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#### Citation

Singapore Management University. Cooperation is key to building China's bay area. (2017).  
Available at: <https://ink.library.smu.edu.sg/pers/370>

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# COOPERATION IS KEY TO BUILDING CHINA'S BAY AREA

Published:

31 Aug 2017



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Guangdong-Hong Kong-Macao Greater Bay Area is expected to surpass the Tokyo Bay Area or San Francisco Bay Area in ten years, if the cities in the region can leverage their strengths, streamline their coordination mechanism and speed up the economy integration,” said Dr. Tse Kwok-leung, who currently serves as head of Economics and Policy Research at the Bank of China (Hong Kong) Limited. Dr. Tse was speaking at a seminar themed “How to Build a World-class Guangdong-Hong Kong-Macao Greater Bay Area” organized by the Hong Kong General Chamber of Commerce in July 2017.

In March this year, Chinese Premier Li Keqiang announced the “development of a city cluster in the Guangdong-Hong Kong-Macao Greater Bay Area,” which is part of China’s urbanization strategy. The 56,500 square kilometer Greater Bay Area - covering less than 1 percent of the country’s land area and home to less than 5 percent of the population - includes Hong Kong, Macao and nine cities in Guangdong province, including Guangzhou, Shenzhen, Zhuhai, Dongguan, Huizhou, Zhongshan, Foshan, Zhaoqing and Jiangmen, according to a report by South China Morning Post.

According to China Daily, the initiative of developing a bay area was mentioned earlier in 2009 in a research report released by Chinese local governments. The report talked about the coordinated development of the city cluster in the greater Pearl River Delta region. In 2015, building the Guangdong-Hong Kong-Macao Greater Bay Area was included in a relevant report of the Belt and Road Initiative. The area’s development entered a

fast track in 2017 after the annual government work report made it clear that China will draw up a plan for the Greater Bay Area.

At this year's 20th anniversary of Hong Kong's return to the motherland, a framework agreement on the development of the greater bay area was signed between the central and local officials, which officially put the initiative at the national strategic level.

Since then, the Guangdong-Hong Kong-Macao Greater Bay Area has been compared with the bay areas of San Francisco, New York and Tokyo. The Chinese government plans to turn the Guangdong-Hong Kong-Macao Greater Bay Area into the world's largest bay area in terms of GDP by 2030, surpassing the economics of Tokyo, New York and the San Francisco bay areas.

With a population of more than 66 million, the Guangdong-Hong Kong-Macao Greater Bay Area has been dubbed the fourth major bay area in the world. Dr. Tse believes that it has its potential to rival with the other three world-class bay areas.

“Currently, the population and area of China's Greater Bay Area is much larger than those of the New York, San Francisco or Tokyo bay areas. While its economic size is smaller than that of the New York Metropolitan Area and the Greater Tokyo Area, it is bigger than that of the San Francisco Bay Area,” said Dr. Tse. “More importantly, in the past decades, the China's Great Bay Area has built a solid foundation with a great potential at the forefront of China's opening up policy, being an important engine of China's economy development.”

“If the governments in the Guangdong-Hong Kong-Macao Greater Bay Area can improve their collaboration mechanisms to facilitate win-win cooperation, it has the potential to surpass the other three bay areas,” remarked Dr. Tse.

However, he also pointed out that Guangdong-Hong Kong-Macao Greater Bay Area has its own problems, such as a lack of efficient coordination mechanism and an effective industry division.

“Since late 1970s, many Hong Kong companies have relocated their factories to mainland China, particularly in the Guangdong province. However, due to the increasing labor cost in mainland China, nowadays this kind of cooperation model between Hong Kong and Guangdong has already been outdated,” commented Dr. Tse. “The governments in the region should therefore come up with new solutions for the regional industry division so as to build a sustainable integrated economy in the region.”

Furthermore, he suggested that the governments in the region should work closely to launch a unified coordination platform to address some burning issues in the region, such as the Hong Kong-Zhuhai-Macao Bridge's cross-boundary traffic arrangements.

“For example, when the Hong Kong-Zhuhai-Macao Bridge is completed, the Hong Kong government may need to consider relaxing the limitation on cross-boundary car plates to maintain the traffic volume on the bridge, which however would bring much pressure to the city’s limited vehicle accommodation capacity,” he said. “And the relevant governments need to solve these sensitive issues with highly intelligent solutions; they need a unified mechanism to discuss these problems together.”

When it comes to the opportunities of Hong Kong in this ambitious initiative, Dr. Tse emphasized the importance for Hong Kong to maintain its status in the region by investing in and cultivating new industries, such as innovation and technology industries.

"In the future, with Hong Kong’s international expertise and leading professional services, together with Guangdong’s solid industrial base, the Guangdong-Hong Kong-Macau Greater Bay Area will be able to produce more synergies and enhance an overall competitiveness,” he said. “And it will have the potential to stand shoulder by shoulder with any bay area around the world.”