

Press Release

Business Confidence Survey shows long term satisfaction with Hong Kong as a place to do business despite current economic challenges

Today the British Chamber released the results of its Business Confidence Survey for 2008, conducted by TNS. Satisfaction with Hong Kong remains high at 96% describing the business environment as 'very' or 'somewhat' satisfactory, 2% less than 2007. The survey took place in December 2008 when the full implications of the downturn were becoming apparent in Hong Kong and represents the views of 26% of the corporate membership of the Chamber.

Confidence in the coming year was less positive, not surprisingly, with only 40% of members having a positive outlook for the year, a major decrease from the 91% in 2007. However, whilst British Chamber members see the situation deteriorating over the coming two years, they anticipate a full recovery within three to five years. 83% of members report that the current global economic situation will have an impact on their business going forward. 2008 has also seen a decline in plans for investment in the PRC – a decline of 12% with the global economic situation doubtless impacting expansion plans.

The ease of doing business in Hong Kong continues to make it a dynamic centre for business activities for British Chamber members. There were two areas which showed the greatest increase in satisfaction. In a year in which global exchange rates fluctuated so drastically, satisfaction with the dollar peg was back up at 84%, after dipping in 2007 to 57%. The availability of high quality personnel is also perceived as having improved significantly over the past 12 months, again following a decline in 2006 and 2007.

Satisfaction with the Government has dipped over the past 12 months on a number of key measures including Government leadership which was down 13% to a 45% satisfaction rating. The overwhelming vote of confidence in 2007 in a 'stable Government and political system' (97%) dipped to 89% in 2008.. There was also a 12% decrease in satisfaction that the Government has the right long term strategy to maintain and enhance the competitive advantages of the SAR.

On issues relating to SMEs, 58% of SMEs consider the re-introduction of the training allowance as an important issue, a large increase of 15% over 2007. An additional 12% of SMEs (45% in total) consider the streamlining of the application processes for capital expenditure assistance an important issue.

Christopher Hammerbeck, Executive Director of the British Chamber of Commerce commented:

"The continuing satisfaction of Chamber members with Hong Kong as a place to do business is a ringing endorsement of the territories strengths and of its proven ability to recover from adversity. With this in mind our members are keen to see a long-term strategy to develop and enhance the competitiveness of Hong Kong, as well as short term economic measures, a view that is in line with submissions that the Chamber has made to Government. The concerns of our members about the environment and the need for strategies to improve it have been expressed in each of the 14 years that this survey has been conducted.."

Note to editors:

- For a complete review of this document please go to our web site www.britcham.com.
- The survey was conducted in co-operation with TNS, the world's largest custom research group

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The British Chamber is one of Hong Kong's largest international business organisations, comprising major multinational companies and institutions, as well as a substantial number of SMEs. The Chamber represents a broad spectrum of British, Hong Kong, international and Chinese companies. Collectively, this membership makes a significant contribution to the Hong Kong economy and to employment, and constitutes a representative cross-section of business opinion in the SAR

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