



Business Climate Survey Hong Kong SAR



Business Climate Survey for Swedish companies in Hong Kong SAR 2026

A report from Team Sweden in Hong Kong SAR

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Key contributors to this report

Business Sweden in Hong Kong SAR

Johan Thurée, Richard Tran

Swedish Chamber of Commerce in Hong Kong SAR

Christian Bergenstråhle, Oliver Hellgren

Consulate General of Sweden in Hong Kong SAR

Louise Bergholm, Hayley Wong



58 respondents

(total +2,250 respondents for 41 markets)

Current business climate

3.3/5

Industry turnover

36%

of Swedish companies expect their industry turnover to increase

Future investments

27%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Locally valued success factors

1. Cost efficiency
2. Partnerships/ local relationships
3. Staff development

Brand Sweden

59%

of Swedish companies consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Corporate taxation
3. Physical infrastructure

Local conditions with least satisfaction

1. Labour market regulations
2. Corporate tax
3. Licenses and permits

Environmental considerations

24%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

Corruption

- Hong Kong is ranked 12th globally in the Corruption Perception Index 2026
- 7% of the respondents encountered corruption in 2026

Human rights violation and labour rights abuse

- 2% of the companies encountered human rights violations or labour rights abuse in 2026

Foreword

Despite challenges facing the global economy, supply chains, and the international trading system, Swedish companies have continued to demonstrate resilience and steady performance in Hong Kong. In times of uncertainty, Hong Kong's well-established economic infrastructure and efficiency as a regional hub have stood out as key strengths.

These findings are reflected in this year's Business Climate Survey, which the Consulate General of Sweden, together with Business Sweden and the Swedish Chamber of Commerce in Hong Kong, conducts annually under the Team Sweden framework.

This year's survey reflects the perspectives of 58 Swedish and Sweden-related companies across industries, providing a valuable snapshot of how business sentiment among Swedish companies in Hong Kong is evolving over time. Overall, the results point to resilience amid complexity, as global growth moderates and competitive pressures increase in the region.

Concerns regarding local political developments have eased slightly, though indirect effects remain, particularly related to staffing and talent retention, as well as data security considerations. Cost pressures, especially high rent and labour costs, continue to be significant challenges.

Nevertheless, Swedish companies continue to rely on Hong Kong as a base for regional management and for engagement with the Greater Bay Area. The survey shows that companies have greater clarity regarding the opportunities the GBA presents, including access to customers and partners, while also pointing to heightened competitive dynamics.

I am pleased that Swedish companies continue to bring strong values to the market. Sustainability, transparency, and responsible business practices remain firmly embedded in Swedish business models, even if the commercial returns from sustainability efforts are not always immediate. The Swedish brand remains closely associated with quality, trust, and design.

Team Sweden will continue to work closely with Swedish companies and our Hong Kong partners to support sustainable growth, innovation, and technological advancement, and shared prosperity in the years ahead.



Louise Bergholm
Consul General of Sweden to Hong Kong and Macau
Hong Kong, May 2026



Louise Bergholm
Consul General of Sweden in
Hong Kong



Johan Thurée
Market Manager
for Business Sweden Hong Kong



Christian Bergensträhle
General Manager of the Swedish
Chamber of Commerce in Hong
Kong

Executive summary

The Business Climate Survey 2026 shows that Swedish companies in Hong Kong SAR continue to operate in a resilient and internationally connected market despite a more demanding geopolitical and economic environment. While global trade tensions, shifting regional dynamics, and political developments continue to shape business conditions, Hong Kong remains an important regional hub for Swedish companies operating across Asia.

Most Swedish companies report stable financial performance, with a large majority remaining profitable or breaking even in 2025. Expectations for companies' own turnover remain positive, while investment sentiment has strengthened slightly compared with last year, reflecting continued confidence in Hong Kong's role as a gateway to regional markets and a centre for management, sourcing, and commercial operations.

The survey highlights that Swedish companies continue to value Hong Kong's core strengths. Personal safety, low levels of corruption, strong infrastructure, corporate taxation, and a predictable business environment remain highly appreciated. Hong Kong also continues to play an important role as a regional headquarters hub, particularly for companies managing activities connected to Mainland China and the Greater Bay Area (GBA).

At the same time, companies continue to face structural and operational challenges. High rents and labour costs remain the most significant business constraints, while political developments and talent attraction continue to create uncertainty for some firms. Although many companies report limited direct operational impact from recent political developments, concerns related to staffing, international perceptions, and data security remain present.

The survey also shows that the Greater Bay Area continues to present opportunities for Swedish companies, particularly through access to customers, suppliers, and business partners. However, increased competition from Mainland Chinese players and questions surrounding Hong Kong's long-term differentiation within the region remain important considerations.

The Swedish brand continues to be a significant commercial advantage in Hong Kong, strongly associated with quality, sustainability, innovation, and trustworthiness. Swedish companies also remain committed to sustainability and responsible business practices, even as customer demand for sustainable consumption remains relatively limited.

Overall, the survey confirms that Hong Kong remains a strategically important market for Swedish companies in Asia. Despite growing external uncertainty, Hong Kong continues to offer strong operational conditions, regional connectivity, and long-term business potential for companies able to adapt to evolving market conditions.

About the survey

The Business Climate Survey for Swedish Companies in Hong Kong SAR 2026 is a joint initiative by Team Sweden in Hong Kong SAR (hereafter referred to as “Hong Kong”); Business Sweden in Hong Kong, the Swedish Chamber of Commerce in Hong Kong, and the Consulate General of Sweden to Hong Kong and Macau.

The Business Climate Survey has been carried out in Hong Kong annually since 1997 as part of a global initiative, with reports published regularly in several markets around the world. The aim of the survey is to further understand the performance of Swedish companies, their perceptions of market conditions, opportunities and challenges that they are facing, as well as their outlook on the Hong Kong market.

The companies that participate in this survey either have headquarters in Sweden, have Swedish shareholders or owners, are part of a Swedish conglomerate, or have other significant affiliations to Sweden. With the participation of high-level representatives from 58 (down from 61 in 2025) Swedish companies in Hong Kong, the survey gives a comprehensive perspective on how Swedish companies view the business climate and their own performance in Hong Kong – an important business, finance, and trading hub in Asia.

Most of the questions in this year’s survey are the same as in previous surveys in order to allow for comparison over time, but some questions have been adjusted to better reflect the latest business environment and development. The survey has also been synchronised with the Business Climate Surveys carried out by Team Sweden in other markets around the world to enable comparability where relevant.

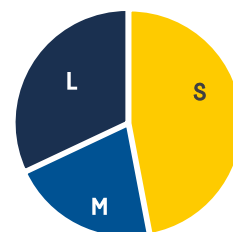
The respondents represent a diverse set of companies in size, industry, and market experience

This year’s survey was conducted from 6 February to 27 February 2026. Out of the 93 Swedish companies in Hong Kong who were invited to take part in the survey, 58 companies participated, resulting in the same response rate as last year at 62 per cent. In addition, a short flash survey with two questions focusing on the Greater Bay Area (GBA) was conducted in April 2026 to capture additional insights on this topic. In addition to the written survey, two roundtable discussions were conducted with select companies to better understand the nuances of the local business climate.

47 per cent of the respondents in this year’s survey were small companies with fewer than 250 global employees (51 per cent in 2025), 21 per cent were medium-sized companies with between 250 and 1,000 global employees (16 per cent in 2025), and the remaining 32 per cent were large companies with more than 1,000 global employees (33 per cent in 2025).

The range of business areas represented in this report is grouped into three broad categories, coordinated with the other Business Climate Surveys done across the world: *professional services*, *consumer goods*, *industrial* and *other*. The distribution remained similar to previous years with some changes. *Professional services* made up the largest industry at 38 per cent of respondent companies, followed by *consumer goods* at 21 per cent and *industrial companies* at 12 per cent. Of the respondents, 29 per cent selected *other*. The fact that professional services is the largest industry reflects the overall economy in Hong Kong, where financial services and professional services make up two of the market’s Four Pillar Industries.

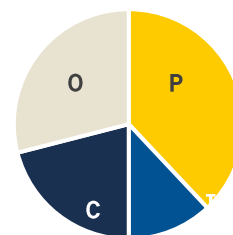
Size of companies



• Small • Medium • Large

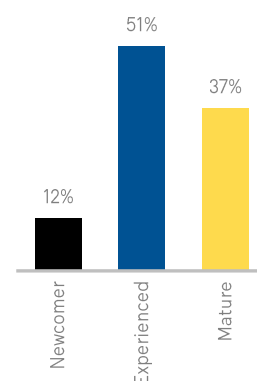
NOTE: Global employees.
Large >1,000
Medium 250-1,000
Small 0-249

Main industry



• Professional services
• Industrial companies
• Consumer goods

Age of companies



NOTE: Mature (-2004)
Experienced (2003-2020)
Newcomer (2021-)

Economic outlook

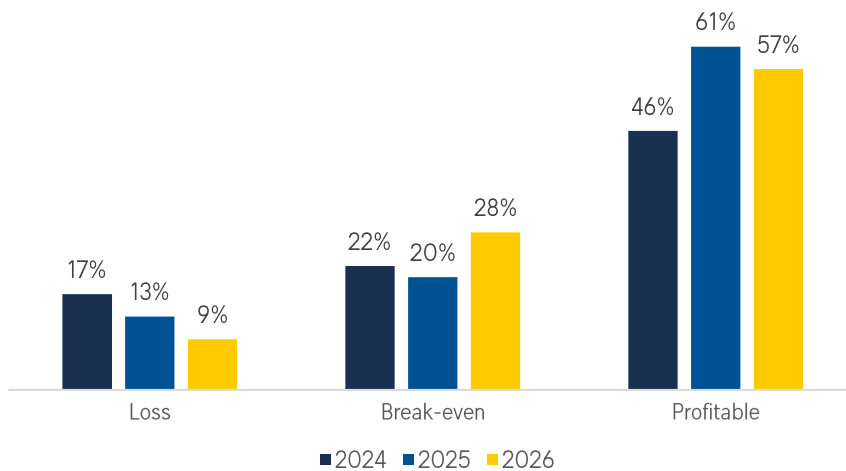
Most companies remained profitable or managed to break even, showcasing continued financial resilience

Companies in Hong Kong reported continued resilience in their financial performance, although profitability eased slightly compared with the previous year.

Overall, 85 per cent of companies reported either profitability or break-even results, slightly higher than the 81 per cent recorded in 2025. 57 per cent of respondents reported being profitable, down from 61 per cent in 2025, while the share of companies breaking even increased to 28 per cent, from 20 per cent last year. At the same time, the proportion reporting losses declined, from 13 per cent in 2025 to 9 per cent in 2026, suggesting that while fewer companies were seeing strong profitability, most companies are still managing to operate without loss.

Looking at performance by company size, large companies continued to perform best, with 61 per cent reporting a profit and no companies reporting losses in this year's report. By contrast, results among smaller firms were more mixed. Among small companies, 59 per cent reported being profitable, broadly in line with last year, while 15 per cent reported losses.

How would you describe your company's financial performance in Hong Kong SAR in 2025?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses included but not shown in figure. SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2026

“The chaotic world around us makes Hong Kong and this part of the world appear to be relatively more stable.”

Team Sweden Business Climate Survey 2026
Roundtable discussions with Swedish companies

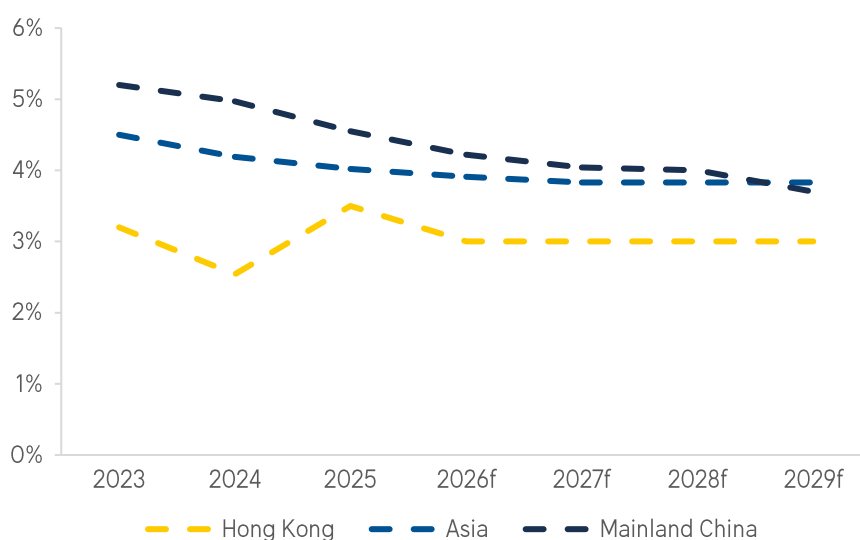
Hong Kong's economy shows resilience despite a more moderate growth outlook

The Hong Kong economy showed strong resilience in 2025, despite periods of heightened global trade tensions and rising tariffs affecting global trade.

GDP expanded by a solid 3.5 per cent, accelerating from the previous year and marking the third consecutive year of economic growth. Growth momentum strengthened progressively throughout the year, supported by a rebound in external demand.

Total exports of goods increased robustly, while exports of services recorded notable growth. On the domestic front, private consumption returned to growth, and overall investment activity accelerated.

Actual and projected GDP growth in Hong Kong SAR (2023-2029f)



NOTE: Constant prices

SOURCE: International Monetary Fund, Hong Kong SAR Census and Statistics Department

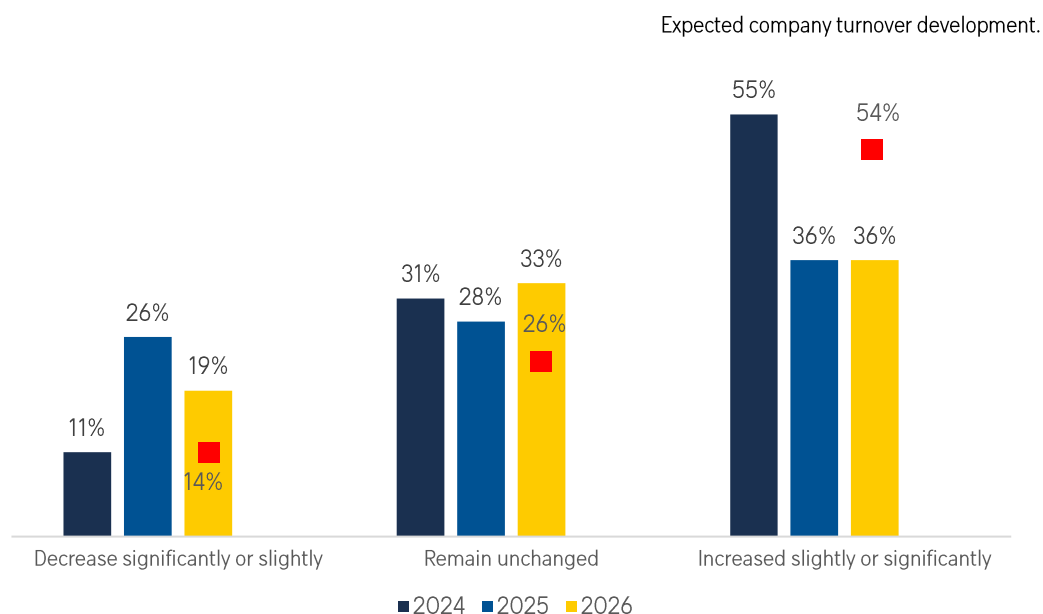
Companies remain confident in their own turnover despite softer industry expectations

While companies remain more optimistic about their own performance compared to industry development, expectations for industry turnover remain in line with last year's report.

In 2026, 36 per cent of respondents expect industry turnover to increase in the coming year, the same share as last year, whilst fewer respondents expect a decrease in industry development compared to last year. In this year's survey, 19 per cent of respondents expect industry turnover to decrease, an improvement compared to 26 per cent in last year's survey, suggesting slightly reduced downside expectations.

By contrast, companies are significantly more positive about their own turnover. 54 per cent of companies expect their own turnover to increase over the next 12 months, compared with 36 per cent expecting growth at the industry level. This results in an 18-percentage-point gap between company-specific and industry-wide expectations, highlighting heightened firm-level confidence despite a more cautious industry outlook.

Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry/company in Hong Kong SAR regarding turnover?



(Expected industry turnover development)

NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024) "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2026

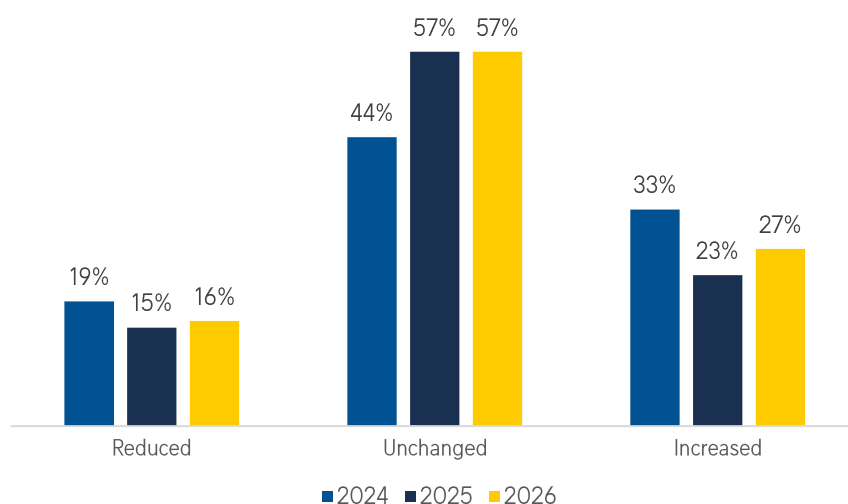
Slight improvement in investment sentiment, but most companies plan to hold steady

Planned investments have edged up slightly compared with last year, but companies in Hong Kong remain cautious yet stable, with a majority opting to maintain current investment levels rather than expand significantly. Overall, 27 per cent of companies plan to increase investments over the next 12 months, up from 23 per cent in the previous survey. In total, 57 per cent of respondents plan to keep investments unchanged, the same share as last year.

Looking at investment plans by company size, differences remain relatively small. Large companies are the most conservative, with 72 per cent planning to keep investments unchanged and 17 per cent planning slight increases. Small companies show somewhat higher investment ambition, with 26 per cent planning to increase investments, although none report plans for significant increases. Medium-sized companies stand out, with 42 per cent planning to increase investments, including 17 per cent planning significant increases.

When analysed by industry, consumer companies continue to be the most cautious, with 67 per cent planning to keep investments unchanged and 25 per cent planning slight reductions, broadly in line with last year's more defensive stance. Professional services companies show a somewhat stronger investment outlook, with 41 per cent planning to increase investments. Industrial companies report a balanced outlook, with 29 per cent planning slight investment increases and a majority keeping investments unchanged, reflecting cautious but steady expansion plans.

What are your company's investment plans for the coming 12 months in Hong Kong SAR, compared to the past 12 months?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2026

Concerns about political developments remain

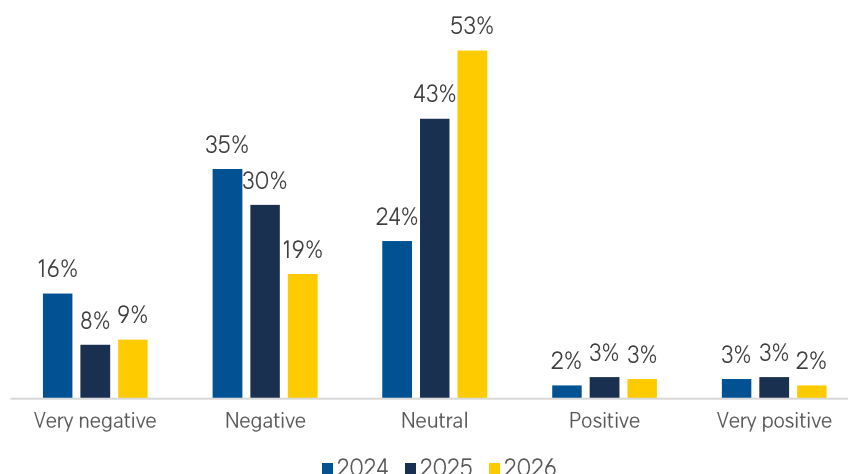
Swedish companies continue to perceive the impact of political developments on the business climate in Hong Kong as largely neutral, although the overall assessment has improved slightly compared with last year. In 2026, 28 per cent describe the impact as negative or very negative, a lower share than 38 per cent last year.

Instead there has been a clear shift towards more neutral perceptions. The share of companies stating that political developments have had neither a positive nor negative impact increased to 53 per cent, up from 43 per cent in 2025 and significantly higher than the 24 per cent recorded in 2024.

Looking at company size, small companies view it most negatively, with 29 per cent describing the impact as negative or very negative, compared with 17 per cent among large companies. Medium-sized companies stand out with the most neutral view, with as many as 83 per cent reporting neither a positive nor negative impact.

Separating the results by industry, consumer-facing companies remain the most concerned, with 50 per cent describing the impact as negative, indicating a sensitivity to regulatory and political uncertainty. Industrial companies are least affected, with 86 per cent reporting a neutral impact and very few negative responses, reflecting lower perceived exposure to political developments.

What has been the impact of the political development over the last 12 months – including the implementation of the National Security Law and the Safeguarding National Security Ordinance (Article 23 of Hong Kong’s Basic Law) – on the overall business climate in Hong Kong SAR?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in figure.

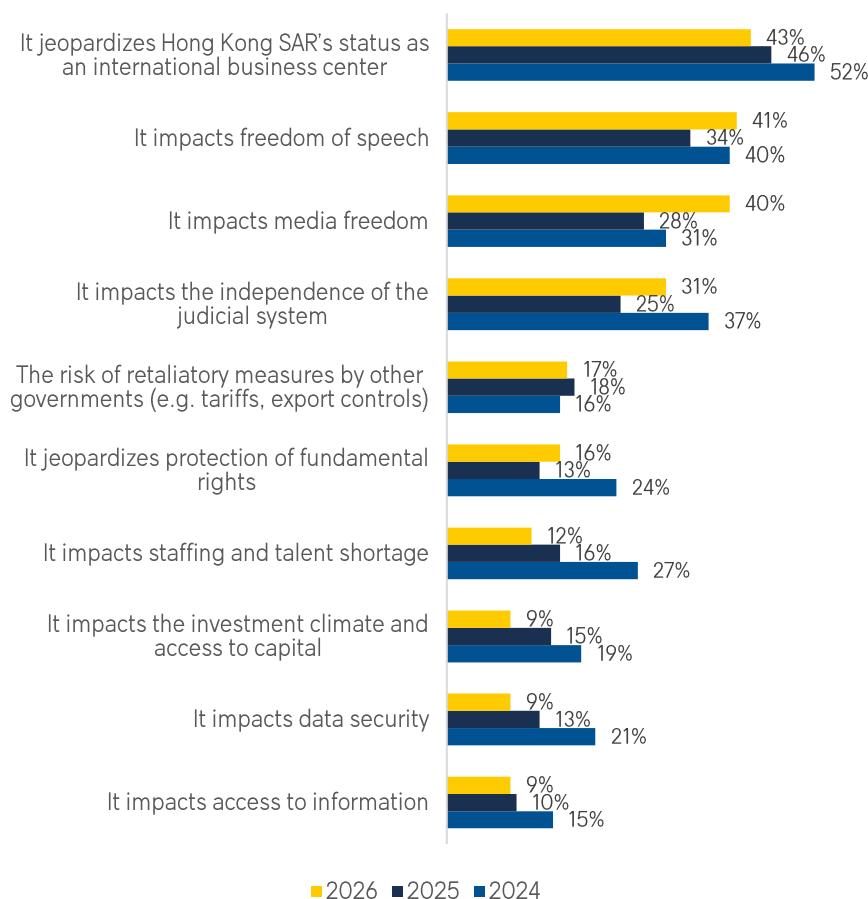
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2026

Political developments jeopardising Hong Kong's status as an international business centre remains top concern

Despite more companies reporting a neutral view of political developments over the last 12 months, a majority still identify several areas of concern related to political developments. Several key risk areas remain prominent.

The impact of political development on Hong Kong's status as an international business centre remains the top concern among Swedish companies in Hong Kong, although concern has eased modestly at the aggregate level. Impact on freedom of speech as well as on media freedom also stand out within the top three concerns among Swedish companies, cited by 41 per cent and 40 per cent of respondents respectively.

What are the main areas of concern (if any) regarding the overall business climate in Hong Kong SAR related to political developments over the past 12 months, including the implementation of the National Security Law and the Safeguarding National Security Ordinance?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 62 (2024). "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

Political developments have mainly affected talent relation and perceptions of data security risks

Most companies report that political developments have not had a direct or immediate impact on their day-to-day operations in Hong Kong, but a closer look at the responses reveals several recurring indirect effects or risks. As in previous years, the impact is less about operational disruption and more about people, perception, and longer-term risk considerations.

The most frequently cited impact relates to recruitment and talent retention. Several companies report having lost key personnel through emigration, while others highlight increased difficulty in attracting or retaining international staff.

Another recurring theme is foreign perception and reputational impact. A number of respondents note that clients, partners, or potential customers express concerns about Hong Kong, particularly regarding data integrity, regulatory environment, and geopolitical alignment with Mainland China.

At the same time, many respondents explicitly stated that their operations have not been impacted, or only to a limited extent. Several companies emphasise that they continue to operate normally, with no significant changes to business activities, investment decisions, or market presence.

Have your company's operations in Hong Kong SAR been impacted by the political developments, including the implementation of the National Security Law and the Safeguarding National Security Ordinance. If so, how?

“ **Some of our international partners have taken precautions when bringing technology with sensitive data into Hong Kong.**

“ **IT data security concerns [have] restricted usage of mobile phones and computers when travelling to Hong Kong.**

“ **Potential clients have concerns about integrity of data handling in Hong Kong. Some clients even have concerns about making payments to Hong Kong, as they take the view that [payments to] Hong Kong should be viewed the same as [payments to] China.**

“ **There are challenges importing AI chips from the US and accessing US AI models.**

Political developments expected to have limited business impact

Political developments are not seen as a constraint on investment decisions, nor as a factor likely to disrupt ongoing business operations, as most companies describe the situation in Hong Kong as stable.

Some, however, note indirect impacts, also here mainly related to talent attraction and international perceptions, while a few highlight that any material impact would likely stem from external actions by foreign governments, potentially increasing costs. Overall, firms do not foresee political developments significantly altering their presence or operations in Hong Kong.

How do you expect that political developments, including the implementation of the National Security Law and the Safeguarding National Security Ordinance, will impact your company's future plans in Hong Kong SAR?

“We're not anticipating any major impacts. However, we have been receiving fewer applications from foreign talent, which could be attributed to negative headlines in relation to the implementation of Article 23.

“It's stable. It's kind of predictable, which is a positive thing.

“I think our multinational clients are still a bit sceptical, but at this stage, compared to the rest of the world, Hong Kong is safe, it's fine.

“Honestly it will only be impacted if foreign countries take action against Hong Kong. Then we might face higher costs.

SOURCE: Team Sweden Business Climate Survey 2026 roundtable discussions with Swedish companies.

The market

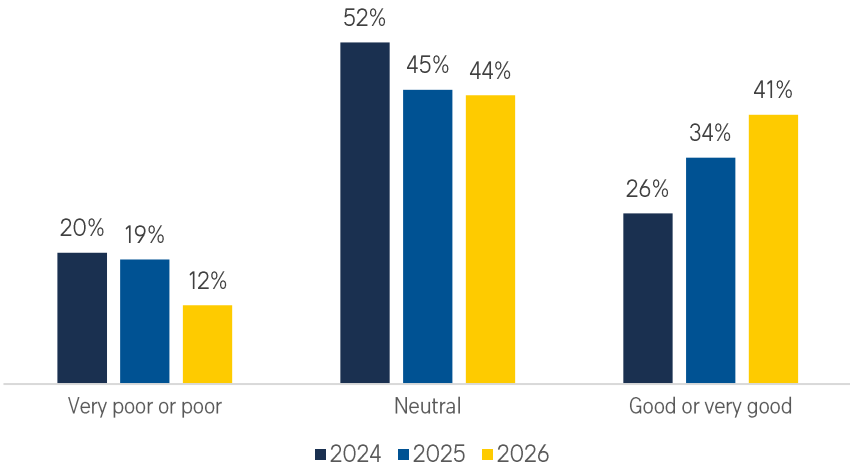
Hong Kong’s business climate score continues to improve

Companies report a broadly stable perception of the business climate in Hong Kong, with a slight improvement compared with the previous year. The weighted average business climate score for 2026 amounted to 3.3 on a scale of 1 to 5.

Looking at the distribution of responses, 41 per cent of respondents rate the business climate as good or very good, up from 34 per cent in 2025, reflecting a modest increase in positive sentiment. At the same time, 44 per cent describe the business climate as neutral and 12 per cent rate it as poor. No respondents selected the lowest rating (very poor), suggesting that strongly negative views remain limited.

Looking at the different respondent groups, we see that small companies are the most satisfied, giving Hong Kong an average business climate score of 3.4, putting the group ahead of medium and large companies which both gave a score of 3.2. Separating by industry, professional services recorded the highest average business climate score at 3.4, while consumer goods and industrial companies reported scores of 3.3 and 3.2 respectively.

How do you perceive the current business climate in Hong Kong SAR?



NOTE: The number of respondents for this question was 57 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in figure.

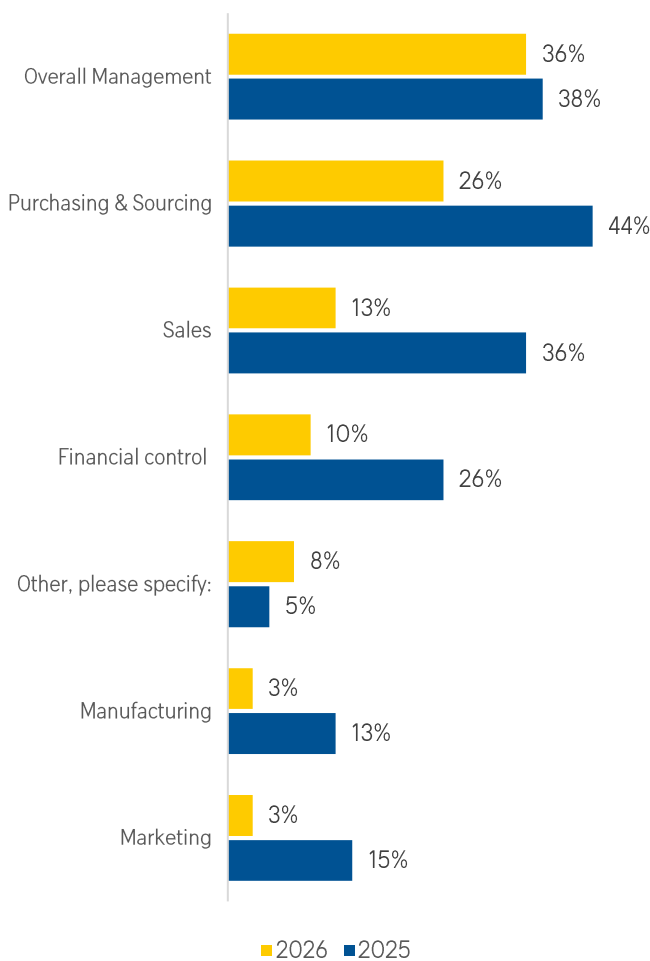
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

Hong Kong remains a key regional hub, also for companies with limited local business

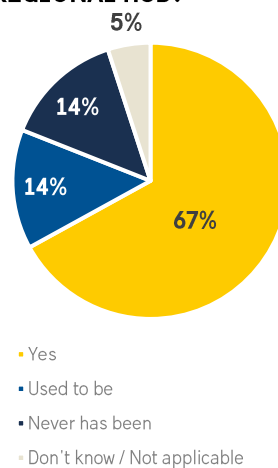
Of the Swedish companies in Hong Kong, 67 per cent use Hong Kong as a regional hub. This is in line with the 64 per cent recorded last year, and continues to show that companies continue to value Hong Kong's regional role. The main functions carried out through companies' regional hubs in Hong Kong are overall management (36 per cent of respondents) and purchasing and sourcing (26 per cent).

Purchasing & sourcing, Sales and Financial control has notably seen a sharp decline since last year for those that have Hong Kong as a regional hub.

What is the main purpose of the regional hub?



IS YOUR OFFICE IN HONG KONG SAR A REGIONAL HUB?



NOTE: The number of respondents for this question was 58.
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2026.

NOTE: The number of respondents for this question was 39 (2026) and 39 (2025). The question was only asked to those who responded Yes to the question "Is your office in Hong Kong SAR a regional hub?"
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2026

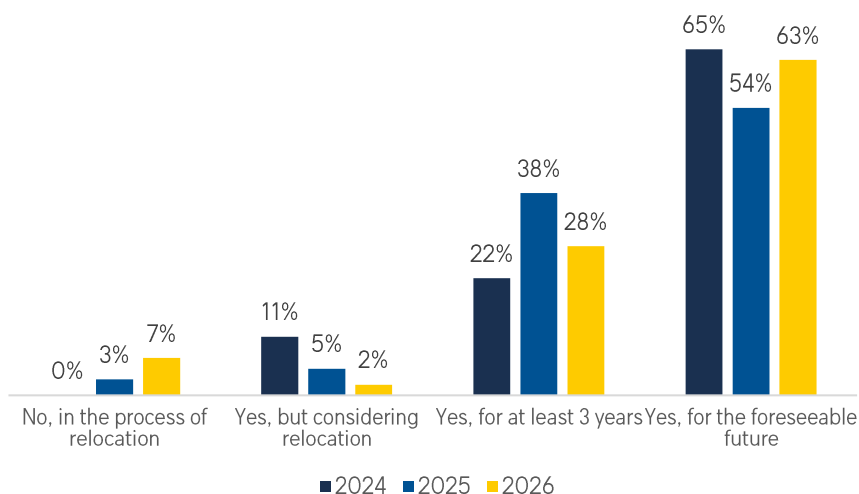
Hong Kong remains a regional hub despite growing caution

For a clear majority of companies currently using Hong Kong as a regional hub, Hong Kong is expected to remain in this role in the coming years. Ninety-one per cent of respondents state that Hong Kong will continue to serve as their regional hub, either for the foreseeable future (63 per cent) or for at least the next three years (28 per cent).

Compared with last year, the share of companies viewing Hong Kong as a hub for the foreseeable future has increased from 54 per cent in 2025 to 63 per cent in 2026. At the same time, the share expecting Hong Kong to remain their hub for at least three years has decreased from 38 per cent to 28 per cent.

The results also indicate a growing share of companies currently in the process of relocation, increasing from three per cent last year to seven per cent this year.

Will your Hong Kong office remain the regional hub in the coming years?



NOTE: The number of respondents for this question was 58 (2026), 39 (2025) and 37 (2024). Numbers do not include those who responded "Don't know / Not applicable".
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

Hong Kong's role as a regional hub continues to face challenges from high costs and localisation

Among companies that no longer use Hong Kong as their regional hub, or are considering moving their regional hub away from Hong Kong. High operating costs emerge once again as the most frequently cited challenge. Respondents commonly point to the high cost of rent, salaries, and overall operating expenses, which in several cases are seen as disproportionate to the returns generated, particularly in a more constrained market environment.

A second recurring theme relates to broader corporate and geopolitical considerations. Several companies highlight headquarter-level decisions, increased geopolitical risk, and compliance concerns as factors reducing Hong Kong's relative attractiveness as a regional base.

If you are considering or planning to move your regional hub away from Hong Kong SAR, what would the main reason be?

“ **Cost of office space and real estate.**

“ **[We would consider moving] when there is no difference between Hong Kong and other cities in Mainland China.**

“ **If Hong Kong [were to] lose more of its uniqueness and morph into [any other] Mainland China city, [then] we would move to the Mainland.**

Why is your office in Hong Kong SAR no longer a regional hub?

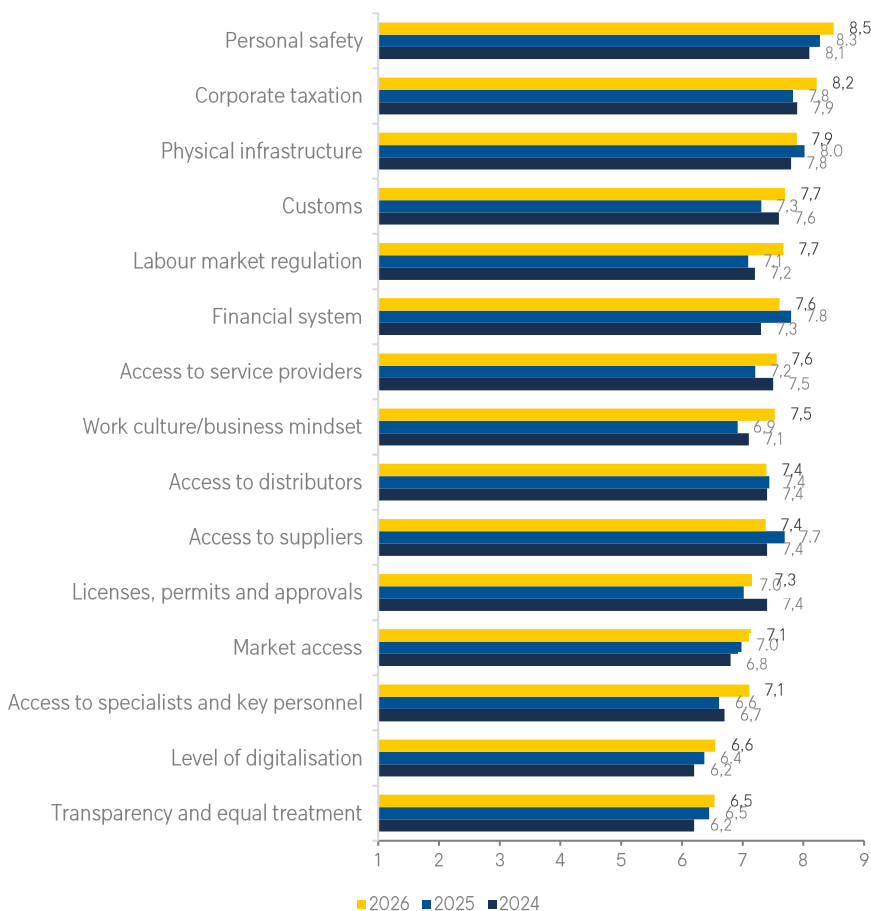
“ **Limited business potential.**

Business conditions in Hong Kong continued to be viewed favourably

Respondents in Hong Kong have for many years rated the business conditions in Hong Kong highly. The assessment uses a scale from 1 to 9, with 5 indicating a neutral rating. Personal safety remains the most highly rated condition, up from 8.3 to 8.5, while corporate taxation overtook physical infrastructure to claim the number two spot at 8.2 compared to last year's 7.8, with 5.0 representing a neutral rating.

Overall, the scores remained very similar to last year with most business conditions recording slight increases.

How well do the following conditions meet the needs of your company in Hong Kong SAR?



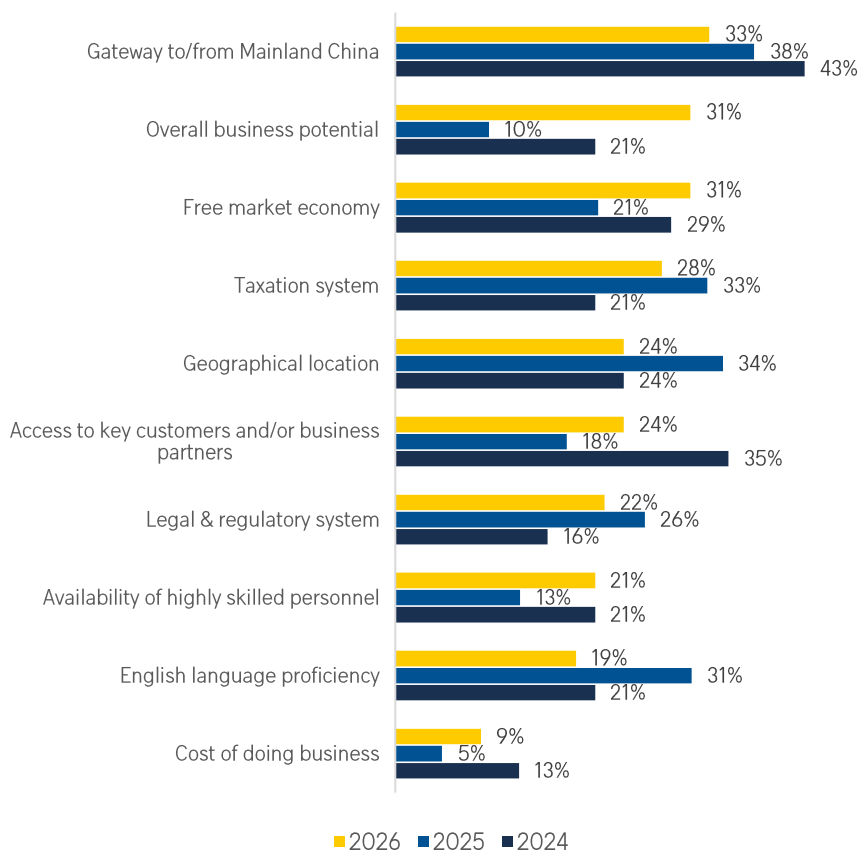
NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024).
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

Hong Kong’s attractiveness is increasingly driven by regional and systemic advantages

For the fourth year in a row, the most significant advantage of being in Hong Kong remains Hong Kong’s role as a gateway to/from Mainland China, with 33 per cent of respondents ranking it among the most significant advantages. While this remains the single most cited advantage, the share has declined two years in a row.

At the same time, several advantages have gained importance, most notably overall business potential and the free-market environment. Overall business potential is cited by 31 per cent of respondents, up sharply from 10 per cent last year, representing one of the largest year-on-year increases among all advantages. Similarly, the importance of the free-market economy has increased markedly, rising from 21 per cent to 31 per cent.

What are the most significant advantages of being in Hong Kong SAR with regards to your business activities?

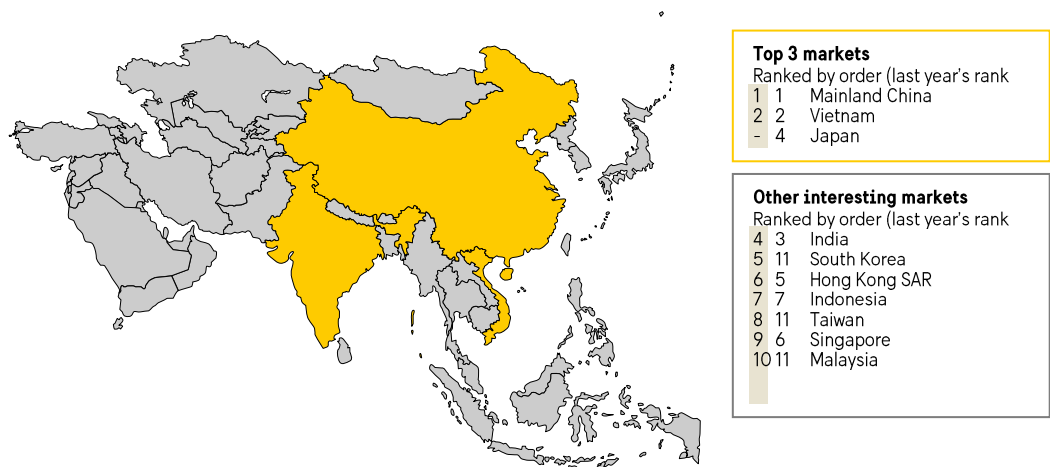


NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). Only the top 10 responses from the 2026 survey are included in the chart.
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26.

Hong Kong ranked sixth most interesting market in the region

Mainland China remains the most interesting market for continued expansion for Swedish companies in Hong Kong, with 16 per cent of respondents ranking it among their top five, while Vietnam and Japan share second place at 9 per cent each. South Korea moved from rank eleven to rank fifth this year, ahead of Hong Kong, indicating a growing interest in the Korean market. Hong Kong is ranked as the sixth most interesting market, down from fifth place in last year's survey, suggesting that while it retains regional relevance, companies increasingly prioritize other Asia-Pacific markets for near-term growth.

Which markets in the Asia-Pacific region do you consider the most interesting for the next three years for your company?



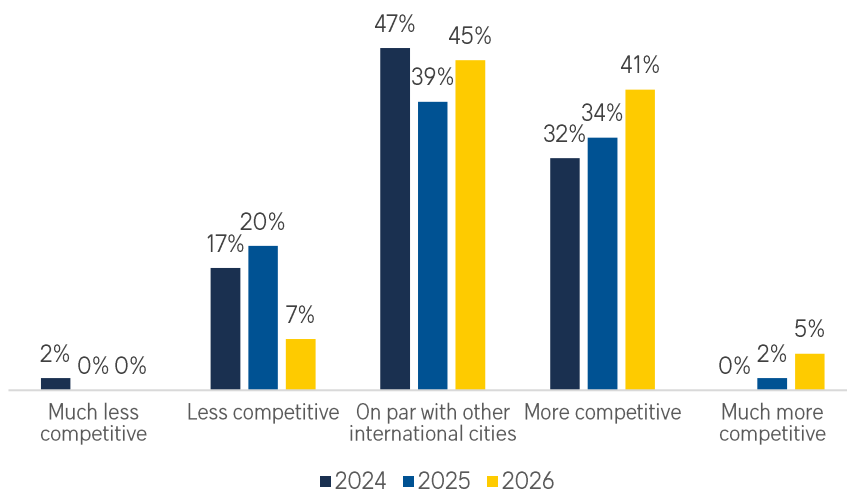
NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 62 (2024). "Don't know/Not applicable" responses are included but not shown in the graph.
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

Hong Kong is seen increasingly as a competitive global business city

Swedish companies' assessment of Hong Kong's overall competitiveness strengthened in 2026, with 46 per cent of respondents assessing Hong Kong as more or much more competitive than other international cities, up from 36 per cent in 2025. At the same time, the share of companies viewing Hong Kong as on par with other international cities also increased, from 39 per cent to 45 per cent.

Negative assessments have also eased notably, suggesting that respondents shifted to a more positive view overall. The share of companies perceiving Hong Kong as less or much less competitive fell from 20 per cent to 7 per cent this year, while no respondents viewed Hong Kong as much less competitive in 2026.

What is your assessment of Hong Kong SAR's overall competitiveness compared to other international cities in the region and globally?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025), and 63 (2024). "Don't know/Not applicable" responses are included but not shown in the graph.
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

“**This is the best place in the world to do business.**”

SOURCE: Team Sweden Business Climate Survey 2026 roundtable discussions with Swedish companies.

High rents remain the top challenge as labour costs surge in Hong Kong

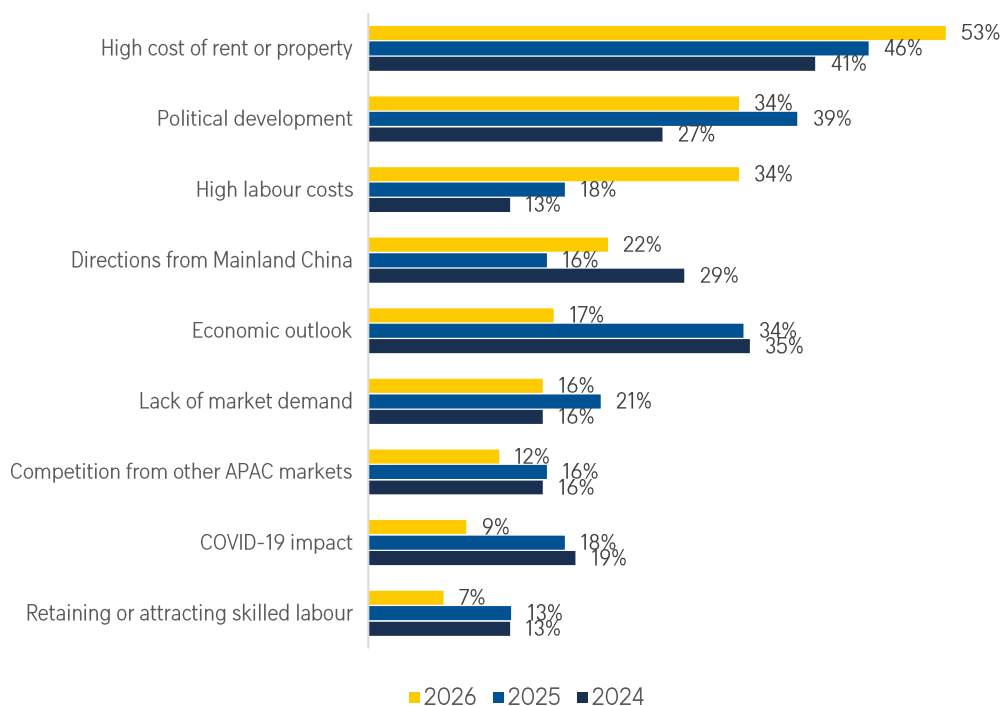
High rental and property costs remain the most challenging factor in Hong Kong, with 53 per cent of respondents including it among their top three challenges in 2026. This continues a three-year trend of rent being viewed as a major challenge, increasing from 46 per cent in 2025 and 41 per cent in 2024, reinforcing cost pressure as the dominant structural challenge for businesses.

Political development remains the second most cited challenge, reported by 34 per cent of respondents. While this marks a decline from 39 per cent last year, political factors continue to rank high among overall business concerns.

At the same time, high labour costs have risen significantly as a challenge among Swedish companies, increasing from 18 per cent in 2025 to 34 per cent in 2026, making it one of the fastest-growing challenges year-on-year and elevating it to a joint second-place.

By contrast, concerns about the economic outlook have eased notably, falling from 34 per cent in 2025 to 17 per cent in 2026, suggesting reduced economic pessimism.

What are the top 3 factors that you consider the most challenging for your business in Hong Kong SAR?



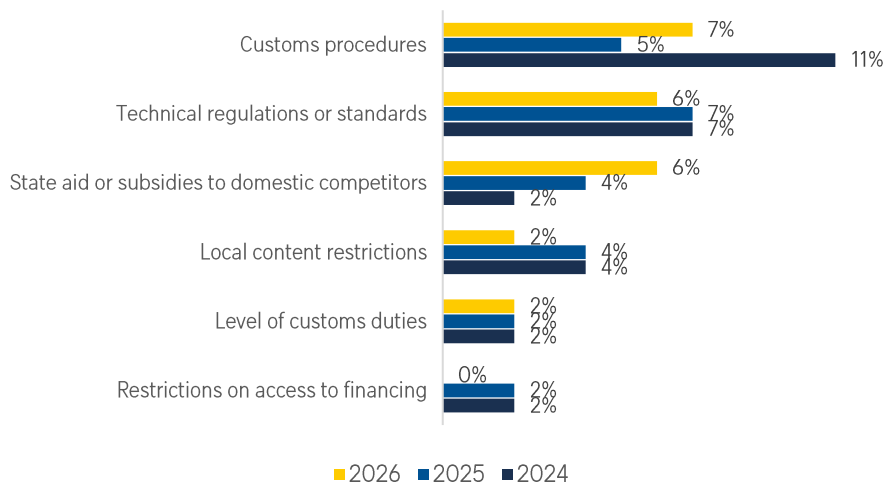
NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in the graph.
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

The number of perceived trade barriers remains limited

The share of companies reporting trade barriers with a noticeably negative impact on operations in Hong Kong has decreased further from an already low level. In total, 11 companies, corresponding to around one-fifth of the total number of respondents, reported encountering trade barriers during the past year, down from last year and confirming Hong Kong's position as a market with limited trade-related impediments.

As in previous years, customs procedures and technical regulations or standards remain the most commonly cited types of trade barriers.

Has your company in the past year encountered trade barriers in Hong Kong SAR with a noticeably negative impact on operations, in any of the following areas?



NOTE: The number of respondents for this question was 54 (2026), 57 (2025) and 57 (2024)
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

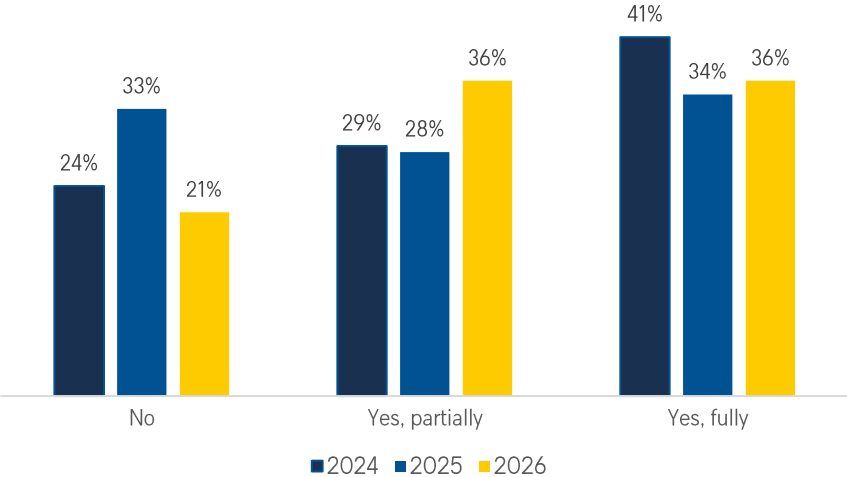
Hong Kong and the Greater Bay Area

A majority of companies use Hong Kong to cover at least part of the Greater Bay Area

As integration within the Guangdong – Hong Kong – Macau Greater Bay Area (GBA) continues, a majority of Swedish companies use their Hong Kong office to cover at least part of the GBA – 36 per cent of respondents state that their Hong Kong office fully covers the GBA, broadly stable compared with last year.

Notably, a larger share of companies report partially covering the GBA from Hong Kong – an additional 36 per cent, up from 28 per cent last year – while the share of companies not covering the GBA beyond Hong Kong decreased from 33 per cent in 2025 to 21 per cent in 2026.

Does your Hong Kong office cover the Greater Bay Area (Guangdong – Hong Kong – Macau) beside Hong Kong SAR?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in the graph.

SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

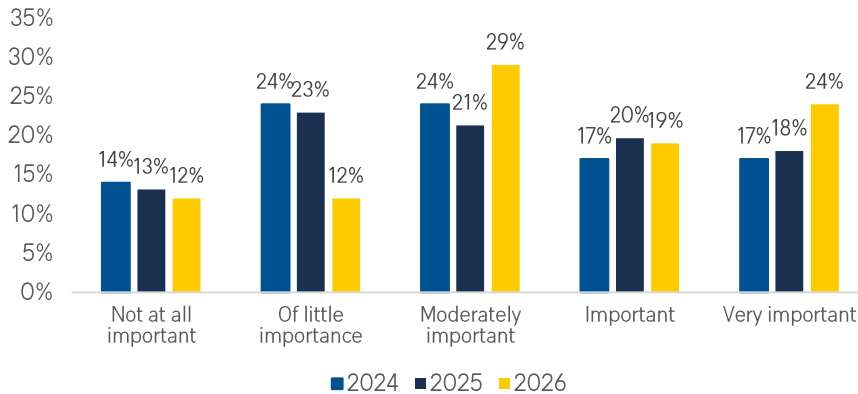
“For the long term, this is a very, very positive force for Hong Kong.”

SOURCE: Team Sweden Business Climate Survey 2026 roundtable discussions with Swedish companies.

Improved perception of Greater Bay Area’s importance, although challenges still are seen

Compared with last year’s survey, companies’ perceptions of the Greater Bay Area (GBA) in this year’s survey became more positive this year where fewer companies view the GBA as irrelevant to their growth, while more companies view it as moderately or highly important.

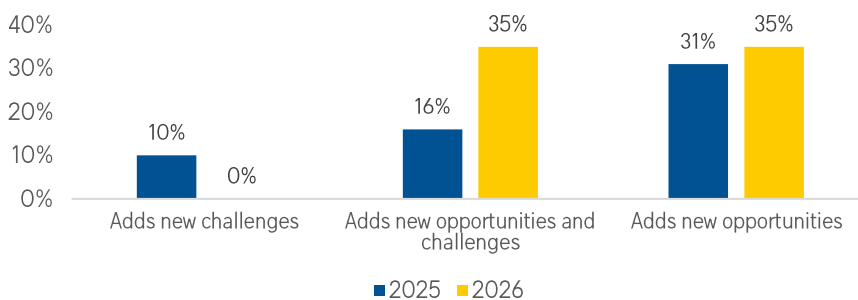
How do you view the importance of the Greater Bay Area to your organisation’s growth prospects?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 61 (2024). “Don’t know/Not applicable” responses are included but not shown in the graph.
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

In 2026, no companies state that the GBA only adds new challenges, compared with 2025 where a minority held this view. Instead, companies increasingly see it as a development that both adds opportunities and challenges, where the share of companies seeing both opportunities and challenges more than doubled year-on-year.

What implications do you see of the Greater Bay Area integration for your business operations in Hong Kong?



NOTE: This question was answered through a separate flash survey and was not part of the main Business Climate Survey. The number of respondents for this question was 34 (2026) and 61 (2025).
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2026

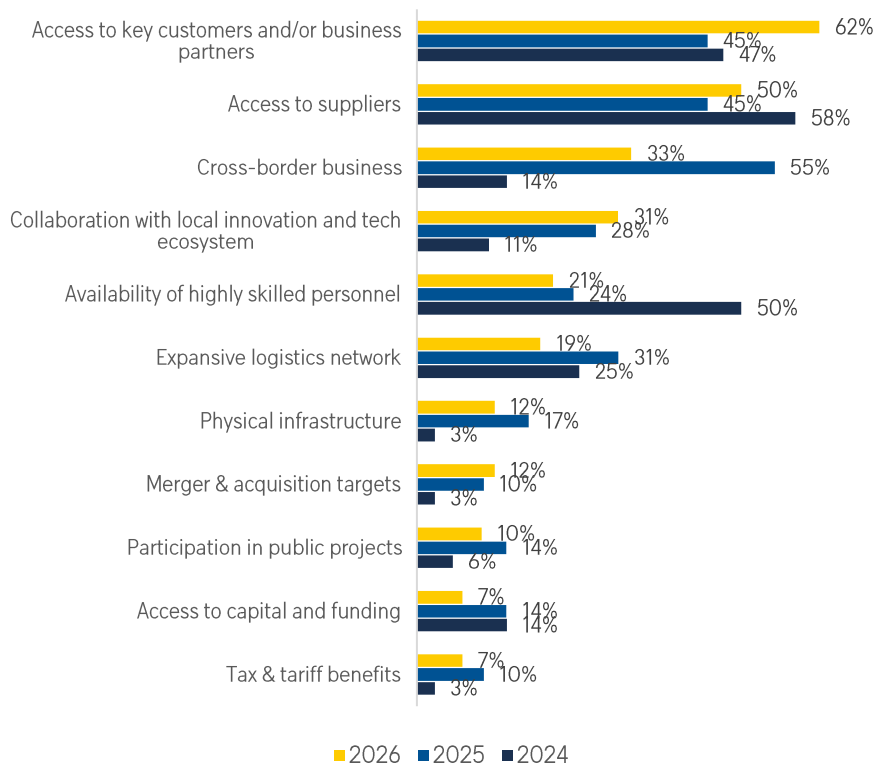
Greater Bay Area opportunities remain broad, with stronger focus on customers and partners

Companies continue to identify a wide range of opportunities in the Greater Bay Area (GBA), although the composition of these opportunities has shifted in 2026. Access to key customers and/or business partners is the most frequently cited opportunity, reported by 62 per cent of respondents, a substantial increase from 45 per cent in 2025, reinforcing the GBA’s importance as a growing customer and partner market.

Access to suppliers remains another central opportunity, cited by 50 per cent of companies, in line with last year, highlighting the GBA’s continued role as an important sourcing and procurement base.

However, there hasn’t been an improvement across the board. Perceived opportunities related to cross-border business and the availability of highly skilled personnel have declined sharply, falling from 55 per cent in 2025 to 33 per cent in 2026 and from 50 per cent in 2024 to 21 per cent in 2026 respectively.

What opportunities, if any, do you see for your company in the Greater Bay Area?



NOTE: The number of respondents for this question was 42 (2026), 29 (2025) and 36 (2024). The question was only asked to those who responded It adds new opportunities for us or It adds new opportunities and challenges for us to the question "What implications do you see of the Greater Bay Area integration for your business operations in Hong Kong?".
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

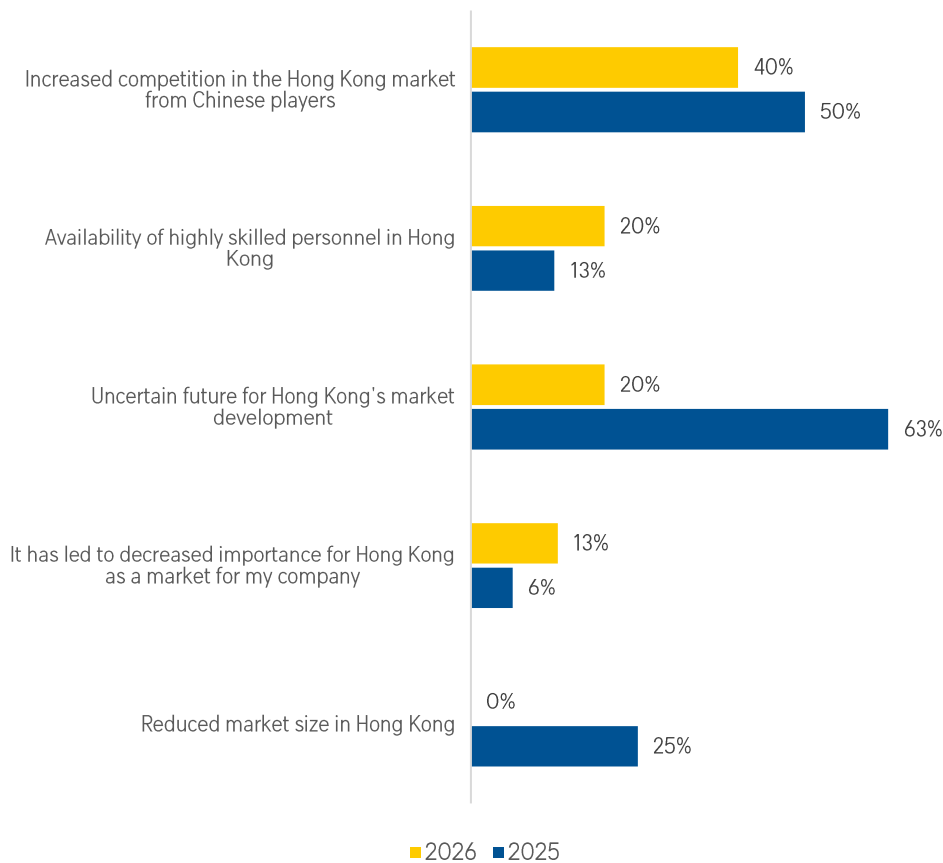
Increased competition from Mainland Chinese players seen as the key GBA-related challenge

Among companies that see challenges arising from the Greater Bay Area (GBA) integration, increased competition from Mainland Chinese players remains the most frequently cited concern in 2026 and is cited by 40 per cent of respondents, despite easing compared with last year.

Concerns related to uncertainty about Hong Kong's future market development have seen a significant decline, cited by 20 per cent of respondents in 2026 compared with almost two thirds of respondents in 2025. The availability of highly skilled personnel is also cited by 20 per cent of respondents, indicating a moderate but persistent challenge.

Perceptions that the GBA integration has reduced Hong Kong's importance as a market remain limited at 13 per cent, while no respondents in 2026 cite a reduced market size in Hong Kong as a challenge linked to the integration.

What challenges do you see for your company from the Greater Bay Area integration?



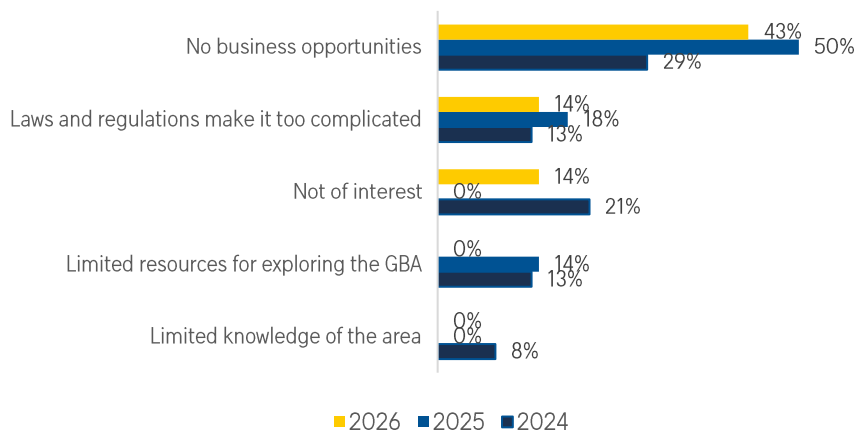
NOTE: The number of respondents for this question was 15 (2026) and 16 (2025). This question was answered through a separate flash survey and was not part of the main Business Climate Survey 2026. Only those who responded It adds new challenges for us or It adds new opportunities and challenges for us to the questions "What implications do you see of the Greater Bay Area integration for your business operations in Hong Kong?".
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2025-26

Lack of clear business opportunities remains the main reason for limited GBA interest

Among the 14 companies that place little or no importance on the Greater Bay Area (GBA) for their growth prospects, the most common reason continues to be a lack of perceived business opportunities. In 2026, 43 per cent of these respondents state that they do not see business opportunities in the GBA, down from 50 per cent in 2025, indicating a modest softening of this view compared with last year.

Other reasons are cited by noticeably smaller shares. Complex laws and regulations are mentioned by 14 per cent of respondents, down from 18 per cent in 2025, suggesting reduced regulatory concern among this group. Lack of interest is also cited by 14 per cent, while 14 per cent cite limited resources for exploring the GBA, broadly in line with last year.

Why is the Greater Bay Area not important to your organisation's growth prospects?



NOTE: The number of respondents for this question was 14 (2026), 22 (2025), 24 (2024). This question was only asked to those who responded *Not at all important* or *Of little importance* to the questions "How do you view the importance of the Greater Bay Area to your organisation's growth prospects?".
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

How Swedish companies succeed in Hong Kong SAR

Marketing and/or sales remain the main operations of Swedish companies in Hong Kong

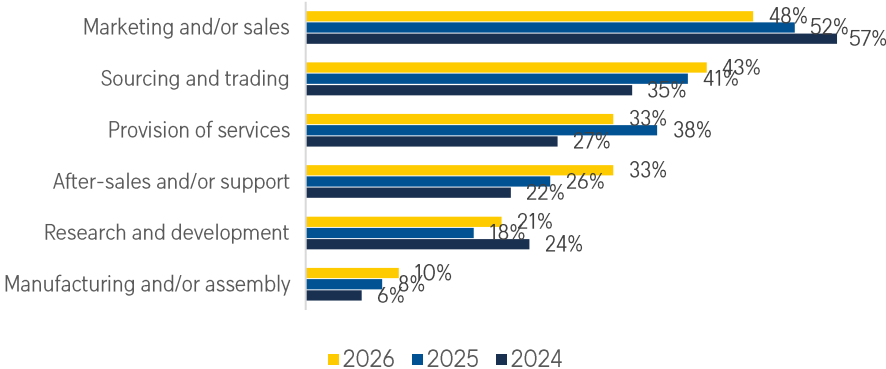
Continuing the trend of previous years, marketing and/or sales remain the most common operation carried out by Swedish companies in Hong Kong, cited by 48 per cent of respondents, down slightly from 52 per cent, but still clearly the dominant function.

Other operational activities remain important and, in some cases, have gained traction. Sourcing and trading continues to be the second most common operation, reported by 43 per cent of companies, broadly in line with last year’s 41 per cent. Provision of services is cited by 33 per cent of respondents, remaining above earlier-year levels despite declining from 38 per cent in 2025 and confirming that service-related activities have become more established than in earlier years.

Notably, after-sales and/or support activities continued to increase in importance, rising from 26 per cent in 2025 to 33 per cent. This suggests a growing focus on customer retention and ongoing client engagement, rather than purely front-end sales activities.

Research and development activities remain more limited, reported by 21 per cent of respondents, while manufacturing and/or assembly activities continue to be less common in Hong Kong, cited by 10 per cent of companies, reinforcing Hong Kong’s role as a commercial and coordination hub rather than a production base.

Operations of Swedish firms in the market



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

Cost efficiency and relationships drive competitiveness in Hong Kong

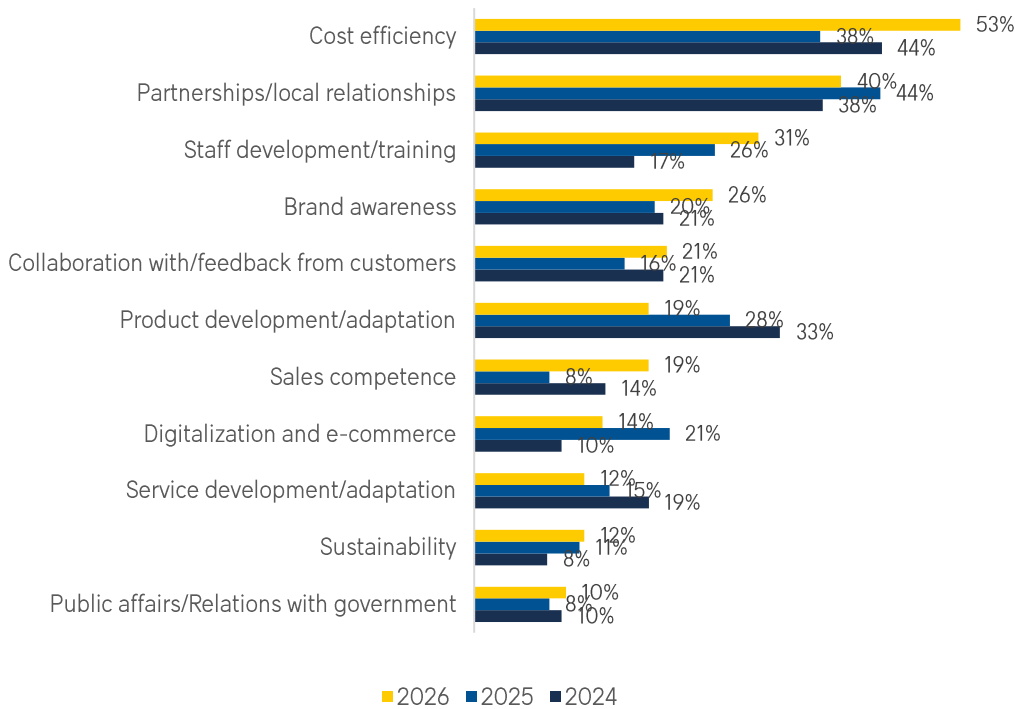
Companies identify a broad set of factors as important for maintaining competitiveness in Hong Kong, with notable shifts in emphasis in 2026. Cost efficiency has regained the top position, cited by 53 per cent of respondents, a sharp increase from 38 per cent in 2025, underlining renewed focus on cost control amid persistent operating pressures.

Partnerships and local relationships remain a critical competitiveness factor, reported by 40 per cent of companies. While this marks a slight decline from 44 per cent in 2025, it remains one of the most consistently important drivers of competitiveness over time. Staff development and training have also increased in importance, rising to 31 per cent in 2026, up from 26 per cent in 2025, indicating a stronger emphasis on internal capabilities and skills development.

At the same time, brand awareness has gained relevance, increasing to 26 per cent in 2026 from 21 per cent in 2025. Similarly, sales competence has become more prominent, rising to 19 per cent in 2026 compared with 8 per cent in 2025.

In contrast, product development and adaptation have continued to decline, falling to 19 per cent, down from 28 per cent in 2025, suggesting a shift away from product-led differentiation towards efficiency, relationships, and go-to-market capabilities.

To date, which of the following areas have been important in maintaining competitiveness in Hong Kong SAR?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

The “Swedish brand” remains very strong

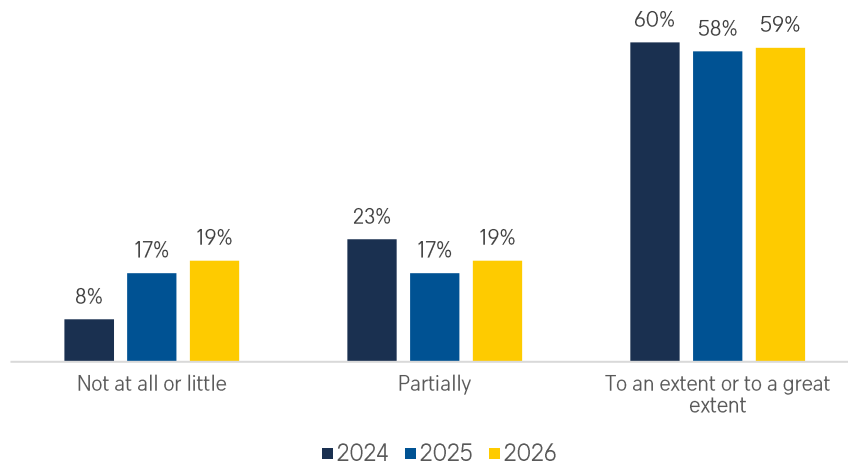
The perceived business contribution of the “Swedish brand” in Hong Kong remains high in 2026, continuing the strong performance seen in recent years. In total, 59 per cent of respondents state that the Swedish brand contributes to a great extent or to an extent to their business in Hong Kong. This is broadly in line with 58 per cent in 2025, and only slightly below the 2024 level, confirming that the Swedish brand continues to be a significant commercial asset.

At the same time, 19 per cent of respondents assess the contribution of the Swedish brand as partial, while another 19 per cent state that it contributes not at all or to a little extent. Both categories have increased slightly compared with last year, suggesting a modest polarisation in how companies experience the brand’s impact, but without materially weakening its overall strength.

There are limited differences by company size, indicating that the Swedish brand provides a broadly similar level of support across small, medium-sized, and large companies. However, industry differences remain more visible.

Industrial companies continue to see the strongest brand contribution, with a clear majority stating that the Swedish brand contributes to their business to a great extent or some extent. Consumer goods companies also report a relatively strong brand contribution, while professional services companies see a more moderate impact, reflecting differences in how brand origin translates into competitive advantage across sectors.

To what extent would you estimate that the “Swedish brand” contributes to your business in Hong Kong SAR?



NOTE: The number of respondents for this question was 58 (2026), 60 (2025) and 60 (2024). “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

“Sweden for us is actually a good business card.”

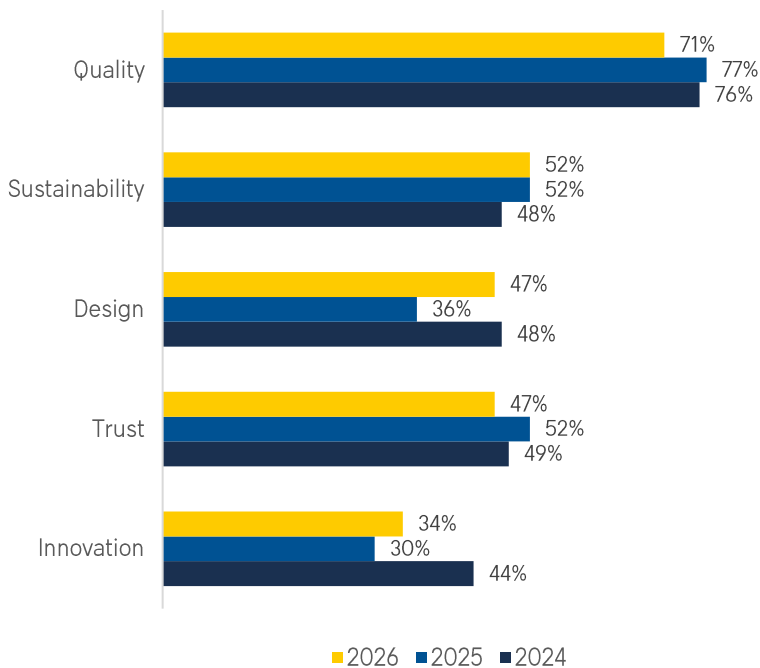
SOURCE: Team Sweden Business Climate Survey 2026 roundtable discussions with Swedish companies.

Quality remains the strongest Swedish brand association

Continuing the trend from the past few years, the same characteristics once again make up the top five when asked how the “Swedish brand” is perceived in Hong Kong. Quality remains the top characteristic, with 71 per cent of respondents answering that it is associated with the Swedish brand. Sustainability remains second at 52 per cent.

During discussions, companies highlighted Sweden’s exceptionally strong reputation in Hong Kong. This high standing provides immediate legitimacy and weight to Swedish perspectives on critical issues such as sustainability and anti-corruption.

Which characteristics describe how the “Swedish brand” is perceived in Hong Kong SAR?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024).
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26



I think we are credible with what we're putting on the table here because of the Swedish branding.

SOURCE: Team Sweden Business Climate Survey 2026 roundtable discussions with Swedish companies.

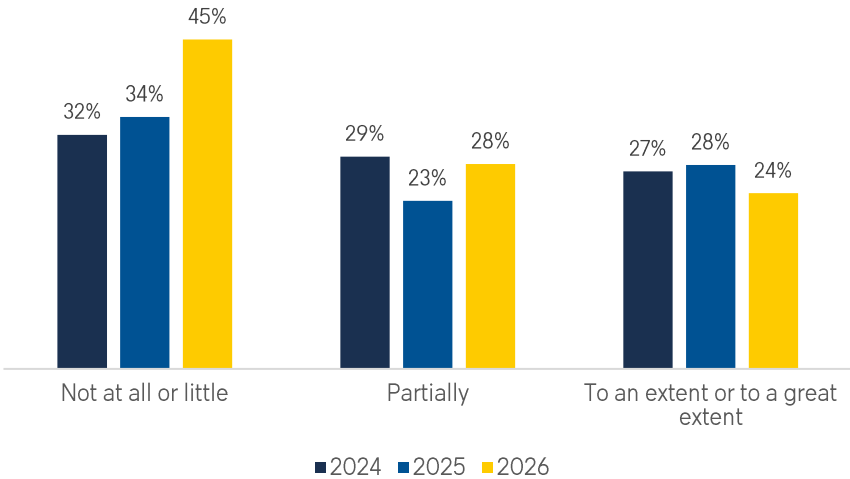
Acting sustainably

Customer interest in sustainability remains low

Customer interest in environmental sustainability continues to be limited in Hong Kong in 2026, with a clear majority of companies reporting weak consideration of environmental aspects in purchasing decisions. Only 24 per cent of respondents state that customers consider environmental aspects to some extent or to a great extent, down from 28 per cent in 2025, indicating slightly weaker sustainability interest than in recent years.

At the same time, the share of companies reporting that environmental aspects are considered not at all or to a little extent has increased markedly, rising to 45 per cent in 2026, from 34 per cent in 2025. This represents the highest level recorded in the survey period and points to growing price sensitivity and reduced willingness among consumers to factor sustainability into purchasing decisions.

To what extent do customers in Hong Kong SAR consider environmental aspects of a product or service in their purchasing decision?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26, Roundtable discussions

“Sweden has an edge in sustainability.”

SOURCE: Team Sweden Business Climate Survey 2026 roundtable discussions with Swedish companies.

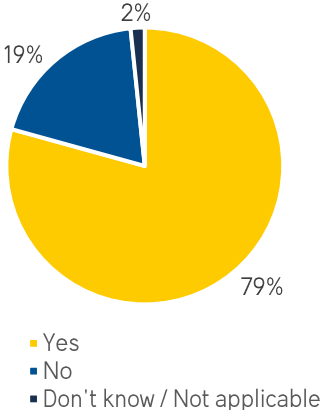
“We think Hong Kong is behind when it comes to a sustainable lifestyle.”

SOURCE: Team Sweden Business Climate Survey 2026 roundtable discussions with Swedish companies.

Swedish companies remain committed to sustainability despite weaker commercial impact

A clear majority of Swedish companies in Hong Kong continue to integrate sustainability into their business operations, although its perceived commercial value has weakened. Seventy-nine per cent of respondents state that sustainability forms part of their business model or strategy, broadly in line with recent years and confirming that sustainability remains firmly integrated into business operations.

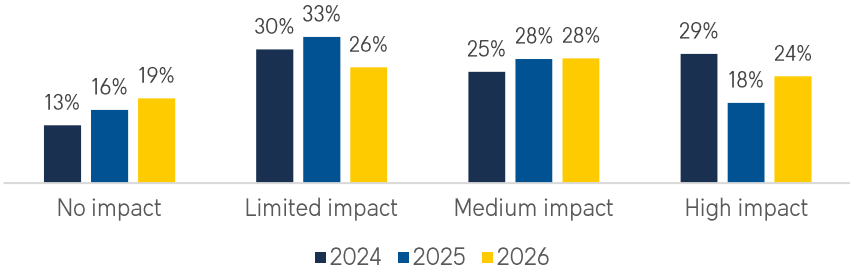
Is sustainability work part of your company’s business model or strategy?



NOTE: The number of respondents for this question was 58 (2026).
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26.

Despite this high level of adoption, the perceived contribution of sustainability to profitability remains modest. Only 24 per cent of respondents report that sustainability work contributes to their profitability to a "high impact", an increase from 18 per cent in 2025. At the same time, a larger share of respondents still report "none to limited impact" on their business.

To what extent does the sustainability work contribute to your company’s profitability?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

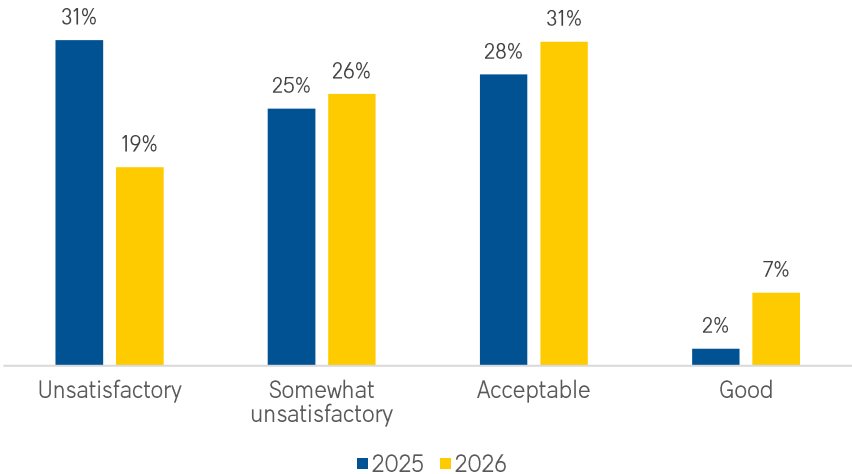
Most respondents still view government sustainability policies as insufficient, despite improved sentiment

Swedish companies in Hong Kong continue to view government sustainability policies as insufficient in 2026, although perceptions have improved compared with last year. 45 per cent of respondents rate the Hong Kong SAR government’s sustainability policies as unsatisfactory or somewhat unsatisfactory, down from 56 per cent in 2025, still indicating a reduction in negative sentiment.

At the same time, 31 per cent of respondents rate the policies as acceptable, and the share of good ratings has increased significantly from two per cent in 2025 to seven per cent in 2026, bringing the combined share of acceptable and positive assessments to 38 per cent. This marks a gradual shift towards more balanced views, though strong confidence in government sustainability efforts remains limited.

Notably, the share of respondents giving the lowest rating, “unsatisfactory” has fallen sharply, from 31 per cent in 2025 to 19 per cent in 2026, suggesting that the most critical views have softened. However, relatively few companies perceive sustainability policies as a clear strength, reflected in the still small share giving a positive assessment.

How do you perceive the Hong Kong SAR government’s policies on environmental sustainability such as achieving carbon neutrality?



NOTE: The number of respondents for this question was 58 (2026) and 61 (2025). “Don’t know/Not applicable” responses are included but not shown in the figure. The scale was changed from a five-point scale to a four-point scale, making numeral comparisons to previous surveys not possible.
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2025-26

Low perceived corruption remains a key strength as Hong Kong improves its global ranking

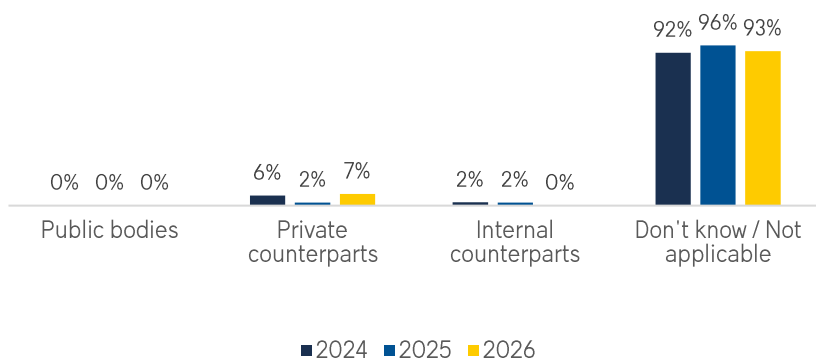
Hong Kong ranked 12th out of 182 countries and territories in Transparency International's Corruption Perceptions Index 2025, marking an improvement from 17th place in the previous year, a trend also reflected in companies' reports of very limited direct exposure to corruption.

With this result, Hong Kong remains second in Asia, behind Singapore, and ranks ahead of both Japan and Mainland China, the latter of which placed 76th. While perceptions among companies remain broadly stable, the improved index ranking strengthens Hong Kong's position as a transparent and predictable business environment by international standards.

Despite this, seven per cent of Swedish companies reported that they had been exposed to corruption from private counterparts in this year's survey, up from two per cent last year.

Corruption Perception Index		
2025 ranking (2024 ranking)		
2025	2024	
1	1	Denmark
2	2	Finland
3	3	Singapore
6	6	Sweden
12	17	Hong Kong SAR
18	18	Japan
76	76	Mainland China

Has your company in Hong Kong SAR been exposed to corruption such as, but not limited to, attempts of bribery or fraud in contacts with any of the following areas?

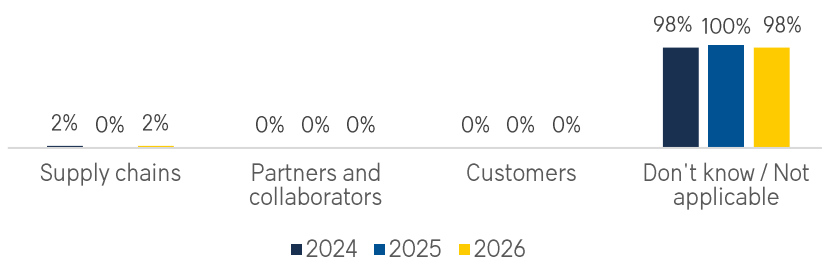


NOTE: The number of respondents for this question was 49 (2026), 55 (2025) and 53 (2024).
 SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26, Transparency International Limited human or labour rights violations among respondent companies

Limited human or labour rights violations among respondent companies

In the 2026 Business Climate Survey, two per cent of respondents indicate having encountered human rights violations and / or labour rights in their supply chains. However, no cases were reported among Swedish companies among their customers, or among partners and collaborators.

Has your company in Hong Kong SAR encountered any form of human rights violations and/or labour rights abuse in contacts with any of the following areas?



NOTE: The number of respondents for this question was 58 (2026), 52 (2025) and 52 (2024).

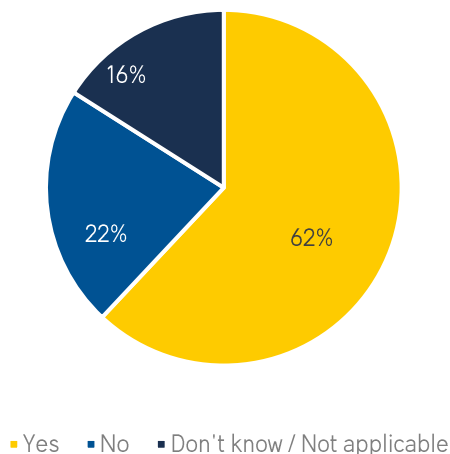
Large companies lead the charge on proactive diversity and inclusion policies

Most Swedish companies in Hong Kong report having a proactive diversity and inclusion (D&I) policy. Overall, 62 per cent of respondents state that they have a D&I policy in place, while 22 per cent report not having one. Adoption, however, varies by company size and industry, where company size can be seen as a key differentiator.

Large companies are the most proactive, with 89 per cent reporting a formal D&I policy, compared with 67 per cent of medium-sized companies and 44 per cent of small companies. Small companies account for most negative responses, indicating that formalised D&I policies are less common among smaller firms.

Industry breakdowns show a similar pattern. All industrial companies report having a proactive D&I policy, while adoption is lower among consumer companies (58 per cent) and professional services companies (55 per cent).

Does your company have a proactive diversity & inclusion policy?



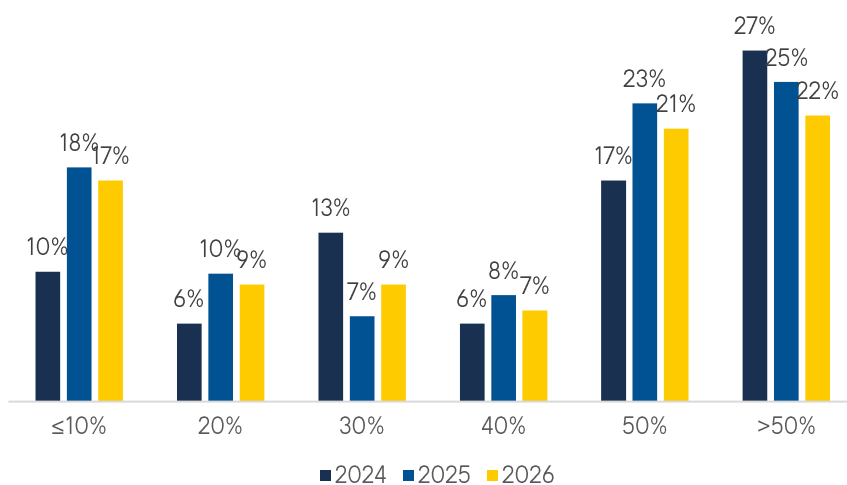
NOTE: The number of respondents for this question was 58 (2026)
SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2026

Gender-balanced leadership remains broadly stable

Swedish companies in Hong Kong continue to demonstrate a relatively strong level of gender representation in leadership. 43 per cent of respondent companies report that at least half or more of their leading positions (board, management, directors) are held by women, slightly down from 48 per cent in 2025. Within this group, 22 per cent report that more than half of their leaders are women, compared with 25 per cent in 2025, indicating a broadly stable presence of women in senior leadership roles year on year.

At the same time, 17 per cent of companies in 2026 report very low female representation, remaining largely unchanged from the 2025 figure. The share of firms reporting female representation below 40 per cent remains relatively stable, suggesting that overall gender balance among senior leaders has been maintained, although progress appears to have levelled off.

Approximately what is the percentage of women in leading positions (board, management, directors) in your company in Hong Kong SAR?



NOTE: The number of respondents for this question was 58 (2026), 61 (2025) and 63 (2024). "Don't know/Not applicable" responses are included but not shown in the figure.

SOURCE: Business Climate Survey for Swedish Companies in Hong Kong SAR 2024-26

Conclusion

The 2026 Business Climate Survey aims to strengthen the understanding of the Swedish experience of doing business in Hong Kong SAR by providing an overview of the key factors driving Swedish companies' success, as well as highlighting opportunities and challenges in the market.

Team Sweden in Hong Kong SAR is committed to continuing to support Swedish companies in the market and to further strengthening the trust and value of the Swedish brand.

Our aim is to support Swedish businesses in their growth, and we welcome continued engagement on the opportunities in the Hong Kong market. Please feel free to contact us for further dialogue.

Contact us

Business Sweden

ask.hongkong@business-sweden.se

Swedish Chamber of Commerce

chamber@swedcham.com.hk

Consulate General of Sweden

generalkonsulat.hongkong@gov.se

