

Hong Kong ranked fifth in World Competitiveness Yearbook 2020

Hong Kong was ranked fifth globally in the latest World Competitiveness Yearbook (WCY) 2020 published by the International Institute for Management Development (IMD), down from second last year. IMD attributed Hong Kong's lower ranking to a decline in economic performance, social turmoil as well as the rub-on effect of the Chinese economy.

Among the four competitiveness factors in WCY 2020, Hong Kong's ranking in "Economic performance" dropped from 10th to 28th, with the "Domestic economy" sub-factor sliding from 18th to 49th while other economic sub-factors like "International trade" and "International investment" remained unscathed. In addition, Hong Kong's rankings in "Government efficiency" and "Business efficiency" remained unchanged at first and second respectively, and that in "Infrastructure" improved to 14th, indicating that Hong Kong's core competitiveness remains intact.

Among various sub-factors, Hong Kong's ranking remained first globally in "Business legislation". Within the "Institutional framework" sub-factor, Hong Kong's ranking improved from second to first globally in the indicator "Legal and regulatory framework" and from 19th to first in the indicator "Exchange rate stability". These top-of-the-world rankings reaffirm Hong Kong's institutional strengths, particularly in legal and monetary affairs.

Commenting on the lacklustre economic performance and social unrest last year that affect Hong Kong's ranking, a Government spokesperson said today (June 16), "The unprecedented social unrest that has taken place in Hong Kong since June last year dealt a severe blow to inbound tourism, local consumption activities and investment sentiment in the second half of 2019, pushing the economy into recession. The social unrest involving a high level of violence, acts of vandalism and intimidation of people holding a different political standpoint has also affected how Hong Kong was perceived, as certain survey indicators of the IMD report showed that survey respondents were deeply concerned about Hong Kong's social and political stability.

"For Hong Kong to be able to leverage on our competitive advantages, law and order, and social stability are of paramount importance. In view of the emerging threats and organisations advocating 'Hong Kong Independence', it is clear that without adequate safeguards for national security, Hong Kong's stability will be at risk. It is thus critical, essential and urgent for the National People's Congress to take the decision to establish and improve the legal system and enforcement mechanisms for the Hong Kong Special Administrative Region (HKSAR) to safeguard national security from the state level in accordance with the Constitution of the People's Republic of China and the Basic Law. The national security legislation aims to prevent, curb and sanction an extremely small minority of criminals who threaten national security. This ensures the continuous successful implementation of the 'One Country, Two Systems' principle and helps maintain an environment that is

conducive to business and investment, thereby safeguarding the prosperity and stability of Hong Kong."

The spokesperson added, "We must stress that the national security legislation will not affect Hong Kong's high degree of autonomy under 'One Country, Two Systems'. Under 'One Country, Two Systems', our economic integration with the Mainland will bring economic opportunities to us. Our much-valued institutional strengths and core competitiveness will also remain intact: they include the rule of law and judicial independence, open and flexible markets, a simple and low tax regime, an efficient public sector and a favourable business environment with a level playing field.

"The HKSAR Government is committed to enhancing the competitiveness and vibrancy of the Hong Kong economy. Faced with further economic setbacks arising from the COVID-19 pandemic, the HKSAR Government has implemented various packages of initiatives to protect jobs, support enterprises and revive the economy. We will strive to maintain our competitive advantages, and at the same time step up investment in infrastructure, and innovation and technology in order to add growth impetus to our development. Moreover, Hong Kong is poised to be both an active promoter and a beneficiary of important national development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative alongside the further opening up and deepening of economic reform in the Mainland.

"We have every confidence in Hong Kong's long-term economic development."