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COMPETITIVE AND COMPLEMENTARY FEATURES

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A positive approach to Hong Kong - Singapore relations is to investigate how both can benefit from the competitive and complementary features of the two economies. Can they gain by co-operating? The old-fashioned view was that when two countries competed for industrialisation, what one gained in capital, expertise and export markets, the other lost. This is too simple an approach. Economists drawing lessons from the development of the European Economic Community, stress how industrial progress in a member country stimulates growth and prosperity in the other members, even though they manufacture and sell to each other similar goods like cars, refrigerators and washing machines. And E.E.C. prosperity benefits even those outside the Common Market. When purchasing power increases, the EFTA countries export more to E.E.C. When there is a recession, EFTA exports decline.

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American economic expansion through their corporations investing in Europe, either through take-overs or mergers, aroused suspicions, and even resentment. Now it is generally acknowledged that these extensions of American giant conglomerates have injected new management skills and production techniques, forcing indigenous European companies to modernise their management and increase efficiency to survive, or be taken over. Even Japan, the most nationalistic of all industrial nations regarding the control of their economy, has recently agreed to loosen the restrictions on investment of foreign capital in her industries.

Hong Kong and Singapore can reinforce and back each other to mutual advantage. Industrial expansion in one, is not necessarily at the expense of the other. It can be beneficial for temporary shortages of capital, managerial, professional or technical skills, to be made up by borrowing without any detriment caused to the lender. Before and immediately after the war, Hong Kong University trained doctors for Singapore. Today, Singapore is happy to return the compliment and have Hong Kong recruit doctors from Singapore. Hong Kong has international marketing expertise for light industrial products. Singapore's network in Southeast Asia facilitates the distribution of these products. She also gathers the raw materials, like timber, rattan and tropical

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produce, which Hong Kong needs for her manufactures. The two can supplement each other's network.

When Sukarno's Indonesia confronted Malaysia in 1963, considerable capital and entrepreneurial activity shifted from Singapore to Hong Kong. When Hong Kong had disturbances in 1967, there was a temporary shift of capital and entrepreneurial activity to Vancouver and Singapore, amongst other places. When the disturbances subsided, part of the capital and entrepreneurial energy flowed back to Hong Kong, probably more from Singapore than Vancouver.

It may not be so well-known that Hong Kong and Singapore specialise in different industrial sectors. Their different locations, different histories, and the different assessments investors have of their future, have brought about different developments in industry. Capital and skills are differently concentrated. 51.6% of Hong Kong's domestic exports in '68 were textiles (yarn and fabrics), clothing and footwear. These goods were only 4.9% of Singapore's total industrial output. Printing and publishing was 10.4% of Hong Kong's exports. It was only 3.2% of Singapore's industrial output. These items, textiles, clothing, footwear, printing and publishing comprised 44.2% of Singapore's total imports from Hong Kong.

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On the other hand, petroleum refining was 24.8% of Singapore's industrial output in 1968. Hong Kong has none. Petroleum products were 51% of Singapore's total exports to Hong Kong in 1968.

And the logical development from petroleum refining, is the servicing of tankers and the development of petro-chemical industries. Singapore's shipping line, the Neptune Orient, is going into partnership with Hong Kong's World-wide (Shipping) Ltd. for the purchase and charter of super tankers.

Further, Singapore's four airfields, three of which are being handed over by the R.A.F., with a complement of ready trained manpower, plus equipment and instruments, gives Singapore a base for aerospace industries.

Even in an area where they are competing, like ship-repairing and ship-building, the emerging pattern shows different specialisations. Hong Kong builds more pleasure craft. Singapore is developing a specialty for naval vessels and oil exploration equipment. The British Naval Dockyard now going commercial, provides a reservoir of electronic skills and expertise which gives Singapore a head start in naval ship-building. The recent spurt in oil drilling and extraction in the region, has generated intense activity in the building of barges, platforms and rigs.

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Of the 500 industrial enterprises in Singapore with a paid-up capital of nearly $860 million, Hong Kong's participation is in 109 firms with a capital of $44 million, or 5%. They are concentrated in textiles and garments (25), chemicals (8), plastics (7), all Hong Kong's specialties. Singapore's contribution to Hong Kong's G.N.P. is through banking, hotels, entertainment, and films, and some manufacture.

Singapore is keen to acquire a special feature of Hong Kong's industrial activity. There is a thrust and bustle that come to a people who want to make the most of time. Singapore offers the more circumspect approach, suited for any industry with a longer gestation period and a deeper base. These two different ethos of entrepreneurial activity can be married to advantage. The two can co-operate and develop a special relationship. As a sovereign state, Singapore participates in many regional programmes. Hong Kong, technically a colony, cannot. But she can plug into these programmes via Singapore. For instance, the SEAMEO (Southeast Asian Ministers of Education Organisation) Regional English Language Centre in Singapore has been made accessible to Hong Kong students. So too, Colombo Plan training and scholarships, and all the regional groupings now set up.

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We shall be offering annually scholarships to Hong Kong students, similar to our ASEAN Scholarships. Those who have completed their G.C.E. 'O' levels can do two years at our National Junior College for the Cambridge Higher School Certificate 'A' levels. Those with 'A' levels can read for various degrees at the University of Singapore in the English language, or the University of Nanyang in the Chinese language.

The two are developing a co-operative relationship. And capital and expertise, which may otherwise be irretrievably lost if they leap-frog to places like Canada or Australia, will more likely flow back and feed back if they move from Singapore to Hong Kong, and vice versa.

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