

# Opportunities and Challenges for Southern China's Greater Bay Area

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**T**he Guangdong-Hong Kong-Macao Greater Bay Area, as known as the Greater Bay Area (GBA), is a world class urban agglomeration with the strongest market vitality in China. Covering 56,000 square kilometres, the 80 million-resident region produced more than 11 trillion RMB in economic output in 2020. Since the return of Hong Kong and Macao to China, collaboration between the three regions has been deepened, leading to increased economic prowess and greater competitiveness.

### Major business layouts of the three regions

Hong Kong focuses on finance, shipping, logistics and modern services. While home to many world-class universities, however, it suf-

fers from sluggish economic and social development due to difficulties in commercializing academic achievements and a lack of industrial resources. Therefore, it should give play to its advantages in finance, shipping, logistics and modern services to better serve the GBA, while stepping up technology innovation to industrialise academic achievements.

Macao is dominated by tourism and leisure. Similar to Hong Kong, its relatively singular economic structure coupled with small geographical area has led to slow growth. Therefore, the government's decision to allow Macao and Guangdong to jointly govern the 106-square-kilometer Hengqin Island has provided needed land to help Macao diversify its economy and achieve sustainable development. Macao should focus on further

exploring diversifying economic structures in Hengqin.

Meanwhile, Guangdong's nine major cities have large economic volume, and are well-positioned to support emerging industries, advanced manufacturing and modern services. For Guangdong, the next step should be to promote its emerging industries, step up innovation and coordinate more development with other two regions.

### How can the three regions complement each other?

The GBA can achieve greater coordination in a number of ways. First, promoting the construction of the Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor to facilitate cross-border exchange; second, strengthening capital market interconnection and further improving offshore and onshore markets; third, advancing judicial coordination mechanisms for intellectual property rights; fourth, boosting the coordinated development of shipping and aviation industries between the four places; fifth, fostering closer cooperation in the cultural and creativity industries.

Meanwhile, more consideration should also be given to the roles of Qianhai and Hengqin to combine institutional innovation and industry development.

### The role of new infrastructure construction in developing the GBA

From the perspective of supply chains, new infrastructure plays a critical role in the upgrade and transformation of the industrial and supply chains in the GBA in the following three ways:

Firstly, to fill in the gap of China's industrial and supply chains. Take chips, for example. Currently, China is dependent on overseas supplies which can easily be restrained. The technological innovation and industrial transformation of the GBA can propel the research and development of China's chip industry by leveraging Hong Kong's advantages in innovation and talent, as well as chip design enterprises such as Huawei and Hisilicon in Shenzhen.



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Secondly, to enhance the effective coordination of the GBA's industrial and supply chains to improve the global competitiveness of products and services. The key is to integrate the supply chain mindset into the planning and development process of new infrastructure. For example, while digitally upgrading industrial parks, it is also necessary to plan and coordinate industrial and supply chains between different parks so as to create a sound ecology that integrates industry and finance. In the process of building intelligent logistics hubs (such as airports, ports and distribution centres), we should also emphasis the digital networks of different supply chains, making sure they are manageable to help clients optimise the logistics supply chain based on data analysis.

Thirdly, to promote the national 'dual carbon' goals. Taking charging stations of new energy vehicles as an example, at present, we still have a large number of public charging stations, with the vehicle-pile ratio dropping to 2.9:1. However, in practice, you will find that many public charging stations are slow to charge and some are even broken. Therefore, in the future, the GBA can tap into building high-powered, fast-charging stations and exploring new types of infrastructure such as battery swapping stations to assist the EV transformation.