

Guangdong-Hong Kong-Macao Greater Bay Area Newsletter

Latest News

Guangdong Investment and Trade Policy Promotion Conference



On 8 February 2023, the Department of Commerce of Guangdong Province held the Guangdong Investment and Trade Policy Promotion Conference in Hong Kong. Under the theme of “Embrace Greater Bay Area, New Guangdong-Hong Kong Cooperation Opportunities”, Mr. Zhang Jinsong, Director General of the Department of Commerce of Guangdong Province, delivered a presentation on business advantages, investment priorities and preferential policies of the Guangdong province and highlighted directions for deepening cooperation between Guangdong and Hong Kong and upcoming major events.

Business Opportunities in Guangdong: “6+2+1”

Six advantages of Guangdong

- **Economic scale:** In 2022, the GDP of Guangdong reached RMB12.9 trillion, ranking 1st in China for 34 years in a row.
- **Population and market:** There are 127 million permanent residents in Guangdong. The retail sales of consumer goods of Guangdong reached RMB 4.5 trillion in 2022.
- **Industrial supporting and auxiliary advantage:** Guangdong has formed a “10 +10 industry system” (10 strategic pillar industries and 10 strategic emerging industries), with the industrial output of 8 out of 10 strategic pillar industries exceeding RMB 1 trillion. 80% of the production can be completed in half an hour transportation circle, and the rest 20% can be completed in one hour transportation circle.

10 strategic pillar industries

1. Next-Generation Electronic Information*
2. Green Petrochemicals*
3. Smart Home Appliance*
4. Automobile*
5. Advanced materials*
6. Modern Light and Textile*
7. Software and Information Service*
8. Ultra HD Video Display
9. Biomedical and Health
10. Modern Agriculture and Food*

10 strategic emerging industries

1. Semiconductor and Integrated Circuits
2. High-end Equipment Manufacturing
3. Intelligent Robot
4. Blockchain and Quantum Information
5. Advanced New Material
6. New Energy
7. Laser and Additive Manufacturing
8. Digital Creative
9. Security Emergency and Environmental Protection
10. Precision Instrument and Equipment

(*) with industrial output exceeding RMB 1 trillion

- **Convenient transportation:** There are 9 civil airports, high-speed railways connecting all cities in the province and expressways exceeding 11,000km in Guangdong. Also, the Pearl River Delta intercity express rail forms a one-hour living circle.
- **Business environment:** Marketization, rule of law and internationalization are characteristics of Guangdong.
- **Ecological and environmental advantage:** Average PM 2.5 (fine suspended particulates) concentration in Guangdong is 22 $\mu\text{g}/\text{m}^3$, which fulfils the European Union standard for air quality. 5 cities of Guangdong (i.e. Shenzhen, Zhuhai, Zhongshan, Huizhou and Zhaoqing) accounted for the top 20 cities with the best air quality in China.

Business Opportunities in Guangdong: “6+2+1”

Two investment priorities

- Investment promotion of the manufacturing industry: Focus on 10 strategic pillar industries and 10 strategic emerging industries.
- Investment promotion of headquarter enterprises: Attract multinational companies, especially Fortune 500 companies, to set up regional headquarters and R&D headquarters in Guangdong.

One set of portfolio of preferential policies

- **Investment Rewards:**

- Reward of no less than 2% of paid-in FDI, up to RMB100 million for new projects in Guangdong with paid-in FDI over US\$50 million, or projects with capital increase of more than US\$30 million (excluding real estate industry, finance and quasi-finance industry projects).
- Reward of 2% of the actual amount of FDI in that year, up to RMB 100 million for annual paid-in FDI of the recognized regional headquarter of a multinational company exceeding US\$10 million.
- For enterprises contributing more than RMB100 million to the provincial financial income within the fiscal year for the first time, a one-time reward shall be granted based on 30% of their contribution to that year.
- For the introduction of manufacturing projects with total investment more than RMB1 billion in the Pearl River Delta cities, and projects with total investment more than RMB500 million in the eastern, western and northern region of Guangdong, a provincial fiscal reward of no more than 2% of the paid-in investment will be granted, according to the proportion of their paid-in FDI in fixed assets.

- **Tax Incentives:**

- In Hengqin, Qianhai and Nansha, the encouraged industrial enterprises are subject to a corporate income tax rate of 15%. Also, corporate executives and high-tech personnel are subject to a 15% personal income tax rate.

Guangdong-Hong Kong Cooperation: “4+1”

Hong Kong is an international financial, trade and shipping centre. The internationalization level of Hong Kong and the city’s capabilities to connect global resources, combined with the niches of Guangdong’s strong manufacturing prowess and huge market size, will generate a ‘one-plus-one can be larger than two’ multiplying effect.

Four cooperation priorities

- **Investment promotion**

Guangdong and Hong Kong will join hands to establish a long-term mechanism for investment and cooperation and give full play to Hong Kong’s international advantages to host more world-class large-scale enterprises.

- **Fairs and exhibitions**

Guangdong will coordinate more enterprises in the province to organize and participate in exhibitions in Hong Kong, and work with Hong Kong to bring more global enterprises to organize and participate in exhibitions in Guangdong. The offline session of the Canton Fair has resumed this year.

- **Trade**

Guangdong and Hong Kong will cooperate in facilitating unimpeded trade and leveraging Hong Kong’s advantage of free port and transportation and warehouse costs advantage in Shenzhen and Dongguan to jointly build a global hub with agglomeration and allocation of high-end resources.

- **Finance**

Hong Kong is an international financial centre with abundant capital and low cost for financing, while the Pearl River Delta is the world factory with a huge need for capital. The two places can strengthen cooperation in the financial sector to promote connectivity and high quality development of the real economy.

One important event

The 2023 Guangdong-Hong Kong-Macao Greater Bay Area Global Investment Conference will be held in Guangzhou in October 2023. Guangdong will join hands with Hong Kong and Macao to build a world-class business conference to attract more high quality resources and enterprises to settle and thrive in the Greater Bay Area.

Latest Policies and Measures in the Greater Bay Area

Regulation for Promoting the Development of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin

On 8 February 2023, the Regulation for Promoting the Development of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin (the new regulation) was officially released and has taken effect from 1 March 2023.

The promulgation of the new regulation provides a stronger legal basis for the effective implementation of goals outlined in the Master Plan. It also bolsters effort on Macao's adequate economic diversification, building a new residential area for Macao people that is also convenient to work in, and in accelerating development of the Cooperation Zone as a high-standard and open system that integrates with Macao. The new regulation also helps in terms of optimising the Cooperation Zone's new system of mutual discussion, joint construction, joint administration and shared benefits between Guangdong and Macao.

The new regulation consists of 88 chapters with an aggregate of 66 articles, covering topics concerning the Cooperation Zone's administration system, the Cooperation Zone's planning and construction, its promotion of industrial development, facilitation of convenience in relation to Macao residents living and working there, the promotion of integration between Macao and Hengqin, and protection of rule of law.

In terms of accelerating Macao's adequate economic diversification, the new regulation detailed how to develop sci-tech R&D and high-end manufacturing, traditional Chinese medicine (TCM), cultural and tourism industries, convention and exhibition, commercial and trade industries, and modern financing industry.

The new regulations aim to provide a strong legal underpinning to the development of the Cooperation Zone in Hengqin, promote long-term prosperity and stability in Macao and better integrate Macao into the overall development of the country.

For more details on "Regulation for Promoting the Development of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin" (in Chinese), please visit :

http://www.hengqin.gov.cn/macao_zh_hans/zjtj/wqzc/zcqw/content/post_3484345.html

For more details on "Highlights of the regulations for promoting the development of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin", please visit :

http://www.hengqin.gov.cn/macao_zh_hans/zjtj/wqzc/zcjd/content/post_3484426.html

Latest Policies and Measures in the Greater Bay Area

“Opinion on Providing Financial Support for Construction of Guangdong-Macao-In-Depth Cooperation Zone in Hengqin” and “Opinion on Providing Financial Support for the Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone”

On 23 February 2023, the People's Bank of China, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission, the State Administration of Foreign Exchange, and the People's Government of Guangdong Province jointly released the “Opinion on Providing Financial Support for Construction of Guangdong-Macao In-Depth Cooperation Zone in Hengqin” and “Opinion on Providing Financial Support for the Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone”.

Hengqin of Zhuhai and Qianhai of Shenzhen are the key cooperation platforms for Guangdong-Hong Kong-Macao cooperation. Strengthening of financial support in the construction of Hengqin and Qianhai is of great significance in in-depth cooperation between Mainland China and the two Special Administrative Regions, and in broadening reform and opening up the financial sector.

With the focus on the pursuit of high-quality economic development and the key areas of financial reform, the two Opinions documents set out 30 measures for each location in 6 directions. The two Opinions documents include measures under common directions:

1. Prioritizing financial innovation of financial services relating to people's livelihood: To provide better, more diversified and convenient financial services with measures including facilitating credit financing, employment and use of mobile payment.
2. Deepening of mutual connection of financial market and infrastructure: To enhance convenience of flow of funds in the Greater Bay Area with measures such as enhancing mutual connection with Hong Kong and Macao markets and improving bank account management and cross-border insurance.
3. Facilitating cross-boundary trade, investment and financing: Measures include improving the convenience of cross-border trade settlement and policies on cross-border investment and financing pilot reform of foreign exchange management and the internationalization of the RMB.
4. Strengthening financial regulations: To improve the financial risk prevention and management mechanism with measures including strengthening financial regulatory cooperation between Guangdong-Macao and Shenzhen-Hong Kong and exploring innovations on regulations on cross-border finance.

Latest Policies and Measures in the Greater Bay Area

The two Opinions also set out measures to fulfil the respective strategic positioning and need of Guangdong-Macao and Shenzhen-Hong Kong cooperation.

In Hengqin, with the positioning of “serving Macao and promoting the integration of Macao and Hengqin”, the Opinions document for Hengqin supports steps to interconnect pieces of financial infrastructure present in the two jurisdictions, thus advancing the Cooperation Zone, and promoting cross-boundary flow of funds, via the development of an electronic fence monitoring and control system. The Opinions document also supports Macao in the innovative development of modern financial industries including asset management, securities market, leasing and green finance to promote Macao’s adequate economic diversification.

Upholding “relying on Hong Kong, serving the Mainland and opening up to the world”, the Opinions document for Qianhai supports the expansion of the scope for further development of Hong Kong’s financial industry, development of financial services industry including green finance, supply chain finance, maritime finance and FinTech sectors, and the enhancement of the functions of Qianhai as demonstration window of reform and opening of financial industry in the country and pilot zone for cross-border RMB business innovation.

For more details on “Opinion on Providing Financial Support for Construction of Guangdong-Macao In-Depth Cooperation Zone in Hengqin” (in Chinese), please visit:

<http://www.pbc.gov.cn/zhengwugongkai/4081330/4406346/4693549/4802391/index.html>

For more details on “Opinion on Providing Financial Support for the Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone” (in Chinese), please visit:

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