

CAN HONG KONG'S TOURISM HALT BENEFIT SINGAPORE?



While Hong Kong recently announced that it would allow transit passengers again in June, the situation is very different for entry tourists, who are not allowed to enter the city-state for another three months.

The Hong Kong Minister of Health, Sophia Chan, announced that Hong Kong will extend visitation restrictions by 3 months. **Based on this regulation, tourists will be allowed to re-enter in late September.**

Hong Kong's tourism was hit hard when the authorities introduced a travel ban for visitors on March 24 and have extended it several times. The ban was supposed to expire this month, but as mentioned above, it will be prolonged again. This will happen despite the fact that the state has dealt very well with the Coronavirus, with only 1,100 cases per 7.5 million inhabitants and 4 deaths overall.

The city-state was and is economically hit hard by the pandemic. Tourism and retail are important economic sectors of the state, which has already suffered enormously from the protests. Hong Kong's economy declined by 1.2%, while its GDP fell by 2.9% in the fourth quarter of last year.

Moreover, the number of visitors decreased by 98.6% in March compared to 2019, as announced by the Hong Kong's Tourism Board, while sales shrank by 42% during the month. The Hong Kong Retail Management Association (HKRMA) has also predicted that one-fourth of retail stores will close by the end of this year.

Could this recession, along with the prolonged travel ban, perhaps lead to a change in the tourism dynamics in the region? Could Singapore, one of the other major hubs of the region, take advantage of the dire situation in Hong Kong?

At this point, the likelier answer is no. The Coronavirus pandemic has also had a strongly negative effect on the country's economy and the tourism sector has also been struggling in these difficult times for the industry.

Furthermore, as reported by the Economic Times, Singapore is heading towards the "worst-ever recession in nearly two decades." It must also be noted that Singapore and Hong Kong have strong business ties. Thus said, the problems of one will also naturally affect the other.

Finally, while Hong Kong benefits greatly from Chinese luxury tourists, Singapore cannot offer the same conditions as well as the proximity of Hong Kong. **The luxury segment is still evolving in the country and will have a hard time taking the edge over major hubs like Tokyo, Macao or Seoul.**

All in all, Singapore probably could benefit slightly from Hong Kong's tourism ban, but it will hardly take the state's position as the major trade and tourism hub in the region. Also, because the Asia-Pacific boasts many emerging metropolises (Kuala Lumpur or Bangkok), as well as more established ones like the above-mentioned Tokyo and Seoul or the Chinese cities of Shenzhen and Guangzhou.

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