

**19th Voorburg Group Meeting
27 September – 1 October 2004, Ottawa**

**Progress Report of
Hong Kong, China**

(I) Main Achievements for 2003-2004

1. The Census and Statistics Department (C&SD) of Hong Kong, China regularly compiles and develops various series of service statistics. The following is a brief description of the progress and achievements in 2003 and 2004.

Producer Price Index for Services

2. As from the third quarter of 2003, quarterly Producer Price Indices (PPIs) are published in respect of: (a) hotels and boarding houses; (b) telecommunications; (c) miscellaneous communication services; (d) air transport; (e) land transport; (f) maritime transport; (g) storage; (h) rental of machinery and equipment; (i) real estate maintenance management, brokerage and agency services; (j) stock, commodity and bullion brokerage services; and (k) legal, accounting and bookkeeping services.
3. Most of the price data are collected through the Quarterly Survey of Service Industries. For some service products like land passenger transport, where price data are regularly collected in the Consumer Price Index (CPI) system, relevant price data are extracted from the CPI system instead.
4. In 2004, in line with the development of logistics services, more breakdowns on freight transport related services within the transport sector, viz. (i) air cargo forwarding services; (ii) land freight transport services; (iii) sea cargo forwarding services; and (iv) container terminals, haulage of container and container leasing services, will shortly be released.

Classification of Service Activities and Products

5. The C&SD currently adopts the Hong Kong Standard Industrial Classification as the industry classification system. It is based on the United Nations' ISIC Rev.2, with adaptation to reflect the structure of the Hong Kong economy.
6. As the United Nations Statistics Division (UNSD) is preparing the 2007 revisions of ISIC and CPC, the C&SD has set up a *Working Group on the Revision of ISIC* to contribute comments to the UNSD on the proposed structure of the revised ISIC, to identify the implications of the ISIC revision for the work of the C&SD and to consider the best implementation approach.

Information Society Statistics

IT usage and penetration

7. The C&SD conducts an Annual Survey on Information Technology (IT) Usage and Penetration in the Business Sector and the latest one was conducted in mid-2004. Apart from the usual data items on PC usage, Internet usage, Web site usage, electronic business/electronic commerce, budget for IT and IT security, a new topic on the usages of wireless and mobile services and technology was added for data collection in the 2004 survey.
8. The C&SD also conducts an Annual Household Survey on Penetration and Usage of IT and the latest one was conducted in mid-2004. The survey collects data on household members' IT usage at home, at work, at school and at other locations.
9. Data on IT expenditure in the business sector continue to be collected in a series of annual economic surveys. Data items include (i) expenditure on purchases of computer hardware and peripherals for own use, (ii) expenditure on purchases of computer programs, software and databases, (iii) payments for other IT-related services, and (iv) staff cost of in-house development of computer programs and databases for own use. Based on the survey results, a statistical series on IT investment expenditure covering the above expenditure items for 1980 – 2001 has been compiled.

Measuring the knowledge-based economy

10. The C&SD conducts an Annual Survey of Innovation Activities in the Business Sector and the latest one was conducted in early-2004. The survey covers establishments in both the manufacturing and service sectors. Data items collected basically follow the recommendations in the OECD's Oslo Manual, and include data on Research and Development as well as innovation activities undertaken in the business sector. While the survey mainly collects data on technological innovation, simple questions on non-technological innovation, which are more relevant to the service sector, are also included. More questions on non-technological innovation were added in the 2003 survey round.

Ad hoc issues

Non-profit Institutions

11. The C&SD has no significant issues to report on this item.

Measurement of Turnover of Detailed Products

Product Statistics

12. Sales figure of selected service products are collected through annual economic surveys conducted by the C&SD in the retail industry; and the hotel and boarding houses; transport; telecommunications; and courier and

computer services industries. Such product statistics are useful in macro-economic analysis for understanding the structural characteristics of different industries. Moreover, in collecting price data through Quarterly Survey of Service Industries, corresponding business receipts for each type of services are also collected as weights for compiling PPIs.

Trade in Services Statistics

13. Since July 2002, the C&SD has published annually detailed trade in services statistics with breakdown by detailed service and destination/source. The major data source is the Annual Survey of Imports and Exports of Services. The classification for services is devised with reference to the Balance of Payments Manual, Fifth Edition published by the International Monetary Fund in 1993 and the Manual on Statistics of International Trade in Services published by the United Nations and other international organizations in 2002.

Short Term Indicators for Service Industries

14. The C&SD compiles statistics on current performance and business outlook of various economic activities based on data collected from various monthly and quarterly economic surveys.

Monthly Indicators

15. Monthly statistics on value of retail sales and those on value and volume index of retail sales analyzed by type of retail outlet are published. They exhibit the movement in sales of goods sold by establishments primarily engaged in retail trade, and provide a prompt economic indicator that reflects the short-term business performance of the retail sector.

Quarterly Indicators

16. Quarterly statistics on total receipts and total purchases of restaurants and statistics on value and volume indices of total restaurant receipts by type of restaurant are published. They provide an indication of the level and trend of consumer spending on eating out.
17. Quarterly statistics on the short-term changes of business receipt of 19 other service industries (excluding retail and restaurants) and two service domains (viz. tourism, convention and exhibition services; and computer and information services) are released. They provide information on the performance of the service industries.
18. Quarterly producer price indices reflecting changes in the prices of selected services output are published to show the up-to-date trends of producer prices in various service industries.
19. Quarterly statistics on the business expectations of the senior management of prominent establishments in various sectors (including manufacturing, construction and services) are published with a view to providing a quick reference, with minimum time lag, for assessing the short-term future

economic performance. Views collected are limited to direction of change but not magnitude of change.

(II) Main Issues and Challenges

20. Further work will be carried out on the following areas of service statistics:

- (a) More research will be conducted with a view to compiling PPIs for more business services.
- (b) The coverage, data quality and estimation method of sub-annual economic surveys related to the service sectors will be reviewed with a view to enhancing statistics on areas such as offshore trading and related services as well as retail sales.
- (c) The development of statistical indicators for emerging services such as logistics services will be studied.
- (d) To further strengthen Hong Kong's role as a major asset management centre in the Asia Pacific region, efforts will be made in enhancing the capabilities for collecting the relevant data and compiling trial estimates of statistics in this area.
- (e) The feasibility of compiling detailed trade in services statistics with more detailed breakdowns by service and destination/source will be studied.
- (f) In anticipation of the promulgation of the ISIC Rev. 4 in 2007, the classification of services statistics and the implications for the economic surveys will be reviewed.

(III) Suggested Future Topics for the 2005-2007 Voorburg Program

21. We suggest the following topics for the 2005-2007 Voorburg Program:

- (a) Classification of asset management services and logistics services;
- (b) PPIs for business services: advertising, IT-related services, designing services; and
- (c) Implications of the implementation of ISIC Rev. 4 for the classification of service statistics.

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