Introduction

Hong Kong is a special administrative region (SAR) of the People's Republic of China. It comprises 200 islands located in Eastern Asia bordering the South China Sea and China. Much of Hong Kong's terrain is hilly to mountainous with steep slopes. The government system is a limited democracy; the chief of state is the president of China, and the head of government is the chief executive of Hong Kong. Hong Kong has a free market economy in which the prices of goods and services are determined in a free price system. Hong Kong is a member of the Asia-Pacific Economic Cooperation (APEC).

Key Economic Facts

<table>
<thead>
<tr>
<th>Income Level (by per capita GNI):</th>
<th>High Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Development:</td>
<td>Developing</td>
</tr>
<tr>
<td>GDP, PPP (current international $):</td>
<td>$455.85 billion (2017)</td>
</tr>
<tr>
<td>GDP growth (annual %):</td>
<td>3.79% (2017)</td>
</tr>
<tr>
<td>GDP per capita, PPP (current international $):</td>
<td>$61,670.75 (2017)</td>
</tr>
<tr>
<td>Manufacturing, value added (% of GDP):</td>
<td>1.03% (2017)</td>
</tr>
<tr>
<td>Inflation, consumer prices (annual %):</td>
<td>1.48% (2017)</td>
</tr>
<tr>
<td>Labor force, total:</td>
<td>3,955,126 (2018)</td>
</tr>
<tr>
<td>Unemployment, total (% of total labor force) (modeled ILO estimate):</td>
<td>2.78% (2018)</td>
</tr>
<tr>
<td>Imports of goods and services (current US$):</td>
<td>$638.82 billion (2017)</td>
</tr>
<tr>
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<td>$641.93 billion (2017)</td>
</tr>
</tbody>
</table>

GDP Composition %

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>13 / 178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>1 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>7 / 139</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>3 / 136</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>1 / 179</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>12 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>10 / 139</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>12 / 139</td>
</tr>
</tbody>
</table>

Risk Assessment (Provided by Coface)

Country rating: A2 - The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default probability is low on average.

Business Climate rating: A1 - The business environment is very good. Corporate financial information is available and reliable. Debt collection is efficient. Institutional quality is very good. Intercompany transactions run smoothly in environments rated A1.

Strengths

- Open economy
- High-quality infrastructure
- Top-class global financial centre, airlock between China and the rest of the world
- Healthy banking system
- Anchoring of the currency to the US dollar
- Robust institutional quality and judicial system thanks to the “one country, two systems” principle

Weaknesses

- Vulnerability to the slowdown of the economy in mainland China
- Mismatch between business cycles in the United States and China, as the HKD is pegged to the USD
- Industry has fully relocated to mainland China
- High exposure to real estate sector and housing unaffordability
- Rising income inequality
- Lack of innovation, both in the financial sector and more broadly

U.S. Embassy

U.S. Consulate General Hong Kong & Macau
26 Garden Road
Central, Hong Kong
Phone: (852) 2523-9011
https://hk.usconsulate.gov

Location: Eastern Asia
Capital City: No Capital
Chief of State: Chief Executive Carrie Lam
Head of Govt.: Chief Executive Carrie Lam
Currency: Hong Kong dollar (HKD)
Major Languages: Cantonese (official) 88.9%, English (official) 4.3%, Mandarin (official)&nbsp;1.9%, other Chinese dialects 3.1%, other 1.9% (2016 est.)
Primary Religions: Buddhist of Taoist 27.9%, Protestant 6.7%, Roman Catholic 5.3%, Muslim 4.2%, Hindu 1.4%, Sikh 0.2%, other or non 54.3% (2016 est.)
Calling Code: 852
Voltage: 220

Key Websites

Main Government Page: gov.hk
Commerce Ministry: tid.gov.hk
Investment Promotion Agency: investhk.gov.hk

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