Abstract

In order to better reflect the rapid development in globalisation and the latest trend in international trade, the *System of National Accounts 2008 (2008 SNA)*, as well as the *Sixth Edition of the Balance of Payments and International Investment Position Manual (BPM6)*, recommends to adopt the change of ownership principle in recording international trade in goods and services in the national accounts framework to facilitate analysis of genuine international trade flows and the impact of globalisation of economic activities on international trade.

This new statistical standard is particularly relevant to the economy of Hong Kong, as trading activities related to goods sent abroad for processing and merchanting play a vital role in the external trade of Hong Kong. With extensive work done and solid foundation established, the Census and Statistics Department (C&SD) of Hong Kong has incorporated this new statistical standard in compiling trade in goods and services statistics under the Gross Domestic Product (GDP) and Balance of Payments (BoP) compilation frameworks of Hong Kong since September 2012.

This paper summarises the development work in implementing the change of ownership principle in the national accounts framework of Hong Kong, elaborates on the practical difficulties encountered in data collection, and the impact on Hong Kong’s trade in goods and trade in services statistics. The issue of factoryless goods production will also be briefly discussed.