

GREATER BAY AREA

GROUP SEES HK AS SUPPLY CHAIN 'CONTROL TOWER'

Report outlines seven areas where city could capitalise on opportunities arising from plan, such as transforming itself into 'aviation metropolis'

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Hong Kong should aim to be the "control tower" for Asia's supply chains, and could play a leadership role in advancing the development of China's Greater Bay Area (GBA) as its most advanced and open member city, according to a new policy report.

The report, conducted by the think tank 2022 Foundation, outlined yesterday seven areas where Hong Kong could fully capitalise on the opportunities arising from the ambitious bay area scheme, including making itself an "aviation metropolis", turning the region into a world-leading innovation hub and becoming the world's centre for trade finance.

The report took a deeper look at the city's role and opportunities in the Greater Bay Area, Beijing's plan to integrate Hong Kong and 10 other cities around the Pearl River Delta into an economic and technological powerhouse.

The Fung Group's Victor Fung Kwok-king, chairman of the think tank, said Hong Kong could become the hub and digital "control tower" for expanded trade and investment flows among members of the Beijing-backed

Regional Comprehensive Economic Partnership (RCEP), the free-trade agreement recently established by China, Japan, South Korea, Australia, New Zealand and the 10 Asean states.

"We need to extend our existing roles in capital raising, operations management, and financial and professional services for global supply chains in the Pacific so that we adequately cover those areas where new supply chains – and new global consumption growth – are emerging," Fung said. "RCEP, which is potentially the world's largest single market, is where traditional and new flows meet."

To achieve this goal, the report said the city should strive to build and operate the necessary technological and blockchain interfaces between factories, logistics operators, ports and airports.

The report also envisioned the city leveraging its openness to take a leading role in the bay area's development, and spearheading China's further integration into the global economy. The cities included in the scheme have a combined population of some 70 million and a gross domestic product of US\$1.7 trillion – the equivalent of South Korea's.

"By benchmarking against

Hong Kong's world-ranked institutional advantages and systems, the GBA can build a world-class business environment that ... operates according to international market rules, and enables fair competition between firms both in and outside the region," the report said.

It also highlighted other opportunities for Hong Kong in the bay area to further develop its economy and create growth and quality employment.

One such suggestion was for Hong Kong to enlarge its role as a leading international air logistics hub, and to create an "aviation metropolis" centred around Hong Kong International Airport that could leverage fast transport networks across the bay area to attract related business, manufacturing and service activities.

The report said there was a need to collaborate with mainland cities such as Dongguan and other domestic aviation centres that could feed passengers into Hong Kong's international hub, pointing to the potential boon provided by similar plans to cooperate with Zhuhai Jinwan Airport, given the link established by the Hong Kong-Zhuhai-Macau Bridge.

It said Hong Kong should also

seek to strengthen basic research to make the bay area a world-class innovation hub. It pointed out the bay area's biggest hindrance to becoming an innovation centre was that the Pearl River Delta – while strong in applied and market research – was weak in basic research, but the reverse was true of the city.

But, it continued, Hong Kong would have to increase resources for its universities, and do more to attract the world's top scientists to conduct research and nurture innovative enterprises in the city.

Hong Kong could also serve as the international financial centre for the bay area. "As trade gradually recovers after the pandemic, and as new supply chains form, [we] strongly believe that Hong Kong can successfully carve out this new global role for ourselves," the report said.

It went on to suggest Hong Kong cooperate with Shenzhen in a pilot scheme to roll out an overseas digital renminbi – as it could strengthen the city's role as the global offshore business hub for the currency.

The report urged the government to kick-start what it described as the "third economic transformation".

"We need an economy that is robust enough to withstand future external shocks, whether from financial crises, pandemics, climate change or other causes, just as we need a stable society."