

THE ECONOMIC IMPACT OF HONG KONG PROTESTS LEADS TO RECESSION



The economy of Hong Kong will likely go through a recession by the end of 2019 as a result of the economic impact of months of mass protests in the former British colony, which have particularly damaged the tourism and retail industries, as Hong Kong's leader Carrie Lam has warned.

"We are likely to have negative economic growth for the whole year of 2019," said Lam to the press, where she has anticipated that the country will probably not meet the full-year growth of 0 to 1%, compared to the 3% increase in 2018.

Lam's bleak forecasts come just two days after Hong Kong's Financial Secretary, **Paul Chan, anticipated that the economy of the former colony has slipped into recession.** Chan said that the Hong Kong economy has continued to fall during the third quarter, which added to the negative growth in the second quarter, "meaning that our economy has entered technical recession," he wrote.

While waiting for official data that will be announced soon, the Financial Secretary said that the rate of contraction of Hong Kong's GDP had accelerated between July and September, making it "extremely difficult" to meet the growth goal set for 2019 "without ruling out the possibility that the full-year economic growth will be negative".

In this regard, Chan pointed out that during the month of September the value of Hong Kong's exports had dropped 7.3%, with a fall in the third quarter of 6.4%, almost two percentage points more than the decrease of the previous quarter.

In July, the economic impact of the protests started to be felt when the number of tourists in the metropolis began to drop noticeably. **There was a fall of almost 37% in arrivals for August and September, while the situation in October even worsened with a 50% drop in tourism arrivals during the first half of the month.** "The tourism industry [data] says that the situation is worse than during the SARS crisis in 2003," Chan wrote.

The government has pledged \$ 12 million in aid to travel agents and hotels and airlines. For every tourist there is a premium of 120 Hong Kong dollars (US\$ 15) per night, a maximum of 60,000 Hong Kong dollars, just under 7,000 euros, a single company can receive maximum. The program is scheduled to run until next March.

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