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NEARLY 70% OF OVERSEAS BUSINESSES PLAN TO EXPAND IN THE GREATER BAY AREA, HSBC SURVEY FINDS

** RCEP members are more optimistic about the prospect of GBA **

Nearly 70% of overseas enterprises indicated an intention to expand their footprint in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) in the next three years, while 27% would scale up their business significantly, according to an HSBC survey.

In particular, respondents of the Regional Comprehensive Economic Partnership (RCEP) are more optimistic about the economic prospect of the GBA. Sixty per cent of them believed that the economic growth of the GBA would exceed China's national level in the next three years, 15% higher than respondents from the non-RCEP countries.

Enterprises from RCEP countries have showed higher interest to expand in the GBA. Thirty-one per cent of them aimed to grow their presence in the GBA significantly in the next three years, approximately 10% more than those from other countries. Among investment priorities for all respondents, technology and innovation (45%) ranked first, followed by enhancing the reliability of supply chain (39%) and upgrading digital infrastructure (39%).

Daniel Chan, Head of Greater Bay Area, HSBC said, "Leveraging its geographical advantages, as well as its sizeable and highly internationalised market, the Greater Bay Area is set to become an important hub with strong ties with ASEAN members under the RCEP. Our survey shows that technological advancement and the scale of the consumer market in the GBA are strong allure for overseas enterprises. The economically integrated region will continue to serve as a gateway for mainland China to open its markets and drive further growth of cross-boundary trade and investment."

Hong Kong (47%) remained the most popular destination for business expansion, followed by Guangzhou (37%) and Shenzhen (33%). Among respondents from RCEP countries, Guangzhou (48%) was the top pick, followed by Hong Kong (44%) and Shenzhen (38%).

The RCEP, which took effect from the beginning of 2022, provides overseas enterprises with more convenience and opportunities to expand in China. The

sample of the survey includes six new markets, namely South Korea, Japan, Vietnam, Indonesia, Thailand and the Philippines, covering approximately 3,400 enterprises in 16 markets (including nine RCEP members)*. The respondents are either currently operating in China or seeking to enter the Chinese market in the near future.

* The research was conducted in September 2022, with n=3,392 business leaders across 16 markets: USA, Canada, Mexico, UK, France, Germany, UAE, Malaysia, Singapore, Australia, Vietnam, Indonesia, Thailand, the Philippines, Japan and South Korea.

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Note to editors:

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