>

Hong Kong Productivity Council (HKPC): <http://www.hkpc.org>

Hong Kong Trade and Industry Department: <http://www.tid.gov.hk>

Hong Kong Trade Development Council (HKTDC): <http://www.hktdc.com>

Information Services Department: <http://www.isd.gov.hk>

Intellectual Property Department of Hong Kong: <http://www.ipd.gov.hk>

Invest Hong Kong: <http://www.investhk.gov.hk>

Support and Consultation Center for SMEs (small & medium enterprises):
<http://www.success.tid.gov.hk>

Macau

Macau SAR Government: <http://www.gov.mo>

Macau Economic Services: <http://www.economia.gov.mo>

Macau Trade and Investment Promotion Institute: <http://www.ipim.gov.mo>

Macau Government Tourism Office: <http://www.macaotourism.gov.mo/>

Macao Customs Service: <http://www.customs.gov.mo>

Leading Sectors for U.S. Exports & Investments

Agricultural Sector

Hong Kong is a dynamic export market for U.S. agricultural products. Total U.S. agricultural exports reached US\$4.2 billion in 2018¹, Hong Kong ranked as the 7th largest market for U.S. food and agricultural exports. For U.S. consumer-oriented exports, Hong Kong ranked 5th in 2018, with exports

¹ Source: U.S. BICO Statistics, FAS Website: <http://www.fas.usda.gov/>

reaching US\$3.8 billion in 2018. Hong Kong consumers are willing and able to pay for higher-quality goods.

Hong Kong's significance as a major food import market can be attributed to several factors:

- Most food and beverage products enter duty free;
- A rules-based import regime and sophisticated infrastructure for trade servicing, including financing and logistics, facilitates Hong Kong's role as a trade destination and regional hub to China and other regional markets;
- An affluent consumer base, with per capita income of US\$49,041 (HKD381,544)² in 2018, among the highest in Asia, that spends a significant portion of income on food.

Outlook for 2019

- Food imports to Hong Kong are expected to grow at a slower pace in 2019 because of increasing uncertainties from the external environment. The Hong Kong economy expanded modestly by 0.6 percent in the first quarter of 2019 compared to a year earlier. The Hong Kong government has forecast the economy to grow 2-3 percent in 2019.³
- Grocery products, meats, poultry, eggs, and fresh fruit continue to be major export items, with demand for natural and organic food and beverages also growing.
- U.S. agricultural products benefit from a strong reputation as safe, high-quality options.

Retail Sales and Outlets

In 2018, Hong Kong's retail food sector sales rose 4.2 percent to US\$12.8 billion. The Hong Kong food retail market is made up of supermarkets, convenience stores, and traditional markets.

Table 1 - F&B Retail Sales in Hong Kong (US\$ billion)

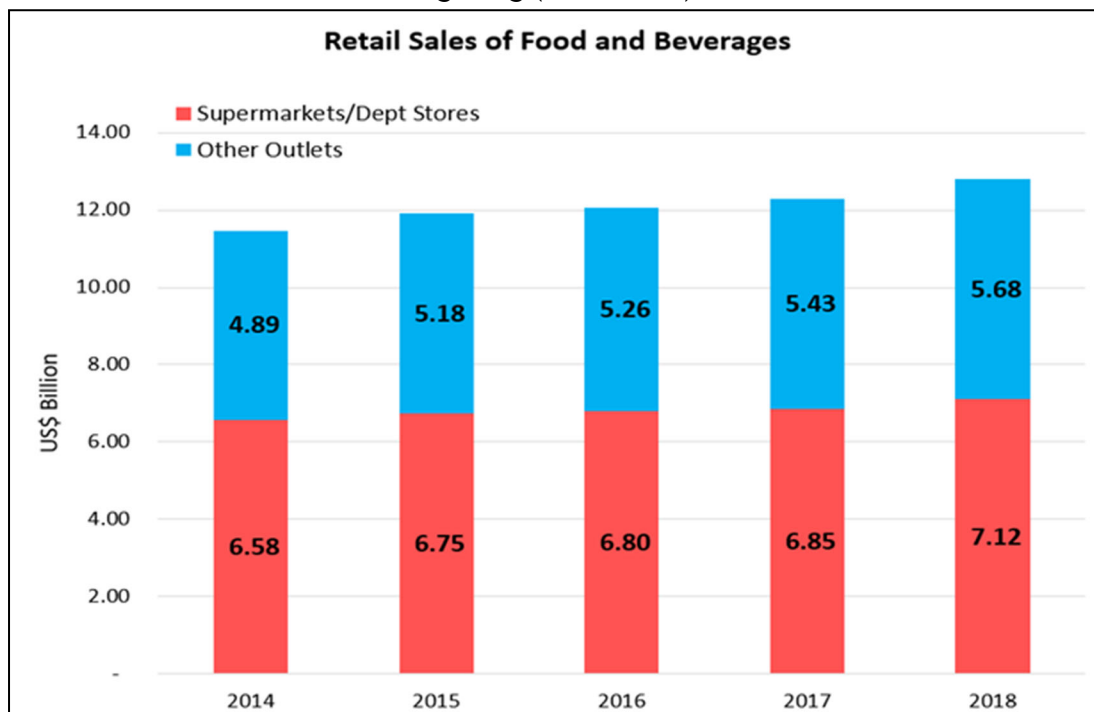
Channel	2014	2015	2016	2017	2018	Share (2018)	Growth (18 vs 17)
Supermarket/Dept. Stores	6.58	6.74	6.80	6.85	7.12	55.6%	+3.94%
Other outlets	4.89	5.18	5.26	5.43	5.68	44.4%	+4.6%
Total	11.47	11.92	12.06	12.28	12.8	100%	+4.2%

(Source: Hong Kong Census and Statistics Department, US\$1=HK\$7.8)

² Source: Hong Kong Census and Statistics Department: <https://www.censtatd.gov.hk/hkstat/sub/sp250.jsp?tableID=030&ID=0&productType=8/>

³ Source: Hong Kong Government - Economic situation in first quarter of 2019 and latest GDP and price forecasts for 2019 (<https://www.info.gov.hk/gia/general/201905/17/P2019051700491.htm?fontSize=1>)

Chart 1 - F&B Retail Sales in Hong Kong (US\$ billion)



There are more than 800 supermarkets, 1,300 convenience stores, and over 100 traditional markets in Hong Kong, making food shopping very convenient.

Traditionally, Hong Kong consumers shop daily because of a preference for fresh food. Much of the shopping is still done in traditional markets including street markets and locally-owned shops. Overall, street market sales trend toward fresh foods while supermarkets dominate in processed, chilled and frozen, high-value added and canned food products. The competition between street markets and supermarkets has intensified in recent years.

Although the number of supermarket outlets is expected to remain stable, the market share for supermarket sales is expected to continue in the future at the expense of traditional street markets. The supermarket's share in terms of total retail sales rose from 44 percent of total sales in 1995 to 55.6 percent in 2018.

While most food shopping is still done at physical stores, online food shopping is expected to grow as rents continue to rise, more product varieties on e-commerce platforms, and consumers become more confident.

HRI Food Service Sector

Restaurants

Hong Kong boasts around 14,000 restaurants which range from local favorites to high-end fine dining outlets. The Michelin guide 2019 stars 63 Hong Kong restaurants, including seven three-starred establishments, outnumbering the five restaurants in New York City and 3 in London that won the same three stars recognition.

In 2018, Hong Kong restaurant food and beverage purchases, valued at US\$4.88 billion, generated estimated sales of US\$15.33 billion, an increase of 4.6 and 5.8 percent*, respectively, over 2017. Sales prospects for purchases in 2019 remain strong.

Table 3 - Hong Kong Restaurants Receipts and Purchases (US\$ Billion)

	2016	2017	2018	Growth (18 vs 17)
Restaurant Receipts	13.77	14.45	15.33	5.8%
Restaurant Purchases	4.56	4.66	4.88	4.5%

(Source: Hong Kong Census & Statistics Department, US\$1=HK\$7.8)

*Percentages are calculated before numbers are rounded

For Hong Kong statistical purposes, restaurants are grouped into five broad categories: Chinese, non-Chinese, fast food, bars and other establishments.

Chinese Restaurants

Chinese cuisine is the top grossing restaurant category, according to Hong Kong Census and Statistics Bureau, and it will continue its dominant share in the market due to deeply rooted cultural events, such as banquets for weddings and dim sum lunches, often enjoyed by groups of working class adults and families. Among all Chinese cuisines, Cantonese is the most widely available, with others including Shanghainese, Sichuan and Chiu Chow also providing many options to diners.

Non-Chinese Restaurants

Due to its history as a global trade hub, sophisticated and affluent Hong Kong consumers have an enthusiasm for a range of international cuisines made from high-quality ingredients. Footprints of restaurants offering non-Chinese cuisine options, including Western, Japanese, Korean, Thai, Vietnamese, Indian, and more, are found everywhere in Hong Kong, leading to numerous opportunities for usages of U.S. foods and beverages as ingredients and for pairing.

Fast Food

Fast food outlets suit Hong Kong's quick-paced lifestyle where dining out twice per day at convenient locations is not uncommon. Competition among fast food chains is intense as brands strive to retain customers and raise brand awareness. McDonald's and KFC are the leading western style fast food chains, and Café De Coral and Fairwood are the leading local fast food chains, by brand share of foodservice value⁴. Western style outlets including Pret A Manger and Oliver's Super Sandwich are often located in areas easily accessed by office workers who appreciate healthy and light options such as salad and sandwiches.

Bars

Hong Kong's vibrant nightlife is renowned and is served by some 800 bars and pubs across Hong Kong⁵. Lan Kwai Fong in Central business district is home to around 90 bars and restaurants⁶. It is a place where locals, expats, and tourists gather for drinks in the evenings and during special occasions, e.g. New Year's Eve and a beer festival. According to Euromonitor, foodservice sales value in bars and

⁴ Euromonitor International "Limited-Service Restaurants in Hong Kong, China" April 2019

⁵ Euromonitor International "Cafes/Bars in Hong Kong, China" April 2019

⁶ Hong Kong Tourism Board webpage about Lan Kwai Fong at <http://www.discoverhongkong.com/us/dine-drink/where-to-eat/lan-kwai-fong.jsp>

pubs increased at a compound annual growth rate of 3.3% during 2012-2017⁷, reflecting growing opportunities for imported alcoholic beverages.

Other Establishments

“Tea restaurants” offer a range of localized Western and Chinese cuisines and beverages. Milk tea is a particular local favorite consisting of adding milk (evaporated or condensed) to various tea combinations. Hong Kong also has a vibrant coffee culture. Independent specialist coffee shops have grown in number of outlets and sales the past several years. The leading chains, by brand share of foodservice value, are Starbucks, Pacific Coffee, and McCafe⁸.

Hotels

In 2018, tourist arrivals reached 65.1 million, with visitors from Mainland China representing 78 percent of travelers. Visitor numbers grew by nearly 17 percent in the first three months of 2019⁹, showing opportunities for the hospitality industry and demand for accommodation at every price level.

To meet the continued rise in the number of visitors, Hong Kong’s hotel room supply continues to increase. Up to March 2019, there were 297 hotels offering 83,138 rooms, compared with 225 hotels and 70,017 rooms in 2013¹⁰, reflecting growth rates of 32 percent and 19 percent, respectively. The room occupancy rate was 92 percent in 2019 (March). Hotels in Hong Kong offer premium dining experience including buffets and occasional menus by celebrity chefs from overseas. Local residents fill dining outlets in hotels, especially during festivals when families and friends gather for celebrations.

Inaugurations of the Hong Kong-Zhuhai-Macau Bridge and Guangzhou-Shenzhen-Hong Kong Express Rail Link in 2018 further connected cities in the region and shortened the transport time. The flow of passengers is expected to contribute to the growth of the hospitality industry leading to increased opportunities for food and beverages.

Institutions

Hong Kong’s institutional foodservice sector consists of hospitals, residential care facilities, schools, prisons and travel industry catering facilities. Many of these facilities, especially those operated by the government, purchase food supplies through tenders where price, quality, consistency, and stable supply matter. Experienced local importers are familiar with the process and requirements.

Hospitals

Hong Kong has 43 public hospitals and institutions, managed by the Hospital Authority, and 12 registered private hospitals. Some of the meal services are outsourced to caterers and distributors.

Schools

⁷ Same source as footnote 5

⁸ Same source as footnote 5

⁹ Hong Kong Tourism Board Research & Statistics

¹⁰ Hong Kong Tourism Board Research & Statistics

There are 1,033 kindergartens, 587 primary schools, 506 secondary schools, and 21 degree-awarding institutions in Hong Kong. The Government provides nutritional guidelines for students' lunch and the appropriate procedures to select school lunch suppliers. The Department of Health leads an "EatSmart at School" campaign to encourage healthy eating such as reduced sodium and inclusion of fruits.

Prisons

The Hong Kong Correctional Services managed some 28 correctional facilities including prisons and rehabilitation centers. Inmates receive meals that are prepared according to health guidelines.

Airlines

Hong Kong is located less than five flying hours from half of the world's population so its airport is very busy. Connected to over 220 destinations, the Hong Kong airport handled 74.7 million passengers in 2018, and their three aircraft caterers have a combined capacity of 198,000 meals per day for plane passengers¹¹.

Cruise Ships

Hong Kong is increasingly popular as a cruise hub due to the development of the Kai Tak Cruise Terminal that can accommodate the largest ships in the cruise industry. The number of ship calls surged from 89 in 2013 to 245 in 2017. The number of cruise passenger throughout in Hong Kong surged from 191,000 in 2013 to 875,212 in 2018¹².

Entertainment Parks

The two major theme parks in Hong Kong are Disneyland and Ocean Park. Disneyland operates twenty dining outlets, and Ocean Park houses eight. They include restaurants and cafes that offer various cuisines.

Outlook for the HRI Sector in 2019

As hotel and restaurant expansions continue into 2019, demand for high-quality U.S. food and beverage products by the HRI food service sector in Hong Kong is expected to remain robust. Healthy, nutritious options are increasingly found on restaurant menus as changing lifestyles and consumer awareness of transparent and sustainable food sourcing are in demand.

Best Prospects for U.S. Consumer Oriented Food Product Exports in 2019

U.S. food and beverage products will continue to enjoy good prospects in Hong Kong:

- Hong Kong has a highly-developed marketing system, with tourists (65.1 million in 2018) and affluent consumers demanding high-value imports. Per capita GDP (over US\$48,900) in Hong Kong is among the highest in Asia, enabling Hong Kong people to spend on high-quality food and beverages. With the link between the U.S. Dollar and Hong Kong Dollar, price stability makes purchases from the United States attractive.
- Hong Kong will continue to be a key gateway for trade to other markets in Asia.

¹¹ <https://www.hongkongairport.com/en/the-airport/aviation-logistics-services/>

¹² Research Office – Legislative Council Secretariat – "Cruise Tourism in Hong Kong"

- Some product categories that are expected to be top prospects for U.S. consumer-oriented food product exports in 2019 include fresh fruits, wine and beer, snack foods, food preparations, red meat, and condiments and sauces.

For more information about this industry sector, please contact the U.S. Agricultural Trade Office in Hong Kong:

U.S. Agricultural Trade Office
 Address: 18/F, St. John's Building
 33 Garden Road, Central
 Hong Kong
 Tel: (852) 2841-2350
 Fax: (852) 2845-0943
 Email: atohongkong@fas.usda.gov
 Website: <http://www.usfoods-hongkong.net>

Information Technology (Telecommunications, Computer and Information Services)

Overview

Unit: USD thousands

	2016	2017	2018 (Estimated)	2019 (Estimated)
Total Imports	51,015,069	53,088,442	58,848,963	57,083,494
Total Exports	48,061,380	50,179,267	53,227,899	51,631,062
Import from U.S.	1,230,323	1,438,461	1,171,390	1,136,249
Export to U.S.	741,676	782,300	837,932	812,794
Exchange Rate: 1 USD	7.8	7.8	7.8	7.8

Information Source: Census and Statistics Department, Hong Kong SAR Government

Sub-Sector Best Prospects/Services

Sub-sector best prospects and services include the following:

- Cloud Computing
- Big Data Analytics software
- Internet of Things(IoT)
- Fintech

Opportunities

Cloud Computing

Hong Kong is a leading market in terms of cloud adoption rates, penetration of advanced solutions, and a regional hub for the provision of cloud services. According to BMI, overall cloud spending in Asia is expected to rise at a compound annual growth rate (CAGR) of 20.8% from the 2019-2023 forecast

period, and together with services will be the key growth driver in the IT sector. Established cloud companies are also increasing their presence in this region by setting up key infrastructures in order to increase their services availability to the market.

Datacenters

The Hong Kong datacenter market is a springboard in the sense that international service providers that want to serve China often start in Hong Kong, due to Hong Kong's robust telecommunications infrastructure, reliability, free flow of information, stable power supply, and protection of data privacy. It is estimated that datacenter revenue will go from US\$883million in 2018 to US\$1.7 billion in 2023, at a compound annual growth rate of 14 percent. The Hong Kong Government has been promoting Hong Kong as a prime location for datacenters in Asia Pacific. The plan is part of the government's Digital 21 Strategy, with the creation of the Datacenter Facilitation Unit, to provide one-stop helpdesk service to assist datacenter operators interested in setting up datacenters in Hong Kong. The unit will liaise with other government departments on matters such as statutory approval processes and compliance requirements and procedures. The government has also created incentives such as waivers for repurposing old industrial buildings into datacenters; and setting aside land in satellite towns for high-tier datacenters. This makes Hong Kong one of the world's most lucrative markets for datacenter service providers.

FinTech

In order to maintain its status as Asian financial hub, the Hong Kong Government announced that it will allocate multi-billion US\$ investment into the financial technology (fintech) and innovation and technology sectors. A dedicated team has been set up under Invest Hong Kong to organize international events and encourage fintech start-ups, investors, and R&D institutions to set up in Hong Kong. Additionally, Cyberport (Hong Kong's IT flagship) provides 3,000 square meters of co-working space to fintech businesses and support hundreds of fintech startups. This is a great opportunity for U.S. fintech companies who are interested in starting business in Hong Kong.

Internet of Things (IoT)

Hong Kong, with a world-class IT network infrastructure and well-developed ICT applications, is a recognized leader in Smart Cities technologies. In 2013, Forbes named Hong Kong among the world's top tech capitals to watch after Silicon Valley and New York. Hong Kong also stood 4th in the ranking of the ten smartest Asia-Pacific cities published by Boyd Cohen in 2013. Cohen remarked that Hong Kong scored the highest in his ranking for smart mobility because of the prevalence of public transport and the ubiquitous use of electronic payments. A good example is the City's Octopus Card, which is usable on almost all public transport and accepted by more than 13,000 retail outlets on Hong Kong, with over 13 million transactions per day. The HKSAR Government attaches great importance to smart city development, which can be seen by the establishment of the "Innovation and Technology Bureau (ITB)" in November of 2015, with the mission of formulating holistic policies relating to innovation and technology; strengthening co-ordination among the Government, industry, academia and research sectors; and expediting the development of innovation, technology and related industries in Hong Kong. The Government also released its long-anticipated Smart City Development Blueprint in December 2017, which outlines a wide range of proposals for smart city development over the next five years. A link to the Blueprint can be found at: <https://www.smartcity.gov.hk/>. The Hong Kong government is also investing in research and development centers focused on robotics and artificial intelligence. Hong Kong could be a key regional location for the development of emerging technologies such as IoT and big data analytics.

Web Resources

Major Trade Shows/Events

Cloud Expo Asia

Date: May 22-23, 2019

Description: exhibition and conference

www.cloudexpoasiahk.com

Internet Economy Summit

Date: TBC

Description: a list of annual ICT events

<http://www.ieconomysummit.hk>

Associations

Hong Kong Information Technology Federation Ltd.

Contact: Erwin Huang, President

Tel: (852) 3101 8197

Fax: (852) 3007 4728

Email: info@hkitf.org.hk

Website: www.hkitf.org.hk

Hong Kong Internet Service Providers Association

Contact: Lento Yip, Chairman

Tel: (852) 28201-1109

Fax: (852) 3011-3108

Email: lento@hkispa.org.hk

Website: www.hkispa.org.hk

Hong Kong Wireless Technology Industry Association Ltd.

Contact: Kenny Yiu, Chairman

Tel: (852) 2370-3130

Fax: (852) 8208-8782

Email: contact@hkwtia.org

Website: <http://www.hkwtia.org>

Information and Software Industry Association

Contact: Kong Chi Wing, Chairman

Tel: (852) 2622-2867

Fax: (852) 2622-2731

Email: info@isia.org.hk

Website: www.isia.org.hk

Smart City Consortium

Contact: Gary Yeung, President

Tel: (852) 3480-4230

Fax: (852) 3020-8812

Email: info@smartcity.org.hk

Website: www.smartcity.org.hk

For more information about this industry sector, please contact the U.S. Commercial Service in Hong Kong:

U.S. Commercial Service, Hong Kong

Gary Kwan, Commercial Specialist

Tel: (852) 2521-1467

Fax: (852) 2845-9800

Email: Gary.Kwan@trade.gov

Cosmetics and Toiletries (COS)

Overview

Unit: USD thousands

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Data Sources:

Total Local Production: Census of Industrial Production and Industry sources

Total Exports: Hong Kong Trade Statistics

Total Imports: Hong Kong Trade Statistics

	2017	2018	2019 (estimated)	2020 (estimated)
Total Market Size	2,773,503	3,393,961	3,897,676	4,618,717
Total Local Production	116,449	128,094	147,308	176,770
Total Exports	2,475,304	3,319,660	4,481,541	6,094,896
Total Imports	5,132,358	6,585,527	8,231,909	10,536,843
Imports from the U.S.	542,647	768,337	1,114,089	1,671,133
Exchange Rate: 1 USD	7.8	7.8	7.8	7.8

Imports from U.S.: Hong Kong Trade Statistics

Imports dominate Hong Kong's large, lucrative and growing market for cosmetics, toiletries, and skincare products. France was Hong Kong's largest supplier of the US\$3.4 billion market in 2018. Korea, Japan, the U.S., and China were the other major suppliers. Hong Kong imported US\$768 million worth of cosmetics, toiletry and skincare products from the U.S. in 2018, a 42% increase compared to 2017. The higher demand for U.S. cosmetics is probably a result of consumers who have previously used cosmetics from Korea increasingly switching to higher-end products with better quality and efficacy and products from the U.S. meet these buying criteria. Hong Kong's imports of cosmetics, toiletry and skincare products will likely grow at about 25-28 percent in 2019 and 2020 with domestic demand from Hong Kong consumers and Chinese tourists remaining strong.

Importantly, Hong Kong is also a major launch pad for marketing cosmetics and skincare products in the mainland Chinese market. Hong Kong serves as a showcase for the millions of Chinese tourists (51million in 2018) that visit Hong Kong annually, often with shopping for personal, family or even re-sale use as a primary or sole travel objective. While China has reduced import duties on cosmetics

and skincare products, thereby reducing the retail price differential between Hong Kong and China, mainland visitors to Hong Kong are still attracted to products in Hong Kong over China. According to industry sources, the perceived authenticity and reliability of the products in Hong Kong often outweighs price as a buying factor. Apart from import tariffs that the Chinese government imposes on cosmetics, there are also VAT and product registration costs which do not exist in Hong Kong, meaning that equivalent products may actually cost less on the Hong Kong side of the border. Greater numbers of Chinese tourists in Hong Kong are expected in the next two years following the opening of new cross-border transport links such as the Hong Kong-Zhuhai-Macau bridge and Guangzhou-Shenzhen-Hong Kong Express Rail Link making it easier for Chinese in the Southern provinces to travel to Hong Kong for day-trip shopping sprees. For local retailers and distributors of cosmetics, toiletry and skincare products, increased sales in the cosmetics sector in the next few years will continue to be dependent on sales to mainland Chinese tourists.

There are no import duties on cosmetics, toiletry and skincare products in Hong Kong and registration is not required for cosmetic products. The market is, however, very competitive, with the top ten brands accounting for about 70 percent of the market. Appointing a local distributor and working closely with that distributor to promote the brand, and adapting products to include whitening ingredients, and modifying the packaging and product sizes to suit local tastes are important to remain competitive. U.S. cosmetic and toiletry suppliers are, however, known for being innovative in product development, and for producing high quality, safe products at competitive prices. Many U.S. brands are market leaders through continuous brand-building activities and advertisements, adaptation of products and competitive pricing.

Hong Kong is an important entrepot for regional trading of cosmetic products, especially for re-exports to China and some Southeast Asian countries. Many U.S. companies sell their cosmetics and skincare products to China through their Hong Kong distributors.

Sub-Sector Best Prospects

Products with the best sales prospects in Hong Kong are:

- Complete lines of facial whitening and anti-aging products
- “Dermo-skincare products” for retail distribution and distribution to doctors
- Daily-use facial masks
- Hair coloring products
- Fake eyelashes, eyelash extension products, and semi-permanent eyebrow make-up
- Nail colors, nail-care products, soft gels, and nail-art
- Body treatments, slimming treatments, massage and bath products for use in spas and professional skincare salons
- Sun protection products
- Skincare, cosmetic and toiletry products made of organically-grown and naturally derived ingredients, also hypo-allergenic, with low concentrations of fragrance and preservatives
- Skincare products, hair styling products, and grooming products for men
- Products for treating acne
- Private labeling /OEM of skincare products and cosmetics for the leading chain stores

Opportunities

Several international cosmetics brands choose Hong Kong as their first overseas market or for launching new products in Asia citing its open regulatory environment as the attraction. Hong Kong accepts U.S. product labeling and there is no local mandatory labeling or registration requirements on cosmetics.

For some local retailers, demand from Chinese tourists account for about 60-70 percent of their Hong Kong's total retail sales of cosmetics, skincare and toiletry products. According to the Hong Kong Tourism Board, about 80 percent of the mainland tourists who visited Hong Kong shop and cosmetic and skincare products were among their top three shopping purchases. U.S. cosmetic products enjoy an excellent reputation among the Chinese consumers.

Many of the mega and luxury casino resorts in Macau that have opened in the past few years feature facilities such as spas and skincare treatment centers for the casino and MICE visitors. Macau received 35.8 million visitors in 2018 of which 70 percent or 25 million were from China. Chinese visitors to Macau purchase skincare products and cosmetics in the major casino resorts' shopping malls.

Web Resources

Major trade show: Cosmoprof Asia 2019

www.cosmoprof-asia.com

This is Asia's largest, most comprehensive and international beauty industry trade show featuring equipment, products (skin care, cosmetics, personal care products, nail products, perfumes and toiletries, cosmetic raw materials) packaging, and training services in the beauty industry: hairdressing, spas, beauty and skincare salons. Under the U.S. Department of Commerce's trade fair certification program, U.S. exhibitors at this show receive free market research and can enjoy buyers' matching and counseling services of close to 10 U.S. Commercial Service offices in the Asia Pacific region and beyond.

The Cosmetic & Perfumery Association of Hong Kong Ltd.

www.cosmetic-perfume.com

A listing of the Association's members comprising contact details of importers, distributors, wholesalers, and retailers is available at this website.

Hong Kong Cosmetic Technical Resources Centre

www.hkctr.com

Provides consultancy on regulatory requirements and assistance with product registrations in Hong Kong and China, technical support on product development, product testing and quality control services, provides customized technical training for cosmetic practitioners, and assistance in setting up laboratories.

U.S. Commercial Service, Hong Kong contact:

Ms Swee-keng CHEONG, Commercial Specialist

Email: sweekeng.cheong@trade.gov

Education/Training (EDS)

Overview

Education/Training (EDS) Market in Hong Kong and Macau

	2015/2016	2016/2017	2017/2018 (estimated)	2018/2019 (estimated)	2019/2020 (estimated)
Hong Kong Students in the U.S.	7,923	7,547	7,162	7,593	7,366
Macau Students in the U.S.	586	605	555	635	616

Source: Open Doors Report, Institute of International Education¹³

7,162 Hong Kong students studied in the United States during the 2017/2018 academic year; 62% of these students are undergraduate students.

Hong Kong’s education system, which went through a major restructuring initiative from 2008 to 2012, is now comprised of 3 years of junior secondary followed by 3 years of senior secondary schooling. This leads to the HKDSE (Hong Kong Diploma of Secondary Education) exams where students gain admission to a range of post-secondary, vocational, and tertiary courses offered by local schools based on their examination results.

Given the highly qualified and sophisticated applicant pool, Hong Kong’s university selection process is extremely competitive; only 18% of Hong Kong applicants gain admission to local universities. As such, there is tremendous interest in studying abroad.

Sub-Sector Best Prospects

There is high demand from Hong Kong students for U.S. 4 year undergraduate programs.

Although there are a number of Hong Kong students who meet the requirements to enter into the Hong Kong Universities but cannot gain admission to local universities due to limited seats. Additionally, these students may not get accepted into the program they want as some of the popular subjects like business, finance, economics and law can be highly competitive.

Recently, there is a growing demand for Joint Bachelor’s Degree Programs between Hong Kong and U.S. Universities which allow students to study for two years in each university and obtain dual degrees. Apart from 4-year colleges, there is an emerging market for 2-year community colleges where admission requirements are comparatively lower.

Hong Kong students tend to be more interested in community colleges with guaranteed transferable credits to universities especially those schools with transfer agreements to top four- year colleges in the U.S.

On the other hand, some students tend to think that a private boarding school education can provide them with the academic, cultural and language skills that might improve their chances of entering elite universities in the United States.

¹³ Open Door Reports, <http://www.iie.org/research-and-publications/open-doors/data>

Opportunities

Many Hong Kong high school graduates believe that a U.S. education will boost their job prospects in Hong Kong. Local parents are also beginning to recognize the academic excellence of U.S. colleges outside the Ivy League. This is the result of an increasing number of American institutions attending Hong Kong education shows and vigorously promoting themselves to Hong Kong schools and students. Ideally, new-to-market schools should try to meet with high school counselors and students face-to-face to gain exposure and raise their profile. Word of mouth is also a significant factor in college choices. A growing number of colleges and universities are increasingly relying on their Hong Kong alumni as an additional channel to reach potential students as well as donors.

Hong Kong parents commonly employ education agents to search for appropriate schools and provide other related services. U.S. schools should consider partnering with several agents in Hong Kong who are capable of promoting their schools and recruiting students. The U.S. Commercial Service in Hong Kong can provide meetings with pre-screened agents and high schools.

The U.S. Commercial Service in Hong Kong organizes quarterly Regional Virtual Education Fairs to promote U.S. academic institutions to high school counsellors, education agencies, parents and students in Hong Kong, China and South East Asian countries. These virtual fairs allow the U.S. academic institutions to gain access to a large audience without flying to Hong Kong.

Partnering with local schools in joint degree programs, faculty exchange, and student exchange are effective ways to increase visibility and gain recognition. However, these higher education institutes do take into consideration the uniqueness of the program and sometimes the ranking of the partner school.

EducationUSA has a strong network with local secondary schools. EducationUSA advisors can serve as a resource of information on education trends, recruiting strategies, contacts, etc. for U.S. higher education representatives. Partner with EducationUSA to coordinate outreach visits, presentations, seminars, teacher workshops, and other opportunities to raise your school's profile in Hong Kong.

Web Resources

Trade Shows

Education and Career Expo (annual):

<http://m.hktdc.com/fair/hkeducationexpo-en/HKTDC-Education-and-Careers-Expo.html>

Hong Kong International Education Expo (annual):

<http://www.newwayfairs.com/EN/EventCalender.asp>

Government

Education Bureau - www.edb.gov.hk

EducationUSA - <http://educationusa.hk/index.php>

For more information about this industry sector, please contact the U.S. Commercial Service in Hong Kong:

Ms. Joanna Lam, Commercial Specialist

Email: Joanna.lam@trade.gov

Financial Services

Overview

Statistics on Financial Services sector in Hong Kong

Unit: USD thousands

	2016	2017 (Estimated)	2018 (Estimated)	2019 (Estimated)
Total Imports	4,761,827	5,068,258	5,423,036	6,402,987
Total Exports	17,874,323	20,200,258	21,614,276	27,294,357
Import from U.S.	914,839	973,710	1,041,870	682,864
Export to U.S.	3,298,968	3,928,253	3,989,231	3,598,775
Exchange Rate: 1 USD	7.8	7.8	7.8	7.8

Information Source: Census and Statistics Department, Hong Kong SAR Government

Hong Kong is one of the leading international finance centers with highly educated work force and no restriction of capital. Hong Kong is a vibrant city with numerous economic activities taking place in the financial services sector. Owing to its robust financial infrastructure and well-regarded legal system, Hong Kong serves as a springboard for foreign firms seeking access to Mainland China and for Mainland companies going global. Hong Kong is also an advanced city with high penetration of mobile phone usage and internet accessibility. This provides a good platform for Hong Kong to establish its fintech ecosystem.

Sub-Sector Best Prospects

Financial Technology (Fintech)

Opportunities

According to the 2018 Policy Address, the HKSAR government aims to push Hong Kong's status as a financial center and FinTech will be targeted as a key sector in which to invest. This is especially visible with the implementation of the 7 initiatives by Hong Kong Monetary Authority (HKMA), including the launch of the Faster Payment System and Virtual banking licenses issued in March 2019. The Fintech Supervisory Sandbox (FSS), launched by the HKMA in September 2016, allows banks and their partnering technology firms (tech firms) to conduct pilot trials of their fintech initiatives involving a limited number of participating customers without the need to achieve full compliance with the HKMA's supervisory requirements. This arrangement enables banks and tech firms to gather data and user feedback so that they can make refinements to their new initiatives, thereby expediting the launch of new technology products, and reducing the development cost. On 1 February 2019, the Global Financial Innovation Network (GFIN), a group of 29 international organisations including the HKMA, invited applications from firms wishing to test innovative financial products, services or business models across more than one jurisdiction.

The Hong Kong Monetary Authority (HKMA) also published information on July 18, 2019 about the Open Application Programming Interface (API) Framework for the Hong Kong banking sector. At the same time, the HKMA announced the launch of Open API on its official website on 23 July 2018 to provide convenient access by the public. Open API can help to ensure the competitiveness of the banking

sector, encourage more parties to provide innovative and integrated services that improve customer experience, and keep up with worldwide development on the delivery of banking services.

The Hong Kong Applied Science and Technology Research Institute (ASTRI) identifies financial technology as a key R&D initiative for Hong Kong. ASTRI supports the development of FinTech in Cybersecurity, Blockchain and Big Data Analytics. ASTRI also works with the Hong Kong Monetary Authority and the banking industry to promote the development of FinTech in Hong Kong. To support financial innovation, Cyberport (Hong Kong's IT flagship) launched its designated incubation programme and a 4,300 sq.m dedicated FinTech space in 2016. Invest Hong Kong (a Hong Kong government agency responsible for foreign direct investment) has a dedicated FinTech team which has organised signature events such as FinTech Week, the FinTech Finals 18 conference and a startup competition to showcase Hong Kong's unique FinTech advantages. They have also launched the first Fast Track program during FinTech Week 2018 to encourage foreign FinTech startups to scale to Hong Kong.

Major Trade Shows and Events

Hong Kong Fintech Week 2019

Dates: November 4 - November 8, 2019

Venues: Hong Kong Asia World Expo and Shenzhen

Website: www.fintechweek.hk

Hong Kong Asian Financial Forum

Dates: January 13-14, 2020

Venue: Hong Kong Convention and Exhibition Center

Website: www.asianfinancialforum.com

Web Resources

Trade Associations and Government Departments

Hong Kong Monetary Authority: www.hkma.gov.hk

Securities and Futures Commission: www.sfc.hk

Insurance Authority: www.ia.org.hk

Invest Hong Kong: www.investhk.gov.hk

Hong Kong Trade Development Council: www.hktdc.org

Financial Services and the Treasury Bureau: www.fstb.gov.hk

Financial Services Development Council: www.fsd.org.hk

Hong Kong Venture Capital & Private Equity Association: www.hkvca.com.hk

Hong Kong Institute of Bankers: www.hkib.org

Alternative Investment Management Association: www.aima.org

For more information about this industry sector, please contact the U.S. Commercial Service in Hong Kong:

U.S. Commercial Service, Hong Kong

Ms. Joanna Lam, Commercial Specialist

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Fax: (852) 2845-9800

Email: joanna.lam@trade.gov

Medical Equipment

Overview

Medical Equipment Market in Hong Kong

Unit: USD thousands

	2017	2018	2019 (estimated)	2020 (estimated)
Total Market Size	243,951	368,672	489,030	610,567
Total Local Production	243,000	250,000	275,000	297,000
Total Exports	2,086,855	2,466,573	2,836,559	3,347,140
Total Imports	2,087,806	2,585,245	3,050,589	3,660,707
Imports from the U.S.	497,116	554,936	610,430	683,681
Exchange Rate: 1 USD	7.8	7.8	7.8	7.8

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Data Sources:

Total Local Production: Hong Kong Census & Statistics Department & Industry Sources

Total Exports: Hong Kong Census & Statistics Department & Industry Sources

Total Imports: Hong Kong Census & Statistics Department & Industry Sources

Imports from U.S.: Hong Kong Census & Statistics Department & Industry Sources

Hong Kong relies heavily on imports to satisfy its medical equipment needs since the city's medical equipment production is low. Total medical equipment¹⁴ imports in 2018 amounted to US\$2.58 billion, representing an increase of 23.8 percent over 2017. The United States was the market leader in the high-end market segment, capturing about 21 percent of the total import market in 2018.

Hong Kong is also a sourcing point for medical products for mainland China. In 2018, transshipment of medical equipment to China through Hong Kong amounted to US\$939 million; accounting for approximately 38 percent of Hong Kong's medical equipment re-exports to all destinations.

Hong Kong's population of 7.4 million enjoys a comprehensive range of medical and health services delivered by the public and private sectors. On the public side, the Hospital Authority (HA) manages 43 public hospitals and institutions, 48 specialist out-patient clinics, and 73 general out-patient clinics. The rest of the medical service needs are met by Hong Kong's 12 private hospitals and hundreds of private out-patient clinics. The HA is the largest end-user of goods and services in Hong Kong's healthcare sector.

To cope with an aging population, the Hong Kong Government has been increasing its funding on public healthcare. US\$11.3 billion has been allocated to recurrent healthcare expenditure for fiscal year 2019, an increase of more than US\$2 billion over 2018 and accounting for 20 per cent of total government recurrent expenditure.

Hong Kong has commenced a US\$25 billion 10-year hospital development plan to enable the HA to expand and upgrade healthcare facilities, including 5,000 additional hospital beds, 320 operating

¹⁴ For the purposes of this profile, medical equipment refers to the instruments and apparatus found under HS code 9018, 9019, 9021; breathing appliances under HS code 9020, radiotherapy apparatus under HS code 9022, thermometers under HS code 9025, furniture under HS code 9402, all with applications in medical or dental field.

theatres, redevelopment and expansion of 11 hospitals and a new acute general hospital. This new hospital will provide 2,400 beds and will be the first neuroscience center in Hong Kong.

The city will set off its next round of hospital development planning in the coming five years. The second 10-year plan will cover the redevelopment of the Princess Margaret Hospital and Tuen Mun Hospital, construction of a new hospital at King's Park (in-situ site of the Queen Elizabeth Hospital) and expansion of North Lantau Hospital. The second plan is expected to deliver 3,000 to 4,000 additional hospital beds.

An aging population means a prevalence of chronic diseases. In response, the HA will strengthen ambulatory services, including a plan to construct ambulatory care centers and community health centers, and improve the clinic facilities by phases.

The colorectal cancer screening pilot program started in September 2016 will be extended to cover individuals aged between 50 and 75. The Government will inject US\$120 million in the program over the next five years.

The Hong Kong Government will establish a framework to implement measures on disease prevention, disease screening and identification (especially chronic diseases) making use of big data.

The Hong Kong Government implemented the Voluntary Health Insurance Scheme on April 1, 2019 to encourage citizens to purchase health insurance; and providing more choices for users of private healthcare services. The Government also provided tax deductions for taxpayers who purchased Certified Plans for themselves and/or specified relatives for premiums paid on or after April 1st.

The healthcare system of the Macau Special Administrative Region includes specialized and primary healthcare provided by two public hospitals: Hospital Conde de S. Januário and Macau University Hospital (an institution established under the Macau University of Science and Technology (MUST) Foundation), one private, non-profit hospital, Kiang Wu, 10 public clinics and 319 healthcare establishments. Every Macau resident enjoys free primary healthcare services.

One of the best ways for American SME suppliers to sell medical products in the Macau market is through Hong Kong-based agents or distributors, given the relatively smaller size of Macau and the proximity of the two markets. Many of Hong Kong's medical agents/distributors have established networks and excellent relationships with the medical industry in Macau.

Sub-Sector Best Prospects

- In Vitro Diagnostic Equipment and Reagents
- Implantable and Intervention Materials
- Therapeutic Products
- Imaging Products
- Surgery and Emergency Appliances
- Physiotherapy Equipment
- Rehabilitation Equipment
- Geriatric Specialized Products
- Home Medical Equipment
- Orthopedic Implants and Instruments
- Dental Implants and Instruments

Opportunities

Hong Kong's public and private healthcare development projects represent outstanding business opportunities for U.S. suppliers of hospital systems, medical devices, laboratory equipment, instruments and hospital supplies. HA's tender notices and invitations for expression of interest are available from this web page: http://www.ha.org.hk/visitor/ha_visitor_index.asp?Content_ID=2001&Lang=ENG&Dimension=100&Ver=HTML.

With an overburdened public healthcare system, the Hong Kong Government proposed introducing the Voluntary Health Insurance Scheme. If the scheme moves forward, the general public will be encouraged to make use of private medical facilities and more land will be allocated for private hospital development. Interested hospital developers, designers and equipment suppliers should start to make contacts with the authorities and industry players soon.

In neighboring Macau, the Macanese Government's total expenditure on medical and health services in 2016 was about US\$780 million (the latest available figure), an increase of more than 7 percent over 2015. The Macau Government injections to further improve its healthcare system in the next few years are anticipated to increase.

Hong Kong's population aged 65 or above is expected to surge from the current 1.16 million to 2.37 million in 2036. Macau has a population of 650,000, of which 9.7 percent (roughly 63,400) are 65 and above. By 2031, this ratio will likely rise to 18.6 percent. The rapidly aging population from both cities will need elder care facilities, such as nursing homes and rehabilitation centers, as well as products for the elderly.

The people of Hong Kong and Macau are becoming more health conscious and focused on preventive care, which increasingly includes routine vaccinations, screening for various cancer, high cholesterol, high blood pressure and diabetes, prenatal care and regular wellness visits.

Owing to various government campaigns, the Hong Kong public is becoming more aware of oral health. Cosmetic dentistry has also become very popular in the last several years.

Best Practice for U.S. Exporters

The best practice for U.S. exporters of pharmaceutical products, medical equipment and devices to expand into the Hong Kong market is through Hong Kong agents and distributors. These agents and distributors can be helpful in marketing U.S. healthcare products in Hong Kong and sometimes in mainland China. Hong Kong-based agents and distributors usually include Macau in their sales territory, and may have networks in cities in mainland China. U.S. exporters of healthcare products not having an office in Hong Kong are required to appoint a Locally Responsible Person (LRP). This LRP can be the Hong Kong distributor or an independent third party but must be based in Hong Kong. The LRPs serve as intermediary and communicate with the end-users, importers, the Hong Kong Government and the U.S. exporters to ensure safe and efficacious use of the products.

Web Resources

Key Government and Regulatory Agencies

Hong Kong Department of Health

Medical Device Control Office

Address: Room 604, 6/F, CityPlaza Three,
14 Taikoo Wan Road,

Taikoo Shing, Hong Kong

Tel: (852) 3107-8484

Fax: (852) 3157-1286

Email Address: <http://www.mdco.gov.hk/>

Hong Kong Hospital Authority

Address: Hospital Authority Building,

147B Argyle Street, Kowloon, Hong Kong

Tel: (852) 2300-6555

Fax: (852) 2890-7726

Email: enquiry@ha.org.hk

Macau Health Bureau

Address: Edifício da Administração dos Serviços de Saúde, Rua Nova à Guia, n.º 339, Macau

Tel: (853) 2831-3731

Fax: (853) 2871-3105

Email: info@ssm.gov.mo

Trade Shows

Hong Kong International Medical and Healthcare Fair

Date: May 2020

Description: The Fair is organized by the Hong Kong Trade Development Council. The fair showcases a wide variety of medical devices, technologies and supplies.

Website: <https://event.hktdc.com/fair/hkmedicalfair-en/HKTDC-Hong-Kong-International-Medical-and-Healthcare-Fair/>

Associations

Hong Kong Doctors Union

Website: <http://hkdu.org/>

Description: Hong Kong Doctors Union is the only trade union for all doctors in Hong Kong. Its primary objective is to safeguard the welfare and rights of doctors.

The Hong Kong Medical Association

Website: <http://www.hkma.org/eindex.htm>

Description: The Hong Kong Medical Association represents the interests of medical practitioners in Hong Kong. With a membership of approximately 10,000, which comprises the majority of registered medical practitioners in Hong Kong, the Association nominates members to serve various medical and related statutory and non-statutory institutions.

The Private Hospitals Association

Website: <http://www.privatehospitals.org.hk/en/index.htm>

Description: The Hong Kong Private Hospitals Association represents the interests of the 12 private hospitals in Hong Kong.

For more information about this industry sector, please contact the U.S. Commercial Service in Hong Kong:

U.S. Commercial Service, Hong Kong
Ms. Sweekeng Cheong, Commercial Specialist
Tel: (852) 2521-1467
Fax: (852) 2845-9800
Email: sweekeng.cheong@trade.gov

Environmental Technologies

Overview

Environmental Technologies Market in Hong Kong

Unit: USD thousands

	2016	2017	2018 (estimated)	2019 (estimated)
Total Market Size	722,967	309,186	554,000	562,000
Total Local Production	367,220	144,575	300,000	300,000
Total Exports	4,893,891	5,532,920	5,500,000	5,550,000
Total Imports	5,249,638	5,697,531	5,754,000	5,812,000
Imports from the U.S.	557,422	540,794	551,000	562,000
Exchange Rate: 1 USD	7.8	7.8	7.8	7.8

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Data Sources:

Total Local Production: Hong Kong Census & Statistics Department & Industry Sources

Total Exports: Hong Kong Census & Statistics Department & Industry Sources

Total Imports: Hong Kong Census & Statistics Department & Industry Sources

Imports from U.S.: Hong Kong Census & Statistics Department & Industry Sources

(Since there is not an agreed upon definition of “environmental technologies”, and because there is considerable overlap regarding environmental features from various types of machinery and products, market statistics for this sector are, at best, rough approximations.)

Hong Kong relies heavily on imports to satisfy its environmental needs. Total environmental technology imports in 2017 amounted to approximately US\$5.7 billion. United States suppliers are active in the high-end segment, capturing about 9.5 percent of the total import market in 2017.

Hong Kong is also a sourcing agent for environmental products for mainland China, where heavy green tech investments and tightening environmental regulations have emerged as major drivers of the industry regionally, if not globally. In 2017, re-export of environmental technologies to China through Hong Kong amounted to US\$4.3 billion; accounting for approximately 65 percent of Hong Kong’s total environmental technologies re-exports.

The Hong Kong Government has been allocating significant resources toward tackling waste treatment, air pollution, and water pollution problems. With vigorous IPR protection, and the proximity to and

experience in trading with mainland China, Hong Kong is an ideal entry point for U.S. environmental companies (especially small- and medium-sized firms) interested in the China market.

Sub-Sector Best Prospects

Air:

- Ambient air monitoring instruments
- Vehicle emissions particulate reduction devices
- Desulphurization / De-nitrification technologies for vehicles and ships

Water/wastewater:

- Desalination technologies
- Advanced water filtration technologies
- Disinfection technologies
- Analytical instruments

Waste Management:

- Incineration technologies
- Biological treatment technologies
- Recycling (plastic, metal and glass) process expertise
- Recycling expertise for waste electronic and electrical equipment (WEEE)

Energy Efficiency:

- Instruments / controls used in monitoring energy usage
- Green building and energy efficiency products and technologies

Opportunities

Hong Kong has set a target of achieving new air quality objectives by 2020. To achieve this goal, Hong Kong has set emission reduction targets with neighboring Guangdong Province of China and is adopting cleaner fuels, promoting territory-wide energy saving and efficiency.

Hong Kong will gradually replace most of the coal-fired generation units with cleaner energy sources, further encourage the development of renewable energy and implement the “Energy Saving Plan for Hong Kong’s Built Environment 2015-2025+”, a plan to reduce Hong Kong’s energy intensity by 40 per cent in 10 years. To this end, the Hong Kong Government has set aside approximately US\$100 million in FY 2018-19 to promote the installation of renewable energy facilities at government buildings, venues and community facilities. The Government will also enhance tax concessions for capital expenditure incurred by enterprises in procuring eligible energy efficient building installations and renewable energy devices.

The Water Supplies Department is looking into implementing large-scale floating photovoltaic systems on its reservoirs after the successful installations of two pilot projects in 2017, each of 100 kilowatt (kW) capacity. Both systems can generate some 120,000 kWh of electricity per annum.

Hong Kong disposes of more than 10,000 tons of municipal solid waste per day. The per-capita municipal solid waste disposal rate per day was 1.41kg in 2016. Owing to landfill shortages, the Hong Kong Government has been encouraging waste separation at source for domestic and commercial waste, and recovery and recycling for food, electrical and electronic equipment waste (WEEE).

In early 2018, China has introduced new and tighter measures in its import management regime on recyclables, making it harder for Hong Kong to ship its waste there for processing. As a result, Hong

Hong Kong Government has launched new subsidy programs under the Recycling Fund to encourage the local recycling industry to process recyclables locally to a standard that meets the latest import requirements of China. In the long run, the Environmental Protection Department will carry out a study on the feasibility of nurturing a local manufacturing industry using recycled materials, and seek more effective and diversified ways to process local recyclables.

Food waste constitutes about 35% (or 3,600 tons per day) of Hong Kong's total municipal solid waste. To avoid food waste disposal at landfills, Hong Kong plans to treat the city's collected food waste to produce renewable energy using anaerobic digestion as the core technology. The preliminary proposal is to develop five to six regional large-scale organic resources recovery centers in phases, with a total recycling capacity of about 1,300 to 1,500 tons per day.

Every year, about 70,000 tons of WEEE are generated locally in Hong Kong. As part of the efforts in introducing the the Producer Responsibility Scheme on WEEE, or WPRS, the Hong Kong Government has developed a WEEE treatment and recycling facility, or WEEE-PARK, to provide local treatment capacity for WEEE. From August 1, 2018, a seller of regulated electrical equipment (REE) must have a removal service plan endorsed by the Environmental Protection Department for selling REE. The removal service ensures the future waste disposal and proper recycling of the REE.

Hong Kong obtains the majority of its fresh water supply from mainland China. To ensure a sustainable water supply, the Water Supplies Department is currently developing new water sources, such as desalinated seawater; reclaimed water and harvested rainwater. Pre-qualification for the "Design, Build and Operate" contract of the first stage of the Tseung Kwan O desalination plant has been completed in early 2018. The plant is anticipated to commission in 2022. The first stage of desalination plant will have a water production capacity of 135 000 cubic metres per day to meet about five per cent of fresh water demand in Hong Kong.

Web Resources

Trade Shows

Eco Expo Asia 2019

Date: October 30 - November 2, 2019

Description: Organized by the HK Trade Development Council, Messe Frankfurt (HK) Ltd. and the Environmental Bureau, Hong Kong Government, Eco Expo Asia is Hong Kong's only international trading platform and showcase for the latest environmental protection technologies.

Website: <http://m.hktdc.com/fair/ecoexpoasia-en/Eco-Expo-Asia-International-Trade-Fair-on-Environmental-Protection.html>

Macao International Environmental Cooperation Forum & Exhibition (MIECF)

Date: March 28-30, 2019

Description: MIECF is an international environmental conference and trade fair held in Macao annually. The theme of the event is low carbon living and sustainable urban development in South China. AmCham Macau is a prominent supporter of the show, whose international agent is KoelnMesse.

Website: <http://www.macaomiecf.com/>

Trade Associations

Environmental Contractors Management Association

Website: www.ecma.org.hk

Description: Membership is mostly comprised of waste management and janitorial service companies.

Green Council

Website: www.greencouncil.org

Description: The Green Council is a non-profit environmental organization promoting environmental protection.

Hong Kong Environmental Industry Association

Website: www.hkenvia.org/en/

Description: The Hong Kong Environmental Industry Association promotes communication and collaboration among environment-related businesses.

Hong Kong Waste Management Association

Website: www.hongkongwma.org.hk

Description: The Hong Kong Waste Management Association's members consist of organizations or individuals who advise the Hong Kong Government on the city's waste management policies.

For more information about this industry sector, please contact:

U.S. Commercial Service Hong Kong

Tel: (852) 2521-1467

Fax: (852) 2845-9800

Email: Office.HongKong@trade.gov

Travel and Tourism

Overview

Hong Kong Outbound Tourism Data

	2017	2018	2019(E)	2020(E)
Departures by residents ('000)	91,300	92,214	93,136	94,067
Departures for the U.S.	147,168	151,740	148,700	153,200
International tourism expenditure of residents (US\$ million)	25,500	26,775(E)	28,114	29,520

(E) denotes estimate figures

Sources: U.S. Department of Commerce, Hong Kong Census and Statistics Department, and World Tourism Organization (UNWTO)

Hong Kong is unique in the outbound source travel market. In 2017, according to UNWTO, Hong Kong ranked 11th in the world in terms of international tourism expenditure. There are five major reasons behind this phenomenon: (1) Hong Kong is one of the most densely populated areas in the world, with a density of 6,830 people per square kilometer. There is also lack of domestic tourism, Hong Kong people often choose to spend their holidays outside of Hong Kong; (2) Hong Kong people have high spending power. Its GDP per capita at US\$48,958 in 2018 ranked the 4th highest in Asia; (3) Hong Kong's geographical location and excellent transportation infrastructure made traveling abroad easily; (4) Most people in Hong Kong speak English and hold the Special Administrative Region (SAR) passport,

which entitles visa-free access to 165 countries and territories in the world; and (5) the Hong Kong government controls neither its people nor foreign exchange from leaving the territory. Due to these factors, Hong Kong residents traveling in the region and abroad for business and pleasure continue to rise. There lies good potential for promoting U.S. tourism.

Hong Kong is strategically located: half of the world's population live within five hours' flying time from Hong Kong and Hong Kong is less than two hours' drive from Southern China. This proximity gives Hong Kong instant access to the affluent consumer market, with 166 million people in southern China alone. Hong Kong's Closer Economic Partnership Arrangement ([CEPA](#)) with China gives Hong Kong-based travel companies preferential treatment in China. Hong Kong's world class integrated multi-modal transportation infrastructure can better facilitate outbound travel. There are over 120 airlines operating around 1,100 flights per day to over 220 destinations worldwide, including 50 cities in mainland China. Many Asian travelers, especially those from mainland China choose to transit through Hong Kong.

China President Xi and former U.S. President Obama announced together that Year 2016 was the *U.S.-China Tourism Year* for both countries on tourism cooperation. With a streamlined visa application process - where qualified travelers can apply for U.S. visa without interview and most applicants can get 10 years multiple-entries visa, visa processing is more straight-forward and attracting repeat travelers to USA. Brand USA has several offices in China and in Hong Kong, representing a stronger commitment to promotional efforts in this country. With airlines launched several new routes between U.S. and Hong Kong in the past few years, and expecting more to come, U.S. destinations are becoming even more accessible for Hong Kong travelers.

Sub-Sector Best Prospects

- Fixed itinerary themed-tours for groups
- Prepaid package tours for free independent travelers (FIT)
- Meeting, Incentive, Conference and Exhibition (MICE)

Opportunities

Hong Kong citizens tend to travel during public holidays such as Chinese Lunar New Year, Easter, and Christmas because an average worker only has 10-14 days of annual leave. The traveling seasons usually occur around these public holidays as well as the summer holidays. The summer months of June, July and August on average account for 30 percent of Hong Kong outbound travelers to the United States.

Various published statistics indicate that Free Independent Travel (FIT) accounts for a significant portion of Hong Kong and mainland China outbound travels. Cruises are a popular choice amongst families. Wine country tours have become very popular, especially among the Chinese travel market. Other specialty tours for diving, hiking, golfing, horse riding and skiing have also been quite successful. Outlet shopping is also an important element for many Hong Kong and mainland tourists.

Web Resources

Trade Shows

International Travel Expo Hong Kong (annual):

www.itehk.com

Macao International Travel (Industry) Expo

www.cmitc.com

Industry Contacts

Travel Industry Council of Hong Kong

Website: www.tichk.org

For more information about this industry sector, please contact the U.S. Commercial Service in Hong Kong:

Ms. Kimmy Lee, Commercial Specialist

Email: kimmy.lee@trade.gov

Transportation Infrastructure

Overview

Note: Given the diverse constituent elements of this sub-sector, there is no cumulative data with which to year-on-year market growth across the aviation, maritime, rail, and road industries.

The Chinese Central Government announced in Year 2010 its twelfth 5-year plan for 2011-2015, to include the development of the Pearl River Delta (PRD) region in southern China. The National Development and Reform Commission (NDRC) has mapped out plans for cooperation with Hong Kong and Macau with an emphasis on transportation infrastructure projects, expecting to achieve greater economic integration in the PRD region by 2020. Several transportation infrastructure works are underway. In the thirteenth 5-year plan, one of the focus were Greater Bay Area. The aim of these efforts is to create three-way (Guangdong, Macau and Hong Kong) economic cooperation and to promote free flow of goods and services, people and capital among the Greater Bay Area.

To ensure seamless physical integration, there are Hong Kong International Airport Master Plan 2030, multiple extensions and new lines on Mass Transit Railway, Hong Kong-Shenzhen-Guangzhou Express Rail, the Hong Kong-Zhuhai-Macau Bridge, and Macau Light Rapid Transit System.

Sub-Sector Best Prospects

Hong Kong

Hong Kong International Airport Master Plan 2030. Airport Authority Hong Kong (AA) has been planning to build a third runway to meet Hong Kong International Airport's long-term growth demand. The three-runway system (3RS) project was approved by the Executive Council in March 2015, and is estimated to cost US\$18 billion and is expected to be completed by 2024. The 3RS is expected to increase maximum runway capacity by 48% to accommodate 607,000 aircraft movements per year, handle 102 million passengers and 8.9 million tons of cargo. Development of this three-runway system will involve land reclamation, construction of related taxiway systems and airfield facilities, construction of new aprons, passenger concourses, as well as the expansion of the existing Terminal 2.

Mass Transit Railway. With the merger of MTR and KCRC in 2007, MTRC is committed in future railway projects to increase their network coverage. The Railway Development Strategy 2014 was revealed with new and extended routes planned by 2026, investing over US\$25 billion.

Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). The XRL is part of the MTR's Railway Development Strategy on an express rail that links Guangzhou, Shenzhen and Hong Kong together. The 142km-route is divided into two sections: the Shenzhen-Guangzhou section with six stations

commenced operation in December 2011; while the Hong Kong-Shenzhen section with one station commenced operation in September 2018, investing US\$10.9 billion.

Hong Kong-Zhuhai-Macau Bridge (HKZMB). HKZMB is a 55km bridge-tunnel system that connects three major cities: Hong Kong, Macau and Zhuhai together in the Greater Bay Area, Southern China. It is both the longest sea crossing and the longest open-sea fixed link on earth. The bridge commenced in October 2018 and cost US\$18.8 billion. Several link roads were built to connect the traffic towards HKZMB, include Hong Kong Link Road, Tuen Mun Western Bypass and Tuen Mun-Check Lap Lok Link.

Macau

Light Rapid Transit System (LRTS). Macau Light Rapid Transit System was proposed in 2003 and only began construction works in 2012. The LRT initially (Phase 1 construction) will consist of two lines with 21 stations spreading across the Macau Peninsula, with Taipa and Cotai serving as major waypoints. Phase 1 - Cotai Line is 9.3km with 11 stations cover both residential and tourists' areas, and all ports of entries on Cotai. Phase I of LRTS is expected to commence in 2019 or 2020.

Opportunities

Infrastructure projects in Hong Kong and Macau will require a wide range of equipment, technologies, and consultancy services, including logistics and transportation management, waste and environmental management, experience in land reclamation, and related engineering fields. Equipment such as power supply systems, rail tracks, overhead wiring, escalators and lifts, signaling systems, rail station platforms and building services will be needed. U.S. companies may wish to consider promoting products or services to these contractors or joint partnership with them.

Web Resources

Trade Shows, Exhibitions, and Conferences

Zhuhai Airshow

www.airshow.com.cn/en/

Asian Logistics and Maritime Conference

<http://www.hktdc.com/ncs/almc2019/en/main/index.html>

Asia Pacific Rail

<https://www.terrapinn.com/exhibition/asia-pacific-rail/index.stm>

Industry Contacts

Airport Authority Hong Kong (Three-Runway System)(www.threerunwaysystem.com)

Mass Transit Railway Corporation (www.mtr.com.hk)

Macau Light Rapid Transit System (<http://www.mtr.com.mo/en/> | <https://www.git.gov.mo/>)

For more information about this industry sector, please contact the U.S. Commercial Service in Hong Kong:

Ms. Kimmy Lee, Commercial Specialist

Email: kimmy.lee@trade.gov

Customs, Regulations & Standards

Import Tariffs

Hong Kong

Hong Kong is a free port that does not levy a customs tariff. The Hong Kong Government levies excise duties on four commodities: hard alcohol (distilled spirits), tobacco, hydrocarbon oil, and methyl alcohol. The excise tax on distilled spirits is 100 percent, and the rate for unleaded gasoline is US\$0.78 per liter. Duties on wine and beer were reduced to 0 percent effective February 27, 2008. Lastly, a steep "First Registration Tax," which ranges from 35-100 percent of price, is levied on new car purchases. The current list of dutiable goods and corresponding rates is available at: http://www.customs.gov.hk/en/trade_facilitation/dutiable/types/index.html

To inquire about specific products contact:

Customs and Excise Department

Address: Customs Headquarters Building

222 Java Road, North Point

Hong Kong

Tel: (852) 3759-2606

Fax: (852) 2541-3039 (Office of Dutiable Commodities Administration)

<http://www.customs.gov.hk>

Macau

Macau is a free port with no tariffs on general imports. Macau, however, does impose a consumption tax on alcohol, tobacco, and fuels, ranging from 5-20 percent (based on cost, insurance, and freight) and a motor vehicle tax of 24-72 percent on imported motorcycles and motor vehicles (based on the initial sale price).

To inquire about specific products contact:

Macau Customs Service

Rua S. Tiago da Barra

Doca D. Carlos I, SW

Customs Headquarters, Macau

Tel: (853) 2855-9944

Fax: (853) 2837-1136 Email: info@customs.gov.mo

Website: <http://www.customs.gov.mo>

Trade Barriers

Hong Kong and Macau are duty-free ports, with few barriers to trade in goods and services and few, if any, restrictions on foreign capital flows and investment.

Import Requirements & Documentation

U.S. standard trade documentation is acceptable.

Labeling/Marking Requirements

The following information on labeling and marking refers to Hong Kong, unless otherwise indicated.

Hong Kong's non-tariff barriers related to labeling requirements, standards, and other requirements are generally minimal, but are expected to become more restrictive for supplements.

Pharmaceuticals and over-the-counter (OTC) drugs must have indications of dosage and frequency on the label in both Chinese and English.

Food Labeling

Hong Kong's food labeling regulations are developed and administered by the Food and Hygiene Environmental Department's Center for Food Safety. According to the Food and Drugs (Composition and Labeling) Regulations (Cap. 132W), the following information should be provided on prepackaged food labels:

- Name of the food
- List of ingredients (including allergens)
- Indication of "use by" or "best before" date
- Statement of special conditions for storage or instructions for use
- Name and address of manufacturer or packer
- Count, weight or volume of food
- Nutrition Information

Stick-on product labels are allowed to remedy any non-compliance issues on pre-existing labels and can be applied by Hong Kong importers with permission of the manufacturer. The labels may be provided in English, Chinese or both languages. If both languages are used on prepackaged food, the name of the food, ingredient list and nutritional information must be provided in both languages.

Labeling for Biotech Food

The Hong Kong government (HKG) does not require labeling of biotech food products. In 2006, the government issued guidelines for voluntary labeling of biotech foods containing 5 percent or more of an individual biotech food ingredient. Negative labeling is not recommended.

Organic Certification

Hong Kong recognizes USDA organic certification so products are sold in Hong Kong with the USDA organic logo.

Others

Hong Kong regulates the use of sweeteners, preservatives, coloring matters, metallic contaminants and pesticides. In the absence of a particular regulation, the HKG refers to Codex standards and/or conducts a risk assessment to determine applicable import requirements.

For details on Hong Kong's general import regulations for food products, please refer to Hong Kong GAIN [FAIR report](#) or consult [Public Health and Municipal Services Ordinance and the Food Safety Ordinance](#).

Consumer Electrical Appliances Labeling

The Hong Kong Government enacted the Energy Efficiency Labeling Ordinance in May 2008 for consumer electrical appliances. The ordinance's Mandatory Energy Efficiency Labeling Scheme (MEELS) is intended to assist consumers in choosing energy efficient products. Under the ordinance, the manufacturer/importer's product must be registered with the Hong Kong Electro-Mechanical Services Department and carry an energy label that complies with specified technical requirements. The

ordinance's first and second phases of implementation covered five types of products sold in Hong Kong: air conditioners, refrigerators, compact fluorescent lamps, washing machines and dehumidifiers. The third phase of MEELS, which commenced from June 1 2018 with a grace period of 18 months, further extended the coverage to three additional types of electrical products, namely televisions, storage type electric water heaters and induction cookers. A Code of Practice on Energy Labeling of Products has been approved and issued to provide practical guidance and technical details about the requirements under the Ordinance. The following website has more details: [https://www.emsd.gov.hk/energylabel/en/doc/2018%20CoP%20\(English\).pdf](https://www.emsd.gov.hk/energylabel/en/doc/2018%20CoP%20(English).pdf)

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export and reexport of items with chiefly commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses; and less sensitive military items; including "production" and "development" technology.

BIS's Export Administration reviews license applications for exports, reexports and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, Export Administration also provides information on BIS programs, conducts seminars on complying with the EAR, provides guidance on licensing requirements and procedures, and presents an annual Update Conference on Export Controls and Policy as an outreach program to industry. EA's Office of Technology Evaluation analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. OTE's data portal provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own (<https://www.bis.doc.gov/data-portal>).

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their goods. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (i.e., the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322

Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Further information on export controls is available at:
<http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at: <http://www.bis.doc.gov/index.php/compliance-a-training/export-management-a-compliance/elements-of-an-effective-emcp/23-compliance-a-training/51-red-flag-indicators>

Also, BIS has "Know Your Customer" guidance at: <http://www.bis.doc.gov/index.php/compliance-a-training/export-management-a-compliance/elements-of-an-effective-emcp/23-compliance-a-training/47-know-your-customer-guidance>

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. A list of upcoming seminars can be found at:

<http://www.bis.doc.gov/index.php/compliance-a-training/export-administration-regulations-training/current-seminar-schedule>

The EAR does not control all goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS Web site (<https://www.bis.doc.gov/index.php/about-bis/resource-links>) or in Supplement No. 3 to Part 730 of the EAR, which is available on the Government Printing Office Web site at: http://www.access.gpo.gov/bis/ear/ear_data.html

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: <http://developer.trade.gov/consolidated-screening-list.html>

<http://apps.export.gov/csl-search#/csl-search>

<https://www.export.gov/article?id=Consolidated-Screening-List>

Hong Kong

Hong Kong maintains an autonomous and transparent export control regime. The United States continues to provide Hong Kong importers a comparable level of access to controlled dual-use U.S. technologies as before Hong Kong's 1997 reversion to China. In some cases, items that do not require a license for export to Hong Kong may require a license to mainland China. U.S. companies should understand whether Hong Kong recipients of U.S. exports are end-users or merely intermediaries, as U.S. export control requirements are generally based on the final destination of the export. For a variety of reasons, it is also common for offshore companies to represent themselves as a Hong Kong company, even when they are located elsewhere. There may be a valid business reason for this, but exporters of controlled items to Hong Kong should take care to know where their customer is actually located.

The Hong Kong Government imposes license requirements on the import and export of items found on control lists issued by the major multilateral export control regimes (Wassenaar Arrangement, Missile Technology Control Regime, Nuclear Suppliers' Group, Australia Group). These items are incorporated

into Hong Kong's Strategic Commodities List, which follows the "EU-style" numbering system adopted in Europe, the United States, and many other countries such as Singapore and Malaysia. Unlike the U.S. system, Hong Kong requires import and export licenses for all items on its control list, no matter where the items are coming from or going to. Because of this, in some cases Hong Kong may require licenses for imports (or exports) of U.S. items that did not require a U.S. license when departing the United States. Items being transshipped through Hong Kong are treated by Hong Kong as imports into Hong Kong, followed by exports, so local license requirements still apply.

Hong Kong importers may require evidence of compliance with U.S. export control laws in order to obtain the necessary Hong Kong import or export licenses. When accepting orders from Hong Kong customers, it is a good idea to make sure your client knows the U.S. Export Control Classification Number of all control list items in the order, so that they can apply for necessary Hong Kong licenses. Carriers in Hong Kong are required to obtain a copy of the local import license before releasing shipments of strategic trade items to the local consignee. Failure to have that license in place before shipment may lead to costly delays or even the seizure of the shipment and imposition of a fine by Hong Kong's Customs and Excise Department.

In addition to the local import and export requirements, on January 19, 2017, an update was entered in 15 CFR Parts 740, 748 and 762 by the U.S. Department of Commerce, Bureau of Industry and Security. BIS issued a Final Rule regarding support document requirements with respect to Hong Kong. The Final Rule became effective on April 19, 2017. This rule requires persons intending to export or reexport to Hong Kong any item subject to the Export Administration Regulations (EAR) and on the Commerce Control List (CCL) for national security (NS), missile technology (MT), nuclear nonproliferation (NP column 1), or chemical and biological weapons (CB) reasons to obtain, prior to the shipment of such items, a copy of a Hong Kong import license or a written statement from the Hong Kong government that such a license is not required, including website guidance from the Hong Kong Trade and Industry Department (HKTID). This rule also applies to individuals intending to reexport from Hong Kong items controlled for the previous stated reasons, to obtain a Hong Kong export license or statement from the Hong Kong government that such a license is not required, including website guidance from HKTID, prior to shipment. The items for which Hong Kong requires a license and the previous stated items controlled under the EAR are based on the same multilateral regime control lists. This rule does not impose any new licensing requirements. BIS is taking this action to foster compliance with the Hong Kong Import and Export (Strategic Commodities) Regulations and thus enhance the effectiveness of the EAR.

In Hong Kong, the use of corporate secretary companies and/or forwarding agents is a significant issue in relation to diversion risks when exporting to Hong Kong. These companies can operate and perform services for business clients with little or no oversight from Hong Kong authorities. To ensure compliance with U.S. export control laws, companies should exercise due diligence research on any shipments to clients in Hong Kong and thoroughly validate all information to determine with reasonable certainty if the items will remain in Hong Kong or be reexported to other countries that may change the U.S. export control status of the items.

Hong Kong has also adopted a "catch-all" export license requirement that covers exports and re-exports of non-listed items to entities and institutions involved in promoting the production of weapons of mass destruction. A caution to U.S. exporters: The United States imposes unilateral export controls

that are broader than those maintained by Hong Kong and will penalize companies involved in exports to Hong Kong that are destined for countries or entities restricted under U.S. law.

Macau

Macau is treated differently than Hong Kong by the Bureau of Industry and Security for export control purposes. In the case of Macau, exports or re-exports to Macau are generally treated as exports or re-exports to mainland China.

Web Resources

Bureau of Industry and Security

For more information on U.S. export control regulations, please visit: <http://www.bis.doc.gov>

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: <http://developer.trade.gov/consolidated-screening-list.html>.

Trade and Industry Department, HKSAR

For more information on Hong Kong Strategic Commodities Controls and license applications, please visit: <https://www.stc.tid.gov.hk/eindex.html>

Customs and Excise Department, HKSAR

For more information about the enforcement of Hong Kong Strategic Commodities Controls, please visit: http://www.customs.gov.hk/en/trade_controls/control/index.html

Temporary Entry

Most products are not subject to any Hong Kong or Macau duties or taxes. For alcohol, cigarettes and fuel, however, companies must fill out a duty waiver form, which can be obtained from Hong Kong Customs at <http://www.customs.gov.hk>, or Macau Customs Services at <http://www.customs.gov.mo>.

Prohibited & Restricted Imports

The import of munitions, firearms and fireworks is strictly forbidden.

Customs Regulations

Customs valuation is only an issue for the taxable items listed above. The tax on tobacco is by quantity: HK\$1,906 (US\$244) for every 1,000 cigarettes and HK\$2,455 (US\$315) per kilogram for cigars. The tax on distilled spirits is 100 percent. The tax on petroleum products is by both volume and value. The value is based on the bill of lading as long as it represents a reasonable market value. The tax on automobiles is based on both retail price and engine size.

For more information about Hong Kong customs regulations, please check the Hong Kong Customs and Excise Department's website at <http://www.customs.gov.hk>. For information about Macau customs, please check the Macau Customs Services website at <http://www.customs.gov.mo>.

U.S. Immigration and Customs Enforcement (formerly U.S. Customs Service) maintains an office in Hong Kong. It can be contacted at:

U.S. Immigration and Customs Enforcement
U.S. Consulate General

Address: 26 Garden Road, Central
Hong Kong
Inquiry Hotline: (852) 2524-1136
Fax: (852) 2810-6550

Standards for Trade

Overview

Hong Kong's policy, in accordance with the World Trade Organization (WTO) Agreement on Technical Barriers to Trade, is to adhere to international standards to the maximum extent possible.

The following sixteen areas have special regulations, standards, and conformity assessment mechanisms: animals and plants (sanitary and phytosanitary), boilers and pressure vessels, building materials and construction, chemicals (pesticides), consumer goods, drugs and medical devices, electrical products, energy, environment, food, information and communications technology equipment and systems, lifts and escalators, radioactive substances and irradiating apparatus, shipping safety, toys and children's products, and transport equipment.

Please visit the following website for more specific product regulations and standards:
<http://www.itc.gov.hk/en/quality/psis/srca/db.htm>.

Standards

Hong Kong and Macau do not have central standards bodies that develop and issue domestic standards. The Hong Kong Product Standards Information Bureau (PSIB), the Hong Kong Accreditation Service (HKAS) and the Standards and Calibration Laboratory (SCL) of the Innovation and Technology Commission (ITC) actively participate in standards and conformity assessment related international and regional activities.

PSIB represents Hong Kong in the Asia Pacific Economic Cooperation (APEC) Sub-Committee on Standards and Conformance (SCSC); the International Organization for Standardization (ISO); and the Pacific Area Standards Congress (PASC). HKAS actively participates in the Pacific Accreditation Cooperation (PAC); Asia Pacific Laboratory Accreditation Cooperation (APLAC); the International Accreditation Forum (IAF); and the International Laboratory Accreditation Cooperation (ILAC) meetings. SCL is a full member of the Asia Pacific Metrology Programme (APMP) and represents Hong Kong, China, as an Associate of the General Conference on Weights and Measures (CGPM) of the Metre Convention.

In addition, the Customs and Excise Department is a Correspondent Member of the International Organization of Legal Metrology (OIML) and a Member of the Asia Pacific Legal Metrology Forum (APLMF). The Office of the Communications Authority also attends meetings of the International Telecommunications Union (ITU).

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

A comprehensive range of conformity assessment services including testing, calibration, certification, and inspection, are available in Hong Kong. The majority of such services are provided by the private sector. Examples of Conformity Assessment Bodies (CABs) include:

- Intertek Testing Services Hong Kong Ltd.
- Calibration & Testing Laboratory / Sun Creation Engineering Ltd.
- The Hong Kong Standards and Testing Center Ltd.
- CMA Industrial Development Foundation Ltd.
- TUV Rheinland Hong Kong Ltd.
- Bureau Veritas Hong Kong Ltd.

Conformity is demonstrated through third party accreditation. HKAS provides accreditation for laboratories, certification bodies, and inspection bodies.

Product Certification

The certification system in Hong Kong is administered to facilitate Hong Kong's export to foreign markets. The system establishes the origin of goods that Hong Kong exports to meet the requirements of overseas importing authorities.

The legal basis for Hong Kong's origin system is based on the Export (Certificates of Origin) Regulations of the Import and Export Ordinance (Cap. 60), which provide the Director-General of the Hong Kong Trade and Industry Department (TID) with the power to run the certification system. The regulations also provide penalties for certification offences.

Certificates of Origin issued by the Government Approved Certification Organizations (GACOs) are governed by the Protection of Non-government Certificates of Origin Ordinance (Cap. 324 of the law of Hong Kong). These Certificates of Origin have the same legal status as those issued by the TID.

Accreditation for construction product certification and consumer product certification services is provided by HKAS. The accreditation criteria include HKAS 002, ISO/IEC Guide 65: 1996, the relevant HKAS supplementary criteria, Hong Kong Certification Body Accreditation Scheme (HKCAS, see below more information) Supplementary Criteria No. 2 (for construction product certification), and Hong Kong Certification Body Accreditation Scheme (HKCAS, see below) Supplementary Criteria No. 3 (for consumer product certification).

Construction Products

For accreditation of construction product certification, the scope of accreditation service is given in HKCAS Supplementary Criteria No. 2. Certification bodies interested in seeking accreditation for construction product certification may contact the TID for further details.

Consumer Products

Application for accreditation is open to any certification body which operates a third-party product certification system of type 1b, 2, 3, 4 or 5 as described in ISO/IEC Guide 67: 2004 for specific types of consumer products in one of the following product groups:

- Electrical and electronic products
- Food containers
- Furniture
- Telecommunications equipment
- Textiles, garments, and footwear
- Toys and children's products

Accreditation

The Hong Kong Accreditation Service (HKAS), a government organization, provides accreditation for laboratories, certification bodies and inspection bodies. HKAS operates three accreditation schemes: Hong Kong Laboratory Accreditation Scheme (HOKLAS), Hong Kong Certification Body Accreditation Scheme (HKCAS), and Hong Kong Inspection Body Accreditation Scheme (HKIAS). HOKLAS was launched in 1985, HKCAS in 1998, and HKIAS in 1999. Participation in these schemes is voluntary. HKAS participates in a number of mutual recognition arrangements.

HKAS is advised by the Accreditation Advisory Board (AAB) on matters relating to accreditation. The Chairman and members of AAB are appointed by the Secretary for Commerce and Economic Development under the delegated authority of the Chief Executive. Working Parties and Task Forces are established under AAB to undertake specific tasks. HKAS has established a cadre of assessors and technical experts for carrying out assessments for each of the accreditation scheme.

Contact information for HKAS:

Hong Kong Accreditation Service

Quality Services Division

Innovation and Technology Commission

Address: 36/F, Immigration Tower

7 Gloucester Road, Wanchai, Hong Kong

Tel: (852) 2829-4840

Fax: (852) 2824-1302

Email: hkas@itc.gov.hk

Website: <http://www.itc.gov.hk/en/quality/hkas/about.htm>

Publication of technical regulations

Technical regulations are proposed and passed by relevant government departments. There may or may not be public consultation before each regulation is passed.

Hong Kong's technical regulations cover the following areas: Electrical Products Safety, Air Pollution Control, Antibiotics, Boilers and Pressure Vessels, Buildings, Consumer Goods Safety, Dangerous Drugs, Electricity, Environmental Impact Assessment, Food and Drug (Composition and Labeling), Gas Safety, Merchant Shipping Safety, Noise Control, Ozone Layer Protection, Pesticides, Pharmacy and Poisons, Plant (Importation and Pest Control), Public Health (Animals and Birds), Public Health and Municipal Services, Radiation, Road Traffic, Telecommunications, Toys and Children's Products Safety, Waste Disposal, and Water Pollution Control.

More information on Hong Kong's technical regulations can be obtained from the following website: <http://www.itc.gov.hk/en/quality/psis/regulations.htm>. The PSIB accepts purchase orders for originals and photocopies of standards from various standards bodies, visit <http://www.itc.gov.hk/en/quality/psis/sales.htm> for detail information and procedures.

Contact Information

The designated central contact for standards issues in Hong Kong is listed below:

Innovation and Technology Commission
Product Standards Information Bureau
36/F, Immigration Tower
7 Gloucester Road
Wan Chai, Hong Kong
Tel: (852) 2829-4820
Fax: (852) 2824-1302
Email: psib@itc.gov.hk
Website: <http://www.itc.gov.hk/psib>

For regulatory contacts, please refer to the following website:
<http://www.itc.gov.hk/en/quality/psis/index.htm>

U. S. Commercial Service, Hong Kong
Contact: Ms. Olevia Yim, Sr. Commercial Specialist
Tel: (852) 2521-1467
Fax: (852) 2845-9800
Email: olevia.yim@trade.gov

Trade Agreements

Hong Kong

Hong Kong is a founding member of the World Trade Organization (WTO) as well as a member of the Asia-Pacific Economic Cooperation (APEC).

Despite mainland China's accession to the WTO, Hong Kong is well positioned to play a key role for U.S. firms wishing to expand exports to China, one of the world's fastest-growing markets. Hong Kong is a trading hub for mainland China and the region; its trading firms are experts at promoting imported products and services in mainland China. Similarities in linguistic and cultural traditions have enabled Hong Kong traders to maximize opportunities for U.S. firms, and in particular for small and medium-sized enterprises and first-time exporters.

Hong Kong has a free trade agreement with mainland China, called the Closer Economic Partnership Arrangement (CEPA), which provides tariff-free export to mainland China of Hong Kong-origin goods and preferential access for specific services sectors. Signed in 2003, CEPA has gradually expanded every year thereafter. Under the CEPA framework, Hong Kong enjoys liberalized trade in services using a "negative list" that covers 134 service sectors for Hong Kong and grants national treatment to Hong Kong's 62 service industries. Hong Kong also enjoys most-favored nation treatment, with liberalization measures included in the free trade agreements signed by Mainland China and other countries automatically extended to Hong Kong. In June 2017, Hong Kong and Mainland China signed an investment agreement and an economic and technical cooperation agreement. The investment

agreement, effective from January 2018, includes provision of national treatment and non-services investment using a negative list approach.

In order to qualify as a Hong Kong company under CEPA, the company (including a subsidiary of a foreign company) must incorporate in Hong Kong, have been engaged in substantial business operations here for more than three years, and employ at least half of its staff in Hong Kong. In addition, foreign companies that have acquired or merged with a Hong Kong company on or after June 29, 2003, qualify after one year of operation as a Hong Kong company. For more information on CEPA, please visit: <http://www.tid.gov.hk/english/cepa>.

With the January 1, 2005 elimination of all remaining quotas on textile and apparel imports from WTO members, Hong Kong textile and apparel exports are no longer subject to quantitative restrictions.

Hong Kong has signed a free-trade agreement (FTA) with New Zealand, member states of the European Free Trade Association, Chile, Macau, ASEAN, Australia and Georgia, respectively. These FTAs are fully consistent with the provisions of the World Trade Organization. Hong Kong has concluded its FTA negotiation with the Maldives. Finally, Hong Kong is an Asia-Pacific Economic Co-operation (APEC) member economy and a participant in the APEC Business Travel Card (ABTC) Scheme, which grants qualified business travelers streamlined immigration clearance.

Macau

A separate and roughly equivalent Closer Economic Partnership Arrangement was signed between mainland China and Macau in 2003. While not as expansive as that of Hong Kong, it includes a number of industry areas where Macau-based firms are granted preferential access to the mainland market. In addition, Macau signed a CEPA with Hong Kong in October 2017. More information on these CEPA agreements can be found at: <http://www.cepa.gov.mo>.

Licensing Requirements for Professional Services

Legal Profession

The legal profession in Hong Kong is divided into two distinct branches - barristers (also known as "counsel") and solicitors. Solicitors have limited rights of audience before the courts whereas barristers have unlimited rights of audience in all courts and tribunals where legal representation is allowed. Lawyers practicing within one branch of the profession are not, at the same time, allowed to practice within the other.

The Bar Council of the Hong Kong Bar Association (www.hkba.org) is the governing body for barristers; while the Law Society of Hong Kong (<http://www.hklawsoc.org.hk>) is the governing body for solicitors.

For details about the licensing requirements of the legal profession in Hong Kong, please visit the website of the Department of Justice of the Hong Kong SAR Government at www.doj.gov.hk.

Accountancy Profession

The Hong Kong Institute of Certified Public Accountants (HKICPA) is the only statutory licensing body of accountants in Hong Kong responsible for the professional training, development and regulation of the accountancy profession. All statutory audit services in Hong Kong have to be provided by HKICPA practicing members or member firms with the required licenses issued by the HKICPA. HKICPA, formerly

known as the Hong Kong Society of Accountants, was incorporated by the Professional Accountants Ordinance (Chapter 50, Laws of Hong Kong) on 1 January 1973.

Below please find the links to HKICPA with details related to the HKICPA and the licensing requirements for the accountancy profession in Hong Kong.

Information sheet about HKICPA

http://www.hkicpa.org.hk/file/media/section1_about_us/organization/overview/InfoSheet_2016_E.pdf

Professional services provided by CPAs (practicing) in Hong Kong

http://www.hkicpa.org.hk/file/media/section8_communications/adv/pdf/smp-ps-en.pdf

Mutual recognition agreement between Hong Kong and U.S.

http://www.hkicpa.org.hk/file/media/section2_become_a_hk_cpa/recog-oversea-bodies/recognition/app-requirements/mra-hkicpa.pdf

International affiliates admission requirements

<http://www.hkicpa.org.hk/en/china-and-international/international/international-affiliates/admission-requirements/>

For details, please visit the HKICPA's website at <http://www.hkicpa.org.hk>.

Trade Regulation Web Resources

Hong Kong Accreditation Service: <http://www.itc.gov.hk/en/quality/hkas/about.htm>

Hong Kong Customs and Excise Department: <http://www.customs.gov.hk>

Hong Kong Trade and Industry Department: <http://www.tid.gov.hk>

Macau Government CEPA: http://www.cepa.gov.mo/cepaweb/front/eng/index_en.htm

Macau Customs Service: <http://www.custsoms.gov.mo>

Investment Climate Statement

Executive Summary

Hong Kong

Hong Kong became a Special Administrative Region (SAR) of the People's Republic of China (PRC) on July 1, 1997, with its status defined in the Sino-British Joint Declaration and the Basic Law, Hong Kong's mini-constitution. Under the concept of "one country, two systems," the PRC government promised that Hong Kong will retain its political, economic, and judicial systems for 50 years after reversion. Hong Kong pursues a free market philosophy with minimal government intervention. The Hong Kong Government (HKG) welcomes foreign investment, neither offering special incentives nor imposing disincentives for foreign investors.

Hong Kong's well-established rule of law is applied consistently and without discrimination. There is no distinction in law or practice between investments by foreign-controlled companies and those controlled by local interests. Foreign firms and individuals are able to incorporate their operations in Hong Kong, register branches of foreign operations, and set up representative offices without

encountering discrimination or undue regulation. There is no restriction on the ownership of such operations. Company directors are not required to be citizens of, or resident in, Hong Kong. Reporting requirements are straightforward and are not onerous.

Hong Kong remains an excellent destination for U.S. investment and trade. Despite a population of less than eight million, Hong Kong is America’s tenth-largest export market, seventh-largest for total agricultural products, and fifth-largest for high-value consumer food and beverage products. Hong Kong’s economy, with world-class institutions and regulatory systems, is based on competitive financial and professional services, trading, logistics, and tourism. The service sector accounts for more than 90 percent of its nearly USD 365 billion gross domestic product (GDP) in 2018. Hong Kong hosts a large number of regional headquarters and regional offices. More than 1,400 U.S. companies are based in Hong Kong, with more than half regional in scope. Finance and related services companies, such as banks, law firms, and accountancies, dominate the pack. Seventy of the world’s 100 largest banks have operations here.

Table 1: Key Metrics and Rankings

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2018	14 of 180	http://www.transparency.org/research/cpi/overview
World Bank’s Doing Business Report	2019	4 of 190	http://www.doingbusiness.org/en/rankings
Global Innovation Index	2018	14 of 126	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2017	USD 81,234	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2017	USD 46,310	http://data.worldbank.org/indicator/NY.GNP.PC.AP.CD

Macau

Macau became a Special Administrative Region (SAR) of the People’s Republic of China (PRC) on December 20, 1999. Macau’s status since reverting to Chinese sovereignty is defined in the Sino-Portuguese Joint Declaration (1987) and the Basic Law. Under the concept of “one country, two systems” articulated in these documents, Macau enjoys a high degree of autonomy in economic matters, and its economic system is to remain unchanged for 50 years. The Government of Macau (GOM) maintains a transparent, non-discriminatory, and free-market economy. The GOM is committed to maintaining an investor-friendly environment.

In 2002, the GOM ended a long-standing gaming monopoly, awarding two gaming concessions and one sub-concession to consortia with U.S. interests. This opening encouraged substantial U.S. investment in casinos and hotels, and has spurred rapid economic growth.

Macau is today the undisputed gaming capital of the world, having surpassed Las Vegas in terms of gambling revenue in 2006. U.S. investment over the past decade is estimated to exceed USD 23.8 billion. In addition to gaming, Macau hopes to position itself as a regional center for incentive travel, conventions, and tourism. The American business community in Macau has continued to grow. In 2007, business leaders founded the American Chamber of Commerce of Macau.

Macau seeks to speed up its economic diversification to transform the city into a tourism and leisure destination, as well as a “commercial and trade cooperation service platform” between Mainland China and Portuguese-speaking countries. The GOM has various policies to promote these efforts and to create business opportunities for domestic and foreign investors.

In September 2016, the GOM announced its first Five-Year Development Plan (2016-2020). Highlights include establishing a trade cooperation service platform between Mainland China and Portuguese-speaking countries, improving the structure of industries, increasing the quality of life, protecting the environment, and strengthening government efficiency.

Table 2: Key Metrics and Rankings

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2018	N/A	http://www.transparency.org/research/cpi/overview
World Bank’s Doing Business Report	2019	N/A	http://www.doingbusiness.org/en/rankings
Global Innovation Index	2018	N/A	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2016	2,500	https://ustr.gov/countries-regions/china-mongolia-taiwan/macau
World Bank GNI per capita	2018	N/A	http://data.worldbank.org/indicator/NY.GNP.PC.AP.CD

Openness To, and Restrictions Upon, Foreign Investment

Hong Kong

Policies Towards Foreign Direct Investment

Hong Kong is the world’s third-largest recipient of foreign direct investment (FDI) according to the United Nations Conference on Trade and Development’s (UNCTAD) World Investment Report 2018. The HKG’s InvestHK encourages inward investment, offering free advice and services to support companies from the planning stage through to the launch and expansion of their business. U.S. and other foreign firms can participate in government financed and subsidized research and development programs on a national treatment basis. Hong Kong does not discriminate against foreign investors by prohibiting, limiting, or conditioning foreign investment in a sector of the economy.

Capital gains are not taxed, nor are there withholding taxes on dividends and royalties. Profits can be freely converted and remitted. Foreign-owned and Hong Kong-owned company profits are taxed at the same rate - 16.5 percent. The tax rate on the first USD 255,000 profit for all companies is currently 8.25 percent. No preferential or discriminatory export and import policies affect foreign investors. Domestic industries receive no direct subsidies. Foreign investments face no disincentives, such as quotas, bonds, deposits, or other similar regulations.

According to HKG statistics, 3,955 overseas companies had regional operations registered in Hong Kong in 2018. The United States has the largest number with 724. About 35 percent of start-ups in Hong Kong come from overseas.

Hong Kong's Business Facilitation Advisory Committee is a platform for the HKG to consult the private sector on regulatory proposals and implementation of new or proposed regulations.

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign investors can invest in any business and own up to 100 percent of equity. Like domestic private entities, foreign investors have the right to engage in all forms of remunerative activity.

The HKG owns all land in Hong Kong, which the HKG administers by granting long-term leases without transferring title. Expatriates claim that a 15 percent Buyer's Stamp Duty on all non-permanent-resident and corporate buyers discriminates against them.

The main exceptions to the HKG's open foreign investment policy are:

- **Broadcasting.** Voting control of free-to-air television stations by non-residents is limited to 49 percent. There are also residency requirements for the directors of broadcasting companies.
- **Legal Services.** Foreign lawyers at foreign law firms may only practice the law of their jurisdiction. Foreign law firms may become "local" firms after satisfying certain residency and other requirements. Localized firms may thereafter hire local attorneys, but must do so on a 1:1 basis with foreign lawyers. Foreign law firms can also form associations with local law firms.

Other Investment Policy Reviews

Hong Kong last conducted the Trade Policy Review in 2018 through the World Trade Organization (WTO). https://www.wto.org/english/tratop_e/tpr_e/g380_e.pdf

Business Facilitation

The Economic Analysis and Business Facilitation Unit under the Financial Secretary's Office is responsible for business facilitation initiatives aimed at improving the business regulatory environment of Hong Kong.

The e-Registry (<https://www.eregistry.gov.hk/icris-ext/apps/por01a/index>) is a convenient and integrated online platform provided by the Companies Registry and the Inland Revenue Department for applying for company incorporation and business registration. Applicants, for incorporation of local companies or for registration of non-Hong Kong companies, must first register for a free user account, presenting an original identification document or a certified true copy of the identification document. The Companies Registry normally issues the Business Registration Certificate and the Certificate of Incorporation on the same day for applications for company incorporation. For applications for

registration of a non-Hong Kong company, it issues the Business Registration Certificate and the Certificate of Registration two weeks after submission.

Outward Investment

As a free market economy, Hong Kong does not promote or incentivize outward investment, nor restricts domestic investors from investing abroad. Mainland China and British Virgin Islands were the top two destinations for Hong Kong's outward investments in 2017.

Macau

Policies Towards Foreign Direct Investment

Under the concept of “one country, two systems”, Macau enjoys a high degree of autonomy in economic matters, and its economic system is to remain unchanged for at least 50 years. The GOM maintains a transparent, non-discriminatory, and free-market economy. Macau has separate membership in the World Trade Organization (WTO).

There are no restrictions placed on foreign investment in Macau as there are no special rules governing foreign investment. Both overseas and domestic firms register under the same set and are subject to the same regulations on business, such as the Commercial Code (Decree 40/99/M).

Macau is heavily dependent on the gaming sector and tourism. The GOM aims to diversify Macau's economy by attracting foreign investment and is committed to maintaining an investor-friendly environment. Corporate taxes are low, with a tax rate of 12 percent for companies whose net profits exceed MOP 300,000 (USD 37,500). For net profits less than USD 37,500, the tax ranges from three percent to 12 percent. The top personal tax rate is 12 percent. The tax rate of casino concessionaires is 35 percent on gross gaming revenue, plus a four percent contribution for culture, infrastructure, tourism, and a social security fund.

In 2002, the GOM ended a long-standing gaming monopoly, awarding two gaming concessions to consortia with U.S. interests. This opening has encouraged substantial U.S. investment in casinos and hotels, and has spurred rapid economic growth. Macau is positioning itself to be a regional center for gaming, incentive travel, conventions, and tourism. In March 2019, the GOM extended for two years the gaming licenses of SJM (a locally-owned company) and MGM China (a joint venture with investment from U.S.-owned MGM Resorts International that holds a sub-concession from SJM), that were set to expire in 2020. The concessions of all six of Macau's gambling concessionaires and sub-concessionaires are now set to expire in 2022.

The Macau Trade and Investment Promotion Institute (IPIM) is the GOM agency responsible for promoting trade and investment activities. IPIM provides one-stop services, including notary service, for business registration, and it applies legal and administrative procedures to all local and foreign individuals or organizations interested in setting up a company in Macau.

Macau maintains an ongoing dialogue with investors through various business networks and platforms, such as the IPIM, the Macau Chamber of Commerce, AmCham Macau, and the Macau Association of Banks.

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign firms and individuals are free to establish companies, branches, and representative offices without discrimination or undue regulation in Macau. There are no restrictions on the ownership of

such establishments. Company directors are not required to be citizens of, or resident in, Macau, except for the following three professional services which impose residency requirements:

- **Education.** An individual applying to establish a school must have a Certificate of Identity or have the right to reside in Macau. The principal of a school must be a Macau resident.
- **Newspapers and magazines.** Applicants must first apply for business registration and register with the Government Information Bureau as an organization or an individual. The publisher of a newspaper or magazine must be a Macau resident or have the right to reside in Macau.
- **Legal services.** Lawyers from foreign jurisdictions who seek to practice Macau law must first obtain residency in Macau. Foreign lawyers must also pass an examination before they can register with the Lawyer's Association, a self-regulatory body. The examination is given in Chinese or Portuguese. After passing the examination, foreign lawyers are required to serve an 18-month internship before they are able to practice law in Macau.

Other Investment Policy Reviews

Macau conducted the WTO Trade Policy Review in May 2013.
https://www.wto.org/english/tratop_e/tpr_e/g281_e.pdf

Business Facilitation

Macau provides a favorable business and investment environment for enterprises and investors. The IPIM helps foreign investors in registering a company and liaising with the involved agencies for entry into the Macau market. The business registration process takes less than 10 working days.
<http://www.ipim.gov.mo/en/services/one-stop-service/handle-company-registration-procedures/>.

Outward Investment

Macau, as a free market economy, does not promote or incentivize outward investment, nor does it restrict domestic investors from investing abroad. Hong Kong and Mainland China were the top two destinations for Macau's outward investments in 2017.

Bilateral Investment Agreements and Taxation Treaties

Hong Kong

Hong Kong has bilateral investment agreements with Australia, Austria, the Belgium-Luxembourg Economic Union, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, South Korea, Kuwait, the Netherlands, New Zealand, Sweden, Switzerland, Thailand, the United Kingdom and ASEAN. Trade agreements concluded with Australia, Bahrain, Myanmar, Maldives, Mexico, and the United Arab Emirates are currently pending completion of internal procedures by each party concerned. The HKG is currently negotiating agreements with Iran, Turkey and Russia. All such agreements are based on a model text approved by Mainland China through the Sino-British Joint Liaison Group. U.S. firms are generally not at a competitive or legal disadvantage, since Hong Kong's market is open and its legal system impartial.

Hong Kong has a free trade agreement (FTA) with Mainland China, called the Closer Economic Partnership Arrangement (CEPA). This provides tariff-free export to Mainland China of Hong Kong-origin goods and preferential access for specific services sectors. CEPA has gradually expanded since its signing in 2003. Under the CEPA framework, Hong Kong enjoys liberalized trade in services using a "negative list" that covers 134 service sectors for Hong Kong and grants national treatment to Hong

Kong's 62 service industries. Hong Kong also enjoys most-favored nation treatment, with liberalization measures included in FTAs signed by Mainland China and other countries automatically extended to Hong Kong. In June 2017, Hong Kong and Mainland China signed an investment agreement and an economic and technical cooperation agreement. The investment agreement, effective from January 2018, includes provision of national treatment and non-services investment using a negative list approach.

Hong Kong has FTAs with New Zealand, member states of the European Free Trade Association, Chile, Macau, ASEAN, Georgia, the Maldives, and Australia. These agreements are consistent with the provisions of the WTO. Hong Kong is exploring FTAs with the Pacific Alliance (Chile, Colombia, Mexico and Peru) and the United Kingdom.

The United States does not have a bilateral treaty on the avoidance of double taxation with Hong Kong, but has a Tax Information Exchange Agreement and an Inter-Government Agreement on the Foreign Account Tax Compliance Act with Hong Kong. As of March 2019, the HKG had Comprehensive Avoidance of Double Taxation Agreements with 40 tax jurisdictions. It has signed agreements with fifteen jurisdictions on the automatic exchange of financial account information in tax matters. In September 2018, the Multilateral Convention on Mutual Administrative Assistance in Tax Matters signed by Mainland China entered into force for Hong Kong.

Macau

Macau has signed investment protection agreements with Portugal and the Netherlands. It does not have a bilateral taxation treaty with the United States.

In 2004, Macau and Mainland China implemented a free trade agreement (FTA), the Closer Economic Partnership Arrangement (CEPA). The agreement provides tariff-free access to Mainland China for all Macau-origin products and preferential treatment for 48 service sectors. Since March 2015, Macau and the PRC's Guangdong Province have implemented an agreement on achieving basic liberalization of trade in services. The agreement has introduced the use of a "negative list" under the CEPA framework that covers 134 service sectors and grants national treatment to Macau's 58 service industries. In addition, this agreement has offered Macau most-favored nation treatment wherein liberalization measures included in FTAs signed by Mainland China and other countries are extended to Macau. The framework and content of the agreement serves as a model for basic liberalization of trade in services between Macau and all of Mainland China. Effective from July 2017, 27 more products of Macau origin. In October 2017, Hong Kong and Macau signed a CEPA to enhance further economic cooperation and development between the two cities. In December 2017, Macau and Mainland China signed two agreements with immediate effect under the CEPA: an investment agreement and economic and technical cooperation agreement. The investment agreement includes investment access, investment protection and investment facilitation. The economic and technical co-operation agreement is aimed to encourage Macau to take a greater role in economic development across the region.

In December 2016, the United States signed an Inter-Government Agreement on the Foreign Account Tax Compliance Act with Macau.

In September 2018, the adoption in Macau of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters came into force. As of March 2019, the GOM has signed agreements with 16 jurisdictions (namely the Argentine Republic, the United Kingdom, Guernsey, Japan, Greenland, India, Australia, Denmark, the Faroes, Iceland, Norway, Sweden, Malta, Ireland, Jamaica, and Finland) on

the exchange of information in tax matters. Currently, double taxation relief is available under the respective double taxation agreements that Macau has with Cabo Verde, the People's Republic of China, Mozambique, and Portugal.

Legal Regime

Hong Kong

Transparency of the Regulatory System

Hong Kong's regulations and policies typically strive to avoid distortions or impediments to the efficient mobilization and allocation of capital and to encourage competition. Bureaucratic procedures and "red tape" are transparent and held to a minimum.

In amending or making any legislation, including investment laws, the HKG conducts a three-month public consultation on the issue concerned which then informs the drafting of the bill. Lawmakers discuss draft bills and then vote. Hong Kong's legal, regulatory, and accounting systems are transparent and consistent with international norms.

Gazette is the official publication of the Hong Kong government. This website <https://www.gld.gov.hk/egazette/english/whatsnew/whatsnew.html> is the centralized online location where laws, regulations, draft bills, notices and tenders are published. All public comments received by the HKG are published at the websites of relevant policy bureaus.

The Office of the Ombudsman, established in 1989 by the Ombudsman Ordinance, is Hong Kong's independent watchdog of public governance.

Public finances are regulated by clear laws and regulations. The Basic Law prescribes that authorities strive to achieve a fiscal balance and avoid deficits. There is a clear commitment by the HKG to publish fiscal information under the Audit Ordinance and the Public Finance Ordinance, which prescribe deadlines for the publication of annual accounts and require the submission of annual spending estimates to the Legislative Council (LegCo). There are few contingent liabilities of the HKG, with details of these items published about seven months after the release of the fiscal budget. In addition, LegCo members have a responsibility to enhance budgetary transparency by urging government officials to explain the government's rationale for the allocation of resources. All LegCo meetings are open to the public so that the government's responses are available to the general public.

International Regulatory Considerations

Hong Kong is a member of WTO and Asia-Pacific Economic Co-operation (APEC), adopting international norms. It notifies all draft technical regulations to the WTO Committee on Technical Barriers to Trade and was the first WTO member to ratify the Trade Facilitation Agreement (TFA). Hong Kong has achieved a 100 percent rate of implementation commitments.

Legal System and Judicial Independence

Hong Kong's legal system is based on the rule of law and the independence of the judiciary. Regulations or enforcement actions are appealable and they are adjudicated in the court system.

Hong Kong's commercial law covers a wide range of issues related to doing business. Most of Hong Kong's contract law is found in the reported decisions of the courts in Hong Kong and other common law jurisdictions.

Laws and Regulations on Foreign Direct Investment

Hong Kong's extensive body of commercial and company law generally follows that of the United Kingdom, including the common law and rules of equity. Most statutory law is made locally. The local court system, which is independent of the government, provides for effective enforcement of contracts, dispute settlement, and protection of rights. Foreign and domestic companies register under the same rules and are subject to the same set of business regulations.

The Hong Kong Code on Takeovers and Mergers (1981) sets out general principles for acceptable standards of commercial behavior.

The Companies Ordinance (Chapter 622) applies to Hong Kong-incorporated companies and contains the statutory provisions governing compulsory acquisitions. For companies incorporated in jurisdictions other than Hong Kong, relevant local company laws apply. Effective from March 2018, the Companies Ordinance requires companies to retain information about significant controllers accurate and up-to-date.

The Securities and Futures Ordinance (Chapter 571) contains provisions requiring shareholders to disclose interests in securities in listed companies and provides listed companies with the power to investigate ownership of interests in its shares. It regulates the disclosure of inside information by listed companies and restricts insider dealing and other market misconduct.

Competition and Anti-Trust Laws

The independent Competition Commission (CC) investigates anti-competitive conduct that prevents, restricts, or distorts competition in Hong Kong. In January 2019, a newly-established Hong Kong Seaport Alliance (HKSA) announced that they had agreed to operate and manage 23 berths, a reported market share of 95 percent, across eight terminals at Kwai Tsing Container Terminal in a bid to deliver more efficient services to carriers and enhance the overall port's competitiveness. The CC subsequently launched, as a matter of priority, a probe into whether the HKSA acted in contravention of competition rules. The investigation is still underway.

Expropriation and Compensation

The U.S. Consulate General is not aware of any expropriations in the recent past. Expropriation of private property in Hong Kong may occur if it is clearly in the public interest and only for well-defined purposes such as implementation of public works projects. Expropriations are to be conducted through negotiations, in a non-discriminatory manner in accordance with established principles of international law. Investors in and lenders to expropriated entities are to receive prompt, adequate, and effective compensation. If agreement cannot be reached on the amount payable, either party can refer the claim to the Land Tribunal.

Dispute Settlement

ICSID Convention and New York Convention. The Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) apply to Hong Kong. Hong Kong's Arbitration Ordinance provides for enforcement of awards under the 1958 New York Convention.

Investor-State Dispute Settlement. The U.S. Consulate General is not aware of any investor-state disputes in recent years involving U.S. or other foreign investors or contractors and the HKG. Private investment disputes are normally handled in the courts or via private mediation. Alternatively, disputes may be referred to the Hong Kong International Arbitration Center.

International Commercial Arbitration and Foreign Courts. The HKG accepts international arbitration of investment disputes between itself and investors and has adopted the United Nations Commission on International Trade Law model law for domestic and international commercial arbitration. It has with Mainland China a Memorandum of Understanding modelled on the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) for reciprocal enforcement of arbitral awards.

Under Hong Kong's Arbitration Ordinance emergency relief granted by an emergency arbitrator before the establishment of an arbitral tribunal, whether in or outside Hong Kong, is enforceable. In January 2018, the Arbitration Ordinance clarified that all disputes over intellectual property rights may be resolved by arbitration.

The Mediation Ordinance details the rights and obligations of participants in mediation, especially related to confidentiality and admissibility of mediation communications in evidence.

Third party funding for arbitration and mediation came into force on February 1, 2019.

Foreign judgments in civil and commercial matters may be enforced in Hong Kong by common law or under the Foreign Judgments (Reciprocal Enforcement) Ordinance, which facilitates reciprocal recognition and enforcement of judgments on the basis of reciprocity. A judgment originating from a jurisdiction that does not recognize a Hong Kong judgment may still be recognized and enforced by the Hong Kong courts, provided that all the relevant requirements of common law are met. However, a judgment will not be enforced in Hong Kong if it can be shown that either the judgment or its enforcement is contrary to Hong Kong's public policy.

In January 2019, Hong Kong and Mainland China signed a new Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of Hong Kong to facilitate enforcement of judgments in the two jurisdictions. The arrangement, which is pending implementing legislation, will cover the following key features: contractual and tortious disputes in general; commercial contracts, joint venture disputes, and outsourcing contracts; intellectual property rights, matrimonial or family matters; and judgments related to civil damages awarded in criminal cases

Bankruptcy Regulations

Hong Kong's Bankruptcy Ordinance provides the legal framework to enable i) a creditor to file a bankruptcy petition with the court against an individual, firm, or partner of a firm who owes him/her money; and ii) a debtor who is unable to repay his/her debts to file a bankruptcy petition against himself/herself with the court. Bankruptcy offences are subject to criminal liability.

The Companies (Winding Up and Miscellaneous Provisions) (Amendment) Bill, enacted in February 2017, aims to improve and modernize the corporate winding-up regime by increasing creditor protection and further enhancing the integrity of the winding-up process.

The Commercial Credit Reference Agency collates information about the indebtedness and credit history of SMEs and makes such information available to members of the Hong Kong Association of Banks and the Hong Kong Association of Deposit Taking Companies.

Hong Kong's average duration of bankruptcy proceedings is 0.8 year, ranking 44th in the world for resolving insolvency, according to the World Bank's Doing Business 2019 rankings.

Macau

Transparency of the Regulatory System

The GOM has transparent policies and laws that establish clear rules and do not unnecessarily impede investment. The basic elements of a competition policy are set out in Macau's Commercial Code.

The GOM will normally conduct a three-month public consultation when amending or making legislation, including investment laws, and will write up a draft bill based on the results of the public consultation. The lawmakers will discuss the draft bill before putting it to a final vote. All the processes are transparent and consistent with international norms.

Public comments received by the GOM are not made available online to the public. The draft bills are made available at the Legislative Assembly's website, <http://www.al.gov.mo/zh/>, while this website, <http://www.io.gov.mo/>, links to the GOM's Printing Bureau, which publishes laws, rules, and procedures.

Macau's anti-corruption agency the Commission Against Corruption (known by its Portuguese acronym CCAC) carries out ombudsman functions to safeguard rights, freedoms, and legitimate interests of individuals and to ensure the impartiality and efficiency of public administration.

Macau's law on the budgetary framework (Decree 15/2017) aims to reinforce monitoring of public finances and to enhance transparency in the preparation and execution of the fiscal budget.

International Regulatory Considerations

Macau is a member of WTO and adopts international norms. The GOM notified all draft technical regulations to the WTO Committee on Technical Barriers to Trade.

Macau, as a signatory to the Trade Facilitation Agreement (TFA), has achieved a 98.3 percent rate of implementation commitments. The remaining 1.7 percent rate of commitment regarding a single window will be implemented before the end of 2019.

Legal System and Judicial Independence

Under "one country, two systems", Macau maintains Continental European law as the foundation of its legal system, which is based on the rule of law and the independence of the judiciary. The current judicial process is procedurally competent, fair, and reliable. Macau has a written commercial law and contract law. The Commercial Code is a comprehensive source of commercial law, while the Civil Code serves as a fundamental source of contractual law. Courts in Macau include the Court of Final Appeal, Intermediate Courts, and Primary Courts. There is also an Administrative Court, which has jurisdiction over administrative and tax cases. These provide an effective means for enforcing property and contractual rights. At present, the Court of Final Appeal has three judges; the Intermediate Courts have nine judges; and the Primary Courts have 32 judges. The Public Prosecutions Office has 40 prosecutors.

Laws and Regulations on Foreign Direct Investment

Macau's legal system is based on the rule of law and the independence of the judiciary. Foreign and domestic companies register under the same rules and are subject to the same set of commercial and bankruptcy laws (Decree 40/99/M).

Competition and Anti-Trust Laws

Macau has no agency that reviews transactions for competition-related concerns, nor a competition law. The Commercial Code (Law No. 16/2009) contains basic elements of a competition policy with regard to commercial practices that can distort the proper functioning of markets. While the GOM has stated that existing provisions are adequate and appropriate given the scale and scope of local economy, it announced in March 2019 that it was studying a fair competition law that would protect against monopolies and price-fixing.

Expropriation and Compensation

The U.S. Consulate General is not aware of any direct or indirect actions to expropriate. Legal expropriations of private property may occur if it is in the public interest. In such cases, the GOM will exchange the private property with an equivalent public property based on the fair market value and conditions of the former. The exchange of property is in accordance with established principles of international law. There is no remunerative compensation.

Dispute Settlement

ICSID Convention and New York Convention. Both the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) apply to Macau. The Law on International Commercial Arbitration (Decree 55/98/M) provides for enforcement of awards under the 1958 New York Convention.

Investor-State Dispute Settlement. The U.S. Consulate General is aware of one investment dispute involving U.S. or other foreign investors or contractors and the GOM. In March 2010, a low cost airline carrier was reportedly forced to cancel flight services because of a credit dispute with its fuel provider, triggering events which led to the airline's de-licensing. Macau courts declared the airline bankrupt in September 2010. The airline's major shareholder, a U.S. private investment company, filed a case in the Macau courts seeking a judgment as to whether a GOM administrative act led to the airline's demise. The Court of Second Instance held hearings in May and June 2012. In November 2013, the Court of Second Instance rejected the appeal. Private investment disputes are normally handled in the courts or via private negotiation. Alternatively, disputes may be referred to the Hong Kong International Arbitration Center or the World Trade Center Macau Arbitration Center.

International Commercial Arbitration and Foreign Courts. Macau has an arbitration law (Decree 55/98/M), which adopts the UN Commission on International Trade Law (UNCITRAL) model law for international commercial arbitration. The GOM accepts international arbitration of investment disputes between itself and investors. Local courts recognize and enforce foreign arbitral awards.

Macau established the World Trade Center Macau Arbitration Center in June 1998. The objective of the Center is to promote the resolution of disputes through arbitration and conciliation, providing the disputing parties with alternative resolutions other than judicial litigation.

Foreign judgments in civil and commercial matters may be enforced in Macau. The enforcement of foreign judgments is stipulated in Articles 1199 and 1200 of the Civil Procedure Code. A foreign court decision will be recognized and enforced in Macau, provided that it qualifies as a final decision supported by authentic documentation and that its enforcement will not breach Macau's public policy.

Bankruptcy Regulations

Commercial and bankruptcy laws are written under the Macau Commercial Code, the Civil Procedure Code, and the Penal Code. Bankruptcy proceedings can be invoked by an application from the bankrupt

business, by petition of the creditor, or by the Public Prosecutor. There are four methods used to prevent the occurrence of bankruptcy: the creditors meeting, the audit of the company's assets, the amicable settlement, and the creditor agreement. According to Articles 615-618 of the Civil Code and Article 351-353 of the Civil Procedure Code, a creditor who has a justified fear of losing the guarantee of his credits may request seizure of the assets of the debtor. Bankruptcy offences are subject to criminal liability.

There is no credit bureau or other credit monitoring authority serving Macau's market.

Industrial Policies

Hong Kong

Investment Incentives

Hong Kong imposes no export performance or local content requirements as a condition for establishing, maintaining, or expanding a foreign investment. There are no requirements that Hong Kong residents own shares, that foreign equity is reduced over time, or that technology is transferred on certain terms. The HKG does not have a practice of issuing guarantees or jointly financing foreign direct investment projects.

The HKG allows a deduction on interest paid to overseas-associated corporations and provides an 8.25 percent concessionary tax rate derived by a qualifying corporate treasury center.

The HKG offers an effective tax rate of around three to four percent to attract aircraft leasing companies to develop business in Hong Kong.

The HKG has set up multiple programs to assist enterprises in securing trade finance and business capital, expanding markets, and enhancing overall competitiveness. These support measures are available to any enterprise in Hong Kong, irrespective of origin.

Hong Kong-registered companies with a significant proportion of their research, design, development, production, management, or general business activities located in Hong Kong are eligible to apply to the Innovation and Technology Fund (ITF), which provides financial support for research and development (R&D) activities in Hong Kong. Hong Kong Science & Technology Parks (Science Park) and Cyberport are HKG-owned enterprises providing subsidized rent and financial support through incubation programs to early-stage startups.

The HKG offers additional tax deductions for domestic expenditure on R&D incurred by firms. Firms enjoy a 300 percent tax deduction for the first HKD 2 million (USD 255,000) qualifying R&D expenditure and a 200 percent deduction for the remainder. Since 2017, the Financial Secretary has announced over HKD 120 billion (USD 15.3 billion) in funding to support innovation and technology development in Hong Kong. These funds are largely directed at supporting and adding programs through the ITF, Science Park, and Cyberport.

HKD 20 billion (USD 2.6 billion) has been earmarked for the Research Endowment Fund, which provides research grants to academics and universities. Another HKD 10 billion (USD 1.3 billion) has been set aside to provide financial incentives to foreign universities to partner with Hong Kong universities and establish joint research projects housed in two research clusters in Science Park, one specializing in artificial intelligence and robotics and the other specializing in biotechnology. Another HKD 20 billion (USD 2.6 billion) has been appropriated to begin construction on a second, larger Science Park, located on the border with Shenzhen, which is intended to provide a much larger number of subsidized-rent

facilities for R&D which are also expected to have special rules allowing Mainland residents to work onsite without satisfying normal immigration procedures.

In September 2018, the HKG launched the Technology Talent Admission Scheme (TechTAS) and the Postdoctoral Hub Program (PHP) to attract non-local talent and nurture local talent. The TechTAS provides a fast-track arrangement for eligible technology companies/institutes to admit overseas and Mainland technology talent to undertake R&D for them in the areas of biotechnology, artificial intelligence, cybersecurity, robotics, data analytics, financial technologies, and material science are eligible for application. The PHP provides funding support to recipients of the ITF as well as incubatees and tenants of Science Park and Cyberport to recruit up to two postdoctoral talents for R&D. Applicants must possess a doctoral degree in a science, technology, engineering and mathematics-related discipline from either a local university or a well-recognized non-local institution.

The HKG plans to set up a USD 256.4 million Re-industrialization Funding Scheme in 2019 to subsidize manufacturers, on a matching basis, setting up smart production lines in Hong Kong.

In May 2018, the Hong Kong Monetary Authority (HKMA) launched the Pilot Bond Grant Scheme with enhanced tax concessions for qualifying debt instruments in order to enhance Hong Kong's competitiveness in the international bond market.

Foreign Trade Zones/Free Ports/Trade Facilitation

Hong Kong, a free port without foreign trade zones, has modern and efficient infrastructure making it a regional trade, finance, and services center. Rapid growth has placed severe demands on that infrastructure, necessitating plans for major new investments in transportation and shipping facilities, including a planned expansion of container terminal facilities, additional roadway and railway networks, major residential/commercial developments, community facilities, and environmental protection projects. Construction on a third runway at Hong Kong International Airport is scheduled for completion by 2023.

Hong Kong and Mainland China have a Free Trade Agreement Transshipment Facilitation Scheme that enables Mainland-bound consignments passing through Hong Kong to enjoy tariff reductions in the Mainland. The arrangement covers goods traded between Mainland China and its trading partners, including ASEAN members, Australia, Bangladesh, Chile, Costa Rica, Iceland, India, New Zealand, Pakistan, Peru, South Korea, Sri Lanka, Switzerland and Taiwan. As of the end of 2018, the HKG had received 14,935 applications with goods valued at USD 1.2 billion and estimated tariff reduction exceeding USD 81 million.

The HKG launched in December 2018 phase one of the Trade Single Window (TSW) to provide a one-stop electronic platform for submitting ten types of trade documents, promoting cross-border customs cooperation, and expediting trade declaration and customs clearance. Phases two and three are expected to be implemented in 2022 and 2023, respectively.

The latest version of CEPA has established principles of trade facilitation, including simplifying customs procedures, enhancing transparency, and strengthening cooperation.

Performance and Data Localization Requirements

The HKG does not mandate local employment or performance requirements. It does not follow a forced localization policy making foreign investors use domestic content in goods or technology.

Foreign nationals normally need a visa to live or work in Hong Kong. Short-term visitors are permitted to conduct business negotiations and sign contracts while on a visitor's visa or entry permit. Companies employing people from overseas must demonstrate that a prospective employee has special skills, knowledge, or experience not readily available in Hong Kong.

Hong Kong allows free and uncensored flow of information. The freedom and privacy of communication is enshrined in Basic Law Article 30. The HKG is required to follow due process and warrant requirements to engage in electronic surveillance or demand most communications records from telecoms providers. The HKG has no requirements for foreign IT providers to turn over source code and does not interfere with data center operations.

Hong Kong does not currently restrict transfer of personal data outside the SAR, but the dormant Section 33 the Personal Data (Privacy) Ordinance would prohibit such transfers unless the personal data owner consents or other specified conditions are met. The Privacy Commissioner is authorized to bring Section 33 into effect at any time, but it has been dormant since 1995.

Macau

Investment Incentives

To attract foreign investment, the GOM offers investment incentives to investors on a national treatment basis. These incentives are contained in Decrees 23/98/M and 49/85/M and are provided so long as companies can prove they are doing one of the following: promoting economic diversification, contributing to the promotion of exports to new unrestricted markets, promoting added value within their activity's value chain, or contributing to technical modernization. There is no requirement that Macau residents own shares. These incentives are categorized as fiscal incentives, financial incentives, and export diversification incentives.

Fiscal incentives include full or partial exemption from profit/corporate tax, industrial tax, property tax, stamp duty for transfer of properties, and consumption tax. The tax incentives are consistent with the WTO Agreement on Subsidies and Countervailing Measures, as they are neither export subsidies nor import substitution subsidies as defined in the WTO Agreement. In 2019, the GOM put forward an enhanced tax deduction for research and development (R&D) expenditure incurred for innovation and technology projects by companies whose registered capital reached USD 125,000, or whose average taxable profits reached USD 62,500 per year in three consecutive years. The tax deduction amounts to 300 percent for the first USD 375,000 of qualifying R&D expenditure and 200 percent for the remaining amount, subject to a limit of USD 1.9 million in total). In addition, income received from Portuguese speaking countries is exempt from the corporate tax, provided such income has been subject to tax in its place of origin.

In March 2019, the Legislative Assembly passed two bills to encourage financial leasing activities in Macau. Under the new regime, the minimum capital requirement of a financial leasing company is reduced from USD 3.75 million to USD 1.25 million. In addition, the acquisition by the financial leasing company of a property exclusively for its sole use will have an exemption of up to USD 62,500 from a stamp duty.

Financial incentives include government-funded interest subsidies. Export diversification incentives include subsidies given to companies and trade associations attending trade promotion activities organized by IPIM. Only companies registered with Macau Economic Services (MES) may receive

subsidies for costs such as space rental or audio-visual material production. Macau also provides other subsidies for the installation of anti-pollution equipment.

Foreign Trade Zones/Free Ports/Trade Facilitation

Macau is a free port; however, there are four types of dutiable commodities: liquors, tobacco, vehicles, and petrol (gasoline.) Licenses must be obtained from the MES prior to importation of these commodities.

In order to promote the MICE (meetings, incentives, conventions, and exhibitions) and logistics industries in Macau, the GOM has accepted the ATA Carnet (Admission Temporaire/Temporary Admission), an international customs document providing an efficient method for the temporary import and re-export of goods that eases the way for foreign exhibitions and businesses.

The latest CEPA addition established principles of trade facilitation, including simplifying customs procedures, enhancing transparency, and strengthening cooperation.

Performance and Data Localization Requirements

Macau does not follow a forced localization policy in which foreign investors must use domestic content in goods or technology.

There are no requirements by the GOM for foreign IT providers to turn over source code and/or provide access to surveillance (i.e., backdoors into hardware and software or turning over keys for encryption).

According to the Personal Data Protection Act (Decree 8/2005), if there is transfer of personal data to a destination outside Macau, the opinion of the Office for Personal Data Protection -- the regulatory authority responsible for supervising and enforcing the Act -- must be sought to confirm if such destination ensures an adequate level of protection.

One major U.S. cloud computing company reported that Macau's Gaming Inspection and Coordination Bureau had refused permission for potential clients in the gaming sector to export personal data-to-data centers located outside of Macau.

Protection of Property Rights

Hong Kong

Real Property

The Basic Law ensures protection of leaseholders' rights in long-term leases that are the basis of the SAR's real property system. The Basic Law also protects the lawful traditional rights and interests of the indigenous inhabitants of the New Territories. The real estate sector, one of Hong Kong's pillar industries, is equipped with a sound banking mortgage system. HK ranked 53rd for ease of registering property, according to the World Bank's Doing Business 2019 rankings.

Land transactions in Hong Kong operate on a deeds registration system governed by the Land Registration Ordinance. The Land Titles Ordinance provides greater certainty on land title and simplifies the conveyancing process.

Intellectual Property Rights

Hong Kong's commercial and company laws provide for effective enforcement of contracts and protection of corporate rights. Hong Kong has filed its notice of compliance with the Trade-Related Aspects of Intellectual Property Rights (TRIPs) requirements of the WTO. The Intellectual Property

Department, which includes the Trademarks and Patents Registries, is the focal point for the development of Hong Kong's IP regime. The Customs and Excise Department (CED) is the sole enforcement agency for intellectual property rights (IPR). Hong Kong has acceded to the Paris Convention for the Protection of Industrial Property, the Bern Convention for the Protection of Literary and Artistic Works, and the Geneva and Paris Universal Copyright Conventions. Hong Kong also continues to participate in the World Intellectual Property Organization as part of Mainland China's delegation; the HKG has seconded an officer from CED to INTERPOL in Lyon, France to further collaborate on IPR enforcement.

The HKG devotes significant resources to IPR enforcement. Hong Kong courts have imposed longer jail terms than in the past for violations of Hong Kong's Copyright Ordinance. CED works closely with foreign customs agencies and the World Customs Organization to share best practices and to identify, disrupt, and dismantle criminal organizations engaging in IP theft that operate in multiple countries. The government has conducted public education efforts to encourage respect for IPR. Pirated and counterfeit products remain available on a small scale at the retail level throughout Hong Kong. CED detected a total of 951 infringement cases in 2018, a four percent increase from 2017. 207 of these cases involved internet crime.

Other IPR challenges include end-use piracy of software and textbooks, internet peer-to-peer downloading, and the illicit importation and transshipment of pirated and counterfeit goods from Mainland China and other places in Asia. Hong Kong authorities have taken steps to address these challenges by strengthening collaboration with Mainland Chinese authorities, prosecution of software end-use piracy, and monitoring of suspect shipments at points of entry. It has also established a task force to monitor and crack down on internet-based peer-to-peer piracy.

The Drug Office of Hong Kong imposes a drug registration requirement that applicants for new drug registrations must make a non-infringement patent declaration. The Copyright Ordinance protects any original copyrighted work created or published by any person anywhere in the world. Amendments to the ordinance criminalize the copying and distribution of infringing printed works in business and the act of circumventing technological protection measures; provide rental rights for sound recordings, computer programs, films, and comic books; and include enhanced penalty provisions and other legal tools to facilitate enforcement. The law defines possession of an infringing copy of computer programs, movies, TV dramas, and musical recordings (including visual and sound recordings) for use in business as an offense, but provides no criminal liability for other categories of works. In February 2019, the HKG announced that it would introduce to LegCo an amendment bill to implement the Marrakesh Treaty.

The HKG has consulted unsuccessfully with internet service providers and content user representatives on a voluntary framework for IPR protection in the digital environment. It has also failed to pass a further amendment to the Copyright Ordinance that would enhance copyright protection against online piracy. As of March 2018, the Infringing Website List Scheme established by the Hong Kong Creative Industries Association to clamp down on websites that display pirated content reportedly has deprived infringers of USD 833,000 monthly, or 24 percent of overall monthly advertising revenue, since December 2016.

The Patent Ordinance allows for granting of an independent patent in Hong Kong based on patents granted by the United Kingdom and Mainland China. Patents granted in Hong Kong are independent and capable of being tested for validity, rectified, amended, revoked, and enforced in Hong Kong

courts. In June 2016, the LegCo passed an “original grant patent” (OPG) bill that, while retaining the current re-registration system for the granting of standard patents, takes into account the patent systems generally established in regional and international patent treaties. The HKG will implement the OGP system in 2019 upon the completion of all preparatory work.

The Registered Design Ordinance is modeled on the EU design registration system. To be registered, a design must be new and the system requires no substantive examination. The initial period of five years protection is extendable for four periods of five years each, up to 25 years.

Hong Kong's trademark law is TRIPS-compatible and allows for registration of trademarks relating to services. All trademark registrations originally filed in Hong Kong are valid for seven years and renewable for 14-year periods. Proprietors of trademarks registered elsewhere must apply anew and satisfy all requirements of Hong Kong law. When evidence of use is required, such use must have occurred in Hong Kong. In March 2019, the HKG introduced into LegCo a draft bill to implement the Madrid Protocol. Upon enactment of the bill and completion of other preparatory work, the HKG will liaise with the Mainland to seek application of the Madrid Protocol to Hong Kong in 2022-2023.

Hong Kong has no specific ordinance to cover trade secrets; however, the government has a duty under the Trade Descriptions Ordinance to protect information from being disclosed to other parties. The Trade Descriptions Ordinance prohibits false trade descriptions, forged trademarks, and misstatements regarding goods and services supplied in the course of trade.

The HKG has accepted recommendations from a 2015 report by the Working Group on IP and set aside about USD 3 million in the coming three years to introduce new support measures. In June 2018, a bill expanding from five categories to eight the scope of tax deductions for capital expenditure incurred for the purchase of IP rights came into force.

For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

*Macau
Real Property*

Private ownership of property is enshrined in the Basic Law. There are no restrictions on foreign property ownership. Macau has a sound banking mortgage system, which is under the supervision of the Macau Monetary Authority (MMA). There are only a small number of freehold property interests in the older part of Macau.

According to the Cartography and Cadaster Bureau, 21 percent of land parcels in Macau do not have clear title, for unknown reasons. Industry observers commented that no one knows whether these land parcels will be privately or publicly owned in the future.

The Land Law (Decree 10/2013) stipulates that provisional land concessions cannot be renewed upon their expiration if their leaseholders fail to finish developing the respective plots of land within a maximum concession period of 25 years. The leaseholders will not only be prohibited from renewing the undeveloped concessions -- regardless of who or what caused the non-development, but also have no right to be indemnified or compensated.

Intellectual Property Rights

Macau is a member of the World Intellectual Property Organization (WIPO). Macau is not listed in USTR's Special 301 Report. Macau has acceded to the Bern Convention for the Protection of Literary and Artistic Works. Patents and trademarks are registered under Decree 97/99/M. Macau's copyright laws are compatible with the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights, and government offices are required to use only licensed software. The GOM devotes considerable attention to intellectual property rights enforcement and coordinates with copyright holders. Source Identification Codes are stamped on all optical discs produced in Macau. The MES uses an expedited prosecution arrangement to speed up punishment of accused retailers of pirated products. The copyright protection law has been extended to cover online privacy. Copyright infringement for trade or business purposes is subject to a fine or maximum imprisonment of four years.

Macau Customs maintains an enforcement department to investigate incidents of intellectual property (IP) theft. Macau Customs works closely with Mainland Chinese authorities, foreign customs agencies, and the World Customs Organization to share best practices to address criminal organizations engaging in IP theft. In 2018, Macau Customs seized a total of 5,991 pieces of counterfeit goods, including 4,728 garments, 562 pairs of shoes, 167 leather products, and 534 electronic appliances.

-The number of applications for trademark registrations grew by double digits over the past five years. In 2018, the MES filed a total of 16,474 applications for trademark registrations.

Financial Sector

Hong Kong

Capital Markets and Portfolio Investment

There are no impediments to the free flow of financial resources. Non-interventionist economic policies, complete freedom of capital movement, and a well-understood regulatory and legal environment make Hong Kong a regional and international financial center. It has one of the most active foreign exchange markets in Asia.

Asset and wealth managed in Hong Kong posted a record high of USD 3.1 trillion in 2017 (the latest figure available), with two-thirds of that coming from overseas investors. In order to enhance the

competitiveness of Hong Kong's fund industry, open-ended fund companies as well as onshore and offshore funds are offered a profits tax exemption.

The HKMA's Infrastructure Financing Facilitation Office (IFFO) provides a platform for pooling the efforts of investors, banks, and the financial sector to offer comprehensive financial services for infrastructure projects in emerging markets. In March 2018, IFFO joined the Global Infrastructure Facility as an advisory partner, contributing to the World Bank Group and international efforts to help make more infrastructure projects bankable.

Under the Insurance Companies Ordinance, insurance companies are authorized by the Insurance Authority to transact business in Hong Kong. As of January 2019, there were 162 authorized insurance companies in Hong Kong, 73 of them foreign or Mainland Chinese companies.

The Hong Kong Stock Exchange's total market capitalization dropped by 12.0 percent to USD 3.8 trillion in 2018, with 2,315 listed firms at year-end. Hong Kong Exchanges and Clearing Limited, a listed company, operates the stock and futures exchanges. The Securities and Futures Commission, an independent statutory body outside the civil service, has licensing and supervisory powers to ensure the integrity of markets and protection of investors.

No discriminatory legal constraints exist for foreign securities firms establishing operations in Hong Kong via branching, acquisition, or subsidiaries. Rules governing operations are the same for all firms. No laws or regulations specifically authorize private firms to adopt articles of incorporation or association that limit or prohibit foreign investment, participation, or control.

In 2018, a total of 267 Chinese enterprises had "H" share listings on the stock exchange, with combined market capitalization of USD 761.8 billion. The Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connects allow individual investors to cross trade Hong Kong and Mainland stocks. In December 2018, the ETF Connect, which was planned to allow international and mainland investors to trade in exchange-traded fund products listed in Hong Kong, Shanghai and Shenzhen, was put on hold indefinitely due to "technical issues."

By the end of 2018, 50 Mainland mutual funds and 17 Hong Kong mutual funds were allowed to be distributed in each other's markets through the Mainland-Hong Kong Mutual Recognition of Funds scheme. Hong Kong also has mutual recognition of funds programs with Switzerland, France, the United Kingdom, and Luxembourg.

Hong Kong has developed its debt market with the Exchange Fund bills and notes program. Hong Kong Dollar debt stood at USD 236.5 billion by the end of 2018. As of January 2019, RMB 871.2 billion (USD 129.6 billion) of offshore RMB bonds were issued in Hong Kong. Multinational enterprises, including McDonald's and Caterpillar, have also issued debt. The Bond Connect, a new mutual market access scheme that allows investors from Mainland China and overseas to trade in each other's respective bond markets, was launched in July 2017.

The HKG requires workers and employers to contribute to retirement funds under the Mandatory Provident Fund (MPF) scheme. Contributions are expected to channel roughly USD five billion annually into various investment vehicles. By the end of 2018, the net asset values of MPF funds amounted to USD 104.2 billion.

Money and Banking System

Hong Kong has a three-tier system of deposit-taking institutions: licensed banks (152), restricted license banks (18), and deposit-taking companies (16). HSBC is Hong Kong's largest banking group. With its majority-owned subsidiary Hang Seng Bank, HSBC controls more than 40.3 percent of Hong Kong Dollar (HKD) deposits. The Bank of China (Hong Kong) is the second-largest banking group with 13.9 percent of HKD deposits throughout 200 branches. In total, the five largest banks in Hong Kong had more than USD 1.7 trillion in total assets at the end of 2017. Thirty-five U.S. "authorized financial institutions" operate in Hong Kong, and most banks in Hong Kong maintain U.S. correspondent relationships. Full implementation of the Basel III capital, liquidity, and disclosure requirements is expected in 2019.

Credit in Hong Kong is allocated on market terms and is available to foreign investors on a non-discriminatory basis. The private sector has access to the full spectrum of credit instruments as provided by Hong Kong's banking and financial system. Legal, regulatory, and accounting systems are transparent and consistent with international norms. The HKMA, the de facto central bank, is responsible for maintaining the stability of the banking system and managing the Exchange Fund that backs Hong Kong's currency. Real Time Gross Settlement helps minimize risks in the payment system and brings Hong Kong in line with international standards.

Banks in Hong Kong have in recent years strengthened anti-money laundering and counter-terrorist financing controls, including the adoption of more stringent customer due diligence (CDD) process for existing and new customers. In September 2016, the HKMA issued a circular stressing that "CDD measures adopted by banks must be proportionate to the risk level and banks are not required to implement overly stringent CDD processes."

The HKMA welcomes the establishment of virtual banks, which are subject to the same set of supervisory principles and requirements applicable to conventional banks. In May 2018, HKMA issued guidelines on authorization of virtual banks, giving priority to those applicants demonstrating, among other requirements, that they have a credible and viable business plan to provide new customer experience and to promote financial inclusion and fintech development. In March 2019, the HKMA granted three virtual banking licenses, with five more applications under consideration.

In March 2016, the HKMA set up the Fintech Facilitation Office (FFO) to promote Hong Kong as a fintech hub in Asia. Seven banks in Hong Kong have joined an HKMA-led blockchain-based trade finance proof-of-concept to digitize and share trade documents, automate processes and reduce risks and fraud. In 2018, the HKMA signed four fintech co-operation agreements with the regulatory authorities of Switzerland, Poland, Abu Dhabi, and Brazil.

Foreign Exchange and Remittances

Foreign Exchange Policies. Conversion and inward/outward transfers of funds are not restricted. The HKD is a freely convertible currency linked via de facto currency board to the U.S. dollar. The exchange rate is allowed to fluctuate in a narrow band between HKD 7.75 - HKD 7.85 = USD 1.

Remittance Policies. There are no recent changes to or plans to change investment remittance policies. Hong Kong has no restrictions on the remittance of profits and dividends derived from investment, nor reporting requirements on cross-border remittances. Foreign investors bring capital into Hong Kong and remit it through the open exchange market.

Hong Kong has anti-money laundering (AML) legislation allowing the tracing and confiscation of proceeds derived from drug-trafficking and organized crime. Hong Kong has an anti-terrorism law that allows authorities to freeze funds and financial assets belonging to terrorists. Effective from July 2018, travelers arriving in Hong Kong with currency or bearer negotiable instruments (CBNIs) exceeding HKD 120,000 (USD 15,385) must make a written declaration to the CED. For a large quantity of CBNIs imported or exported in a cargo consignment, an advanced electronic declaration must be made to the CED.

Sovereign Wealth Funds

The Future Fund, Hong Kong's wealth fund, was established in 2016 with an endowment of USD 28.2 billion. The fund seeks higher returns through long-term investments and adopts a "passive" role as a portfolio investor. About half of the Future Fund has been deployed in alternative assets, mainly global private equity and overseas real estate, over a three-year period. The rest is placed with the Exchange Fund's Investment Portfolio, which follows the Santiago Principles, for an initial ten-year period. In February 2019, the Financial Secretary announced that an expert team will review the fund's investment strategies and portfolios to achieve more diversified investments.

Macau

Capital Markets and Portfolio Investment

Macau allows free flows of financial resources. Foreign investors can obtain credit in the local financial market. The GOM is stepping up its efforts to develop finance leasing businesses and exploring opportunities to establish a system for trade credit insurance in order to take a greater role in promoting cooperation between companies from Portuguese-speaking countries.

In December 2009, the MMA signed a memorandum with the People's Bank of China to develop the Renminbi (RMB) settlement mechanism for cross-border trade. According to the memorandum, the quota on the value of RMB exchanged for each individual transaction increased from RMB 6,000 (USD 878) to RMB 20,000 (USD 2,928). The list of designated merchants allowed to exchange RMB for MOP from Macau banks was expanded to include institutions that provide telecommunications, education, and exhibition/convention services. In addition, Macau residents are allowed to use RMB checks to pay for consumer spending in Guangdong Province, up to RMB 50,000 (USD 7,320) per account per day. Since 2010, the People's Bank of China (BoC) has provided cross-border settlement of funds for Macau residents and institutions involved in transactions for RMB bonds issued in Hong Kong. Macau residents and institutions can purchase or sell, through Macau RMB participating banks, RMB bonds issued in Hong Kong. The Macau RMB Real Time Gross Settlements (RMB RTGS) System came into operation in March 2016 to provide real-time settlement services for RMB remittances and interbank transfer of RMB funds. The RMB RTGS System is intended to improve risk management and clearing efficiency of RMB funds and foster Macau's development into a RMB clearing platform for trade settlement between China and Portuguese-speaking countries.

Macau has no stock market, but companies can seek a listing in Hong Kong's stock market. Macau and Hong Kong financial regulatory authorities cooperate on issues of mutual concern. Under the Macau Insurance Ordinance, the MMA authorizes and monitors insurance companies. There are 11 life insurance companies and 13 non-life insurance companies in Macau. Total gross premium income from insurance services amounted to USD 1.9 billion in the third quarter of 2018.

In October 2018, the Legislative Assembly passed a bill revoking the current offshore law in order to tackle cross-border tax evasion. Offshore institutions in Macau, including credit institutions, insurers,

underwriters, and offshore trust management companies, will be abolished by the end of 2020. The Decree 9/2012, in effect since October 2012, stipulates that banks compensate depositors up to a maximum of MOP 500,000 (USD 62,500) in case of a bank failure. To finance the deposit protection scheme, the GOM has injected MOP 150 million (USD 18.75 million) into the deposit protection fund, with banks paying an annual contribution of 0.05 percent of the amount of protected deposits held.

Money and Banking System

The MMA functions as a de facto central bank. It is responsible for maintaining the stability of Macau's financial system and for managing its currency reserves and foreign assets. At present, there are twenty-eight financial institutions in Macau, including 10 local banks and 18 branches of banks incorporated outside Macau. There is also a finance company with restrictive banking activities, two financial leasing companies and a non-bank credit institution dedicated to the issuance and management of electronic money stored value card services. In addition, there are 11 moneychangers, two cash remittance companies, two financial intermediaries, six exchange counters, and one representative office of a financial institution. The BoC and Industrial and Commercial Bank of China (ICBC) are the two largest banks in Macau, with total assets of USD 79.8 billion and USD 33.9 billion, respectively. Banks with capital originally from Mainland China and Portugal had a combined market share of about 86 percent of total deposits in the banking system at the end of 2016. Total deposits amounted to USD 79.4 billion by the end of 2018. In the fourth quarter of 2018, banks in Macau maintained a capital adequacy ratio of 14.76 percent, well above the minimum eight percent recommended by the Bank for International Settlements. Accounting systems in Macau are consistent with international norms.

Following a decision by the People's Bank of China to ban fundraising through digital currencies, the MMA issued in September 2017 a statement prohibiting the city's financial institutions, banks and payment services from providing services to businesses issuing virtual currencies or tokens.

Foreign Exchange and Remittances

Foreign Exchange Policies. Profits and other funds associated with an investment, including investment capital, earnings, loan repayments, lease payments, and capital gains, can be freely converted and remitted. The domestic currency, Macau Official Pataca (MOP), is pegged to the Hong Kong Dollar at 1.03 and indirectly to the U.S. Dollar at an exchange rate of approximately MOP 7.99 equivalent to USD 1. The MMA is committed to exchange rate stability through maintenance of the peg to the Hong Kong Dollar.

Although Macau imposes no restrictions on capital flows and foreign exchange operations, exporters are required to convert 40 percent of foreign currency earnings into MOP. This legal requirement does not apply to tourism services.

Remittance Policies. There are no recent changes to or plans to change investment remittance policies. Macau does not restrict the remittance of profits and dividends derived from investment, nor does it require reporting on cross-border remittances. Foreign investors can bring capital into Macau and remit it freely.

A Memorandum of Understanding on AML actions between MMA and the People's Bank of China, Macau will enhance information exchanges between the two parties, as well as cooperation on onsite inspections of casino operations. Furthermore, Macau's terrorist asset-freezing law, which is based on United Nations (UN) Security Council resolutions, requires travelers entering or leaving with cash or

other negotiable monetary instruments valued at MOP 120,000 (USD 15,000) or more to sign a declaration form and submit it to the Macau Customs Service.

Sovereign Wealth Funds

The International Monetary Fund (IMF) suggested in July 2014 that the GOM invest its large fiscal reserves in setting up a sovereign wealth fund to protect the city's economy from future downturns that could stem from slowing gaming revenues, increased social spending arising from an ageing population, and structural reforms in Mainland China. In November 2015, the GOM decided to establish a sovereign wealth fund, named the MSAR Investment and Development Fund, through a substantial allocation from the city's ample fiscal reserves. The GOM is currently studying legislation for setting up the Fund by 2019.

State-Owned Enterprises

Hong Kong

Hong Kong has several major HKG-owned enterprises, which are classified as "statutory bodies." Hong Kong is party to the Government Procurement Agreement (GPA) within the framework of WTO. Annex 3 of the GPA lists as statutory bodies the Housing Authority, Hospital Authority, Airport Authority, Mass Transit Railway Corporation Limited, and the Kowloon-Canton Railway Corporation, which procure in accordance with the agreement.

The HKG provides more than half the population with subsidized housing, along with most hospital and education services from childhood through the university level. The government also owns major business enterprises, including the stock exchange, railway, and airport.

Conflicts occasionally arise between the government's roles as owner and policy-maker. Industry observers have recommended that the government establish a separate entity to coordinate its ownership of government-held enterprises and initiate a transparent process of nomination to the boards of government-affiliated entities. Other recommendations from the private sector include establishing a clear separation between industrial policy and the government's ownership function, and minimizing exemptions of government-affiliated enterprises from general laws.

The 2012 Competition Law exempts all but six of the statutory bodies from the law's purview. While the government's private sector ownership interests do not materially impede competition in Hong Kong's most important economic sectors, industry representatives have encouraged the government to adhere more closely to the Guidelines on Corporate Governance of State-owned Enterprises of the Organization for Economic Cooperation and Development (OECD).

Privatization Program

All major utilities in Hong Kong, except water, are owned and operated by private enterprises, usually under an agreement framework by which the HKG regulates each utility's management.

Macau

Macau does not have state-owned enterprises (SOEs). Several economic sectors - including cable television, telecommunications, electricity, and airport/port management, are run by private companies under concession contracts from the GOM. The GOM holds a small percentage of shares (ranging from one to 10 percent) in these government-affiliated enterprises. The government set out in its Commercial Code the basic elements of a competition policy with regard to commercial practices

that can distort the proper functioning of markets. Court cases related to anti-competitive behavior remain rare.

Privatization Program

The GOM has not mentioned any considerations of privatization programs in recent years.

Responsible Business Conduct

Hong Kong

The Hong Kong Corporate Citizenship Program (HKCCP) organizes a series of activities and seminars and grants awards for good corporate citizenship. Amendments to the Companies Ordinance mandate listed companies and larger private companies to report on their corporate environmental policies and performances. The Hong Kong Stock Exchange adopts a higher standard of disclosure - 'comply or explain' - about its environmental key performance indicators for listed companies. In January 2019, the Chinese University of Hong Kong's Center for Business Sustainability announced results of Hong Kong Business Sustainability Index (HKBSI), which aims to encourage companies in Hong Kong to adopt corporate social responsibility (CSR) as a progressive business model to achieve business sustainability. The results show that there is a heightened awareness of business sustainability and increased efforts to implement CSR practices. Hong Kong is not a member of the OECD, and hence, OECD Guidelines for Multinational Enterprises are not applicable to Hong Kong companies. The HKG, however, commends enterprises for fulfilling their social responsibility. In October 2018, the Chief Secretary stressed in a speech that the entire HKG is moving towards CSR.

Macau

The six gaming concessionaires that dominate Macau's economy pay four percent of gross gaming revenues to the government to fund cultural and social programs in the SAR. Several operators also directly fund gaming addiction rehabilitation programs. Some government-affiliated entities maintain active corporate social responsibility (CSR) programs. For example, Companhia de Electricidade de Macau, an electric utility, provides educational programs and repair services free-of-charge to underprivileged residents. The GOM conducted an interim assessment of the gaming sector in May 2016. One of the nine aspects that the GOM will consider for the renewal of gaming licenses, which will expire in 2022, is casino operators' social responsibility. (Note: The licenses held by SJM Holdings and MGM China were extended in March 2019 for two years until 2022, while those of Wynn Resorts, Melco Crown Entertainment, Galaxy Entertainment Group, and Sands China run until 2022. End note.) Since 2007, the Junior Chamber International Macau has held an annual Corporate Social Responsibility International Forum to promote CSR programs. In November 2018, the Business Awards of Macau presented the Gold Award to Shun Tak Holdings, a conglomerate involved in property development, transportation, hospitality and investment, for sustainable development in the environmental, social and governance aspects of its business.

Macau is not a member of the OECD, and hence, the OECD Guidelines for Multinational Enterprises are not applicable to Macau companies.

Corruption

Hong Kong

Mainland China ratified the United Nations Convention Against Corruption in January 2006, and it was extended to Hong Kong in February 2006. Hong Kong has an excellent track record in combating corruption and U.S. firms have not identified corruption as an obstacle to FDI. The Independent

Commission Against Corruption (ICAC) is responsible for combating corruption. A bribe to a foreign official is a criminal act, as is the giving or accepting of bribes, for both private individuals and government employees. Offences are punishable by imprisonment and large fines.

The Hong Kong Ethics Development Center (HKEDC), established by the ICAC, promotes business and professional ethics to sustain a level-playing field in Hong Kong. The International Good Practice Guidance - Defining and Developing an Effective Code of Conduct for Organizations of the Professional Accountants in Business Committee published by the International Federation of Accountants (IFAC) and is in use with the permission of IFAC.

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

Simon Pei, Commissioner
Independent Commission Against Corruption
303 Java Road, North Point, Hong Kong
+852-2826-3111
com-office@icac.org.hk

Macau

Mainland China extended in February 2006 the United Nations Convention Against Corruption to Macau. Macau has laws to combat corruption by public officials and the private sector. Anti-corruption laws are applied in a non-discriminatory manner and effectively enforced. One provision stipulates that anyone who offers a bribe to foreign public officials (including officials of Mainland China, Hong Kong, and Taiwan) and officials of public international organizations in exchange for a trade deal could receive a jail term of up to three years or fines.

The CCAC is a member of the International Association of Anti-Corruption Authorities and a member of the Anti-Corruption Action Plan for Asia and the Pacific. The CCAC's guidelines on prevention and repression of corruption in the private sector and a booklet *Corruption Prevention Tips for Private Companies* provide rules of conduct that private companies must observe. In January 2019, the GOM completed a public consultation on public procurement in order to create a legal framework through which the GOM would seek to promote an efficient and transparent regime. The GOM was in the process of analyzing the comments collected.

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

CHEONG Weng-chon, Commissioner
Commission Against Corruption
105, Avenida Xian Xing Hai, 17/F, Centro Golden Dragon, Macau
+853- 2832-6300
ccac@ccac.org.mo

Political and Security Environment

Hong Kong

Hong Kong is politically stable, with demonstrations almost always peaceful. The U.S. Consulate General is not aware of recent incidents involving politically motivated damage to projects or installations.

Macau

Macau is politically stable. The U.S. Consulate General is not aware of any incidents in recent years involving politically motivated damage to projects or installations.

Labor Policies and Practices

Hong Kong

Hong Kong's unemployment rate stood at 2.8 percent in the fourth quarter of 2018, with the unemployment rate of youth aged 15-19 rising slightly to 8.9 percent. In 2018, skilled personnel working as administrators, managers, professionals, and associate professionals accounted for 40.4 percent of the total working population. At the end of 2018, there were about 381,000 foreign domestic helpers working in Hong Kong. In 2018, about 22,087 foreign professionals came to work in the city. The Employees Retraining Board provides skills re-training for local employees. To address a shortage of highly skilled technical and financial professionals, the HKG seeks to attract qualified foreign and Mainland Chinese workers.

The Employment Ordinance (EO) and the Employees' Compensation Ordinance prohibit the termination of employment in certain circumstances: 1) Any pregnant employee who has at least four weeks' service and who has served notice of her pregnancy; 2) Any employee who is on paid statutory sick leave and; 3) Any employee who gives evidence or information in connection with the enforcement of the EO or relating to any accident at work, cooperates in any investigation of his employer, is involved in trade union activity, or serves jury duty may not be dismissed because of those circumstances. Breach of these prohibitions is a criminal offence.

According to the EO, someone employed under a continuous contract for not less than 24 months is eligible for severance payment if: 1) dismissed by reason of redundancy; 2) under a fixed term employment contract that expires without being renewed due to redundancy; or 3) laid off.

Unemployment benefits are income and asset tested on an individual basis if living alone; if living with other family members, the total income and assets of all family members are taken into consideration for eligibility. Recipients must be between the ages of 15-59, capable of work, and actively seeking full-time employment.

Parties in a labor dispute can consult the free and voluntary conciliation service offered by the Labor Department (LD). A conciliation officer appointed by the LD will help parties reach a contractually binding settlement. If there is no settlement, parties can commence proceedings with the Labor Tribunal (LT), which can then be raised to the Court of First Instance and finally the Court of Appeal for leave to appeal. The Court of Appeal can grant leave only if the case concerns a question of law of general public importance.

Local law provides for the rights of association and of workers to establish and join organizations of their own choosing. The government does not discourage or impede the formation of unions. As of 2017, Hong Kong's 836 registered unions had 904,210 members, a participation rate of about 25.0

percent. Its labor legislation is in line with international laws. Hong Kong has implemented 41 conventions of the International Labor Organization in full and 18 others with modifications. Workers who allege discrimination against unions have the right to a hearing by the Labor Relations Tribunal. Legislation protects the right to strike. Collective bargaining is not protected by Hong Kong law; there is no obligation to engage in it; and it is not widely used. For more information on labor regulations in Hong Kong, please visit the following website: <http://www.labour.gov.hk/eng/legislat/contentA.htm> (Chapter 57 “Employment Ordinance”).

In October 2018, new amendments to the EO came into force giving the LT the power to make an order for reinstatement or re-engagement without securing the employer’s approval if it deems an employee has been unreasonably and unlawfully dismissed. If the employer does not reinstate or re-engage the employee as required by the order, the employer must pay to the employee a sum amounting to three times the employee’s average monthly wages up to USD 9,300. The employer commits an offence if he/she willfully and without reasonable excuse fails to pay the additional sum.

Starting from January 2019, male employees with are entitled to five days' paternity leave (increased from three days).

Effective May 1 2019, the statutory minimum hourly wage rate will increase from USD 4.4 to USD 4.8.

Macau

Macau's unemployment rate in January 2019 was 1.7 percent. Foreign businesses cite a constant shortage of skilled workers - a result of the past decade’s boom in entertainment facilities - as a top constraint on their operations and future expansion. The government is studying proposals to resolve the human resources problem. For example, Macau has labor importation schemes for unskilled and skilled workers who cannot be recruited locally. However, both local and foreign casino operators in Macau are required by law to employ only Macau residents as croupiers. There is no such restriction imposed on any other sector of the economy.

Macau does not have any policies that waive labor laws in order to attract or retain investment. The rights for workers to form trade unions and to strike are both enshrined in the Basic Law, but there are no laws in Macau that specifically deal with those rights. The law does not provide that workers can collectively bargain, and while workers have the right to strike, there is no specific protection in the law from retribution if workers exercise this right. Labor unions are independent of the government and employers, by law and in practice.

According to the Labor Relations Law, a female worker cannot be dismissed, except with just cause (e.g., willful disobedience to orders given by superiors, or violation of regulations on occupational hygiene and safety), during her pregnancy or within three months of giving birth. In practice, either the employer or the employee may rescind the labor contract with or without just cause. In general, any circumstance that makes it impossible to continue the labor relation can constitute just cause for rescission of the contract. If the employer terminates the contract with the worker without just cause, the employer must pay the employee severance pay. In addition, Macau’s social security system, which is regulated by Decree 84/89/M, provides local workers with economic aid when they are old, unemployed, or sick.

Workers who believe they were dismissed unlawfully can bring a case to court or lodge a complaint with the Labor Affairs Bureau. Even without formal collective bargaining rights, companies often

negotiate with unions, although the government may act as an intermediary. There is no indication that past disputes or appeals were subject to lengthy delays.

The Labor Relations Law does not contain provisions regarding collective bargaining, which is not common at the company or industry level.

The GOM has put measures in place to replace some foreign workers with Macau residents. Macau has a law imposing criminal penalties for employers of illegal migrants and preventing foreign workers from changing employers in Macau. The government has used the proceeds of a tax on the import of temporary workers for retraining local unemployed people.

Macau's first statutory minimum hourly wage, set at USD 3.8 for security guards and cleaners employed by property management companies, came into effect January 1, 2016. This remains the only minimum hourly wage in effect.

OPIC and Other Investment Insurance Programs

Hong Kong

Overseas Private Investment Corporation coverage is not available in Hong Kong. Hong Kong is a member of the World Bank Group's Multilateral Investment Guarantee Agency.

Macau

Overseas Private Investment Corporation coverage is not available in Macau.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Hong Kong

Table: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2018	\$364.8	2017	\$341.5	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2017	\$41,782	2017	\$81,234	BEA data available at https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data
Host country's FDI in the United States (\$M USD, stock positions)	2017	\$11,795	2017	\$11,022	BEA data available at https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data
Total inbound stock of FDI as % host GDP	2017	533.9	2017	592.5	UNCTAD data available at https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Country-Fact-Sheets.aspx [Select country, scroll down to "FDI Stock"- "Inward", scan rightward for most recent year's "as percentage of gross domestic product"]

* Source for Host Country Data: [Hong Kong Census and Statistics Department](#)

Table: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	1,580,930	100%	Total Outward	1,528,555	100%
British Virgin Islands	603,509	38%	China, P.R.: Mainland	684,383	45%
China, P.R.: Mainland	381,455	24%	British Virgin Islands	512,117	34%
Cayman Islands	134,560	9%	Cayman Islands	67,605	4%
Netherlands	95,348	6%	Bermuda	36,603	2%
Bermuda	75,607	5%	Netherlands	31,846	2%

"0" reflects amounts rounded to +/- USD 500,000.

Table: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	1,726,443	100%	All Countries	1,206,203	100%	All Countries	520,240	100%
Cayman Islands	603,689	35%	Cayman Islands	584,822	48%	China, P.R.: Mainland	129,478	25%
China, P.R.: Mainland	354,809	21%	China, P.R.: Mainland	225,331	19%	United States	104,747	20%
Bermuda	186,032	11%	Bermuda	183,886	15%	Japan	42,727	8%
United States	138,686	8%	United Kingdom	69,069	6%	Australia	32,814	6%
United Kingdom	86,965	5%	Luxembourg	38,539	3%	British Virgin Islands	28,530	5%

Macau

Table: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2018	\$55,040	2017	\$50,361	www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source*	USG or international statistical source	USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2017	\$372.3	2016 \$2,500 USTR data available at https://ustr.gov/countries-regions/china-mongolia-taiwan/macau
Host country's FDI in the United States (\$M USD, stock positions)	2017	N/A	2017 \$51 USTR data available at https://ustr.gov/countries-regions/china-mongolia-taiwan/macau
Total inbound stock of FDI as % host GDP	2017	56.0	2017 70.8 UNCTAD data available at https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Country-Fact-Sheets.aspx [Select country, scroll down to "FDI Stock"- "Inward", scan rightward for most recent year's "as percentage of gross domestic product"]

* Source for Host Country Data: [Macau Statistics and Census Service](#)

Table: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	28,245	100%	Total Outward	2,393	100%
China, P.R.: Hong Kong	9,084	32%	China, P.R.: Mainland	1,288	54%
British Virgin Islands	7,668	27%	China, P.R.: Hong Kong	1,013	42%
China, P.R.: Mainland	5,678	20%	British Virgin Islands	56	2%
Cayman Islands	2,986	11%	Cayman Islands	24	1%
Portugal	1,105	4%	Singapore	2	0.1%

"0" reflects amounts rounded to +/- USD 500,000.

Table: Sources of Portfolio Investment

Portfolio Investment Assets		
Top Five Partners (Millions, US Dollars)		
Total	Equity Securities	Total Debt Securities

All Countries	82,328	100%	All Countries	29,858	100%	All Countries	52,470	100%
China, P.R.: Mainland	35,475	43%	China, P.R.: Mainland	8,399	28%	China, P.R.: Mainland	27,076	52%
China, P.R.: Hong Kong	10,416	13%	China, P.R.: Hong Kong	5,910	20%	British Virgin Islands	5,328	10%
United States	7,841	10%	United States	4,471	15%	China, P.R.: Hong Kong	4,506	9%
British Virgin Islands	6,209	8%	Cayman Islands	2,882	10%	United States	3,370	6%
Cayman Islands	5,173	6%	Luxembourg	1,685	6%	Cayman Islands	2,291	4%

Contact for More Information

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 Consul, Economic Affairs
 U.S. Consulate General Hong Kong
 26 Garden Road, Central
 Hong Kong SAR, PRC
 +852-2841-2489
information_resource_center_hk@yahoo.com

Trade & Project Financing

Methods of Payment

The importance of trade finance to Hong Kong has resulted in a high level of bank efficiency in providing import payment services. Letters of credit, documentary collections and international remittance services are widely available. The risk of financing receivables can be readily evaluated via locally available credit information. Prospective U.S. exporters frequently benefit from established U.S.-Hong Kong banking relationships when determining credit risk.

The preferred method of quoting is to use the "CIF" (Cost Insurance Freight) or "C and F" (Cost and Freight) destination terms of sale in Hong Kong dollars (HK\$). The U.S. dollar and other freely convertible currencies may be accepted for bids and pro forma invoicing. Terms of payment depend on the relative negotiating strength of the buyers and sellers. U.S. suppliers should seek to obtain letters of credit or sight draft terms when dealing with buyers who are not well known to them. Asking for a letter of credit is a standard business practice, and your potential customer will not generally interpret this as a sign of mistrust.

Credit Rating Agencies (CRAs) in Hong Kong such as A.M. Best Asia-Pacific Limited, CTRISKS Rating Limited, Fitch (Hong Kong) Limited, Moody's Investors Service Hong Kong Limited, and Standard & Poor's Hong Kong Limited, provide credit ratings on Hong Kong companies.

U.S. exporters seeking a listing of collection agencies in Hong Kong can write to the U.S. Commercial Service in Hong Kong at office.hongkong@trade.gov.

Banking Systems

Both Hong Kong and Macau have an open financial system, with no controls on currency movement. A description is contained in Investment Climate Statement - Efficient Capital Markets and Portfolio Investment.

Foreign Exchange Controls

Hong Kong

The local currency, the Hong Kong Dollar (HK\$), is freely convertible, and there are no foreign exchange controls.

Macau

Macau's local currency is the Macau Pataca (MOP) which is also freely convertible and free of foreign exchange controls. The Hong Kong Dollar is also usually accepted in Macau as a means of payment for commerce and retail transactions.

US Banks & Local Correspondent Banks

Licensed U.S. Commercial Banks in Hong Kong

American Express Bank: www.americanexpress.com/hk/en/corp/home_corp_lite.shtml

Bank of America, N.A.: www.bankofamerica.com/index.jsp

Bank of New York Mellon: www.bnymellon.com

Citibank NA: www.citibank.com.hk

JP Morgan Chase Bank, N.A.: www.jpmorganchase.com

State Street Bank and Trust Company: www.statestreet.com

Wells Fargo Bank NA: www.wellsfargo.com

East West Bank: www.eastwestbank.com/English/index.asp

First Commercial Bank: www.firstcommercialbank.com/index.cfm

Cathay Bank: <https://www.cathaybank.com/selectRegion.asp?sname=index.asp>

Hong Kong's five largest local banks are indicated in the Investment Climate Statement.

Project Financing

Because of its strong financial system and proximity to strategic markets in Asia, Hong Kong is a key player in project finance in the region.

The U.S. Department of Commerce maintains a congressionally mandated Commercial Liaison Office to the Asia Development Bank (ADB) in Manila; part of the U.S. Trade Advocacy Center in Washington, D.C. The office provides counseling, advocacy, and project information to help American firms access, enter and expand in Asian markets that benefit from ADB assistance. The ADB works actively with CS Hong Kong to help Hong Kong-based U.S. companies and affiliates better target ADB business opportunities including co-financing and private sector development projects.

The U.S. Commercial Liaison Office to the Asian Development Bank (ADB)

International mailing address:

US Embassy - NOX 2

1201 Roxas Boulevard, Ermita Manila,

Philippines 1000

Telephone: (63-2) 301-2000; (63-2) 516-5093

E-mail: Office.ManilaADB@trade.gov

U.S. mailing address:

CS/ADB
Unit 8600
Box 1565
DPO AP 96515-1565

The U.S. Department of Commerce maintains a congressionally-mandated Business Liaison Office for the World Bank Group, including the IFC, in the Office of the U.S. Executive Director to the World Bank at World Bank headquarters in Washington, D.C. An American Senior Commercial Officer, Mr. E. Scott Bozek, is the Director of the World Bank Business Liaison Office. Contact information for this office is:

Mr. E. Scott Bozek
Advisor & Director of U.S. Business Liaison
Office of the U.S. Executive Director
U.S. Trade Advocacy Center
MSN MC-13-1307
The World Bank, 1818 H. St., N.W.
Washington, D.C. 20433
Tel: 1-202-458-0120
Fax: 1-202-477-2967
Email: ebozek@worldbank.org; scott.bozek@trade.gov
Website: www.worldbank.org

The Export-Import Bank of the United States (Ex-Im Bank) - the official export credit agency of the United States - supports the purchases of U.S. goods and services by creditworthy international buyers that cannot obtain credit through traditional trade finance sources. EXIM provides trade financing solutions - including export credit insurance, working capital guarantees, and guarantees of commercial loans to foreign buyers - to empower exporters of U.S. goods and services. In nearly 70 years of operation, Ex-Im Bank has supported more than \$400 billion of U.S. exports to international markets.

Contact information for U.S. EXIM Bank in Asia Pacific:
Richard Pearson
Business Development Officer, Asia-Pacific
Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, DC 20571
Tel: 1-202-565-3709
Email: richard.pearson@exim.gov
Website: <http://www.exim.gov>

Financing Web Resources

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team: <http://www.export.gov/tradefinanceguide/index.asp>
Export-Import Bank of the United States: <http://www.exim.gov>
Country Limitation Schedule: <http://www.exim.gov/tools-for-exporters/country-limitation-schedule>
OPIC: <http://www.opic.gov>
Trade and Development Agency: <http://ustda.gov>
SBA's (US Small Business Administration) Office of International Trade: <http://www.sba.gov/oit/>

USDA (U.S. Department of Agriculture) Commodity Credit Corporation:
<http://www.apfo.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc>
U.S. Agency for International Development: <http://www.usaid.gov>

Business Travel

Business Customs

Hong Kong society has developed as a unique blend of Chinese tradition and Western modern technology. Most people who are familiar with the region know that Hong Kong means business. Above all, it is a society that emphasizes hard work and success.

Macau's business culture retains a strong mix of Chinese tradition with a distinctive Portuguese cultural influence.

Americans encounter few if any cultural problems when conducting business in Hong Kong and Macau. Business meetings tend to be more formal in Hong Kong and Macau, and business acquaintances are usually addressed as Mr. or Ms. unless they state that their first name should be used. Business cards are exchanged frequently, and the exchange should be fairly formal; the card should be accepted with both hands and a moment taken to read it carefully. "Face" is very important, and problems or areas of disagreement are handled indirectly to avoid loss of "face." While a study of local customs and practices is helpful, most businesspeople in Hong Kong and Macau are familiar with Western customs and are tolerant of cultural differences. Western business attire (suit and tie for men, business suits for women) is appropriate.

Americans should be aware that personal names in Chinese culture follow a number of rules different from those of personal names in Western cultures. Most noticeably, a married Chinese woman in Hong Kong usually retains her maiden name as her family name, rather than the adopted name of her husband. This is also the case in mainland China. In some exceptional cases in Hong Kong, especially among civil servants, married Chinese women sometimes put their husband's name, hyphenated, in front of their maiden name.

Travel Advisory

Hong Kong and Macau have low crime rates. Even so, you should exercise caution when in congested areas and pay particular attention to personal belongings while in crowded areas and while traveling on public transportation. U.S. citizens should try to avoid areas of demonstrations should they occur and exercise caution if in the vicinity of any large gatherings as even peaceful demonstrations can turn confrontational. Violent crime, though rare, does occur.

- Take routine safety precautions.
- Pay attention to surroundings.
- Report any concerns to the local police.
- Call "999," the local equivalent to the U.S.'s "911" emergency line.
- Please note that mace, pepper spray, stun guns, and other self-protection weapons are banned in Hong Kong and Macau.
- Don't buy counterfeit and pirated goods, even if they are widely available. Not only are bootlegs illegal in the United States, if you purchase them you may also be breaking local law. Be alert to criminal schemes, such as internet, dating, and financial scams.

See the [Department of State](#) and the [FBI](#) pages for information on scams.

Victims of Crime: Report crimes to the local police at “999” and contact the U.S. Consulate General at +(825) 2523-9011. U.S. citizen victims of sexual assault should first contact the U.S. Consulate General.

Remember that local authorities are responsible for investigating and prosecuting the crime.

- See our webpage on [help for U.S. victims of crime overseas](#).

Hong Kong has a crime victim compensation program available to U.S. citizens who are legal residents or tourists in Hong Kong. For more detailed information on the program and its requirements, please see the [Hong Kong Social Welfare Department webpage](#). More resources for victims of crime in Hong Kong are available in our [Help for U.S. Victims of Crime in Hong Kong](#) information sheet. For more information, see our webpage on [help for U.S. victims of crime overseas](#).

Visa Requirements

Hong Kong

Visas are not required for American citizens who visit Hong Kong for less than 90 days. For more information regarding visa requirements for other nationalities, refer to the Hong Kong Immigration Department website: <http://www.immd.gov.hk/index.html>.

Additional information on Hong Kong entry/exit requirements and general travel information can be found on the U.S. State Department Travel website:

<https://travel.state.gov/content/passports/en/country/hongkong.html>.

Macau

Visas are not required for American citizens who visit Macau for less than 30 days. For more information on visa requirements for other nationalities, please refer to the Macau Immigration Department website:

<http://www.fsm.gov.mo/psp/eng/main.html>.

Additional information on Macau entry/exit requirements and general travel information can be found on the U.S. State Department Travel website:

<http://travel.state.gov/content/passports/english/country/macau.html>.

U.S. Visas

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

- State Department Visa Website: <https://travel.state.gov/content/visas/en.html>
- American Consulate General Hong Kong Consular Section website: http://hongkong.usconsulate.gov/visa_services.html

Visas to mainland China

Important: Travelers who transit Hong Kong or Macau on their way to mainland China must apply for a visa from the People’s Republic of China. For more information, visit:

<http://www.china-embassy.org/eng/visas/> or

Currency

The Hong Kong dollar is pegged to the U.S. dollar, with the rate set at HK\$7.8 per US\$1. Upon arrival in Hong Kong, money exchange (Travelex) is available in the area immediately outside of baggage claim/customs. There are ATM machines for direct withdrawals or for cash advances (for holders of Master Card using the Cirrus network and Visa Card using the Plus systems) and most major hotels offer currency exchange.

The Macau Pataca is similarly pegged to the Hong Kong dollar at HK\$100 to MOP 103. The Hong Kong dollar is widely accepted - and often preferred -- for commerce as well as retail purchases in Macau.

Telecommunications/Electric

The telecommunications infrastructure is excellent in Hong Kong and Macau. Although Hong Kong has more carriers and service providers, using your mobile phone in both cities is convenient. Most of the wireless systems used around the world (GSM 900/1800, CDMA2000, W-CDMA, 3G, 4G) operate in Hong Kong and Macau.

Hong Kong

Mobile operators in Hong Kong have roaming agreements with most overseas operators, enabling visitors to use their own mobile phone when they come to Hong Kong. Before leaving home, U.S. visitors should check with network providers to make sure they have a roaming arrangement with a Hong Kong telecom operator. You can also buy a local SIM card and rent a mobile phone when you arrive in Hong Kong, at the airport or in town. Most hotels in Hong Kong rent cellular phones to guests through their business centers. Rates vary between US\$20-US\$50 per day. For longer stays visitors can arrange rentals on a weekly basis at Hong Kong's telecom operator for approximately US\$100 per week plus airtime. Another option is to purchase a relatively cheap mobile phone with a prepaid SIM card for approximately US\$10 from Hong Kong telecom operators and retail shops.

Macau

U.S. visitors can purchase phone cards for US\$4 to US\$12 that can be used in public phones located throughout Macau. In the busiest areas there are also credit card phones. To use a mobile phone in Macau, you can contact the following mobile phone service providers by dialing 1000 (CTM), 1118 (Hutchison Telecom) or 1628 (SmarTone). Hutchison Telecom Network also provides a Mobile Tour Guide Service.

Internet Accessibility

In Hong Kong, businesses and households enjoy a wide and sophisticated range of services accessing the internet. In 2018, there were more than 200 Internet Service Providers in Hong Kong and approximately 2.6 million registered customer accounts with broadband access in Hong Kong. Over 90% of the household in Hong Kong has access to broadband service. The cost of an unlimited broadband connection is about US\$25 per month. The affordability of Internet services has a direct effect on the penetration of Internet usage. The mobile subscriber penetration rate is over 200% in Hong Kong.

Mobile internet access is also readily available in the city and available for foreign visitors to use. The number of hotspots under Hong Kong's common Wi-Fi brand, **Wi-Fi.HK**, has risen to over 12,000 across the 18 districts in the territory, providing convenient and free public Wi-Fi services to the public and visitors. Launched in 2014, **Wi-Fi.HK** is a collaborative scheme of the Government and the industry to

promote public Wi-Fi services in Hong Kong. At present, [Wi-Fi.HK](#) hotspots can be found in various parts of Hong Kong, covering the Hong Kong International Airport, major tourist attractions, public phone booths, shopping centers, restaurants, cafés, convenience stores, college campuses, clinics, Cyberport, the Hong Kong Science Park and GovWiFi premises.

Wireless Macau Internet access is gaining ground in Macau. The main Macau Internet provider, CyberCTM, offers citywide Wireless Broadband Service. Several hotels and the conventions centers also offer wireless internet access. Wireless access is also available in the airport.

CTM Macau is aggressively expanding the list and so it may change anytime. Basically wireless internet access is available near CTM shops, in participating Cafe and Restaurants and CityGuide Kiosks.

You can also buy a local prepaid data card when you arrive in Macau, at the airport or in town. At last check the cards costs MOP38 (3 Days Plan).

<https://www.ctm.net/cportal/base/public/mobiweb/PrepaidLeftNav.iface>

In addition to private-owned hot spots, the Macau Government has also funded the installation of “WiFi Go” which provides citizens and tourists with free wireless internet access. As of April 2016, there were 183 access points including museums, libraries, parks, public squares, ports, activity centers, stadiums, and some government facilities. Locations of the “WiFi Go” hot spots can be found at

<http://www.wifi.gov.mo/en>

Transportation

Hong Kong

Hong Kong has a very good public transportation system. Major modes of transportation include buses, the Mass Transit Railway (underground subway system), trams, ferries, and taxis. In addition, almost all major airlines service Hong Kong.

Travelers have a choice of transport from Hong Kong's Chek Lap Kok Airport to their hotel. Options include the Airport Express train, hotel shuttle buses and express public buses or taxis. The distance is approximately 25 miles.

The Airport Express train is the fastest way to reach Hong Kong Island from the airport. Trains depart every 12 minutes, and the ride to the terminus at “Hong Kong Station” in Central, Hong Kong Island, takes only 25 minutes. From there it costs less than US\$10 (and another 5-10 minutes) for a taxi ride to most hotels in the Central, Admiralty and Wan Chai districts. One-way or round-trip tickets for the Airport Express may be purchased from vending machines located immediately beyond baggage claim/customs (these require Hong Kong dollars in cash) or from the Airport Express counter located in the center of the public arrivals hall. Trains are at the platform level and there are storage areas for luggage just inside the trains. If you take the Airport Express train to Hong Kong Station (last stop) you will find taxis available directly ahead as you exit the train terminal and proceed through the terminal exit gate. The Airport Express in-town check-in from Hong Kong Island and Kowloon Station is an extremely convenient service for travelers departing Hong Kong. It allows you to check your bags in town and then proceed to the airport directly.

Transportation between Hong Kong and Macau

The most convenient way to travel between Hong Kong and Macau is by high-speed ferry. The journey takes approximately one hour, and ferries depart every 15 - 30 minutes from the Shuntak and HK China

Ferry Terminals in Hong Kong and the Macau Pier and Cotai Strip Pier in Macau. Schedules and rates for the various services are listed at the websites indicated below:

Turbo Jet: <http://www.turbojet.com.hk>

First Ferry: <http://www.nwff.com.hk>

Cotai Jet: <http://cotaijet.com.mo>

First Ferry and Turbo Jet also operate a number of ferry services between points in Hong Kong (such as the International Airport) and destinations in mainland China. There is also a helicopter service between Hong Kong and Macau. The journey takes 15 minutes. More information is available at: <http://www.skyshuttlehk.com>.

Macau

Major modes of transportation in Macau include buses and taxis. Getting around the relatively small area of Macau (and its bridge-connected islands of Taipa and Coloane) is relatively easy. Free shuttle buses also operate between the two ferry piers and the major hotels and casinos.

Language

English and Chinese are the official languages in Hong Kong. English is widely used in the Hong Kong Government, the legal system and business sectors. Chinese and Portuguese are the official languages in Macau. Cantonese is the most widely spoken language in Hong Kong and Macau and English is widely spoken in tourist establishments. Mandarin Chinese (Putonghua) is also widespread and becoming ever more common in both Hong Kong and Macau.

Health

Hong Kong has high public health standards, and health care in Hong Kong is similar in quality to that found in the United States, although it can be extremely expensive. Hospitals and clinics expect payment when service is rendered and in general, do not accept health insurance for payment. Pharmacies will accept only prescriptions from local physicians and may not be open after usual business hours. It is recommended that the traveler bring an adequate supply of prescription medications for the duration of his/her stay. For a list of hospitals and physicians in Hong Kong and Macau, please visit the U.S. Consulate Hong Kong website at: <https://hk.usconsulate.gov/u-s-citizen-services/doctors/>.

Mainland China and Southeast Asia have been the world epicenter for several viral illnesses in recent years such as SARS and Avian Influenza (AI). Travelers are encouraged to review the following websites for more information on AI:

The Hong Kong Government AI site: <http://www.info.gov.hk/info/flu/eng/home.htm>

U.S. Centers for Disease Control Website: <http://www.cdc.gov>

U.S. State Department Your Health Abroad:

<https://travel.state.gov/content/travel/en/international-travel/before-you-go/your-health-abroad.html>

Local Time, Business Hours and Holidays

Hong Kong and Macau are 12 hours ahead of Eastern Standard Time, and 13 hours ahead during daylight savings time.

Business hours are 9 a.m. to 5 p.m., Monday through Friday, and 9 a.m. to 1 p.m. on Saturday. Many companies now have a 5-day workweek. Starting from July 1, 2006, most government offices are now closed on Saturdays, but their opening hours on weekdays have been extended.

2019 Holidays (For both Hong Kong and Macau unless indicated)

Date (Day of the Week)	Holiday
January 1 (Tuesday)	The first day of January
February 5 (Tuesday)	Lunar New Year's Day
February 6 (Wednesday)	The second day of the Lunar New Year
February 7 (Thursday)	The third day of the Lunar New Year
April 5 (Friday)	Ching Ming Festival
April 19 (Friday)	Good Friday
April 20 (Saturday)	The day following Good Friday
April 22 (Monday)	Easter Monday (Hong Kong only)
May 1 (Wednesday)	Labor Day
May 12 (Sunday)	Buddha's Birthday (Macau only)
May 13 (Monday)	The day following Buddha's Birthday (Hong Kong only)
June 7 (Friday)	Tuen Ng (Dragon Boat) Festival
July 1 (Monday)	Hong Kong Special Administrative Region Establishment Day (Hong Kong only)
September 14 (Saturday)	The day following Chinese Mid-Autumn Festival
October 1 (Tuesday)	National Day
October 2 (Wednesday)	The day after National Day (Macau only)
October 7 (Monday)	Chung Yeung Festival
November 2 (Saturday)	All Soul's Day (Macau only)
December 8 (Sunday)	Feast of Immaculate Conception (Macau only)
December 20 (Friday)	Macau Special Administrative Region Establishment Day (Macau only)
December 22 (Sunday)	Winter Solstice (Macau only)
December 24 (Tuesday)	Christmas Eve (Macau only)
December 25 (Wednesday)	Christmas Day

December 26 (Thursday)	The first weekday after Christmas Day (Hong Kong only)
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Temporary Entry of Materials or Personal Belongings

Hong Kong Customs generally does not restrict the temporary import of goods into Hong Kong, such as laptop computers, software and general exhibit materials, for business purposes, provided the goods are not restricted items that normally require an import license. The temporary import of supercomputers, which is a controlled item, or of any exhibit materials that are also controlled items would require a license even if the commodity is being shipped in only for exhibit purposes. See:

http://www.tid.gov.hk/english/import_export/ie_maincontent.html

Travel Related Web Resources

American Consulate General Hong Kong American Citizens Services:

<http://hongkong.usconsulate.gov/acs.html>

Centers for Disease Control and Prevention: <http://www.cdc.gov>

Hong Kong Customs and Excise Department: <http://www.customs.gov.hk>

Hong Kong Center for Health Protection: <http://www.chp.gov.hk>

Hong Kong Immigration Department: <http://www.immd.gov.hk>

Hong Kong Tourism Board: <http://www.discoverhongkong.com>

State Department Visa: <https://travel.state.gov/content/visas/en.html>

Macau Government Tourist Office: <http://en.macautourism.gov.mo/index.php>

Macau Customs Service: <http://www.customs.gov.mo/>

Government of Macau Special Administrative Region Health Bureau: <http://www.ssm.gov.mo>

Immigration Service of the Macau Public Security Police Force:

<http://www.fsm.gov.mo/psp/eng/main.html>

ⁱ Environmental technologies for this profile refers to the instruments and apparatus under HS codes: 841583 - air conditioning machines not incorporating a refrigerating unit; 841780 - industrial furnaces including incinerators; 842129 - filtering or purifying machinery and apparatus for liquids; 8479 - machinery for public works; 8543 - electrical machines and apparatus, having individual functions; 870911 - Electrical vehicles; 871190 - Motorcycles fitted with an auxiliary motor, other than those fitted with reciprocating internal combustion piston engine; 9026 - instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases; 9027 - instruments and apparatus for physical or chemical analysis; 9032 - automatic regulating or controlling instruments and apparatus.