

Box 2.1

Hong Kong's visible trade balance over the past decade

Hong Kong's visible trade balance was persistently in deficit throughout the past decade (1993-2002).

	Total exports of goods (\$ Bn)	Imports of goods (\$ Bn)	Visible trade balance (\$ Bn)	As % of imports of goods
1993	1,046.3	1,072.6	-26.3	2.5
1994	1,170.0	1,250.7	-80.7	6.5
1995	1,344.1	1,491.1	-147.0	9.9
1996	1,397.9	1,535.6	-137.7	9.0
1997	1,455.9	1,615.1	-159.1	9.9
1998	1,347.6	1,429.1	-81.4	5.7
1999	1,349.0	1,392.7	-43.7	3.1
2000	1,572.7	1,658.0	-85.3	5.1
2001	1,481.0	1,568.2	-87.2	5.6
2002	1,560.5	1,619.4	-58.9	3.6

In terms of the ratio to imports of goods, the deficit was generally rising during the first half of the past decade. It was particularly large in 1995 - 1997, mainly due to heavy intake of materials and equipment during intensive construction of the new airport and the airport railway. With completion of the airport infrastructure in mid-1998, the deficit fell back distinctly in the latter part of that year. The deficit dwindled markedly further in 1999, reflecting the adjustment in import intake for local use so as to restore external balance after the pronounced shock from the Asian financial crisis. Then, as the economic recovery process gathered pace, imports for local use firmed up in the course of 2000, and the deficit rose back to a more normal level in that year. The deficit enlarged slightly further in 2001, owing to a setback in exports brought about by the global economic downturn. In 2002, with exports on an upturn whilst imports for local use still remaining slack amidst the weak domestic sector, the deficit was markedly reduced. This in turn lifted the external balance and contributed to the progressive pick-up in GDP over the course of that year.

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