

China to Create the World's Largest City Cluster

by William Jones

March 29—The release, in China, of a detailed [plan](#) for the development and integration of an area comprising the nine cities of the southern coastal Guangdong region, plus Hong Kong and Macao, marks the beginning of a project that will create the biggest industrial and production center the world has ever seen. The plan was released by the Central Committee of the Chinese Communist Party and the State Council of China on February 18. The Greater Bay Area (GBA), as this region is called, located on a strategic trade hub near the South China Sea, with easy access to the traditional trade routes of East and South Asia, and with the high-speed rail connections to the Eurasian Silk Road Economic Belt, will serve as a nodal point for the Belt and the Road (BRI).



There are, of course, a number of other regions in the world deserving of the designation “greater bay area,” including Tokyo, with around 38 million people; New York, with around 20 million; and San Francisco with some 7 billion. But with its nearly 70 million people, the Guangdong-Hong Kong-Macao GBA has the potential of far outstripping these other regions.

The Greater Bay Area Cities

Some of key infrastructure required to knit the region together is already in place, namely, the Hong Kong-Zhuhai-Macao Bridge and a high-speed railway connecting Hong Kong, Guangzhou and Shenzhen.



WEF/Michael Buholzer

Premier Li Keqiang



Guangzhou skyline in 2013.

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The Guangdong region consists of nine cities, all of which had been fishing villages before the “reform and opening up.” These include Guangzhou (formerly Canton), Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, and Zhaoqing. The idea of making this into a “Greater Bay Area” was first announced by Chinese Premier Li Keqiang in the 2017 Government Work Report, given at the National People’s Congress.

Guangzhou, formerly known in the West as Canton, has long been a major port on the southern Pearl River Delta, some 75 miles northwest of Hong Kong. It was the scene of the first major confrontation between China and the British which led to the First Opium War in the 1840s. It was also from this region that many of the Chinese laborers came to the United States who were critical in constructing the Transcontinental Railroad (as well as railroads in some Latin American countries). This region was also the birthplace of Dr. Sun Yatsen, the father of modern China, and the main hub of his revolt at the beginning of the 20th Century.

Well Suited for a High-Tech Hub

The region is already well suited to become a high-tech hub of major proportions. Guangzhou has long been an industrial city. It was also here that the first experiment in “reform and opening up” was set up in 1987 by Deng Xiaoping under the leadership of Xi Zhongxun, the father of President Xi Jinping. Guangzhou will have its functions as an industrial hub and commercial center strengthened by the GBA project. Guangzhou was also

Hong Kong and Vicinity



Xi Zhongxun addressing a mobilization meeting in Xi'an in June 1949.

a central hub in the ancient Maritime Silk Road and is now serving the same function on the 21st Maritime Silk Road. The high-speed rail connecting it with Wuhan on the Yangtze River and parts further north, puts it into close connection with another leg of the BRI, the Eurasian Silk Road Belt.

The Shenzhen Special Economic Zone (SEZ), the first to be set up in China in 1978, has already become a major hub of advanced technology, where much of the information technology industry is located. Known as China’s “Silicon Valley,” it is home to some of China’s leading tech firms, including internet giant Tencent, drone maker DJI and telecom behemoth Huawei. In 1996 the SEZ was classified as a free trade zone. The city of Zhuhai, famous for its annual air show, is another SEZ bordering Macau, and has also developed into a major high-tech center, producing high-end manufacturing, including in aviation and aerospace.

Bringing together this group of cities in Guangdong province with the Special Administrative Regions (SARs) of Macau and Hong Kong will boost the economic vitality of the entire region. While Hong Kong and Macau have a certain degree of political autonomy and separate legal systems

and customs services under the “one country, two systems” umbrella, they are at the same time more closely entwined with the international commercial networks.

While their special political status in China has also been something of a barrier in their fully profiting from the rapid development on the mainland, a closer *economic* integration will open up to the people of the SARs greater possibilities and benefits, and



become a major international financial center together with the Shenzhen stock market, serving as a source of private financing for BRI projects and for investment in innovative technologies. The government also intends to accelerate the introduction of international advanced technology, management experience and high-quality talents, and will support multinational companies in setting up global R&D centers, laboratories and open-innovation platforms in the GBA. The government also intends to expand international cooperation between the deep water ports in Guangzhou and Zhuhai, and the Hong Kong and Macao ports, build port industrial parks with relevant countries and regions, and build regional port alliances. Major systems characterizing “smart cities,” including energy, electricity, fiber networks and telecommunications, will be implemented in this city-cluster region.

Special Administrative Zones

Given the specific nature of the two SARs, there will of course be a limit to the administrative integration of the region, but the renewed emphasis, coming out of the 13th National People’s Congress (NPC), on continuing to open up to foreign investment and “energizing” small and medium-sized private enterprises, will help overcome any reticence on the part of the two SARs to take part in this major economic development project.

While the area is already characterized by high-tech industries, the present push for transforming China into

allow the capabilities of the SARs to more fully benefit the entire nation. The former Portuguese colony of Macau remains a major hub for investment in, and exchanges with China for Portugal and the Lusophone (Portuguese-speaking) countries in Africa and Latin America, and Portugal’s whole-hearted support for the Belt and Road Initiative will ensure that Macau serves as a major gateway for European involvement in the BRI.

The financial hub of Hong Kong is envisioned to



The West section of the Hong Kong-Zuhai-Macau Bridge in 2018.

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Kwai Tsing container port in Hong Kong.

an “innovation economy” will no doubt take off with a successful integration of this vibrant region. Synergizing the energies of the individual entities will hasten the pace of innovation. Facing the South China Sea, the GBA has already begun to reassert its historical role as a hub of the Maritime Silk Road and will help energize the increasing BRI trade with the nations of South East Asia and South Asia.

The Outline Development Plan also supports the establishment of a platform for investment and financing to serve the Belt and Road Initiative and to assist mainland enterprises in establishing capital operations and corporate treasury centers in Hong Kong. It supports consolidating and strengthening Hong Kong’s status as the global off-shore business hub for renminbi (RMB) trade, which will become more significant given the enlarged role of the RMB in Belt and Road transactions. The region will become a major transportation and logistics hub for the maritime trade with an expansion of the deep-water ports of Guangzhou and Shenzhen and the development of an international cultural exchange center.

A Living Lesson

There are many universities in the region, and with the increased flow of talent through the regional insti-

tutions and the synergy among the educational structures in the different entities, it will become a crucible of innovation, with local industries in the different cities able to tap the resources of the region as a whole. Hong Kong has the best education resources in the GBA, followed by Guangzhou. Li Qingquan, the president of Shenzhen University and an NPC deputy, has proposed creating a joint university under the auspices of “one country, two systems” in order to consolidate their respective strengths.

Many Hong Kong entrepreneurs are already utilizing Shenzhen for their start-ups. And last year national-level funding was made available to scientists in Hong Kong and Macao, the underlying aim being to transform the GBA into a major technology and innovation corridor and international trade hub. The plan envisions a framework for an international first-class bay area by 2022, and by 2035 it is intended that the region will have become a functioning economic system supported by innovative industry.

The implications of this project for Southeast Asia and beyond are profound. The Greater Bay Area will radiate economic benefits to the entire South Pacific region, affecting countries like Vietnam, Cambodia and Laos, as well as the Philippines, Brunei, Malaysia and Indonesia. More broadly, the success of the Greater Bay Area project can well serve as a development model for other regions, whereby selecting a single port or industrial area as a focal point and building the necessary transportation and logistical connectivity with the surrounding region, you can then generate development in the region as a whole. And these are lessons that can well provide a solution to the outstanding problems of underdevelopment and poverty that still plague large areas of Asia, Africa and Latin America.