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ECONOMY

Guangzhou, Shenzhen on track to pass HK in 2018

He Huifeng

huifeng.he@scmp.com

Guangzhou and Shenzhen could be the biggest economies in the "Greater Bay Area" by the end of the year, forcing Hong Kong from first place into third.

The economy of Guangzhou was expected to grow to 2.31 trillion yuan (HK\$2.78 trillion) this year, Mayor Wen Guohui said in his annual work report at the start of the city's people's congress yesterday.

Wen said Guangzhou's gross domestic product grew about 7 per cent to 2.15 trillion yuan in 2017, and its growth target this year was about 7.5 per cent.

It was the first time the city recorded a GDP of more than 2 trillion yuan.

US investment management

firm Bernstein forecast Shenzhen's GDP to rise this year to US\$350 billion (2.32 trillion yuan), narrowly beating an estimated US\$345 billion for Hong Kong. Shenzhen will release its 2017 economic results on Tuesday.

While Hong Kong has yet to release a growth forecast for this year, Chief Executive Carrie Lam Cheng Yuet-ngor said in November that the city's GDP growth for 2017 year would exceed 3.5 per cent.

If the three cities maintain their existing or projected growth rates, Hong Kong will be No 3 at the end of this year.

Shenzhen, a sleepy fishing village until four decades ago, officially overtook Guangzhou for top spot in Guangdong late last year, when the province's statistics bureau revised upwards Shenzhen's 2016 GDP figure to

more than 2 trillion yuan from 1.95 trillion yuan. The changes reflected the province's decision to classify research and development as spending on fixed investment rather than an operating expense.

This year is the 40th anniversary of the mainland's opening up to the outside world and 38 years since Shenzhen became the country's first special economic zone. In 1979, Shenzhen's GDP was just 190 million yuan – since then it has grown 10,000-fold.

Guo Wanda, vice-president of the Shenzhen-based think tank the China Development Institute, said the cities could not be compared solely on GDP because they were different sizes and had different populations.

"Hong Kong has kept its advantage in competition. It needs migrants, more innovative

industries and an economic hinterland to boost growth. Integration into the Greater Bay Area is its only way," Guo said.

The Greater Bay Area refers to the central government's plan to link Hong Kong, Macau, Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing into an integrated economic and business hub.

Since 2013, Shenzhen has invested more than 4 per cent of its GDP annually on research and development, while Guangzhou says it aims to plough 2.7 per cent of its GDP into R&D this year.

In October, Lam said Hong Kong would double its expenditure on research and development to 1.5 per cent of its GDP in the next five years.