

Media Coverage

Strength to strength

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(This article was first published on 11 December by South China Morning Post)

Helen Wong expects the Greater Bay Area plan to draw on diverse strengths to create an economic giant

China is forging ahead with a plan to create a globally competitive metro-polis in the south of the country, encompassing Guangdong, Hong Kong and Macau. It is bringing innovation, finance and trade to the forefront and is emerging as a new leader in globalisation.

Guangdong has been the front runner in China's reform and opening up since the late 1970s. The province is yet again leading this economic transition, shifting from being the world's factory floor to a highly dynamic hub for services and innovation. One of the key pieces of Guangdong's success story is its geographical proximity to Hong Kong – and the symbiosis between the two sides has been largely market-driven.

To further evolve and deepen the economic integration of Guangdong, Hong Kong and Macau and elevate the region's standing in China's economic development and opening up, China has drawn up a plan for the development of a cluster known as the Greater Bay Area.

This landmark initiative is based on natural geographical conditions, intended to link nine cities in Guangdong's Pearl River Delta – Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing – together with the two special administrative regions of Hong Kong and Macau, to establish a globally competitive economic cluster.

Over the past few decades, the Greater Bay Area's cities have each developed their own unique advantages and economic structures. The plan's ambition is to combine their complementary advantages, in areas such as well-established manufacturing supply chains,

This information is issued by

The Hongkong and Shanghai Banking Corporation Limited

Registered Office and Head Office:
1 Queen's Road Central, Hong Kong
Web: www.hsbc.com.hk

Incorporated in the Hong Kong SAR with limited liability



innovation capacity, strength in financial services and logistics, and sophisticated consumer markets.

The goal is to build a new economic powerhouse – one that not only leads China's development, but is also comparable to the leading global bay areas of Tokyo, San Francisco and New York. This vision is not unrealistic. Together, the 11 cities in the Greater Bay Area can be as prosperous as a stand-alone country in terms of population, resources and size of the economy.

The Greater Bay Area has a combined population of 67.95 million, which is greater than the Tokyo Metropolitan Area – the world's largest city cluster with a population of 44 million. It covers around 56,000 sq km, which is comparable to that of the New York Bay Area.

And, as one of China's fastest-growing regions, the Greater Bay Area had a combined gross domestic product of US\$1.4 trillion in 2016. By 2030, the region's GDP is expected to reach US\$4.6 trillion, surpassing the Tokyo, New York and San Francisco bay areas to become the world's largest bay area in terms of the size of its economy.

The Greater Bay Area is not only economically huge, but also has many diversified industries with a distinct competitive edge.

Successful bay areas around the world share a number of traits. All contain a thriving international financial centre, developed service industries, a solid transport network, multiple top-ranked universities as well as a technology and innovation hub. Good examples are the highly ranked cities in the San Francisco Bay Area for innovation and technology, and New York for financial services.

Just as Silicon Valley lies at the heart of the San Francisco Bay Area, Shenzhen has a large manufacturing sector and has become a hothouse of innovation for China. The city is home to Huawei and Tencent, two of China's most valuable and inventive multinationals. Foreign tech giants such as Apple are also building research and development centres there.

Hong Kong is the perfect complement to Shenzhen's innovative environment. It will continue to play its role as a financial centre and serve as a launch pad for Chinese companies going global. Together with Shenzhen and its stock exchange – one of two in mainland China – the two cities can grow in tandem to rival New York. For example, Tencent is based in Shenzhen but listed on the Hong Kong stock exchange.

Meanwhile, Guangzhou leads the way as an advanced manufacturing and modern services centre. And Macau, together with its neighbour, Hengqin in Zhuhai, aspire to form an international leisure capital.

Combining the strengths of these core cities, together with rest of the Pearl River Delta cities' vast resources, space and cheaper labour, the Greater Bay Area will become more globally competitive as a city cluster for innovation, finance, shipping and trade.

Further, as the Greater Bay Area develops, its influence will extend well beyond its geographical boundaries to play a key role in supporting the development of China's "Belt and Road Initiative". It will serve as a key link connecting countries along the Silk Road Economic Belt (Central Asia to Europe) and those on the Maritime Silk Road (South Asia, Oceania to Africa and the Middle East).

A comprehensive transport network is vital. The Tokyo Bay Aqua Line and the San Francisco-Oakland Bay Bridge, along with the Golden Gate Bridge, are just a few examples of iconic bay district infrastructure.

Similarly, the Greater Bay Area has been working to improve its transport infrastructure to lay the foundation for regional integration. Hong Kong's express rail link to Shenzhen and Guangzhou is expected to open to the public in the third quarter of 2018. It will soon take just 14 minutes to travel from Hong Kong to the Shenzhen border. Meanwhile, the Hong Kong-Zhuhai-Macau bridge will cut driving time between Hong Kong and Zhuhai or Macau from 4½ hours to around 40 minutes.

As China makes the transition from a labour-intensive, manufacturing-based economy into a services- and innovation-oriented society driven by a growing middle class, the Greater Bay Area will lead the country towards a new growth model.

Apart from the obvious advantages in many areas of manufacturing, innovation and logistics, the bay area has the potential to prosper in financial technology, renewable energy, biopharma, health care, medical equipment, tourism and wealth management.

For the Greater Bay Area to succeed, having the proper financial, logistical, manufacturing and technological infrastructure in place is only one side of the story. Relevant cross-region policies and regulations need to be enacted for people, goods and capital to flow freely within the region.

The world should pay close attention to the Greater Bay Area, because this city cluster is not only poised to be a centre of global production and innovation; it may well become a global centre of commerce and economic growth.

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