



CONNECT Hong Kong

A smart guide to shipping

This is your quick guide to help you connect with customers and businesses across Hong Kong. It's here to help you understand the local culture, shipping requirements, regulations and key commercial opportunities to expand your business.



united problem solvers™



Hong Kong Overview

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Open your new trade route to Hong Kong.

Hong Kong is the freest economy in the world. The Hong Kong SAR (Special Administrative Region) Government has been endorsing the 'market driven with minimal government interference' policy to create a business-friendly environment in Hong Kong. China guides Hong Kong's foreign and defense policies, but the territory has its own currency and customs status. The region is a major corporate and banking center as well as a conduit for China's burgeoning exports.



National facts and figures

| | Hong Kong |
|-------------------|--|
| Population | 7,336,248 (2016) |
| Land Area | 1,108 sq. km/ 100% Urbanized |
| Languages | Cantonese 88.9% Chinese 1.9% Other Chinese dialects 3.1% English 4.3% Other languages 1.9% |
| Religions | Buddhism, Taoism, Confucianism, Christianity, Islam, Hinduism, Sikhism and Judaism. Religious freedom is one of the fundamental rights enjoyed by Hong Kong residents. It is protected by Basic Law and other relevant legislation. |

The world's freest economy

The world's most services-oriented economy (more than 90% share of GDP).
Asia's 2nd largest recipient of foreign direct investment (FDI) and Asia's 3rd largest source of FDI.

Long tradition of trade and commerce

Hong Kong has a high degree of autonomy and preservation of economic systems.
The founding member of the World Trade Organization actively supports a free and stable multilateral trading system.

Growing economy

Hong Kong's economy expanded by 4.3% in real terms in the first quarter of 2017.
Merchandise exports increased by 8.2% year-on-year in January-May 2017.

Ease of doing business and trading

Hong Kong is ranked 4th out of 190 countries and territories for "ease of doing business" by the World Bank. It takes only one and a half days to start a business in Hong Kong.
It is also easy to trade to and from Hong Kong with its high level of compliance, speed and fairly low shipping cost.



Unlocking your potential.

Over the past few decades, Hong Kong has transformed from a labor-intensive manufacturing-based economy to a high value-added and knowledge-based economy, with focus on international trade, financial services, tourism, etc. Since 1997, Hong Kong has become increasingly integrated with China through trade, tourism and financial links. Hong Kong has also established itself as the premier stock market for Chinese firms seeking to list abroad and a prime renminbi offshore center.

Asia's rising prominence in the global economy, as well as, strengthening of economic co-operation with China and neighboring economies are vital to Hong Kong's economic development over the long term.

China's development of its internal market is creating additional opportunities for Hong Kong with demand for higher quality services, especially in the areas of finance and professional services.

Market open for business

The government supports a favorable business environment for attracting companies overseas to invest and expand their business activities in Hong Kong. This includes:

- An open market with free movement of goods, capital and people
- A low and simple tax regime
- A level-playing field for all businesses
- The rule of law
- An independent judiciary and the protection of intellectual property rights

Hong Kong is a popular venue for hosting regional headquarters or representative offices for multinational companies. Based on a government survey, there were 3,731 regional headquarters (RHQs) and regional offices (ROs) in Hong Kong in 2016.

Links with China's financial markets, the internationalization of the RMB, the expansion of China enterprises and the Belt and Road



| | |
|------------------------|--|
| Currency | Hong Kong Dollar (residents are allowed to hold savings in Chinese Renminbi) |
| GDP (US\$) | 319.4 billion (2016) |
| GDP Per Capita (US\$) | 43,500 (2016) |
| Major Industries | Textiles, clothing, tourism, banking, shipping, electronics, plastics, toys, watches, clocks |
| Total Exports (US\$) | 558.3 billion (merchandise and services) (2016) |
| Re-exports (US\$) | 454.5 billion (2016) |
| Domestic Export (HK\$) | 42.9 billion (2016) |
| Total Imports (US\$) | 587.9 billion (merchandise and services) (2016) |
| Top Trading Partners | China 55.3%, U.S. 8.1%, India 3%, Japan 2.9%, UK 2.2% |
| Air Cargo throughput | 4.5 million tonnes (2016) |
| Port Cargo throughput | 256.7 million tonnes (2016) |

Initiative, will continue to bring forth extensive opportunities, enabling Hong Kong to serve as a fund-raising and investment center.

The CEPA (Closer Economic Partnership Arrangement) helps deepen economic integration with China and consolidate its status as the world's leading asset management hub.

Investment Flows

Hong Kong is a highly attractive market for foreign direct investment (FDI). According to the UNCTAD World Investment Report 2017, global FDI inflows to Hong Kong amounted to US\$ 108 billion in 2016.

According to a government survey, Hong Kong's total stock of inward direct investment was estimated at US\$ 1,582 billion at the end of 2015. The majority of it's investments were related to service industries including investment and holding, real estate, professional and business services, banking and Import and Export, wholesale and retail trades.

High value-added and knowledge-based economy

To make Hong Kong stand out in the midst of intense global competition, the government promotes Hong Kong's transformation into a high value-added, knowledge-based economy focusing on the following priorities:

- Enhance the competitiveness of industries including innovative technologies
- Improve the quality of human and physical capital
- Invest in education and infrastructure
- Attract talent from outside Hong Kong and creating a family and age-friendly environment
- Increase land and housing supply



Gateway to the world.

Hong Kong may be one of the world's tiniest cities, but as China's Special Administrative Region, Hong Kong is a gateway between the recently emerged economic powerhouse and the rest of the world. Hong Kong also enjoys a highly active and cooperative business relationship with China, and has Free Trade Agreements with New Zealand, the Member States of the European Free Trade Association and Chile. Moreover Hong Kong is actively pursuing stronger ties with the Association of Southeast Asia Nations (ASEAN), Georgia, Maldives, Macau and Australia.

- One of the World's most competitive locations.**
 Access to half of the world's population within 5 hours flying time. The world's freest economy. An open and outward-oriented economy. Free trade, free market, free flow of capital. No foreign exchange controls. "One Belt, One Road" a historic opportunity for Hong Kong to leverage its status as China's most cosmopolitan city. A modern financial hub combining efficient infrastructure, well-regulated markets and Western-style legal institutions with deep understanding of Chinese culture and business practices.
- CEPA, a China-Hong Kong free trade agreement, allows local companies preferential access to the China market.**
 All goods qualified as Hong Kong origin may be exported to China tariff free.
- Level playing field for all – no foreign ownership restrictions.**
 Low, simple and predictable tax regime. No tax on off-shore income, capital gains, dividends, estate or sales. Free movement of capital, talent and goods.
- Magnet for Asia's financial, business and trading community.**
 Asia's leading aviation and shipping hub. Proven gateway to China's high-growth markets - adjacent to China's fast-growing Pearl River Delta region.
- Multi-lingual, highly trained, flexible and motivated workforce.**
 Familiar with the latest international business practices. Strong work ethic.
- World-Class Infrastructure, Transport and Telecommunications.**
 Premier logistics hub and springboard to China. Air, sea and road transportation models are well-developed and interconnected. Expected to be completed by 2017/2018, the Hong Kong-Zhuhai-Macau Bridge reduces travelling time between Hong Kong and Macau and Zhuhai to approximately 40 minutes which is down from 4.5 hours by road at present. Hong Kong International Airport is one of the most efficient airports in the world in terms of average number of passengers and volume of cargo carried per aircraft. New boundary control point, coming up in Liantang/Heung Yuen Wai in 2018, will improve cross-border transport infrastructure with China.

It will connect with the "Eastern Corridor" in Shenzhen, an expressway which links up the eastern part of Guangdong and adjacent provinces, Fujian and Jiangxi. A leader in information and communications technology. Has one of the highest concentration of hotspots in the world. Its broadband download speed is also the highest in the world.

- Leading International Financial Centre:**
 More than 70% of the world's top 100 banks are operating in Hong Kong.





The center of Consumer and Business eCommerce.

Hong Kong benefits from a lack of restrictions from the government where eCommerce is concerned. Well-traveled residents of Hong Kong prefer to shop online for goods, from clothes to cars and tickets to luxury brands. Hong Kong remains Asia's leading luxury shopping destination with many retailers using it as a springboard for expansion into China and international markets.

88% of Hong Kong consumers shopped online in the past 12 months. The young generation are all active eShoppers. Retailers are also keen to leverage the “online shopping fever” and some eTailers have started organizing Online Shopping Festivals.

Hong Kong, a free port with smooth and stable customs, is beneficial for business start-ups and for companies seeking to penetrate China's eCommerce market.

Hong Kong eCommerce companies have years of experience in cooperating with overseas businesses and understanding China's consumers, enabling them to make further inroads into the market.

Global distribution center for eCommerce

The revenue generated by Hong Kong's eCommerce trade itself is estimated to reach US\$ 3.71 billion this year, with a compound annual growth rate of 10.2% from 2017 to 2021 (Statista research). Hong Kong has the potential to serve as an APAC or even global distribution centre for eCommerce. As far as rapid expansion is concerned, Hong Kong serves as a transit point between vendor and customer. It can handle eCommerce clearance or personal consumption clearance, requiring just an extra two to three days of delivery time to get goods to their destination in China.

New era of buying behaviours

Hong Kong businesses need to be aware of how consumer tastes and expectations are changing. Given the high internet penetration in Hong Kong, businesses should maximize their digital platforms to provide goods and services to existing customers and connect with new customer groups.

Value growth will replace volume growth in many categories. The expansion of an emerging middle class has fuelled rapid revenue growth in many categories, especially fast-moving consumer goods. Spending for many higher-value products is ready to accelerate as a result of the growth of the upper-middle class. As consumers enter this income segment, their consumption of luxury goods, wine, automobiles, and overseas travel increases sharply.

Consumers engage more with brands. Young people also have a greater emotional connection with brands. A top priority of 18- to 25-year-old consumers buying skin care products is that the brands should fit their personality. As consumers gain experience and become more knowledgeable about products, they explore alternatives (brand home appliances, consumer electronics, apparel, and skin care brands).



In 2016, the top three most popular categories for eShoppers were clothing (52%), travel package/air tickets/hotels (41%), and restaurant coupons (39%).



Young people (aged below 30) are active eShoppers and have greater emotional connection with brands.



88% of Hong Kong consumers shopped online between March 2016 and March 2017.



Understanding local business culture is the foundation of your success.

A key to being successful in business internationally is to understand the role of culture in international business. Improving this knowledge can help build your international competencies as well as enable you to gain a competitive advantage - whatever sector you are operating in. Reputation, respect for hierarchy, patience, body language and colors are critical success factors when doing business in Hong Kong.

Meetings

- Arrange meetings well in advance and confirm your appointment one day before the meeting.
- Before a meeting, provide a list of your team members and associates presented in order of seniority or importance.
- Be well-prepared and support your presentation with facts and figures.
- It is recommended that one side of your business card should be printed in Chinese and the other side in English.
- Negotiations usually take place at a slow pace. Avoid losing your temper as this could harm your relations.
- Business people communicate through gestures, facial expressions and posture.
- It is important to be diplomatic in the choice of words. For example, do not say “no” directly, but try to find a different phrasing.
- Offering gifts is a form of respect, to express sincerity in building a long-term relationship. It is advisable to present the gift to the head of the group first at a dinner or at the end of the meeting.

Business Culture

- In Hong Kong, business people dress conservatively, usually in black suits - even during business dinners.
- Always greet the most senior group member first and address people with their title and surname.
- In Hong Kong colors can have different meanings. For example, red is a lucky colour and wearing a red piece of clothing might have a positive effect.
- Shaking hands is a sincere way of starting a relationship successfully. This can be combined with a slight tilt of the head.
- The date of signing a contract might be determined by an astrologer or a Feng Shui expert.

Customer Service

- According to Hong Kong Business 52% of consumers in Hong Kong are willing to spend more with companies that they believe will provide excellent customer service.
- A large number of Hong Kong consumers feel that businesses are not doing enough to provide excellent service. In 2016, 24% of customers said that service was below or greatly below expectation – versus 13% who claimed it exceeded expectations.
- On average, every consumer will tell 18 people about their poor experiences, compared to telling 6 people about their good experiences.
- In Hong Kong, 80% of consumers have posted comments on social media platforms about their customer experiences.
- Technology seems to have its limitations, as 38% of Hong Kong people still prefer to speak to a person for complex issues, and 45% prefer face-to-face for a difficult or complicated inquiry – the highest of all markets.

Holidays

Many of the holidays that are celebrated in Hong Kong are based on the lunar cycle. These holidays will fall on different dates each year. The government of Hong Kong will release official holiday dates of the following year at the end of each year.

- The first day of January (1st January)
- Lunar New Year's Day and following two day (28th, 29th, 30th and 31st January)
- Ching Ming Festival (4th April)
- Good Friday - Easter Monday (14th April)
- Labor Day (1st May)
- The Birthday of the Buddha (3rd May)
- Tuen Ng Festival (30th May)
- Hong Kong SAR Establishment Day (1st July)
- National Day (1st October)
- The following day of Mid-Autumn Festival (5th October)
- Chung Yeung Festival (28th October)
- Christmas Day and the following day (25th and 26th December)

* State holiday dates might differ by the year and are subject to change.
* Where holidays fall on a Sunday, the following weekday will be a public holiday.



Useful things to remember when shipping to and from Hong Kong.

If you are thinking of shipping to or from Hong Kong, help is at hand. Wherever you are, visit [UPS.com](https://www.ups.com) to get detailed help on everything you need to know about sending export and import shipments. You'll find guidance on determining shipping costs; how to prepare for an export shipment; how to book and track shipments and how to process payments and deal with returns. Below are some important rules, tools and support resources to get you started.



Ship to Hong Kong tips

Import, export, transhipment and transit of strategic commodities are subject to licensing control in Hong Kong under the Import and Export Ordinance and the Import and Export (Strategic Commodities) - licenses issued by The Trade and Industry Department.

Hong Kong is a 'free port' so goods are not subject to import duty except for: liquors (30% and above alcohol by volume), tobacco, hydrocarbon, oil and methyl alcohol.

Medicines, including Chinese herbal remedies, are controlled and require special documentation.

Hong Kong has a special importing classification 'Strategic Tools' that includes high performance electronic systems (controlled and require special documentation).

Hong Kong has tight controls on 'natural' products – fresh and frozen food, sand, animals and plants.

All cargoes imported into/exported from HKSAR are subject to Customs control which is done primarily through the inspection of documents.



Ship from Hong Kong Checklist

- ✓ Exports need to be declared except for dispatches of less than HKD 1,000. An export license is required for strategic commodities such as high performance digital computer and server regardless of the value. Refer to this [list of strategic commodities](#).
- ✓ Every person who imports or exports any article other than an exempted article is required to lodge with the Commissioner of Customs and Excise (the Commissioner) an accurate and complete import or export/re-export declaration within 14 days after the importation or exportation of the article.
- ✓ Importation or exportation of personal articles (including articles directly purchased from or sold to overseas through the Internet or other means) may also be subject to the above declaration requirements.
- ✓ The declared value on the customs declaration form needs to be in Hong Kong Dollars.
- ✓ A formal electronic export declaration must be sent to customs authorities by the exporter or their representative. Customs authorities grant the release for export and issue an Export Accompanying Document (EAD) with a unique Movement Reference Number (MRN).



Online Tools

A range of tools is available from UPS that can help you with your shipping needs. Visit www.ups.com for these tools.

- Calculate Time and Cost: Find delivery dates, time and shipping costs for UPS services.
- Import/Export Country Regulations: [Click here](#) for country-specific facts and requirements that may impact your international shipment.
- Days of Operation: Find UPS-observed holidays in Hong Kong.
- UPS Import Control®: Minimize delays and errors more effectively.
- UPS Paperless® Invoice: Electronic commercial invoices speed data to customs.
- UPS TradeAbility®: A suite of Web-based tools to help manage and track international trade.
- Flex™ Global View: Supply-chain visibility for enterprises with a global reach.
- Quantum View™ Manage: Get up-to-date information about shipments you send, or those you're expecting, from one Web-based tool that is easily customizable.
- UPS Marketable Label: Allow businesses to utilize custom label as direct mail platform to enhance customer experience and generate additional revenue.



Useful links and reference information.

Useful Links

- Home Affairs Bureau
- Customs and Excise Department
- Strategic Commodities Control System
- The World Bank
- Asia Economic Institute
- Hong Kong Trade and Industry Department
- Hong Kong Trade Development Council
- GovHK Trade and Industry Department



Sources & References

- WorldAtlas
- GovHK
- GovHK Labour Department
- PricewaterhouseCoopers
- Central Intelligence Agency
- Hong Kong Economy
- Hong Kong Trade Development Council
- The World Bank Group
- World's Top Exports
- InterNations
- Santander
- USDA Foreign Agricultural Service
- GovHK Census and Statistics Department
- GovHK Strategic Commodities Control System
- The Shipping Herald
- Hong Kong International Airport
- The Nielsen Company
- GovHK Hong Kong Economic and Trade Office (Toronto)
- Hong Kong Trade Development Council
- Hong Kong Business
- GovHK Religion and Custom



Partnering for maximum potential.

Whatever your needs are across Hong Kong or the globe, import or export, business or consumer – UPS has the expertise in global logistics to help you succeed. With access to our comprehensive service portfolio you can capitalize on international market potential. The UPS network will connect you with your customers in Hong Kong, Asia region and beyond, giving you the reassurance of our experience and the latest technology on your side to help you succeed.

Authorized Economic Operator Certification

UPS Hong Kong has been awarded the Authorized Economic Operator certification by the Customs and Excise Department of the Hong Kong Special Administrative Region. The authorization reinforces the fact that UPS customers enjoy preferential levels of efficiency through customs procedures. This means high quality service guarantee to all UPS customers who connect with businesses in Hong Kong.

Connecting Europe with Hong Kong in one day

With UPS, shipments from Hong Kong can arrive the next day in selected business areas in Europe. And if you send shipments to Hong Kong, you can reach key business and manufacturing centers as early as the second business day after dispatch.

This means you are not only getting to the market faster than the competition, but you also benefit from improved cash flow thanks to shorter goods transaction times and reduced production pressure.

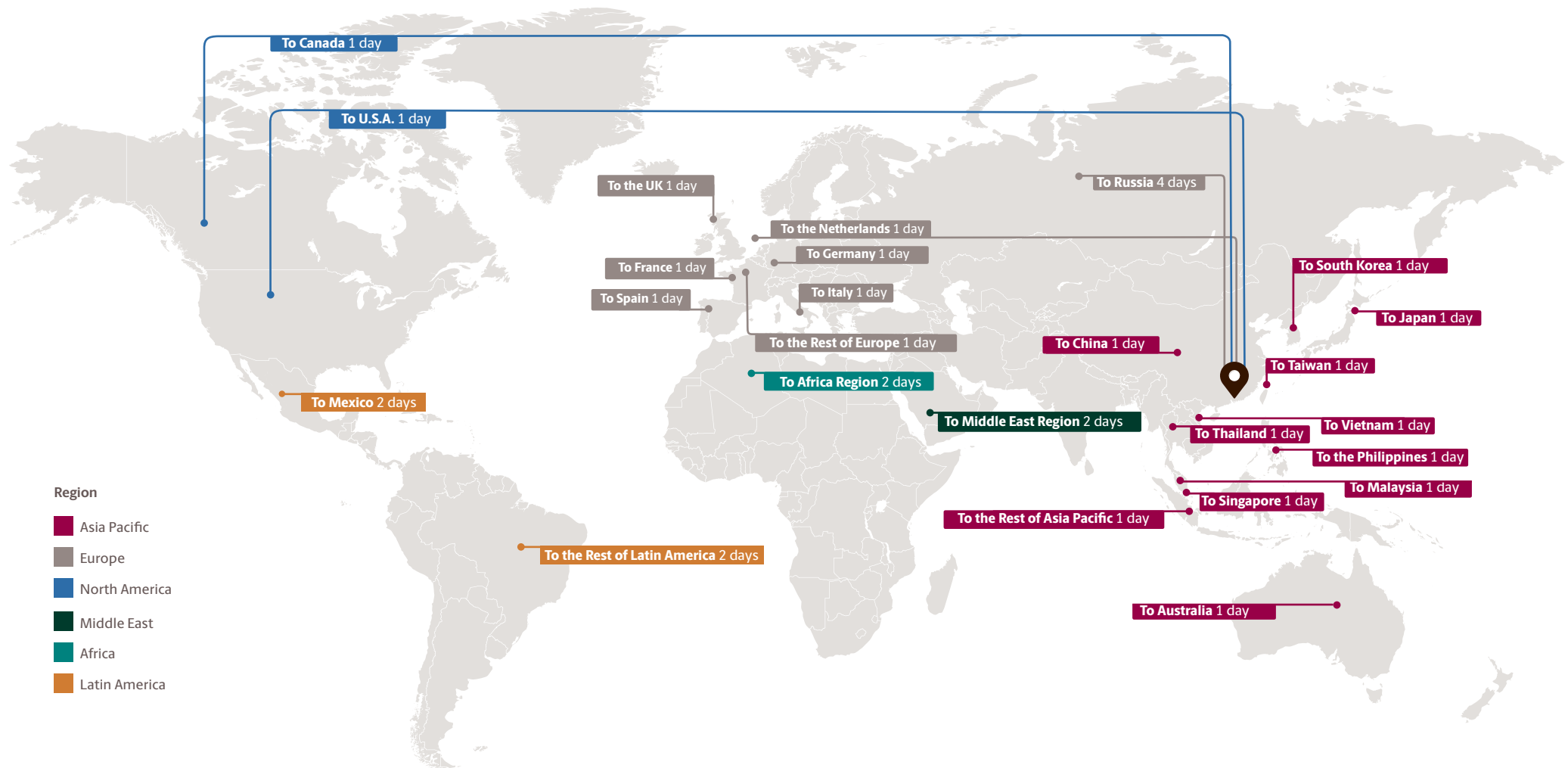
Convenient drop-off and pickup

UPS Hong Kong operating center at Shek Mun - a key industrial and financial area offers convenience and flexibility with self drop-off services and later pickup time. Your suppliers in Hong Kong can take in and fulfill last minute orders from you.





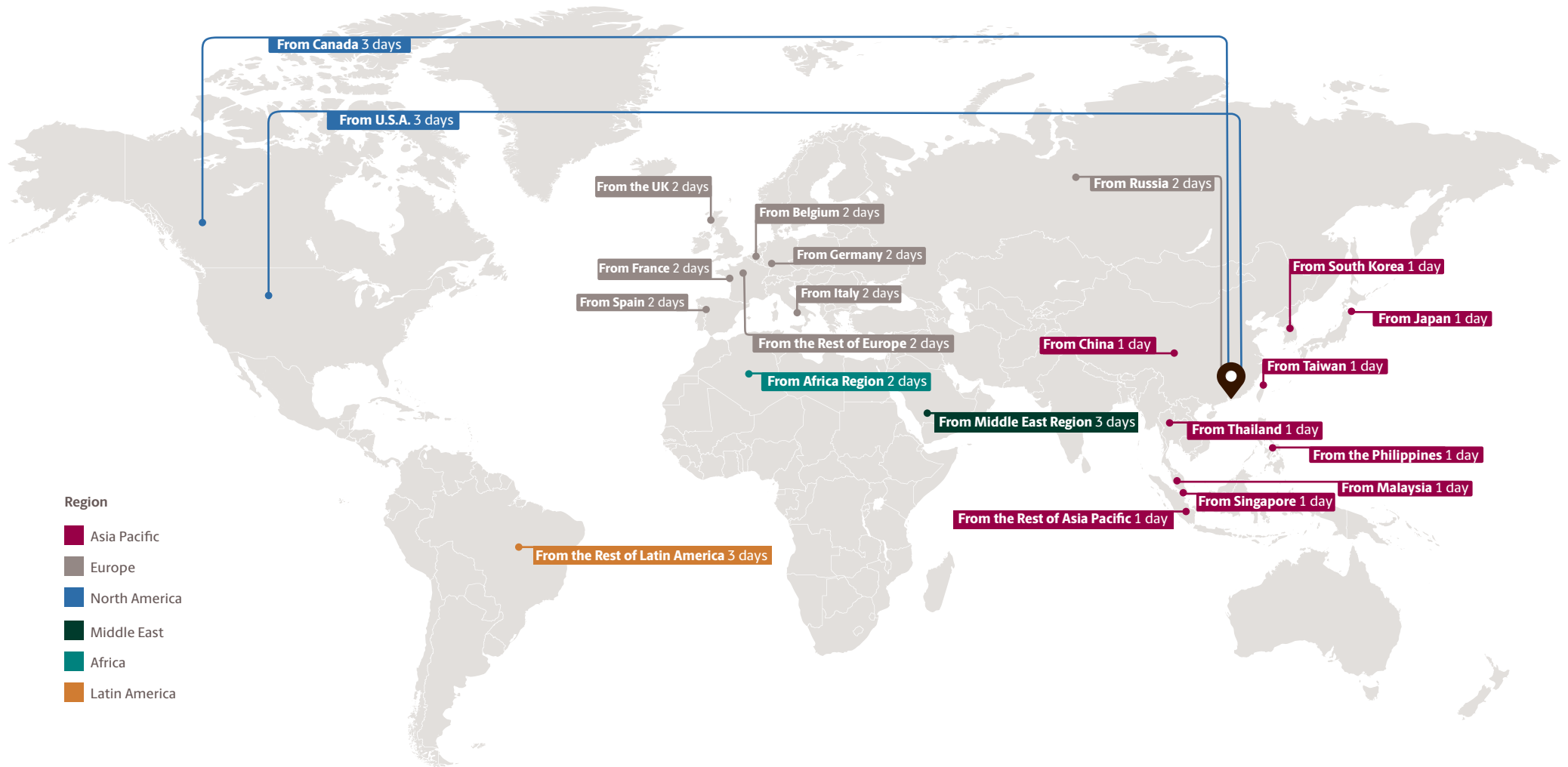
Delivery commitment from Hong Kong



*Based on the earliest delivery times by UPS Worldwide Express service and may vary by origin and destination postal codes. Time-in-transit can be subject to change without prior notice. Please visit [ups.com](https://www.ups.com) for guarantee details, service availability and commitments before shipping. Certain commodities and high-value shipments may require additional transit time for customs clearance. The above information is updated as of July 2017.



Delivery commitment to Hong Kong



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