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## Hong Kong's Growth and its Impact on Pacific Rim Asian Countries

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### ABSTRACT

*All the countries in the Pacific Rim have impacted its growth in one way or another. In a very similar manner Hong Kong being one of the Four Asian Dragons has grown at a rapid pace and its impact is evident in the Pacific Rim. It is a known fact that GNP of Hong Kong has been growing and since it has been freed from the U.K. it has contributed to the overall Pacific Rim regions growth. Hong Kong has been able to generate a greater business network, improved infrastructure and gather large human capital which has led to greater growth rate and has made business operating in the country much engaging and easier. Once a country in the Pacific Rim develops its impact goes on to the other countries as well and especially to the countries in the region.*

**Keywords:** Hong Kong, Pacific Rim, growth rate, human capital and Four Asian Dragons.

### 1. INTRODUCTION

After having a growth rate of 2% for past few years Hong Kong has grown at a rate of 3.9% this year. And this growth or development has been mainly due to its increase in trade and investment with most of the Asia Pacific Rim countries and due to its increase in the exports and imports. There have been a lot of initiatives taken by the side of the government as well to enhance the growth of the country and it has definitely been helping for them. Aids from various surrounding countries have helped Hong Kong to develop its various sectors.

### 2. RESEARCH PROBLEM

Various countries have to look at the growth of the country before formulating decisions regarding investments or starting businesses in that country. Therefore, seeing how Hong Kong has developed over the past few years and its present scope for more development. We will be finding out in this paper that how the growth of the country not only influences everything within its borders but even outside thus bringing more investments.

### 3. LITERATURE REVIEW

Robert F. Ast and Y.Y. Kueh (Feb 2009) have stated in their article that economic alliance between Southern China and Hong Kong will have an effect on China's economy. Countries like China, Hong Kong, and Taiwan are unifying through trade and investment which can act as a threat to the global economy. Trade in Hong Kong has grown by 16%. Growth has been mainly due to its increase in exports and imports of technological products. Jacques Beirling and Georgina Murray (June, 1995) comprehends in their journal that China, Hong Kong and Taiwan are the emerging powers and the New Industrializing Economies (NIE). These countries have explicitly exploited the liberality of other economies.

Janina Winkler (2017), writes in an article about the economic growth of Hong-Kong which began growing during the 1950's. Hong-Kong's government has encouraged tax incentives and inexpensive labour which resulted in investment by mid-sized companies. During the years 1961 to 1997, Hong-Kong was considered one of the richest in the world as its GDP grew by 180 times. A strong administration, absence of open obligation and stringent regulations features that the nation is set well for consistent development despite a less impressive rate.

Ezra F. Vogel (1992), Over the most recent four decades Japan and the four "little dragons" - Taiwan, South Korea, Hong Kong and Singapore-which together constitute under four percent of the total populace, have moved toward becoming with Europe and North America one of the three pillars of the modern industrial world. Vogel says that they achieved this success by U.S. aid, the destruction of the old policies, a feeling of political urgency, an excited and plentiful labour supply and commonality with the Japanese model of achievement as one bunch of elements but he also stated that the complex of institutional and social practices established in the Confucian custom yet adjusted to the necessities of an advanced society-"modern neo-Confucianism" has also contributed to the success of extraordinary growth of Hong-Kong. Jane W. Moy and Vivinne W. M. Luk (Jan 2007), This article talks about the major obstacles which is associated with different stages of SME development in Hong-Kong and some of the strategies used by SME to overcome these problems.

Mo, Pak Hung (Mar 2001), This examination presents another point of view on the role of corruption in monetary development and gives quantitative assessments of the effect of corruption on the development and significance of the transmission channels. Through their research they found out that 1% increase in the corruption level reduces the growth rate by about 0.72%. The most critical channel through which corruption influences economic growth is political instability, which represents around 53% of the aggregate impact. They also found out that corruption decreases the level of human capital and the share of private speculation or investment.

Agnes Lao and Robin Snell (1996) stated in their article that how the small businesses have developed in the country of Hong Kong and how they still continue to grow. There is the top-level structure's desire for the firms to grow while acting bureaucratically. As soon as the company grows more machines are required by the company and the structure changes accordingly. Once the company has reached a point above 100 employees it will gradually develop business contacts and will require good staff relationships so as to have smooth functioning. The employees support is very much essential in whatever a company does so that the company can grow and reach its true potential.

Anne Halia (2000) stated in her article that even though land is very less in city states like Singapore and Hong Kong but still real estate forms a very important place in the economy. The companies from other countries have been established over there and have generated revenue for the government as well as for the general public. They also form a part of the stock market and are helping the economy grow through those means as well. We can refer to a major part of the land in these countries as publically owned and it is still immobile. However, these countries are yet different on the basis of their policies for management in their respective countries.

Christopher Howe (February, 2009) stated there have been great analyses for China and Hong Kong in the recent economic performances but the chemistry of their growth is still not well known. We can see that the output of these countries is huge but this cannot help us to know exactly how the growth has happened or how it is happening. We are taking such precautions so as to not be misled. Before a policy is made it needs full understanding of the present situation so there has been changing economic relationship between China and Hong Kong and there have been variations in Hong Kong's economy as such too.

Jek Aun Long and Danny Tan (January, 2011) stated how the growth of private wealth management has in Hong Kong and Singapore. Singapore used to be regarded as one of the best countries for its private banking sector but soon it will be losing its position. But the industry thinks that the private wealth management and the private banking sector has been able to generate nothing short of impressive and are performing at a greater pace. The legal and regulatory frameworks have played a great role in this performance and phenomena.

Becky P.Y. Loo and Alice P.Y. Chow (2006) states that the changing urban settlement and its impact on the sustainable transportation in Hong Kong. Many people are opting for living in Hong Kong and that too away from the core areas. People's travel behaviour is impacting the transportation system and its patterns. The car ownership rates in Asia being less and the urban expansion high that is how it is having a huge impact on sustainable transportation. Travel characteristics of people can be viewed as new dimension to assess its growth and the living standards of people of Hong Kong and it can also help in the formulation of policies.

#### **4. CONCLUSION**

According to the statistics stated by HKTDC, In the third quarter of 2017, Hong Kong's financial development extended by 3.6% year-on-year in real terms. For the initial three quarters of 2017 taken together, the Hong Kong economy developed by 3.9% year-on-year in real terms, from 2% for 2016. The year-on-year development of private consumption expenditure stimulated to 5.3% in real terms for the initial three quarters of 2017, from 1.8% for 2016.

The four pillar economic sectors of Hong Kong are: trading and logistics (22.3% of GDP in terms of value-added in 2015), tourism (5%), financial services (17.6%), and professional services and other producer services (12.3%). On the other hand, the six industries which Hong Kong has clear advantages for further development are cultural and creative, medical services, education services, innovation and technology, testing and certification services and environmental industries, which together accounted for 8.9% of GDP in terms of value-added in 2015.

Hong Kong is so far the most important depot of the Chinese mainland. Hong Kong is also the largest source of overseas direct investment in the Chinese mainland. It is a key offshore capital-raising centre for Chinese enterprises. In July 2017, the mutual bond market access between Hong Kong and the Chinese mainland was launched to promote the development of the bond markets in the two places. This shows the impact of Hong-Kong on other Pacific Rim countries.

## **5. DISCUSSION**

In light of an enhancing worldwide exchange condition, Hong Kong's export performance has been above par thus far since 2017. Hong-Kong is the world's 6th largest exporter of merchandise trade and also the world's 15th largest exporter of commercial services. Hong Kong is a popular venue for hosting regional headquarters or representative offices for multinational companies to manage their businesses in the Asia Pacific, particularly the Chinese mainland. It is a leading telecommunications hub for the Asia-Pacific region, a premier offshore RMB centre, the world's busiest airport for international cargoes, one of the world's busiest container ports, the fourth largest stock market in Asia, the eighth largest in the world and the second largest foreign exchange market in Asia, the fourth in the world. Hong-Kong is also the world's freest economy and most service oriented economy.

## **6. FUTURE TRENDS**

Hong Kong has an extremely solid financial base, which has empowered it to endure times of monetary hardship. Its monetary quality helped it survive the serious budgetary emergency of the late 1990s with minor harm, contrasted with the broad demolition of numerous Asian economies. This solid monetary base will help Hong Kong to recover its misfortunes and grow its economy to assume a larger share in worldwide markets. Hong Kong's entrance to China will make a huge commitment to the extension of its economy and will raise its global status. China's wealth of land and crude materials and its ease of work have tended to the real confinements of the Hong Kong fabricating division. These impediments have kept it from developing in light and customer ventures and from building up work and land-escalated businesses, including substantial industry. Mainland China has in this way offered to Hong Kong an open door for mechanical development and extension of fares of produces. It has likewise offered its immense 1.3-billion in number market, the world's biggest, for speculation and fares. This has put the Hong Kong economy well in front of numerous other created economies, which have been attempting to increase broad access to China. Hong Kong's manufacturing will definitely extend, and its part in its economy will turn out to be more prominent, yet the service sector will remain the biggest and most dominant segment and the engine of development.

Hong Kong's cutting edge and IT enterprises have an awesome potential for development. The cutting edge and IT ventures ought to have a more grounded nearness in worldwide markets throughout the following couple of years, despite the fact that they confront most difficult challenge from the developed industries of Taiwan, Singapore, and South Korea.

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