



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

Greater Bay Area Initiative

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**1. *What is GBA:
where it comes
from?***



The Greater Bay Area (GBA)

- The **GREATER BAY AREA (GBA)**:
 - Hong Kong
 - Macau
 - 9 Cities of Pearl River Delta (sub-region of Guangdong's province): Guangzhou, Shenzhen, Dongguan, Foshan, Zhuhai, Zhongshan, Jiangmen, Huizhou, and Zhaoqing.
- **13TH FIVE-YEAR PLAN (2016-2020)**
 - Pearl River Delta + Hong Kong and Macau
- **CORE OBJECTIVES:**
 - Strengthen **cooperation** among cities of the region
 - Each city focusing on their own **competitive advantages**
 - **Complementary system** for efficient delivery of products and services.



Greater Bay Area Plan

- **2006** Macau, Hong Kong and Guangdong province begin regional strategic planning study.
- **2008** China's State Council spreads its Outline of the Plan for the Reform and Development of the Pearl River Delta (2008 – 2020).
- **2009** The study begun in 2006 concludes with the initiative of further investigating the future development of a strategy.
- **2010** Another study aims at planning the map for the bay area action plan, including the Pearl River Delta waters and 19 districts on its shores.
- **2015** More projects on the Bay Area possibly aligned with the upcoming Belt and Road Initiative.
- **2017** 19th CPC National Congress, President Xi Jinping speaks about the GBA project in the work report at the National People's Congress. Signed a Framework Agreement on its development.
- **2020** Greater Bay Area to be almost fully established.
- **2030** Obtain the highest GDP among other Bay areas and clusters globally.

2. Why these cities?

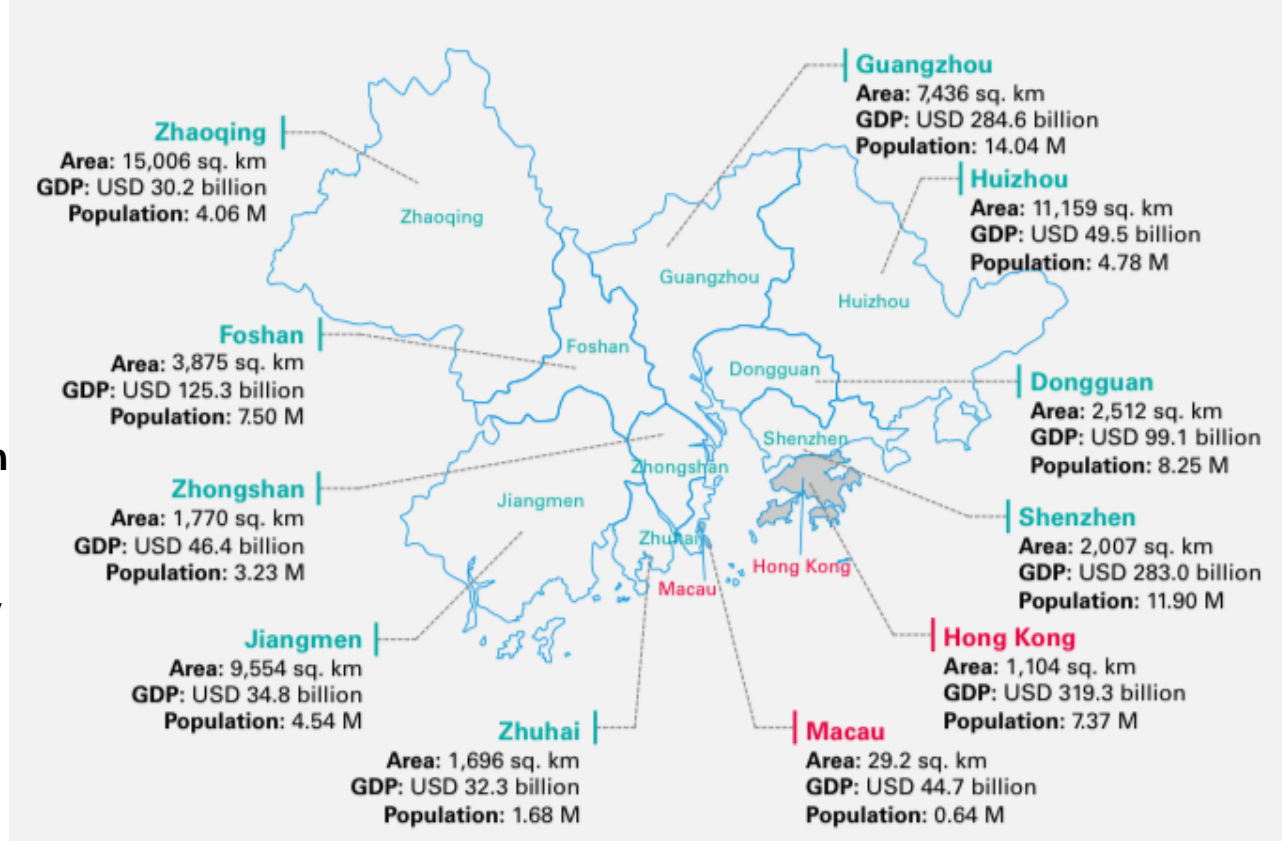


The Greater Bay Area

Some numbers

- 67 millions inhabitants
- Combined GDP: 1.34 trillion USD
- Highest GDP: Hong Kong
- On the growth path: Guangzhou & Shenzhen
- Recent shift towards a service-based economy
- Guangdong – China's biggest economy province

Greater Bay Area Cities Comparison



Source: Fung Business Intelligence. Data as at 2016

Bay Area stats

Comparing the pan-Pearl River Delta with three major deltas in the world

	Tokyo Delta	New York Delta	San Francisco Delta	Pan-Pearl River Delta
Area /10,000 km	3.68	1.74	1.79	5.6
Population/ 10,000	4,347	2,340	715	6,671
GDP/ trillion US\$	1.8	1.4	0.76	1.36
Per-capita GDP/ 10,000 US\$	4.1	6.9	9.9	2
Tertiary industry share/%	82.3	89.4	82.8	62.2
GDP share to country/%	41	7.7	4.4	10.8
Freight turnover/ 10,000 teu	766	465	227	6,520
Flight passenger turnover	1.12	1.3	0.71	1.75
Number of World 100 best universities	2	2	2	4
Number of Forbes 500 best companies	60	28	22	16

Source: Guangdong-Hong Kong-Macao Greater Bay Area Forum, Tencent

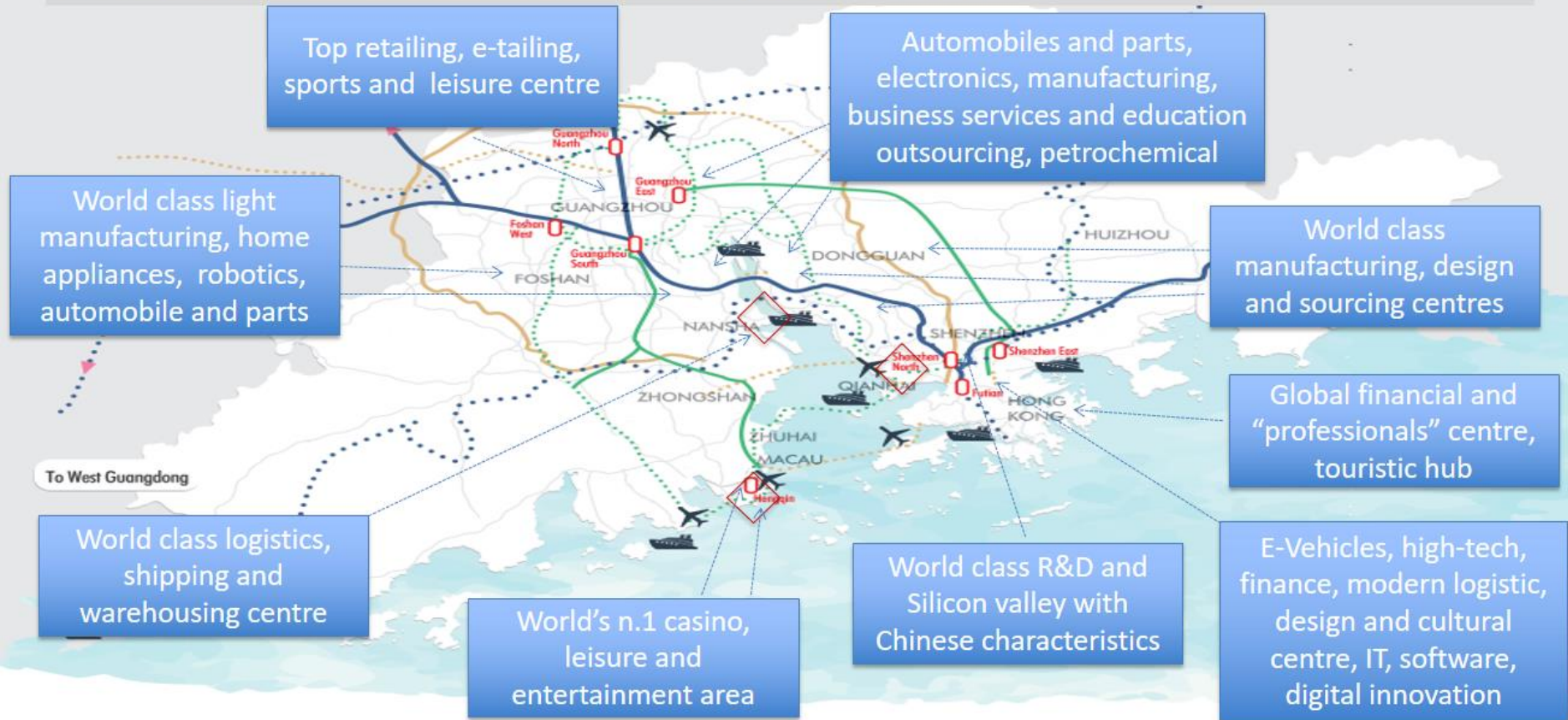
2016 GDP of Bay Area cities (US\$b)



SCMP

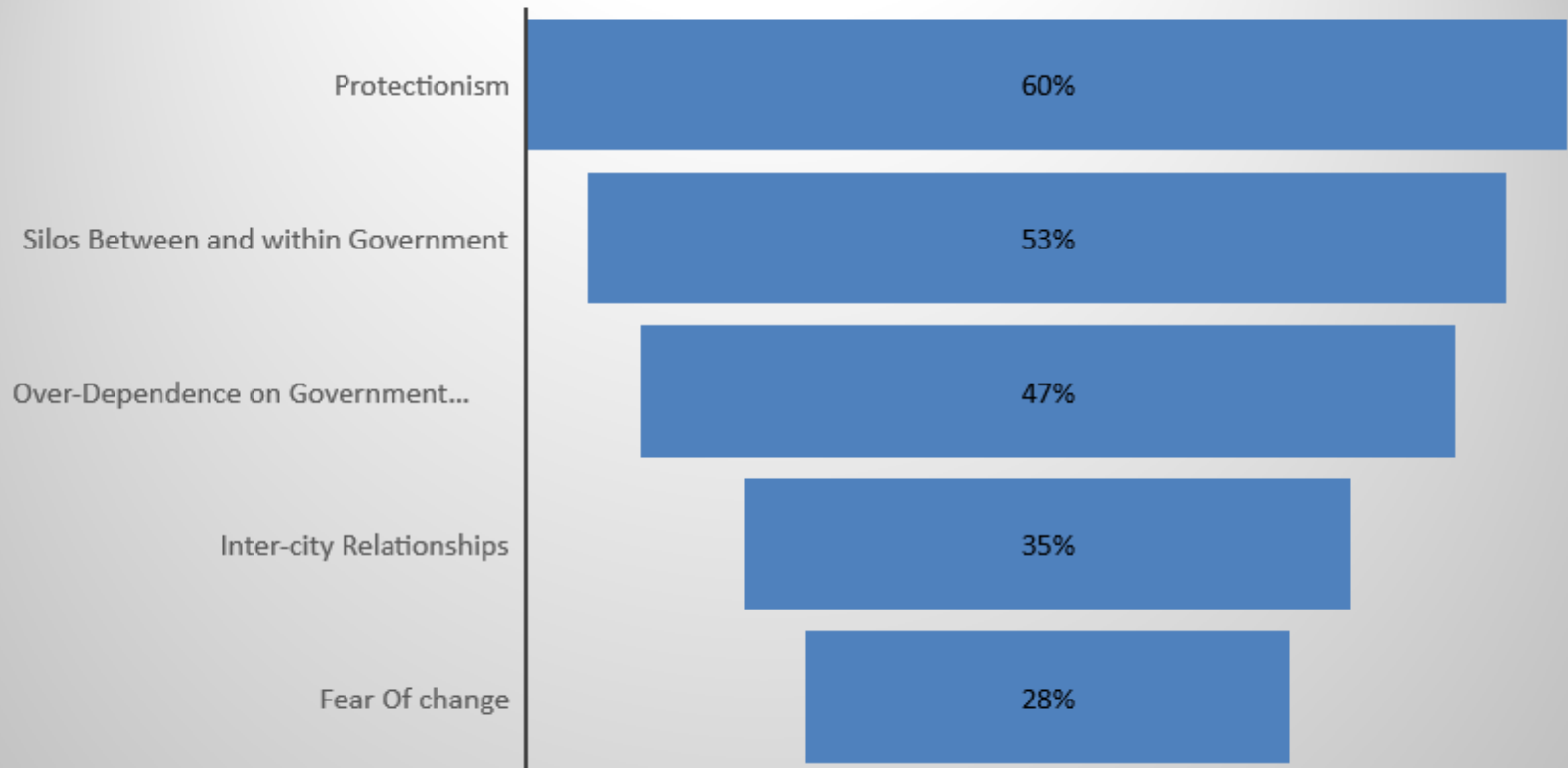
Industry clusters and competitive advantage

Clusters of excellence will thrive and produce world champions...



Hindrances to the GBA

Hindrances to the GBA (according to KPMG study)



3. Opportunities



OPPORTUNITIES

**Single tourist
destination
&
World-class
innovation center**

**Foreign Direct
Investments**

**Hong Kong
&
Mainland
Cooperation**

**GDP Growth
4.6 trillion USD in
2030**

**Hong Kong
Legal System**

The central role of Hong Kong



- Shenzhen and Guangzhou from competitors to **cooperating partners**
- **R&D** increase in Hong Kong
- One of the first emerging **“Smart Cities”**.
- Promote **local products** and ensure quality standards.
- “One country two systems”
- Preferential **CEPA Treatment**

4. *Current and future challenges*



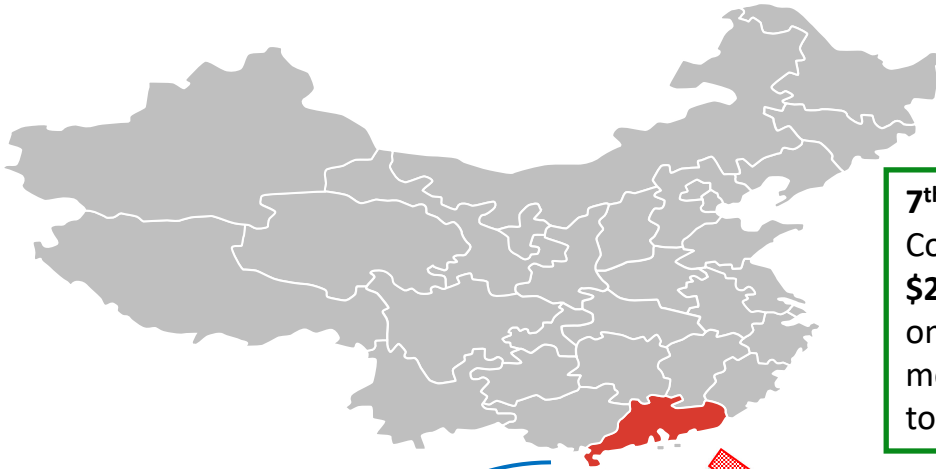
Comments from the outside

CPA Australia

- Infrastructure development alignment is the key:
 - Infrastructure intergovernmental body
 - Airspace authority
 - Tax relief on investment for GBA projects
- Express rail link **Hong Kong – Shenzhen – Guangzhou**
- Intercity rail links
- Bridge and tunnel **Zhongshan – Shenzhen**



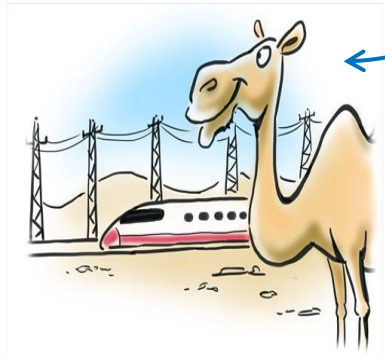
GBA + ASEAN + OBOR



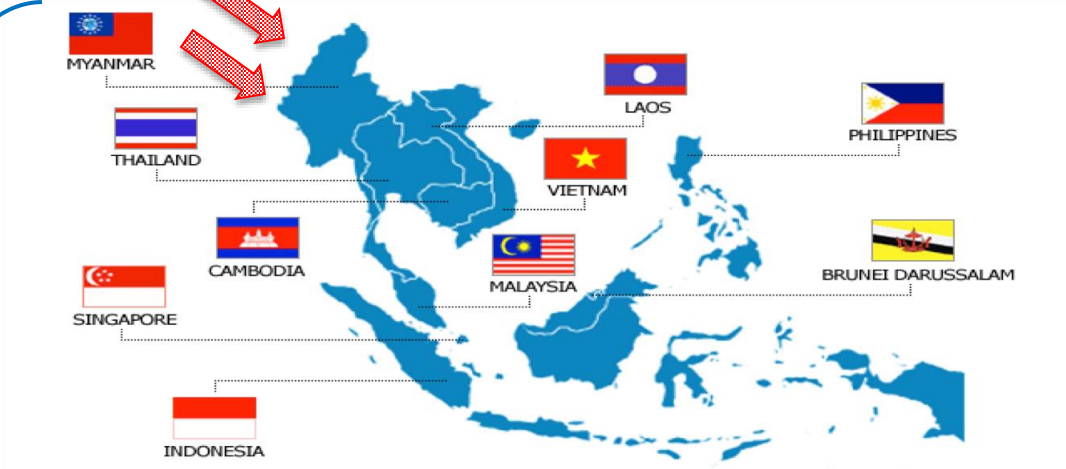
7th in the World
Combined real **GDP of USD \$2.6 trillion** in 2015, ASEAN is one of the biggest, fast moving economies - on track to be the 4th largest by 2050

Key for China's engagement with OBOR.

Private companies & Large infrastructure projects



BELT and ROAD
— 帶 — 路



THREATS

- **DIFFERENCES:**
 - Currency
 - Immigration rules (Visa and permits)
 - Corporate tax rates

- **Consistency of laws**
- **Underdevelopment and innovation**
- **One-way benefits**

2. Connecting the dots...



Connecting the dots

HONG KONG:

- Relieving land shortage
- Enhancing competitiveness
- Political leverage/cooperation

KEYS FOR SUCCESS:

- Government support
- Uniform laws and immigration policies
- Intergovernmental bodies for GBA projects
- Free Trade Zones



**4. Looking at the
crystal ball: what
is next for GBA ?**





LOOKING AT THE CRYSTAL BALL...

INFRASTRUCTURES:

- Hong Kong – Macao – Zhuhai Bridge
- Guangzhou – Shenzhen – Hong Kong Express Ray link
- PRD intercity rail network
- Shenzhen – Zhongshan Bridge

KEY WORD: INNOVATION

- Guangzhou-Shenzhen Science and Technology Innovation Corridor
- Paired measures to boost innovation industry
- Incentives to attracts talents
- A new silicon valley is coming

PEOPLE'S LIVELIHOOD:

Equal treatment for people from Hong Kong and Macao living in Guangdong
Promotion of education exchange and cooperation among Guangdong-Hong Kong-Macao
University Alliance
Incentives for medical care providers from Hong Kong and Macao



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Thank you!

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