

ECONOMY

Exports fall at fastest pace in more than three years

Kanis Leung
kanis.leung@scmp.com

Hong Kong's exports last month plummeted at the fastest rate in more than three years under the shadow of the US-China trade war.

June's overall export figure dropped 9 per cent year on year to HK\$309.6 billion. Exports to Asia were also down by 8.4 per cent.

For the first half of 2019, the city's total exports fell 3.6 per cent to HK\$1.89 trillion compared with the same period last year.

Financial Secretary Paul Chan Mo-po said yesterday the sharp fall in the overall export figure last month was linked to the trade war, while local consumption had also dropped.

"By the end of this month, we will announce the initial GDP estimates for the second quarter. We will review how to adjust this year's GDP growth altogether," he said.

According to a government spokesman, the trade war and a soft global economic environment had put further strains on

manufacturing activities and trade flows in Asia.

In June, the city's year-on-year exports to Thailand and the mainland dropped 13.6 per cent and 10.6 per cent respectively.

"Exports to most major markets recorded declines of varying degrees," he said.

"The near-term performance of Hong Kong's merchandise exports will remain constrained by the softening global economy and uncertainties arising from US-mainland trade tensions and other external developments."

Beijing has been the target of increased tariffs by US President Donald Trump for more than a year, with Chinese goods worth more than US\$250 billion now covered by 25 per cent levies.

Though Hong Kong remained protected by a separate economic arrangement under the US-Hong Kong Policy Act, the local trade sector could not escape unscathed.

Its overall monthly merchandise export figures fell for the eighth straight month since last November.

The 9 per cent decline in



9%

Hong Kong's overall export figure last month plunged by this proportion year on year to HK\$309.6 billion while exports to Asia in the month were also down

exports last month was the lowest rate since February 2016, which saw a 10.4 per cent slump.

Bilateral trade tensions between the US and the mainland still run high despite a tariff ceasefire agreed by Trump and President Xi Jinping at the end of the G20 summit in June.

Shanghai Commercial Bank head of research Ryan Lam Chun-wang said the weak export figures for June were expected, but the magnitude of the fall was worse than an earlier market prediction of a 6 per cent drop.

Lam said the market had learned there would be positive progress over the trade war in June, so there had been no need to rush exports.

He expected the city's overall export figures to fall 3 to 6 per cent in the next few months and 4 per cent for the year.

Confidence in Hong Kong's business environment among small and medium enterprises has dropped significantly, as the Standard Chartered Hong Kong SME Leading Business Index for the third quarter plummeted 7 points from the previous three months and stood at 39, hitting a three-year low.

Kelvin Lau, economist with Standard Chartered Hong Kong, said the fall in the latest index figure was expected as the trade war had deteriorated since the announcement of the index for the second quarter.