

# What is the Greater Bay Area and its business potential?

Opportunities for Dutch SME's in the Greater Bay Area-Hong Kong-China

14 July 2020





# GBA Economic Background and the Outline Development Plan

# GBA covers 9+2 cities of differing levels of affluence

9 PRC cities + the 2 special administrative regions of Hong Kong and Macau

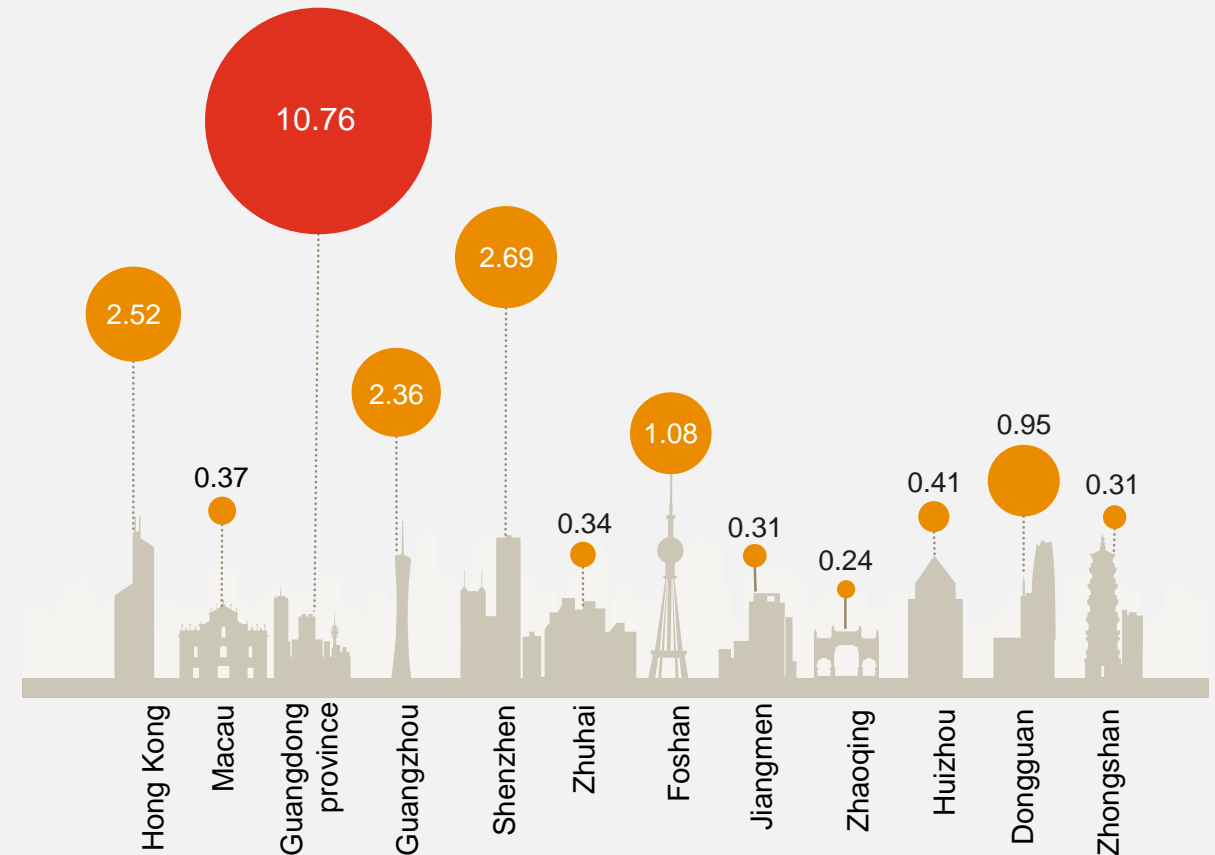
2019 GDP for the 9+2 cities and Guangdong province (RMB Trillion)



**Area**  
56,000 sq. km

**Population**  
72.65 million in  
2019

**GDP**  
RMB 11.58 trillion in 2019  
(ie. USD 1.68 trillion)

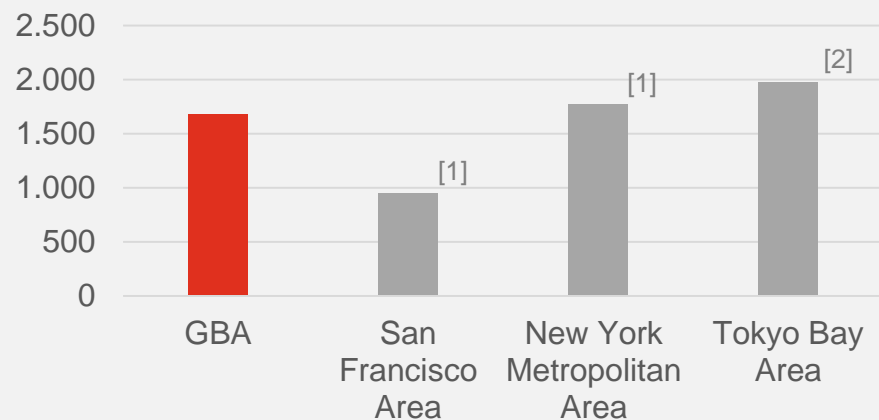


Sources: Bureau of Statistics across various cities, and Wind

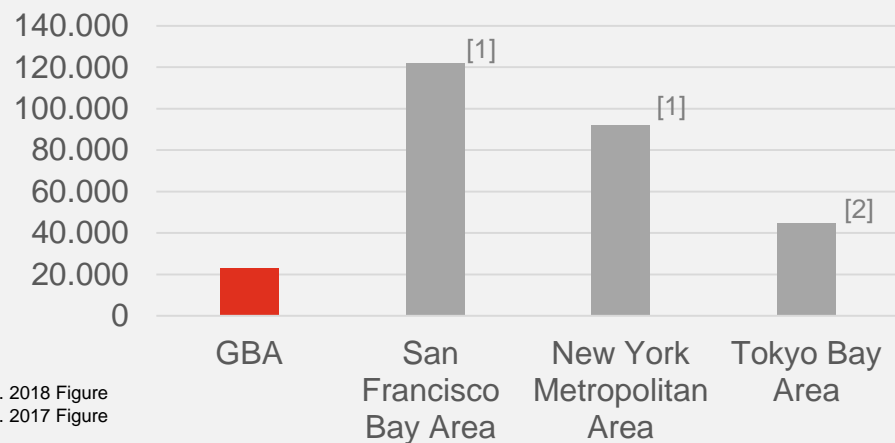
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# Benchmarking against other 3 Bay Areas

2019 GDP (US\$ billion)



2019 Per-capital GDP (US\$)



1. 2018 Figure  
2. 2017 Figure

In 2019, the GDP of GBA is **US\$ 1.68**

**trillion**, which is 12% of China's GDP. The region ranks 11<sup>th</sup> largest economy, equivalent to that of Russia.

By **2030**, GBA's GDP is projected to reach **US\$ 4.6 trillion**, surpassing all three other Bay Areas.

GDP per capita is also expected to have a compound annual growth rate of **>5.3%** during the next 10 years reaching **US\$ 38,400**, similar to the current level in Tokyo Bay.

2019 Population (million)

GBA	72.65
San Francisco Bay Area	7.75
New York Metropolitan Area	19.3
Tokyo Bay Area	44.28

Sources: HKTDC, Bay Area Council, China Center for International Economic Exchanges, Guangdong Academy of Social Sciences, Census and Statistics Department of Hong Kong, Statistics and Census Service of Macao, the statistics bureaux of the relevant PRD cities, Government statistical departments in the relevant jurisdictions

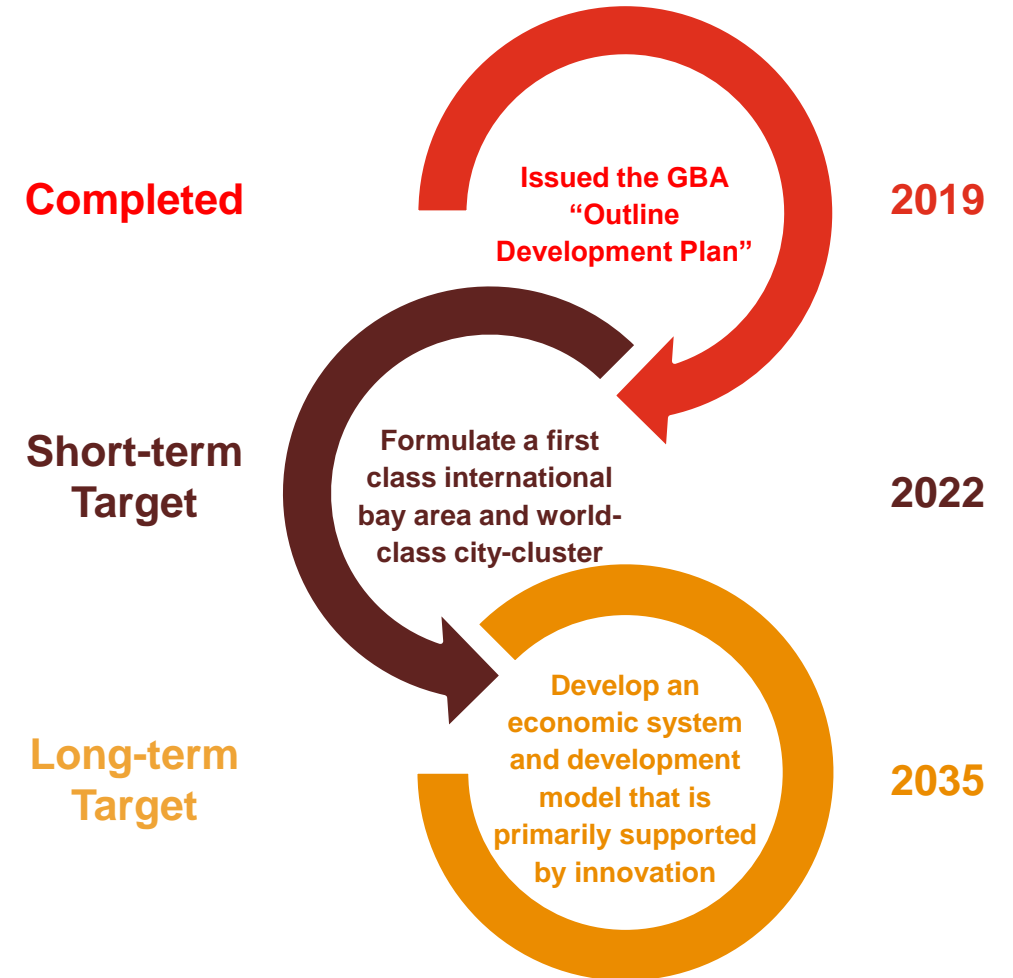
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# Strategic Orientation and Development Timetable of the “Outline Development Plan”

## 5 Strategic Orientations formulated for the Guangdong-Hong Kong-Macao Greater Bay Area in the “Outline Development Plan”

- 01** A vibrant world-class city cluster
- 02** A globally influential international innovation and technology hub
- 03** An important pillar supporting construction of the “Belt and Road” Initiative
- 04** A showcase for in-depth cooperation between the mainland and Hong Kong and Macao
- 05** A quality living circle that is suitable for living, working and traveling

## Development Goals and Timetable





# GBA 4 Core Cities Positioning in the “Outline Development Plan”

## Hong Kong

- To consolidate and enhance its **status of international financial, transportation and trade centre and an international aviation hub**
- Strengthen status as a **global offshore RMB business hub**
- Develop innovation and technology industries, emerging industries
- **Centre for international legal and dispute resolution services** in the Asia-Pacific region



## Shenzhen

- To leverage its leading role as special economic zone, national economic core city and national innovation city
- Expedite its transformation to a modern and international city
- Strive to **become a capital of innovation and creativity** with global influence

## Guangzhou

- To fully leverage its leading function as **national core city and integrated gateway city**
- Strengthen function as **international commerce & industry centre** and integrated transport hub, etc.
- Develop into global metropolis

## Macau

- To develop into a **world-class tourism and leisure centre**
- A **commerce and trade cooperation service platform** b/w China & Lusophone countries
- To promote diversified economic development

# 2

Facilitation Measures  
and Favourable  
Policies

# Policies Encouraging Talents Flow

## Individual Income Tax

- Relaxation on 183-day calculation for individual income tax reporting: any stay of less than 24 hours in the Mainland will not be counted as a day of presence
- Tax relief by municipal governments to overseas high-end talents and talents in short supply: cap the individual income tax rate at 15% on a trial run for one year; refund application guidance released in 2020.

## Professional Services

- Relaxation on partnership associations by HK/Macau and Mainland law firms, employment of HK/Macau legal consultants and practice of HK/Macau legal practitioners in the GBA.
- Extending the scope of mutual recognition for construction professional qualification;
- Facilitating HK/Macau medical professionals, CPAs and patent agents to establish their practices in the GBA.



## Start-ups and Innovation

- Encouraging innovation and entrepreneurship in the GBA by HK/Macau youth. Measures include internship opportunities, space sharing scheme, housing subsidies, etc.
- Developing GZ-SZ-HK-MC Technology Innovation Corridor, supporting HK/Macau higher education institutions and scientific research institutes to participate in projects under Guangdong technology programs

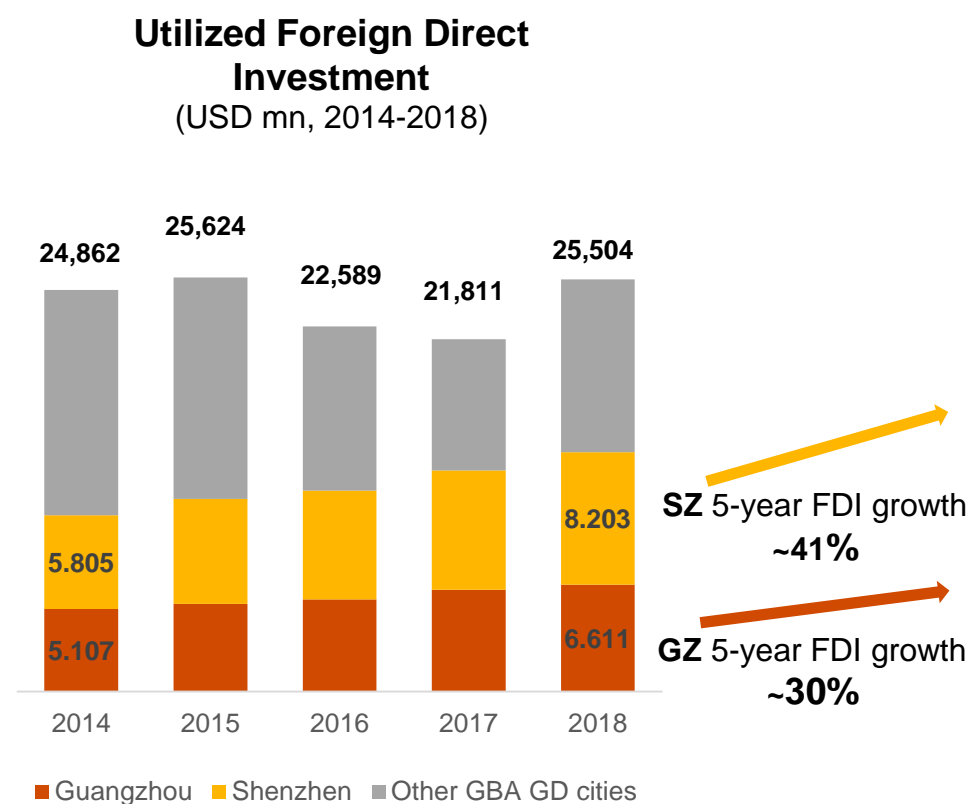
## Immigration and Customs

- Relaxation of employment visa, entry permit, extension of limit of stay for high-end talents and talents in short supply.
- Immigration facilitation reform pilots schemes in the GBA
- Expanding the implementation scope of the connection with the Speedy Customs Clearance between Customs administrations



# Subsidies and Facilitation Measures for Foreign Direct Investments (FDI)

FDI is **~25 billion USD/year** in the 9 GBA cities in Guangdong, numerous subsidies and facilitation measures are in place to attract foreign investments



Data source: City Municipal Bureau of Statistics

**Allow without prohibition**

- Special support to vehicle design and manufacturing, transportation, banking, securities, etc.

**Settlement rewards**

- **2% rebate** on utilized foreign investment in the year of settlement, with a maximum of 100 million RMB

**Operation rewards**

- **30% rewards** on the economic contribution in the first year over 100 million RMB, with a maximum of 100 million RMB

**R&D incentives**

- Foreign R&D institutions are rewarded with a maximum **10 million RMB**, and enjoy "green channel", tax reduction and exemption, etc.

**Talent support**

- Promote "**You Yue Card**" to foreign talents as a local ID to enjoy **equal treatment** as local talents for holders, spouses and children.

**Financing facilities**

- Expand financing methods for foreign enterprises, provide **same support policies** as local private enterprises in going public.

**Business environment**

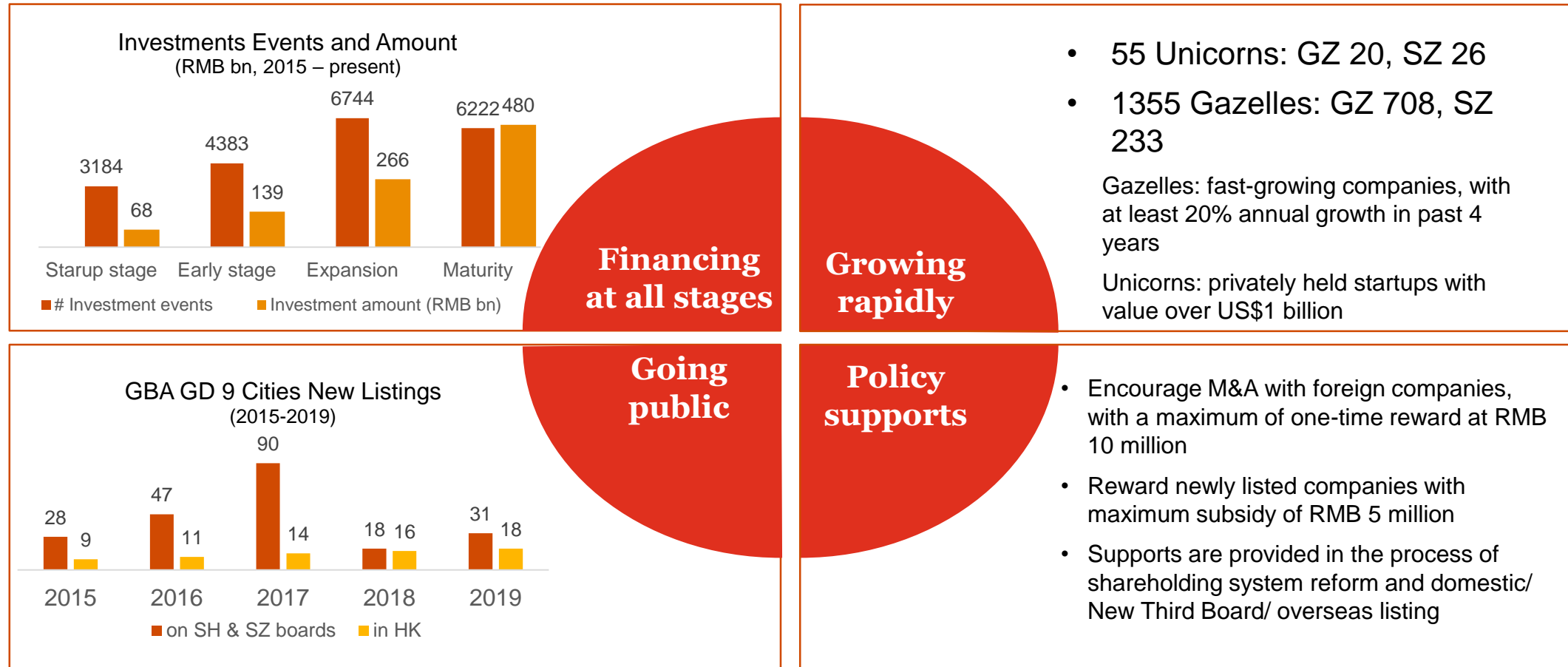
- Enhance the level of **investment and trade facilitation**, enlarge **tax reduction** referring to the Shenzhen Qianhai and Zhuhai Hengqin Corporate Income Tax Preference Catalog in key parks

**Flexible support**

- Provide "**one project, one discussion**" support policies to major investment projects and projects in emerging industries
- Municipal/ district governments offer corresponding incentives.

# Opportunities for Growth for SMEs

GBA is a very active economic area, SMEs can get all kinds of support in every stage from entrepreneurship to listing



# Industries with potentials

Innovation & tech is the “theme” of GBA, with a complete industry supply chain, businesses can find everything they need from R&D to product commercialisation.



## High-tech

- HK, SZ, GZ lead in high-tech innovation, while DG and FS, with complete and flexible manufacturing capabilities, are industrialization centers
- In 2019, SZ achieved value-added of 509 bn in new generation IT industry, and 160 bn in digital economy



## Financial Services

- HKSE, SZEX, and NEED are priority boards for listing, especially for innovation companies
- PE/VC invest over RMB 990 billion in GBA GD 9 cities in the past 5 years, hot industries including IT, finance, electronics, machine made, biotech, telecom, and media



## Trade & Commerce

- Pilot Free Trade Zones: GZ Nansha, SZ Shekou, ZH Hengqin
- GZ is the “commerce capital” with long history, aims to build as an international consumer center, global trade hub, international convention and exhibition capital, and international business service center.



## Advanced Manufacturing

- GD promote the development of “internet + advanced manufacturing”, with support to applications of 5G, IoT, blockchain, industrial internet upgrading, etc.
- In 2019, high-tech manufacturing industries achieved over 20% growth in GZ and DG



## Green & Low Carbon

- Green finance, clean energy, manufacturing industry green transformation, green building and city management, etc.
- China Emission Exchange in GZ is the national largest, global third carbon emission trading market
- SZ achieved value-added of green industry of 108 bn in 2019



## Biotech & Medicine

- Medical industries are the highest growth (10-30+% in 2019) industries. GZ, SZ, HK and ZS are clustered with biotech firms and provide most supports
- HKSE introduced the new listing policy Chapter 18A for biotech companies 2 years ago. 28 biotech firms got listed, and 16 among them are pre-revenue and raised HKD 40 bn.

**Ocean Economy, Sports & Leisure, Design, and more to explore...**



# 3

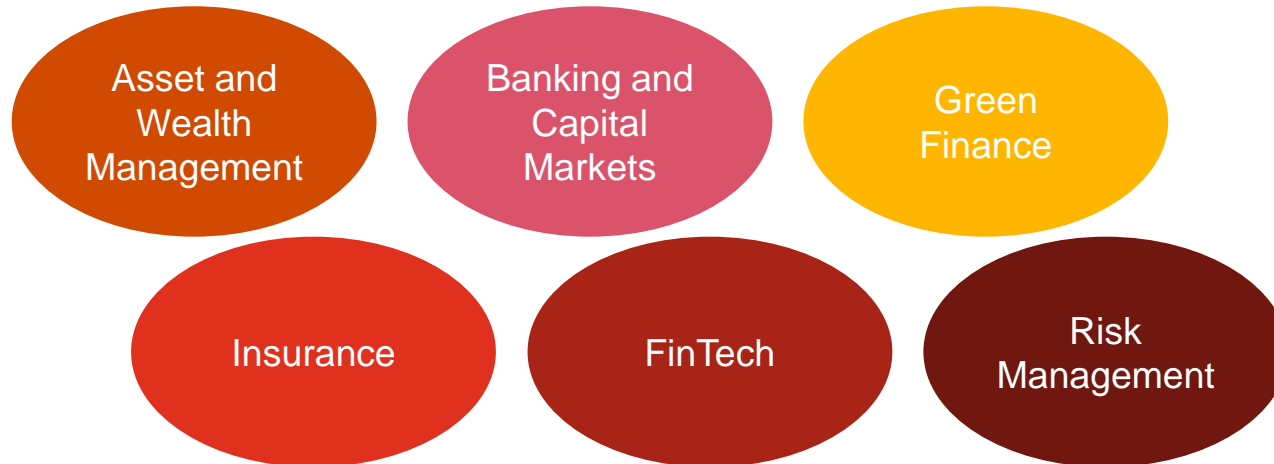
Development in  
Financial Services  
Sector

# Issuance of GBA Circular 2020-95

On 14 May 2020, the People's Bank of China, along with other regulatory authorities, issued **GBA Circular 2020-95** to reaffirm and build upon the provisions of the GBA Outline Development Plan.

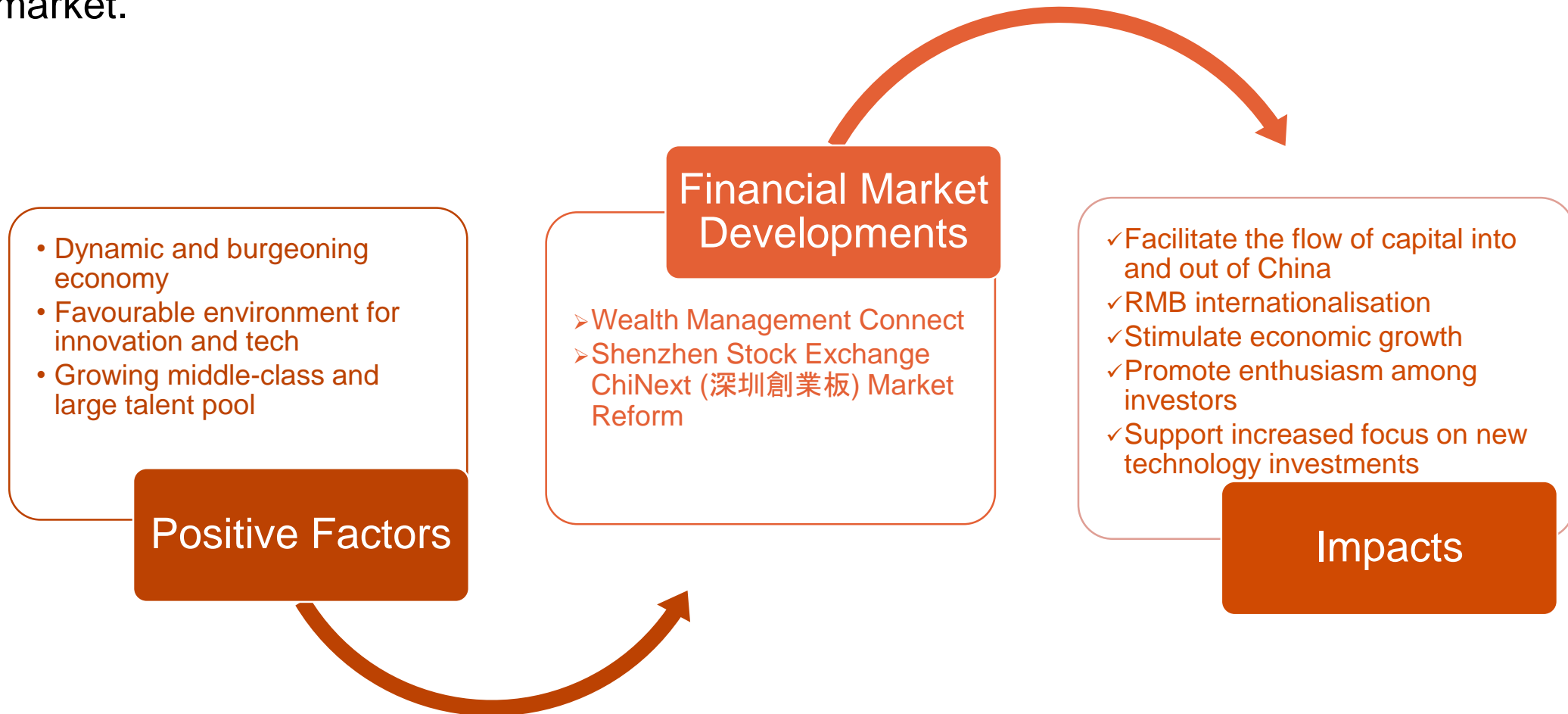
The Circular aims at driving economic development, facilitating trade and investment, and promoting the RMB internationalisation. Reforms in the financial services sector will continue and deepen, with ever **greater integration** between Guangdong, Hong Kong and Macau.

- The 26 articles within the Circular cover 6 aspects of financial services industry and indicate a wide range of opportunities.
- PwC has issued 2 publications: one to interpret each article in details and a survey to examine financial services firms' view about establishing new service offerings in the GBA



# Wealth Management & Capital Markets Sectors Developments

Following the issuance GBA Circular 2020-95, the Wealth Management Connect pilot and the Shenzhen Stock Exchange ChiNext (深圳創業板) market reform have been generating most buzz in the market.





# The Launch of Wealth Management Connect



Cross-border sales of financial products between HK/Macau and the GBA



**Built on the success and lessons learned from Stock and Bond Connect, potentially more influential.**



**Extend offshore RMB circulation to the GBA and enlarge the capital pool. Promote RMB internationalisation.**



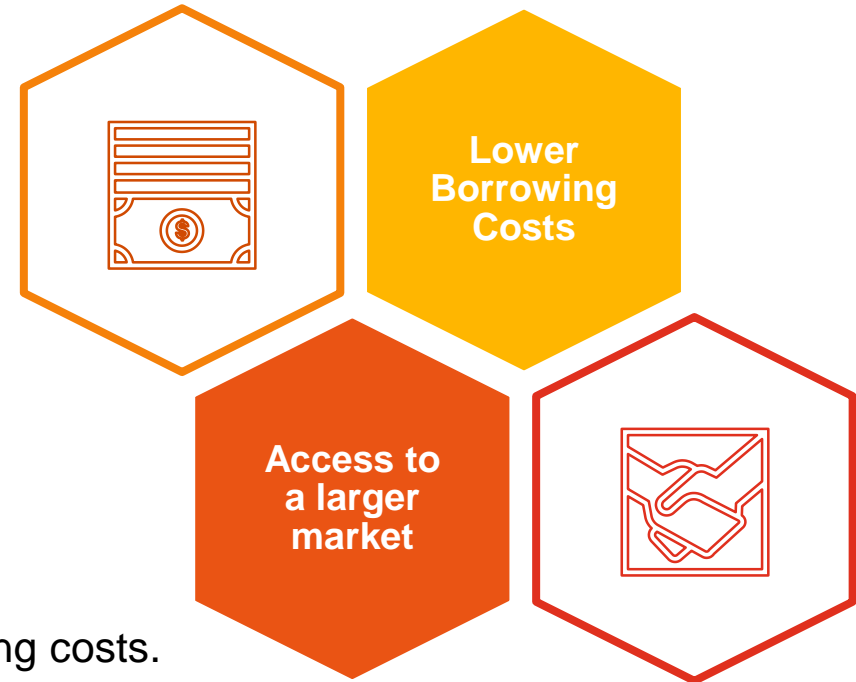
**Facilitate China's financial opening-up with improved capital flow.**



**Access to higher-yielding Mainland products for overseas investors.**

**Benefits to SMEs**

- Increasing supply of capital lowers borrowing costs. Potentially more sources of financing available.
- Potential to reach GBA's growing middle class via WM Connect for financial services players and adjacent industries.



# Shenzhen Stock Exchange ChiNext (深圳創業板) Market Reform



Implement the registration-based IPO mechanism and announce supporting regulations to attract more quality tech companies to list on the Board



Address financing needs and facilitate the fast-paced growth of SMEs



Allow innovative and growth-related SMEs to enjoy development dividends of capital market reform



Accelerate the flow of human capital and funds where SMEs can grasp more business opportunities in the long-run



# Appendix

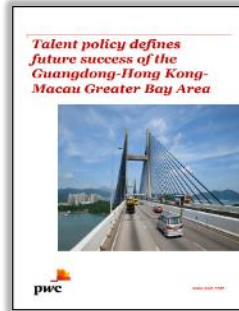
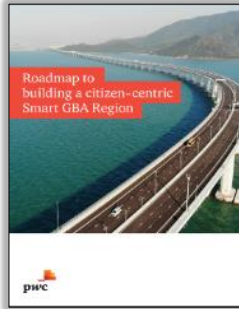
# PwC GBA Hot Topic Thought Leadership & Briefs

## GBA Hot Topics and Thought Leadership Publications



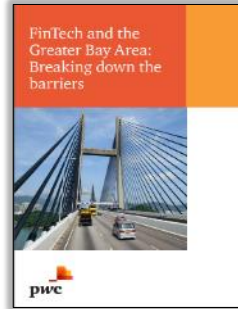
GBA Outline Development Plan – PwC PoVs Report

### Roadmap to Building a Citizen-centric Smart GBA Region



Talent Policy defines Future Success of the GBA

### FinTech and the Greater Bay Area: Breaking down the barriers



Consulting Report - Digital Guangdong

### Aviation in Greater Bay Area



## China Tax / Business News Flash

### Latest regulations on Individual Income Tax (IIT) and Rebate Policies

Framework agreement on Guangdong-Hong Kong-Macao Greater Bay Area (GBA) cooperation

The latest regulations on Individual Income Tax (IIT) and IIT rebate policies in the Mainland to improve the talent mobility in the Greater Bay Area.

News Flash  
China Tax and Business Advisory  
March 2019  
Issue 11

### 2019 Major Tasks Financial Services Analysis and Tax Insights



PwC Unicorn CEO Survey 2019 – GBA Unicorns

### Digital Twins in Smart City



The Meaning of Financial Services in the Greater Bay Area

### Financial Services in the GBA: Developing a GBA mind-set



## GBA Bulletin



Advance to next stage of our smart city journey

## GBA City Report Series

### Zhuhai



### Foshan



### Dongguan



### Zhongshan



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