

Roadmap

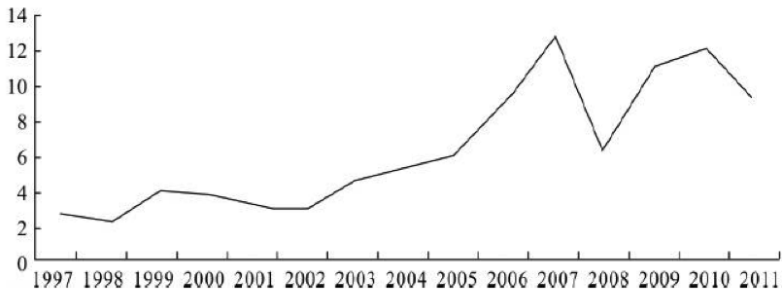
- Introduction
- Internal cause
- External cause
 - ① Return of Hong Kong
 - ② Economic crisis
 - ③ The rise of mainland China
- Conclusion

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The Economic Competitiveness of Hong Kong

The financial market of Hong Kong And according to Levine (2000) and Arestis (1997), we use the M2/GDP, Loan/M2, Stock market value/GDP to present the competitiveness of Hong Kong financial market.

Figure 3

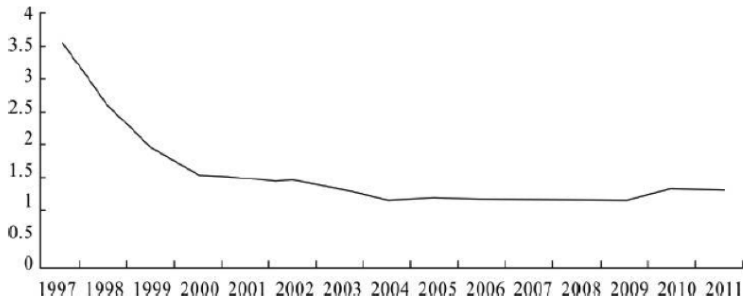


Financial development indicator: Stock market value/GDP

1. *Journal of Management Studies*, 1990, 27, 103-117.

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Financial development indicator: Loan/GDP

Trade and logistics of Hong Kong

Year	Logistics			Foreign Trade		
	Man-time	Air Cargo(t)	TEU throughput	Import	transit	export
1997	—	—	14,567	1,615,090	1,244,539	1,455,949
1998	27,208,792	1,628,742	14,580	1,429,092	1,159,195	1,347,669
1999	29,062,570	1,974,291	16,211	1,392,718	1,178,400	1,349,000
2000	32,130,712	2,240,586	18,098	1,657,962	1,391,722	1,572,689
2001	32,026,944	2,974,233	17,830	1,568,194	1,327,467	1,480,987
2002	33,451,572	2,478,818	19,140	1,610,419	1,429,590	1,560,517
2003	26,752,294	2,642,103	20,450	1,805,770	1,620,749	1,742,436
2004	36,286,642	3,089,911	21,984	2,111,123	1,893,132	2,019,114
2005	39,799,595	3,402,250	22,602	2,329,469	2,114,143	2,250,174

Year	Logistics			Foreign Trade		
	Man-time	Air Cargo(t)	TEU throughput	Import	transit	export
2006	43,273,670	3,580,348	23,540	2,599,804	2,326,500	2,461,027
2007	46,296,563	3,742,037	24,000	2,868,011	2,578,392	2,687,513
2008	47,138,492	3,627,249	24,494	3,025,288	2,733,394	2,824,151
2009	44,995,787	3,347,083	21,040	2,692,356	2,411,347	2,469,089
2010	49,774,874	4,128,037	23,699	3,364,840	2,961,507	3,031,019
2011	52,752,718	3,938,025	-	3,764,596	3,271,592	3,337,253

(Hong Kong Marine Department, Hong Kong Civil Aviation Department)

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Return to Hong Kong

Brain Drain and Capital Flight

Definition

Brain drain: a mass emigration of technically skilled people from a country or a region to another country.

Capital flight: assets or money rapidly flow out of a country or a region, due to an event of economic consequence.

年份	劳动人口数(万)	劳动人口增长率(%)	人口(万)	人口增长率
1990	2 748.1	-0.2	5 752.0	NA
1991	2 804.1	2.0	5 815.3	1.10%
1992	2 792.3	-0.4	5 887.6	1.24%
1993	2 856.4	2.3	5 998.0	1.88%
1994	2 929.0	2.5	6 119.3	2.02%
1995	3 000.7	2.4	6 270.0	2.46%
1996	3 160.8	3.1	6 466.6	3.14%
1997	3 234.8	2.3	6 516.7	0.77%
1998	3 276.1	1.3	6 583.4	1.02%
1999	3 319.6	1.3	6 637.6	0.82%
2000	3 374.2	1.6	6 711.5	1.11%
2001	3 427.3	1.6	6 730.3	0.28%
2002	3 472.6	1.3	6 725.8	-0.07%
2003	3 465.8	-0.2	6 764.2	0.57%
2004	3 512.8	1.4	6 797.7	0.50%
2005	3 534.2	0.6	6 837.8	0.59%
2006	3 571.8	1.1	6 904.3	0.97%
2007	3 622.3	1.4	6 938.4	0.49%
2008	3 637.2	0.4	6 963.9	0.37%
2009	3 660.3	0.6	6 996.4	0.47%
2010	3 631.3	-0.8	7 052.1	0.80%
2011	3 703.1	2.0	7 112.4	0.86%
2012	3 785.2	2.2	7 177.9	0.92%
2013	3 858.8	1.9	7 221.8	0.61%
2014	3 876.4	0.5	7 266.5	0.62%
2015	3 909.8	0.9	7 324.3	0.80%

Return to Hong Kong

Brain Drain \Rightarrow Capital Flight

Process

Many capitalists transferred their capital to other countries to avoid the uncertain of Hong Kong and people who emigrated brought their fortune abroad.

Return to Hong Kong

Effect

$$Y = A \cdot K^a \cdot (EL)^{1-a}$$



Economic Downturn

Return to Hong Kong

Conflict between Hong Kong and Mainland

Institutional difference.

Different economic circumstance

The Influence of Economic Crisis on Hong Kong

The Influence of Economic Crisis on Hong Kong

- Back ground
- Data
- Explanation

The Influence of Economic Crisis on Hong Kong

Background

On July 2, 1997, Thailand gave up Fixed Exchange Rates which marked the beginning of Financial Crisis.

The Influence of Economic Crisis on Hong Kong

Background

On July 2, 1997, Thailand gave up Fixed Exchange Rates, having influence on some countries in Asia.

From August 2007, Subprime mortgage crisis spreaded to the whole world which resulted from lending too much to those who are poor in credit.

Do they have influence on Hong Kong? Of course yes.

The Influence of Economic Crisis on Hong Kong

Data comes from Hong Kong SAR Government Census and Statistics Department.

Series name	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP (% real change pa)	%	2.37	4.26	5.10	-5.88	2.51	7.66	0.56	1.66	3.06	8.70	7.39	7.03	6.47	2.13	-2.46	6.77	4.82
Real GDP (US\$ at)	bil USD	129.70	135.20	142.10	133.80	137.10	147.60	148.50	150.90	155.50	169.10	181.60	194.30	206.90	211.30	206.10	220.00	230.60

Figure: Data

The Influence of Economic Crisis on Hong Kong

The real GDP from 1995 to 2011.

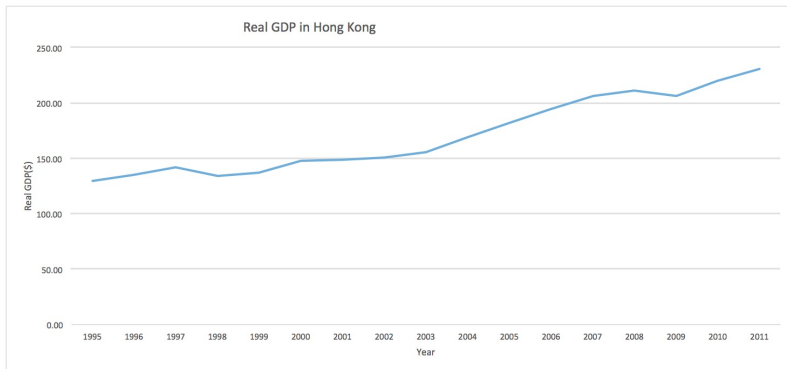


Figure: The real GDP

The Influence of Economic Crisis on Hong Kong

GDP growth rate from 1995 to 2011 in Hong Kong.

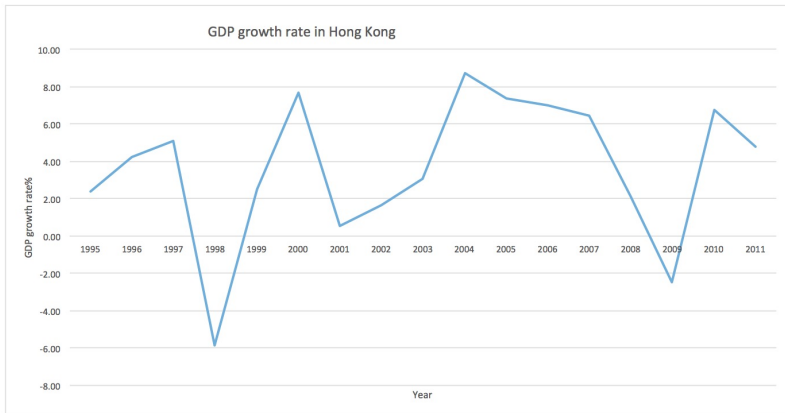


Figure: GDP growth rate

The Influence of Economic Crisis on Hong Kong

Explanation

Financial Crisis in 1997

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Financial Crisis in 1997

- i Thailand gave up Fixed Exchange Rates causing foreign exchange market chaotic.

The Influence of Economic Crisis on Hong Kong

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- i Thailand gave up Fixed Exchange Rates causing foreign exchange market chaotic.
- ii International speculators had two attacks in Hong Kong.

The Influence of Economic Crisis on Hong Kong

Explanation

Financial Crisis in 1997

- i Thailand gave up Fixed Exchange Rates causing foreign exchange market chaotic.
- ii International speculators had two attacks in Hong Kong.
- iii A panic in Financial market, and less investment.

The Influence of Economic Crisis on Hong Kong

Explanation

Financial Crisis in 1997

I Subprime crisis.

The Influence of Economic Crisis on Hong Kong

Explanation

Financial Crisis in 1997

- I Subprime crisis.
- II Banks are less willing to lend. The world economy came into recession.

The Influence of Economic Crisis on Hong Kong

Explanation

Financial Crisis in 1997

- I Subprime crisis.
- II Banks are less willing to lend. The world economy came into recession.
- III Hong Kong being a part of world economy can't escape.

The Impact of The Rise of China's Economy on Hong Kong's Economic Status

The rise of China's Economy

Structure

- Hong Kong's special economic status for China
- The Rise of China's economy
- The impact on Hong Kong's economic status

The rise of China's Economy

The Special Economic Status of Hong Kong

- The leading economic zone: Dragon's Head.

The rise of China's Economy

The Special Economic Status of Hong Kong

- The leading economic zone: Dragon's Head.
- The mediation role on investment, capital introduction and the processing trade.

The rise of China's Economy

The Special Economic Status of Hong Kong

- The leading economic zone: Dragon's Head.
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- The financial center: provide offshore financial services.

The rise of China's Economy

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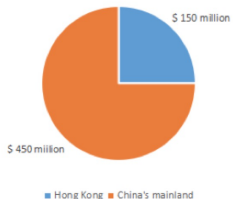
The Reasons of the Special Status

- A The high economic density.
- B The close economic relationship.
- C The multiple advantages of Hong Kong's economy.
- D The political reason.

The rise of China's Economy

The High Economic Density

The comparison of GDP



The comparison of GDP per capita

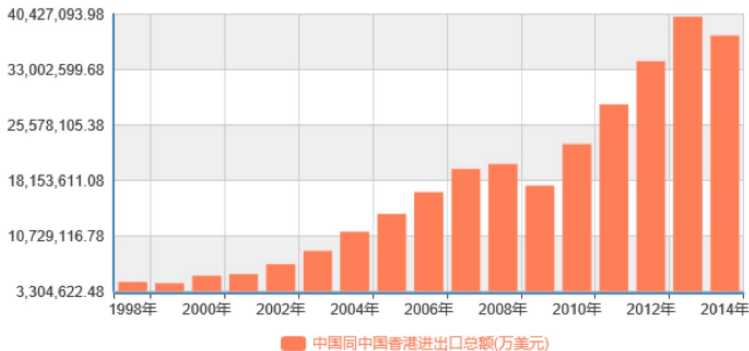


Shanghai \$3000

The rise of China's Economy

The Close Economic Relationship

The economic return runs before the political return.

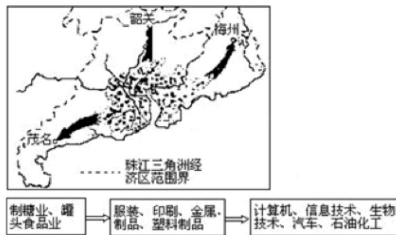


The rise of China's Economy

The Close Economic Relationship

The economic return runs before the political return.

Case: In 1980s, the north movement of manufacture industries contributed to the economic development of Guangdong.



The rise of China's Economy

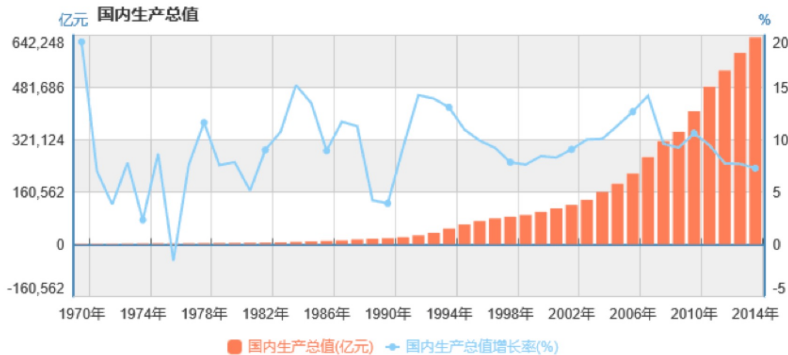
Advantages of Hong Kong's Economic System

- ① The complete economic policy system.
- ② The high economic freedom.
- ③ The prosperity of finance, information, transportation, international trade.

The rise of China's Economy

The rise of China's Economy

An economic miracle.



The rise of economic zones like Beijing, Shanghai and Shenzhen.

100 millions of RMB

Year	Hong Kong	Shanghai	Shenzhen	Beijing	Guangzhou
1997	11074.44	2699.47	1130.01	1288.84	1161.61
1998	10488.19	2973.26	1289.02	1780.98	1298.30
1999	10276.48	3615.57	1436.51	1824.58	1451.13
2000	10690.09	4098.64	1665.24	2332.31	2165.11
2001	10540.56	4893.01	1954.17	2697.94	2448.99
2002	10362.85	5346.27	2256.83	3124.51	2731.11
2003	10017.62	6180.74	2895.41	3557.26	3187.65
2004	10481.37	7371.27	3422.80	4160.98	3791.44
2005	11216.95	9058.46	4950.91	6765.62	4792.44
2006	11969.57	10258.11	5813.56	7737.41	5643.95
2007	13107.15	12066.06	6801.57	9207.60	6570.49
2008	13605.59	13560.44	7806.54	10325.15	7560.67
2009	13163.47	14876.00	8201.00	11972.00	8410.00
2010	14130.07	16971.55	9581.51	13904.41	9879.41
2011	15364.89	19000.00	11000.00	16000.00	12380.00

The exceeding point

(The Census and Statistics Department, CEI net database)

The rise of China's Economy

The impact on Hong Kong's economic status

From the perspective of the background of Hong Kong's rise

Shanghai financial center went to the weak \implies the rise of Shanghai, Beijing and Shenzhen

The economic autarky situation, the planned economy \implies
The more open economy, the market economy.

The lack of bridge between China and foreign countries \implies
The second largest international trade country.

The rise of China's Economy

The impact on Hong Kong's economic status

From the perspective of the institutinal reasons

- Government's policy change.
- Political institutional contradiction.
- Different economy system on tax, trade, accounting policy.

The rise of China's Economy

The impact on Hong Kong's economic status

From the perspective of the cultural reasons.

- The Hong Kongs native consciousness.
- The missing of British.

Conclusion

Pretend to have a conclusion.

Thank
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