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Trade war may give a boost to bay area plan

**Development scheme
will gain importance as
China shifts focus to
domestic consumption**

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The trade war between the world's two largest economies could speed the development of the Greater Bay Area as China focuses more on domestic consumption, an adviser to HSBC Asia-Pacific said yesterday.

Speaking on a panel at HSBC's Greater Bay Area Exchange Forum, George Leung Siu-kay, an adviser to the deputy chairman and chief executive of the bank's Asia-Pacific business, said that domestic consumption on the mainland would be an important catalyst in the future – one firms in Hong Kong, Macau and Guangdong province could tap as the area became more integrated.

Leung noted it did not seem that trade tensions between the US and China would be resolved quickly, and it could “take a long time” before everything was back to normal. As a result, the Great Bay Area development initiative would be even more important, he said.

“It is likely the pace of development will move faster than expected because of this situation,” Leung said.

The initiative is designed to link Hong Kong, Macau and nine cities in Guangdong province into an integrated economic area. The cities had a combined gross domestic product of US\$1.6 trillion last year, larger than Australia, according to HSBC.

“The Greater Bay Area as a whole can start to function as an integrated supply chain,” said Helen Wong Pik-kuen, HSBC's chief executive for Greater China.

“What might this look like? Research developed by a Hong Kong start-up working in partnership with a local university is used to create a prototype in Shenzhen. Once refined in the lab and financed by a private equity investor in Hong Kong, a final prototype is produced in a Dongguan factory. The finished products are then shipped domestically and overseas from Guangzhou.”

Patrick Nip Tak-kuen, Hong Kong's secretary for constitutional and mainland affairs, said the bay area plan could “inject new energy” into the city's development and allow Hongkongers additional places to live and work.

He said Hong Kong's uniqueness and the “one country, two systems” concept of government was an important foundation of the Greater Bay Area.