

**GUANGDONG-HONG KONG-MACAU
GREATER BAY AREA (II):
DEVELOPMENT AND CHALLENGES**

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Executive Summary

1. The Guangdong-Hong Kong-Macau Greater Bay Area (GBA) is not a new development as it is already the most economically developed, competitive and market-driven region in China.
2. The small territorial size of less than one per cent of China's land area however brought in a combined gross domestic product (GDP) exceeding 10 trillion yuan, or 13% of the country's GDP, in 2016.
3. The GBA development initiative requires Guangdong, Hong Kong and Macau to act as a single economic entity and to be a key platform for spearheading bold reform measures designed to lead sustainable development in China.
4. Large-scale cross-border infrastructure projects, such as the Guangzhou-Shenzhen-Hong Kong high-speed rail link and Hong Kong-Macau-Zhuhai Bridge, will help to reduce travel time between GBA cities and provide more cross-region transport options for local residents, tourists and businesspersons.
5. By synergising participating cities' individual industrial strength and leveraging on the manufacturing bases in the region, the GBA is to move up the global value chain to become a leading industrial hub for Asia.
6. Biotechnology, artificial intelligence and robotics, medicine, high-end equipment manufacturing, automobiles and shipbuilding are areas identified for collaboration among GBA cities.
7. Nevertheless, it will be challenging for Guangdong, Hong Kong and Macau, which fall under different administrative regions and customs zones, to achieve the level of collaboration and functioning required of integrated development in the GBA.

8. The fact that each core city has its own political, legal, social and economic system under different administrative regions largely explains the difficult coordinating task faced by the Chinese central government.
9. The three core cities of Hong Kong, Guangzhou and Shenzhen are expected to play a leading rather than participatory role in the further development of the GBA.
10. Since the three regions have formed different calculations and views on the development plan for GBA, Beijing has to take time to consider and accommodate the demands and views of the various cities involved.
11. Given the level of collaboration required among governments under the three different administrative regions, the task of creating the necessary soft infrastructure, such as efficient immigration and customs clearance systems, transparency on policies and regulations, governance efficiency, rule of law and intellectual property rights protection could be challenging.