

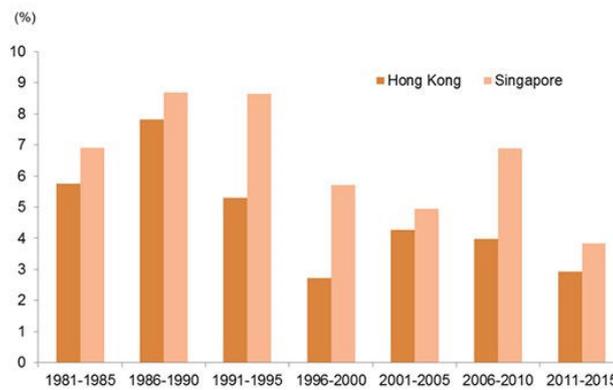
Does Hong Kong lose to Singapore? Zero Game Sum.

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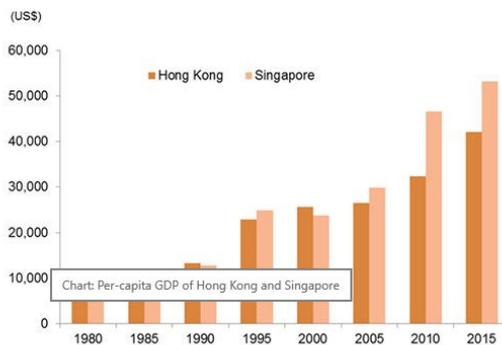
Hong Kong has been losing to Singapore in terms of growth and per capita GDP in the recent years, but according to statistics, labor productivity in Singapore is only 15% higher than in Hong Kong. Both places enjoy exceptional growth since 1980, especially in the area of electronic services and banking services.

Real GDP Growth (Five-year Period-average) of Hong Kong and Singapore



Source: International Monetary Fund

Per-capita GDP of Hong Kong and Singapore



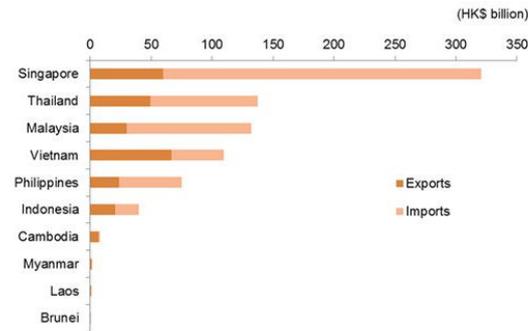
Source: International Monetary Fund

The main reason for Singapore's prosperity relatively to Hong Kong, both in terms GDP and in terms of growth is the island's labor policy, which has essentially increased the percentage of workers and the number of working hands on the island. In 2014, the percentage of people employed in Singapore was 64.6% while in Hong Kong it was 53.5%.

Despite these figures, Singapore and Hong Kong seem to complete each other, including zero-sum trade in electronics and in other areas too. Out of all Asian countries, Singapore is the largest export

destination for Hong Kong (more than 300 billion Hong Kong dollars), mainly consisting of components and parts of electronic products (eg electronic circuits and printed circuits).

Hong Kong's Merchandise Trade with ASEAN by Country in 2014



Note: * less than HK\$2 billion
Source: Hong Kong Trade Statistics, Census & Statistics Department

Despite the removal of taxes between China and Asian countries in 2010, e-commerce between Singapore and Hong Kong rises by 9% from 2009 to 2014 only, and continues to rise. Compared to other countries, the growth rate is only 5% per year.

Singapore is the largest investment location for Hong Kong according to the Singapore Ministry of Statistics and makes the relationship between the two islands very significant and highly integrated.

According to a 2011 study among managers regards the location of a preferred office in Asia Pacific, most managers ranked the office location criteria in the following order: first criteria would be the proximity to customer/market, than preference for legal convenience and taxation, business stability, access to financing sources, Accessibility to transport of goods and access to professional personals (in this order).

The questionnaire reveals what appears to be macro-economic data that trade between the two countries is very large even though the two countries do not have very large local production volumes. Singapore play and will play an important role in China's growth thanks to trading with Hong Kong and from there to China while Singapore is the gateway to South Asia for China.

The two countries, Hong Kong and Singapore, are based on English law, which is an ideal choice as a bilateral place, negotiation of contracts, and access to capital and banking services, which are important elements for free trading between them. Their location complements each other.