

## **VOORBURG CONFERENCE 2001: PROGRESS REPORT FROM HONG KONG , CHINA**

### **Service Product Prices**

The Census and Statistics Department (C&SD) of the Hong Kong Special Administrative Region, China is actively working on the development of producer price indices (PPI) for service industries. The development of PPIs depends on the following factors:

- (a) the economic significance of service activities; and
- (b) the conceptual and technical complexities involved in the compilation process.

The development of PPI for service industries is important to Hong Kong as the value-added of services sector accounts for around 85% of the GDP of Hong Kong.

Quarterly indices on hotels and boarding houses, telecommunications, and other communication services have been published since April 2000. For air transport, land transport, and maritime transport, quarterly indices have been published since July 2000. Indices will soon be released for storage and rental of machinery and equipment.

Industries targeted for compiling the PPI in 2002 include the following:

- real estate maintenance management;
- real estate brokerage and agency;
- stock and share companies;
- commodity futures and gold billion brokers/dealers;
- legal services,
- accounting, auditing and bookkeeping services;
- data processing and tabulation services;
- architectural, surveying and project engineering services; and
- advertising and related services.

Data for compiling the PPI are being collected through the Quarterly Survey of Services Industries.

### **Data on Purchased Services**

Data on purchased services are required for compiling the Supply and Use Tables. Such tables are useful for reconciliation of the GDP figures compiled under different approaches. Besides, the tables facilitate better understanding of the inter-dependency between different economic activities within an economy. This is particularly useful for impact or multiplier analysis.

The C&SD adopted a standardised form to collect the purchased services data through the Programme of Annual Economic Surveys (PAES). The PAES consists of six survey systems covering MDs 2,3,4,5,6,7 and 8. The use of a standardised form ensures consistency in the collection of market goods and

services across various economic activities.

Data items on purchased services collected include the following:

- storage/ postage/ courier service/ telephone and other telecommunications
- rental/ leasing expenses
- maintenance and repair services expenses
- professional and business services fees
- financial service fees
- insurance premiums
- management fees/ subscription/ membership fees
- advertising expenses
- transport and travelling expenses
- entertainment expenses
- licence fees
- royalties and franchise fees
- work performed by contractors
- expenses on water, sewer, fuels and electricity

### **Information Society**

To assess the degree of prevalence of electronic commerce (EC) sales, the C&SD has started collecting additional breakdown of retail sales received through electronic means via the Monthly Survey of Retail Sales since May 2000.

The C&SD has been conducting two surveys annually to measure the penetration of Information and Communication Technology (ICT) at work and at home. Statistics such as number of establishments having Web page/Web site/Web server and number of households having Internet connection have been compiled. To tie in with the mounting demand for ICT and EC statistics, the scope of the two surveys is kept under review.

The C&SD has recently enhanced the Hong Kong Standard Industrial Classification (HSIC) so as to provide a more refined industry classification for the ICT-related industries. With the enhanced classification, the contribution of ICT-related industries to the economy could be more accurately assessed.

More and more new telecommunication services have evolved in recent years. To shed light on their developments, additional data on these services have been collected as from the 2000 round of the PAES for the communications sector for the purpose of compiling relevant service product statistics.

Besides, information about household expenditure through EC by commodity/service was also collected through the 1999/2000 round of Household Expenditure Survey.

### **Classification of Service Products**

In compiling the trade in services statistics, we have adopted the Extended Balance of Payments Services Classification. Results of new classification will probably be released at the end of 2002.

### **Measurement of non-market services**

The C&SD has no significant progress to report on this item. This is not a priority item as the contribution of sectors producing non-market services is not substantial for Hong Kong.

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