



# Roadmap

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





# Return to Hong Kong

- Brain drain and capital flight
- Confliction between Hong Kong and mainland

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- Conflict between Hong Kong and mainland



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## Effect

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## 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

- Background
- Data
- Explanation

# 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.

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## 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.

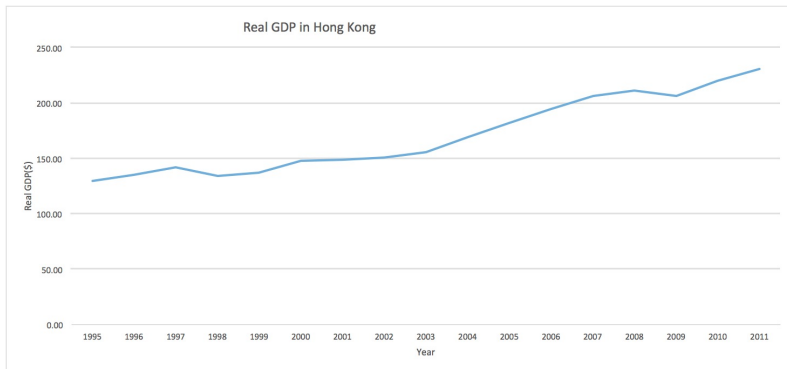


Figure: The real GDP

# The Influence of Economic Crisis on Hong Kong

GDP growth rate from 1995 to 2011 in Hong Kong.

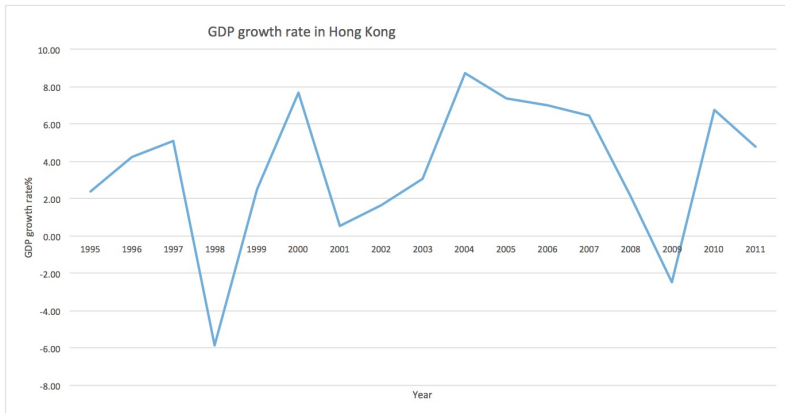


Figure: GDP growth rate

# The Influence of Economic Crisis on Hong Kong

Explanation

Financial Crisis in 1997

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- iv A panic appeared in Financial market, causing less investment.



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## Explanation

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### Financial Crisis in 1997

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- II Panic in the market, causing currency less liquid. The world economy came into recession.
- III Hong Kong being a part of economy can't escape.



# The Rise of Chinese Economy

## Roadmap

- 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 Chinese Economy

## The Special Economic Status of Hong Kong

- The leading economic zone: Dragon's Head.

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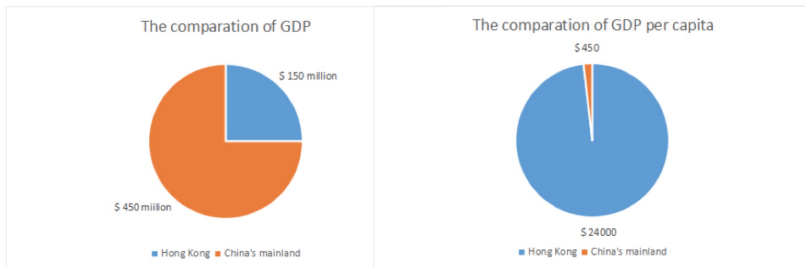
# The Rise of Chinese Economy

The reason of the Special Status

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

# The Rise of Chinese Economy

## The High Economic Density

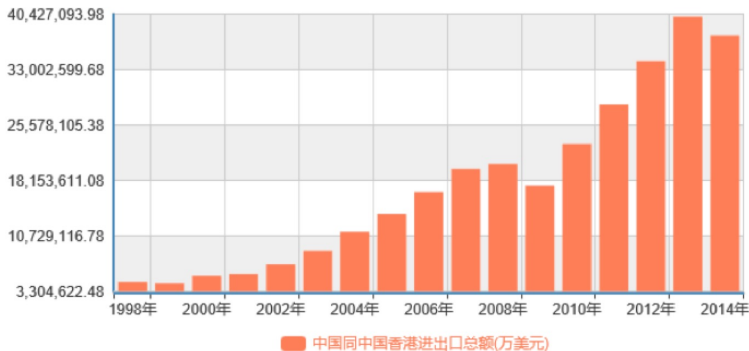


Shanghai \$3000

# The Rise of Chinese Economy

## The Close Economic Relationship

The economic return runs before the political return.

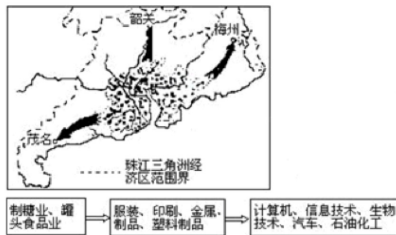


# The Rise of Chinese Economy

## 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 Chinese Economy

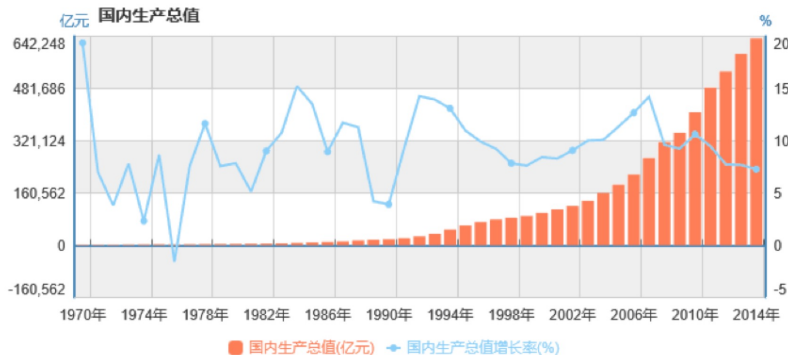
## Advantages of Hong Kong's Economic

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



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

The rise of China's Economy  
An economic miracle.



# The Rise of Chinese Economy

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

Table 1: The GDP of Hong Kong and the First-tire Cities

Year	100 millions of RMB				
	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 Chinese 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 Chinese 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.

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## The impact on Hong Kong's economic status

From the perspective of the cultural reasons.

The Hong Kongs native consciousness.

# The worship of British.



# The Economic Competitiveness of Hong Kong

a. The competitiveness ranking of Hong Kong We referenced the Global Competitiveness Report produced by World Economic Forum, and figured the competitiveness ranking of Hong Kong.



(<http://reports.weforum.org/>)



# The Economic Competitiveness of Hong Kong

b. The economic position of Hong Kong in the Chinese economic territory It can be seen that the economic position of Hong Kong is relatively decreasing in the Chinese economic territory. And the economic competitiveness of Hong Kong is also relatively decreasing.

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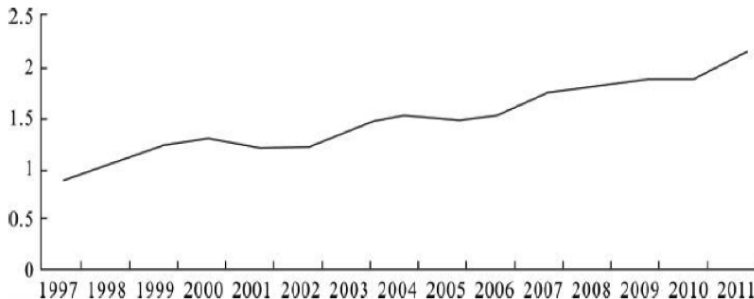
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# The Economic Competitiveness of Hong Kong

c. 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 2

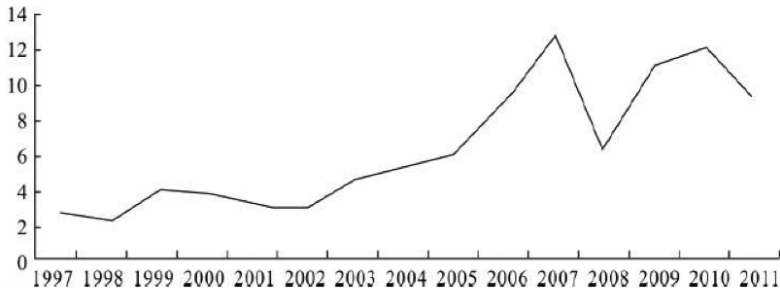


Financial development indicator:M2/GDP

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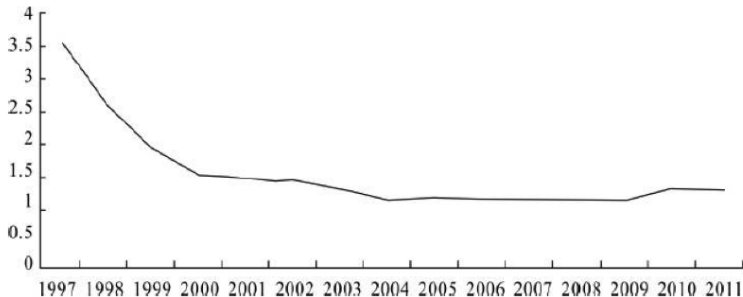


Financial development indicator: Stock market value/GDP

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Figure 3



Financial development indicator: Loan/GDP

# The Economic Competitiveness of Hong Kong

## d. Trade and logistics of Hong Kong

Table 2: Trade and Logistics of Hong Kong since 1997

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	1,347,649
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	2,074,333	17,830	1,568,194	1,327,467	1,480,987
2002	33,451,572	2,478,818	19,140	1,619,419	1,429,596	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)

## Conclusion

Pretend to have a conclusion.

