Hong Kong trade rewired: Less China out, more world in

Natixis · Alicia GARCIA HERRERO · 2026-09-02 · English original

Marketing communication: This document is a marketing presentation. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research; and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. RESEARCH 02 September 2026 A SIA T HEMATIC I NSIGHTS – H ONG K ONG ' S T RADE Hong Kong trade rewired: Less China out, more world in WRITTEN BY Alicia GARCIA HERRERO Tel. +85239008680 alicia.garciaherrero@natixis.com Gary NG Tel. +85239151242 gary.ng@natixis.com Discover more of our research… … on research.natixis.com 0 10 20 30 40 50 0 10 20 30 40 50 15 16 17 18 19 20 21 22 23 24 25 26 Hong Kong: Re-export by Origin and Destination (%) M.China to M.China M.China to Foreign Foreign to M.China Foreign to Foreign N.B. Data as of June 2026. Twelve-month average. M.China stands for Mainland China. Source: Natixis, Hong Kong Census and Statistics Department 0 5 10 15 20 25 Central & Eastern Europe Central & South America Oceania Middle East Africa Western Europe North America Asia ex. M.China Share of Mainland China's Imports Intermediated Through Hong Kong by Origin (%) June 2026 2015 N.B. M.China stands for Mainland China. Source: Natixis, Hong Kong Census and Statistics Department

A SIA T HEMATIC I NSIGHTS 2 Executive Summary Asia's exports have been performing well in 2026, and Hong Kong has been one of the region's stronge st performers. By tracing re-exports by production origin and destination, the data reveals what conventional bilateral trade statistics often obscure, with implications for tariffs, supply-chain diversification and rising geopolitical scrutiny. The granularity of this data also helps answer an important question for Hong Kong, namely what role does it still play in connecting China ("Mainland China") with the world? Why is it relevant? The answer matters on three levels. China and Hong Kong operate under different customs territories, so this analysis looks into how supply chains are being rerouted through intermediary hubs. For China, it shows whether Hong Kong is becoming more embedded in sourcing, distribution, and external trade. Moving to Hong Kong, it indicates whether its entrepôt role is fading or evolving into a new higher-value structure with China and global networks. Changing role of Hong Kong Conventional bilateral trade data normally does not preserve the full chain when goods are redistributed through an intermediary economy. Hong Kong's data separately identifies where re-exported goods were produced and where they were consigned after leaving the city. We find that Hong Kong plays a smaller role in distributing Chinese-made goods, but a larger role in sourcing foreign goods for China and intermediating trade between overseas markets. Chinese-origin flows accounted for 61% of total re-exports in 2015 but only 40% in June 2026, while foreign-origin flows surged from 39% to 60%. Lower relevance of China's re -routed goods Chinese-made goods routed through Hong Kong and then re-exported back into China also declined from 25% in 2015 to 20% in June 2026 . Despite China's growing trade surplus, Hong Kong now plays a smaller role in distributing Chinese-made goods. Chinese-origin goods re-exported through Hong Kong to overseas destinations also fell from 36% in 2015 to 20% in June 2026. These trends align with the development of bonded zones and the fact that the US treats Hong Kong as the same jurisdiction, reducing the need to intermediate trade through Hong Kong. Tech demand drives Hong Kong re-exports into China and beyond Conversely, Hong Kong has become more important in sourcing foreign goods for China.

Foreign-origin goods re-exported through Hong Kong to China increased from 29% in 2015 to 41% in June 2026. In the same vein, foreign-origin goods re-exported to destinations outside China increased from 11% of Hong Kong's re -export trade in 2015 to 19% in June 2026. This reflects Hong Kong's strengths in procurement and distribution for semiconductors and related products. In addition, the US export controls are also applied less aggressively with more flexibility versus in the past. The growing demand for AI is an important reason for the sharp increase in Hong Kong's sourcing role. In fact, the share of semiconductor-related products has surged from 25% of total trade in 2015 to 42% in June 2026.

A SIA T HEMATIC I NSIGHTS 3 Changing entrepôt role Despite the geopolitical tensions, Hong Kong's entrepôt role is not disappearing, but it is changing direction. China's direct -trading capabilities and the emergence of other entrepots, such as Vietnam, are weakening Hong K ong's old model . However, increasingly fragmented global trade and AI growth are creating the foundations for a new one. Hong Kong is becoming less of a proxy for China's exports and more exposed to China's demand for foreign technology .

A SIA T HEMATIC I NSIGHTS 4 Tracing re-exports by production origin and destination Asia's exports have been performing well so far in 2026, and Hong Kong has been one of the region's stronger performers (Chart 1 and 2). By tracing re-exports by production origin and destination, the data reveals what conventional bilateral trade statistics often obscure, with implications for tariffs, supply-chain diversification and rising geopolitical scrutiny. The granularity of this data also helps answer an important question for Hong Kong, namely what role does it still play in connecting China ("Mainland China") with the world? Why is it relevant? Implications for global, China and Hong Kong supply chains The answer matters on three levels. China and Hong Kong operate under different customs territories, so this analysis looks into how supply chains are being rerouted through intermediary hubs. For China, it shows whether Hong Kong is becoming more embedded in sourcing, distribution, and external trade. Moving to Hong Kong, it indicates whether its entrepôt role is fading or evolving into a new higher-value structure with China and global networks. Four dimensions of trade flows Conventional bilateral trade data normally does not preserve the full chain when goods are redistributed through an intermediary economy. However, Hong Kong's data separately identify where re-exported goods were produced and where they were consigned after leaving the city. Our analysis is based on four metrics: a) Chinese-made goods routed back into China; b) Chinese goods distributed to overseas markets; c) foreign goods entering China through Hong Kong; and d) foreign goods redistributed to other overseas markets (Table 1). Table 1: Significance of Hong Kong's various re -exporting trade types by origin and destination Origin Destination Significance Mainland China Mainland China Offshore distribution and commercial hub in China centric supply chain Mainland China Foreign Traditional export gateway for China to global markets Foreign Mainland China Import and sourcing gateway for China Foreign Foreign Third market distribution hub, connecting overseas markets beyond China Source: Natixis 0 10 20 30 40 50 60 70 Australia Indonesia Japan Thailand Vietnam Philippines Mainland China India Taiwan Singapore Malaysia Hong Kong South Korea Chart X APAC: Exports (%YoY, sa, June 2026) Source: Natixis, Various Governments, CEIC -30 -20 -10 0 10 20 30 40 50 -30 -20 -10 0 10 20 30 40 50 15 16 17 18 19 20 21 22 23 24 25 26 Chart 2 Hong Kong: External Trade (%YoY) Exports Imports N.B. Data as of July 2026. Three-month average. Source: Natixis, Hong Kong Census and Statistics Department, CEIC

A SIA T HEMATIC I NSIGHTS 5 We find that Hong Kong plays a smaller role in distributing Chinese-made goods, but a larger role in sourcing foreign goods for China and intermediating trade between overseas markets (Chart 3 and 4). Chinese-origin flows accounted for 61% of total in 2015 but only 40% in June 2026, while foreign-origin flows surged from 39% to 60%. Looking at the top 15 routes by origin and destination in 2025 and June 2026, there is also a clear trend that Hong Kong is playing a greater role in importing goods from Taiwan, South Korea, Japan and the US to Mainland China (Chart 5 and 6). Due to the US tariffs, the relevance of Chinese exports to the US, which was the second largest trade route, has declined massively. At the same time, we also see routes with ASEAN and Middle Eastern countries emerging to the top league table. Lower relevance for made-in-China goods Onshore development reduced the need for round-trip trade Chinese-made goods routed through Hong Kong and then re-exported back into China also declined from 25% in 2015 to 20% in June 2026, but the value has continued to increase. Hong Kong has therefore lost market share, but this does not mean that every Chinese-origin flow has contracted. 0 50 100 150 200 250 0 50 100 150 200 250 15 16 17 18 19 20 21 22 23 24 25 26 Millions Millions Chart 3 Hong Kong: Re-export by Origin and Destination (HKD mn) M.China to M.China M.China to Foreign Foreign to M.China Foreign to Foreign N.B. Data as of June 2026. Twelve-month average. M.China stands for Mainland China. Source: Natixis, Hong Kong Census and Statistics Department 0 10 20 30 40 50 0 10 20 30 40 50 15 16 17 18 19 20 21 22 23 24 25 26 Chart 4 Hong Kong: Re-export by Origin and Destination (%) M.China to M.China M.China to Foreign Foreign to M.China Foreign to Foreign N.B. Data as of June 2026. Twelve-month average. M.China stands for Mainland China. Source: Natixis, Hong Kong Census and Statistics Department 0 10 20 30 M.China - Taiwan M.China - Vietnam M.China - UK M.China - Netherlands Thailand - to M.China M.China - India M.China - Germany US - M.China Malaysia - M.China M.China - Japan South Korea - M.China Japan - M.China Taiwan - M.China M.China - US M.China - M.China Chart 5 Hong Kong Re-exports: Top 15 Routes (% of Total, 2015, From - to) From M.China From Foreign N.B. M.China stands for Mainland China. Source: Natixis, Hong Kong Census and Statistics Department 0 10 20 30 M.China - Japan Philippines - M.China M.China - Thailand Singapore - M.China M.China - UAE Malaysia - M.China M.China - India M.China - Taiwan M.China - US M.China - Vietnam US - M.China Japan - M.China South Korea - M.China Taiwan - M.China M.China - M.China Chart 6 Hong Kong Re-exports: Top 15 Routes (% of Total, June 2026, From - To) From M.China From Foreign N.B. M.China stands for Mainland China. Trailing 12-month data. Source: Natixis, Hong Kong Census and Statistics Department

A SIA T HEMATIC I NSIGHTS 6 Smaller role in China’s exports Despite China’s growing trade surplus, Hong Kong now plays a smaller role in distributing Chinese-made goods. Chinese-origin goods re-exported through Hong Kong to overseas destinations fell from 36% of total re-exports in 2015 to 20% in June 2026. The declining share reflects much faster growth in other trade flows. However, it is the only category with a lower value than the previous peaks in 2019 and 2022. These trends align with the development of bonded zones and the fact that the US treats Hong Kong as the same jurisdiction, reducing the need to intermediate trade through Hong Kong (Chart 7 and 8). Tech demand drives imports for China and global trade Importing more for China Conversely, Hong Kong has become more important in sourcing foreign goods for China. Foreign-origin goods re-exported through Hong Kong to China increased from 29 % of Hong Kong’s re -exports in 2015 to 41% in June 2026. This reflects Hong Kong’s strengths in international procurement and distribution, particularly for electronics and semiconductors. From China’s perspective, the share of imports routed through Hong Kong increased from 9% in 2015 to 12% in June 2026. Hong Kong has become a more important sourcing channel for China. Globally, China sees a greater reliance on Hong Kong regarding the imports of Asia related supply chains, forming 22% of imports from the region. To a lesser extent, it also applies to North America as the direct US-China trade declines (Chart 9). Intermediation hub for global markets Hong Kong’s role in trade between overseas markets has also expanded. Foreign - origin goods re-exported to destinations outside China increased from 11% of Hong Kong’s total re-exports in 2015 to 19% in June 2026 with rising value. This indicates genuine growth rather than only a denominator effect. This points to a broader role as a regional procurement and redistribution hub amid increasingly complex Asian supply chains. In June 2026, 70% of good exported to Hong Kong by Asia suppliers are re-exported to China, lower than 80% in 2015 (Chart 10). Other markets are exporting to Hong Kong as they use it as a hub to enter China. 0 2 4 6 8 10 12 14 16 0 2 4 6 8 10 12 14 16 15 16 17 18 19 20 21 22 23 24 25 26 Chart 7 Mainland China: Share of Trade Through Customs Special Control Area (%) Exports Imports N.B. Data as of June 2026. Twelve-month average. Source: Natixis, China General Administration of Customs, CEIC 0 10 20 30 40 50 60 Port Klang Jebel Ali Tianjin Busan Guangzhou Qingdao Shenzhen Ningbo-Zhoushan Singapore Shanghai Chart 8 Top 10 Container Port Throughput (Billion TEU, 2025) China Others Source: Natixis, DynaLiners

A SIA T HEMATIC I NSIGHTS 7 AI as the underlying driver The main momentum comes from the growing demand for AI, which has mobilized the whole of Asia's supply chains for electronics. Export growth for economies with higher tech exposure in Asia has grown 47% YoY in June 2026, outpaced by 17% YoY for other markets (Chart 11). In Hong Kong, the share of semiconductor-related products has surged from 25% of total trade in 2015 to 42% in June 2026, reflecting the growing importance and its position in capturing the tailwinds despite the lack of manufacturing capacity in the city (Chart 12). Conclusion: Changing entrepôt role Despite the geopolitical tensions, Hong Kong's entrepôt role is not disappearing, but it is changing direction. China's direct -trading capabilities and the emergence of other entrepôts, such as Vietnam, are weakening Hong K ong's old model . However, increasingly fragmented global trade and AI growth are creating the foundations for a new one. Hong Kong is becoming less of a proxy for China's exports and more exposed to China's demand for foreign technology . 0 5 10 15 20 25 Central & Eastern Europe Central & South America Oceania Middle East Africa Western Europe North America Asia ex. M.China Chart 9 Share of China's Imports Intermediated Through Hong Kong by Origin (%) June 2026 2015 N.B. M.China stands for Mainland China. Source: Natixis, Hong Kong Census and Statistics Department 0 20 40 60 80 100 Western Europe Central & South America Middle East Central & Eastern Europe Africa Asia North America Oceania Chart 10 Share of Exports to Hong Kong Bound to Mainland China by Origin (%) June 2026 2015 Source: Natixis, Hong Kong Census and Statistics Department -20 -10 0 10 20 30 40 50 -20 -10 0 10 20 30 40 50 15 16 17 18 19 20 21 22 23 24 25 26 Chart 11 APAC: Export Growth (%YoY, sa) Higher Tech Exposure Lower Tech Exposure N.B. Data as of June 2026. Average of various markets. Three-month average. Source: Natixis, Various Governments, CEIC 0 10 20 30 40 50 0 100 200 300 400 500 600 700 800 15 16 17 18 19 20 21 22 23 24 25 26* Chart 12 Hong Kong: Semiconductor-related Trade Semiconductor Related Trade (USD bn) % of Semiconductor Related Trade (rhs) N.B. Data as of June 2026. *Trailing 12-month for 2026. Source: Natixis, Hong Kong Census and Statistics Department, CEIC

A SIA T HEMATIC I NSIGHTS 8 Appendix 0 10 20 30 40 50 0 10 20 30 40 50 Philippines Taiwan South Korea Vietnam Singapore US Israel Japan UK Malaysia Thailand France South Africa Italy Ireland India Belgium Mexico Germany Switzerland Australia June 2026 2015 N.B. Market will trade more than HKD 10 million. Source: Natixis, Hong Kong Census and Statistics Department Chart 13 Top 15 Markets: Share of China's Imports Intermediated Through Hong Kong by Origin (%) 0 20 40 60 80 100 0 20 40 60 80 100 South Korea Taiwan Malaysia Philippines Singapore Japan Germany Vietnam Thailand Mexico Ireland South Africa US Australia Italy UK France Switzerland Belgium Israel India June 2026 2015 N.B. Market will trade more than HKD 10 million. Source: Natixis, Hong Kong Census and Statistics Department Chart 14 Top 15 Markets: Share of Exports to Mainland China through Hong Kong (%)

A SIA T HEMATIC I NSIGHTS 9 Head of CIB Research Chief Economist, Asia Pacific Jean-François Robin Alicia Garcia Herrero +33 1 58 55 13 09 +852 3900 8680 jean-francois.robin@natixis.com alicia.garciaherrero@natixis.com Emerging Asia Greater China Japan, Pacific Trinh Nguyen Jianwei Xu Kohei Iwahara +852 3900 8726 +852 3900 8034 +813 4519 2144 trinh.nguyen@natixis.com jianwei.xu@natixis.com kohei.iwahara@natixis.com Asia Pacific, Thematic Research Gary Ng Haoxin Mu +852 3915 1242 +852 3900 8067 gary.ng@natixis.com haoxin.mu@natixis.com Natixis CIB Research

Source: https://www.research.natixis.com/Site/en/publication/tfX7kvMg4jo1EW9kW70kqQ%3D%3D