

Bauhinia Foundation Research Centre Calls for Creation of a World-Class Pearl River Delta Metropolis

(28 October 2008) Releasing its Pearl River Delta (“PRD”) study report today, the Bauhinia Foundation Research Centre (“The Centre”) called for the creation of an internationally competitive, world-class PRD Metropolis over the next 20 years.

The report said Guangdong and Hong Kong should take advantage of the opportunities being presented through developing economic and social trends in the region.

The study was conducted between February and October of 2008 with participation of China Business Centre of Hong Kong Polytechnic University and China Development Institute of Research in Shenzhen. Specialists from Guangdong were also involved in the study, which included interviews with some 100 government officials, specialists, academics and industry representatives, 30 Hong Kong enterprises, 100 Guangdong enterprises as well as 2,000 citizens in Guangdong and Hong Kong.

Noting the remarkable achievements of the economic integration between Guangdong and Hong Kong over the past 30 years, Chairman of the Centre Mr Anthony Wu Ting-yuk said, “We have seen win-win and multi-win benefits to the two territories’ economic developments. Industrialisation in Guangdong and post-industrialisation in Hong Kong have been accelerated, resulting in a concentration of highly competitive industries and the fostering of a cluster of townships in the PRD Region.”

“The PRD Metropolis” advocated in the report covers the nine PRD cities, Hong Kong and Macao. The Centre’s study shows that in terms of urbanisation, industrialisation and working and living accommodations among cities, the PRD Region already displays the features of an extended metropolitan region. The Region has the potential of developing itself into China’s first world-class metropolis.

Last year, Guangdong Party Secretary Mr Wang Yang called for new thinking on Guangdong-Hong Kong economic integration. The Chief Executive of the Hong Kong SAR has also stressed the need for strengthening Guangdong-Hong Kong economic cooperation. Nearly 80 percent of the residents in the two territories surveyed as a part of the study expressed confidence in accelerated cooperation between the two territories.

However, Mr Wu acknowledged that problems and obstacles lie in the way of developing the Pearl River Delta Metropolis. These include, among others, differences and discrepancies between Guangdong and Hong Kong in terms of legal, economic, public administration and social services systems. On another front, competition and conflict of interest also exist among different cities in the region.

To overcome these difficulties, Mr Wu said, “The common interests and desires of Guangdong and Hong Kong must form the basis of the blueprint for a world-class PRD Metropolis. At every stage of development in the past 30 years, people and economic exchanges have existed, and Guangdong and Hong Kong have cooperated far more than they have competed against each other.

“While the current global financial crisis is affecting world economies, we should look at development of the PRD Region into a world-class metropolis from a long-term, macro perspective.”

According to the economic forecast of the study, the development of the PRD Metropolis will spur growth in the region’s gross domestic product (GDP), trade and investment. In terms of purchasing power parity, the per capita GDP of the PRD Metropolis by 2038 will be around US\$100,000, which will be above the average of the three international metropolitan centres of New York, Tokyo, and London respectively.

Mr Wu believes higher standards that are benchmarked against “world-class” standards are required for the PRD Metropolis to bring real enhancements to the manufacturing and service industries and ecological environment, transportation networks, and infrastructural facilities. Also, real and substantial improvements are required in economic, societal, and people’s livelihood areas.

Based on the above objectives, the study has come up with 22 policy recommendations in 11 different areas. They include:

Implementing CEPA’s “head start mechanism” and establishing the Guangdong-Hong Kong-Macao Close Cooperation Zone. The key is to give Guangdong the right to be the first to implement new CEPA initiatives under a “head start mechanism”, and Guangdong will have to take the lead in establishing a PRD sub-regional cooperation mechanism. Its relevant policies can be suitably modified according to the implementation needs of CEPA, and the opportunity should be taken to improve its economic and administrative governance with the benefits of CEPA. Guangdong should also ensure that its “head start mechanism” can serve as an example for other regions to follow.

Be innovative in designing the Hong Kong-Guangdong Cooperation Joint Conference system to drive CEPA’s implementation. Guangdong, Hong Kong, and Macao need to jointly research CEPA-related matters and development trends in the PRD Metropolis, coordinate matters within the PRD Metropolis and drive collaboration and progress on major projects. The Cooperation Joint Conference is the first layer, and the following layers can be added: 2nd layer – Regional Chief Executives Joint Conference; 3rd layer – Regional Department Heads Joint Conference; 4th layer – Joint Conference Secretariat; 5th layer – Specialist Teams and Professional Committees.

Exploring the establishment of a public governance framework for the Pearl River Delta Metropolis. While the “One Country, Two Systems” model is unique in the world, CEPA alone cannot cover social and livelihood areas. There is a pressing need for the Central Government and Guangdong to look into a comprehensive public governance policy framework for social and livelihood affairs to meet the needs arising from the large number of Hong Kong people living in Guangdong as well as make it more convenient for non-Guangdong citizens living in the province to travel to and from Hong Kong. (A pilot test can first be conducted in Shenzhen on cooperation in social and livelihood areas with express post, health care, cross-boundary elderly services and schools for Hong Kong children as important areas for cooperation.)

Forming a financial holding company jointly owned by Guangdong and Hong Kong to finance large-scale, cross-boundary infrastructural projects. Singapore’s Temasek Holdings can serve as a good example for Guangdong and Hong Kong. Most of the enterprises involved in the PRD rail transport projects are government-related – either state-owned enterprises (of Guangdong) or government-owned institutions (of Hong Kong). Both territories can take reference from Temasek Holdings and form a financial holding company to coordinate the overall financing and operation of the rail transport project.

Guangdong and Hong Kong forming a joint company to build and operate the PRD’s rail transport network. A 2,000 kilometre intercity rail transport network featuring “three rings and eight spokes” will be built in the PRD Region in the future. The MTR Corporation of Hong Kong can be invited to participate in the construction and operation of this intercity rail transport network in different ways. For example, Guangdong and Hong Kong can form a PRD Rail Transport Corporation to plan, construct and operate rail links; or the MTR Corporation may cooperate with individual cities of the PRD Metropolis in planning, financing, constructing, and operating the intercity rail transport projects in those cities.

Promoting the common use of the “Octopus” in Guangdong, Hong Kong and Macao to speed up integration of consumer services. The common use of the Octopus will make spending more convenient for consumers in Guangdong, Hong Kong and Macao. Restrictions on Guangdong residents travelling to Hong Kong should be gradually relaxed, and ultimately, electronic visas should be used for entry into and exit from Hong Kong.

Including “Quality Living Circle in the Green Greater Pearl River Delta Region” in the National 12th Five-Year Plan for Environmental Protection and making the PRD Metropolis a role model in environmental management for China. Cooperation on environmental protection between Guangdong and Hong Kong has become more proactive in conducting inter-regional monitoring and control as well as creating quality living environments. The Centre recommends the formulation of regional environmental cooperation blueprints and ecological development plans, transforming the concept of regional ecological cooperation and unifying and agreeing on the region’s environmental standards.

Promoting full cooperation between Hong Kong’s public institutions and Guangdong government authorities. The functions of Hong Kong’s public institutions are similar to the public institutions and some state-owned enterprises in the Mainland. It makes sense to promote full cooperation between Hong Kong’s public institutions and their counterparts at all levels of the Guangdong government. For instance, Guangdong’s relevant departments, Hong Kong Trade Development Council and Hong Kong Productivity Council can work together to provide support to PRD enterprises in “going global”.

Setting up committees to coordinate collaboration and development of the ports and airports in the PRD Region. Cooperation amongst ports and airports should be revisited, and focus should be on how they complement and compete against each other. A PRD Metropolis Ports Collaboration Committee should be formed to prevent over-development of ports, and a PRD Metropolis Airport Administration Committee can be tasked to coordinate the airports and airspace, coordinate communication between the five major airports and the Civil Aviation Administration of China to seek an expansion in usable air space in the region, coordinate the division of labour among the five major airports and plan for transport infrastructure to link up the airports.

Using the Hong Kong-Zhuhai airport cooperation model to develop the PRD Metropolis’ service industry. The model provides good reference for future Guangdong-Hong Kong cooperation, and is one of the best means to export Hong Kong’s services to PRD. Apart from production-related services, the focus for Guangdong-Hong Kong cooperation in the service industry should include consumer-related services and public services. Hong Kong’s mature management models can provide new momentum in upgrading the PRD’s service industry. From ports to airports, from the convention business to tourism, the transfer of Hong Kong’s service industries to Guangdong can be made through share-swapping or entrustment. This will further facilitate integration of the PRD Metropolis’ service industry.

Starting construction of the Hong Kong-Zhuhai-Macao Bridge as soon as possible. The Hong Kong-Zhuhai-Macao Bridge is strategically important because it links up the two shores of the Pearl River. To a large extent, it will correct the problem of imbalance in developments on the Eastern and Western shores.

Guangdong, Hong Kong, and Macao joining hands to develop Zhuhai’s Hengqin Island. Opening up Hengqin Island requires the concerted efforts of Guangdong, Hong Kong and Macao. Hong Kong’s participation should be strengthened to attract Hong Kong consortia to invest. Focus of the developments on Hengqin Island and the Pearl River’s west bank should be on consumer services to turn them into a world-class business and leisure vacation centre. Integrating the service industry of Guangdong, Hong Kong and Macao will produce synergies and stimulate development of the leisure industry on the west shore of the Pearl River. This will lead to the formation of a Disneyland-Macao-Hengqin-Zhuhai consumer service industry belt.

Strengthening and implementing the strategic and complementary development plans of Guangdong and Hong Kong. The Central Government’s “*Layout Plan for the Reform and Development of the Pearl River Delta Region*” presents an opportunity for Guangdong, Hong Kong, and Macao to put forth proposals that would be beneficial to their own interests and to seek consensus on the sustainable development of the PRD Metropolis.

ENDS