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Tech park boosts city's bid to be a knowledge economy

By Naubahar Sharif

To kick off the New Year, Hong Kong and Shenzhen signed a deal on last Tuesday to jointly develop the Lok Ma Chau Loop — an 87-hectare area of land on the city's northern border — into an innovation and technology (I&T) park. Some have immediately questioned whether Hong Kong needs, or wants, such a development. Some wonder whether Hong Kong even has the expertise to manage and nurture such a venture.

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Does Hong Kong need such an I&T park? Does Hong Kong even need to promote science, technology and innovation locally? If so, then all instruments, vehicles, and avenues — including the proposed park — merit serious consideration.

Skeptics, however, hold that Hong Kong has become a successful, first-rate, mature and globally competitive economy without focusing significant attention on science or I&T. Why, then, does Hong Kong need to invest in I&T — this would be, after all, a long-term, costly endeavor for which the outcomes are nowhere near certain — at this particular juncture in its development?

A second view holds that pursuing I&T can help Hong Kong diversify its economy beyond the four traditional "pillars" (finance, trading, tourism, and professional services) and thereby broaden its economic base, reduce its vulnerability to externally induced shocks — particularly financial crises (such as the Asian financial crisis or to a lesser extent the global financial meltdowns) — and also propel it further along the path to becoming a knowledge-based economy.

Whether Hong Kong needs this I&T park depends, then, on the future direction of its economy. If Hong Kong is to become a global player in the knowledge economy then developments such as the proposed park are indispensable indeed.

Suppose, however, that we concede to the skeptics that Hong Kong does not need to promote I&T development to remain successful. We can still ask whether Hong Kong should want a technology park such as the one proposed. In the development of countries from the period of the British Industrial Revolution (1760–1830) onward we find a common pattern. Almost all economies that we now consider to be "first world" or "technologically advanced" engaged at one time in labor-intensive, polluting and "low-end" activities.

Textile manufacture, for example, was predominant in England, the United States, Japan, and indeed even in Hong Kong several decades ago. As labor, land and other factor input costs rose, each of these economies diversified, embracing knowledge-intensive industries such as high technology, education and training, research and development (R&D), health services, and finance/investment. Hong Kong now has a vibrant financial services industry but few R&D-intensive industries. The historical lesson is that most "first-world" or "advanced" economies have made the transition to R&D and high technology.

Perhaps more importantly, though, consider how vibrant and entrepreneurial a technology hub Shenzhen has become. Its transformation from a sleepy rural village into a high-tech dynamo in the metaphorical blink of an eye is nothing short of breathtaking. Indeed, some label it the world's "Silicon Valley of Hardware". Similar forms of entrepreneurial flair (albeit without the technological element) propelled much of Hong Kong's growth from the 1960s onward. In other words, Hong Kong's many entrepreneurs should be able to find fellow travelers in Shenzhen's thriving startup technology landscape. A closer look at Shenzhen's flourishing ecosystem, however, uncovers a gaping hole that Hong Kong can fill: that of basic research produced by the higher education system. In this respect Hong Kong's tertiary institutes rank far higher and are of greater international repute than those in Shenzhen or indeed even in all of Guangdong province.

One criticism leveled at Hong Kong's universities — despite their success in undertaking internationally recognized research — has, however, been their inability to commercialize or yield value from such research. Shenzhen has, of course, been generating value from its technology-based entrepreneurial activity without significant input from basic research institutes such as Hong Kong's. Surely Hong Kong can offer an impressive value proposition to Shenzhen: Leverage our universities' expertise to take its high-tech sector to new heights. If ever there was a strong case for combining the strengths of the two cities, it lies therein.

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