



ShenZhen
Innovation and
Development Institute

Newsletter

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Events



Jefferson Fellows from the East-West Center visited the Shenzhen Innovation and Development Institute on May 23rd. [Read more](#)



Bingwen ZHENG, director of the Institute of American Studies and the Center of International Social Security in the Chinese Academy of Social Sciences (CASS), joined the Public Lecture Series of SZIDI on May 10th, with a speech on *Fairness and Efficiency in Top-level Design of Social Security*. [Read more](#)



Xiaonian XU, professor of Economics and Finance in CEIBS, joined the Public Lecture Series on May 5th, on *Chinese Economy at the Turning Point*. [Read more](#)



Cheng LI, director of the John L. Thornton China Center, Brookings Institution, joined the Public Lecture Series on April 26th, on *Political, Economic, and Security Landscapes under Trump and Xi*. [Read more](#)



Shenzhen-Hong Kong Cooperation Roundtable

Shenzhen Innovation and Development Institute
One Country Two Systems Research Institute

On the Development of the Guangdong-Hong Kong-Macau Greater Bay Area

The government work report this year promotes the deepening cooperation between mainland and the two SARs, Hong Kong and Macau, and fully utilizes the advantages of Hong Kong and Macau to designate the development plan of the greater Guangdong Hong Kong Macau bay area. The third meeting of the SZ-HK Cooperation Roundtable was thus held in such context, seeking new opportunities in the development of the greater bay area. Experts drafted eight policy recommendations for the development of the greater bay area.

First, be open-minded and fully utilize the institutional benefits of the One Country Two Systems policy mechanism. Under such mechanism, the greater bay area harbors three independent customs territories. Institutional obstacles to the equal distribution of resources and factors of production remain the primary problem even among the nine cities in Guangdong province, let alone among Hong Kong, Macau and Guangdong where vast institutional differences prevail. Although there have been series of trade agreements since the ratification of the Mainland and Hong Kong Closer Economic Partnership Arrangement, the differences in institutions, legal systems, administrative regulations, evaluation and monitoring mechanisms as well as business culture lead to frictions in the socioeconomic integration within the region. It is thus critical to shatter administrative and institutional barriers, and suffice it to say, to replace **preferential institutions** with **innovative institutions**. More efforts should be put into institutional reform to overcome the institutional obstacles in finance, trade and exchange, and to break the barriers in business environment, flows of factors of production and public service provision.

Second, push for further liberalization, construct a free trade zone of Guangdong, Hong Kong and Macau, construct a pilot zone for open economy. As the government work report anchors on the special position and function of Hong Kong and Macau in the country's economic development and opening up, we suggest that the development plan for the greater bay area should work alongside the Belt and Road Initiative to promote the construction of a **free trade zone and a new pilot zone for open economy in the area**.

Third, establish a coordinating mechanism to promote the coordinated and orderly development of cities within the greater bay area, and to enhance the region's global competitiveness. Competition shifts beyond cities to that among regions and city clusters. It is thus essential to strike a better coordinated development mechanism within the greater bay area that identifies the comparative advantages of each city involved and position each city accordingly.

Fourth, deepen cooperation between Shenzhen and Hong Kong to build an economic community as the engine for the development of the greater bay area. The past decades have witnessed the critical role of the cooperation between Shenzhen and Hong Kong in the economic development of the region. In the context of the development of a greater bay area, Shenzhen and Hong Kong should continue to take up the pioneering role to explore the possibility of transforming the institutional advantages of Hong Kong's open economy and legal system to a comparative advantage in global

the two cities should ultimately build up a world's leading center for financial services, shipping and logistics, and technology in order to optimize the industrial structure of the greater bay area.

[Read more](#)

Key Words

粤港澳大湾区 yuè gǎng ào dà wān qū

Guangdong-Hong Kong-Macau Greater Bay Area

The concept dates back to 2011 when it was proposed in a study called “The Action Plan for the Bay Area of the Pearl River Estuary”. The development plan for the Guangdong-Hong Kong-Macau Greater Bay Area then surfaced in a State Council policy paper last year. It was officially addressed in the annual government work report delivered by Premier Keqiang Li at the start of this year’s National People’s Congress. It is an updated version of previous regional development initiatives such as the Pearl River Delta and the Pan-Pearl River Delta according to the Xinhua news. The Greater Bay Area will include the Hong Kong Special Administrative Region, Macao Special Administrative Region, and nine cities in south China's Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Dongguan, Huizhou, Zhongshan, Foshan, Zhaoqing and Jiangmen. It is designed to coordinate economic and infrastructure development in the area to not only make better use of each city’s strengths to facilitate future development but also enhance the region’s global competitiveness.

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