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> " Many Hong Kong services firms are intertwined with the manufacturing sector. The boundary between manufacturing and services is often blurred…making corporate functions intensely IT-dependent."
> —*Business consultant, Hong Kong*

> " Hong Kong suffers from a major shortage of IT-skilled professionals. It is also difficult to retain good staff. We need to introduce creative remuneration packages, including performance-based salary."
> —*Executive of Hong Kong IT company*

Over the last two decades, Hong Kong's economy has moved dramatically from manufacturing-based to service-based, particularly financial services. This shift paved the way for Hong Kong to push aggressively toward the Networked World because the financial sector is intensely information-dependent. The national ICT strategy, *Digital 21*, embodies the government's commitment to positioning the Hong Kong Special Administrative Region (HKSAR) as a leading "digital city in the globally connected world" to retain its competitive edge and to drive its overall economic expansion.[1] Impressive progress has been made in creating a solid base for that goal with respect to telecommunications infrastructure and diffusion of information technologies, driving the nation's overall Networked Readiness to be thirteenth.

Hong Kong ranks among the highest in Asia in terms of penetration of fixed-line telephones, cellular telephones, and the Internet. A number of factors have led to this scenario: the broad reach of its telecommunications infrastructure; the size and density of the region; and intense competition in the telecommunications sector. Hong Kong has one of the most developed telecommunications infrastructures in Asia (Ranking in Information Infrastructure micro-index: 9), with a broadband network covering all commercial buildings and more than 95 percent of households.[2] Hong Kong's telecommunications regulator is considered by many to be the most dynamic in Asia (Ranking in Effect of Telecommunications Competition: 3), marked by its creation in 1993 and efficient liberalization of the market throughout the 1990s.

Adoption of ICTs in Hong Kong is rising gradually. The private sector has moved increasingly to adopt e-commerce (Ranking in e-Commerce micro-index: 11); many financial services companies in particular have adopted ICTs heavily and now provide services through the Internet.

More than a third of Hong Kong's Internet users have made online purchases. The government has been actively encouraging the use of ICTs by providing many of its services online and increasingly conducting its activities through networked platforms (Ranking in e-Government micro-index: 7).

The government is also making efforts to ensure equitable distribution of ICTs in society and in business. The government has installed "Cyber Points" at various public places throughout Hong Kong Island, Kowloon, and the New Territories. These provide free Internet services and access to the government Electronic Service Delivery (ESD) website that provides many government-to-citizen (G2C) and government-to-business (G2B) services. Several projects are underway to develop ICT education in schools as part of the Hong Kong Education City program. The government has also launched an ERP Highway program to help small and medium enterprises (SMEs) gain access to affordable Enterprise Resource Planning solutions.

One of Hong Kong's major hurdles is a severe lack of ICT-skilled human resources, a result of high levels of brain drain (Ranking in IT Brain Drain: 19) and insufficient ICT training programs (Ranking in Quality of IT Education: 18). Efforts are underway to enable a greater degree of mobility of ICT talent between mainland China and Hong Kong SAR. The success of the CyberPort project, a 240,000-square-mile high-tech hub being built for ICT companies, will depend on how Hong Kong deals with the lack of human resources.

Key Facts

Population	6,796,700
Rural population (% of total population) 1999	0.00 %
GDP per capita (PPP)	US$24,448
Global Competitiveness Index Ranking, 2001–2002	13
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	23
Main telephone lines per 100 inhabitants	57.76
Telephone faults per 100 main telephone lines	21.60
Internet hosts per 10,000 inhabitants	336.90
Personal computers per 100 inhabitants	34.72
Piracy rate	57.00 %
Percent of PCs connected to Internet	9.70 %
Internet users per host	9.97
Internet users per 100 inhabitants	33.59
Cell phone subscribers per 100 inhabitants	80.14
Average monthly cost for 20 hours of Internet access	US$16.50

	RANK
Networked Readiness Index	**13**
Network Use component index	**12**
Enabling Factors component index	**15**
Network Access	**16**
Information Infrastructure	9
Hardware, Software, and Support	22
Network Policy	**6**
Business and Economic Environment	7
ICT Policy	5
Networked Society	**25**
Networked Learning	15
ICT Opportunities	21
Social Capital	40
Networked Economy	**11**
e-Commerce	11
e-Government	7
General Infrastructure	16