



# The Greater Bay Area: An Opportunity Not to Be Missed

**Hong Kong has a key role to play in the success of the Greater Bay Area, and efforts must be made to ensure it achieves smooth integration into the economic region.** – By Ayesha Lau

Conceived as a dynamic and integrated business hub fostering higher investment and growth, the Greater Bay Area is expected to result in a more interconnected economic region. Its substantial size and the massive scale of the larger market are expected to yield meaningful opportunities across different sectors, whether in financial services, capital markets, industrial markets, technology, insurance, healthcare, education or infrastructure and real estate. Some predict the GBA's economy will double in less than a decade and that it is poised to become the fifth-largest globally, outpacing that of the UK. In 2018, the region's GDP exceeded US\$1.6 trillion – an amount roughly equal to South Korea's.

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China is eager to keep opening up its economy for foreign trade and investment and diversifying its international markets. The GBA's aim of promoting close cooperation between Hong Kong, Macau and nine cities in Guangdong province can make the region globally competitive. This is especially important amid continuing US-China trade issues.

Collaboration matters. Cities located near one another such as those in the GBA can grow much faster when they take advantage of an appropriate division of labour and specialisation as well as economies of scale. To fully capitalise on the opportunities, businesses should carefully assess the potential impact of deeper GBA integration and formulate comprehensive policies

factoring in the region's connectivity and flow of goods, services, talent and information. In a sense, the aspiration is tantamount to economic globalisation at a local level.

Tax benefits are ready to be seized, with incentives available in some GBA cities on the mainland. In Qianhai in Shenzhen, for instance, a corporate income tax rate of only 15 percent applies for specific industries in that commercial development. And given the region comprises three tax jurisdictions – that of the mainland, Hong Kong and Macau – there are planning opportunities for enterprises to boost their overall tax efficiency as long as they keep their operating protocols in good order.

Within the GBA plan, Hong Kong plays a unique part. Long established as a finance hub, the city draws upon a talent pool rich in diversity and experience. Hong Kong's enhanced connectivity when it comes to capital, infrastructure, intellectual property and trade can help make the city a regional magnet for international wealth management.

At the same time, companies and investors should consider the roles and strengths of other GBA cities. Guangzhou, for example, will serve as a centre for international business and trade as well as for integrated transportation. Shenzhen, as a special economic zone, continues to be a focal point for innovation. Macau is home to highly advanced travel and leisure industries.

The influence of the GBA can extend beyond the Pearl River Delta to neighbouring provinces including Fujian, Jiangxi, Hunan, Guangxi, Hainan, Guizhou and Yunnan. It will act as a catalyst to open up the country's economy still more. In addition, the GBA's distinctive

standing within China's economic development ambitions means it is ideal for new policies to be tested and refined before being rolled out nationally.

The GBA plan's introduction marks a positive step. Regional growth is expected to fuel demand for financial services as well as expand the space for mainland Chinese and Hong Kong residents and institutions to make cross-border investments. The plan is likely to further relax restrictions on capital flows between the mainland, Hong Kong and Macau.

This could hasten the creation of innovative products and opportunities for companies to broaden their regional presence. Customers could open new accounts and enjoy cross-border access to banking services without having to travel.

Yet certain steps must be taken. Local officials and regulators need to work together smoothly to ensure

that people, capital and goods move with ease. These authorities should nurture entrepreneurship and innovation too. Making customs and immigration procedures run better is fundamental, as is striving to harmonise regulations. Efforts must also be made to improve the accessibility and reach of healthcare coverage while upholding the recognition conferred on educational achievements and qualifications across the region.

Innovation and technology are clearly high priorities for China, and their pursuit entails research, manufacturing and commercialisation. Towards these goals, Hong Kong and its fellow GBA cities bring respective assets in fielding new products and services. In short, the GBA affords those seeking to break into the China market or build their business in the country an opportunity not to be missed. 

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