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Panel on Commerce and Industry

**Subcommittee on Issues Relating to the Stimulation of
Hong Kong's Economy**

Meeting on 26 February 2021

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

Purpose

This paper provides updated background information on the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area"). It also summarizes the major views and concerns expressed by Members during previous discussions on the subject.

Background

2. According to the Administration, the development of the Greater Bay Area is a key development strategy in the country's reform and opening up in the new era, as well as a further step in taking forward the implementation of "One Country, Two Systems". 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.

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

3. On 18 February 2019, the Central Government promulgated the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area ("Outline Development Plan") which sets out the direction guiding the development of the Greater Bay Area, covering the period until 2022 in the

immediate term, extending to 2035 in the long term. The Outline Development Plan covers policy measures for:

- (a) developing an international innovation and technology ("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 travelling;
- (f) strengthening cooperation and jointly participating in the Belt and Road Initiative;
- (g) jointly developing Guangdong-Hong Kong-Macao cooperation platforms; and
- (h) implementation of the Outline Development Plan.

Opportunities for Hong Kong brought about by the development of the Guangdong-Hong Kong-Macao Greater Bay Area

4. According to the Administration, the development of the Greater Bay Area is an important initiative which provides a key new opportunity for Hong Kong to integrate its own development into the overall development of the country under the principle of "One Country, Two Systems". The development opportunities for Hong Kong brought about by the development of the Greater Bay Area involve two aspects. First, the Greater Bay Area can help locate new areas of growth for the Hong Kong economy and foster the diversified development of the economy and industries. Second, the Greater Bay Area will be developed into a quality living circle and will expand the space for living and development of Hong Kong residents, thereby turning the Greater Bay Area into a vast hinterland of Hong Kong.

Hong Kong's participation in the national development

5. The National 14th Five-Year Plan serves as the development blueprint and action agenda for the country from 2021 to 2025. The fifth plenary session of the 19th Central Committee of the Communist Party of China adopted in October 2020 the Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035, stating that reform and innovation will be the fundamental driving forces to accelerate the establishment of a new development pattern featuring domestic and international dual circulation ("dual circulation"), which takes the domestic market as the mainstay while enabling domestic and foreign markets to interact positively with each other.

6. In the 2020 Policy Address, the Chief Executive pointed out that to ride out the storm in the trade and economic arena, the inevitable strategy is to leverage Hong Kong's unique advantages under "One country, Two systems" to integrate further with the overall national development and to enhance Hong Kong's connections with the world in order to explore more business opportunities. Specifically, Hong Kong can further strengthen its "intermediary" role in international circulation. Besides, Hong Kong can focus on the business opportunities in the Mainland market, better integrate into the overall development of the country, take the Greater Bay Area development as an entry point, and proactively become a "participant" in domestic circulation and a "facilitator" in international circulation. According to the Administration, playing the dual role well will bring continuous impetus to Hong Kong's economy.

Role of the Hong Kong Trade Development Council

7. At the policy briefing of the Panel on Commerce and Industry ("CI Panel") on 15 January 2021, members noted that the Administration will endeavour to assist Hong Kong enterprises in tapping into the Mainland domestic market to leverage on the enormous business opportunities presented by the dual circulation strategy. The Hong Kong Trade Development Council ("HKTDC") will launch a one-stop "GoGBA" platform in collaboration with the Guangdong Province and related chambers of commerce, and set up a Small and Medium Enterprise Centre in the Greater Bay Area, which will be its first outside Hong Kong, to provide multi-faceted support, including market information on the Greater Bay Area and related government policies, enquiry service and training, as well as business promotion, development and matching services.

8. In addition, HKTDC will help Hong Kong enterprises gain access to the large-scale e-commerce platforms in the Mainland through the provision of training and the operation of the "Online Design Gallery", with a view to allowing Hong Kong enterprises to acquire the necessary skills and knowledge on digital marketing, whilst promoting the awareness and image of Hong Kong products on these platforms. HKTDC will also use its physical network in the Mainland to provide business support for Hong Kong enterprises in handling operational issues such as import declaration, logistics and settlement of payment.

Greater Bay Area Youth Employment Scheme

9. The Chief Executive announced in the 2020 Policy Address the launch of the Greater Bay Area Youth Employment Scheme to encourage enterprises with operation in both Hong Kong and the Mainland cities in the Greater Bay Area to recruit and deploy local university graduates to work in the Mainland cities of the Greater Bay Area. The Scheme will provide 2 000 places,

around 700 of which are designated for I&T posts. Participating enterprises shall engage the target graduates in Hong Kong under Hong Kong law, offer them a monthly salary of not less than HK\$18,000 (HK\$26,000 for I&T posts) and station them in the Mainland cities of the Greater Bay Area to work and receive on-the-job training.¹ The Government will grant a monthly allowance of HK\$10,000 (HK\$18,000 for posts in I&T field) to the enterprises for each graduate engaged up to 18 months.

Previous discussions

10. CI Panel, Panel on Economic Development, Panel on Financial Affairs and Panel on Information Technology and Broadcasting held a joint meeting on 19 March 2019 for the Administration to brief members on the Outline Development Plan and the related work of the Hong Kong Special Administrative Region Government ("HKSARG") in taking forward the Outline Development Plan. Members of CI Panel also discussed with the Administration the establishment proposal regarding the Greater Bay Area Development Office and other relevant issues at the CI Panel meetings on 19 March and 29 October 2019 respectively. The major views and concerns of members are summarized in paragraphs 11 to 20 below.

Development direction of the Guangdong-Hong Kong-Macao Greater Bay Area

11. Members asked whether the Administration would make public its prioritized work focuses on the development of the Greater Bay Area with the implementation timetable so as to encourage enterprises to make corresponding investments. They also sought details of the Administration's handling of the proposals to be submitted by various industries on the development of the Greater Bay Area.

12. The Administration advised that with reference to the guiding directions set out in the Outline Development Plan, HKSARG's focuses in taking forward the development of the Greater Bay Area included, inter alia, developing an international I&T hub; consolidating Hong Kong's status as an international financial and trade centre; enhancing the level of liberalization for trade in services and trade in goods in the Greater Bay Area under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"); fostering youth innovation and entrepreneurship; and attracting talents to the Greater Bay Area.

¹ For I&T posts, the participating enterprises shall arrange the graduates to work and receive on-the-job training in both Hong Kong and the Mainland cities of the Greater Bay Area, with each place taking up about six to 12 months of the entire 18-month on-the-job training period.

13. The Administration also advised that it would maintain close contact with industries and relevant stakeholders in taking forward the development of the Greater Bay Area in order to ensure that relevant policy measures would suit the needs of the society. It encouraged industries to make reference to the relevant guiding directions set out in the Outline Development Plan and put forward specific proposals on measures which would be conducive to their development in the Greater Bay Area. The Administration would work with Mainland authorities to assist industries in the required policy innovation and breakthrough in the process of expanding opportunities.

Liaison with Mainland/Macao authorities and provision of help-desk services

14. Members suggested that individual liaison offices be set up in each of the other 10 cities in the Greater Bay Area to assist Hong Kong people in living and working in the Greater Bay Area. Besides, noting that the development of the Greater Bay Area was met with enthusiasm by entrepreneurs in Europe, members also suggested that help-desks be set up in Hong Kong to provide one-stop service to overseas entrepreneurs looking for business opportunities in the Greater Bay Area.

15. Some members considered that in order to consolidate Hong Kong's role as the southern gateway for the Mainland and attract foreign investments to enter the Greater Bay Area through Hong Kong, the Greater Bay Area Development Office should identify and assist major Mainland institutions (e.g. China National Intellectual Property Administration) to set up branch offices in Hong Kong.

16. The Administration advised that the Greater Bay Area Development Office would act as the focal point of liaison with Mainland authorities at central, provincial and municipal levels, as well as the Macao Special Administrative Region Government. The Greater Bay Area Development Office would help connect government bureaux/departments with relevant Mainland authorities to jointly formulate concrete policies and measures supporting the development of the Greater Bay Area in the context of their own responsibilities. The Administration also advised that the Mainland authorities were considering to set up one-stop service centres to facilitate people living, working or looking for business opportunities in the Greater Bay Area to have easy access to the public counter services.

Attracting and nurturing talents

17. Members considered that the Administration should be more proactive in attracting overseas talents by offering more competitive incentive schemes, as Hong Kong's accommodation cost was prohibitive to those who wished to set up a foothold or pursue a career in Hong Kong. They enquired about the Administration's measures in promoting healthy competition among Hong Kong

and other cities in the Greater Bay Area while attracting and nurturing talents for Hong Kong. The Administration advised that the Outline Development Plan had set out the respective positioning of the cities concerned with a view to avoiding vicious competition and homogenization.

Cross-boundary flow of data

18. Members enquired about the measures to facilitate cross-boundary data flow in the Greater Bay Area. The Administration advised that the Office of the Government Chief Information Officer had been discussing with the Cyberspace Administration of China matters relating to the development of Hong Kong into an international data hub. An Agreement on Economic and Technical Cooperation was signed in June 2017 between HKSARG and the Mainland authorities under the framework of CEPA to strengthen exchanges between the two places regarding cross-boundary data flow, and form a joint working group to study feasible measures and arrangements. The cross-boundary use of medical data was one of the areas being explored.

Capital flow and development of financial services

19. Members urged the Administration to grasp the opportunity of the Greater Bay Area development to strengthen Hong Kong's position as an international financial centre. They enquired whether the Administration would consider setting up a sovereign wealth fund to spearhead Hong Kong's investment in the Greater Bay Area, similar to Singapore's Temasek Holdings (Private) Limited.

20. The Administration advised that the development of Hong Kong's financial services in the Greater Bay Area was instrumental to the successful implementation of the Outline Development Plan as a whole. By strengthening capital flow both within and outside the region, Hong Kong performed a pivotal role to facilitate further Reminbi ("RMB") internationalization, and bolster its status as the leading offshore RMB centre and asset management centre in the region. The Administration had all along performed the role of facilitator and promoter to provide the policies and infrastructure necessary for encouraging private business investment.

Council questions

21. During the 2020-2021 session of the Legislative Council, Members raised at Council meetings questions regarding the development of the Greater Bay Area. The questions are summarized in the ensuing paragraphs.

Cross-boundary flow of people, goods, capital and information

22. Ir Dr LO Wai-kwok asked a written question at the Council meeting of 18 November 2020 on the measures to increase the flow of people, goods, capital and information within the Greater Bay Area. Mr Kenneth LAU asked a written question at the Council meeting of 2 December 2020 on whether the Administration had plans to commence new cross-boundary railway projects in collaboration with the authorities of the other cities in the Greater Bay Area in the coming five years.

Development of the border area

23. Mr CHAN Hak-han and Mr Tony TSE respectively asked an oral question at the Council meeting of 2 December 2020 and a written question at the Council meeting of 3 February 2021 on (a) whether the Administration had studied how the development potential of the border area could be fully realized to participate in the development of the Greater Bay Area; and (b) whether the Administration would explore with the Central Authorities and the relevant ministries how Hong Kong might utilize the land in the border area to tie in with the rapid development of the Mainland cities of the Greater Bay Area.

Development of the biomedicine industry

24. Mr LEUNG Che-cheung asked a written question at the Council meeting of 2 December 2020 on the policy to facilitate the enhanced cooperation between enterprises and tertiary institutions in Hong Kong and their counterparts in the Mainland cities in the Greater Bay Area in the biomedicine field.

Facilitating the architectural and engineering sectors to start business and practise in the Guangdong-Hong Kong-Macao Greater Bay Area

25. Mr Tony TSE asked a written question at the Council meeting of 27 January 2021 regarding the Interim Guidelines for the Management of Hong Kong Engineering Construction Consultant Enterprises and Professionals Starting Business and Practising in the Guangdong-Hong Kong-Macao Greater Bay Area Cities.² He asked whether the Administration would strive to relax the entry requirements or add new groups to the relevant consultant lists, so as to allow more consultant firms, including small and medium enterprises and start-ups, to benefit from the Interim Guidelines.

Youth exchange and career development on the Mainland

26. Mr Martin LIAO asked a written question at the Council meeting of

² The Interim Guideline was promulgated by the Urban-Rural Development of Guangdong Province in end November 2020 for implementation starting from 1 January 2021.

4 November 2020 on the Administration's measures to promote comprehensive exchanges among the youth of Guangdong, Hong Kong and Macao, so as to enable Hong Kong's youth to gain a better understanding and experience of the development of the country and the Greater Bay Area. At the Council meeting of 6 January 2021, Mr LIAO asked an oral question regarding the work of the Greater Bay Area Development Office in facilitating the youth to gain an in-depth understanding of and identify with the development of the Greater Bay Area.

27. Ms Starry LEE asked an oral question at the Council meeting of 18 November 2020 on the Administration's measures to help and facilitate youth who were interested in going to the Mainland cities in the Greater Bay Area for career development. She also asked whether the Administration had plans to collaborate with the business sector in creating job opportunities in the Mainland cities in the Greater Bay Area for the youth.

Purchase of properties

28. Mr CHAN Chun-ying asked a written question at the Council meeting of 18 November 2020 on whether the Administration would strive for the introduction of more policies by the Mainland authorities to facilitate the purchases of properties by Hong Kong people in the Mainland cities of the Greater Bay Area.

29. The questions and the Administration's replies are hyperlinked in **Appendix I**.

Latest position

30. The Administration will brief the Subcommittee at the meeting on 26 February 2021 on the latest policy measures that would facilitate the financial services, I&T, as well as manufacturing sectors to tap into the opportunities brought about by the Greater Bay Area development. The Administration will also brief the Subcommittee on the progress of the implementation of the Greater Bay Area Youth Employment Scheme.

Relevant papers

31. A list of relevant papers is in **Appendix II**.

List of relevant Council questions

Date of Council meeting	Question
4/11/2020	Question No. 9 on "Youth exchange and internship activities on the Mainland" raised by Hon Martin LIAO (Government press release)
18/11/2020	Question No. 3 on "Assist the youth in securing employment" raised by Hon Starry LEE (Hansard) (page 1495 – 1505)
18/11/2020	Question No. 9 on "Facilitating Hong Kong's integration into Guangdong-Hong Kong-Macao Greater Bay Area" raised by Ir Dr Hon LO Wai-kwok (Government press release)
18/11/2020	Question No. 14 on "Hong Kong people purchasing properties in the Greater Bay Area" raised by Hon CHAN Chun-ying (Government press release)
2/12/2020	Question No. 5 on "Development of the border zone" raised by Hon CHAN Hak-kan (Hansard) (page 2077 – 2087)
2/12/2020	Question No. 8 on "Cross-boundary railway projects" raised by Hon Kenneth LAU (Government press release)
2/12/2020	Question No. 11 on "Development of the biomedicine industry" raised by Hon LEUNG Che-cheung (Government press release)
6/1/2021	Question No. 4 on "Encouraging the youth to develop careers on the Mainland" raised by Hon Martin LIAO (Hansard) (page 2567 – 2577)

Date of Council meeting	Question
27/1/2021	Question No. 14 on "Facilitating the architectural and engineering sectors to start business and practise in the Greater Bay Area" raised by Hon Tony TSE (Government press release)
3/2/2021	Question No. 20 on "Development of the lands currently or formerly in the Frontier Closed Area" raised by Hon Tony TSE (Government press release)

List of relevant papers

Date of meeting	Meeting	Paper
18/2/2019 (issue date)	-	Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area
19/3/2019	Panel on Commerce and Industry, Panel on Economic Development, Panel on Financial Affairs and Panel on Information Technology and Broadcasting	Administration's paper on "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" (LC Paper No. CB(1)697/18-19(01)) Background brief on the development of the Guangdong-Hong Kong-Macao Greater Bay Area prepared by the Legislative Council Secretariat (LC Paper No. CB(1)697/18-19(02)) Minutes of meeting (LC Paper No. CB(1)986/18-19)
19/3/2019	Panel on Commerce and Industry	Administration's paper on "Proposed creation of directorate posts in the Guangdong-Hong Kong-Macao Greater Bay Area Development Office of the Constitutional and Mainland Affairs Bureau" (LC Paper No. CB(1)698/18-19(03)) Minutes of meeting (LC Paper No. CB(1)1047/18-19)