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**Panel on Commerce and Industry**  
**Panel on Economic Development**  
**Panel on Financial Affairs**  
**Panel on Information Technology and Broadcasting**

**Joint meeting on 19 March 2019**

**Background brief on the development of  
the Guangdong-Hong Kong-Macao Greater Bay Area**

**Purpose**

This paper provides background information on the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area"). This paper also summarizes the major views and concerns expressed by members of the Panel on Commerce and Industry ("CI Panel"), Panel on Economic Development ("EDEV Panel"), Panel on Financial Affairs ("FA Panel") and Panel on Information Technology and Broadcasting ("ITB Panel") during previous discussions on the subject.

**Background**

2. The Greater Bay Area comprises the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province covering a total area of 56 000 square kilometres with a combined population of approximately 70 million at the end of 2017 (**Appendix I**).<sup>1</sup>

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<sup>1</sup> An overview on the socio-economic development for each of the cities in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and the opportunities available in the Greater Bay Area for different industries of Hong Kong are set out in the fact sheets (FS03/17-18 and FS04/17-18) prepared by the Research Office of the Legislative Council Secretariat (<http://www.legco.gov.hk/research-publications/chinese/1718fs03-overview-of-guangdong-hong-kong-macao-bay-area-20180223-c.pdf>; <http://www.legco.gov.hk/research-publications/chinese/1718fs04-guangdong-hong-kong-macao-bay-area-opportunities-and-challenges-for-hong-kong-20180223-c.pdf>) (Chinese version only).

3. In March 2015, the National Development and Reform Commission ("NDRC"), the Ministry of Foreign Affairs, and the Ministry of Commerce of the People's Republic of China jointly published the "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" in which the initiative to help to build the Greater Bay Area was first highlighted.

4. Subsequently, Premier LI Keqiang mentioned in the 2017 Report on the Work of the Government the need to promote closer cooperation between the Mainland and Hong Kong and Macao; draw up a development plan for a city cluster in the Greater Bay Area; give full play to the distinctive strengths of Hong Kong and Macao; and elevate their positions and roles in the nation's economic development and opening up.

#### Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area

5. On 1 July 2017, NDRC and the Governments of Guangdong, Hong Kong and Macao signed the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area ("Framework Agreement").<sup>2</sup> The Framework Agreement provides that the objective of cooperation is to implement the principle of "one country, two systems" fully and accurately, improve and innovate the cooperation mechanism, establish a mutually complementary cooperation relationship, and jointly take forward the development of the Greater Bay Area. The Framework Agreement also sets out the goals and principles of cooperation, and establishes seven key cooperation areas in the development of the Greater Bay Area:

- (a) promoting infrastructure connectivity;
- (b) enhancing the level of market integration;
- (c) building a global technology and innovation hub;
- (d) building a system of modern industries through coordinated development;
- (e) jointly building a quality living circle to provide an ideal place for living, working and travelling;
- (f) cultivating new strengths in international cooperation; and
- (g) supporting the establishment of major cooperation platforms.

6. The Hong Kong Special Administrative Region Government ("HKSARG") has worked closely with the Guangdong Government in drawing up the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area ("Outline Development Plan") jointly with

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<sup>2</sup> See the full version of the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area ([https://www.bayarea.gov.hk/filemanager/en/share/pdf/Framework\\_Agreement.pdf](https://www.bayarea.gov.hk/filemanager/en/share/pdf/Framework_Agreement.pdf)).

NDRC. Both sides have agreed to further expand the "early and pilot implementation" approach, take forward policy innovation and breakthroughs in major areas, and foster the smooth flow of people, goods, capital and information within the Greater Bay Area, such as Guangdong Province supporting the early implementation of facilitation measures for Hong Kong residents to study, work and live in the Mainland, thereby attracting more talents from Hong Kong to develop their careers in the Greater Bay Area. The two sides have also agreed to set innovation and technology ("I&T") as the key direction for future development, with a view to developing the Greater Bay Area into a world-class I&T base, as well as to explore facilitation measures allowing industries where Hong Kong enjoys clear advantages to gain a foothold in the Greater Bay Area.

7. To facilitate the overall coordination of matters relating to Hong Kong's participation in the development of the Greater Bay Area, the Chief Executive announced in the 2018 Policy Address the establishment of a high-level Steering Committee for the Development of the Greater Bay Area. The Constitutional and Mainland Affairs Bureau will also set up a Greater Bay Area Development Office to implement the relevant work.

### **Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area**

8. On 18 February 2019, the Central Government promulgated the Outline Development Plan which set out the direction guiding the development of the Greater Bay Area.<sup>3</sup> The Outline Development Plan provides that through further deepening cooperation among Guangdong, Hong Kong and Macao, the objectives of the development of the Greater Bay Area are to promote coordinated economic development in the Greater Bay Area, leverage the complementary advantages of the three places, and develop an international first-class bay area for living, working and travelling.

9. Comprising 11 chapters, the Outline Development Plan provides details of the following directions for the development of the Greater Bay Area:

- (a) developing an international I&T hub;
- (b) expediting infrastructural connectivity;
- (c) building a globally competitive modern industrial system;
- (d) taking forward ecological conservation;
- (e) developing a quality living circle for living, working and

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<sup>3</sup> See the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area ([https://www.bayarea.gov.hk/filemanager/en/share/pdf/Outline\\_Development\\_Plan.pdf](https://www.bayarea.gov.hk/filemanager/en/share/pdf/Outline_Development_Plan.pdf)).

- travelling;
- (f) strengthening cooperation and jointly participating in the Belt and Road Initiative; and
- (g) jointly developing Guangdong-Hong Kong-Macao cooperation platforms.

## **Previous discussions**

10. The Administration briefed CI Panel on the policy initiatives under the 2018 Policy Address in relation to cooperation with Mainland cities at the policy briefing-cum-meeting on 16 October 2018. ED Panel, FA Panel, ITB Panel and CI Panel also discussed the relevant subject matter at their meetings on 22 and 30 October 2018, 10 and 18 December 2018 respectively. The major views and concerns of members of the four Panels are summarized below.

### Tourism

11. At the CI Panel meeting on 16 October 2018, some members saw the importance of the development of tourism within the Greater Bay Area, and urged the Administration to take forward the plan to facilitate Hong Kong and Macao residents to enter Mainland cities with their existing travel documents through the electronic pass system at the respective control points. In addition, members opined that trade in services should be further developed to complement the possible loss of merchandise trade as a result of the trade disputes between China and the United States.

12. At the EDEV Panel meeting on 22 October 2018, members suggested that the Governments of Hong Kong, Guangdong and Macao could jointly formulate a simplified visa scheme based on the current 144-hour Convenient Visa to the Guangdong Province so as to facilitate foreign visitors' travel on a multi-destination basis to the Greater Bay Area. Members further suggested HKSARG to discuss with the relevant Mainland authorities to explore the possibilities of relaxing the duration of stay under the 144-hour Convenient Visa to the Guangdong Province.

13. The Administration advised that it had proposed a number of facilitation measures for consideration by the relevant authorities to facilitate the flow of people, goods, capital and information in the Greater Bay Area. Besides, it had been working on the Mainland and Hong Kong Closer Economic Partnership Arrangement for liberalization of trade in services in the Mainland, including the facilitation of investment in tourism.

### Trade facilitation

14. At the CI Panel meeting on 18 December 2018, members urged the Administration to work out with the Mainland authorities an implementation timetable for the trade facilitation measures to expedite customs clearance of goods to facilitate movement of goods in the Greater Bay Area.

15. The Administration advised that it would take forward the initiatives set out in the dedicated Chapter on "Trade Facilitation Measures in the Guangdong-Hong Kong-Macao Greater Bay Area" of the new Agreement on Trade in Goods with the Mainland. For the initiative of exploring facilitation measures for expedited cross-boundary customs clearance, the Administration had been exploring with the Mainland authorities the application of the Single E-lock Scheme on a wider scale.

### Cross-boundary financial services

16. At the FA Panel meeting on 30 October 2018, members sought details of the development progress of cross-boundary financial services between Hong Kong and the Mainland, in particular measures to facilitate Hong Kong people to open bank accounts (including the waiving of the Mainland residential address proof requirement), adopt e-wallets to make payment, obtain mortgage loans and invest in financial management products in the Greater Bay Area.

17. The Administration advised that it had been discussing with the People's Bank of China on the feasibility of allowing Hong Kong people to open bank accounts, obtain mortgage loans and invest in financial management products in the Mainland, which would also hinge on the capital account liberalization of the Mainland. As regards the use of Hong Kong e-wallets in the Mainland, WeChat Pay HK in conjunction with Union Pay had already introduced support for cross-border mobile payments to allow Hong Kong residents to make payments to certain merchants in the Mainland.

### Development of film industry in the Guangdong-Hong Kong-Macao Greater Bay Area

18. At the ITB Panel meeting on 10 December 2018, members noted that the consultancy study to review the operation and effectiveness of the Film Development Fund had recommended that the Administration should promote Hong Kong films in the Greater Bay Area cities and among the Belt and Road countries and regions. Members asked whether the Administration would learn from the experience of South Korea and encourage local producers to promote local brands through distribution of local films outside Hong Kong. They also suggested that the Administration should identify new opportunities of collaboration with other markets along

the Belt and Road with a view to achieving synergy between the film industry and the tourism industry of Hong Kong and other places.

19. The Administration advised that the film industry was a major soft strength of Hong Kong. To assist the local film industry to explore markets outside Hong Kong and to capitalize on the opportunities arising from the Greater Bay Area development and the Belt and Road Initiative, the Administration would continue to organize and participate in local film festivals in collaboration with the Hong Kong Economic and Trade Offices in the Mainland and overseas. Film elements would also be added to roadshows promoting Hong Kong's competitive edges. In addition, the Administration might also invite directors, cast members and crew members to participate in those festivals to exchange ideas with counterparts and meet with local audiences.

### **Joint-Panel duty visit to the Guangdong-Hong Kong-Macao Greater Bay Area**

20. In view of the strategic significance of the Greater Bay Area development to Hong Kong, CI Panel, EDEV Panel, FA Panel and ITB Panel conducted a three-day joint-Panel duty visit to the Greater Bay Area between 20 and 22 April 2018 to better understand the related development.

21. The delegation visited five Greater Bay Area cities, namely Guangzhou, Shenzhen, Foshan, Dongguan and Zhongshan. Apart from meeting with representatives of the Guangdong Provincial Government and Municipal Governments of the five cities,<sup>4</sup> the delegation met with Hong Kong's young entrepreneurs in the Greater Bay Area to gain a better understanding of the opportunities and challenges they encountered. The delegation also visited a number of organizations and facilities to learn about I&T development, urban management and infrastructural development in the Greater Bay Area.

#### Observations of the delegation

22. The delegation considered that the development of the Greater Bay Area would certainly bring new challenges and opportunities to Guangdong, Hong Kong and Macao. HKSARG should do its best in promoting the Greater Bay Area development, and deepen Hong Kong people's

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<sup>4</sup> A wide range of issues of mutual concern were discussed, including cooperation opportunities among the Greater Bay Area cities, the policies of supporting Hong Kong's young science and research talents, provision of Hong Kong professional services in the Greater Bay Area, measures for Hong Kong people to operate business, work, study and retire in the Greater Bay Area, as well as development of historic heritage revitalization projects.

understanding in this regard. Hong Kong and its Mainland counterparts should enhance mutual understanding before seeking to complement each other.

23. The delegation noted that in recent years, major cities in the Greater Bay Area, such as Zhongshan, Foshan, Dongguan, had been working to develop new and high technology industries and had registered certain achievements in a short span of time. Some delegation members considered that Hong Kong and other cities in the Greater Bay Area were both partners and competitors. Hong Kong had to maintain a sense of crisis to enhance its competitiveness. As the availability of a pool of talents was conducive to the development of various sectors and industries, the delegation urged HKSARG to step up its efforts in training local talents and attracting foreign professionals.

24. The delegation also considered that HKSARG should enhance tourism cooperation and publicity in the Greater Bay Area to develop "multi-destination" tourism products that could achieve complementarity and mutual benefits.

25. To encourage Hong Kong people to start businesses and invest in the Greater Bay Area, the delegation suggested that HKSARG should seek further facilitation measures for Hong Kong people to operate business, live, work, study and retire in the Greater Bay Area. Such facilitation measures should include market liberalization, enhancement of regulatory regime, taxation arrangements and mutual recognition of professional qualifications.

26. At the Council meeting of 12 December 2018, Hon Jeffrey LAM, in his capacity as the Delegation Leader of the joint-Panel duty visit, moved a motion on the "Report of the joint-Panel delegation of the Panel on Economic Development, Panel on Financial Affairs, Panel on Commerce and Industry, and Panel on Information Technology and Broadcasting on its duty visit to the Guangdong-Hong Kong-Macao Greater Bay Area". The motion was carried.

27. The Administration sets out in its progress report on the above motion HKSARG's three focuses in taking forward the development of the Greater Bay Area, which included: (a) developing the Greater Bay Area into an international I&T hub; (b) facilitating the development of sectors in which Hong Kong's strengths lie in the Greater Bay Area, such as healthcare services and education; and (c) strengthening interconnectivity among Greater Bay Area cities through policy innovation and breakthrough, thereby enhancing the flow of people, goods, capital and information between Hong Kong and other cities in the Greater Bay Area.

## **Council questions**

### Development of the Hong Kong insurance trade in the Guangdong-Hong Kong-Macao Greater Bay Area

28. At the Council meeting of 23 January 2019, Hon CHAN Kin-por asked a written question concerning the progress of the discussions between Hong Kong's and Mainland's authorities on the Health Insurance Connect, an online medical insurance sales platform covering the entire Greater Bay Area proposed by the insurance trade.<sup>5</sup>

29. The Administration advised that it would facilitate the Hong Kong insurance industry to capitalize on the business opportunities arising from the Greater Bay Area development and better serve the needs of people in the Greater Bay Area. The Administration had been pursuing with the relevant Mainland authorities the proposals of enabling Hong Kong insurance companies to set up insurance service centres and facilitating cross-boundary sale of Hong Kong insurance products including health insurance products in the Greater Bay Area through "Insurance Connect". There was no implementation timetable for the time being because it would take time to resolve the differences in the legal and regulatory systems of the two jurisdictions.

### Impacts on Hong Kong people by an amendment to the tax law on the Mainland

30. At the Council meeting of 31 October 2018, Hon Starry LEE asked an oral question seeking details of the measures which the Administration had put in place to mitigate the impacts on Hong Kong people of the Draft Amendment to the Individual Income Tax Law passed by the Standing Committee of the National People's Congress in August 2018. Under the draft new tax law, the length of residency for which an individual should pay individual income tax on his or her income obtained inside and outside China would be shortened from the current one year to 183 days.

31. The Administration advised that the Ministry of Finance and the State Administration of Taxation had commenced in October 2018 another public consultation on the Regulations for the Implementation of the Individual

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<sup>5</sup> The proposed Health Insurance Connect would allow Mainland residents in the Greater Bay Area to take out insurance and lodge claims with Hong Kong insurance companies through the Internet without the need to come to Hong Kong. The platform was proposed to be a closed system under which the premiums paid by Mainland policyholders to Hong Kong insurance companies would be used as funds for settling such persons' claims or paying bonuses to them. This would ensure that such funds would be retained within the Mainland financial system, thereby addressing the Mainland authorities' concern about an outflow of funds.



Income Tax Law of the People's Republic of China (Amendment Draft for Consultation). It was believed that the new proposal had addressed the concerns of the majority of Hong Kong people working in the Mainland.<sup>6</sup> As regards the concern of Hong Kong retirees residing in the Mainland and the detailed interpretation of the Regulations for the Implementation of the Individual Income Tax Law, the Administration would continue to follow up with the relevant Mainland authorities.

#### Framework Agreement on Hygiene and Health Cooperation of Guangdong-Hong Kong-Macao Bay Area

32. At the Council meeting of 7 February 2018, Dr Hon Pierre CHAN asked an oral question seeking details of the Framework Agreement on Hygiene and Health Cooperation of Guangdong-Hong Kong-Macao Bay Area ("the Agreement") and agreements on 26 cooperation projects signed by the Governments of the Guangdong, Hong Kong and Macao on 9 January 2018. In particular, he requested for full contents of the Agreement and the 26 cooperation projects; and enquired about the mutual recognition of training qualifications and professional qualifications for healthcare personnel in the three places of Guangdong, Hong Kong and Macao, and the discussions, if any, with the health authorities of Guangdong and Macao on the its plans to facilitate residents in Guangdong and Macao to come to Hong Kong for medical treatments and the assessment of Hong Kong's public and private healthcare systems in coping with the additional service demand.

33. The Administration advised that the Agreement aimed at promoting experience exchange and cooperation among the three governments on matters relating to hygiene and health in the Greater Bay Area. The cooperation projects included enhancement of the quality of health services, improvement and innovation of the cooperation mechanism, and promotion of major cooperation platforms, major cooperation projects and cooperation policy planning. The Agreement did not involve registration and practice of non-locally trained healthcare professionals in Hong Kong.

34. The Administration also advised that it had not discussed with the authorities of Guangdong or Macao any plans to facilitate the use of the public and private healthcare services in Hong Kong by residents in Guangdong and Macao during the previous three years. Public healthcare

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<sup>6</sup> The Regulation on the Implementation of the Individual Income Tax Law of the People's Republic of China published by the Ministry of Finance and the State Administration of Taxation in December 2018 has stipulated that an individual who has no domicile and has resided in the Mainland for an annual aggregate of 183 days or more for less than six consecutive years, may, upon filing records with relevant tax authorities, be exempted from payment of individual income tax with respect of his/her income derived from outside the Mainland and paid by organizations or individuals outside the Mainland.

services in Hong Kong were heavily subsidized by HKSARG, targeting mainly at local eligible persons (mainly holders of Hong Kong Identity Card). Apart from emergency services, medical institutions of the Hospital Authority would consider providing non-emergency services for non-eligible persons on a case by case basis only when there was spare service capacity and the services provided for local residents would not be affected.

### **Latest position**

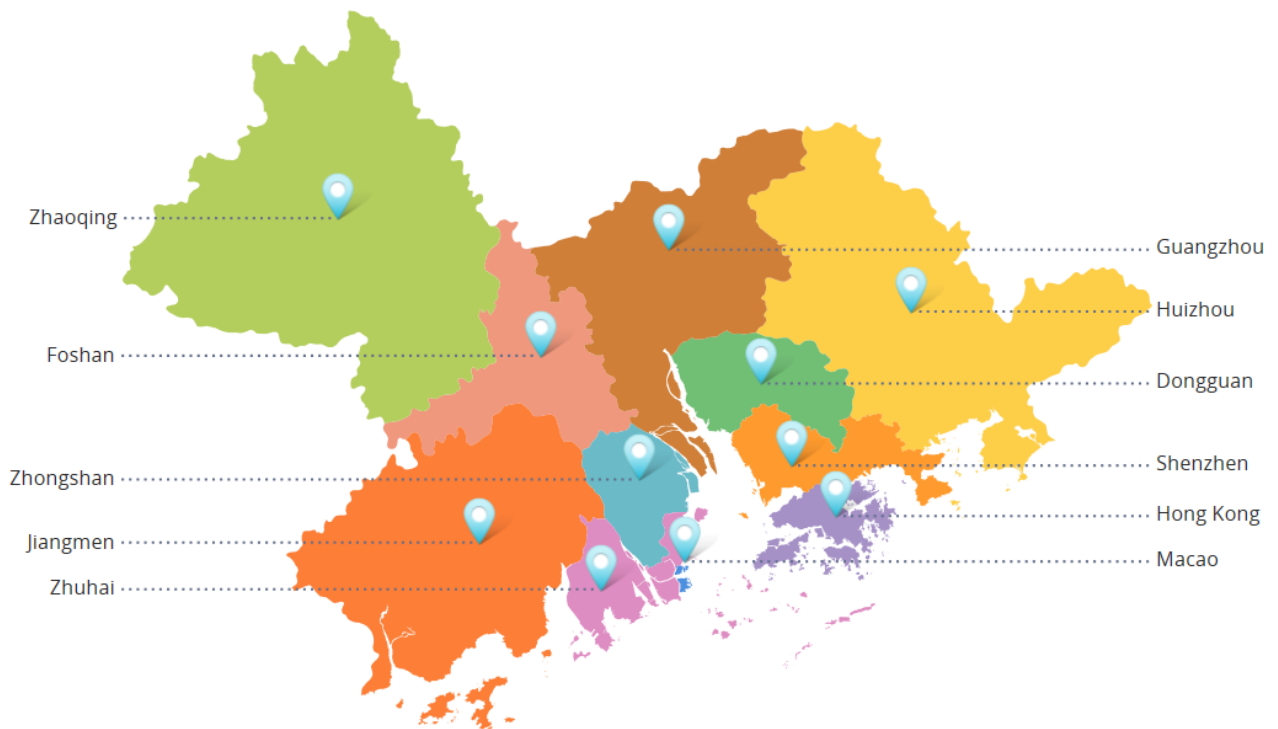
35. The Administration will brief CI Panel, EDEV Panel, FA Panel and ITB Panel at the joint meeting on 19 March 2019 on the details of the Outline Development Plan.

### **Relevant papers**

36. A list of relevant papers is in the **Appendix II**.

Council Business Division 1  
Legislative Council Secretariat  
15 March 2019

The map of Guangdong-Hong Kong-Macao Greater Bay Area



## Appendix II

### List of relevant papers

Date of meeting	Meeting	Paper
7/2/2018	Council	Question No. 5 on "Healthcare services in the three places of Guangdong, Hong Kong and Macao" raised by Dr Hon Pierre CHAN ( <a href="#">Hansard</a> ) (Page 6634-6643)
1/3/2018	Panel on Economic Development, Panel on Financial Affairs, Panel on Commerce and Industry, and Panel on Information Technology and Broadcasting	Fact sheet on "Overview of Guangdong-Hong Kong-Macao Bay Area" prepared by the Research Office of the Legislative Council Secretariat ( <a href="#">FS03/17-18</a> ) (Chinese version only)  Fact sheet on "Guangdong-Hong Kong-Macao Bay Area: opportunities and challenges for Hong Kong" prepared by the Research Office of the Legislative Council Secretariat ( <a href="#">FS04/17-18</a> ) (Chinese version only)
16/10/2018	Panel on Commerce and Industry	Administration's paper on "2018 Policy Address - policy initiatives of Constitutional and Mainland Affairs Bureau in relation to Mainland co-operation and Taiwan affairs" ( <a href="#">LC Paper No. CB(1)13/18-19(02)</a> )  Minutes of meeting ( <a href="#">LC Paper No. CB(1)312/18-19</a> )
22/10/2018	Panel on Economic Development	Administration's paper on "2018 Policy Address - policy initiatives of the Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau" ( <a href="#">LC Paper No. CB(4)10/18-19(02)</a> )  Minutes of meeting ( <a href="#">LC Paper No. CB(4)403/18-19</a> )

Date of meeting	Meeting	Paper
30/10/2018	Panel on Financial Affairs	Administration's paper on "2018 Policy Address - policy initiatives of the Financial Services and the Treasury Bureau" ( <a href="#">LC Paper No. CB(1)12/18-19(01)</a> )  Minutes of meeting ( <a href="#">LC Paper No. CB(1)306/18-19</a> )
31/10/2018	Council	Question No. 4 on "Impacts on Hong Kong people by an amendment to the tax law on the Mainland" raised by Hon Starry LEE ( <a href="#">Hansard</a> ) (Page 787-796)
23/11/2018	House Committee	Report of the joint-Panel delegation of the Panel on Economic Development, Panel on Financial Affairs, Panel on Commerce and Industry, and Panel on Information Technology and Broadcasting on its duty visit to the Guangdong-Hong Kong-Macao Greater Bay Area and priority allocation of a debate slot to the Leader of the Delegation ( <a href="#">LC Paper No. CB(4)235/18-19</a> )
12/12/2018	Council	<a href="#">Wording of the motion on the "Report of the joint-Panel delegation of the Panel on Economic Development, Panel on Financial Affairs, Panel on Commerce and Industry, and Panel on Information Technology and Broadcasting on its duty visit to the Guangdong-Hong Kong-Macao Greater Bay Area" and the Administration's progress report</a>
23/1/2019	Council	Question No. 10 on "Development of the Hong Kong insurance trade in the Guangdong-Hong Kong-Macao Greater Bay Area" raised by Hon CHAN Kin-por ( <a href="#">Government press release</a> )
18/2/2019 (issue date)	-	<a href="#">Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area</a>