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FOR IMMEDIATE RELEASE

New report: Hong Kong still growing as gateway to China

While the Chinese economy is slowing, Hong Kong is still booming as a re-export centre and this is set to continue, according to a report by ICAEW launched today at a joint HKICPA/ICAEW event. As trade between the Mainland and the rest of the world continues to grow, Hong Kong remains a vital destination for firms seeking a foothold in the Asia Pacific region.

The quarterly *Economic Insight: Greater China* report was launched at a joint event held by HKICPA, Hong Kong's only statutory licensing accountancy body and ICAEW, world leading UK accountancy body to share the latest economic developments with their members and other senior figures from the business and finance community. The report was produced by Cebr (The Centre for Economics and Business Research) for ICAEW and provides a current snapshot of the region's economic performance. The report covers the Mainland and the special administrative regions of Hong Kong and Macau.

Re-exports of goods were worth almost \$450 billion in 2013, up 3.8 percent from the year before, as Hong Kong remains a gateway between China and the rest of the world. The report also suggests global foreign direct investment flows will remain high for the foreseeable future, although this could slacken as the Mainland liberalises and multinational firms are allowed to establish bases in China itself. Moreover, Hong Kong's robust and growing services export sector, which currently accounts for more than 90 percent of the domestic economy, is expected to remain strong even as Chinese demand slows.

The report cautions that future exports of high-skilled products rest on access to information and communications technology (ICT) and constant development of the education system. While Hong Kong is in the global top 10 for ICT, it is falling slightly behind on education, according to the World Bank Knowledge Index. This is due to a relatively low take-up of tertiary education, and a shorter secondary schooling duration. Support for young people to go on to university is critical to ensure that the labour force can continue to compete in international markets.

ICAEW Economic Advisor and Cebr's Executive Chairman, Douglas McWilliams, said, "Hong Kong should see GDP growth accelerate in 2014, up from 2.9 percent to 3.8 percent. This is partly thanks to increased demand from advanced economies – as the U.S. and the Eurozone pick up pace. It is likely that GDP growth in the Mainland will slow over the coming years, as the economy works through vital structural reforms in order to become more sustainable, but Hong Kong's strong services exports point to continued prosperity. As the place in the world with the most

economic freedoms according to the Heritage Foundation, the SAR remains one of the best places to invest and do business.”

Raphael Ding, HKICPA Chief Executive, said, “As Hong Kong continues to grow and serve as the gateway to the Mainland, the city’s accounting profession keeps on evolving as world-class accountants. CPAs qualified and experienced in cross-border work are a key ingredient of commercial and economic success.”

The report also notes that China is doing very well on innovation but sophisticated engineering continues to pose some challenges, and further efforts are needed in education and ICT in order to propel continued development. Nevertheless, foreign investment is expected to rise and bring additional benefits in skills and know-how.

In Macau, economic growth is expected to remain in double digits, mainly thanks to the peninsula’s casino clientele. Revenues from gambling account for nearly half of GDP and should continue to rise. Also, investment is set to boost growth as development continues on the Cotai strip.

HKICPA and ICAEW have a long-standing relationship and a reciprocal membership agreement, allowing members of one body to become a member of the other without any further examinations.

ICAEW’s *Economic Insight: Greater China* report is part of a series of quarterly economic reports produced by ICAEW to support its members around the world.

For more information see [here](#).

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About the Hong Kong Institute of Certified Public Accountants

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more than 37,000 members and more than 17,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation CPA.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance – an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

About The Institute of Chartered Accountants in England and Wales

1. ICAEW is a world leading professional membership organisation that promotes, develops and supports over 142,000 chartered accountants worldwide. We provide qualifications and professional development, share our knowledge, insight and technical expertise, and protect the quality and integrity of the accountancy and finance profession.

As leaders in accountancy, finance and business our members have the knowledge, skills and commitment to maintain the highest professional standards and integrity. Together we contribute to the success of individuals, organisations, communities and economies around the world.

Because of us, people can do business with confidence.

2. ICAEW is a founder member of Chartered Accountants Worldwide and the Global Accounting Alliance.