Building a Hong Kong-Shenzhen Metropolis

Executive Summary

August 2007
The study on “Building a Hong Kong-Shenzhen Metropolis” spanned an eight-month period and included interviews with 100 government officials, experts, academics, industry representatives as well as 50 Hong Kong enterprises, 100 Shenzhen enterprises and 1,000 Shenzhen residents. The final report, together with six topical reports, namely “Report on Questionnaire Survey of Shenzhen Residents”, “Report on Interviews with Shenzhen Enterprises and Industry Associations”, “Report on Interviews with Shenzhen Government Officials, Experts and Academics”, “Report on Interviews with Hong Kong Enterprises and Industry Associations”, “Report on Interviews with Hong Kong Government Officials, Experts and Academics” and “Report on Economic Impact Analysis” have been completed. This is an executive summary of the report.

I. **Hong Kong-Shenzhen Metropolis is best placed to become China’s first top international metropolis**

To meet the challenges of economic globalisation and regional economic integration, as well as to further promote Hong Kong-Shenzhen economic integration, the establishment of a Hong Kong-Shenzhen Metropolis with global competitiveness is gradually becoming a consensus among the government, enterprises and society of the two cities, and is both necessary and feasible.

Premised on the “One Country, Two Systems” arrangements and based on cross-boundary cooperation, a Hong Kong-Shenzhen Metropolis promotes regional cooperation and development through achieving a relatively satisfactory state for the flow of key resources between Hong Kong and Shenzhen, with the aim of becoming an international metropolitan area with the important function of being a leading Asian economic centre, while enhancing the major influential power of China’s economy over the world economy, and becoming China’s first top international metropolis. The uniqueness of a Hong Kong-Shenzhen Metropolis is manifested in the characteristics of city-to-city cooperation, regional cooperation, cross-boundary cooperation and cooperation between different systems.

To a certain extent, a Hong Kong-Shenzhen Metropolis signifies the recognition of the current economic cooperation between Hong Kong and Shenzhen. Building a Hong Kong-Shenzhen Metropolis is mutually necessary for the development of the two
cities. The main objective is to restore and enhance the ability of Hong Kong and Shenzhen to stimulate the economies of the Pearl River Delta and the Pan-Pearl River Delta, making Hong Kong and Shenzhen the engine for regional development. Its national and international strategies are reflected through its “charging” towards the goal of becoming a top cosmopolitan region: to become an important platform for multinational headquarters of domestic and overseas enterprises, to become a key nexus of the Asia-Pacific economy and to perform the function of enhancing the national economy.

A Hong Kong-Shenzhen Metropolis has a geographical advantage over the three major metropolitan circles in the Mainland. Among the Mainland’s three major metropolitan circles, namely the Yangtze River Delta, the Pearl River Delta and Beijing-Tianjin-Hebei, the Greater Pearl River Delta is the leader in terms of gross domestic product (“GDP”), economic strength and economic efficiency. Population size and density have reached those of the core cities of international metropolises, while the industrial structure of a Hong Kong-Shenzhen Metropolis also bears the characteristics of a world city.

Compared with the three giant international metropolises—New York, Tokyo and London, a Hong Kong-Shenzhen Metropolis is still considerably behind in terms of GDP; the scale of its financial industry is relatively small; it lacks large multinational companies of a local origin; and it has yet to develop a dominant and influential power over the world economy. Despite the above, the advantages of a Hong Kong-Shenzhen Metropolis in terms of its land area and population size, the development trend of its industrial structure in line with that of international metropolises, as well as its strong infrastructure combine to give it the potential to develop into a metropolis that is on a par with the three giant international metropolises. Of the Mainland’s four major metropolises including Beijing-Tianjin, Shanghai and Guangzhou-Foshan, the Hong Kong-Shenzhen Metropolis leads in terms of fundamentals and has the potential to develop into China’s first world-class metropolis. However, in order to fully utilise their complementary advantages, Hong Kong and Shenzhen need to first achieve further economic integration.
II. Achieving a relatively satisfactory state for the flow of key resources is fundamental to building a Hong Kong-Shenzhen Metropolis

Achieving a relatively satisfactory state for the flow of key resources is the basic objective of building a Hong Kong-Shenzhen Metropolis, and is also the basic characteristic for the formation of a Hong Kong-Shenzhen Metropolis. From an economic perspective, the optimal state for the flow of key resources occurs when resources such as people, capital, goods, information and services have absolute freedom to flow between the two cities. However, such a state is not possible under current circumstances. As such Hong Kong and Shenzhen should look for a relatively satisfactory state for the flow of key resources, that is to say, to promote under the political and legal framework of “One Country, Two Systems”, freer flow of goods, capital, labour (including natural person), information and services between the two cities than under current status. Although this relatively satisfactory state is not optimal from an economic perspective, it is optimal from the political and practical angles.

The objective of building a Hong Kong-Shenzhen Metropolis is to enable both Hong Kong and Shenzhen to share resources, optimise allocation, complement each other’s functions, achieve collaborative development and share benefits during their economic development process, thereby strengthening the competitiveness of the two cities. The successful realisation of this objective depends on a series of institutional arrangements and participation from different sectors of society. These policies, measures and arrangements are the means to be eventually put in place for the flow of all types of key resources between the two cities. Improving the state for the flow of key resources would achieve free flow of people, capital, goods, information and services between the two cities and increase the efficiency and output of resource allocation in the Metropolis, thereby enhancing the degree of prosperity of the Metropolis’ economic development and its global competitiveness. As such, the essence of the Hong Kong-Shenzhen Metropolis concept is in fact the desire to increase the highly efficient two-way flow between the two cities, enabling them to complement each other and enjoy mutual benefits in macro development and micro operations, as well as to achieve results greater than those attained when operating alone under globalisation and regionalisation. This concept does not call for the “assimilation” of the two cities in substance, nor the “integration” of their social life.
At present, there is a relatively large gap between the overall status for the flow of key resources between Hong Kong and Shenzhen and the relatively satisfactory state. In the case of the flow of people, there exists serious asymmetry as demonstrated by the heavy restrictions imposed on the flow of people from Shenzhen to Hong Kong. Arrangements are not convenient for people with registered residence in Shenzhen and its usual residents, and high-end business activities between Hong Kong and Shenzhen have not been given sufficient attention (including cross-boundary mobility of foreigners). To a certain extent, this forms a barrier to further economic cooperation between Hong Kong and Shenzhen. As this important element of two-way flow of people is not satisfactory, the flow of other key resources is also affected.

With respect to the flow of capital, both parties are aware of the importance of cooperation; but constrained by the State’s financial regulatory policies, it is still at a superficial stage of cooperation. The difference in the financial regulatory policies between Hong Kong and the Mainland creates a big institutional gap which, together with a non-fully convertible Renminbi, leads to a yet-to-be considered satisfactory flow of capital between the two cities. As a result of the constricted legal channels, illegal underground operations have emerged.

In terms of the flow of goods, despite the fact that the status for the flow of goods is close to being relatively satisfactory, customs and boundary points operations require continued improvement and enhancement. Various aspects such as inspection standards, the speed and efficiency of customs clearance, special arrangements for specific goods, the transparency of customs operations, the application of technologies at customs and crossing points all require close cooperation and connection to enhance as much as possible the effectiveness and efficiency of the flow of goods.

On the issue of the flow of information and services, there are even more constraints in place due to State regulation and the difference in the systems of the two cities. Although one of the main objectives of CEPA is to liberalize the entry of Hong Kong’s modern service providers, the different legal systems in place in Hong Kong and Shenzhen have resulted in greater obstacles for the cooperation and integration of the service industries of the two cities. Integration of service industries such as technology, law, accounting, medical, intermediary, tourism, convention and exhibition, logistics and construction industries of the two cities is greatly constrained. Enterprises in
particular face various difficulties during actual operations. The two cities need to go through a process of developing a deeper understanding of each other and making greater efforts to adapt to each other.

If further improvement to the flow of key resources is achieved, how would it affect Hong Kong and Shenzhen separately and as a whole? Through an econometric model, this study has conducted quantitative analysis and projections of the economic impact of a Hong Kong-Shenzhen Metropolis. The results show that a Hong Kong-Shenzhen Metropolis would have a positive impact on the GDP of Hong Kong, Shenzhen, and Hong Kong-Shenzhen as a whole, with the impact displaying a gradually increasing trend. At its peak in 2017, the contribution to Hong Kong’s GDP is projected to rise to 0.67%, i.e. a Hong Kong-Shenzhen Metropolis would increase Hong Kong’s GDP growth rate for that year by 0.67 percentage point. The corresponding contribution to Shenzhen’s GDP is projected to be 0.61%, while the corresponding contribution to the Hong Kong-Shenzhen Metropolis as a whole would also be 0.61%. Certainly, this estimate is only a preliminary crude result and not necessarily very accurate. However, it does show that a Hong Kong-Shenzhen Metropolis would have similar positive economic impact on each of the two cities as well as on the two cities as a whole. To a certain extent, this addresses the concern of some people in the industrial and commercial sectors of Hong Kong whom we have interviewed, which is whether Hong Kong’s interest would be adversely affected during the cooperation process, or whether Shenzhen would benefit more and Hong Kong less after such cooperation.

If the two cities develop along the direction of a Hong Kong-Shenzhen Metropolis, what would be the overall strengths and competitiveness of the Metropolis by 2020? This study has drawn upon relevant research results to conduct a forecast. In March 2007, based on relevant information from the United Nations and the World Bank, and the gross domestic product (GDP) of cities calculated using the purchasing power parity (PPP) method, PriceWaterhouseCoopers conducted a ranking of the productivity of major cities in the world. The six top-ranked cities were Tokyo, New York, Los Angeles, Chicago, Paris and London. Considering that the above-mentioned cities are mostly mature economic entities, their economic growth is expected to gradually stabilise. Our study uses the average GDP growth rate for the 2001-2005 period of the country in which each major city is located to forecast the average GDP growth rate for the next 15 years. Of these, the average GDP growth rates between 2001
and 2005 were 3.08% for USA, 1.24% for Japan, 2.48% for UK and 1.54% for France. From the above can be estimated the GDP in 2020 for the aforementioned six top-ranked cities. The results are as follows: New York (US$1.78 trillion), Tokyo (US$1.43 trillion), Los Angeles (US$1.01 trillion), Chicago (US$725.1 billion), Paris (US$578.5 billion) and London (US$508.3 billion).

Using the PPP method, Hong Kong’s GDP in 2005 was US$244 billion, ranking it 14th in the world. If combined with Shenzhen, the GDP of a Hong Kong-Shenzhen Metropolis calculated using the PPP method would exceed US$350 billion, slightly lower than London’s and ranked 7th overall. If we take into account the Hong Kong-Shenzhen cooperation factor, by 2017, the Hong Kong-Shenzhen Metropolis would be in the medium stage of implementation, with greatly enhanced integration of the economic and social life of Hong Kong and Shenzhen. Using the aforementioned estimates, prior to 2020, the GDP growth rate of the Hong Kong-Shenzhen Metropolis could be maintained at approximately 8% per annum such that by 2020, the GDP of Hong Kong-Shenzhen Metropolis could reach US$1.11 trillion, surpassing London, Paris, Chicago and Los Angeles, and ranking 3rd among world cities. If a 6% growth rate is adopted, the Hong Kong-Shenzhen Metropolis would still rank 4th in the world.
If we take into account positive factors such as Renminbi appreciation, the overall economic strengths of the Hong Kong-Shenzhen Metropolis would be even greater. Capitalising on the strong economy of the Mainland hinterland, the position of the Hong Kong-Shenzhen Metropolis as the world’s most important capital raising centre would be further consolidated by that time. Simultaneously, with its strong economic capabilities, first-rate aviation and harbour operating capabilities, as well as competitive advantages of a free port of Hong Kong, the Hong Kong-Shenzhen Metropolis can no doubt join the league of the world’s major metropolises.

As demonstrated above, achieving a relatively satisfactory state for the flow of key resources is not only fundamental to building a Hong Kong-Shenzhen Metropolis, but also has a significant meaning. Hong Kong and Shenzhen should, through administrative and economic means and measures, improve the state for the flow of key resources and induce freer flow of key resources in order to promote the formation and economic prosperity of a Hong Kong-Shenzhen Metropolis.

III. Ten policy recommendations for building a Hong Kong-Shenzhen Metropolis

The conclusion reached from the economic impact analysis of a Hong Kong-Shenzhen Metropolis mentioned earlier is that, be it for Hong Kong or Shenzhen, the impact of flow of people > impact of flow of goods > impact of flow of capital. In accordance with this sequence, this study puts forward ten policy recommendations for achieving relatively satisfactory state for the flow of key resources between the two cities within the shortest possible time, in order to realise innovation and breakthrough as quickly as possible.

1. Strengthen infrastructure links to create a “Hong Kong-Shenzhen One-hour Metropolitan Life Circle”

Constant adaptation and blending of the planning vision and design for Hong Kong and Shenzhen are necessary for the comprehensive urban planning of both cities. This should be an active long-term ongoing process. It is not possible to solve all problems at once. Moreover, the planning visions of the two cities will certainly be different and may be contradictory to each other. The two cities should therefore have
regard to the overall situation and properly resolve the resulting problems in order to reach a win-win situation. Any planning geared to the benefit of one city only could hurt and affect not just the other party but both cities. The Hong Kong Government should change its strategies and adopt forward-looking plans in order to be able to provide services as soon as they are needed.

With respect to regional infrastructure planning, industry planning, environmental protection, development of the boundary area and long-term objectives and positioning, the two cities must engage in in-depth exchanges in order to reach consensus, and drive the joint economic development of Hong Kong and Shenzhen through urban planning and design. Hong Kong and Shenzhen must join hands to establish an appropriate organisation which would, under the premise of “One Country, Two Systems” and without losing the independence and uniqueness of either city, formulate strategic urban and transport planning for a Hong Kong-Shenzhen Metropolis, and coordinate the overall development direction of Hong Kong and Shenzhen. Such planning should also include implementation plans so that the macro scheme can be practically carried out.

Regarding cooperation between Hong Kong and Shenzhen in transport facilities, the first issue to address is rationalising the cross-boundary transport system and clarifying the functions of various crossing points. In the future, three major crossing systems between Hong Kong and Shenzhen should be established along the three development axes in the western, central and eastern parts, in order to achieve a spatial layout of “west in west out, centre in centre out and east in east out.” The second issue is to connect the railway networks of the two cities to gradually achieve seamless interface in order to meet the demand for high-capacity, fast, convenient and comfortable passenger transport, thereby facilitating passenger transport integration with railway as the major means of transportation.

On the construction of crossing points, the unsatisfactory situation regarding the design of the existing Shenzhen facilities should be rectified. When modifying existing crossing points and building new ones, full consideration should be given to providing appropriate connecting transport systems which are compatible with the functions of the crossing point areas. The two cities should, as soon as possible, put in place studies and coordination work to enhance boundary crossings, to further improve their transport
connections including railways, long-haul coaches, public transport and taxis etc., and to establish high-quality people-oriented facilities.

At present, transport planning and the construction of basic infrastructure hardware such as boundary crossings between Hong Kong and Shenzhen have already reached a relatively high standard. However, further enhancement is required in terms of functional linkage. Merely having simple hardware linkage is not enough. Enhancing functional linkage is necessary to fully develop the potential of the hardware and in this aspect, Hong Kong and Shenzhen need to address their differences. Shenzhen should draw more from the experience of Hong Kong.

Another important issue of fine-tuning infrastructure linkage is the functional convergence of the city signing systems whilst maintaining their respective uniqueness. Hong Kong and Shenzhen should start working from details and gradually eliminate the differences in hardware and service management between the two cities. The two cities should further converge on noticeable differences to achieve seamless linkage, so that people will not notice any difference after crossing the boundary. Achieving this represents the basic requirement for building a Hong Kong-Shenzhen Metropolis.

Improving hardware linkage of infrastructure is merely the foundation for creating a “Hong Kong-Shenzhen One-hour Metropolitan Life Circle” , which also requires further relaxation of regulations on software such as institutional arrangements. There should be efforts to minimize the restrictiveness to flow of people, inherent to the boundary so that customs inspection and immigration clearance is made convenient for travellers. Allowing unrestricted passage for Shenzhen residents within a specified time after they have obtained a visa could be piloted, eventually developing into automated clearance using smart cards. Those having formal residence in Shenzhen, with a stable income, and reaching a specific annual income tax threshold could apply in Shenzhen for smart cards with limited validity. In addition, the governments of Hong Kong and Shenzhen should jointly facilitate a flexible cross-boundary flow of foreign business people. At the same time, various measures could be introduced including special convenience measures for business people, visa-free multiple-entry permits for corporate managers, VIP passageways at crossing points, shortened time for processing business visit endorsements within the Shenzhen area, etc.
Entry and exit management could be improved, such as putting into place convenient transport facilities for a direct connection between Shenzhen and Hong Kong without the need for interchange at crossing points, so as to create a convenient and comfortable boundary crossing environment; promotion of “co-location” arrangements for customs inspection and immigration clearance and fingerprint automated passenger clearance arrangements for Mainland people at multiple levels to enhance crossing efficiency. At the same time, the pace of upgrading the technological level of the clearance systems of the two cities should be accelerated, and the boundary crossing procedures and arrangements for people and goods should be sped up, so as to effectively solve the problem of traffic congestion in the boundary area. Reforms should be carried out to address the concerns of businesses over the problems of vehicle licences in the two cities. A green channel should be introduced to facilitate research and development related to “small logistics” in Hong Kong and Shenzhen.

On the issue of information exchange, Hong Kong and Shenzhen should collaborate on establishing an association for the industry of the two cities so as to facilitate information exchange and interaction within the industry, and strengthen and support industry exchanges between the two cities, in particular short-term work exchanges and visits. Other measures include optimising an inter-city cross-boundary service system; developing inter-city cross-boundary services with the residents of the two cities as the main targets, so as to provide a highly efficient and high quality living environment for the people of the two cities while creating a service function that facilitates cross-boundary activities and accelerating the pace of building an inter-city cross-boundary service system for the two cities; building a “Hong Kong-Shenzhen Website”; and developing a series of Hong Kong-Shenzhen publications to improve information exchange between the various professional sectors of Hong Kong and Shenzhen.

2. Study rail connection between airports to jointly establish a Hong Kong-Shenzhen super air hub

Strategically, the two cities should set about studying the feasibility of a rail connection between the airports of Hong Kong and Shenzhen. A rail connection between Hong Kong and Shenzhen airports is important for the safeguarding of Hong Kong’s airport: Hong Kong airport is the heart of Hong Kong and at present, there is
only one connection through to Hong Kong Island. If the Tsing Ma Bridge were to be affected by factors such as a natural disaster, Hong Kong airport would be paralysed, and its overall safety would be threatened, which in turn would affect the safety of South China region. In addition, by establishing a rail connection between the airports of Hong Kong and Shenzhen, the flow of people between the two cities would be effectively promoted, creating a Hong Kong-Shenzhen super air hub that would be the focus of global attention. Moreover, this railway should be connected to the national high-speed railway network now under planning to strengthen the strategic position of a Hong Kong-Shenzhen Metropolis as South China’s high-speed railway terminal.

Hong Kong and Shenzhen should, as soon as possible, set about analyzing the financial and technical feasibility of a rail connection between the airports of the two cities, in order to complement each other with respect to airport functions. Both cities are concerned that a direct rail connection between the two airports would dilute their respective volumes of passengers and goods. Sufficient communication is therefore necessary for the two cities to reach a consensus regarding their overall strategic future development. In addition, it is also necessary for the airports of Hong Kong and Shenzhen to achieve in-depth cooperation with respect to airport operations: reaching consensus on the shared responsibilities and cooperation with regard to air passengers and cargo, establishing a collaborative and complementary relationship throughout the air cargo industry chain. Trust can be established through concrete cooperation, and functional complementarity of the two airports can be achieved through cross-holding of a minority stake in the airports on the basis of equal footing and a win-win situation. For the convenience of travellers, the Hong Kong Government should study the implementation of “co-location” arrangements for customs inspection and immigration clearance at the Hong Kong airport such that passenger clearance for both places would take place in Hong Kong only, without the need for passengers to go through clearance procedures again in the Mainland.

Another important issue is that the two airports should initiate the establishment of a Pearl River Delta airport development advisory committee to jointly solve the problem of air space coordination in the Pearl River Delta. The airports of Hong Kong and Shenzhen should, together with other airports in the Pearl River Delta, carry out sufficient communication and negotiation in respect of air space collaboration, and establish a mechanism for regular exchanges, in order to promote uniform management
and rational use of the air space in the Pearl River Delta. In particular, the Hong Kong-Shenzhen Metropolis needs to secure a new civilian channel to the Mainland as soon as possible.

3. **Conduct planning for Hong Kong’s boundary closed area using the Hong Kong-Shenzhen Metropolis concept**

Hong Kong’s boundary closed area, a land area closest to the Mainland, is an important resource for Hong Kong. It is a large vacant area with enormous potential for development rarely found in the Greater Pearl River Delta. Its important value lies in its being part of Hong Kong, which means it can be developed in accordance with Hong Kong’s planning and institutional framework. Its value is also manifested through the important role of its development in the regional cooperation of the Greater Pearl River Delta. Along with regional economic development, the progress of the economic integration of Greater Pearl River Delta and Pan-Pearl River Delta will significantly speed up. During this process, Hong Kong’s role will gradually become clearer and more important. As such, planning for the liberalization and development of the boundary closed area must focus on this aspect, as it is an important guarantee for enhancing and maintaining Hong Kong’s strength, competitiveness and influential power in regional economic cooperation.

Building a Hong Kong-Shenzhen Metropolis is based on this background, as must be the planning for the liberalization and development of the frontier closed area in Hong Kong. Building a Hong Kong-Shenzhen Metropolis also constitutes the concrete background for the development of the boundary closed area. In 10 to 20 years time, there will undoubtedly be a relatively greater improvement in the flow of key resources such as people, goods, capital, information and services, etc between Hong Kong and Shenzhen. People from Shenzhen (even people from other parts of the Mainland) will be able to move more freely into and out of Hong Kong; and if there are corresponding commercial and retail facilities in the boundary area, their business and leisure activities and spending would not need to be restricted to Hong Kong Island. The boundary area will provide an important choice, and will also become an important area that connects Hong Kong with even larger regions of the Mainland.

As such, it is necessary for Hong Kong to start planning immediately for its boundary closed area, and determine the principles for development based on the
premises of ecological and environmental protection: from the perspectives of national strategy and regional economic integration, accurately identify the development target of the frontier closed area and its requisite functions, and strive to determine the corresponding schedule and road map as far as possible. Although the development of frontier closed area is led by Hong Kong, owing to the fact that the area is adjacent to Shenzhen, it is necessary for the two cities to coordinate and communicate, to create conditions for reaching a consensus, to complement each other and to advance together.

4. Establish a “Hetao Development Management Authority” to actively promote development of the Hetao area

The overall idea for development cooperation for the Hetao development is to fully capitalise on the unique geographical advantages and functions of the Hetao area, establish a “special region within special regions”, thus making Hetao a model area for a Hong Kong-Shenzhen Metropolis. Experimenting with a free flow of people between the two cities, the main development focus will be related to the flow of people rather than the flow of goods. People from Shenzhen (and other parts of the Mainland) will be able to pass freely or “go through simple procedures” to pass into and out of Hetao, thereby facilitating business activities. At the same time, the area will be managed under Hong Kong laws and systems. Considering the fact that ownership (belonging to Shenzhen) and management (vested in Hong Kong) of Hetao are separate, a “Hetao Development Management Authority” has been proposed to be established in Hong Kong, with shares and board of directors split 50/50 between Shenzhen and Hong Kong. To a certain extent, the “Authority” assumes the management role and is responsible for coordinating the development and day-to-day management of the Hetao area. The Hetao area will be developed according to the principles of “high value added, low pollution, and a high land utilisation rate”, fully realising the multiple functions of industries. However, the type of industries to be developed in Hetao should be determined by the market in accordance with the above-mentioned principles.

The importance of this concept is to allow, through Hetao’s function as a “special region within special regions” and a “model area for a Hong Kong-Shenzhen Metropolis”, very convenient movement into and out of the Hetao area for people from Shenzhen and other parts of the Mainland. The Hetao area possesses unique advantages in realising the relatively free flow of people between Hong Kong and Shenzhen. From
Shenzhen to Hetao is only about a 15-minute walk (from Hong Kong Central to Hetao requires 50 minutes travelling time). According to this concept, the entry point to Hetao from Shenzhen is merely a passageway and not a boundary crossing point, and people from the Mainland would only require identification documents. Hong Kong people and foreigners wishing to enter Shenzhen through Hetao would need to go through the boundary crossing. Vehicles from Shenzhen and other parts of the Mainland would be able to enter Hetao freely to pick up and drop off VIPs, carry out business activities and purchase high quality business services.

As for the types of industries in the Hetao area, the governments of Hong Kong and Shenzhen can set out guiding principles without determining the types of industries. Premised on the assurance that the environment and ecology of the area would not be damaged and that the economic and social exchanges between the two cities would not be materially affected, the choice of industries should be determined by market principles. It is more crucial to determine which industries should not be allowed. The governments of the two cities can, through setting environmental standards and using market adjustment levers such as land rent, guide the development of industries in Hetao. This would be more beneficial to the development of the Hetao area. Once high value added industries are developed in Hetao, it will play an important role in deepening integration between Hong Kong and Shenzhen. People working in Hetao can live and reside in Hong Kong and Shenzhen. This will be the epitome of the future Hong Kong-Shenzhen Metropolis.

The “Hetao Development Management Authority” would assume some government administrative functions. However, it is not entirely a government department. It is de facto a semi-governmental organisation which carries out development and management on behalf of the governments. The existence of the board of directors assures the respective interests of Hong Kong and Shenzhen in the Hetao area, and provides a platform for cooperation, collaboration, communication and exchange between the two cities. Through this type of cooperation and adaptation, the development of a Hong Kong-Shenzhen Metropolis and future cooperation and collaboration with larger regions will be positively explored and useful experience gained. Viewed in this light, accelerating the pace of development of the Hetao area is not just an issue of how to make the best use of this area of 1 square kilometre. Its real meaning and value lie in the two cities exploring and innovating a new mode of
planning and cooperation, paving the way for building a Hong Kong-Shenzhen Metropolis.

5. **Build China’s first top international metropolis through national level planning for Hong Kong and Shenzhen**

Hong Kong and Shenzhen needs to jointly plan the future development of a Hong Kong-Shenzhen Metropolis from a national perspective, and incorporate its future development into the country’s comprehensive planning, so as to make Hong Kong-Shenzhen a truly international metropolis and China’s first top international metropolis which fully reflects the successful implementation of “One Country, Two Systems”. To achieve this, Hong Kong and Shenzhen need to formulate and issue a mission statement for “Building a Hong Kong-Shenzhen Metropolis”, and at the same time create an operating mechanism for a new style of planning and cooperation, so as to enable the two cities to move from “functional cooperation” to “institutional cooperation”.

It is necessary for Hong Kong and Shenzhen to formulate a “Building a Hong Kong-Shenzhen Metropolis” mission statement and set up, under this framework, relevant organisations and an operating mechanism. The governments of the two cities should jointly determine the overall concept, definition and vision of the Hong Kong-Shenzhen Metropolis and from there extend the cooperation to different levels and scopes. At present, cooperation between the two governments exists only in certain areas demanded by society, e.g. cross boundary arrangements, food safety and environmental protection. They each have their respective objectives and targets, but there is no common mission statement. Such a mission statement must, based on high-level principles and strategic considerations, set out the macro positioning and development direction of the Hong Kong-Shenzhen Metropolis.

The core content of the mission statement is to plan the future development of Hong Kong-Shenzhen from a national level strategy. “Building a Hong Kong-Shenzhen Metropolis” and “Hong Kong and Shenzhen strategic partnership” can be incorporated into the official documents of the two cities, with clear and detailed explanations which explicitly state the positioning and functions of a Hong Kong-Shenzhen Metropolis as well as its future development objectives. There should be a thorough analysis of major issues such as the advantages and disadvantages,
obstacles and problems of building a Hong Kong-Shenzhen Metropolis, as well as suggestions of ways and methods to solve the problems and overcome obstacles. There should also be views on issues such as the planning and functional linkage of the two cities, the economic integration and industry chain cooperation, enhancement of ease of living and the relative free flow of key resources of the two cities. In short, the mission statement for “Building a Hong Kong-Shenzhen Metropolis” should cover all aspects of cooperation between Hong Kong and Shenzhen and become a guidance document for the cooperation between Hong Kong and Shenzhen.

What cannot be evaded in the building of a Hong Kong-Shenzhen Metropolis is the “One Country, Two Systems” arrangement. The “One Country, Two Systems” arrangement would not form any practical obstacles to building a Hong Kong-Shenzhen Metropolis. The “Two Systems” mainly apply to the basic legal system, ideology and the basic monetary and taxation systems etc. These would not affect the functional complementarity, industry cooperation and the linkages and flow of key market elements between the two cities. What should be understood is that “One Country” is the core of “One Country, Two Systems”; and putting too much emphasis on “Two Systems” while neglecting the fundamental spirit of “One Country” would not be beneficial to the future development of Hong Kong and Shenzhen.

For Shenzhen, the key to and breakthrough point of building a Hong Kong-Shenzhen Metropolis is to achieve connection and integration with Hong Kong in respect of certain economic and social administrative systems. The most fundamental breakthrough should be institutional. This certainly calls for caution and requires arduous and meticulous study and research. It is difficult for Shenzhen to make a breakthrough under the current overall policy environment of the country. However, it is necessary to be prepared and, according to practical situation, put forward to the central government special reports and requests on various issues including areas of cooperation, industry development and industry trends, with the aim of gaining policy support from central government.

For Hong Kong, it needs to play a leading role in the process of striving for central government support. For many issues involving cooperation between Hong Kong and Shenzhen, better results are achieved if they are proposed by Hong Kong rather than Shenzhen. The two cities can increase joint proposals and requests to the
central government. Hong Kong needs to adjust its way of thinking as appropriate, and properly handle and interpret the limits between “maintaining the integrity of laws and regulations” and the “flexible operation of laws and regulations”. “The integrity of laws and regulations” needs to be maintained, but not insisted on rigidly and in a non-negotiable manner. What most deserves preservation in Hong Kong is Hong Kong’s adaptability. This is very important for building a Hong Kong-Shenzhen Metropolis.

The common challenge faced by both cities and the adjustment required is effective collaboration of Shenzhen’s “big government” and Hong Kong’s “small government” in the aspect of guiding the market. The phenomenon of “Shenzhen being enthusiastic, Hong Kong being indifferent” that occurred in past cooperation between the two cities was, to a large extent, caused by differences in functions and positioning of the governments in economic and social affairs. This problem will continue to exist for some time to come. The two cities need to make their respective adjustments: Shenzhen needs to strengthen non-governmental participation; and Hong Kong should still be able to make certain adjustment while upholding government’s positive non-intervention principle.

6. Create a Hong Kong-Shenzhen Metropolis brand name to increase our attractiveness as a base for regional headquarters and branch companies of multinational and domestic enterprises

The uniqueness of a Hong Kong-Shenzhen Metropolis lies in the fact that this is where the “One Country, Two Systems” arrangement is directly implemented. Hong Kong is an international cosmopolitan city, while Shenzhen is an internationalised city in China. If the two cities join hands to create a favourable business environment, it would be attractive to many enterprises. Hong Kong and Shenzhen should jointly create a Hong Kong-Shenzhen Metropolis brand name, and jointly carry out business promotion and publicity work on image building, leveraging the unique advantages of Hong Kong and Shenzhen to attract more international and domestic enterprises to the Hong Kong-Shenzhen Metropolis.

Hong Kong and Shenzhen should jointly develop a headquarters economy, which fully exploits the advantages of Hong Kong’s connection with international markets and its free port system, and the advantages of Shenzhen’s connection with the domestic market and its advantages in industries and innovation; establishing Hong
Kong-Shenzhen as a base for innovation centres and industry integration centres; comprising an industry chain with a focus on international financial centres, Asia-Pacific service centres, modern technology know-how and information integration and transformation centres, global supply chain management centres, etc; attracting more multinational companies to consider Hong Kong-Shenzhen as their base, setting up operating centres, regional offices or regional headquarters. Striving to transform the Hong Kong-Shenzhen Metropolis into an Asia-Pacific operating centre, Asia-Pacific research and development centre and distribution and allocation centre for multinational companies. Simultaneously explore appropriate interest sharing mechanisms and avoid internal competition arising from separately developing headquarters economies.

Another reason for Hong Kong-Shenzhen to develop a headquarters economy is to attract the entry of domestic enterprises. Domestic enterprises can leverage on Hong Kong’s perfect market economy system and market regulation to reform and enhance their own operations and management. Hong Kong can, through the headquarters of domestic enterprises, extend the reach of the service industry to the Mainland. Shenzhen can become the place of choice for hosting part of the businesses and auxiliary processes of domestic enterprises which have moved their headquarters to Hong Kong. The rational division of work between Hong Kong and Shenzhen and joint development of a headquarters economy will benefit both cities and will be crucial for the two cities to function as a control and command centre in the Asia-Pacific economy.

Hong Kong and Shenzhen’s joint development of a headquarters economy requires the two cities to cooperate and integrate in respect of high-end (modern) service industry. Shenzhen’s high-end service industry is still in an initial stage of development. In the No. 1 Document “Certain Opinions On Accelerating Shenzhen’s High-end Service Industry Development” issued by Shenzhen municipal government in 2007, the development of a headquarters economy is one of the four major strategies for Shenzhen to develop its high-end service industry; and “fully utilise and make good use of Hong Kong factors” is one of the “four principles”. From a macro perspective, CEPA provides the policy basis for collaboration between Hong Kong and Shenzhen on the high-end service industry, and looking at the practical situation of the two cities, Shenzhen’s emphasis is on complementary functions in the process of cooperation, not on constituting competition and threat to Hong Kong. In fact, Hong Kong can only
enhance its competitiveness in the modern service industry by shifting its high cost, low value-added industries and processes to other places. As such, there is enormous room for cooperation between the two cities in the high-end service industry. This is also a necessary path for the two cities to take to jointly develop a headquarters economy. The two cities thus need to reach a consensus as soon as possible and move into the stage of concrete implementation.

7. **Deepen financial cooperation and strengthen Hong Kong’s function as an international financial centre**

With respect to financial cooperation, Hong Kong and Shenzhen should facilitate cooperation and infiltration between commercial banks in the two cities, strive for the operation of an inter-bank borrowing market between the banks of the two cities, accelerate the pace of establishing a mechanism for coordinating the cooperation between banks in Hong Kong and Shenzhen, promote exchanges of people and information between banks in Hong Kong and Shenzhen, facilitate Hong Kong banks to establish branches in Shenzhen, promote cooperation between the stock exchanges of the two cities, thereby providing the people of the two cities with more convenient financial investment services.

With respect to cooperation and infiltration between banks in Hong Kong and Shenzhen, first is equity cooperation. For instance, Shenzhen banks and large enterprises may acquire and invest in the equity of small and medium-sized banks of Hong Kong; Chinese and Hong Kong banks jointly invest in the establishment of new organisations, etc. Second is business product cooperation. Businesses involving bill acceptance discount facilities, accounts receivable financing, international factoring, equipment mortgages, credit investigation, etc between Hong Kong and Shenzhen require cooperation between the two cities. Third is QDII implementation cooperation. With the implementation of QDII, the scope of wealth management and investment services offered by banks to their clients extends to overseas products. At present, Hong Kong is the major market for investment by various banks. In the light of the advantage of Shenzhen’s proximity to Hong Kong and the close exchanges between the financial institutions of the two cities, Shenzhen banks possess a natural advantage in implementing QDII. Fourth is cooperation on operational network and capital. Retail business is usually the business development focus of Hong Kong banks. However,
owing to a small institutional network, Hong Kong banks usually leverage on the network of Shenzhen banks to expand their businesses. Shenzhen banks can capitalise on this opportunity to increase income from intermediary business. When Hong Kong banks launch their Renminbi business, they usually face the problem of short supply of Renminbi and have to borrow Renminbi from Shenzhen banks. Banks in Hong Kong and Shenzhen can also collaborate on establishing bank consortium loans to provide financial support for cross-boundary infrastructure construction.

On striving for the operation of an inter-bank borrowing market between the banks of the two cities, the cross-boundary flow of Renminbi and Hong Kong dollars provides a monetary foundation for banks in Hong Kong and Shenzhen to carry out inter-bank borrowing business. The inter-bank borrowing business between the two cities has to be carried out in stages according to market conditions and technical conditions. Firstly is to launch Hong Kong dollar inter-bank borrowing business between banks in Hong Kong and Shenzhen. With the fine-tuning of the joint clearing system for bills of Hong Kong and Shenzhen, the two cities have to support and encourage the commercial banks of Shenzhen to launch Hong Kong dollar bill acceptance, discounting businesses, thereby nurturing the market for Hong Kong dollar bills. Secondly is to expand the scope of Renminbi convertibility in Hong Kong, fine-tune the channel through which cash flows into Hong Kong and re-enters Shenzhen, gradually allow Hong Kong banks to operate offshore Renminbi business, and launch Renminbi inter-bank borrowing business between banks in Hong Kong and Shenzhen at an appropriate time. Thirdly, under the condition that capital projects can be basically converted, to establish a Hong Kong-Shenzhen inter-bank foreign exchange borrowing market, carrying out inter-bank borrowing business that covers the world’s major currencies, and to connect the inter-bank borrowing markets between Hong Kong and Shenzhen with a network.

Regarding the establishment of mechanisms for coordinating the cooperation between banks in Hong Kong and Shenzhen, first comes the government-to-government mechanism, and second is the inter-bank mechanism. The governments of the two cities should carry out comprehensive planning for the cooperation between the banks in Hong Kong and Shenzhen, study the problems that exist in the current cooperation and solutions to these problems, incorporate banks cooperation into the cooperation framework of the two governments as soon as possible, establish a cooperation
mechanism, jointly formulate the detailed procedures and policies for cooperation, and regarding those matters of cooperation that require State support make timely reports to the central government for coordination and handling. With respect to inter-bank business, the bank associations of the two cities can make regular and institutional exchanges in relation to problems that arise from the exchanges between the banks in Hong Kong and Shenzhen.

With regard to promoting the cooperation between the capital markets of Hong Kong and Shenzhen, cooperation between Hong Kong and Shenzhen in the international arena attracts companies to list on the stock exchanges of Hong Kong and Shenzhen. On the one hand, such cooperation can consolidate and enhance Hong Kong’s position as an international financial centre, and on the other hand, can find a way for the current enormous amount of foreign reserves of China. In addition, cooperation in the following aspects can also be strengthened: first, information exchange; second, personnel training: people of Shenzhen will receive training provided by the Hong Kong side; third, qualification examinations: those employed in Hong Kong will, through passing examinations, obtain professional qualifications to work in Mainland China; fourth, establishing organisations in both cities: the organisations are mainly professional organisations such as securities, futures and funds institutions; fifth, business cooperation, for instance, investment banking: professional organisations from the two cities joining hands to assist a company in seeking an overseas listing; sixth, innovation and development of certain products: either the two cities cooperate with respect to design and operation or Shenzhen provides assistance to Hong Kong. Lastly, it also requires taking into account the question of the division of work between Shenzhen Stock Exchange and Hong Kong GEM Board.

8. **Promote effective cooperation on “Shenzhen/Hong Kong Innovation Circle” through implementation of concrete projects**

The “Shenzhen/Hong Kong Innovation Circle” is not simply a technical cooperation between Hong Kong and Shenzhen, nor is it just a cooperation on the establishment of a regional innovative body. Within a greater scope and on a higher strategic level, it is a “pilot project for promoting the establishment of a Hong Kong-Shenzhen Metropolitan Circle”. The crux of the problem is how to effectively determine the cooperation of “Shenzhen/Hong Kong Innovation Circle” as quickly as
possible. If the operating process is not dealt with properly, all the targets of the cooperation become empty talks, without any substantial meaning. Effectively facilitating the cooperation on the “Shenzhen/Hong Kong Innovation Circle” requires sufficient communication, seeking common ground while reserving differences, taking into account the overall situation, and a win-win game between the two cities in respect of operating processes. Only by achieving the above-mentioned cooperation on the “Shenzhen/Hong Kong Innovation Circle” can practical results be achieved, and be upgraded to become a national strategy.

Establish a working mechanism and put it into effective operation. “Shenzhen-Hong Kong Innovation and Technical Cooperation Supervisory Meeting” mentioned in the “Shenzhen/Hong Kong Innovation Circle Cooperation Agreement” is an institution. From the perspective of the cooperation on “Shenzhen/Hong Kong Innovation Circle”, the establishment and effective operation of institutional and working mechanisms are very important. The government, through the establishment of a working mechanism, carries out planning, makes decisions, conducts strategic research and promulgates concrete policy, and can therefore accelerate the pace of cooperation, affecting the depth and magnitude of the cooperation. The two cities have to fully utilise the “Supervisory Meeting”, and determine the schedule and quality requirement with regard to matters of cooperation and concrete projects, and with results-orientation facilitate stable development of the “Shenzhen/Hong Kong Innovation Circle”.

Use concrete projects to stimulate cooperation on the “Shenzhen/Hong Kong Innovation Circle”. To identify and determine the concrete projects, as well as put them into operation as soon as possible is one of the key steps to facilitate cooperation on the “Shenzhen/Hong Kong Innovation Circle”. The concrete projects are an important step towards cooperation on “Shenzhen/Hong Kong Innovation Circle”. The principles of small tasks first and big tasks later, easy first and hard ones to follow, and advantages take priority when carrying out project cooperation. Attention should be paid to project efficiency, as well as the efficiency of the “external benefits” of the projects.

Create a favourable environment for technology innovation and business operations. With cooperation on the “Shenzhen/Hong Kong Innovation Circle” taking a leading role, cooperation between Hong Kong and Shenzhen will certainly expand from
single-area cooperation to an institutional arrangement covering various industries and areas. For this reason, it is necessary to make early preparations and plans. As such, apart from achieving innovation and breakthroughs via project cooperation, the two cities should carry out comprehensive planning for issues relating to the creation of a favourable environment for technology innovation and business operations from a macro perspective.

9. **Strengthen education and cultural cooperation by commencing with the “Hong Kong-Shenzhen talent nurturing programme”**

   Hong Kong and Shenzhen can carry out deeper cooperation with respect to education by commencing with the “Hong Kong-Shenzhen talent nurturing programme”. The main part of this programme is that Hong Kong opens up its educational resources to Shenzhen, enabling more Shenzhen students easier access to study in the tertiary schools of Hong Kong, which is similar to the “studying aboard” concept for Shenzhen students studying in Hong Kong. This will be of significant importance to the cooperation between the two cities in the future. Based on equivalent academic requirements, Hong Kong universities should accept more Shenzhen students. The governments of the two cities can include those Shenzhen students admitted to Hong Kong universities each year in the “Hong Kong-Shenzhen talent nurturing programme”. Sponsored by the Shenzhen government, it will enhance Shenzhen students’ interest in studying in Hong Kong. At present the programme can be carried out under the “Shenzhen/Hong Kong Innovation Circle” framework. It can be operated independently at an appropriate time in the future. In addition, the two cities can start exploring cooperation opportunities for primary and secondary schools.

   The education cooperation between Hong Kong and Shenzhen should explore the possibility of allowing a flexible mechanism for educational cooperation between Hong Kong and Shenzhen under the CEPA framework. At present all of Hong Kong’s educational institutions are regarded as overseas educational institutions and cannot directly run a school in Shenzhen. Hong Kong and Shenzhen should jointly strive for the State’s approval of Hong Kong’s educational institutions flexibly running schools in Shenzhen, with some restrictions and restraints on certain aspects of running a school. Under this framework, the two cities can also thoroughly examine the necessity and feasibility of moving some of the applied universities of Hong Kong to the boundary
area. If part of the campus of these universities can be moved to the boundary area, it will become an important factor for promoting deeper cooperation between Hong Kong and Shenzhen, deeper understanding of the two cities, and smooth progress of the cooperation on the “Shenzhen/Hong Kong Innovation Circle”.

From the perspective of people’s livelihood, it is necessary to establish schools in Shenzhen for the children of Hong Kong people as soon as possible. Educational services can be provided by voluntary groups from Hong Kong, which will enable Hong Kong children living in Shenzhen to receive Hong Kong education without having to cross the boundary to go to school every day. At the same time, the policies on “non-portability of welfare” and public money cannot be spent outside Hong Kong have to be addressed, and it is also necessary for the Shenzhen government to provide land and allow the Hong Kong government to supervise these facilities.

Hong Kong and Shenzhen have to actively enhance cultural exchanges between the two cities. After building the Hong Kong-Shenzhen Metropolis, more exchanges can be made to increase the two cities’ understanding of each other’s culture and values, including making contacts and ways of business management, ways of interaction between companies and between enterprises and the governments, as well as the social and political situation. At present, cultural and arts exchanges between Hong Kong and Shenzhen have not been running smoothly. If Hong Kong and Shenzhen simplify the process, they can organise more cultural exchanges and performing tours. The Hong Kong performing arts market is relatively small, making it not economically viable for world-famous performing arts groups to perform in Hong Kong. If however the performing arts market is perceived to include Hong Kong and Shenzhen, and even extended to the Pearl River Delta, and appropriate arrangements are made regarding ticketing and the issue of visas to performers for entering the Mainland, this will certainly support large-scale performing arts with positive impact on the development of arts in the two cities.

10. **Focus on sustainable development by jointly addressing environmental protection issues**

The “Shenzhen 2030 City Development Strategy” proposes that in the future Shenzhen will become a “world-class city with emphasis on Shenzhen-Hong Kong cooperation and joint development”, and includes the “international metropolis to be
jointly developed with Hong Kong” on the list of Shenzhen’s targets. It can be said that the joint establishment of a metropolis between Hong Kong and Shenzhen is a common need and an inevitable trend for the development of Hong Kong and Shenzhen. However, the premise of building a Hong Kong-Shenzhen Metropolis has to be a healthy environment, because a healthy environment is a prerequisite for an international metropolis, is a manifestation of competitiveness, is the common goal of the development of Hong Kong and Shenzhen, and is the foundation for sustainable development. Building a Hong Kong-Shenzhen Metropolis should be carried out under the premise of ensuring ecological sustainability, and continued improvements to the environment should be made.

Establish a mechanism for coordinating the work of environmental protection between Hong Kong and Shenzhen. Although on the aspect of environmental protection and objectives, Hong Kong and Shenzhen are very similar in substance, owing to the differences in political and legal systems and the level of economic development, there are still differences in the specific aspects of environmental laws and regulations, standards, planning as well as operations between the two cities. As such, to ensure effective and highly-efficient environmental protection, it is necessary to establish a mechanism for coordinating the work of environmental protection between Hong Kong and Shenzhen, and to coordinate solutions to the above-mentioned problems, with the aim of ensuring implementation of environmental protection.

Set up an ecological and environmental resources account. Coordinate the commencement of the examination and assessment of the ecological and environmental resources of Hong Kong and Shenzhen; set up an ecological and environmental resources account which will serve as an important basis for deciding on planning, regional layout and construction projects, so as to enhance the efficient and effective use of ecological and environmental resources.

Optimise planning according to environmental capacity. Strictly control the scale and magnitude of land development, restrict industrial development that does not meet environmental standards, carry out comprehensive development, enhance ecological and economic effectiveness as well as implement a total capacity control system.

Ensure and strengthen public participation. Safeguard the public’s right to know, right to participate and right to monitor the environment. For planning, construction
projects and major decisions involving public’s environmental interest, obtain public opinions through various means such as hearings, appraisal meetings or public notification, etc.

Conclusion

This research focuses on carrying out extensive resident surveys (mainly targeted at Shenzhen residents; Hong Kong residents do not face major obstacles entering and leaving the Mainland and similar surveys have been conducted by others) and in-depth interviews. The objective is to reflect the mainstream opinions of the residents, enterprises and government officials of the two cities on accelerating the pace of economic integration between Hong Kong and Shenzhen and building a Hong Kong-Shenzhen Metropolis. The findings reveal that government officials, enterprises and residents in Shenzhen hold very positive views on building a Hong Kong-Shenzhen Metropolis. For Hong Kong, while the views are basically positive, some enterprises and interviewees are not optimistic and some even have doubts. All these are understandable. On the whole, interviewees generally agree that Hong Kong and Shenzhen each has its own advantages. Hong Kong is an international city, and Shenzhen is the most liberated and diverse city in the Mainland. Cooperation between Hong Kong and Shenzhen can radiate Hong Kong’s influence to other parts of the Mainland, and Shenzhen can “go international” via Hong Kong. How to bring out the advantages of the two cities through the Hong Kong-Shenzhen Metropolis concept is the focus of the society’s concern.

In proposing the various policy recommendations for building a Hong Kong-Shenzhen Metropolis, the study recognises that it is not easy to implement these recommendations. There are many obstacles on governmental and social levels that need to be addressed. A big gap currently exists between Hong Kong and Shenzhen in respect of administration, policy-making and legal and social systems. The way of thinking and objectives also vary greatly between the two cities. Adding to these are the difficulties arising from the “One Country, Two Systems” concept. Not all matters of cooperation between Hong Kong and Shenzhen can be decided by the governments of Hong Kong and Shenzhen on their own, but require the participation and support from the central government and Guangdong provincial government.

Current trends indicate that a Hong Kong-Shenzhen Metropolis is only the first
step to building a metropolitan region in the Greater Pearl River Delta. With economic integration of Hong Kong and Shenzhen, this metropolitan area can be expanded to Macau and Zhuhai situated on the other side of the Pearl River Estuary. Taking this further, the Pearl River Estuary metropolitan region including Hong Kong, Shenzhen, Macau and Zhuhai will also integrate with the entire Greater Pearl River Delta metropolitan region including Guangzhou, Foshan and Dongguan, leading the globalisation of the economies of the Pan-Pearl River Delta and China in a healthy manner.