Economic Report 2024/25

HONG KONG

27.06.2025

Executive Summary

Hong Kong's economy recorded a growth of 2.5% in 2024, down from 3.2% in 2023, with a nominal GDP of USD 407.1bn. The expansion was supported by a recovery in exports, a rebound in tourism and government-led initiatives aimed at stimulating demand. The city reinforced its position as a major global trading hub, with total trade rising by 7.3% to USD1'213 billion. Merchandise trade expanded, driven by demand from Mainland China and Southeast Asia. Meanwhile, services trade had already rebounded strongly in 2023, led by financial services and transport. External factors such as geopolitical tensions, shifting consumption patterns and high interest rates have a dampening effect on growth. On the fiscal side, the Hong Kong government posted a revised budget deficit of USD10.4 billion in 2024 or 2.6% of its GDP, its third consecutive year in deficit, while fiscal reserves declined by 12% to USD83 billion, reflecting ongoing pressure on public finances.

GDP is expected to grow by 2-3% in 2025, underpinned by greater stability in Mainland China and a more accommodative global monetary environment. The outlook is clouded by heightened external risk, particularly the volatile global trade environment. As a free port, Hong Kong is also directly and indirectly impacted by the effects of ongoing U.S.–China trade conflict. Unlike Mainland China, Hong Kong did not impose any retaliatory tariffs. It's reduced export dependence on the U.S. and expanding network of trading partners mitigate the fall out. Hong Kong's has resurged as the top global IPO venue year-to-date, driven by high-quality Chinese listings and renewed international investor interest, makes Hong Kong again a premier global fundraising centre. The city also maintains its position as the world's largest offshore RMB centre. Hong Kong's strategic advantages under "One Country, Two Systems", deep ties with Mainland China as well as efforts to diversify markets and enhance competitiveness continue to support its medium-term growth trajectory.

In 2024, Switzerland ranked as Hong Kong's 16th largest trading partner and Hong Kong was Switzerland's third-largest trading partner in Asia, with bilateral trade reaching nearly CHF16 billion. Swiss exports to Hong Kong fell by 21.3% to CHF10.7 billion, while imports rose 19.4% to CHF5.2 billion, reducing total trade volume by 11.5%. Hong Kong remains an important re-export hub for Swiss goods, especially gold and watches and bilateral services trade benefits from strong financial sector ties. Swiss investment remains stable, with over 260 companies employing about 18'000 people, underlining Hong Kong's role as a strategic gateway for Swiss business in Asia.

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1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

Hong Kong stands at a critical juncture in its economic landscape, facing a confluence of structural and cyclical challenges that require a fundamental rethinking of its traditional economic model. Pressures from ongoing geopolitical tensions, the rapid transformation driven by digitalization, increased involvement of the central government and a third consecutive fiscal deficit (USD10.4 bn)[1] have compelled authorities to reconsider Hong Kong's economic positioning for the future. The **record-high deficit** level, now among the largest in developed economies, has prompted the government to seek a delicate balance between restoring fiscal discipline and deploying supportive economic measures. The economic recovery remains fragile. In 2024, **GDP expanded by 2.5%** (down from a growth of 3.2% in 2023**),** bringing the GDP to USD 407.1bn compared to USD 381.1bn in 2023. The expansion was supported by recovery in exports, a rebound in tourism and government-led initiatives aimed at stimulating demand. In the first quarter 2025, Hong Kong's economy grew by 3.1% year-on-year, outperforming forecasts and marking the ninth consecutive quarter of expansion.[2] Growth was driven by rising goods exports, improved trade in services and a slight recovery in investment. However, **private consumption contracted** by **1.2%,** as residents capitalized on a strong Hong Kong dollar and profiting from the ease of the border crossing by shifting spending to the mainland. Despite these modest gains, the broader **economic outlook remains cautious.** The enactment of **Article 23** in early 2024, complementing the National Security Law has raised international concerns about its impact on fundamental freedoms and the city's appeal as a global business hub.[3] The new legislation criminalizes acts such as treason, sedition and foreign interference, granting authorities broad powers that critics argue could be used to suppress dissent. The ongoing trial of Jimmy Lai, a prominent pro-democracy media tycoon and founder of the now-defunct Apple Daily newspaper, further drawn criticism and damages Hong Kong's international reputation, reinforcing doubts about judicial independence.
While these developments may affect long-term investor sentiment, the current strain on the labor market is more directly linked to subdued domestic demand and a sluggish recovery in private consumption and investment. **Unemployment reached 3.4%** in early 2025**,** its highest level in two years, while underemployment increased from 1.1% to 1.3%. Sectors such as construction, hospitality and finance have been particularly affected. These trends suggest that some sectors are still struggling to regain pre-pandemic momentum, while others may be adjusting to structural shifts in demand and workforce needs. Although the overall employment base remains stable, the uptick in joblessness reflects growing uncertainty in the business environment and adds pressure on the government to stimulate domestic demand and safeguard job stability.[4] The sharp increase in visitor numbers (20 million in the first five months of 2025, with mainlanders accounting for about three-quarters of the figure) reflects a **rebound in tourism** following large-scale events like the Hong Kong Sevens and Art Basel and targeted government-industry coordination, offering a potential but still uncertain stimulus for the labour market.[5]

Key government initiatives: On the fiscal front, the Hong Kong government continues to pursue a cautiously expansionary approach. The **2025-26 budget** includes **tax relief, rates concessions** and **energy subsidies** to alleviate cost-of-living pressures, particularly for low-income households. Digital consumption vouchers and sector-specific funding have supported domestic demand and **key industries** such as **tourism, retail, innovation & technology**.

[1] https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3308553/hong-kong-finance-chief-revises-2024-25-deficit-hk803-billion-down-8?utm_source=chatgpt.com, consulted on 26.06.2025

[2] https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3308865/hong-kongs-economy-grows-solid-31-first-quarter?utm_source=chatgpt.com, consulted on 02.05.2025

[3] https://www.theguardian.com/world/2024/mar/20/eu-hong-kong-national-security-bill-article-23?utm_source=chatgpt.com, consulted on 24.06.2025

[4] https://news.rthk.hk/rthk/en/component/k2/1805454-20250520.htm, consulted on 21.05.2025

[5] https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3313540/hong-kongs-paul-chan-expects-tourism-sector-make-robust-recovery-2025, consulted on 12.06.2025

Strategic development measures focus on strengthening Hong Kong's status as the world's **largest offshore Renminbi centre**, enhancing **asset and securities markets** and **expanding gold and commodities trading** with improved infrastructure and regulatory frameworks. A new USD1.28 billion fund targets growth in high-potential sectors like **artificial intelligence** and **life sciences**, complemented by initiatives to **attract global talent** and **reinforce the start-up ecosystem.** At the regional level, Hong Kong is accelerating **integration** with the **Greater Bay Area (GBA)**, while also expanding outreach to **ASEAN**, the **Middle East** and **Latin America**. In the financial sector, the city is positioning itself as a **hub for green and sustainable finance**, **digital assets** and **RMB internationalization**. Overall, the government's multi-pronged strategy reflects its focus on **economic diversification**, **innovation-driven growth** and **international connectivity** amid a shifting global economic landscape.

Monetary system and USD peg: The HKSAR Government continues to have sole discretion over its monetary and financial policies, safeguarding the free operation of financial business and the free flow of capital within, into and out of the jurisdiction. The US dollar peg has provided economic and financial stability in Hong Kong since 1983 (USD1 trading between HKD7.75-7.85). Hong Kong's de-facto central bank, HKMA, reiterated in January 2025 that there are no plans to modify the foreign-exchange system, as it remains crucial for stability in the region.[6] In early May 2025, the HKMA intervened again to defend the Linked Exchange Rate System[7], following strong capital inflows ahead of major IPOs such as that of Contemporary Amperex Technology Co. Ltd (CATL).[8] These interventions underscore Hong Kong's commitment to **maintaining the USD-HKD peg** and highlight the importance of stable macroeconomic conditions for the city's role as a global financial hub.[9]

IPO: Hong Kong is on track to become the **world's top IPO venue in 2025**, driven by a rebound in high-quality Chinese listings and renewed interest from global institutional investors seeking alternatives to U.S. assets. The city has already raised USD7.7 billion from **22 IPOs this year**, surpassing all global markets. Key deals like CATL's USD5.2 billion listing and Midea's USD3.98 billion IPO have demonstrated strong investor appetite, with both stocks performing well post-listing.[10] **20-30 more Chinese companies** currently listed on mainland exchanges are **expected to pursue Hong Kong IPOs in 2025**. Experts also see signs of regulatory easing in mainland China, potentially facilitating more cross-border listings, especially for profitable firms.[11]

Integration with Mainland China: Hong Kong's integration with Mainland China continues to deepen across financial, economic and infrastructural domains, reinforcing the city's role as a pivotal conduit between China and global markets. Hong Kong maintains its position as the **world's largest offshore RMB centre**, with RMB deposits exceeding RMB600 billion. The HKMA has introduced a RMB Trade Financing Liquidity Facility, providing RMB100 billion to support banks in offering RMB trade finance services.[12] Additionally, the **Swap Connect program** has facilitated over 12'000 interest rate swap transactions, totalling approximately RMB6.5 trillion, enhancing cross-border financial activities.[13] The **Wealth Management Connect scheme**, launched in 2021, has been expanded to increase individual investment quotas and broaden product offerings.[14] Since the relaxation of rules in February 2024, the

[6] https://www.reuters.com/markets/currencies/hong-kong-sees-no-need-change-us-dollar-pegged-currency-system-2025-01-09/, consulted on 05.06.2025

[7] https://www.hkma.gov.hk/eng/key-functions/money/linked-exchange-rate-system/, consulted on 05.06.2025

[8] https://edition.cnn.com/2025/05/20/business/china-catl-stock-surge-ipo-intl-hnk, consulted on 21.05.2025

[9] https://www.scmp.com/business/article/3309214/hkma-intervenes-again-defend-currency-peg-amid-capital-inflows-ahead-major-listings, consulted on 07.05.2025

[10] https://blogs.cfainstitute.org/investor/2025/03/24/year-of-shifting-sands-reflections-on-the-2024-global-ipo-market/, consulted on 05.06.2025

[11] https://www.scmp.com/business/china-business/article/3311820/hong-kong-dominate-2025-ipo-action-amid-rush-quality-chinese-firms-ubs-says?module=perpetual_scroll_0&pgtype=article, consulted on 05.06.2025

[12] https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/01/20250113-4/?utm_source=chatgpt.com, consulted on 05.06.2025

[13] https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/05/20250515-7/?utm_source=chatgpt.com, consulted on 05.06.2025

[14] https://www.ft.com/content/79992e4f-1bee-4b4d-98c2-742cab5cb65c?utm_source=chatgpt.com, consulted on 12.06.2025

number of Chinese investor accounts under the scheme has grown significantly, bolstering Hong Kong's capital markets.[15] **Hong Kong's integration into the GBA** is progressing, with initiatives aimed at fostering economic, legal and infrastructural connectivity. The GBA, encompassing nine Guangdong cities and the two Special Administrative Regions Hong Kong and Macau, aims to develop into a world-class innovation and technology hub.

Hong Kong's government expects its economy to continue its moderate recovery in 2025, with **real GDP growth forecast at 2-3%** and **inflation projected at 1.9%.** The outlook remains shaped by external complexities, including trade protectionism, geopolitical tensions and diverging global monetary policies. Nevertheless, **stable export performance, rising visitor arrivals and a gradual rebound in private consumption**, underpinned by looser financial conditions and steady income growth, should support domestic demand. The mainland's ongoing economic resilience, pro-growth policy stance and push for high-standard opening-up continue to be key pillars for Hong Kong's external sector. At the same time, the city's **resurgence as a global IPO hub,** driven by high-quality Chinese listings and renewed international investor interest, signals Hong Kong's potential to reassert itself as a **premier global fundraising centre**. This revival coincides with firm interventions to uphold the USD-HKD peg, highlighting the importance of **financial stability** for sustaining investor confidence. While the city's fundamentals remain sound, the path ahead will require careful navigation of geopolitical headwinds, restoration of public and international trust and a successful repositioning of Hong Kong as a hub for innovation and regional integration. Its **strategic advantages under "One Country, Two Systems**", **deep ties with the mainland** and efforts to diversify markets and enhance competitiveness continue to support its medium-term growth trajectory. However, the sustainability of recent gains, both in capital markets and the real economy, will ultimately depend on regulatory clarity, global risk sentiment and the strength of the Chinese economy. The outlook is clouded by heightened external risk, particularly renewed trade tensions between the US and China, which are anticipated to weigh on investor sentiments and stock market performance.[16]

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

Hong Kong is currently navigating a complex set of economic and geopolitical challenges. As the city redefines its role with China and especially within the GBA and amid growing U.S.-China tensions, it is **repositioning itself from a traditional trading and finance hub toward a more specialised platform for innovation & technology, asset management and regulatory expertise**. For Swiss companies, many of which focus on high value-added services and products rather than scale, this shift creates a series of selective, sector-specific opportunities. The **financial and asset management sector** remains a pillar of Hong Kong's economy. Despite volatility in global capital markets and growing capital outflows, the city continues to invest in its status as a premier wealth management hub. Recent policy incentives for family offices, the expansion of cross-border financial products through initiatives such as Wealth Management Connect and efforts to align regulatory standards with international norms reinforce this ambition. Swiss private banks and independent asset managers with expertise in ESG, discretionary mandates and personalised client services are well placed to tap into demand, particularly from mainland Chinese high-net-worth individuals. However, the broader political and regulatory environment calls for careful risk assessment and long-term planning. In parallel, Hong Kong is positioning itself as a **green finance centre** for Asia. In response to China's climate goals and rising investor interest in sustainability, the city has introduced green and transition bond frameworks, ESG disclosure standards and sustainable finance

[15] https://www.reuters.com/world/china/hong-kong-benefit-more-capital-flows-out-china-central-bank-chief-says-2025-03-26/?utm_source=chatgpt.com, consulted on 12.06.2025

[16] https://www.reuters.com/world/asia-pacific/hong-kong-q1-gdp-expands-31-yy-2025-05-16/?utm_source=chatgpt.com, consulted on 16.05.2025

taxonomies.[17] This opens doors for Swiss firms specialising in ESG advisory, auditing, ratings, or sustainable investment design. The opportunity lies less in capital mobilisation and more in contributing technical credibility and know-how, areas where Swiss companies often excel. **Innovation and technology**, particularly in healthtech and deep tech, form another key focus area. Hong Kong is actively developing its R&D ecosystem through initiatives like InnoHK and the Northern Metropolis project, which aim to foster cross-border collaboration with Shenzhen. While the local start-up ecosystem remains relatively small, it is supported by solid public research funding and access to reputable academic institutions. Swiss companies in MedTech and deep tech, especially those open to R&D partnerships, could find promising entry points. The ongoing collaboration between ETH Zurich and CUHK on magnetic endoscopy is a case in point, illustrating how cross-border academic-industry cooperation is both possible and welcomed.[18] **Biotechnology and life sciences** also remain on the government's radar. Although recent headwinds in capital markets have dampened investor sentiment, the Hong Kong Stock Exchange (**HKEX**) continues to promote pre-revenue biotech listings.[19] While it may not serve as an immediate capital-raising platform for Swiss biotech firms, Hong Kong offers avenues for clinical trials, access to regional venture capital and regulatory navigation. Institutional partners in the healthcare space have shown growing interest in international collaboration, though building trust and visibility in this field requires time and sustained presence. Moreover, the development of the **GBA** presents a significant opportunity for healthcare businesses operating in Hong Kong. Designated healthcare institutions within the GBA are permitted to use Hong Kong-registered drugs and medical devices approved for Hong Kong public hospitals, subject to approval by the relevant authorities in Guangdong Province. This regulatory alignment facilitates cross-border healthcare cooperation and could serve as a valuable gateway for Swiss companies seeking to expand their footprint within the broader regional market.[20] **Tourism and luxury retail** are recovering following the pandemic, though the pace remains uneven. The rebound in the first five months of 2025 has stimulated the retail and hospitality sectors. For Swiss luxury brands, especially watchmakers, Hong Kong remains an important tax-free shopping destination with strong brand recognition. However, shifting consumer preferences toward sustainability, authenticity and digital engagement, mean that success will depend on adapting to new expectations and refining the customer experience.[21] An emerging opportunity lies in **executive education and corporate training**. Local companies and institutions are increasingly seeking programmes in areas such as ESG, innovation and compliance. Swiss providers of professional education, particularly business schools with strong reputations, may find traction through institutional partnerships or targeted short-term offerings. The market is competitive, but Swiss quality and content depth can offer meaningful differentiation. Finally, niche **logistics and supply chain services** still present potential. While Hong Kong's role as a general logistics hub has declined in relative importance, it maintains strength in cold chain logistics, high-precision handling and trade compliance, especially in sectors such as pharmaceuticals and advanced manufacturing. Swiss firms offering smart logistics technologies or analytics-driven solutions may find opportunities in supporting regional supply chains, particularly within the context of the GBA. Hong Kong's **aviation sector** regained strong momentum in 2024, creating new opportunities for trade, logistics and corporate connectivity across Asia. Hong Kong International Airport (HKIA) handled over 5 million passengers in April 2025, a 23.2% year-on-year increase[22] and retained its position as the **world's busiest cargo airport**, with freight volume up 14% year-

[17] https://www.fsdc.org.hk/media/tg2heul2/eng-fsdc-paper_navigating-the-evolving-sustainable-landscape-hong-kong-s-crucial-role-in-financing-the-transition-to-sustainability_fv.pdf, consulted on 12.06.2025

[18] https://www.greaterzuricharea.com/en/news/eth-successfully-performs-endoscopy-remote-control, consulted on 21.05.2025

[19] https://www.hkex.com.hk/-/media/hkex-market/listing/rules-and-guidance/listing-rules-contingency/main-board-listing-rules/equity-securities/chapter_18a.pdf?la=en, consulted on 12.06.2025

[20] https://research.hktdc.com/en/article/MzEzOTQ1MjMz, consulted on 21.05.2025

[21] https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3310429/hong-kong-witnesses-17-rise-long-haul-visitors-city-april, consulted on 15.05.2025

[22] https://www.aviation24.be/airports/hong-kong-hkg/hkia-sees-surge-in-april-traffic-sets-new-post-pandemic-passenger-record/, consulted on 12.06.2025

on-year.[23] This is particularly relevant for Swiss exporters of high-value goods such as precision instruments, pharmaceuticals and luxury products. The full opening of the third runway and upgraded Terminal 2 in 2024 will increase handling capacity and efficiency, making Hong Kong even more attractive as a regional base for Swiss logistics, aviation services and trade-dependent industries.

3 FOREIGN ECONOMIC POLICY

3.1 Hong Kong's policy and priorities

Hong Kong maintains a liberal and open market economy that supports free trade and investment. It participates independently in global trade as "Hong Kong, China" and was a founding member of the WTO. The city has signed multiple Free Trade Agreements, including with Mainland China (**CEPA**), EFTA (including Switzerland), ASEAN, New Zealand, Chile, HK and Macao CEPA, **Georgia**, Peru and **Australia**. It has applied to join the Regional Comprehensive Economic Partnership (RCEP). Through CEPA, all qualifying Hong Kong-origin goods receive tariff-free access to the mainland. The city also maintains 24 bilateral investment protection agreements such as Hong Kong's Investment Promotion and Protection Agreements (IPPAs) and has a growing portfolio of international tax and financial cooperation arrangements. With Switzerland, Hong Kong has signed a tax information exchange agreement **AEOI**, a double taxation agreement **CDTA** and several MOUs to promote collaboration in finance and fintech. Additionally, the HKMA is an active member of key international financial bodies based in Basel, including the Bank for International Settlement, Financial Stability Board and Basel Committee on Banking Supervision, reflecting Hong Kong's continued integration into the global financial system.[24]

RCEP: The world largest free-trade deal covers a third of the world's population (2.27 billion), nearly as much of its GDP (USD26 trillion) and USD5.2 trillion in total export value[25]. As of mid-2025, Hong Kong is actively pursuing accession to the RCEP, the world's largest free trade pact. Formal application was submitted in early 2022 and the government expects accession to be completed by late 2025, with strong support from several member economies. RCEP partners accounted for 70% of Hong Kong's merchandise trade in 2023. Membership would grant broader market access, especially to Japan and South Korea and offer tariff reductions, harmonized trade rules and improved investment conditions, reinforcing Hong Kong's role as a regional trading and logistics hub.[26].

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

Switzerland's global reputation for neutrality, high quality and reliability gives its companies a distinct advantage in Hong Kong's increasingly complex environment. Unlike firms from the U.S. or EU, Swiss companies are less likely to face political discrimination, allowing continued access to both Chinese and Western markets. This reputation, combined with sectoral strengths positions Swiss firms well for targeted opportunities in Hong Kong's evolving economy. Nonetheless, rising geopolitical tensions and national security concerns could eventually narrow the space for non-aligned players. Even Swiss firms may face indirect pressure in sectors like data, AI or critical infrastructure. Staying agile, well-informed and locally embedded will be key to navigating these dynamics. In general, Switzerland enjoys a relative advantage in Hong Kong and Swiss companies do not face any discrimination.

[23] https://www.aircargonews.net/cargo-airports/hong-kong-international-cargo-volumes-continue-to-improve/1079723.article, consulted on 12.06.2025

[24] https://www.hkma.gov.hk/eng/news-and-media/insight/2023/11/20231123/, consulted on 12.06.2025

[25] https://customs.pwc.com/en/publications/what-rcep-means-for-international-trade.html, consulted on 12.06.2025

[26] https://www.hkeconomy.gov.hk/en/pdf/box-20q4-3-2.pdf, consulted on 12.06.2025

4 FOREIGN TRADE

4.1 Developments and general outlook

In 2024, Hong Kong's total trade value reached USD1'213.4 billion, equivalent to 298% of its GDP, marking a 7.3% increase from the previous year. The city remains a pivotal global trading hub, ranking as the world's 7th largest merchandise trader and 21st in commercial services. Major partners include Mainland China, ASEAN, the European Union and the United States. Hong Kong's trade policy continues to emphasize free trade, with zero tariffs and minimal licensing requirements, ensuring its open market remains highly attractive.[27]

Strengthening its global trade network, Hong Kong and the UAE have advanced key customs agreements to boost bilateral trade efficiency, including a Customs Co-operative Arrangement and an Authorized Economic Operator Mutual Recognition Arrangement. These initiatives will simplify cross-border processes while maintaining security standards, reinforcing Hong Kong's role as a global trading hub. However, renewed U.S. tariffs on Chinese goods in early 2025 have introduced new challenges for companies operating in Hong Kong with production in mainland China. Although the idea of "de-risking" or diversifying supply chains away from China has been discussed for years, many firms have hesitated due to China's unmatched workforce scale, skill level and supply chain infrastructure. The tariffs have increased costs for exports to the U.S., accelerating diversification efforts toward Southeast Asia, South Asia, or reshoring production. These trade tensions also bring indirect effects: reduced U.S. consumer demand and confidence, volatility in Hong Kong's retail sector and increased investment caution. Companies may favor flexible, less capital-intensive operations in the short term. Despite these challenges, Hong Kong holds significant opportunities. It can serve as a regional headquarters and supply chain management center, leveraging its connectivity and logistics expertise. The city's professional services sector - covering legal, financial and consulting - stands to benefit as firms adapt to new trade rules. Hong Kong's established role in re-exports and value-added processing can help companies optimize tariff impacts by rerouting goods. Additionally, Hong Kong's advanced tech ecosystem supports digital transformation and smart manufacturing to reduce production risks. Finally, the city can act as a coordination platform for firms shifting operations to Southeast Asia, leveraging its strong financial markets and talent pool. In summary, while U.S. tariffs pose short-term hurdles, Hong Kong's strengths in services, logistics and regional integration position it well for strategic repositioning in the evolving global trade environment.

4.1.1 Hong Kong Merchandise Trade 2024: Recovery Amid Global Uncertainty

In 2024, Hong Kong's merchandise trade experienced a notable rebound, reflecting improving global economic conditions and a gradual recovery in regional supply chains. Over the full year, the value of total exports of goods reached USD628.4 billion, representing a **year-on-year increase of 8.7%. Imports of goods** amounted to USD677.1 billion, up **6.0%** compared to 2023. Although Hong Kong recorded a **visible trade deficit of USD48.7 billion**, this was equivalent to just **7.7% of total imports**, remaining within the typical range for an open trading economy like Hong Kong. This overall improvement in trade performance was driven largely by **stronger demand within Asia**. Exports to Mainland China, Hong Kong's largest trading partner, rose by 15.6% over the year. Significant growth was also recorded in exports to Vietnam (+29.1%) and Thailand (+18.8%), underscoring the **increasing importance of Southeast Asian markets** in Hong Kong's trade diversification strategy. Exports to the United States increased by 8.5%, though trade with India (-18.0%), Germany (-3.6%) and the United Kingdom (-8.2%) declined, particularly in the latter part of the year. On the import side, Korea (+28.4%), Vietnam (+22.7%) and Singapore (+18.2%) stood out as key sources of growth, supporting **Hong Kong's role as a re-export and logistics hub**. Conversely, imports from the Mainland and Japan remained relatively stable, reflecting a more cautious inventory build-up by local and regional firms. By commodity category, Hong Kong saw strong trade activity in its core sectors. Exports of office machines and automatic data processing machines surged

[27] https://www.cedb.gov.hk/en/trade-and-investment/hong-kong-in-global-trade.html?utm_source=chatgpt.com, consulted on 20.05.2025

by 32.7%, while electrical machinery, apparatus and appliances, which account for the largest share of total trade, rose by 10.0%. On the import side, similar trends were observed, highlighting Hong Kong's continued role in facilitating high-value electronics and technology trade across the region.[28]

Outlook: Looking ahead, the Hong Kong government acknowledged the encouraging full-year performance but remained cautious about the external outlook. While the recovery in exports to the mainland and certain parts of the EU was welcomed, ongoing weakness in demand from the US and several Asian economies suggests that headwinds persist. Rising geopolitical tensions, evolving US-China trade dynamics and global monetary policy uncertainties could all weigh on trade flows in 2025. Nevertheless, with its proximity to the GBA, efficient port and logistics services and robust institutional framework, **Hong Kong remains well positioned to serve as a key platform for regional and global trade**. The results from 2024 reaffirm the city's resilience and adaptability amid a challenging international environment.

4.1.2 Strong growth in Trade in Services

During the decade from 2013 to 2022, Hong Kong's services sector maintained a prominent position and consistently accounted for 92.2% to 93.7% of GDP. In 2023, Hong Kong's trade in services rebounded strongly, reflecting post-pandemic economic recovery, improved cross-border mobility and sustained financial sector resilience. The total exports of services rose by 17.2% (USD97.7 billion), while imports surged by 24.9% (USD79.3 billion), narrowing the trade surplus from USD19.9 billion in 2022 to USD18.4 billion in 2023. This decline in surplus suggests that while outbound services grew, inbound demand (particularly for travel) rebounded even faster, partly driven by increased outbound tourism and business activities after the last pandemic restrictions were lifted beginning of 2023. **Key Growth Drivers are Financial Services, Transport and Travel**: Transport was the biggest driver of Hong Kong's service exports in 2023, making up 30.8% of the total value of exports, as logistics and aviation rebounded. Financial services followed closely at 25.7%, bringing in the largest net surplus of USD17 billion, a clear sign of Hong Kong's enduring strength as a global financial hub. Travel services also saw a strong recovery, accounting for 21.4% of exports, as international visitors returned. On the flip side, outbound travel spending surged, contributing to a USD1.8 billion deficit. Meanwhile, Hong Kong remained reliant on Mainland China for manufacturing services, with an USD10.7 billion trade gap in this sector and continued to pay heavily for the use of foreign intellectual property, leading to an USD1.1 billion deficit. **Asia's Growing Dominance**: When looking at trade partners, Mainland China was by far the most important, accounting for 29.8% of Hong Kong's service exports and 39% of imports. The United States followed as the second-largest market, with the UK and Singapore also playing key roles. Regionally, Asia dominated, making up more than half of Hong Kong's service exports and two-thirds of imports, reflecting the city's deepening ties within the region. Western Europe and North America remained relevant, though their share was smaller in comparison. Overall, Hong Kong's services trade in 2023 reflected resilience and strong recovery, particularly in financial services and transport. However, the narrowing trade surplus signals evolving structural dynamics, including increased outbound spending and continued reliance on Mainland China for manufacturing services.[29]

4.2 Bilateral trade

Hong Kong remains an important trade partner of Switzerland and was Switzerland's third largest trading partner in Asia - after China and India.

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[28] https://www.censtatd.gov.hk/en/wbr.html?ecode=B10200052024MM12#:~:text=External%20Merchandise%20Trade%20Aggregate%20Figures,-December%202024&text=in%20November%202024.-,The%20value%20of%20imports%20of%20goods%20decreased%20by%201.1%25%20over,%24847.8%20billion%20in%20December%202024, consulted on 04.06.2025

[29] https://www.info.gov.hk/gia/general/202502/14/P2025021400292p.htm, consulted on 04.06.2025

4.2.1 Trade in goods

In 2024, the total bilateral trade volume was CHF 16 billion. The city continues to serve as a key re-export hub for Swiss goods, particularly to Mainland China and Macau. In 2024, more than half (53.6%) of Swiss imports to Hong Kong were re-exported to third countries. Conversely, a small but noteworthy share (0.4%) of Chinese-origin goods was re-exported to Switzerland via Hong Kong. Merchandise trade is traditionally dominated by gold, which remains the most significant item in both directions. Over the past five years, gold has accounted for 51.6% to 73.5% of Swiss exports to Hong Kong and 86% to 96.4% of Hong Kong's exports to Switzerland. Watches and clocks rank second, followed by machinery. While overall trade volumes have fluctuated in recent years due to external factors such as the pandemic and currency volatility, underlying trade flows, excluding gold and precious metals, have remained stable and meaningful.

4.2.2 Trade in services

Bilateral trade in services also remains strong. In 2023, Switzerland's service exports to Hong Kong represented over 45% of its total service trade with the city. Switzerland's strengths in wealth management and financial services align with Hong Kong's role as a leading global financial centre, fostering mutual growth in this area.

5 DIRECT INVESTMENTS

5.1 Developments and general outlook

In 2024, Hong Kong remained a leading international financial hub. InvestHK, Hong Kong's investment promotion body, announced that the department assisted 539 overseas and Mainland companies to set up or expand their business in Hong Kong. This represents a 41% increase compared to 2023, reflecting the strong appeal of Hong Kong as a leading business hub in the region. The strong foreign direct investment (FDI) performance was driven by investment across diverse and high-value industries. It is estimated that the total investment thereby brought to Hong Kong's economy has reached over USD8.7 billion, which also represents a record high and a nearly 10% increase compared to 2023. These companies expected to create 6'864 job opportunities in Hong Kong during their first year of operation, an over 67% increase compared to 2023. Key growth sectors included innovation and technology (120 companies), financial services and fintech (110) and wealth management, with 95 family offices established, underscoring Hong Kong's rise as a hub for high-net-worth individuals. The tourism and hospitality sector added 58 firms, while business and professional services saw 47 expansions. These trends reflect growing diversification and Hong Kong's strategic pivot toward innovation and regional integration.[30]

5.2 Bilateral investment

Swiss direct investment in Hong Kong reached USD11.4 billion in 2023, making up 0.6% of Hong Kong's total FDI. Though not a top investor by volume, Switzerland maintains a stable presence in finance, trading and advanced manufacturing. Over 260 Swiss companies operate in Hong Kong, many as regional HQs, employing around 18'000 people (2024). The Swiss financial sector is represented by seven Swiss and one Liechtenstein bank with banking licences, plus six representative offices.

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

- **Swiss Chamber of Commerce in Hong Kong** (SwissCham): is a volunteer business organization advocating Swiss business in Hong Kong via networking events. Established in 1982 as the "Swiss Business Council", the SwissCham entertains over 200 members from Swiss companies with presence in Hong Kong and Swiss associated Hong Kong companies.[31]

[30] https://www.info.gov.hk/gia/general/202501/20/P2025011700407.htm, consulted on 20.05.2025

[31] https://swisschamhk.org/, consulted on 12.06.2025

- **Swiss-Chinese Chamber of Commerce** (SCCC)/**Swiss-Hong Kong Business Association** (SHKBA): The Swiss - Hong Kong Business Association is one of the members of Federation of Hong Kong Business Associations. It entertains a unique network of 45 HK Business Associations in 34 countries and regions with over 13'000 individual associates. Its purpose is networking and exchange of business information and ideas.[32]
- **The Federation of the Swiss Watch Industry** (FH): The Federation of the Swiss Watch Industry FH represents around 500 members, more than 90% of Swiss firms active in the production and sale of watches, clocks and components. Its objectives are to protect and develop the Swiss watch industry abroad, to harmonize its members' interests, to coordinate policy-making within the industry and in a legal context and to represent the sector as a whole, both in Switzerland and abroad. It has offices in Hong Kong.[33]
- **Switzerland Tourism**: Switzerland Tourism is the national marketing and sales organization for Switzerland, aiming to promote tourism to Switzerland in Hong Kong.[34]
- **Switzerland Global Enterprise** (S-GE): Since the end of 2022, the Trade Points of the S-GE is integrated into the Swiss Consulate General.

6.2 Hong Kong's interest in Switzerland

- **Tourism:** In 2024, Swiss hotels recorded a historic high of nearly 43 million overnight stays, up 2.6% from the previous year. Foreign demand reached 22 million overnight stays (+5.1%), the highest level since 1972. Visitors from Asia contributed 4.4 million overnight stays (+7.4%), led by growth from China and India. Hong Kong showed a solid recovery, with 74'011 arrivals in 2024 (+8.8%) and 129'561 overnight stays (+9.5%) compared to 2023. The average stay was 1.8 nights. Demand from Greater China, including Hong Kong, still remains significantly below pre-pandemic levels.
- **Education:** Around 300-350 students from Hong Kong studying in Switzerland annually.[35]
- **Investments:** As of 2024, there were total of 41 Hong Kong-related companies in Switzerland. Of which are 23 branch companies/offices with HQ in Hong Kong, 10 independent companies owned by a Hong Kong parent company and 8 companies with capital investment or shareholders from Hong Kong.
- **Official Visits:** In 2024, several high-level Hong Kong officials visited Switzerland in various capacities. Financial Secretary Mr. Paul Chan and Secretary for Commerce and Economic Development Mr. Algernon Yau attended the WEF in Davos, with Mr. Chan returning for the 2025 edition. Chief Secretary for Administration Mr. Chan Kwok-ki participated in the UN Human Rights Council sessions in both January and July. Other notable visits included Secretary for Health Professor Lo Chung-mau and Director of Health Dr. Ronald Lam for the World Health Assembly in Geneva, Basel and Zurich; Commissioner for Labor Ms. May Chan for the International Labor Conference; and Director of Intellectual Property Mr. David Wong for the WIPO meetings. Additionally, Director-General of Civil Aviation Mr. Victor Liu, Government Economist Mr. Adolph Leung and Director-General of Investment Promotion Ms. Alpha Lau undertook duty visits to Switzerland, reflecting the broad and active engagement between Hong Kong and Switzerland across sectors such as health, labor, intellectual property, civil aviation and investment promotion.

[32] https://www.sccc.ch/chapters/swiss-hong-kong-business-association/about-shkba, consulted on 12.06.2025

[33] https://www.fhs.swiss/eng/statistics.html, consulted on 20.05.2025

[34] https://www.linkedin.com/company/switzerland-tourism/, consulted on 20.05.2025

[35] https://www.stnet.ch/de/tourismusbilanz-2024-leistung-der-branche-wird-belohnt/, consulted on 20.05.2025

ANNEX 1 – Economic structure

Economic structure of Hong Kong

	2018	2023*
Distribution of GDP		
Primary sector	0.1%	0.1%
Manufacturing sector	1%	1%
Services	93.1%	93.5%
-of which import/export, wholesale and retail trades	21.3%	17.5%
- of which public administration, social and personal services	18.5%	20.9%
- of which financing and insurance	19.8%	24.9%

Distribution of employment	**2019**	**2024****
Primary sector	0.1%	0.1%
Manufacturing sector	2.3%	2.0%
Services	88.6%	88%
- of which public administration, social and personal services	28.1%	30.4%
of which financing and insurance	7.1%	7.2%

*This set of figures for 2024 will only be available by Nov. 2025, Table 310-34101: https://www.censtatd.gov.hk/en/web_table.html?id=36#, consulted on 17.03.2025

** Estimates released end of April 2025: https://www.censtatd.gov.hk/en/data/stat_report/product/B1010006/att/B10100062025AN25B0100.pdf, consulted 05.05.2025

ANNEX 2 – Main economic data

Hong Kong's main economic data

	2023	2024	2025
GDP (USD bn) *	381.1	407.1	424
GDP per capita (USD)*	50'621	54'035	56'031
Growth rate (% of GDP) *	3.2	2.5	1.5
Inflation rate (%) *	1.7	2.1	1.9
Unemployment rate (%) *	2.9	3.0	3.5
Fiscal balance (% of GDP) *	-8	-7.4	-6
Current account balance (% of GDP) *	8.5	12.9	11.4
Total external debt (% of GDP)**	480	470	***
Debt-service ratio (% of exports)**	****	****	****
Reserves (months of imports)**	37.6	38.7	****

* Source: IMF, World Economic Outlook /https://data.imf.org/en/Search-Results#q=hong%20kong&t=coveob02de888&sort=relevancy, consulted on 05.05.2025
** Source: IMF, Article IV Consultation (Hong Kong), consulted on 05.05.2025 / www.imf.org/external/country/index.htm

***Source: HKSAR Census & Statistics Department, Hong Kong in Figures, consulted on 05.05.2025

****Unavailable at the time of report

ANNEX 3 – Trade partners

Trade partners of Hong Kong - Year: 2024

Rank	Country	Exports *from Hong Kong* (USD million)	Share	Change	Rank	Country	Imports *to Hong Kong* (USD million)	Share	Change
1	China	343'802	59%	+15.6%	1	China	245'003	39%	+3.7%
2	USA	37'894	6.5%	+8.5%	2	Taiwan	95'606	15%	+7.2%
3	Vietnam	18'514	3.2%	+29.1%	3	Korea	54'433	9%	+35.9%
4	Taiwan	18'002	3.1%	+1.1%	4	Vietnam	29'617	5%	+34.2%
5	India	17'567	3%	-18%	5	Japan	29'477	5%	+2.9%
6	UAE	12'199	2.1%	-8%	6	USA	24'751	4%	+6.5%
7	Japan	10'341	1.8%	-4.4%	7	Malaysia	22'305	4%	+2.5%
19	*Switzerland*	*3'602*	*0.6%*	*-16.8%*	*13*	*Switzerland*	*7'676*	*1%*	*-10.7%*
	EU	35'343	6.1%	0%		EU	31'520	5%	+3.9%
	Total	**582'355**	**100%**	**8.7%**		**Total**	**631'039**	**100%**	**6%**

Source: Hong Kong Census and Statistics Department

* Merchandise trade statistics with EU from 2020 onwards are compiled based on the new coverage and thus not comparable with EU figures in earlier years which included the UK.

Remarks: The compilation of this table is based on the source from the Hong Kong Census & Statistics Department. It does not include trade in gold, silver and coins, which is different from the current approach of the Swiss Customs Administration. It therefore shows a huge contrast if comparing with Annex 4 Bilateral Trade Switzerland – Hong Kong.

Exchange rate: HKD 7.8 = USD 1

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and Hong Kong

	Export (CHF million)	*Change (%)***	**Import** (CHF million)	*Change (%)***	**Balance** (in million)	**Volume** (in million)
2020 (total 2)	5'953	-39.9%	11'309	198%	-5'357	17'262
2020 (total 1)	3'625	-34.4%	1'242	-4.2	3'385	4'867
2021 (total 2)	9'321	56.5%	4'246	-62.4%	5'085	13'553
2021 (total 1)	4'464	23.1%	944	-24%	3'519	5'407
2022 (total 2)	7'065	-24.2%	3'700	-12.9%	3'365	10'765
2022 (total 1)	4'183	+6.3%	1'045	10.7%	3'138	5'228
2023 (total 2)	13'675	93.5%	4'354	+17.7%	9'321	18'029
2023 (total 1)	5'594	33.7%	1'449	+38.5%	4'145	7'042
2024 (total 2)* **	10'758	**-21.3%**	**5'197**	**+19.4%**	**5'561**	**15'955**
2024 (total 1)* **	**4'382**	**-21.7%**	**1'068**	**-26.3%**	**3'314**	**5'450**

*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, previous stones and gems, works of art and antiques
**) Change (%) from the previous year
***) Provisional Data

Exports	**2023** (% of total)	**2024** (% of total)
1. Precious stones, precious metals and jewelleries	73.3%	71.6%
2. Watches & clocks	17.2%	17.8%
3. Machinery (electrical and non-electrical)	2.2%	2.9%
4. Chemical and pharmaceutical products	3.3%	2.7%

Imports	**2023** (% of total)	**2024** (% of total)
1. Precious stones, precious metals and jewelleries	89.2%	91.8%
2. Watches & clocks	5.4%	4.8%
3. Machinery (electrical and non-electrical)	2.1%	1.4%
4. Works of arts and antiques	1.7%	0.6%

Source: Federal Office for Customs and Border Security, Provisional figures, Total 2

ANNEX 5 – Main investing countries

Main investing countries in Hong Kong **Year: 2023 (latest available information)**

Rank	Country	Direct investment (in billion, USD, stock)	Share	Variation (stock)	Inflows over past year (in billion, USD)
1	China	662.5	31.1%	+9.8%	49.5
2	BVI	648.9	30.5%	+4.4%	39.1
3	Cayman Islands	225.2	10.6%	+12.6%	10.6
4	UK	197.7	9.3%	-1.8%	-0.3
5	Bermuda	95.6	4.5%	7.3%	3.4
6	USA	53.0	2.5%	+17.7%	7.9
7	Singapore	41.2	1.9%	-7.8%	0.5
8	Canada	34.4	1.6%	+4.8%	3.5
9	Japan	31.1	1.5%	-0.4%	2.4
10	Taiwan	25.2	1.2%	+7.5%	0.7
*	EU**	36.5	1.8%	-6.7%	1.9
*	*Switzerland*	*11.4*	*0.6%*	*+13.0%*	*0.7*
	Total	2'127.4	100%	+5.8%	123.4

*Unavailable

** EU includes Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, the Slovak Republic, Slovenia, Spain and Sweden.

Source(s): https://www.censtatd.gov.hk/en/wbr.html?ecode=B10400032023AN23&scode=260 &
Survey of External Claims, Liabilities and Income
Census and Statistics Department, HKSAR

- Selected major investor country/territory are selected based on the position of Hong Kong's inward DI from individual investor countries/territories in recent years.
- Figures may not add up to the total due to rounding.
- Country/Territory here refers to the immediate source economy. It does not necessarily reflect the country/territory from which the funds are initially mobilized.
- Negative inflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans owed to non-resident affiliates.