

## 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).



**Location:** Eastern Asia

**Capital City:** No Capital

**Chief of State:** President of China Xi Jinping

**Head of Govt.:** Chief Executive John Lee Ka-chieu

**Currency:** Hong Kong dollar (HKD)

**Major Languages:** <p>Cantonese (official) 85.4%, English (official) 4.5%, Putonghua (official) 2.2%, other Chinese dialects 2.8%, other 2%, persons under 5 or mute 3.2% (2021 est.)</p>

**Primary Religions:** <p>Buddhist or Taoist 27.9%, Protestant 6.7%, Roman Catholic 5.3%, Muslim 4.2%, Hindu 1.4%, Sikh 0.2%, other or none 54.3% (2016 est.)</p>

**Calling Code:** 852

**Voltage:** 220

## Key Websites

Main Government Page: [gov.hk](http://gov.hk)

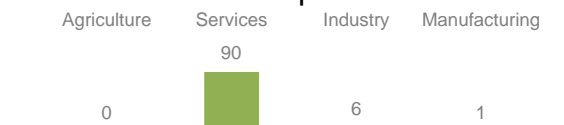
Commerce Ministry: [tid.gov.hk](http://tid.gov.hk)

Investment Promotion Agency: [investhk.gov.hk](http://investhk.gov.hk)

## Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developing
GDP, PPP (current international \$):	\$507.24 billion (2022)
GDP growth (annual %):	-3.48% (2022)
GDP per capita, PPP (current international \$):	\$69,049.44 (2022)
Manufacturing, value added (% of GDP):	0.91% (2021)
Current account balance (BoP, current US\$):	\$38.60 billion (2022)
Inflation, consumer prices (annual %):	1.88% (2022)
Labor force, total:	3,814,661 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	5.06% (2022)
Imports of goods and services (current US\$):	\$683.44 billion (2022)
Exports of goods and services (current US\$):	\$697.59 billion (2022)

## GDP Composition %



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

## Rankings

Index	Rank
Corruption Perceptions Index	12 / 178
EY Globalization Index	1 / 60
Global Competitiveness Index	3 / 141
Global Enabling Trade Index	3 / 136
International Logistics Performance Index (LPI)	12 / 160
Inward FDI Potential Index	10 / 139
Networked Readiness Index (NRI)	12 / 139

## Risk Assessment (Provided by Coface)

**Country rating: A3** - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable 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
- HKD pegged to USD

### Weaknesses

- Lack of innovation and diversification of the economy
- Exposure to slowdown in mainland China
- Mismatch between business cycles in the United States and China amid HKD-USD peg
- Real estate sector risks and housing affordability
- Rising income inequality
- Industry has fully relocated to mainland China
- Caught in between US - China tensions

## U.S. Embassy

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<https://hk.usconsulate.gov>