



Hong Kong as a Service Economy

Hong Kong's economy has undergone a remarkable transformation in the past two decades. There has been a rapid expansion in the services sector. In 2014, this sector generated 92.7 per cent of Hong Kong's Gross Domestic Product (GDP). Even without the public sector, services still accounted for about 82 per cent of GDP in 2014.

By meeting the challenges of rapid technological change and the increasingly intense competition brought about by globalisation, the Hong Kong economy has been moving up the value chain, shifting towards higher value-added services and more knowledge-based activities. At the same time, the economic and financial integration between Hong Kong and the Mainland has been going from strength to strength, creating abundant business opportunities for a wide range of services. These evolving developments have seen rapid expansion in Hong Kong's services sector over the past years.

Hong Kong's Service Orientation: Hong Kong's services sector is among the most developed in East Asia. In the ten years ending 2014, value-added of the services sector rose at an average annual rate of 5.8 per cent to US\$263.4 billion, faster than the average annual growth of 5.5 per cent in nominal GDP. The share of the services sector in GDP thus rose further, from 90.5 per cent in 2004 to 92.7 per cent in 2014. Among the major services sectors, accommodation[‡] and food services; financing and insurance; and real estate, professional and business services had the fastest growth, with value-added rising by annual averages of 8.7 per cent, 8.1 per cent and 7.7 per cent respectively. In absolute size, the import/export, wholesale and retail trades, and the public administration, social and personal services were the largest sectors among the services sectors, accounting for 24.1 per cent and 17.2 per cent of GDP in 2014.

The ratio of Hong Kong's exports of services to GDP is significant by international standards. In 2015, Hong Kong exported US\$135.9 billion worth of services, bearing a ratio of 43.9 per cent to GDP.

Hong Kong's exports of services comprise mainly merchanting and other trade-related services, travel services, and transportation services, which accounted for 27.2 per cent, 26.4 per cent and 21.9 per cent respectively of the total value in 2015. Exports of financial services took up 14 per cent of the total value in the same year, and exports of insurance services and other services accounted for 10.5 per cent.

Hong Kong is a net exporter of services with an overall surplus of US\$73.2 billion in services trade in 2015. Analysed by major services group, the largest surplus was recorded in merchanting and other trade-related services, at US\$32.6 billion or 44.5 per cent of the overall surplus. This was followed by financial services, at US\$14.3 billion or 19.5 per cent of the overall surplus and travel services, at US\$13 billion or 17.7 per cent of the overall surplus.

This suggests that Hong Kong does have a strong edge as a services exporter in the region.

The Government's Perspective: The Government of the Hong Kong Special Administrative Region adopts an "appropriately proactive" economic strategy, with a view to creating a business-friendly environment, building Hong Kong as an international financial centre, strengthening Hong Kong's position as the region's hub for headquarters, trade, logistics, shipping, aviation and tourism, enhancing the competitiveness of the pillar industries, promoting new industries with growth potential, developing links with emerging economies, investing in infrastructure, improving human capital, increasing new land supply, and raising the quality of life.

Services Promotion: To provide support for specific service industries, relevant organisations are taking care of services promotion for their respective services sectors. For more information about the support provided by Government Bureaux/Departments and related organisations, please visit the following websites:

- Financial and accounting services:
Financial Services and the Treasury Bureau (<http://www.fstb.gov.hk/>)
- Legal services:
Department of Justice (<http://www.doj.gov.hk/>)
- Tourism:
Tourism Commission (<http://www.tourism.gov.hk/>)
Hong Kong Tourism Board (<http://www.discoverhongkong.com/login.html>)
- Logistics:
Transport and Housing Bureau (<http://www.thb.gov.hk/>)
Hong Kong Logistics Development Council (<http://www.logisticshk.gov.hk/>)
- Building and construction:
Development Bureau (<http://www.devb.gov.hk/>)
- Direct investment opportunities in Hong Kong:
Invest Hong Kong (<http://www.investhk.gov.hk/>)
- Global marketing and business matching services for traders and service sectors:
Hong Kong Trade Development Council (<http://www.hktcdc.com>)
- Professional Services Development Assistance Scheme:
Commerce and Economic Development Bureau (<http://www.cedb.gov.hk/citb/psdas>)
- Business and Trader User Group of GovHK: (<http://www.gov.hk/en/business>)

Note :

[‡] Accommodation services cover hotels, guesthouses, boarding houses and other establishments providing short term accommodation.