

Box 3.1

The Four Pillar Industries in the Hong Kong economy

The Four Pillar Industries, including financial services, trading and logistics, tourism, and producer and professional services, have been a major driving force of Hong Kong's economic growth, providing impetus to other economic sectors, and creating employment.

Financial services cover banking, insurance, stock brokerage, fund management, and other financial services. Hong Kong as an international financial centre provides a wide range of products and services to market users, both local and international, and both retail and institutional. In 2002, the value added of financial services amounted to \$146.7 billion, accounting for 12.2% of GDP. The number of persons engaged in financial services was 179 000 in 2002, accounting for 5.5% of total employment.

Value added and employment of financial services in 2002

	<u>Value added at current prices</u> (\$Mn)	<u>Share in GDP at factor cost</u> (%)	<u>Employment</u> (No.)	<u>Share in total employment</u> (%)
Financial services	146,700	12.2%	179 000	5.5%
(a) Banking	100,800	8.4%	78 100	2.4%
(b) Insurance	16,000	1.3%	42 900	1.3%
(c) Other financial services	29,900	2.5%	58 000	1.8%

Trading and logistics broadly include import/export trade, wholesale trade, freight transport, freight forwarding, storage, and postal and courier services. Effective logistics services contribute to productivity growth, as the shortened delivery time results in lower inventory levels and cost savings. Trading and logistics also play a pivotal role in the process of developing closer economic ties between Hong Kong and the Mainland. In 2002, the value added of trading and logistics amounted to \$319.7 billion, accounting for 26.5% of GDP. The activities of trading and logistics provided 778 100 jobs in 2002, accounting for 24.1% of total employment.

Value added and employment of trading and logistics in 2002

	<u>Value added at current prices</u> (\$Mn)	<u>Share in GDP at factor cost</u> (%)	<u>Employment</u> (No.)	<u>Share in total employment</u> (%)
Trading and logistics	319,700	26.5%	778 100	24.1%
(a) Trading	262,100	21.7%	582 800	18.0%
i. Wholesale trade	13,100	1.1%	71 100	2.2%
ii. Import/export trade	249,000	20.7%	511 700	15.8%
(b) Logistics	57,600	4.8%	195 300	6.0%
i. Freight transport and storage services	52,700	4.4%	173 400	5.4%
ii. Postal and courier services	4,900	0.4%	22 000	0.7%

Hong Kong is a popular destination for visitors in the Asia Pacific region and in particular is an attractive spot for Mainland visitors. On the other hand, Hong Kong residents are keen to visit the Mainland and places abroad. In 2002, the tourism industry, including both inbound tourism and outbound tourism, generated value added at \$36.6 billion, or 3.0% of GDP, as well as 127 600 jobs, or 3.9% of total employment.

Note : For details on the coverage and estimation of value added and employment for the Four Pillar Industries, see the feature article "The Four Pillar Industries in the Hong Kong Economy" in the December 2003 issue of the Hong Kong Monthly Digest of Statistics published by the Census and Statistics Department.

Box 3.1 (cont'd)**Value added and employment of tourism in 2002**

	<u>Value added at current prices (\$Mn)</u>	<u>Share in GDP at factor cost (%)</u>	<u>Employment (No.)</u>	<u>Share in total employment (%)</u>
Tourism	36,600	3.0%	127 600	3.9%
(a) Inbound tourism	26,600	2.2%	105 700	3.3%
<i>Apportioned contribution from :</i>				
i. Hotels and boarding houses	7,200	0.6%	22 000	0.7%
ii. Cross-boundary passenger transport	7,500	0.6%	6 500	0.2%
iii. Retail trade	4,600	0.4%	35 200	1.1%
iv. Restaurants	3,600	0.3%	29 300	0.9%
v. Others	3,600	0.3%	12 800	0.4%
(b) Outbound tourism	10,100	0.8%	21 900	0.7%
<i>Apportioned contribution from :</i>				
i. Travel agents and airline ticket agents	3,100	0.3%	15 900	0.5%
ii. Cross-boundary passenger transport	6,900	0.6%	6 000	0.2%

Hong Kong is a highly service-oriented economy. A large proportion of the producer and professional services supplied in Hong Kong is closely linked to its role as a business, transport, financial cum tourism hub in the region. These services are also in support of expansion of the goods-producing activities of Hong Kong entrepreneurs outside the domestic territory, particularly in South China. Professional services broadly cover legal, accounting, auditing, information technology related services, advertising and related services, and architectural design and surveying services. In 2002, professional services and other producer services (excluding those already covered in the three pillars of financial services, trading and logistics, and tourism) together generated value added at \$138.2 billion, or 11.5% of GDP, as well as 338 000 jobs, or 10.4% of total employment.

Value added and employment of professional services and other producer services in 2002

	<u>Value added at current prices (\$Mn)</u>	<u>Share in GDP at factor cost (%)</u>	<u>Employment (No.)</u>	<u>Share in total employment (%)</u>
Professional services and other producer services	138,200	11.5%	338 000	10.4%
(a) Professional services	41,900	3.5%	126 100	3.9%
i. Legal, accounting and auditing services	14,400	1.2%	32 800	1.0%
ii. Architectural, surveying, project engineering services; engineering and technical services; and business management and consultancy services	17,000	1.4%	48 800	1.5%
iii. Others professional services (e.g. information technology related services, advertising services)	10,500	0.9%	44 500	1.4%
(b) Other producer services	96,300	8.0%	211 900	6.5%

Taken together, in 2002 the Four Pillar Industries in the Hong Kong economy generated value added at \$641 billion, or 53.2% of GDP, and provided 1.42 million jobs, or 44.0% of total employment. The corresponding figures in 2001 were \$632 billion, or 52.0% of GDP, and 1.42 million jobs, or 43.6% of total employment.