



## 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 2007, this sector generated 92% of Hong Kong's Gross Domestic Product (GDP). Even without the public sector, services still accounted for about 83% of GDP in 2007.

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-added 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. During 1990-2007, value-added of the services sector rose at an average annual rate of 7.3% to US\$183.5 billion, faster than the average annual growth of 6.0% in nominal GDP. The share of the services sector in GDP thus rose further, from 75% in 1990 to 92% in 2007. Among the major service sectors, financing, insurance, real estate and business services, and community, social and personal services had the fastest growth, with value-added rising by annual averages of 8.7% and 7.2% respectively. In absolute size, the financing, insurance, real estate and business services was also the largest sector among the service sectors, accounting for 29.1% of GDP in 2007.

The ratio of Hong Kong's exports of services to GDP is significant by international standards. In 2008, Hong Kong exported US\$92.3 billion worth of services, bearing a ratio of 42.9% to GDP.

Hong Kong's exports of services comprise mainly transportation services, merchanting and other trade-related services, and travel services, which accounted for 31%, 30% and 17% respectively of the total value in 2008. Exports of financial services took up 13% of the total value in the same year, and exports of insurance services and other services accounted for 9%.

Hong Kong is a net exporter of services in overall terms with an overall surplus of US\$46.5 billion in 2008. Analysed by major service group, the largest surplus was recorded in merchanting and other trade-related services, at US\$24.7 billion or 53% as ratio to the overall surplus. This was followed by transportation services, at US\$13.8 billion or 30%, and financial services, at US\$9.0 billion or 19%. 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 a pro-market economic policy in accordance with the principle of "Big Market, Small Government". The Government's economic strategy is to create a business-friendly environment, build Hong Kong as an international financial centre, strengthen Hong Kong's position as the region's hub for headquarters, trade, logistics, shipping, aviation and tourism, enhance the links with emerging economies around the world, promote new growth areas, invest in infrastructure, develop human capital, and raise the quality of life.

**Services Promotion:** To provide support for specific service industries, relevant organizations are taking care of services promotion for their respective service sectors. For more information about the support provided by Government Bureaux/Departments and related organizations, 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.tdctrade.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>)