

## Asian Financial Forum 2018

### Guangdong-Hong Kong-Macao Bay Area: Prospects for Hong

#### Synopsis

With less than one per cent of China's land area and five per cent of its population, the Guangdong-Hong Kong-Macao Greater Bay Area yielded more than 13 percent of its GDP in 2016 and the government plans to develop this region into a world-class city cluster. As the Greater Bay Area evolves and boosts the country's economy through a new platform for financial cooperation, Hong Kong is trying to position itself as a "Finance-Plus-Innovation" hub. These converging efforts are creating opportunities for Hong Kong, which is poised to benefit from the bright future of the Greater Bay Area. The workshop explored how Hong Kong's financial sector can leverage the opportunities that the Greater Bay Area offers to achieve greater regional integration and faster growth.

#### *Welcoming Remarks*

- **Mr Zhou Li**  
Editorial Board Member, China Daily Group; Publisher & Editor-in-Chief, China Daily Asia Pacific

#### *Moderator*

- **Mr Alfred Romann**  
Contributing Editor, China Daily Asia Pacific

#### *Speakers*

- **Ms Ginger Cheng**  
Managing Director, Head, Large and Mid-cap Corporates, Institutional Banking Group, DBS Bank (China) Limited
- **Ms Susie Cheung**  
Co-Convenor, Asia-Pacific Structured Finance Association
- **Mr Ding Lei**  
Chief Innovation Officer, HNA Innovation Finance Group
- **Ms Jing Ulrich**  
Managing Director and Vice Chairman of Asia Pacific, JPMorgan Chase & Co.
- **Mr Zhang Yuge**  
Director, Center for Hong Kong and Macao Studies, China Development Institute

In his opening remarks, Zhou Li of the China Daily referred to the comments made by the Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China, Carrie Lam, when the Asian Financial Forum opened on Monday and she stressed the importance of the Greater Bay Area to the city's future.

The onus is on Hong Kong, Li said, “as transport links open, to take advantage of the links and the growth.”

Moderator Alfred Romann pointed out the size of the Greater Bay Area – one per cent of China – and its value in terms of China’s GDP (13 per cent) before asking the panellists for their thoughts on the prospects ahead for the GBA.

Zhang Yuge explained that the GBA concept first emerged in 2014, but it was not until 2017 that the plan was really formulated and the Chinese government promulgated it as a development trend for the future. In comparison with other such areas, such as San Francisco and New York, he said the GBA is not yet “world class” as the ports and logistics and service industries are still at different stages of development. Issues ahead are that the GBA needs “some kind of leadership or it will be anarchic.” He referred to Hong Kong’s unique “one country two systems” political arrangement and wondered how, with this in place, the GBA could be “completely open” in terms of the movement of people and trade.

Susie Cheng focused on economic figures, suggesting that by the year 2030 the GBA’s GDP would top 4.62 trillion or 12.56 per cent of China’s GDP. She highlighted the difficulties SMEs in China are facing, borrowing money from external sources: “because to banks it’s small change.” The solution, she suggested, is to attract revenue from institutional investors by building up a “pipeline of well-prepared, bankable projects.” Also, under the Belt and Road Initiative or GBA “umbrellas”, institutional investors may come, providing there is an “ecosystem for projects.”

For Jing Ulrich the pertinent question is what Hong Kong can do in terms of its place among the 11 cities within the GBA. Hong Kong’s role as a global financial centre with strong and long-established ties to mainland Chinese businesses, along with its legal experience, infrastructure and position as an international shipping centre, means the city is “super connected” and should play to those strengths, but must work hard to avoid being marginalized by the rapid growth of its neighbours. She said the digital Belt and Road Initiative offers Hong Kong opportunities as China continues to challenge the United States in terms of technological developments, and suggested that Hong Kong become a key university hub and encourage a sense of entrepreneurship “and the courage to start businesses” while investigating the development of fintech.

China’s open door policy of the past 20 years has, according to Ginger Cheng, allowed the GBA to become the most market-driven region in the nation. The challenge now is for everyone involved to promote innovative solutions rather than traditional ones.

Ding Lei estimated that 60-70 per cent of China’s imports come through the GBA, “but that still leaves a lot of space” for the expansion of commodities, warehouse space and logistics. Shenzhen has in recent years established itself as a centre of innovation and for Hong Kong “as a neighbour, that means opportunity.” New talent and capital can flow more quickly to cities across the GBA, he said, but so far the Hong Kong government has been pushing innovation without much support. Ahead lie opportunities

and challenges. “Faced the right way we can turn this around and the challenges can become opportunities.”

**ENDS**