Critical Issues Confronting China: The Greater Bay Area, Regional Integration, and the Future of China
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The Guangdong-Hong Kong-Macao Greater Bay Area (GBA) is one of the several major city clusters mentioned in China’s 13th Five-Year Plan (2016-2020). Although it may take years to reach full fruition, it is a clear attempt by the central government in Beijing to foster integration of the Hong Kong and Macao Special Administrative Regions into the rest of the China. Professor Michael Enright of the University of Hong Kong, also a principal of Enright, Scott & Associates, accessed China’s overall regional integration strategy and discussed the potential of the GBA for the region and China as a whole.

Having lived in Hong Kong for more than two decades, Enright has carried out extensive research on China, including on Hong Kong through the handover (1990s), the rise of the Greater Pearl River Delta (2000s), and the impact of foreign companies on China’s economy (2010s). Enright, Scott & Associates has done extensive work for local governments in China on urban development and has acted as a bridge between American companies and Chinese central and local governments over the years.

Enright noted that urbanization in China was 20 percent in the early 1980s, 60 percent today, and likely 70 percent in a decade. Given China’s population of 1.3 billion, this implies another 130 million people migrating from rural China to urban areas. Chinese “cities” often contain an urban core, suburbs, and a rural hinterland. Shanghai is over 6,000 square kilometers, whereas Beijing is over 16,000 square kilometers, and Chongqing about 83,000 square kilometers, in stark contrast to Boston’s meager area of 232 square kilometers.

China’s urban focus has shifted from development of differentiated cities (compared to the pre-reform mono-structures) to development of different tiers of cities, to joint urban-rural development, to transportation-oriented development within cities, and now to regional integration through the development of city clusters. The city cluster program, a work in progress that will take years to accomplish, is designed to overcome obstacles, such as, fragmented markets and lack of coordination between local governments. The Chinese central government has established small leading groups that formulate policy and then coordinate to overcome the balkanization of local governments. The small lead groups for regional integration initiatives are headed by Han Zheng, Executive Vice Premier and a member of the Standing Committee of the Chinese Politburo. His stature at the highest levels of government and the Party indicates the importance that China’s leaders attached to regional integration.
Enright likened the role of the Chinese central government program to that of the Interstate Commerce Clause in the United States, a mechanism to build integrated markets by reducing barriers between jurisdictions in order to facilitate mobilizing resources, deepen labor specialization, and spread economic vitality. The three largest city clusters in China are in the Yangtze Delta Region (YDR), the Greater Bay Area of southern China (GBA), and the Bohai area around Beijing and Tianjin.

The YDR cluster, by far the largest in geographic and economic terms, is a loosely coupled region consisting of several city circles in which lead cities bring in their smaller neighbors. In contrast, the GBA, which includes Hong Kong, Macao, and nine cities in Guangdong Province, is much more geographically compact. Huge infrastructure investments, including the XRL connection of Hong Kong to the Chinese mainland’s high-speed rail system, the Hong Kong-Macao-Zhuhai Bridge, and investments within Guangdong, allow much of the region to be reached within three hours from the rest of the region. A one-hour travel time is an easy commute and makes daily interactions possible; two hours makes interactions a couple of times a week possible; three hours makes distribution and supply chains feasible; a three-hour travel time also allows economic activity anywhere in the region to benefit the rest of the region. In addition to connectivity, interaction in the GBA has benefitted from a higher level of economic development and greater inter-governmental cooperation.

The GBA now has a $1.6 trillion GDP. Shenzhen and Guangzhou now have GDPs similar to Hong Kong. Close distances have allowed for an increasingly differentiated region, with Hong Kong retaining many international roles, Guangzhou the capital of a province of more than 100 million people, Shenzhen China’s leading high-tech center, Dongguan and Foshan leading manufacturing locations, Macao the world’s leading gaming center, and labor-intensive and heavier industries starting to move to other cities in the region. Hong Kong, which in 1997 had a GDP three times that of the nine Guangdong GBA cities combined and one-third of those cities combined in 2017, must continually reassess its roles.

What does the future hold for the GBA? Enright noted that economic growth, better connectivity, more economic openness in the region, more flexibility for people living and working around the region, and the emerging division of labor provide opportunities for companies. Recent events in Hong Kong, however, call into question how many people will seek opportunities outside their home city. Centralized decision-making and oversight as in the State Council’s Outline Plan for the GBA might help coordination among cities but can result in mistakes. Trying to make the GBA into China’s Silicon Valley (“Greater Bay Area” is an attempt to use the San Francisco Bay Area as a model), for example, might make sense for Shenzhen, but South Korea and Germany might be more reasonable short- and longer-term models for the region as a whole. Enright anticipated regional integration through city clusters to continue to be a main focal point of China’s development as well as a major test case for China’s central-local governance under President and General Secretary Xi Jinping.