

# COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S

## INDIA-HONG KONG BILATERAL TRADE RELATIONS

### INTRODUCTION & BRIEF ECONOMIC OVERVIEW

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

2. Hong Kong is one of the world's most significant financial centres and commercial ports. Hong Kong has a market economy focused on services, characterised by low taxation, minimal government market intervention, and an established international financial market. It is the world's 38th-largest economy, with a nominal GDP of approximately USD 407 billion. Hong Kong's economy ranked at the top of the Heritage Foundation's economic freedom index between 1995 and 2021. As per available report of IMF Executive Board 2024 Article IV Consultation with the People's Republic of China, Hong Kong Special Administrative Region January 23, 2025, Hong Kong SAR's economy is recovering gradually after a protracted period of shocks, but emerging and longer-term challenges require close attention. Hong Kong SAR's economic recovery is underway, but momentum has flagged recently amid tight financial conditions, continued adjustment in the property sector, and a challenging environment for SMEs. Moreover, traditional growth drivers like logistics and trade are under pressure from regional competition while the territory's rapid aging and slowing labor force growth pose further challenges. Notwithstanding these developments, the financial system has remained resilient, supported by robust institutional frameworks, ample policy buffers, and a smooth functioning of the LERS. The preliminary assessment for 2024 suggests that Hong Kong SAR's external position is in line with fundamentals and desirable policies.

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

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

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
						Projections					
<b>NATIONAL ACCOUNTS</b>											
Real GDP (percent change)	-1.7	-6.5	6.5	-3.7	3.3	2.7	2.7	2.6	2.5	2.5	2.4
Private consumption	-0.8	-10.6	5.6	-2.2	7.7	-0.7	0.5	1.0	1.4	1.9	1.9
Government consumption	5.1	7.9	5.9	8.0	-4.3	0.4	-0.5	-0.5	-0.2	0.0	0.3
Gross fixed capital formation	-14.9	-11.1	8.3	-7.4	11.1	3.6	7.7	8.1	3.6	1.5	1.6
Inventories (contribution to growth)	-0.5	1.8	-1.8	-0.9	-0.5	0.2	1.1	0.0	0.0	0.0	0.0
Net exports (contribution to growth)	2.2	0.2	2.8	-1.3	-2.5	2.3	0.0	0.6	1.0	1.0	0.8
Output gap (in percent of potential GDP)	-2.5	-7.3	-2.3	-4.1	-2.5	-2.3	-1.7	-1.1	-0.6	-0.2	0.0
<b>LABOR MARKET</b>											
Employment (percent change)	-0.3	-4.7	-0.6	-1.6	2.7	1.1	1.0	-0.1	-0.2	-0.1	-0.1
Unemployment rate (percent, period average)	2.9	5.8	5.2	4.3	2.9	2.8	2.7	2.7	2.7	2.7	2.7
Real wages (percent change)	0.1	2.5	-0.5	-1.4	1.4	0.9	1.2	1.3	1.3	1.3	1.3
<b>PRICES</b>											

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

Sources: Haver Analytics; BIS; CEIC; HKSAR Census and Statistics Department; and IMF staff estimates.

1/ Before issuance and repayment of government bonds and notes.

2/ Based on loans for use in Hong Kong SAR, excluding trade financing.

3/ Using latest data available for 2024.

## FOREIGN TRADE

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

4. Hong Kong's total exports in 2020 were of the order of USD 551,516 million. It was USD 639,411 million in 2024. In the year 2021 immediately after pandemic hit year 21.65% pick-up was recorded followed by a 9.06% decline in 2022. During the period from 2020 to 2024, the annual average compound rate of growth of exports was only 3.77%.

5. Hong Kong's total imports in 2020 were of the order of USD 573,061 million and which was USD 697,904 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of imports was 5.05 %.

6. Hong Kong had an overall Balance of Trade deficit as observed from data 2020 to 2024 and it scaled maximum of USD 79,780 million in 2023. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 4.43%.

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

**TABLE - 2**

**HONG KONG'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE  
AND BALANCE OF TRADE BETWEEN 2020 TO 2024**

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	551516		573061		11,24,577		-21545
2021	670926	21.65	713173	24.45	13,84,099	23.08	-42247
2022	610138	-9.06	668483	-6.27	12,78,621	-7.62	-58345
2023	575044	-5.75	654824	-2.04	12,29,868	-3.81	-79780
2024	639411	11.19	697904	6.58	13,37,315	8.74	-58493

**Annual  
Compound  
Growth**

**Rate**

**3.77**

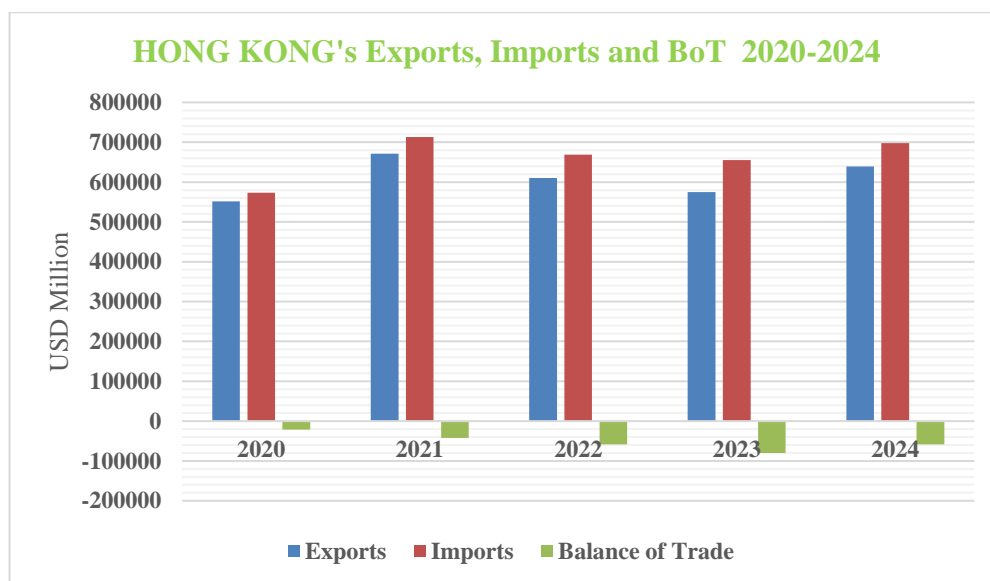
**5.05**

**4.43**

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

**SOURCE** : UN COMTRADE PUBLICATION

Figure – 1



## BILATERAL TRADE WITH INDIA

### Merchandise Trade

7. Trade relations between Hong Kong and India were established shortly after the British gained control of Hong Kong in 1841. India and Hong Kong have a long-standing trade relationship, with major exports from India including gems, jewellery, and iron & steel, and imports from Hong Kong including electrical machinery and gems. In 2024-25 India was Hong Kong's 13th largest trading partner and India's 19th largest export market. India's export to Hong Kong was 1.39% of India's total export value in FY 2024-25. In the same financial year imports from Hong Kong was 2.77% of India's total import value. Hong Kong was the 12th largest import partner of India in FY 2024-25. Almost 1.87% of India's total international trade value between India and Hong Kong has been recorded in FY 2024-25 as per DGCIS database.

8. Indo- Hong Kong total volume of bilateral trade in FY 2020-21 was of the order of USD 25,335.20 million. It was USD 25,943.73 million in FY 2024-25. The annual compound growth rate of volume of trade during the period from 2020-21 to 2024-25 was 0.60%.

9. It appears from the available figures that between 2020-21 and 2024-25, India had a deficit Balance of Trade with Hong Kong. The annual average compound rate of growth of Exports was -12.10% during the period under review. The annual average compound rate of growth of imports was 6.98% during the same period.

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

**TABLE - 3**  
**INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. HONG KONG**  
**FY 2020-21 to 2024-25**

(Value in USD Million)

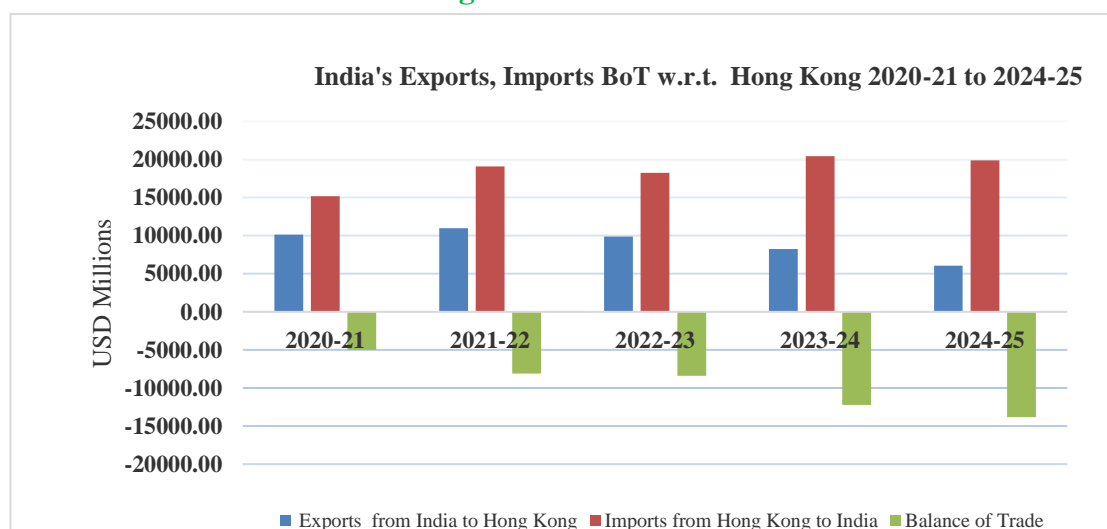
Year	Exports from India to Hong Kong	Percentage Growth in Exports	Imports from Hong Kong to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020-21	10162.40		15172.8		25335.20		-5010.40
2021-22	10984.80	8.09	19096.61	25.86	30081.41	18.73	-8111.81
2022-23	9892.66	-9.94	18274.95	-4.30	28167.61	-6.36	-8382.29
2023-24	8244.07	-16.66	20449.70	11.90	28693.77	1.87	-12205.63
2024-25	6066.64	-26.41	19877.09	-2.80	25943.73	-9.58	-13810.45

<b>Annual Compound Growth Rate</b>	<b>-12.10</b>	<b>6.98</b>	<b>0.60</b>
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NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCIS, M/o C&I

**Figure -2**



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

a. **Pearls, Precs. Semipercs. Stones, Gold & Other Precs. Metal Jewellery and Telecom Instruments** occupied the top three slots in India's exports to Hong Kong in the year 2024-25. **Pearl, Precs. Semiprecs. Stones** occupying highest share of 60.74% of total export from India to Hong Kong.

b. **Electronic Components; Pearl, Precs. Semipercs. Stones and Gold** are the three major commodities in India's imports list from Hong Kong in the year 2024-25, **Electronic Components** occupying bulk share of

India's imports from Hong Kong with 29.03% share and **Pearl, Precs. Semipercs. Stones** had a share of 14.78%.

**TABLE -4**

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO HONG KONG  
2020-21 TO 2024-25 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
<b>1</b>	<b>Pearl, Precs. Semiprecs. Stones</b>	<b>6211.2</b>	<b>7250.89</b>	<b>5937.93</b>	<b>4835.50</b>	<b>3685.09</b>	<b>16.74</b>	<b>-</b>	<b>-18.57</b>	<b>-23.79</b>
	Share in total export	61.12	66.01	60.02	58.65	60.74				
<b>2</b>	<b>Gold &amp; Other Precs. Metal Jewellery</b>	<b>1841.15</b>	<b>2054.9</b>	<b>2797.56</b>	<b>1890.96</b>	<b>876.33</b>	<b>11.61</b>	<b>36.14</b>	<b>-32.41</b>	<b>-53.66</b>
	Share in total export	18.12	18.71	28.28	22.94	14.45				
<b>3</b>	<b>Telecom Instruments</b>	<b>111.03</b>	<b>137.13</b>	<b>198.24</b>	<b>462.75</b>	<b>332.87</b>	<b>23.51</b>	<b>44.56</b>	<b>133.43</b>	<b>-28.07</b>
	Share in total export	1.09	1.25	2.00	5.61	5.49				
<b>4</b>	<b>Petroleum Products</b>	<b>86.49</b>	<b>7.08</b>	<b>4.85</b>	<b>23.71</b>	<b>212.26</b>	<b>-</b>	<b>-</b>	<b>388.87</b>	<b>795.23</b>
	Share in total export	0.85	0.06	0.05	0.29	3.50				
<b>5</b>	<b>Electronic Components</b>	<b>110.68</b>	<b>129.48</b>	<b>136.27</b>	<b>109.60</b>	<b>115.05</b>	<b>16.99</b>	<b>5.24</b>	<b>-19.57</b>	<b>4.97</b>
	Share in total export	1.09	1.18	1.38	1.33	1.90				
<b>6</b>	<b>Electric Machinery And Equipment</b>	<b>101.54</b>	<b>39.44</b>	<b>56.4</b>	<b>121.48</b>	<b>86.06</b>	<b>-</b>	<b>-</b>	<b>115.39</b>	<b>-29.16</b>
	Share in total export	1.00	0.36	0.57	1.47	1.42				
<b>7</b>	<b>Marine Products</b>	<b>82.4</b>	<b>72.74</b>	<b>67.4</b>	<b>64.88</b>	<b>57.60</b>	<b>-</b>	<b>-</b>	<b>-3.74</b>	<b>-11.22</b>
	Share in total export	0.81	0.66	0.68	0.79	0.95				
<b>8</b>	<b>Electronic Instruments</b>	<b>42.4</b>	<b>73.8</b>	<b>64.06</b>	<b>91.22</b>	<b>48.53</b>	<b>74.06</b>	<b>-</b>	<b>42.40</b>	<b>-46.80</b>
	Share in total export	0.42	0.67	0.65	1.11	0.80				
<b>9</b>	<b>Other Misc. Engineering Items</b>	<b>35.47</b>	<b>30.3</b>	<b>19.85</b>	<b>19.29</b>	<b>48.03</b>	<b>-</b>	<b>-</b>	<b>-2.82</b>	<b>148.99</b>
	Share in total export	0.35	0.28	0.20	0.23	0.79				
<b>10</b>	<b>Consumer Electronics</b>	<b>9.96</b>	<b>6.49</b>	<b>11.11</b>	<b>32.45</b>	<b>46.69</b>	<b>-</b>	<b>-</b>	<b>192.08</b>	<b>43.88</b>
	Share in total export	0.10	0.06	0.11	0.39	0.77				
	<b>Total export to HONG KONG</b>	<b>10162.40</b>	<b>10984.80</b>	<b>9892.66</b>	<b>8244.07</b>	<b>6066.64</b>	<b>8.09</b>	<b>-9.94</b>	<b>-16.66</b>	<b>-26.41</b>

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

TABLE -5

**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM HONG KONG  
2020-21 TO 2024-25 AND THEIR GROWTH RATES**  
(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	Electronic Components	3293.79	4756.4	4287.86	5959.73	5770.17	44.41	-9.85	38.99	-3.18
	Share in total imports	21.71	24.91	23.46	29.14	29.03				
2	Pearl, Precs. Semiprecs. Stones	3394	4355.91	5321.89	4195.08	2938.21	28.34	22.18	-21.17	-29.96
	Share in total imports	22.37	22.81	29.12	20.51	14.78				
3	Gold	611.46	386.98	188.2	277.85	2162.64	-36.71	-51.37	47.64	678.35
	Share in total imports.	4.03	2.03	1.03	1.36	10.88				
4	Telecom Instruments	2690.81	2355.12	1795.92	1855.27	1751.07	-12.48	-23.74	3.30	-5.62
	Share in total import	17.73	12.33	9.83	9.07	8.81				
5	Silver	334.38	1158.06	1148.53	1126.03	1469.41	246.33	-0.82	-1.96	30.49
	Share in total import	2.20	6.06	6.28	5.51	7.39				
6	Computer Hardware Peripherals	1314.6	1998.49	1347.67	1488.27	1373.99	52.02	-32.57	10.43	-7.68
	Share in total import	8.66	10.47	7.37	7.28	6.91				
7	Electronic Instruments	582.27	653.74	715.07	674.50	614.83	12.27	9.38	-5.67	-8.85
	Share in total import	3.84	3.42	3.91	3.30	3.09				
8	Accumulators And Batteries	372.96	491.53	298.33	318.53	390.72	31.79	-39.31	6.77	22.66
	Share in total import	2.46	2.57	1.63	1.56	1.97				
9	Consumer Electronics	505.94	469.48	538.62	372.72	352.49	-7.21	14.73	-30.80	-5.43
	Share in total import	3.33	2.46	2.95	1.82	1.77				
10	Electric Machinery And Equipments	160.71	215.37	341.02	403.15	325.37	34.01	58.34	18.22	-19.29
	Share in total import	1.06	1.13	1.87	1.97	1.64				
	Total import from HONG KONG	15172.82	19096.61	18274.95	20449.70	19877.09	25.86	-4.30	11.90	-2.80

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

SOURCE : DGCI&amp;S, M/o C&amp;I

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