

The Future of the Hong Kong Labour Market: Key Findings and Implications of the 2023 Manpower Projection

The Government has been conducting periodic manpower projection (MP) exercises to assess Hong Kong's future manpower supply and requirement trends at a macro level. With 2023 as the base year, the latest round of MP (2023 MP) projects the manpower situation five years ahead (i.e. 2028). In addition to overall manpower trends, the 2023 MP provides a detailed analysis of the manpower situation in 17 selected industries, as well as occupations in demand and essential skills. The 17 selected industries include the eight key areas for the development of Hong Kong as outlined in the National 14th Five-Year Plan (the "eight centres")¹ and nine significant sectors supporting local services and city operation². Together, these industries cover over 80 per cent of Hong Kong's workforce and contribute more than 70 per cent of the city's GDP.

In 2023, Hong Kong's economy gradually recovered from the pandemic which led to an increase in manpower demand. However, the local labour force (excluding foreign domestic helpers) had decreased for three consecutive years during the pandemic to 3.5 million, causing a tight labour market with a shortage of approximately 50 000 workers.

Hong Kong's economy is projected to grow by 3.2 per cent annually during the projection period, driving sustained high demand for manpower from major industries. By 2028, the local labour force is projected to slightly increase to 3.56 million. The supply of local manpower would nevertheless fall short to meet the rising demand, resulting in a widening manpower shortage of 180 000, an increase of 130 000 from 2023. Due to an ageing workforce and a lack of new entrants, the projection indicates that there would be a severe shortage of "skilled technical workers", accounting for over one-third of the total shortage in 2028.

Looking ahead, economic restructuring, technology advancement, business automation and digitalisation across industries would alter demand for job roles and skills in the market. Some traditional positions (such as clerical and administrative roles performing routine and mundane tasks) may gradually be replaced by automation. Meanwhile, there would be rising demand for new roles related to digitalised operations (such as artificial intelligence (AI) specialists, data analysts and information technology experts). Therefore, the labour force on the one hand should need to master core skills being sought in the market (such as language proficiency, communication skills, teamwork and problem-solving abilities), but also need to acquire new operational skills (such as e-commerce and AI applications) in response to industry transformations and changes in operational models on an ongoing basis to remain competitive.

In the face of future manpower shortages, the Government and all quarters of

¹ "Eight centres" are an East-meets-West centre for international cultural exchange, an international aviation hub, an international financial centre, an international innovation and technology centre, an international trade centre, an international transportation centre, a regional centre for international legal and dispute resolution services as well as a regional intellectual property trading centre.

² Nine significant sectors are accommodation and food services, city operation, construction industry, education, health services, manufacturing, retail, social services and tourism.

community should collaborate to implement appropriate measures, including enhancing and expanding local training, as well as optimising recruitment and work arrangements, to enhance the quality and quantity of the local workforce, attract more potential labour to join the labour market and ensure that the competitiveness of the local workforce could be preserved. At the same time, Hong Kong would continue to import outside talents and labour in an appropriate scale to tackle the challenge of manpower shortages.