



>> Industry experts and academics shared their thoughts on logistics and trading issues of the planned Big Bay Area.

## INTEGRATION CHALLENGES OF BIG BAY AREA

A major study has identified five main areas of concern related to logistics and trade facilitation issues in the Guangdong-Hong Kong-Macau Greater Bay Area.

One concern among stakeholders is the lack of clarity on the approach to integration of the cities in the context of "One Country Two Systems." Dynamics between market economy and policy driven economy, and given such dynamics, whether there is a division of services in the region, were two more issues that were identified.

Concerns were also raised on whether customs practices in the region will be reformed. The fifth concern was about creating a single window to facilitate trade and logistics.

These issues formed part of the findings in a report, "Logistics and Trade Facilitation in Guangdong-Hong Kong-Macau Bay Area: Stakeholders Concerns, Comments from Central Government, and Policy Recommendations," by a team that included members of the Policy Research Institute of

Global Supply Chain of Hang Seng Management College and the Asian Institute of Supply Chains & Logistics of the Chinese University of Hong Kong. The report was based on a study of logistics and trade facilitation in the Big Bay Area.

Business leaders, industry experts and academics shared their thoughts on logistics and trading issues in the area at a symposium on Thursday at Sheraton Hong Kong Hotel & Towers.

The study organized services into three categories: aviation, marine and ground, and also made several recommendations.

Known as the Big Bay Area, the initiative was proposed by China to link two special administrative regions and nine cities in Guangdong province into an innovation and technology hub. The nine cities are Guangzhou, Shenzhen, Foshan, Dongguan, Zhuhai, Huizhou, Zhongshan, Jiangmen, and Zhaoqing. The area also includes the two special administrative regions, Hong Kong and Macau.

Cheung Wai-man, a professor from the CUHK, says that cities and regions of the Big Bay Area should first bring their own strengths into full play, so it can compete with other bays and countries. As a historical free-trade zone, Hong Kong should be the entry point for overseas investors and an exit point for mainland enterprises.

Mainland exporters would benefit from the less complicated customs clearance in Hong Kong, Cheung says. Citing a retailer, he says, the merchant can store more inventory in Hong Kong according to its regular exports volume, rather than shipping on orders. It can save time for mainland customs clearance and become more efficient.

Wilson Fung Wing-yip, the executive director of corporate

development at Hong Kong International Airport, notes that the airline business is a key industry for collaboration. Guangzhou has plans for a second airport, while Shenzhen International Airport is building the 4th terminal, to move 60 million more passengers. These airports altogether offer more than 300 air routes to the mainland, while Hong Kong only has less than 50 accessing the mainland.

These airports could help Hong Kong attract more transit passengers, he says. The airports have also entered into partnerships with air ticket sellers such as Ctrip.

Last month, Hong Kong airport teamed up with DHL Express to expand capacity at the logistics center.

However, since aviation is highly regulated and involves the government, an authority or commission for regional coordination is necessary, Cheung says. Hong Kong airport, so far, has set up an office in Guangzhou.

"Before nine cities and two special administrative regions integrate, we have to

settle this as soon as possible to avoid unhealthy competition internally," he says.

"Not only is an airline committee needed for handling related issues, the 'single window' development should be speeded up in the area well." Single window refers to a facility that allows different trading parties, international or cross-border, to lodge standard information, or regulations through a single entity.

There is an office called Guangzhou Port Authority in Guangzhou, dealing with administration and business related to nine mainland cities. However, such a single window in Hong Kong might not be possible until 2024 based on the current public consultation process, Cheung suggests.

Moreover, Hong Kong can foster the area's development by attracting more international talents. For instance, Shenzhen is the leading technology hub in China where global talents seek opportunities. But, they might be used to international living standards that Hong Kong offers a better solution, according to Cheung.

The study found that in general, Beijing favors a two-phase approach: integrate nine cities in the first phase and then nine cities plus two special administrative regions in the second stage.

Industrial stakeholders and policy bureaus see merit in division of services in the Big Bay Area and that market forces should be recognized as the basis for such divisions, the study found. It was noted that there are advantages such as geographical and functional, which should not be overlooked. There are various concerns on the alignments of systems and policies, the study says.

Bringing disparate cities of the Big Bay Area together is a daunting undertaking.  
**Joyce Chen reports**