

Hong Kong: Why Not Become The ' Los Angeles' of China?

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November 2001

Recently there have been much debate about and comparison made between Hong Kong and Shanghai, and admittedly the focus seems to be on being / becoming the NYC (New York City) or Manhattan of China. Notwithstanding other possibilities and that there is a prosperous market niche in being the China's NYC, **the author wonders if Hong Kong is even more suited to becoming say the LA (Los Angeles) of China.** Here are some of the reasons:

- a) **A more complimentary role** from an economic and administrative angle to China and especially the (southern China) region = we are NOT advocating avoidance of competition yet picking a viable market niche, which leads to better business effectiveness and more efficiency use of resources, for oneself is also a must. There seems to be much more opportunity for ' synergy' (mutual cooperation and benefit) between Hong Kong and the southern part, especially the Delta Region including Guangzhou, of China. For instance, Hong Kong needs further assimilation with its ' hinterland' for our own industrial production and market expansion, while the Delta Region can use our financial and legal networks and know-how, not to mention the closer distance, language and culture. Put simply, **why waste our resources** (time, effort and money) on being China's NYC which up till now no one seems to have given any thought on how much economic gains there will be when we can probably do better by being a LA for southern China?
- b) **Hong Kong needs a larger population base** to maintain its economic significance anyway = we had in April 1998* suggested via our real estate newsletter that Hong Kong needed (and still needs) a much larger population base to keep its economic edge among the in China and Asia. The convenient way to do this is to assimilate even more with the various towns, counties and cities within the Delta Region in the economic sense leading to, like LA, a relatively loose network of towns, counties and cities each with its own economic focus and advantages thus contributing to a variety of industries and business activities ranging from agriculture to movie making. Hasn't the Hong Kong Government been longing for this economic variety? If so, the current Hong Kong population base of around 7M is too small for having such a variety whereas the additional 20M population in the nearby southern areas can make this a possibility. As a SMSA (Standard Metropolitan Statistical Area), **this 27M population is not something anyone can ignore!**
- c) **Becoming the LA for China is NO small feat** i.e. achieving it is NO LESS a reflection on our abilities and capabilities than in becoming a NYC = For instance, without the LA in the USA, there will not be a Hollywood as we know it and that is a big global operation in itself, and this does not even take into account entertainment conglomerates such as Bugs Bunny (Universal Studio) and Mickey Mouse (Disney). One advantage of following the LA route is that complaints of having a financial industry bias will be reduced and other non-finance related industries would have NO more reasons to argue they have been disadvantaged.

- d) China as a growing economy will need **MORE THAN ONE** financial and service center = irrespective of who is to become China' s NYC, it is unlikely that it alone can corner and cater to all business and financial needs of China, just like NYC in the USA does not have an exclusive monopoly on all trades and finances albeit its market share of them is significant. There is room for a Boston, San Francisco and / or LA.

We also wish to emphasize that these terms ' the LA or NYC of China' etc are conceptual in a sense they only help in conveying more easily to people the possible role for a city and its nature of city development, though on a practical level both may to some extent imply similar economic policies and business actions. Also, becoming whatever one wants to become is NOT a simple matter of having the ' right stuff' , external factors and environment may be equally vital. It is just that IF Hong Kong in the process of wanting to become the NYC of China fails to pay enough attention to its southern neighbors by being overly focused on beating the NYC rival(s), real or potential, it may stand to lose more than it may gain. **Pure rhetoric and too much ego may sometimes hurt.**

*The article can be viewed at <http://www.real-estate-tech.com/articles/Retech7d.pdf>

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