



# Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area: A blueprint for regional development

February 2019

## I. Introduction

### A. What is the Greater Bay Area?

The Guangdong-Hong Kong-Macao Greater Bay Area (hereinafter the 'Greater Bay Area') refers to a city cluster consisting of two special administrative regions, Hong Kong and Macao, and nine cities in the Guangdong province, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing.

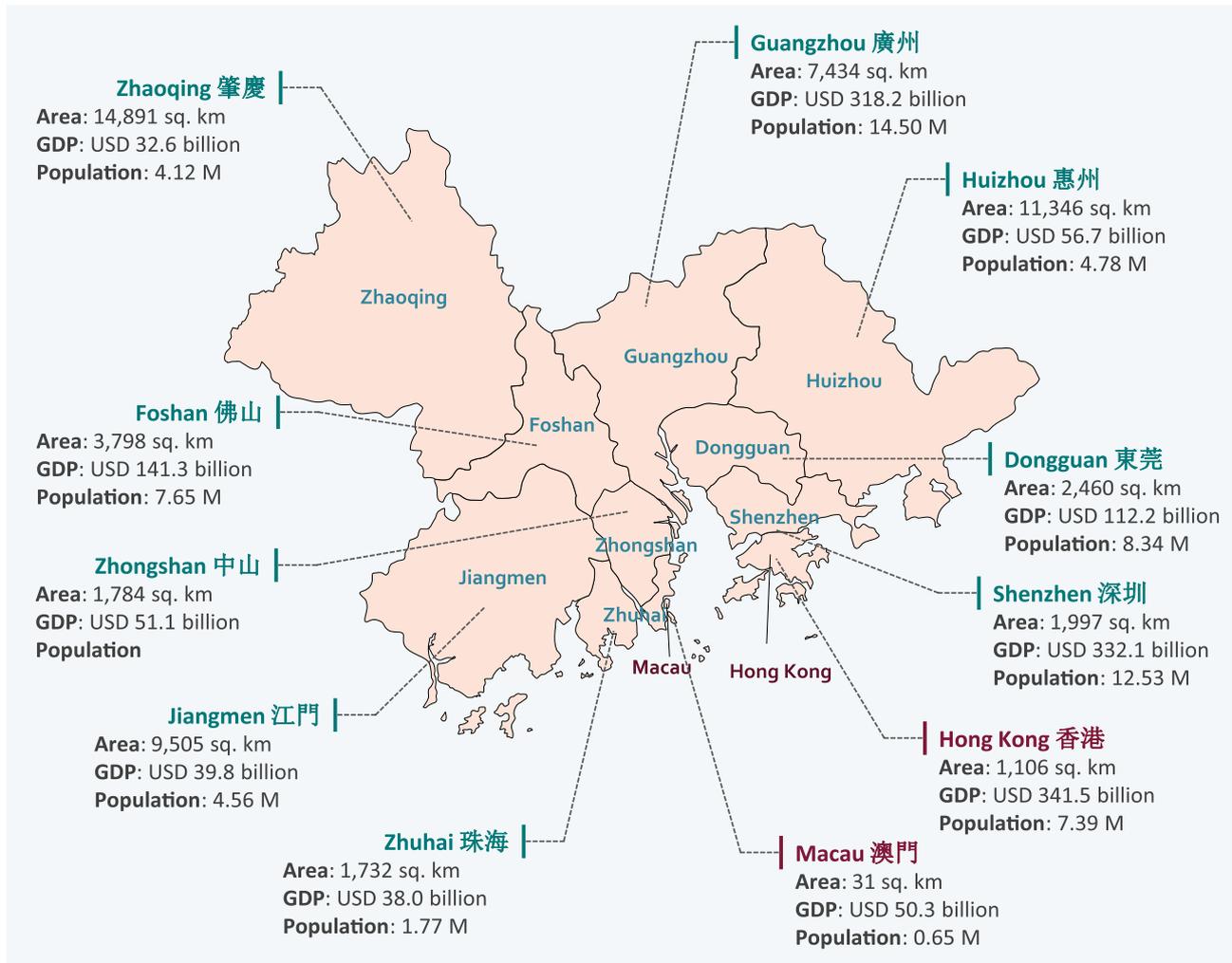
The concept of the Greater Bay Area has attracted considerable public attention since March 2016 when it was included in China's 13th Five-Year Plan (2016-2020), the blueprint for the country's economic and social development. It was highlighted again in the government work reports for 2017 and 2018, further indicating that the development of the Greater Bay Area is a key item in the agenda of the Chinese government.

On 18 February 2019, the Chinese authorities unveiled the *Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area* (hereinafter the Plan), bringing the concept one important step closer to actualization. According to the Plan, the development of the Greater Bay Area is not only a new attempt in China's further opening up, but also a further step in taking forward the practice of 'one country, two systems'.

### B. Features of the Greater Bay Area

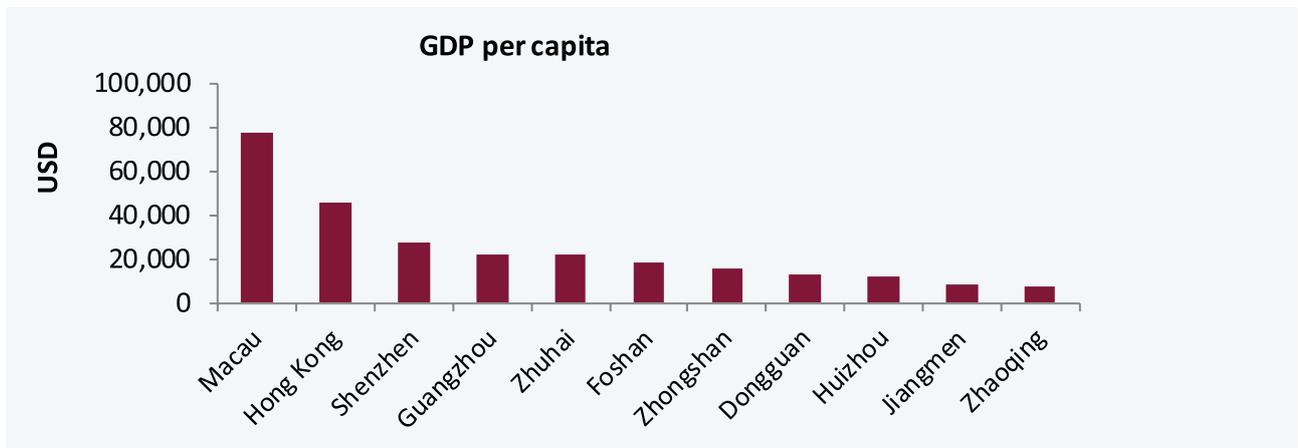
The Greater Bay Area is the most highly populated bay area worldwide, home to over 69 million people who are residing across a total area of approximately 56,000 sq. km. With a total gross domestic product (GDP) of US\$1.5 trillion and representing 12% of the country's GDP in 2017, the Greater Bay Area is one of the most economically advanced and vibrant regions in China.

**Exhibit 1: Basic information of Greater Bay Area cities (2017)**



Complied by Fung Business Intelligence

**Exhibit 2: GDP per capita of Greater Bay Area cities (2017)**



Complied by Fung Business Intelligence

## C. Strategic Positioning of the Greater Bay Area

The Greater Bay Area is positioned as a vibrant world-class city cluster, a globally influential international innovation and technology hub, an important support pillar for the Belt and Road Initiative, a showcase for in-depth cooperation between the Chinese Mainland and Hong Kong and Macao, and a quality living circle for living, working and traveling.

The Plan also specifies the positioning of various cities in the Greater Bay Area.

### Exhibit 3: Roles of the four core cities of the Greater Bay Area

Core city	Positioning	Other identity
Hong Kong	To consolidate and enhance Hong Kong's status as international financial, transportation and trade centres, as well as an international aviation hub	<ul style="list-style-type: none"> <li>• Financing centre for high-tech industries in GBA</li> <li>• Regional IP trading centre</li> <li>• Green finance centre in GBA</li> <li>• Exposition hub for television and film</li> <li>• International high-end convention, exhibition and sourcing centre</li> <li>• International tourism hub</li> <li>• Global offshore RMB business hub</li> <li>• Service centre for resolving disputes relating to Belt and Road projects</li> </ul>
Macao	To develop into a world-class tourism and leisure centre and a commerce and trade cooperation service platform between China and Lusophone countries	<ul style="list-style-type: none"> <li>• China-Lusophone countries platform for financial services</li> <li>• RMB clearing centre for Lusophone countries</li> <li>• Food trading and distribution hub for Lusophone countries</li> <li>• Cultural exchange centre between China and Lusophone countries</li> </ul>
Guangzhou	To comprehensively strengthen its functions as an international commerce and industry centre and integrated transport hub, enhance its function as technological, educational and cultural centres, develop into a global metropolis	<ul style="list-style-type: none"> <li>• Centre of Lingnan culture and a gateway for external cultural exchange</li> <li>• Nansha of Guangzhou – Focused area for the commercial application of achievements in innovation and technology in southern China</li> </ul>
Shenzhen	To expedite its transformation into a modern and international city, and strive to become a capital of innovation and creativity a capital of innovation and creativity with global influence	<ul style="list-style-type: none"> <li>• Globally influential and competitive cluster of world-class high-end manufacturing industries (with Dongguan)</li> <li>• Key global marine city</li> </ul>

## **D. Objectives of the Greater Bay Area Development**

The Plan covers the period from now to 2022 in the immediate term and extends to 2035 in the long term.

By 2022 the framework should essentially be formed for an international first-class bay area and world-class city cluster that is vibrant and highly innovative with an optimised industrial structure, a smooth flow of factors and a pleasant ecological environment.

By 2035, the Greater Bay Area should have an economic system and a mode of development mainly supported by innovation, with its economic and technological strengths vastly increased and its international competitiveness and influence further strengthened.

By then, the markets within the Greater Bay Area should basically be highly connected, with a very effective and efficient flow of resources and factors of production; the coordination of regional development should remarkably improve, with the influence on neighboring regions further strengthened. An international first-class bay area for living, working and traveling should be fully developed.

## II. Key Development Areas

The document touches on a wide range of goals and directions to push forward the development of the Greater Bay Area.

### A. Developing an International Innovation and Technology Hub

Innovation and technology are a main focus of the development of the Greater Bay Area. The Plan aims to develop the Greater Bay Area into a globally influential international innovation and technology hub by strengthening the development of innovation platforms, developing new technologies and industries, leveraging the strengths of scientific R&D and industrial innovation of the region, and facilitating the free flow of innovation factors in the region.

#### Key proposals

##### **Building an Open Community for Coordinated Innovation in the Region**

- To pursue the development of the ‘Guangzhou-Shenzhen-Hong Kong-Macao innovation and technology corridor’, explore policy measures to facilitate the cross-boundary and regional flow of innovation elements such as talents, capital, information and technologies, and jointly develop a Greater Bay Area big data centre as well as platforms for international innovation.

##### **Developing Quality Innovation and Technology Carriers and Platforms**

- To support the development of the five Hong Kong R&D Centres respectively for Logistics and Supply Chain MultiTech, Textiles and Apparel, Information and Communications Technologies, Automotive Parts and Accessory Systems, and Nano and Advanced Materials, as well as the development of the Hong Kong Science Park and the Hong Kong Cyberport.

##### **Enhancing the Environment for Innovation in the Region**

- To allow eligible higher education institutions and R&D institutes in Hong Kong and Macao to apply for Mainland technology projects.
- To support the engagement of Hong Kong’s private equity funds in the financing of innovation and technology enterprises in the Greater Bay Area, and develop Hong Kong into a financing centre for high-tech industries in the Greater Bay Area.
- To support the development of Hong Kong as a regional IP trading centre.

## Other proposals for developing an international innovation and technology hub

### **Building an Open Community for Coordinated Innovation in the Region**

- To strengthen cooperation in innovation and technology
  - > To promote the integration of Hong Kong and Macao into the national innovation system thereby enabling them to play more important roles.
  - > Fully leveraging the technological and the technological and industrial strengths of Guangdong, Hong Kong and Macao, to actively attract and connect global innovation resources.
- To enhance building of basic innovation capacity
  - > To support the development of major technological infrastructure facilities, R&D institutes as well as innovation platforms in the GBA.
- To enhance the in-depth integration of industries, academia and research
  - > To support Guangdong, Hong Kong and Macao enterprises, higher education institutions and R&D institutes in jointly developing quality collaborative platforms for coordinated innovation, and promote the commercial application of technological achievements.

### **Developing Quality Innovation and Technology Carriers and Platforms**

- > To accelerate the development of major technological infrastructure facilities, platforms of cross-study as well as emerging frontier researches in the GBA.
- > To support the development of major carriers for innovation such as the Hong Kong-Shenzhen Innovation and Technology Park and the innovation and technology base in Qingsheng of Nansha.

### **Enhancing the Environment for Innovation in the Region**

- To deepen reform of innovation systems and mechanisms in the region
  - > To study policies and measures to implement facilitation relating to immigration and customs clearance, working, living as well as the flow of goods within the GBA, and encourage interaction and exchanges between technological and academic talents.
  - > To enable Hong Kong and Macao R&D institutes in Guangdong to enjoy the same treatment as other Mainland R&D institutes, and enjoy various policies in support of innovation.
- To promote the commercial application of technological achievements
  - > To develop the GBA into a base for the commercial application of technological achievements with international competitiveness.
  - > To support Guangdong, Hong Kong and Macao in establishing in-depth collaboration in areas such as entrepreneurship and incubation, financial technologies, commercial application of technological achievements, and jointly develop platforms for the commercial application of achievements.
- To step up the protection and exploitation of IP
  - > To promote IP transactions.

## **B. Expediting Infrastructural Connectivity**

To provide solid support for the socio-economic development in the Greater Bay Area, the Plan promotes both inter-city transport network and services in the region as well as developing the region into an international transportation hub. To this end, a well-planned and efficient network of high-speed railways and motorways will be constructed, and world-class clusters of ports and airports will be developed. Meanwhile, a new-generation IT infrastructure will be established to improve digital connectivity, laying the foundation for the building of 'smart city clusters'.

### **Key proposals**

#### **Building a Modern Comprehensive Transport System**

- To support Hong Kong's development of high-end maritime services, and provide such services to Mainland and Macao enterprises.
- To increase the overall capacity of international shipping services of Guangzhou and Shenzhen, and strengthen the port cluster's overall international competitiveness.
- To consolidate and enhance Hong Kong's status as an international aviation hub, raise the competitiveness of Guangzhou's and Shenzhen's airports as international hubs, and pursue differential development and positive interaction of airports in the region.
- To take forward the construction of various railway projects including those between Ganzhou and Shenzhen, Guangzhou and Shanwei, as well as Shenzhen and Maoming.
- To build a rapid inter-city transport network mainly involving high-speed rails, inter-city railway links and high-grade motorways, and strive for reducing travelling time among major cities within the Greater Bay Area to one hour or less.

#### **Enhancing and Upgrading Information Infrastructure**

- To develop a new generation of information infrastructure, such as expanding the bandwidth capacity of broadband internet, and promoting the development of wireless broadband systems in the PRD city cluster.
- To build smart city clusters by taking forward new smart city pilot demonstrations as well as the development of a national big data integrated pilot zone in the PRD, etc.
- To jointly promote connections between electronic payment systems in the Greater Bay Area.

## Other proposals for expediting infrastructural connectivity

### **Building a Modern Comprehensive Transport System**

- To develop a world-class airport cluster
  - > To support the construction and expansion of the airports in Hong Kong, Macao, Guangzhou, Shenzhen, etc.
  - > To further expand the Greater Bay Area's domestic and international aviation networks.
  - > Leveraging Hong Kong's strengths in financial and logistics services, to develop high value-added freight, aircraft leasing and aviation financing services, etc.
- To ensure the smooth flow of comprehensive external transport links
  - > To improve comprehensive transport links connecting the GBA with nearby provinces and regions.
  - > To speed up the construction of major international land routes connecting the Pan-PRD region and countries of the ASEAN with Guangzhou and Shenzhen as the hubs.
- To build a rapid transport network in the GBA
  - > To adopt new models for clearance procedures to make better use of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge.
  - > To enhance the handling capacity and clearance facilitation of control points in Guangdong, Hong Kong and Macao, and promote an efficient and convenient flow of people and goods.
- To raise the standards of passenger and cargo transport services
  - > To connect railway trunk lines, inter-city railway lines and urban/suburban railway lines with airports, and enhance the cargo distribution and transport capacity of airports.
  - > To pursue public inter-city passenger transport service operations in the GBA, and promote the use of a single ticket for all connecting trips and a single card for all modes of transport.

### **Enhancing and Upgrading Information Infrastructure**

- To build smart city clusters
  - > To take measures to achieve reasonable reductions in telecommunications service fees, facilitate reductions in long-distance and roaming charges for mobile phones among the cities.

## C. Building a Globally Competitive Modern Industrial System

The Plan aims to build the Greater Bay Area into a global base of advanced manufacturing and modern service industries and to nurture the development of a number of world-class industry clusters. The key to this vision is further manufacturing upgrading, financial cooperation, and cooperation among Guangdong, Hong Kong and Macao in the service sectors.

### Key proposals

#### **Expediting the Development of the Advanced Manufacturing Industry**

- To actively promote in-depth integration of the internet, big data and artificial intelligence with the real economy, pursue the transformation, upgrading and optimised development of the manufacturing industry, and develop an advanced manufacturing base with international competitiveness.
- To support Hong Kong's efforts in exploring 're-industrialisation' in sectors where it enjoys advantages.

#### **Nurturing and Strengthening Strategic Emerging Industries**

- To pursue the growth of new pillar industries including new-generation information technology, biotechnology, high-end equipment manufacturing and new materials.

#### **Expediting the Development of Modern Service Industries**

- To consolidate and enhance Hong Kong's status as an international financial centre, and establish a platform for investment and financing serving the Belt and Road Initiative.
- To support the development of Hong Kong into a green finance centre in the Greater Bay Area, and set up an internationally recognised green bond certification institution.
- To widen the scope for cross-boundary investment by Hong Kong and Mainland residents and institutions, and steadily expand the channels for Mainland and Hong Kong residents to invest in financial products in each other's market.
- To support eligible Hong Kong and Macao banks and insurance institutions in setting up operations in Qianhai of Shenzhen, Nansha of Guangzhou, and Hengqin of Zhuhai.
- To focus on maritime and logistics services, travel services, cultural and creative industries, human resources services, convention and exhibition and other professional services, etc., and develop a system of modern service.
- To deepen the implementation of liberalisation measures for service sectors of Hong Kong and Macao under the respective CEPAs with the Mainland, and further the development of professional services such as accounting and auditing, legal and dispute resolution services, etc.

## Other proposals for building a globally competitive modern industrial system

### Expediting the Development of the Advanced Manufacturing Industry

- To optimise the layout of the manufacturing industry
  - > To develop an industrial belt for advanced equipment manufacturing on the west bank of the Pearl River spearheaded by Zhuhai and Foshan, and develop a globally influential and competitive cluster of world-class high-end manufacturing industries, such as electronic communications, on the east bank of the Pearl River with Shenzhen and Dongguan as its core.
- To expedite the structural adjustment of the manufacturing industry
  - > To pursue smart development of the manufacturing industry, focusing on robotics, high-speed and high-precision processing equipment as well as intelligent equipment sets.

### Nurturing and Strengthening Strategic Emerging Industries

- To launch major projects on information consumption, new healthcare technologies, marine engineering equipment, hi-tech service industry and high-performance integrated circuit.
- To nurture and develop industries such as new energy, energy conservation and environmental protection, and new energy vehicles.
- To pursue the development of a digital economy and a sharing economy.

### Expediting the Development of Modern Service Industries

- To develop an international financial hub
  - > To support Guangzhou in further improving its modern financial services regimes, develop a regional private equity trading market and a regional centre for equity and commodity trading.
  - > To support Shenzhen in developing a capital market with Shenzhen Stock Exchange as its core.
- To vigorously develop special financial products and services
  - > To support Guangzhou in developing a pilot zone for green finance innovation, and study the establishment of an innovative futures exchange for carbon emission and other commodities.
  - > To support Shenzhen in developing a pilot zone for development in insurance innovation, launch TechFin pilot projects, and boost the development of FinTech carriers.
- To progressively promote mutual financial markets access
  - > To progressively expand the scale and scope of the cross-boundary use of RMB in the GBA.
  - > To support Hong Kong in developing more offshore RMB, commodity and other risk management tools.
  - > To continue enhancing the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and Bond Connect.

### Vigorously Developing the Marine Economy

- Riding on Hong Kong's strengths in high value-added maritime and financial services, to develop specialised financial services such as marine insurance, reinsurance and ship finance.

## **D. Developing a Quality Living Circle for Living, Working and Traveling**

The Plan includes a number of social policy initiatives in areas such as education, employment, travel, healthcare and social services, etc., to facilitate the movement of people among Guangdong, Hong Kong and Macao, and develop the region into a world-class bay area as an ideal place to live, work and travel.

### **Key proposals**

#### **Developing an Education and Talents Hub**

- To bring in world-renowned universities and specialised colleges, and pursue the establishment of world-class universities and academic programmes.
- To encourage young people from Hong Kong and Macao to study in Mainland schools, and apply to Hong Kong and Macao students studying on the Mainland concessionary policies such as transport and admission to tourist attractions.
- To create a more attractive environment for bringing in talents, and implement a more proactive, open and effective policy for bringing in talents.
- To strengthen the mechanism for the two-way flow of talents, and provide conveniences and the right conditions for the inter-regional flow of talents.

#### **Building a Bay Area for Leisure**

- To establish the Greater Bay Area as a world-class tourism destination.
- To optimise the ‘144-hour Facilitation Visa’ policy in the PRD region, and facilitate foreigners’ sightseeing in the Greater Bay Area.
- To support Macao in developing into a world-class tourism and leisure centre.

#### **Expanding the Scope for Employment and Entrepreneurship**

- To improve policy measures to facilitate Hong Kong and Macao residents, especially students from Hong Kong and Macao graduating from Mainland schools, to live and work in Guangdong.
- To support Hong Kong in helping Hong Kong youth to start businesses or seek employment in the Greater Bay Area.

#### **Fostering Cooperation in Social Security and Social Governance**

- To explore allowing Hong Kong and Macao residents who are working and living in Guangdong to enjoy the same treatment as that for Mainland residents in areas of livelihood such as education, medical care, elderly care, housing and transport.
- To enhance the portability of Hong Kong’s social security programmes for the elderly.

## **E. Strengthening Cooperation and Jointly Participating in the Belt and Road Initiative**

The development of the Greater Bay Area is also aimed at providing support for the Belt and Road Initiative and furthering China's opening up. On this front, investment facilitation, trade liberalisation and a freer flow of people and goods will be promoted; and enterprises in the region are also encouraged, mainly leveraging Hong Kong, to jointly 'go global'.

### **Key proposals**

#### **Creating a Globally Competitive Business Environment**

- Leveraging Hong Kong and Macao, to support the nine PRD municipalities in accelerating the establishment of systems and regulations that are in line with advanced international standards for investment and trade regulation.
- To develop an international arbitration centre, and provide arbitration and mediation services to the economic and trade activities in the region.

#### **Increasing the Degree of Market Integration**

- To consider further lifting or relaxing investor restrictions on Hong Kong and Macao such as qualification requirements, shareholding, as well as market access.
- To consider introducing further liberalisation measures under the CEPA framework, and enable Hong Kong and Macao professionals and enterprises practising, investing and doing business on the Mainland to enjoy national treatment in more sectors.

#### **Joining Hands to Expand Opening up**

- To support Guangdong, Hong Kong and Macao to jointly participate in the Belt and Road Initiative.
- To strengthen Hong Kong's status as a global offshore RMB business hub.
- To support Hong Kong in becoming a service centre for resolving investment and commercial disputes relating to Belt and Road projects.
- Leveraging the overseas commercial networks and the advantages of Hong Kong and Macao, to take forward Greater Bay Area enterprises' joint efforts in 'going global', and play a leading role in the international cooperation on production capacity.
- To attract investment in advanced manufacturing industries, modern service industries and strategic emerging industries from developed countries, and attract multinational companies to establish their headquarters in the Greater Bay Area.
- To support Mainland enterprises in establishing capital operation and corporate treasury centres in Hong Kong for carrying out business operation such as financing and financial management as well as enhancing risk management.

## **F. Jointly Developing Guangdong-Hong Kong-Macao Cooperation Platforms**

The development of major cooperation platforms such as Qianhai of Shenzhen and Nansha of Guangzhou plays an important role in spearheading cooperation among Guangdong, Hong Kong and Macao, and thus promoting the development of the Greater Bay Area as a whole.

### **Key proposals**

#### **Enhancing the Functions of the Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Qianhai of Shenzhen**

- To take forward the opening up and innovative development of the financial sector, and proactively explore effective paths to capital account convertibility.
- To enhance cooperation in green finance and FinTech between Hong Kong and Shenzhen.
- To develop a new type of international trade centre, offshore trading and modern maritime services such as ship finance.

#### **Developing Nansha of Guangzhou into a Demonstration Zone for Comprehensive Cooperation among Guangdong, Hong Kong and Macao**

- To expedite the establishment of the Greater Bay Area's support zone for international shipping, finance as well as innovation and technology functions, and become a high-standard gateway for opening up.
- To jointly develop Nansha of Guangzhou into a focused area for the commercial application of achievements in innovation and technology in southern China.
- To provide public services and social administration that are in line with those in Hong Kong and Macao, and provide new space for the upgrading of industries from Hong Kong and Macao and for people from these places to work and live.

#### **Taking forward the Demonstrative Functions of Hengqin of Zhuhai for In-depth Cooperation among Guangdong, Hong Kong and Macao**

- To complement Macao's development into a world tourism and leisure centre, develop Hengqin of Zhuhai into a high-standard international leisure and tourism island.

#### **Developing Special Cooperation Platforms**

- To support the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop and the adjacent Shenzhen Innovation and Technology Zone, jointly developing an innovation and technology cooperation zone.
- To support Dongguan in cooperating with Hong Kong in the development of the Dongguan Binhaiwan New District.

### **III. Implications**

#### **1. Higher level of openness than ever before**

The GBA will be a major experimental zone and a leader in reform for China. One of the key objectives of the GBA is to facilitate further opening up of the Chinese economy. In addition to further liberalization of the service sector, goods trade will be further streamlined. The GBA is expected to become even more business friendly with business environment as the region moves toward international standards.

The GBA plan will further enhance the GBA's supporting and leading role in the country's economic development and opening up. This means that companies seeking to forecast the direction of China's economic reforms should keep an eye on developments in the GBA.

#### **2. The GBA will see vibrant development of the innovation and technology industry**

Already a budding innovation hub, the GBA will receive a further boost for the technology industry with closer cooperation and pooling of resources and talents among the various GBA cities.

The GBA will become home to a full technology value chain, comprising a sizable hi-tech and innovation centre in Shenzhen, the strong manufacturing power of Dongguan, the research capability and international connection of Hong Kong, and the strong domestic trade linkage of Guangzhou.

#### **3. Transformation of the economy brings investment opportunities**

The GBA plan provides impetus and policy support for industries in the region to move up the value chain. The envisaged upgradation, together with a highly integrated market with a population of 69 million, implies great investment and market opportunities for foreign and domestic firms.

#### **4. The GBA will facilitate the advancement of the Belt and Road Initiative**

With a high degree of international connection and strong economic fundamentals, the GBA is an important window between China and the Belt and Road markets. Further opening-up measures and business-friendly policies put forth by the GBA development plan are expected to drive even more Belt-and-Road-related economic activities to the region. The GBA will become an ideal location for regional headquarters for companies' Belt and Road operations.

#### **5. Detailed policies are evolving**

The GBA Outline Development Plan is a directional, broad framework. Detailed implementation plans are expected to be rolled out at the local level by batches. Businesses should closely monitor announcements by local governments.

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