

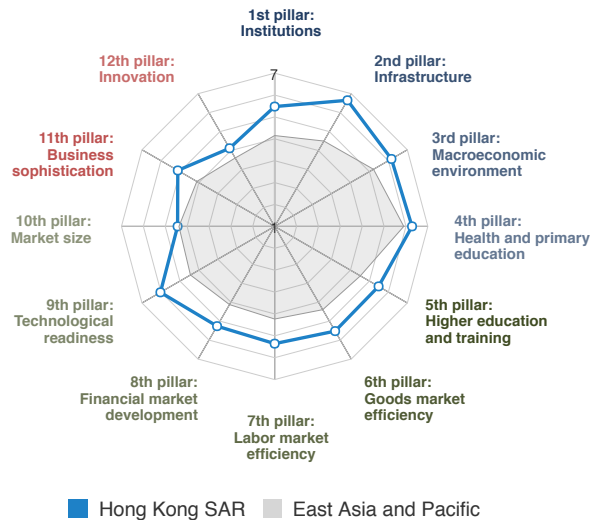
Key indicators, 2016

Source: International Monetary Fund; World Economic Outlook Database (April 2017)

Population millions	7.4	GDP per capita US\$	43,528.0
GDP US\$ billions	320.7	GDP (PPP) % world GDP	0.36

Performance overview

Index Component	Rank/137	Score (1-7)	Trend	Distance from best	Edition	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Global Competitiveness Index	6	5.5			Rank	9 / 144	7 / 148	7 / 144	7 / 140	9 / 138	6 / 137
Subindex A: Basic requirements	3	6.3			Score	5.4	5.5	5.5	5.5	5.5	5.5
1st pillar: Institutions	9	5.7									
2nd pillar: Infrastructure	1	6.7									
3rd pillar: Macroeconomic environment	6	6.3									
4th pillar: Health and primary education	26	6.4									
Subindex B: Efficiency enhancers	4	5.6									
5th pillar: Higher education and training	14	5.7									
6th pillar: Goods market efficiency	2	5.7									
7th pillar: Labor market efficiency	4	5.6									
8th pillar: Financial market development	5	5.5									
9th pillar: Technological readiness	9	6.2									
10th pillar: Market size	33	4.8									
Subindex C: Innovation and sophistication factors	18	5.0									
11th pillar: Business sophistication	11	5.4									
12th pillar: Innovation	26	4.5									

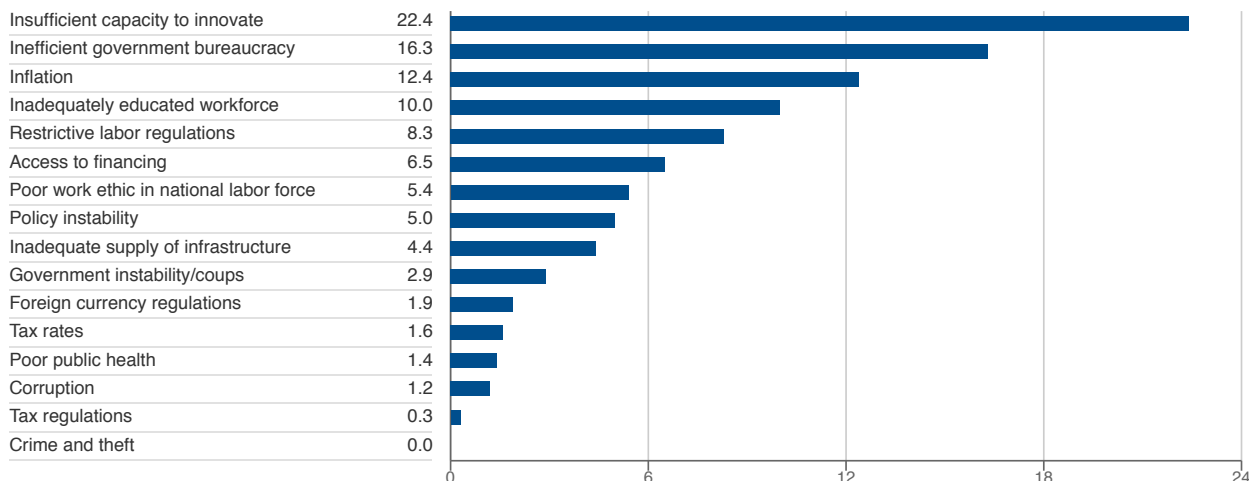


Hong Kong SAR (6th) has made the largest leap among the top 10 economies this year, moving ahead of Sweden (7th), the United Kingdom (8th), and Japan (9th). Hong Kong is still endowed with the world's best physical infrastructure and its healthy level of competition and openness ensure extremely efficient markets (2nd), which in turn are supported by strong and stable financial markets (5th). Hong Kong's labor market is highly flexible and efficient, though it could do better in terms of harnessing talent from its workforce (17th). Hong

Kong has also advanced its macroeconomic environment by slightly bringing down its inflation rate in 2016. Its most significant improvement can be observed across the business sophistication (11th) and innovation (26th) pillars, which is a step in the right direction given that the business community consistently cites their insufficient capacity to innovate as one of the most problematic factors for doing business.

Most problematic factors for doing business

Source: World Economic Forum, Executive Opinion Survey 2017



Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them between 1 (most problematic) and 5. The score corresponds to the responses weighted according to their rankings.

Index Component	Rank/137	Value	Trend
1st pillar: Institutions	9	5.7	
1.01 Property rights	8	6.2	
1.02 Intellectual property protection	9	5.9	
1.03 Diversion of public funds	11	5.8	
1.04 Public trust in politicians	18	4.8	
1.05 Irregular payments and bribes	9	6.3	
1.06 Judicial independence	13	6.1	
1.07 Favoritism in decisions of government officials	14	4.9	
1.08 Efficiency of government spending	14	4.9	
1.09 Burden of government regulation	4	5.3	
1.10 Efficiency of legal framework in settling disputes	4	5.9	
1.11 Efficiency of legal framework in challenging regulations	8	5.1	
1.12 Transparency of government policymaking	6	5.8	
1.13 Business costs of terrorism	29	5.7	
1.14 Business costs of crime and violence	12	5.8	
1.15 Organized crime	26	5.6	
1.16 Reliability of police services	8	6.3	
1.17 Ethical behavior of firms	15	5.6	
1.18 Strength of auditing and reporting standards	6	6.3	
1.19 Efficacy of corporate boards	23	5.6	
1.20 Protection of minority shareholders' interests	5	5.6	
1.21 Strength of investor protection 0-10 (best)	3	8.0	
2nd pillar: Infrastructure	1	6.7	
2.01 Quality of overall infrastructure	3	6.4	
2.02 Quality of roads	4	6.2	
2.03 Quality of railroad infrastructure	3	6.3	
2.04 Quality of port infrastructure	3	6.5	
2.05 Quality of air transport infrastructure	2	6.6	
2.06 Available airline seat kilometers millions/week	16	2,882.1	
2.07 Quality of electricity supply	4	6.8	
2.08 Mobile-cellular telephone subscriptions /100 pop.	1	234.0	
2.09 Fixed-telephone lines /100 pop.	2	58.7	
3rd pillar: Macroeconomic environment	6	6.3	
3.01 Government budget balance % GDP	2	4.8	
3.02 Gross national savings % GDP	39	27.0	
3.03 Inflation annual % change	1	2.6	
3.04 Government debt % GDP	1	0.1	
3.05 Country credit rating 0-100 (best)	17	83.5	
4th pillar: Health and primary education	26	6.4	
4.01 Malaria incidence cases/100,000 pop.	n/a	m.f.	
4.02 Business impact of malaria	n/a	5.7	
4.03 Tuberculosis incidence cases/100,000 pop.	84	71.0	
4.04 Business impact of tuberculosis	62	5.6	
4.05 HIV prevalence % adult pop.	60	0.2	
4.06 Business impact of HIV/AIDS	58	5.6	
4.07 Infant mortality deaths/1,000 live births	1	1.5	
4.08 Life expectancy years	1	84.3	
4.09 Quality of primary education	21	5.2	
4.10 Primary education enrollment rate net %	76	94.6	
5th pillar: Higher education and training	14	5.7	
5.01 Secondary education enrollment rate gross %	44	100.8	
5.02 Tertiary education enrollment rate gross %	31	68.5	
5.03 Quality of the education system	21	4.7	
5.04 Quality of math and science education	9	5.5	
5.05 Quality of management schools	12	5.6	
5.06 Internet access in schools	18	5.7	
5.07 Local availability of specialized training services	12	5.8	
5.08 Extent of staff training	19	5.0	

Index Component	Rank/137	Value	Trend
6th pillar: Goods market efficiency	2	5.7	
6.01 Intensity of local competition	3	6.2	
6.02 Extent of market dominance	21	4.6	
6.03 Effectiveness of anti-monopoly policy	19	4.8	
6.04 Effect of taxation on incentives to invest	3	6.0	
6.05 Total tax rate % profits	20	22.9	
6.06 No. of procedures to start a business	2	2	
6.07 Time to start a business days	2	1.5	
6.08 Agricultural policy costs	33	4.3	
6.09 Prevalence of non-tariff barriers	2	5.8	
6.10 Trade tariffs % duty	1	0.0	
6.11 Prevalence of foreign ownership	4	6.0	
6.12 Business impact of rules on FDI	2	6.1	
6.13 Burden of customs procedures	3	6.0	
6.14 Imports % GDP	1	193.9	
6.15 Degree of customer orientation	13	5.7	
6.16 Buyer sophistication	4	5.0	
7th pillar: Labor market efficiency	4	5.6	
7.01 Cooperation in labor-employer relations	10	5.6	
7.02 Flexibility of wage determination	1	6.3	
7.03 Hiring and firing practices	1	5.8	
7.04 Redundancy costs weeks of salary	14	5.8	
7.05 Effect of taxation on incentives to work	4	6.0	
7.06 Pay and productivity	6	5.3	
7.07 Reliance on professional management	25	5.4	
7.08 Country capacity to retain talent	10	5.1	
7.09 Country capacity to attract talent	9	5.2	
7.10 Female participation in the labor force ratio to men	75	0.79	
8th pillar: Financial market development	5	5.5	
8.01 Availability of financial services	7	5.7	
8.02 Affordability of financial services	6	5.3	
8.03 Financing through local equity market	2	5.7	
8.04 Ease of access to loans	13	5.1	
8.05 Venture capital availability	11	4.4	
8.06 Soundness of banks	7	6.3	
8.07 Regulation of securities exchanges	5	6.1	
8.08 Legal rights index 0-10 (best)	22	8	
9th pillar: Technological readiness	9	6.2	
9.01 Availability of latest technologies	29	5.6	
9.02 Firm-level technology absorption	27	5.2	
9.03 FDI and technology transfer	10	5.4	
9.04 Internet users % pop.	19	87.3	
9.05 Fixed-broadband Internet subscriptions /100 pop.	15	35.5	
9.06 Internet bandwidth kb/s/user	2	4,906.0	
9.07 Mobile-broadband subscriptions /100 pop.	16	105.9	
10th pillar: Market size	33	4.8	
10.01 Domestic market size index	41	4.4	
10.02 Foreign market size index	9	6.1	
10.03 GDP (PPP) PPP \$ billions	43	429.7	
10.04 Exports % GDP	1	191.8	
11th pillar: Business sophistication	11	5.4	
11.01 Local supplier quantity	7	5.4	
11.02 Local supplier quality	14	5.4	
11.03 State of cluster development	7	5.3	
11.04 Nature of competitive advantage	13	5.7	
11.05 Value chain breadth	9	5.5	
11.06 Control of international distribution	7	5.3	
11.07 Production process sophistication	19	5.4	
11.08 Extent of marketing	13	5.3	
11.09 Willingness to delegate authority	25	5.0	
12th pillar: Innovation	26	4.5	
12.01 Capacity for innovation	28	4.9	
12.02 Quality of scientific research institutions	28	5.0	
12.03 Company spending on R&D	27	4.4	
12.04 University-industry collaboration in R&D	15	4.9	
12.05 Gov't procurement of advanced technology products	16	4.2	
12.06 Availability of scientists and engineers	23	4.8	
12.07 PCT patents applications/million pop.	n/a	n/a	

Note: Values are on a 1-to-7 scale unless indicated otherwise. Trend lines depict evolution in values since the 2012-2013 edition (or earliest edition available). For detailed definitions, sources, and periods, consult the interactive Economy Profiles and Rankings at <http://gcr.weforum.org/>