



GIC/GCC Business Confidence Survey

August 2025



German Industry
and Commerce Ltd.
德國工商會有限公司



German Chamber of
Commerce Hong Kong
香港德國商會

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EXECUTIVE SUMMARY

German Business in Hong Kong 2025

The **2025 Business Confidence Survey**, conducted by GIC and GCC, shows a **generally more positive sentiment** among German businesses in Hong Kong compared to 2024. While the city continues to demonstrate strengths in key areas, concerns about its future competitiveness remain, suggesting that both businesses and policymakers should continue to exercise careful consideration in strategic planning. Confidence in Hong Kong has stabilised, reflecting a more optimistic assessment than in the previous year.

According to most survey respondents, Hong Kong performed strongly in areas such as **infrastructure and connectivity** (4.49) and **taxation** (4.43 out of 5). However, the **cost of labour** (2.80) and **office rental and housing costs** (2.20) were rated significantly lower, reflecting concerns about the sustainability of operating in the city, particularly when looking ahead to 2026. Some respondents expect improvements in office rental and housing costs (22.8%), while 25% believed the situation will worsen. A similar share (22.8%) anticipated improvements in overall economic development in the next 12 months. Many foresee further deterioration in labour costs (29.3%), talent recruitment (27.2%), and the political climate (26.1%). Regarding **recruitment and retention of staff**, respondents noted that Hong Kong's attractiveness as a work destination is declining due to changes in the political environment and a growing preference among employees for flexibility and work-life balance. High living costs, a shrinking talent pool, and industry-specific difficulties in attracting skilled workers were also cited as particular challenges.

Business confidence in Hong Kong improved compared to previous years, reaching an average rating of 3.84 on a scale from 1 to 5, the highest since the start of our annual survey in 2019. Confidence among respondents' international stakeholders remained noticeably lower at 3.28 but also improved to its highest level to date. A notable share of respondents highlighted **specific advantages of the city**, with 39 responses (62%) referencing its **proximity and access to Mainland China**, and 29 responses (46%) citing **tax advantages** as a key incentive for operating in Hong Kong. 92% of respondents stated that their company was not considering relocation in the immediate future, while 31.9% indicated plans for further investment in Hong Kong in the next two years, suggesting a continued commitment to maintaining stable operations. In light of the geopolitical situation, particularly with regard to **US tariffs**, more than half of the respondents assessed the impact on their company's operations as negative. Common effects included operational adjustments such as office relocations and an increased focus on the EU and China. On the positive side, some respondents reported growing demand for German brands and new opportunities arising for non-US suppliers.

With **AI included in this year's survey**, 40.2% of respondents reported that their company has an AI strategy. Companies are most likely to use or plan AI implementation in sales and marketing automation (46%) and customer service (42%). More than half of respondents view the development of AI as somewhat positive or positive, while **nearly 60% see a lack of internal expertise** as a challenge for adopting AI technologies, and 38% express concerns about data privacy and security.



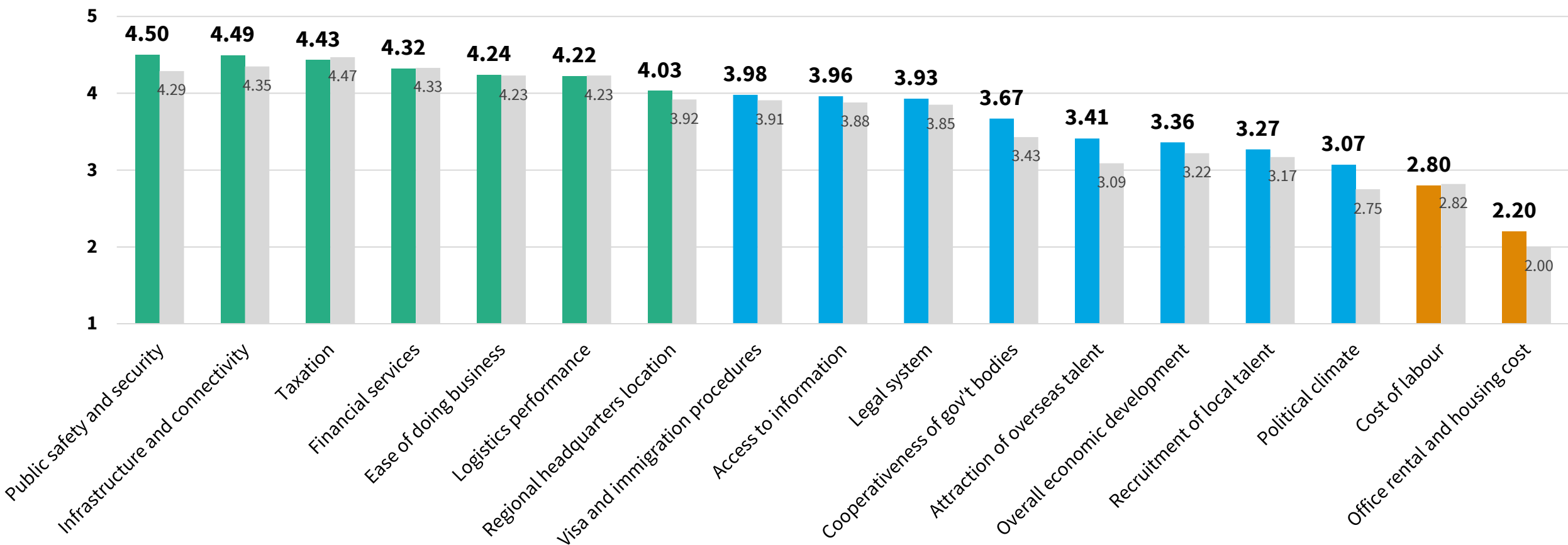
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How do you assess Hong Kong's competitiveness in these aspects?

(1 = low competitiveness; 3 = average; 5 = high competitiveness; compared to 2024)



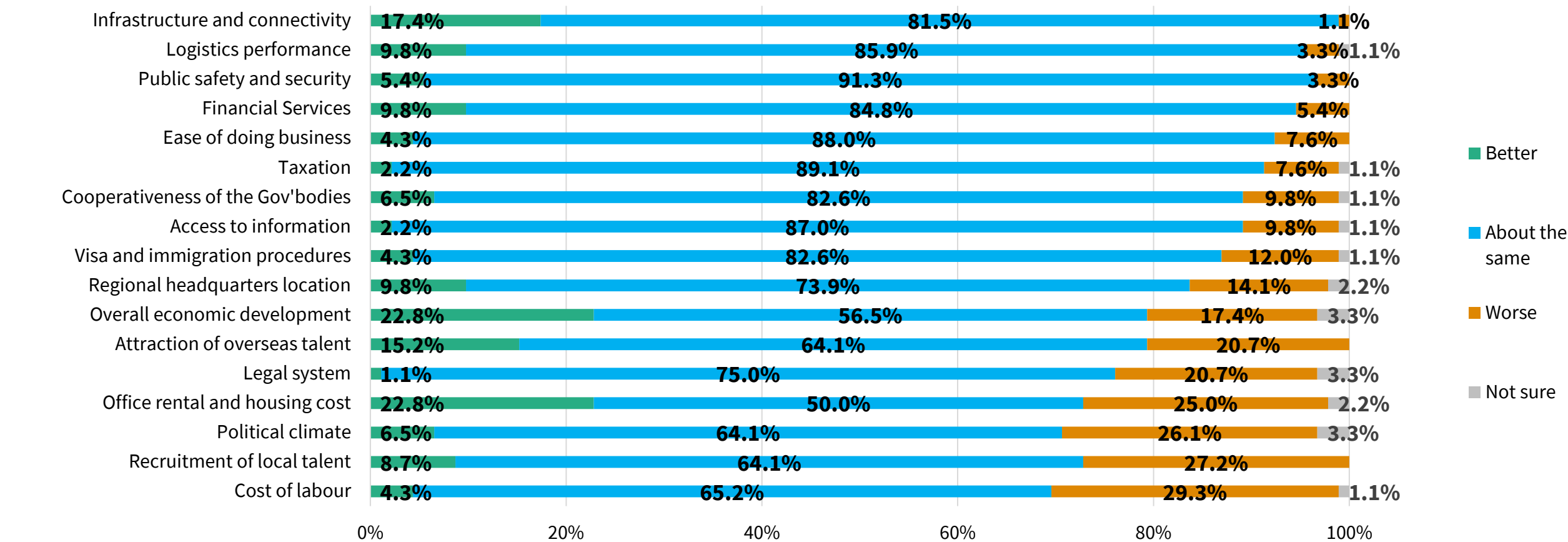
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ANSWERED: 92

How do you expect Hong Kong's competitiveness in these aspects to develop in 2026 compared to the present?



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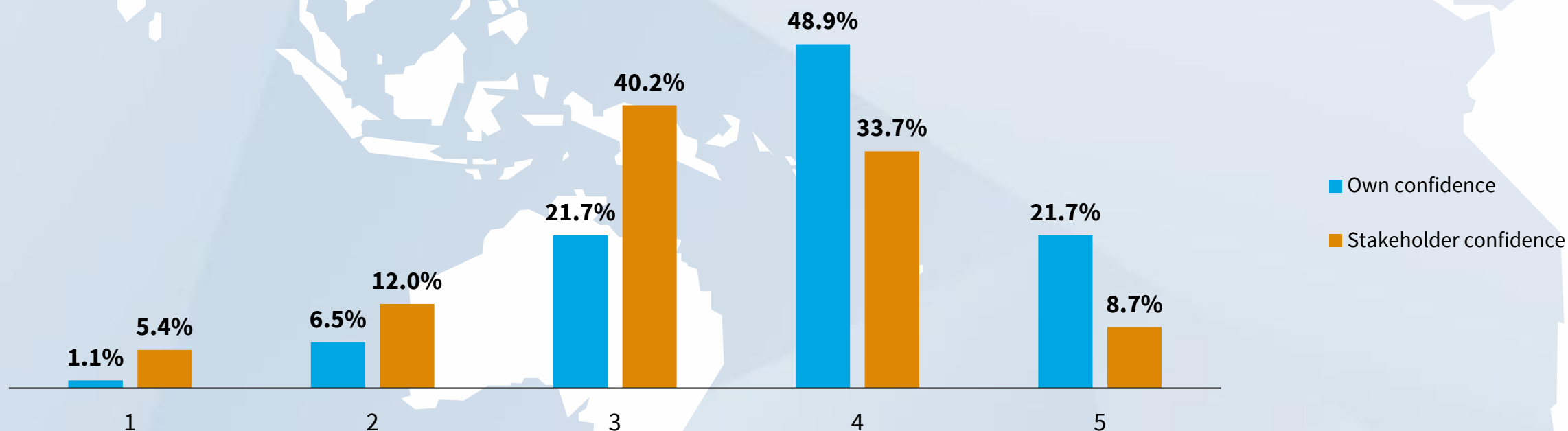


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ANSWERED: 92

How would you rate your own / your stakeholders' confidence in Hong Kong as a business location over the next 2 years?

(1 = low confidence; 3 = average; 5 = high confidence)



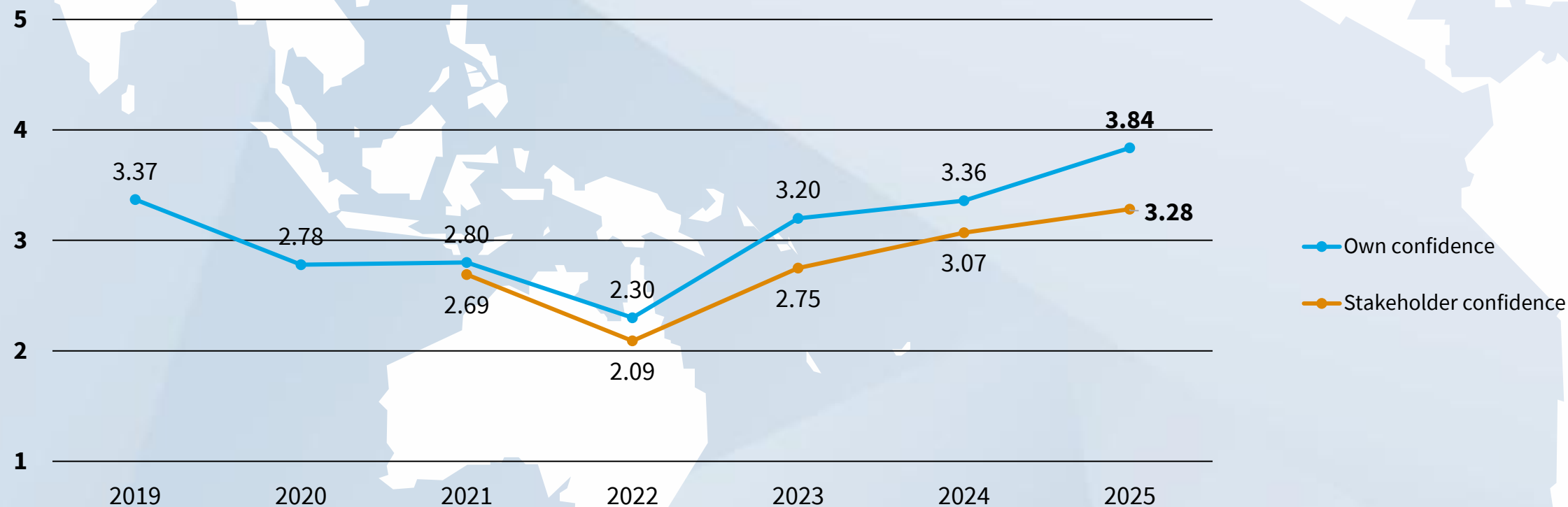
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YEARLY COMPARISON

How would you rate your own / your stakeholders' confidence in Hong Kong as a business location over the next 2 years?



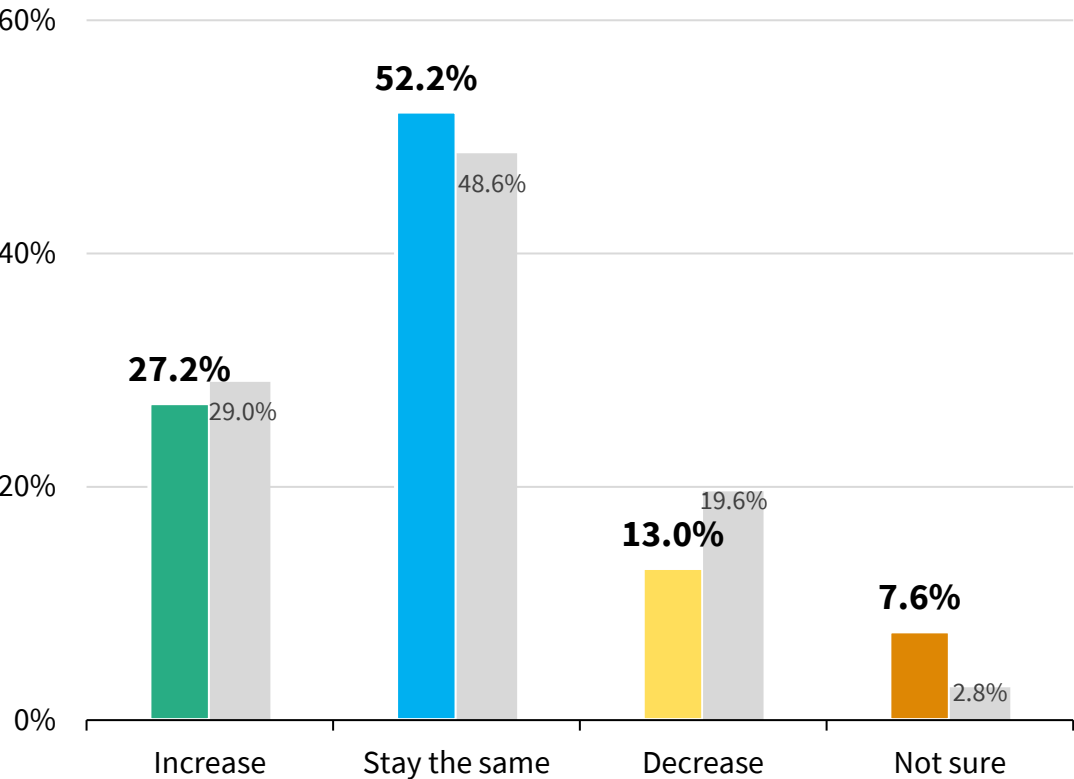
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ANSWERED: 92

How will your company's headcount in Hong Kong develop in the next 12 months? (compared to 2024)



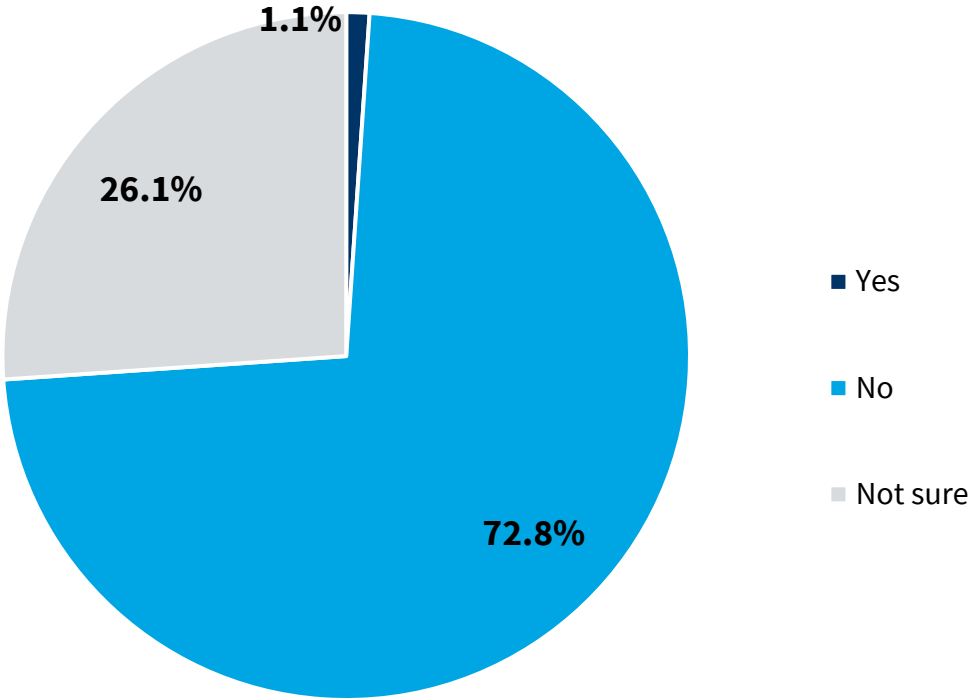
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ANSWERED: 91

Is your company considering bringing previously relocated staff back in the next 12 months?



ANSWERED: 72

What are your company's main challenges when it comes to recruiting and/or retaining staff in Hong Kong?

Top mentions	Summarised answers
Attractiveness of Hong Kong as a work destination (20 mentions)	Changes in Hong Kong's political environment, combined with shifting expectations among younger professionals, are influencing how attractive the city is for talent. Emigration, uncertainty about future policies, and a growing preference for flexibility and work-life balance are shaping decisions about whether to work in Hong Kong.
Talent availability and skills (18 mentions)	Many companies struggle to find qualified candidates, especially in specialized fields like sustainability, supply chain, and engineering. There's also a notable lack of leadership talent and essential soft skills. Concerns about the mindset and work ethic of younger generations, particularly Gen Z, further complicate recruitment efforts.
Cost-related challenges (16 mentions)	Hong Kong's high living costs and elevated salary expectations pose significant barriers to both attracting and retaining staff. Employers often find that compensation demands are not aligned with candidates' experience or qualifications, making it difficult to maintain competitive yet sustainable hiring practices.
Industry-specific challenges (9 mentions)	Companies in certain industries, such as logistics, supply chain management, finance, and IT, are finding it hard to attract skilled workers who are interested in these fields, and there is a particular struggle to find young talent who view these sectors as attractive career options.
Language barriers (7 mentions)	Language requirements, particularly the growing emphasis on Mandarin, are limiting the pool of international candidates. Additionally, visa issues, housing costs, and difficulties relocating partners or spouses make Hong Kong less appealing to foreign professionals.



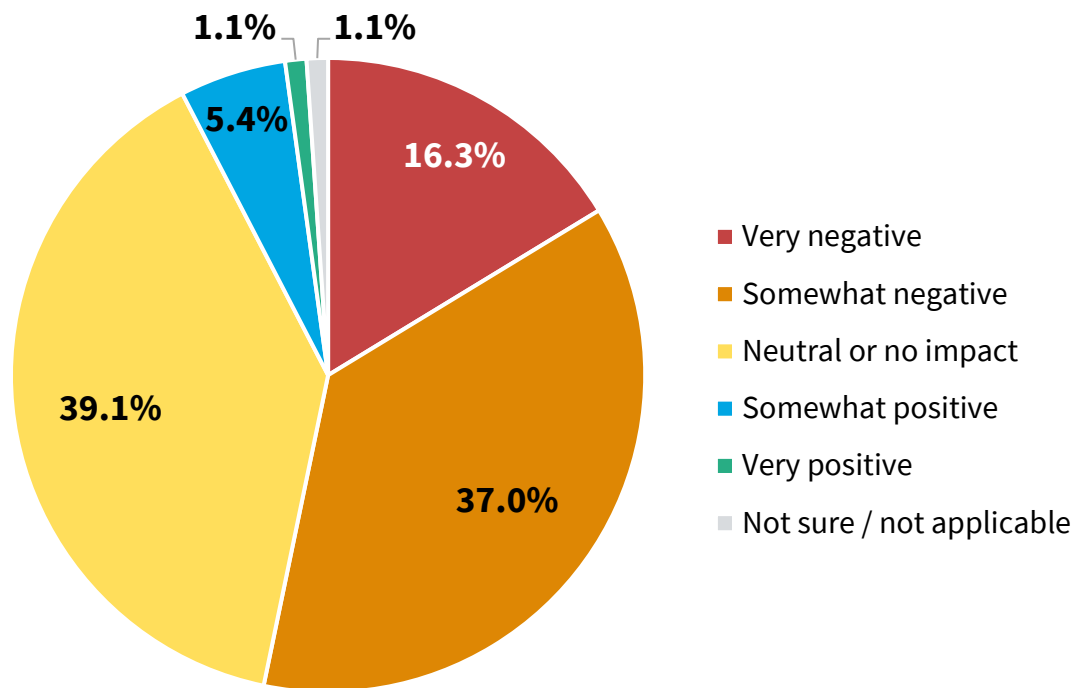
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ANSWERED: 92

How would you assess the impact of the 2025 US tariffs on your company's operations?



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ANSWERED: 70

Effects of ongoing US tariffs on company's operations or diversification strategy:

No or Minimal Impact

*The majority reported no direct effect due to no US business or low exposure.
Some only see indirect effects via clients, sentiment, or uncertainty.*

Significant Operational Changes

*Shifting production locations in response to US client requirements
Establishing new facilities abroad and restructuring operations
Postponing or cancelling planned US investments*

Diversification & Market Shift

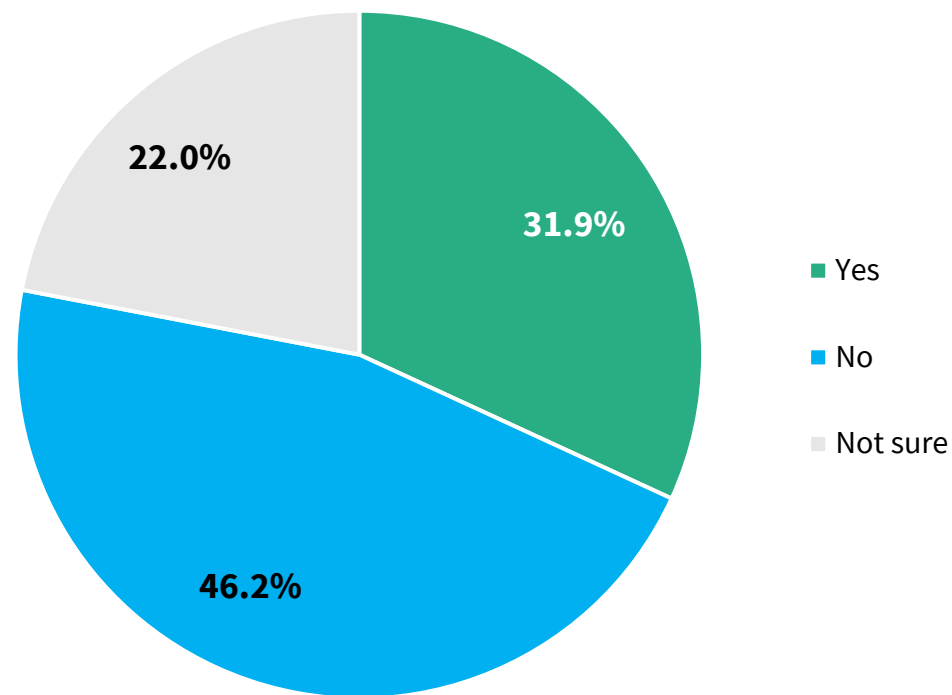
*Increased focus on EU and non-US markets
Adoption of China+1/China+2 strategies with production moving to Southeast Asia and Europe*

Opportunities & Positive Effects

*Tariffs strengthening demand for German brands
Market realignment creating openings for non-US suppliers*

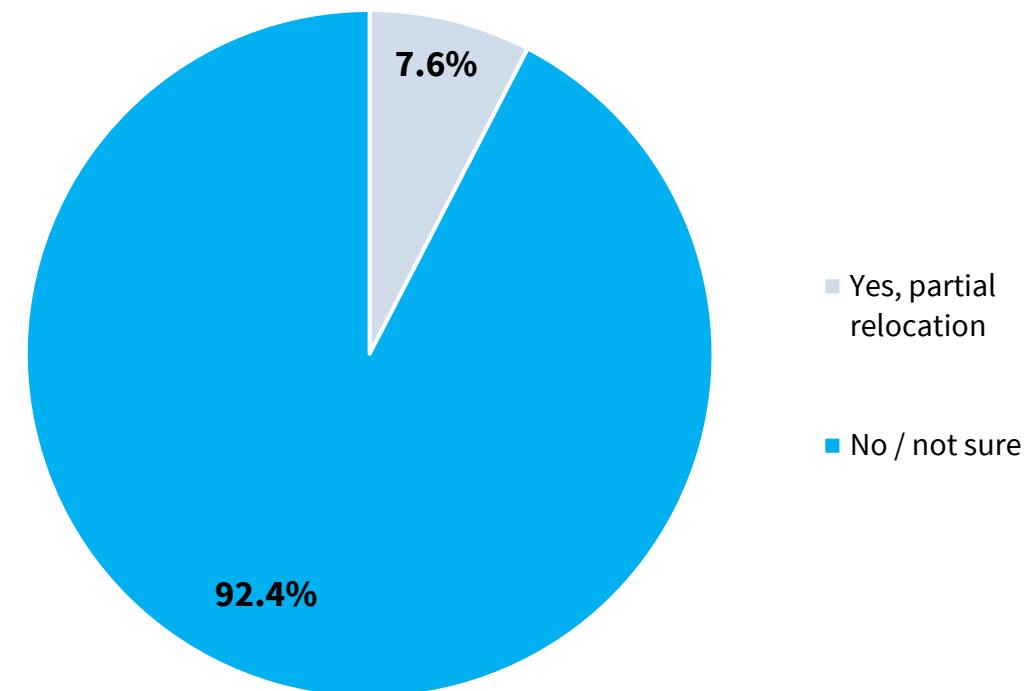
ANSWERED: 91

Does your company plan to invest or expand further in Hong Kong within the next 2 years?



ANSWERED: 92

Is your company considering a relocation within the next 12 months?





AI & Digital Readiness



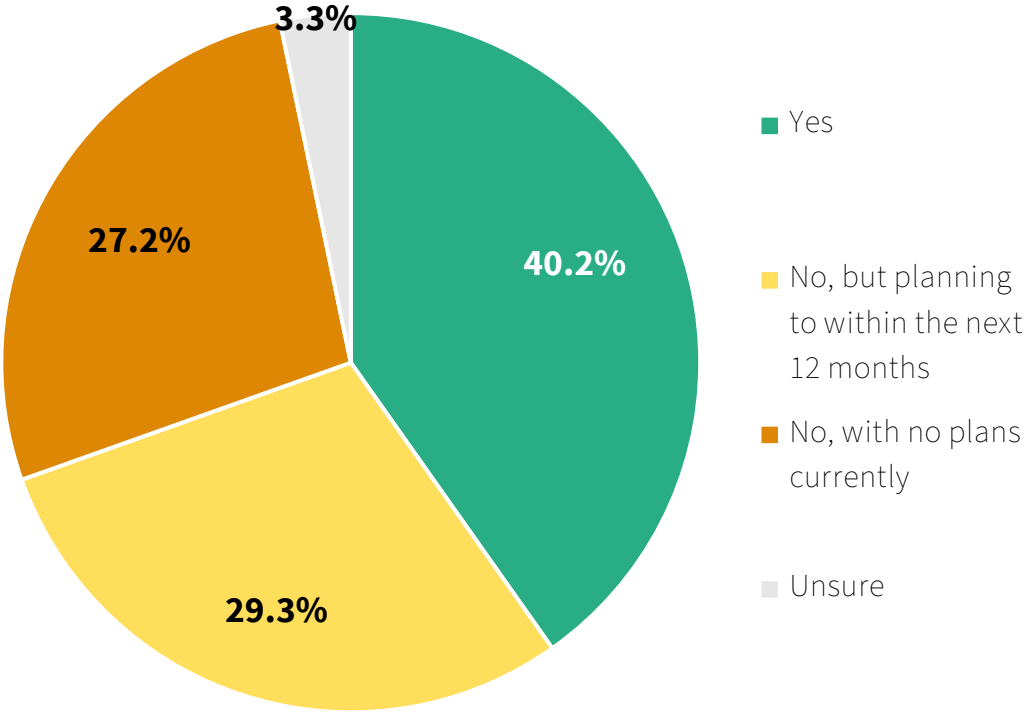
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ANSWERED: 92

Does your company have an AI transformation strategy in place?



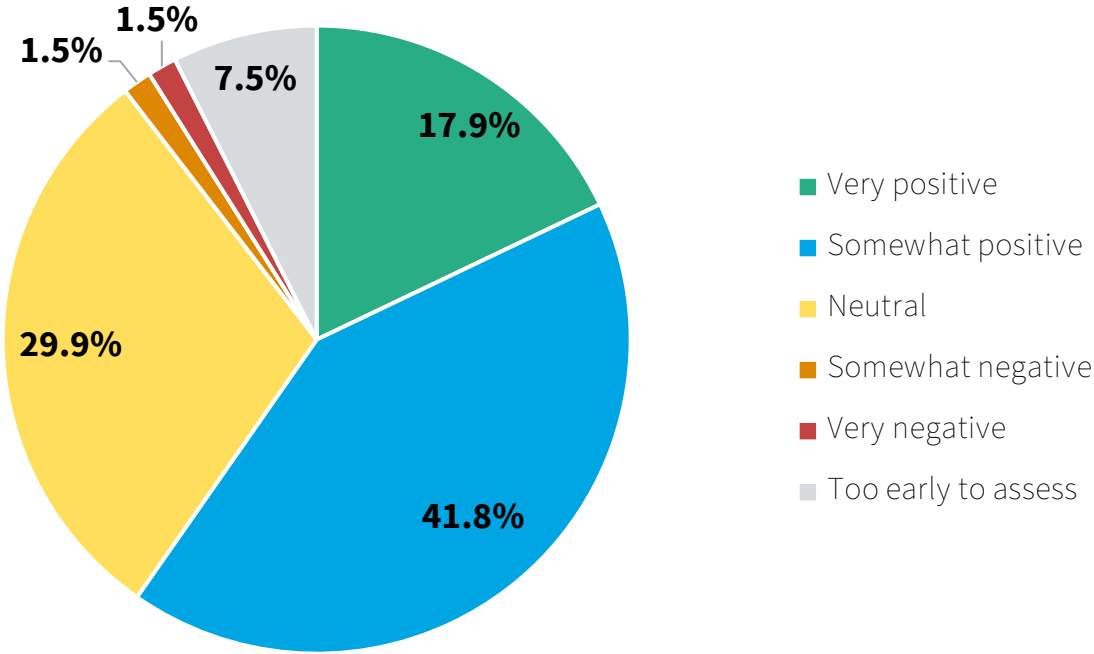
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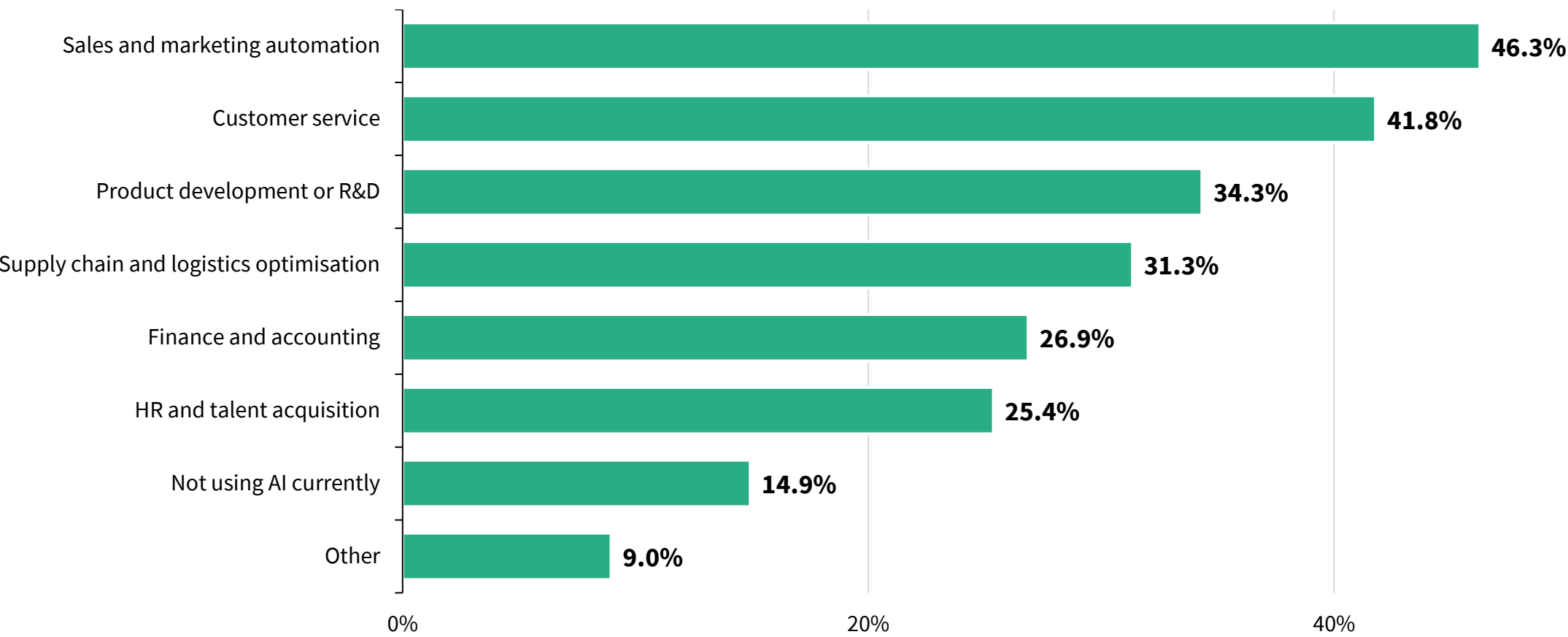
ANSWERED: 67

What impact has the development of AI had on your company's competitiveness in Hong Kong?



ANSWERED: 67

In which areas is your company currently using or planning to use AI?



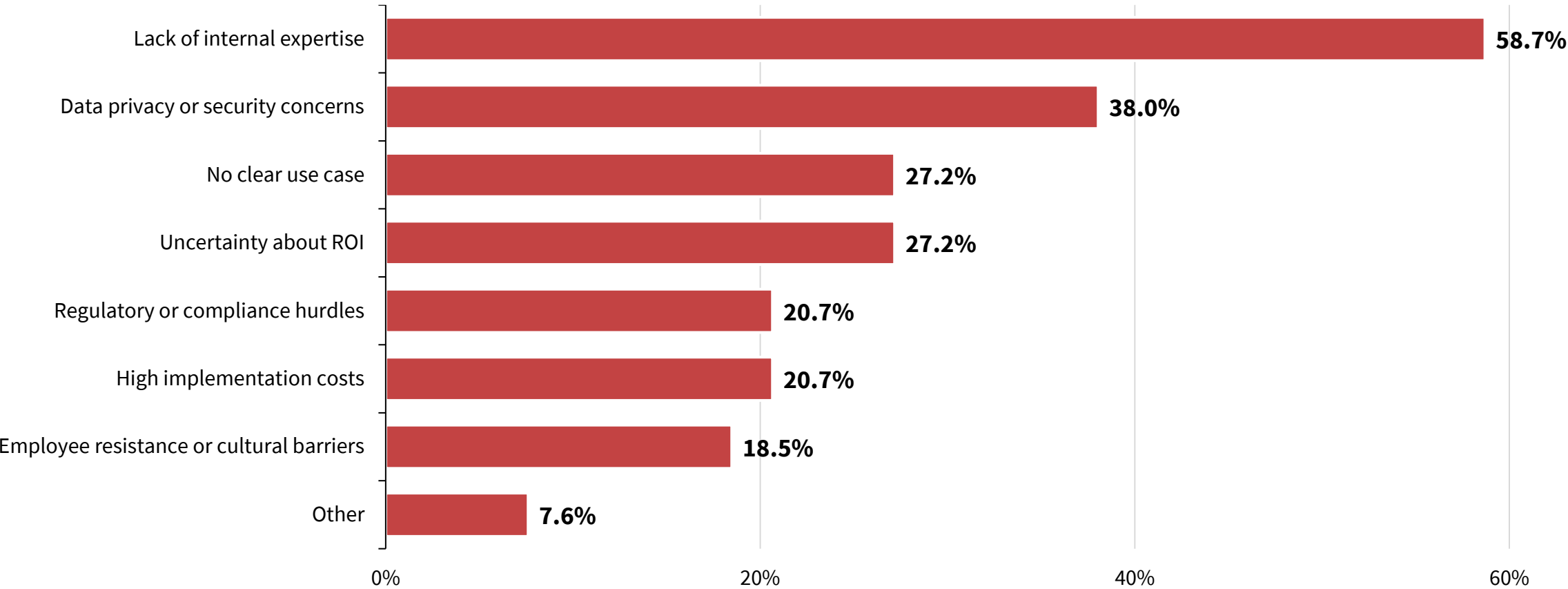
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ANSWERED: 92

What are the main challenges your company faces in adopting AI technologies?



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GCC Membership



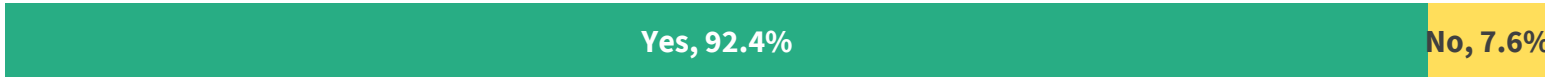
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ANSWERED: 92

Are you or is your company a member of GCCHK?



ANSWERED: 85

How satisfied are you with your GCC membership experience?



ANSWERED: 85

How likely are you to recommend a GCC membership to a friend or business partner?



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Methodology and Company Statistics

The **Delegation of German Industry and Commerce (GIC)** and the **German Chamber of Commerce, Hong Kong (GCC)** conduct a joint Business Confidence Survey each year to gauge the current sentiment and outlook of the German business community, and to provide a helpful reference for business leaders and policymakers locally and overseas.

This year's survey gathered a total of **92 online responses** between June and July 2025. The lowest number of registered answers for any of the questions included in this summary report was 63. Survey respondents include corporate **members of GCC (92.4%)** as well as **non-members (7.6%)** including local subsidiaries or branches of German parent companies, sales agents and distributors of German brands, as well as locally established entities under German ownership. One in four surveyed companies (25%) were locally established companies, while the vast majority (75%) had their parent companies located outside of Hong Kong and either fulfilled the function of a **regional headquarters (30.4%)** with managerial responsibility for all business operations in the region, a **regional office (21.7%)** overseeing some other markets/countries, or a **local office (22.8%)** with sole responsibility for the Hong Kong market.

The survey respondents come from a wide range of service/industry sectors. The largest share was active in the **consumer goods industry (28.3%)**, followed by electronics and electrical parts (19.6%), accounting and professional services (16.3%), as well as construction and engineering (12%). In terms of the number of employees in Hong Kong, survey responses were largely distributed between small offices with 10 employees or less (35.9%) and medium-sized offices with 11 to 100 employees (44.6%), while 10.9% of respondents were working in large offices with more than 100 staff. As for their respective companies' global headcount, 40.2% of respondents estimated 500 employees or less, while 38% worked in companies with over 10,000 employees worldwide.



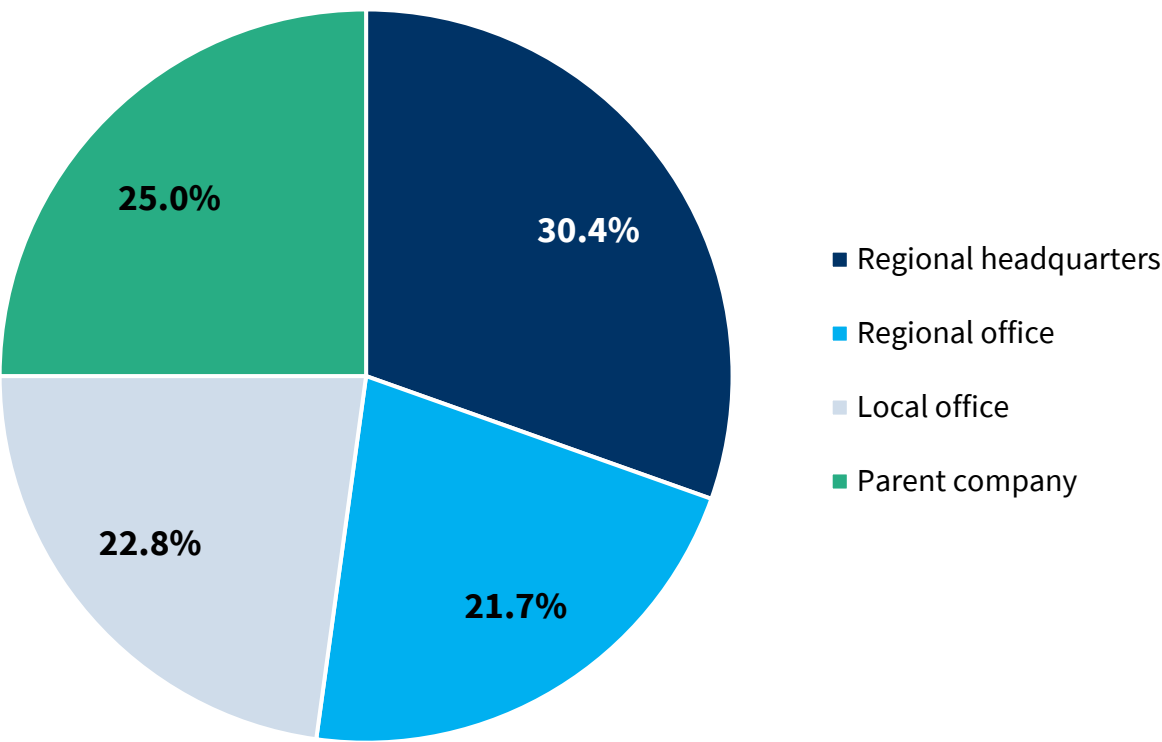
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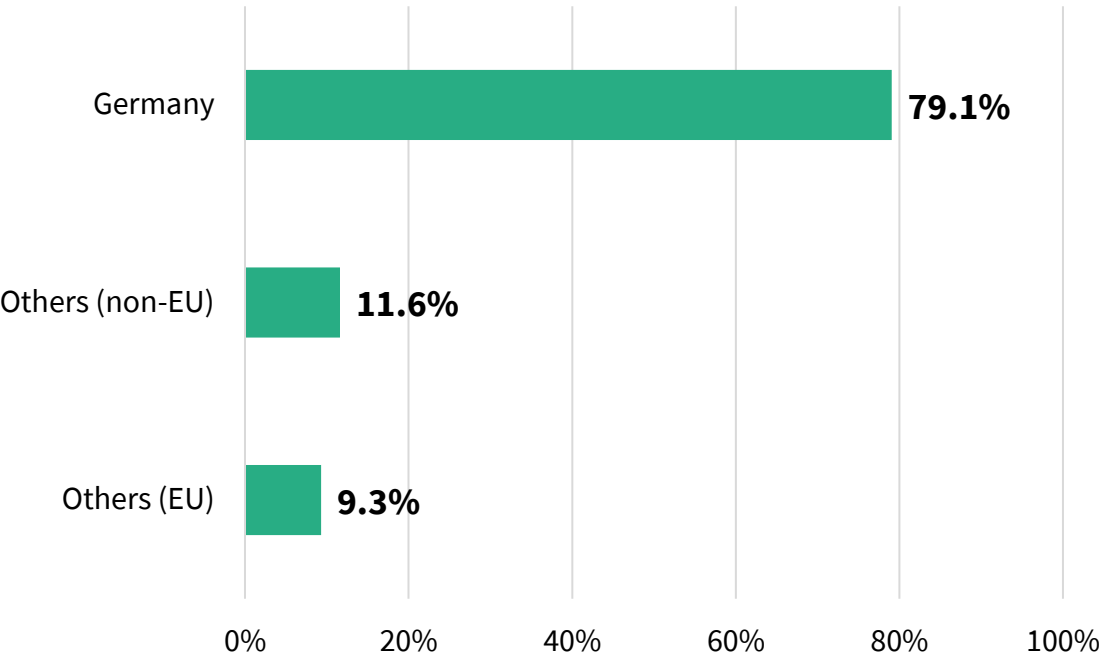
ANSWERED: 92

What function does your office in Hong Kong have?



ANSWERED: 43

Location of headquarters (if outside Hong Kong):



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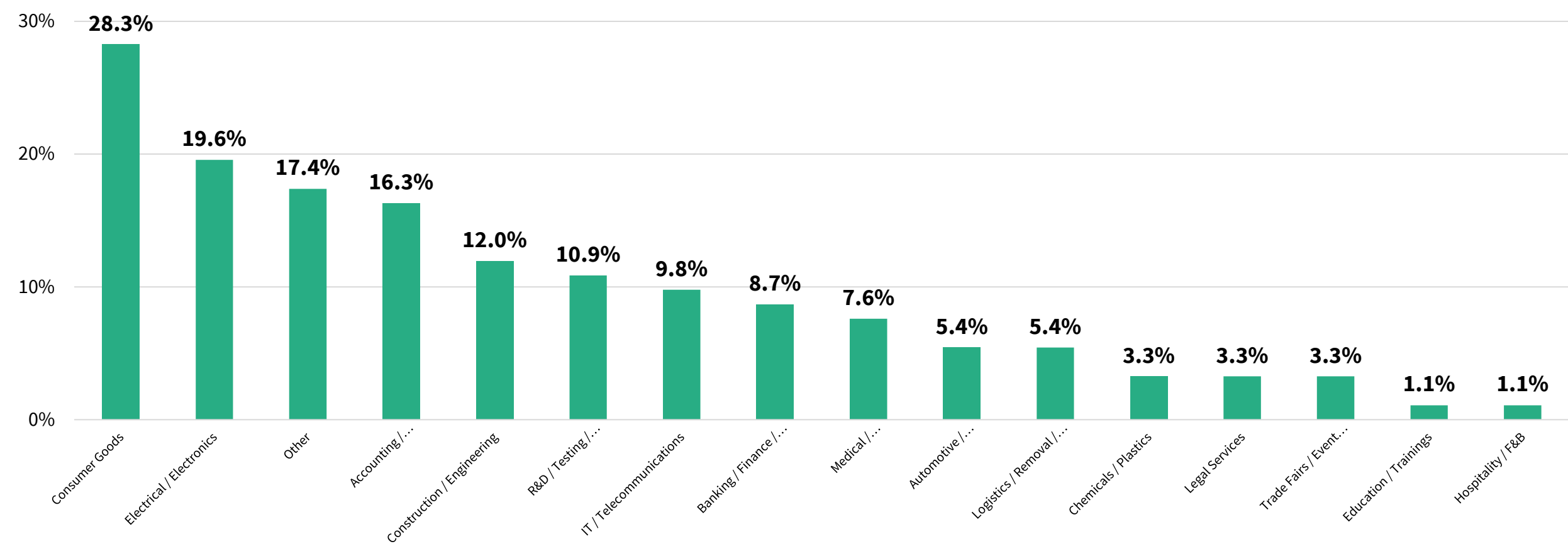


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ANSWERED: 92

Which service/industry sector is your company mainly engaged in?

(up to 3 selections possible)



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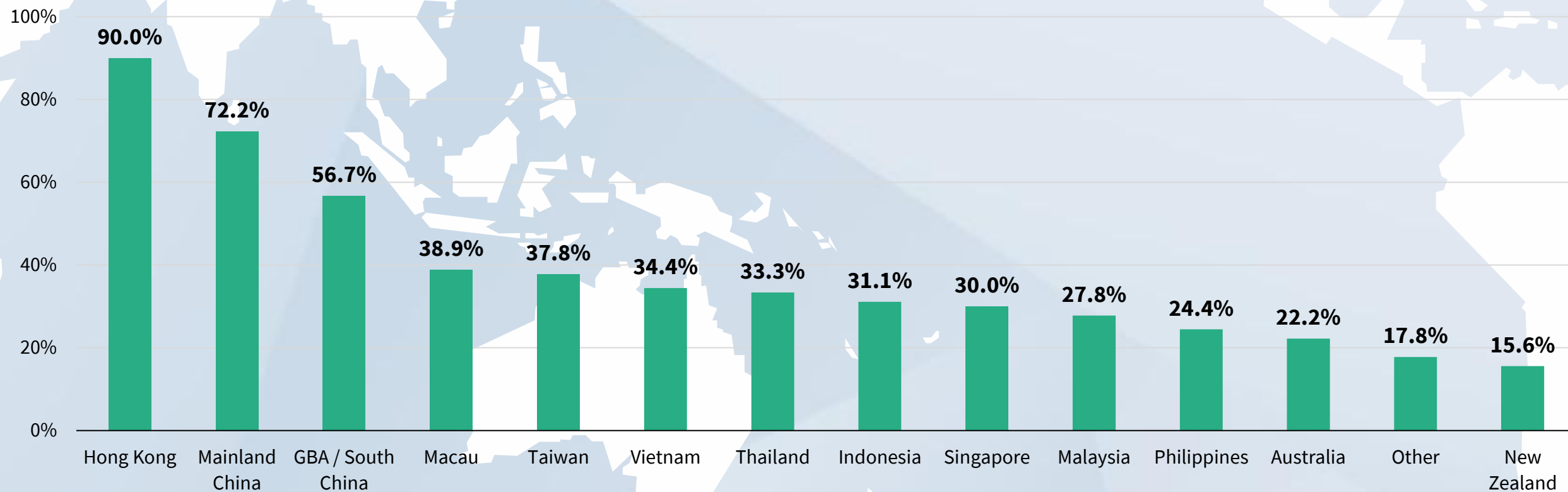


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ANSWERED: 90

Which markets does your Hong Kong entity oversee?

(multiple selections possible)



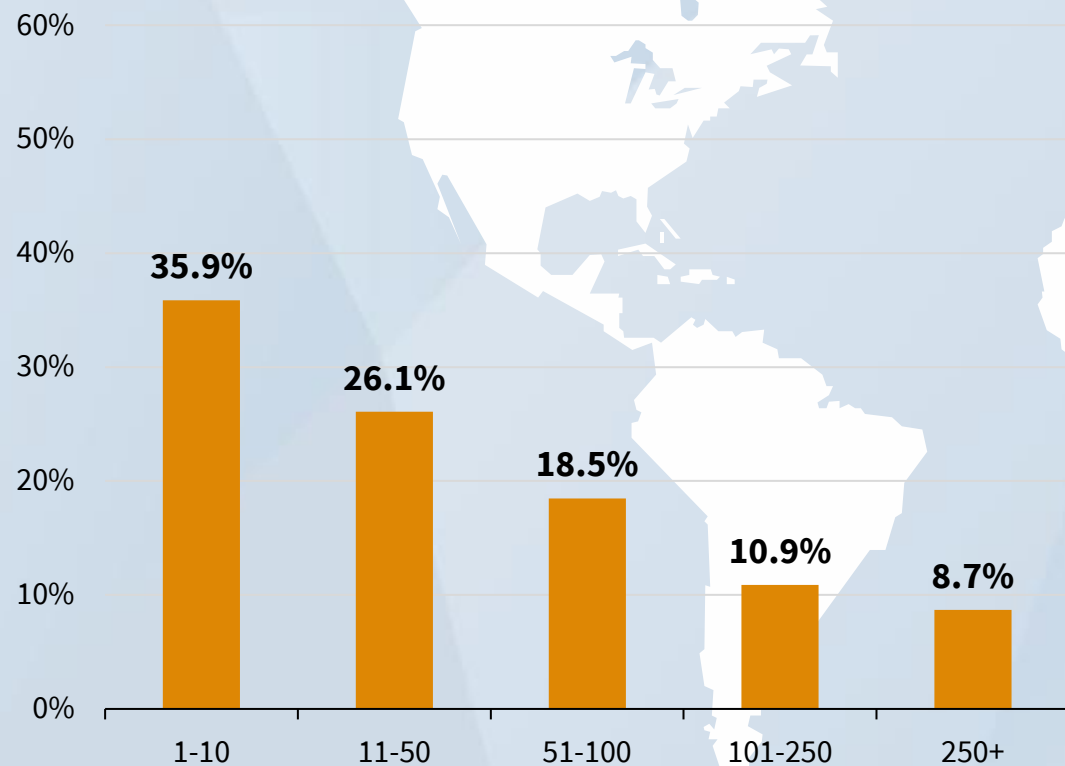
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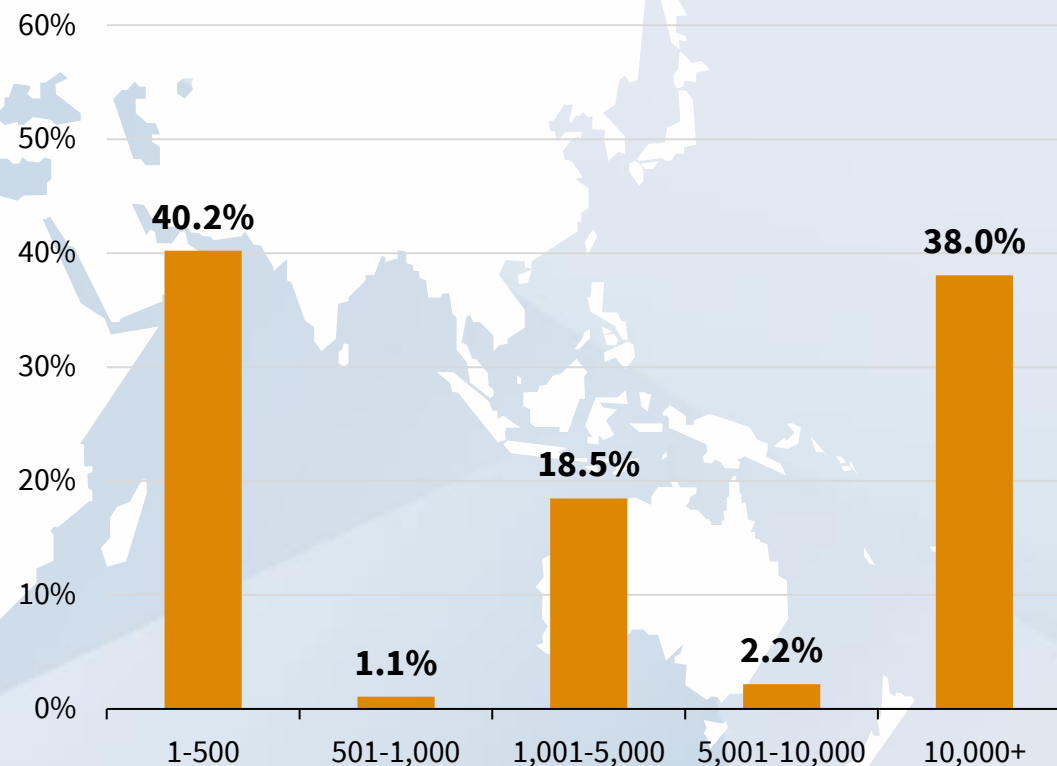
ANSWERED: 92

How many employees does your company have in Hong Kong?



ANSWERED: 92

How many employees does your company/group have worldwide?



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