

Boao Forum Highlight – Regional Integration and Future Development of the Guangdong, Hong Kong, and Macao Greater Bay Area

Bay Area economy is a new bright spot in the global economic arena. Bay areas – as demonstrated by Tokyo, New York and San Francisco bay areas – have played a vital role in the national economy and act as a bellwether for technological change. Amongst all the bay areas in China, the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) has arguably the greatest potential.

On 8th April, the “Boao Forum for Asia Annual Conference 2018” commenced in Boao, Hainan province. With the theme of “An Open and Innovative Asia for a World of Greater Prosperity”, over 60 sub-forums will be held during the four-day forum.

One of the sub-forums focused on the hot topic — the Greater Bay Area. Participants included Fan Gang, Director of the China Development Institute, Carrie Lam Cheng Yuet-ngor, Chief Executive of the Hong Kong Special Administrative Region, Leong Vai-tac, Macao SAR Secretary for Economy and Finance, Antony Leung Kam-chung, Chief Executive of Nan Fung Group and former Financial Secretary of the Hong Kong SAR, and Guangdong provincial chief Ma Xingrui. The forum probed into not only the opportunities and future development of the Greater Bay Area but also its integration plan.

Dr. Victor Fung Kwok-king, Group Chairman of Fung Group was invited to join this year’s forum and served as the moderator in the Greater Bay Area sub-forum.



From left to right: Dr. Victor Fung Kwok-king, Group Chairman of Fung Group, Fan

Gang, Director of the China Development Institute, Carrie Lam Cheng Yuet-ngor, Chief Executive of the Hong Kong Special Administrative Region, Leong Vai-tac, Macao SAR Secretary for Economy and Finance, Antony Leung Kam-chung, Chief Executive of Nan Fung Group and former Financial Secretary of the Hong Kong SAR, and Guangdong provincial chief Ma Xingrui | Source: Fung Business Intelligence

Uniqueness of the Greater Bay Area

“One country, two systems, three customs territories and four core cities” — the Greater Bay Area’s uniqueness is, at the same time, its greatest challenge. Speakers shared their views on how to make the most of this uniqueness and tackle the related issues.



At the forum | Source: Fung Business Intelligence

Dr. Victor Fung Kwok-king: GDP of the Greater Bay Area will maintain rapid growth

Dr. Fung pointed out that in 2016, the GDP of the Greater Bay Area was US\$1.3 trillion, while the GDP figures were US\$1.8 trillion for the Greater Tokyo Area, US\$1.7 trillion for the New York Metropolitan Area and US\$800 billion for the San Francisco Bay Area.

Dr. Fung further noted that, research suggested that the GDP of the Greater Bay Area could expand to US\$4.6 trillion by 2030, compared with the Greater Tokyo Area’s US\$3.2 trillion and New York’s US\$2.2 trillion.

Carrie Lam: Attract international capital with Hong Kong's unique advantage



Carrie Lam Cheng Yuet-ngor, Chief Executive of the Hong Kong Special Administrative Region, speaks at the sub-forum | Source: Fung Business Intelligence

Carrie Lam, Chief Executive of the Hong Kong Special Administrative Region, said that under the unique advantage of “One Country, Two Systems”, Hong Kong has its own economic, social, and legal systems, along with a free and open market, fine tradition of the rule of law and a business environment that is well aligned with international standards. With these unique attributes, Hong Kong can introduce international companies into the Greater Bay Area and help Chinese mainland enterprises go abroad.

At the same time, the Hong Kong government has set up the Chief Executive's Council of Advisers on Innovation and Strategic Development, of which Dr. Fung is a member. The newly-established Policy Innovation and Co-ordination Unit, along with the Council, will take forward the development of innovation and Technology in Hong Kong.

Hong Kong is home to the world's busiest airport by cargo throughput and the third busiest by passenger traffic; an international financial hub and the world's largest offshore Renminbi business centre; and five of the world's top 100 universities. All these resources not only help the Greater Bay Area to become more international but also assist with the internationalization of the Renminbi.

Finally, three major cross-border infrastructure projects will be completed in the coming year, including the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Liantang/Heung Yuen Wai Boundary Control Point. All these will open door for the “one hour living circle” in the Greater Bay Area.

Concerning the integration of Guangdong cities, Hong Kong and Macao in the Greater Bay Area, Carrie Lam pointed out that two problems Hong Kong faces are land and manpower (including its quality and quantity), while its strengths are in finance (including financing, bonds and offshore Renminbi) and a strong research and development capacity. Guangdong can complement Hong Kong's disadvantages, while Hong Kong's strengths can serve the needs of the other Guangdong cities. Thus, Hong Kong's integration into the Greater Bay Area can achieve "complementarity and mutual benefits".

Ma Xingrui: Technological innovation is the priority, with six specific measures



Guangdong provincial chief Ma Xingrui sharing his view | Source: Fung Business Intelligence

Guangdong provincial chief Ma Xingrui said that the Greater Bay Area is an integrated area of 56,000 sq.km. and a permanent population of 68 million. The aggregate size of the economy of the Greater Bay Area (including Hong Kong SAR, Macao SAR, and 9 cities in the Pearl River Delta) is 10 trillion yuan, which is close to that of the New York Metropolitan Area. Also, there are 16 Fortune Global 500 enterprises and over 30,000 hi-tech companies located in the Greater Bay Area. The Greater Bay Area has the world's largest group of seaports and airports.

Mr. Ma also emphasized that the highest priority of the Greater Bay Area will be technological innovation, which is the Greater Bay Area's biggest weakness compared with the other four bay areas.

In terms of the integration of Guangdong province with Hong Kong and Macao, he said that Hong Kong and Macao have comparative advantage in technological innovation and talent acquisition, while Guangdong is the nation's dominant performer in industry-

led research and the transformation of innovation into productivity. Ma sees great room for synergy between the original innovation capability of Hong Kong and Macao and the innovation transformation capability of Guangdong. The resulting “technological innovation corridor” could catch up with the other bay areas within 10-20 years.

There are six specific measures according to Ma:

1. Accelerate the setup of the Great Bay Area coordination office to enhance the cooperation between Hong Kong, Macao, and Guangdong.
2. Remove the institutional and system barrier of “one country, two systems”, and give full play to the respective advantages of the cities.
3. Deepens investment facilitation, ease the flow of people, logistics and information.
4. Create world-class ports and airports, focus on international and domestic innovation resources, enhance the transformation of scientific and technological achievements, and build an international technological and innovation centre with global influence.
5. Strengthen the cooperation in fields such as educational and medical talents, social security and ecology. Facilitate Hong Kong and Macao residents to study and work in the Chinese Mainland, and build a quality living circle for living and travelling.
6. Participate in the Belt and Road Initiative based on international regulations, create a globally competitive business environment and cultivate new strengths in international cooperation.

Fan Gang: Large city clusters are beneficial to China's industrialization and modernization

Fan Gang, Director of the China Development Institute, expressed that the Greater Bay Area is a major strategic deployment in China’s development. As China is now undergoing urbanization, industrialization, modernization, and advancing towards high-technology, there is a great demand for space, urban agglomerations and formation of metropolitan areas. To provide more space for development, the Greater Bay Area is founded to solve the problems encountered during urban development such as housing, transportation, employment etc. “The Greater Bay Area is a new space. Just like Xiongan provides a bigger space for Beijing, Tianjin and Hebei, the Pearl River Delta is also a huge space.”

He also pointed out that the Greater Bay Area has huge potential and needs to make good use of the large space to promote integrated development. Currently, the Greater Bay Area has a population of 68 million. Fan predicts the region population will go up to 120 to 140 million in 2050.

The development involves various systems and mechanisms. Fan sees good prospects in the Greater Bay Area, “as long as we adhere to ‘one country, two system’, and the

three customs territories and the 9 cities & 2 special administrative regions cooperate genuinely, the development of the Greater Bay Area is promising.”

Lionel Leong: Macau to link up Portuguese-speaking countries with Greater Bay Area

Regarding the role of Macao, Secretary for Economy and Finance for Macao SAR Lionel Leong Vai Tac said that the city will leverage its close relationship with Portuguese-speaking countries to help the Greater Bay Area go global and attract foreign investment.

Leong pointed out that Macao will accelerate the development of the Renminbi clearing centre for Portuguese-speaking countries and make use of the China -Portuguese-Speaking Countries Co-operation and Development Fund to provide various financing services such as supporting fund clearing service and trade financing for Chinese and Portuguese businesses. The city will also explore the opportunity to develop different capital markets that match the needs of the Portuguese-speaking countries and the infrastructure development under the Belt and Road Initiative. The city will promote economic exchange between the Greater Bay Area and Portuguese-speaking countries and continue to proactively cooperate with Zhuhai. As a kick-start of the cooperation, Macao and Guangdong have already concluded negotiations on a 20-billion-yuan cooperation development fund. The corresponding agreement will be signed as soon as possible and the collaboration will commence accordingly.

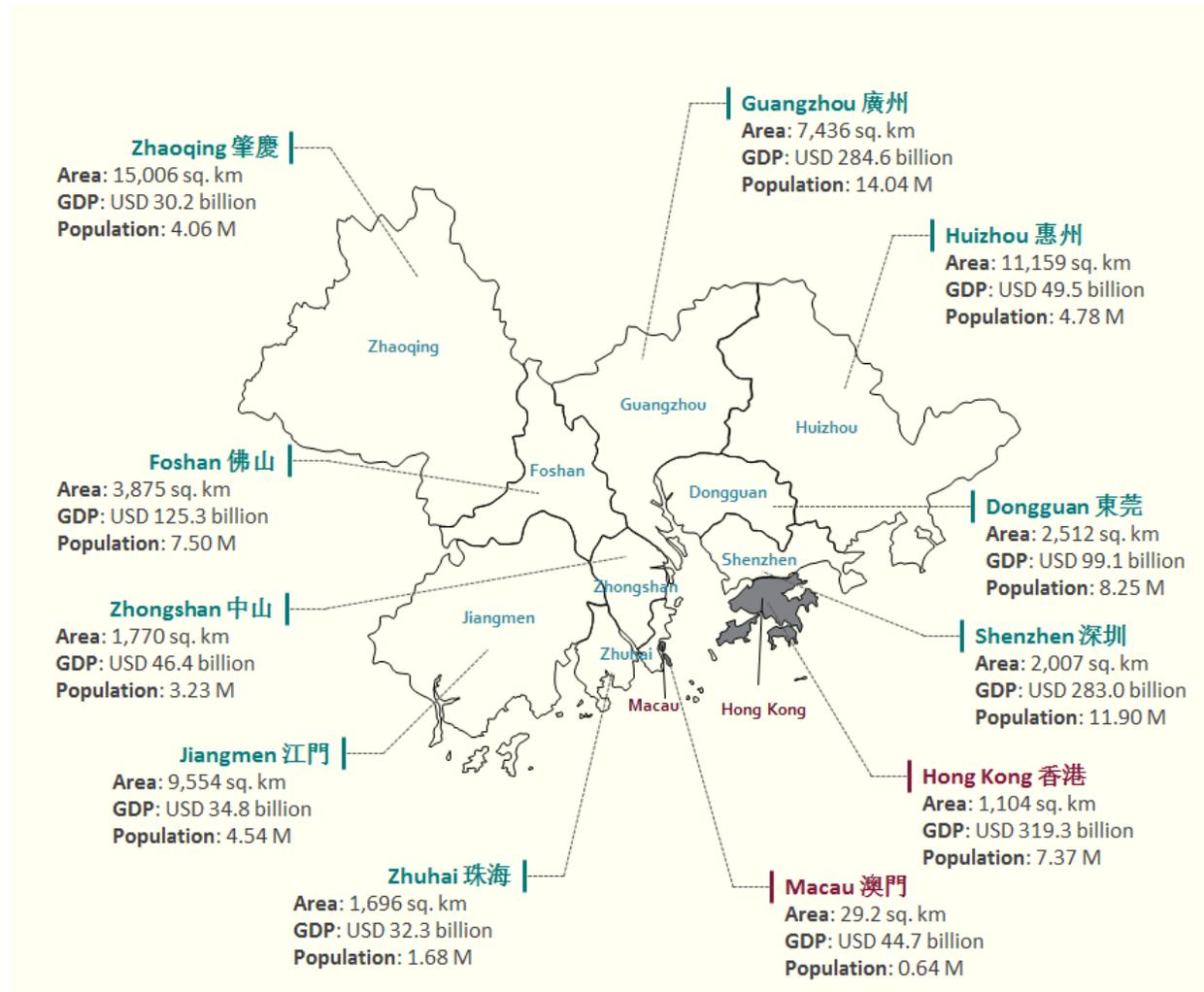
Leong also said that with its advantage as a tourism and leisure centre, Macao will strengthen its development as a tourism education and training base to build up a world class tourism and leisure destination together with the Area. Macao will capitalize on its strength in tourism management, education and training resources to strengthen the cooperation in tourism education with the Area and enhance service quality.

Regarding the technology industry, Macao will develop and internationalize Chinese medicine with the Greater Bay Area. More collaboration will be pushed forward between the cities to transform the technological and scientific achievement in Chinese medicines into healthcare services. The city will use the industry as a platform to promote the internationalization of Chinese medicine and help businesses in the industry to expand its footprint to Portuguese-speaking countries and Belt and Road countries through Macao. The EU-Macao Joint Committee has already agreed to organize information exchanges at expert level during its meeting in late March.

About the Guangdong-Hong Kong-Macao Greater Bay Area

The [Guangdong-Hong Kong-Macao Greater Bay Area](#) refers to a city cluster consisting nine cities in Guangdong province, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Zhaoqing, Jiangmen, Huizhou; and the two special administrative regions, Hong Kong and Macao. The cluster is comparable with New York Metropolitan Area, San Francisco Bay Area and Greater Tokyo area and it is

positioned to be an important vehicle for China to develop world-class city clusters and stand out in the global competition. (data of 2016)



Fung Business Intelligence

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