

China Promulgates Outline Development Plan for Guangdong-Hong Kong-Macau Greater Bay Area

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On 18th February, the State Council of People's Republic of China promulgates "the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area" (hereinafter "the Outline"). The Outline releases concrete directions in Greater Bay Area, broadly setting out policies over infrastructure construction, innovation industry support, financial opening-up and citizen life convenience etc. This report will pick up some significant areas and give a brief introduction over the contents.

BACKGROUND

The Greater Bay Area is consist of 9 municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province and Special Administrative Regions of Hong Kong and Macao. Covering a total area of 56,000 square kilometres with a combined population of approximately 70 million and a GDP of 10 billion RMB (2017), occupying 1/8 of that of mainland China.

Furthermore, Chinese government sets a target that by 2022 the combined strength of the Greater Bay Area should increase substantially, and by 2035 the Greater Bay Area should become an economic system and mode of development mainly supported by innovation, with its economic and technological strengths vastly increased and its international competitiveness and influence further strengthened, and become international first-class bay area.

Highlight

The Outline emphasizes the significance of mutual collaboration between cities in the area, among which the 4 core cities "Hong Kong, Macau, Guangzhou and Shenzhen" are expected to act as the "core engine" to fuel and lead the development in other regions.

Directions of the 4 core cities	
Hong Kong	<ul style="list-style-type: none"> ▪ To consolidate and enhance Hong Kong's status as international financial, transportation and trade centres as well as an international aviation hub ▪ To strengthen its status as a global offshore Renminbi business hub and its role as an international asset management centre and a risk management centre ▪ To promote the development of high-end and high value-added financial, commercial and trading, logistics and professional services, etc., ▪ To make great efforts to develop the innovation and technology industries, nurture emerging industries ▪ To establish itself as the centre for international legal and dispute resolution services in the Asia-pacific region, and develop into an international metropolis with enhanced competitiveness
Macau	<ul style="list-style-type: none"> ▪ To develop into a world-class tourism and leisure centre ▪ To develop into a commerce and trade cooperation service platform between China and Lusophone countries ▪ To promote an appropriate level of diversified economic development
Guangzhou	<ul style="list-style-type: none"> ▪ To fully leverage its leading function as a national core city and an integrated gateway city, comprehensively strengthen its functions as an international commerce and industry centre and integrated transport hub

	<ul style="list-style-type: none"> ▪ To enhance its function as technological, educational and cultural centres
Shenzhen	<ul style="list-style-type: none"> ▪ To leverage its leading role as a special economic zone, a national economic core city and a national innovation city ▪ To expedite its transformation into a modern and international city ▪ To strive to become a capital of innovation and creativity with global influence

The construction of “international science technology innovation centre” is paid attention to as the key development concept of the Greater Bay Area. Hong Kong, equipping itself with most open business environment among all the core cities, is going to enhance innovation environment to support the youth entrepreneurship, as well improve the R&D centres in order to strengthen the existing advantages of Hong Kong as a financial and logistics hub.

On the other hand, the Outline introduces a lot of measures to facilitate the life convenience and states clearly to make policies over sharing of medical and educational resources within the region, as well emphasizes the provision of more convenience for Hong Kong residents’ cross-border living and working on the Mainland.

Below is the outstanding contents in different areas about Hong Kong.

Main contents related to Hong Kong (parts)	
Innovation	<ul style="list-style-type: none"> ▪ 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 ▪ To develop a number of Hong Kong and Macao-oriented incubators of technology enterprises in the nine PRD municipalities ▪ To jointly develop platforms for the commercial application of achievements such as national level bases for the incubation of technological achievements and bases for the start-up businesses and employment for young people from Guangdong, Hong Kong and Macao ▪ To support the engagement of Hong Kong’s private equity funds in the financing of innovation and technology enterprises in the greater bay area
Financial Service	<ul style="list-style-type: none"> ▪ Banking institutions in the Greater Bay Area may launch, in accordance with relevant regulations¹, cross-boundary RMB interbank lending, RMB foreign exchange spot and forward business, related RMB derivative products and cross distribution of wealth management products ▪ Enterprises in the Greater Bay Area may issue cross-boundary RMB bonds in accordance with relevant regulations² ▪ 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 support Hong Kong’s institutional investors in raising RMB funds in accordance with the relevant regulations in the GBA for investment in the capital markets of Hong Kong ▪ To support insurance institutions in Hong Kong to develop innovative cross-boundary motor vehicle and medical insurance products and cross-boundary RMB reinsurance business
Trade/Logistics	<ul style="list-style-type: none"> ▪ To develop a high-end international maritime service centre, ship finance, maritime insurance, maritime law and legal services ▪ To leverage Hong Kong’s strengths in financial and logistics services, and develop high value-added freight, aircraft leasing and aviation financing services ▪ To take forward the planning and construction of new boundary crossings such as the Liantang/Heung Yuen Wai Boundary Control Point³, and West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link
Manufacturing	<ul style="list-style-type: none"> ▪ To support Hong Kong’s efforts in exploring “re-industrialisation⁴” sectors where it enjoys advantages

¹ Based on both existing and to-be released rules.

² Based on both existing and to-be released rules.

³ Referring to the immigration point which is under construction and planned to complete within 2019.

⁴ Referring to the industrial innovation by consolidating industry and service industry, proposed by Hong Kong Government.

/Emerging Industry	
Life Convenience	<ul style="list-style-type: none"> ▪ To encourage interaction and exchanges between technological and academic talents in Greater Bay Area ▪ To promote connections between electronic payment systems ▪ To proactively launch a feasibility study on removing long-distance and roaming charges for mobile phones among Guangdong, Hong Kong and Macao ▪ To study the provision of land-based cross-boundary transfer services for non-emergency ill patients and explore rolling out a pilot cooperation scheme for cross-boundary referral of patients between designated public hospitals
Others	<p>[CEPA](Mainland and Hong Kong Closer Economic Partnership Arrangement)</p> <ul style="list-style-type: none"> ▪ To leverage Hong Kong in international professional services such as finance, legal and dispute resolution services, management consultancy, project planning, maritime services and construction and related engineering works ▪ To consider further lifting investor restrictions on Hong Kong and Macao such as qualification requirements, percentage of shareholding and market access <p>[Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone]</p> <ul style="list-style-type: none"> ▪ To take forward the opening-up and innovative development of financial sector, expand the functions of offshore account(OSA), make reference to the system of free trade accounts(FTA) of the China(Shanghai) Pilot Free-Trade Zone, and proactively explore effective paths to capital account convertibility ▪ To support the Qianhai Mercantile Exchange of the Hong Kong Exchanges and Clearing Limited in establishing a spot commodities trading platform for serving domestic and foreign clients

COMMENTS

The Outline points out different kinds of challenges that Greater Bay Area confronts with, including the protectionism as well as the unclear factors of world economy, which may have negative impact on the regime aiming at regional development. Especially it is not easy for different social systems and legal systems to co-exist under the “One country, two system” regime. To consolidate the regional development regime crossing 3 customs territories (Guangdong province, Hong Kong and Macau) and achieve the free flow of “people, goods, fund and information” is the most important subject of the Outline.

Hong Kong’s Chief Executive Ms. Carrie Lam made a speech on 21st February at the Outline development plan symposium that “Hong Kong needs to change its role from being a connector to being more proactive participant”. In fact, in order to pursue the new economy engine, rather than being positioned as the gateway that connects mainland and the world, it is more significant to create and facilitate an environment that keeps producing the most leading technologies as a core engine of innovation.

On the other hand, some worry that the connection and interaction with municipalities in Guangdong province in Greater Bay Area plan may get Hong Kong rid of its existing advantages as a separate customs territory and break the “One country, two system” regime. However, Ms. Carrie Lam made it clear that the Greater Bay Area plan neither weakens advantage of Hong Kong nor blurs the boundaries between the “Two System”, furthermore it won’t result in the assimilation of Hong Kong into the mainland.

The Outline was supposed to be released in March 2018. However, it is extended until 2019 due to the US-China trade war. Within this period, the construction of Greater Bay Area has not been stopped but gradually making progress, such as Hong Kong resident’s obtainment⁵ of mainland residence permit and the abolishment⁶ of working permit regime in mainland. It is expected that more and more opening-up measures and favourable policies would be implemented in a fast pace after the release of the Outline.

⁵ The State Council of People’s Republic of China (Aug 2018).

Retrieved from: http://www.gov.cn/zhengce/content/2018-08/19/content_5314865.htm

⁶ The Ministry of Human Resources and Social Security of the People’s Republic of China (Aug 2018).

Retrieved from: http://www.mohrss.gov.cn/SYrlzyhshbzb/zcfg/flfq/qz/201808/t20180828_299997.html

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