

# Economy of Hong Kong

## Short History of HongKong

### Impacts

With its foundation as a British Empire trading point, Hong Kong started to attract people with different backgrounds and aims. Hong Kong's population grew quickly as it becomes one of the most important immigration spots in South-East Asia.

Due to the population growth and low cost of labour, the textile and manufacturing industries grew with a immense tempo. As Hong Kong rapidly industrialised, its economy became driven by exports to international markets.

Living standards rose steadily with the industrial growth. The construction of Shek Kip Mei Estate in 1953 marked the beginning of the public housing estate program. Hong Kong was disrupted by chaos during the riots of 1967. Pro-communist leftists, inspired by the Cultural Revolution in the mainland, turned a labour dispute into a violent uprising against the colonial government lasting until the end of the year.

When the People's Republic of China initiated a set of economic reforms in 1978, Hong Kong became the main source of foreign investments to the mainland. A Special Economic Zone was established the following year in the Chinese city of Shenzhen, located immediately north of the mainland's border with Hong Kong. The economy of Hong Kong gradually displaced textiles and manufacturing with services, as the financial and banking sectors became increasingly dominant. After the Vietnam War ended in 1975, the Hong Kong government spent 25 years dealing with the entry and repatriation of Vietnamese refugees.

In 1984, the China and the UK signed the Sino-British Joint Declaration, agreeing to transfer the sovereignty of Hong Kong to the People's Republic of China in 1997.[6] The declaration stipulated that Hong Kong would be governed as a special administrative region, retaining its laws and high degree of autonomy for at least fifty years after the transfer. Lacking confidence in the arrangement, some residents chose to emigrate.

source  
www.earthtrends.wri.org, 03. march 2008

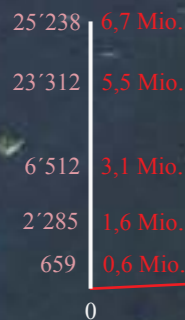
- 1939  
**Colonial Era**

1939 - 1949  
**Japanese Occupation Era**

1950 - 1969  
**Modern Hong Kong under British**

1970 - 1989  
**Modern Hong Kong under British**

1990 -  
**Modern Hong Kong under China**



- 1 1840 - 1842 First Opium War  
Peace Treaty of Nanking  
Hongkong becomes British
- 2 1941 - 1945 Japan occupate HongKong in the second World War
- 3 1949 Mao Tse Tung proclaim the PRD of China
- 4 1966 Cultural Revolution in China
- 5 Honkkongs economy develop to a Industrial Manufacturing Industry
- 6 Building Boom
- 7 1959 - 1975 Vietnam War
- 8 Honkkong is one of four Asian Tigers, beside Singspore, South Korea and Taiwan
- 9 Honkkongs economy reinvented itself from a manufacturing base into a financial center
- 10 1982 Margret Thatcher meets Deng Xiaoping
- 11 1989 Tianmen Square Massacre
- 12 Hong Kong's Victoria Park is the only part of China where commemoration of the Tianmen Square protest was allowed
- 13 1997 - 1998 Asian Financial Crisis
- 14 1997 Handover of Hongkong
- 15 2002 SARS

# Economy

## Asian Tiger

The Economy of Hong Kong Special Administrative Region (HKSAR) is known as one of the most liberal in the world. The center of its economic freedom comes from the government's hands-off policy. This model was developed in Hong Kong and Taiwan as a response to analyzing the cultural revolution effect in China

Hong Kong's model allowed for the flexibility and renovation of any given industry in a very short time. The economy of Hong Kong's has transformed and re-adapted itself to different periods of time, there were e.g. big transformation processes from a second sector based economy in the 60's and 70's to a highly service oriented one nowadays.

Hong Kong is the largest source of overseas direct investment in the Chinese mainland. Multinational companies are attracted to Hong Kong by a combination of the territory's English common law legal system, its low tax regime and its historical trading links and unique access to the People Republic of China.

Further on Hong Kong is the most important entrepot for the Chinese mainland. If re-exports to and from the Chinese mainland are included, about 21% of the mainland's foreign trade was handled via Hong Kong. The Special Administrative Region has also become a very important window to the world for the mainland based Enterprises.

Articles 106-8 of the Basic Law guarantees that Hong Kong can maintain an independent taxation system free of Chinese interference until the year 2047 while article 116 guarantees that the territory will remain a free port and a separate customs area from the mainland.

**source**  
[www.tctrade.com](http://www.tctrade.com), 03. march 2008  
[www.wikipedia.org](http://www.wikipedia.org), 03. march 2008  
[www.ey.com](http://www.ey.com), 04. march 2008  
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