

# Hong Kong-Zhuhai-Macao Bridge: Crossing the Line?

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**Abstract** The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the “Outline”) was published on 18 February 2019. It includes technical details of the longest sea-bridge in the world running from Macau Special Administrative Region to Zhuhai on the southern coast of Guangdong province (on China’s mainland) to Hong Kong’s Lantau island that was inaugurated in October 2018 after almost ten years of construction. But more than that, the Outline reveals a series of political and policy objectives tied to the implementation of the bridge project.

The Chinese government’s development plans for its south-coast include the islands of Macau and Hong Kong. It has been clear for some time that the Hong Kong-Zhuhai-Macao Bridge had the intention of bringing these dynamic island regions into the embrace of the Chinese mainland and more efficiently consolidating their economic promise with that of the Pearl River Delta.

The Outline also covers the implementation period from 2022 to 2035 and states that China intends to “fully leverage the composite advantages of Guangdong, Hong Kong and Macau (and) deepen cooperation among the Mainland, Hong Kong and Macau”. As well as making a physical connection and a means of further economic integration, China has constructed a socio-political bridge that, for some, is not built on the most solid foundations. This paper examines whether infrastructural links and political progress are synonymous, and whether both sides of the divide will automatically benefit from physical connectivity.

**Keywords:** Greater Bay Area, city clusters, Hong Kong, urban development, China

## Introduction

Even though China's rate of urbanisation has slowed somewhat, the number of people entering the metropolitan and urban and administrative regions of China is still relentlessly high. The massive spike between 1976 and 1980 saw the rate of urban population growth shoot up from 1.76% to 5.26% per annum as Deng Xiaoping's "Opening Up" policy took hold. This was reflected in the accelerated development of new and revived urban centres. In 1978, for example, China had 198<sup>1</sup> (or 193<sup>2</sup>) cities but, two years later in 1980, that figure had grown to 229. By 2003, it laid claim to 660 cities<sup>3</sup> and this figure has remained reasonably consistent for ten years or so even though the ambition is still to be home to a total of 926 cities by 2025<sup>4</sup>. Admittedly, much of the official urban data should be looked at with healthy scepticism but there has undoubtedly been a major rebalancing from rural to urban in recent years.

It is well documented that the last quarter of the 20<sup>th</sup> century saw the biggest urban transformation in history predominantly as a result of China's development. In 1970, its urban population was 167 million and five years later was 195 million but still only 23% of the national population. Since then, China's urban population rose to 49% of the overall population in 2000, is now just over 60% (813 million)<sup>5</sup> and the government is preparing the way for its urban population to hit 1 billion by 2030.<sup>6</sup>

The World Bank observes that "not all of the population increase in Chinese cities has come

from an influx of rural inhabitants; 9% of the urban population growth from 2000 to 2010 was due to the natural birth-led population increase, 35% from the reclassification of non-urban land to urban land (and hence the change of status from rural to urban hukou), while the remaining 56% came from migration from rural to urban areas".<sup>7</sup> The question of 'where should these people go?' is addressed in a dialogue between urban versus rural development, and fundamentally in the debate between the agricultural and non-agricultural hukou. The question of how China pays for this construction boom is equally fraught given that even though GDP from construction is increasing year on year, quarter on quarter since 2016<sup>8</sup> the financial sector seems to be displaying slower annual growth trends.

Hong Kong is similarly immersed in a population/land resource debate. It is an overcrowded island with a population (at the time of writing) of around 7.5 million equivalent to Greater London. It is predicted to grow slowly and steadily to 8 million by 2030.<sup>9</sup> With little buildable land remaining it is crowded; and with the most expensive real estate in the world it seems that the world's least affordable housing market is preparing for another boom in prices.<sup>10</sup> The something-must-be-done approach has revived government plans to build artificial islands in North Lantau creating an additional development potential of 1,700 hectares. The cost will be approximately HK\$624 billion (more than half Hong Kong's financial reserves).

Having developed rapidly, mainland China is

clearly now revising its urban policies and practices to remove inherent inefficiencies: sometimes by benevolent means, sometimes less so. One of the more benign globally-established mechanisms is to develop co-regional urbanisation to provide socio-economic benefits due to the potential for shared densities and networks. Urban geographer, Jean Gottmann's early work on the Megalopolis exposed and reified the real interlinkages that have evolved between neighbouring administrations. He saw "Greater Boston to Greater Washington not as conventionally urban, but as a 'one great system'... 'an incubator of important socio-economic trends'." <sup>11</sup> Such interlinkages have been shown to reap socio-economic rewards in clusters such as San Francisco, Sacramento and San Jose, or UK's pharmaceutical golden triangle of London, Oxford and Cambridge, for example.

Conversely, Mexico City has been described as a predominantly monocentric urban form <sup>12</sup> whereas many other super-large cities, like Dubai, or a range of Chinese urban agglomerations often demonstrate a polycentric tendency to contain many urban centres within one city container. It is a way of creating cities within cities: of bringing down the scale within mega-city regions to manageable proportions. Academics Arribas-Bel and Sanz-Gracia have shown that "larger and more dense (cities) have higher per capita incomes with lower poverty rates compared with monocentric equivalents."<sup>13</sup> As Chinese cities develop and metamorphose into mega-cities and even super-regions, so the government is learning from the Western experience with a more expansive form of polycen-

trism. An unmanageable urban form is, after all, something that the control-centric Chinese state cannot countenance.

The Pearl River Delta (PRD) is one such polycentric opportunity that comes with its own particular set of difficulties. It is a potential growth area that crosses three notionally independent jurisdictions. As far as the Chinese state is concerned, keen on the maintenance of its authority, it is a region in need of Chinese integrative stabilisation. As China becomes ever more global, so it views stable economic dynamism arising from a rebalancing away from exports to domestic consumption-led growth. It is a contradictory desire to look outwards while being pulled ever inwards.<sup>14</sup> There is a unquestionable desire on behalf of Chinese businesses and local regional leadership to buy into the liberal markets while at the same time constrained by the impact on political hegemony that liberal freedoms may bring.

In this instance, the Hong Kong-Zhuhai-Macao Bridge is intended to encourage economic integration between Hong Kong and the western Pearl River Delta to enliven the competitiveness of the more sluggish (in relative terms) western area of the PRD region. In 2008, the government announced a regulatory framework designed to minimise "idle land" and to introduce economic incentives to make more efficient use of that land. By the 13th Five-Year Plan (2016-20), the Chinese state had formulated demands that master-planners should identify 19 city clusters – or super-regions – in order to intensify urban growth, counteract sprawl and to



rationalise regional development. One such is the Greater Bay Area (GBA) along the southern coastline with Hong Kong.

Hong Kong is a major player in world trade. It is a Special Administrative Region of China since being handed back from British colonial rule on 1 July 1997 (since the Treaty of Nanking ended the First Opium War ceding Hong Kong to the British in 1841). It is a series of small islands

that form an Anglophone entrepôt to mainland China<sup>15</sup> enabling it to maintain its continued high economic performance (which has depended, to some extent, on it being a genuine free market economy in distinction to China's more managed economy). According to the Hong Kong Trade Development Council, it is the world's most services-oriented economy, with services sectors accounting for more than 90% of its GDP. It is a major trade and cargo

port and one of the largest banking and financial centres in the Asia Pacific.

On the other side of the bridge sits Zhuhai on the western bank of the Pearl River estuary adjacent to South China Sea. For several years it has been voted the most liveable city in China by the Chinese Academy of Social Sciences. By contrast, former Portuguese colony Macau – the other western landing point for the bridge – is the most densely populated region in the world. It is maintained as a capitalist gambling enclave operating a free trade arrangement with mainland China. Dispensations mean that, for instance, prostitution is legal in Macau, unlike in mainland China where it is officially illegal but tolerated... and flourishing.

Clearly, this project is genuinely crossing boundaries and hoping to “unite” significantly contradictory social and political traditions. Reaching out over 55,000 km<sup>2</sup>, the Guangdong-Hong Kong-Macao cluster comprises a land area twice the size of Belgium. It includes the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the nine Pearl River Delta municipalities of Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, Guangzhou, and Shenzhen. A snapshot of a few more of these regions will give an indication of what is at stake:

In 2014, Foshan was described by Hong Kong think-tank, the Fung Global Institute (FGI) as China’s “emerging economic frontier”.<sup>16</sup> In 2015, Guangzhou established China’s first urban renewal authority. Dongguan is known to many as “the world’s factory” and not nec-

essarily in a flattering way. Indeed China Labor Watch regularly reports on employment abuses, such as low pay, poor conditions and breaches in safety standards. South of Donguan is Shenzhen, a city that has amassed a population of around 15-20 million<sup>17</sup> and is officially classified as one of the fastest growing megacities in the world<sup>18</sup> and the largest migrant city in China.<sup>19</sup> Shenzhen was one of the primary Special Economic Development areas in 1980 (as recounted in Deng Xiaoping folklore). Since then, the Shenzhen government has shown itself keen on meaningful urban renewal; “more so than any other city in China”<sup>20</sup> but is but a fraction of the ambitious Greater Bay Area regional development zone that will incorporate around 70 million people. As Shenzhen flourishes, Guangzhou on the other hand fell short of its economic growth targets for 2018.

Regardless of occasional seasonal fluctuations in local or regional economies the general trend is up. In 2017, the gross domestic product of the Greater Bay Area stood at around RMB 10 trillion. Research by PWC reveals that the eastern cities of Hong Kong, Shenzhen, Dongguan and Huizhou are responsible for 56% of the economic activity in the GBA, whereas Macau, Zhuhai, Zhongshan and Jiangmen on the west with just 15% of the population are responsible for just 12% of the regional economy.<sup>21</sup> With this in mind, it is a little clearer that the Hong Kong-Zhuhai-Macao Bridge is intended to spread the dynamism a little. It is expected to raise productivity rather than simply spread the existing pot of wealth a little more thinly and evenly.

There is clearly an interest, as far as the Chinese state is concerned in tapping into the foreign currency potential of Hong Kong's trade wealth. With China internationalising its currency, the recent relaxation in the use of the Renminbi in Hong Kong will certainly advance the island's prime location as a financial link to the rest of the world. Hong Kong will also benefit by tapping into China's Silk Road Initiative and the Greater Bay Area development to give new impetus to the economy.<sup>22</sup>

The HK\$7billion capital costs of the bridge are shared in a unique tripartite arrangement - also sharing the HK\$2 million maintenance charges - but as Caixin financial magazine notes, mutual access to enlarged capital flows have made it a no-brainer proposition for both sides.<sup>23</sup> Indeed, Huizhou is already budgeting for inter-city highways and up to 11 high-speed railway stations to facilitate new 30-minute commutes - reduced from over two hours - to Shenzhen and Guangzhou.

Of course, the bridge cannot be the answer to all of the PRD's problems. Indeed, there are simple technical conflicts that have stymied progress, let alone the broader political issues. The Chinese engineering team, for instance, had to bow to the superior internationally-accepted technical standards employed by Hong Kong engineering practices over the more anodyne and risky Chinese regulations. The design also had to contend with resolving the confusion of "three customs zones, three legal systems and two hard borders (Guangdong's with Hong Kong and Macau)."<sup>24</sup> Each of the three distinct

regions connected together have border control issues to contend with, with travellers required to obtain a permit to travel to the former colonies from the mainland and vice versa, not to mention specific highway regulations (China drives on the right, Hong Kong on the left, for example).

But more significantly maybe, the bridge is also intended to bring Hong Kong and Macau into even greater allegiance with the mainland. The Outline report states that inter alia, the project will "enable compatriots in Hong Kong and Macao to share with the people in the motherland both the historic responsibility of national rejuvenation and the pride of a strong and prosperous motherland". As The Economist pointed out, this is not without difficulty - moreso for Hong Kong than Macau - in terms of Hong Kong's western allegiances and the former colony's much-vaunted democratic autonomy.

## Conclusion

On 1 July 2017, President Xi Jinping oversaw the signing of the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area, an agreement whereby the three regions will "pool innovation resources". In several forums, Hong Kong residents have expressed nervousness about potentially being the provider rather than beneficiary in this relationship.<sup>25</sup>

However, the nervousness works both ways, with Party officials monitoring society's Gini coefficient (a measurement of income disparity in which 0 represents social equality and 1 rep-

resents total inequality). It is said that 0.4 is the point at which the tensions arising from economic inequality give rise to instability and unrest (although there is no theoretical framework for this assertion). For the Chinese state, social stability remains the central Party's foremost concern and worryingly for them, by the end of 2018 according to the International Monetary Fund, the national Gini coefficient was 0.5<sup>26</sup> with China predicted to run its first annual current-account deficit for 25 years. Hong Kong itself has a Gini coefficient of 0.54. When this is measured across the PRD cluster (although no accurate figure yet exists) this can only be even higher. However, the Chinese report acknowledges that there exists a "relatively wide development gap"<sup>27</sup> – comparing Hong Kong's record as the world's most expensive city to the peasant economies of north-Guangzhou.

While there is some cause for concern, rapid economic improvements in living standards from a low base are eminently feasible in these poorer regions (as Shenzhen's miraculous rise has demonstrated). In other words, it is relatively easy to see how China's poorer PRD regions might benefit from material improvements mandated by the central party. But Hong Kong under a notionally autonomous Legislative Council (LegCo) might have higher stakes in the game.

China needs to attract net capital inflow<sup>28</sup> and is making it easier for foreign investors by liberalising funding regimes and opening up the market due, in part, to the downturn in its economic performance. Allying itself with Hong

Kong is a straightforward means for China to allay the problems associated with its status as a "non-market economy" as defined in World Trade Organisation terms.<sup>29</sup>

There are clear and immediate benefits to lives and living standards. The report points out that bridge connectivity will "bring more convenience to the lives of people in the Greater Bay Area, raise the quality of living of residents, provide more convenience for Hong Kong and Macao residents studying, working, starting businesses and living on the Mainland, strengthen exchange and integration across different cultures, and build a beautiful bay area that is ecologically safe, environmentally attractive, socially stable and culturally vibrant." China states that this arrangement is based on "open cooperation, mutual benefit and win-win situation".<sup>30</sup> What's not to like? Lu Kang, a Chinese foreign ministry spokesman reassures Hong Kong residents that, given its allegiance with China "everyone can see that Hong Kong's society and economy has achieved progress."<sup>31</sup> But economic growth is not the be all and end all in this highly charged debate.

For example, the U.S. Hong Kong Policy Act of 1992 provides Hong Kong with special trading relationship status with the United States whereby the US treats it as it would an independent economic entity. But this is a condition dependent on Hong Kong maintaining its economic and political identity sufficiently distinct from that of the mainland.

China's continued endorsement of Hong Kong's

Basic Law – the mechanism by which China facilitates “one country, two systems” while at the same time maintaining the overall governance of the Central Committee – is as jarring to Hong Kong democracy activists today as it ever has been. In this tense atmosphere, the idea that, as some observers put it, “future urban development in China should be focusing more on efficient growth and effective governance”<sup>32</sup> may not, for some, be as simple or benign as it sounds. Indeed, in 2017, China’s President Xi is reported to have “warned Hong Kongers not to cross a ‘red line’ by ‘endangering China’s sovereignty and security’ or ‘challenging the power of the central government’.”<sup>33</sup>

The report on the new bridge, covers a lot of the development, economic, environmental and planning considerations that were contained in the broad plan for official urban redevelopment guideline document: “Outline of Development Planning for the Guangdong, Hong Kong and Macau Dawan District” and published on the official party news agency Xinhua. This report details both the short-term objectives (up to 2022, by which time China should have reached its first of President Xi’s Chinese Dream milestones of becoming a “moderately well-off society”).

The report then examines plans for the region’s long-term prospects to 2035. It speaks of the “Pan Pearl River Delta” referencing the integrated connectedness of all places in the region.<sup>34</sup> There will certainly be prizes for all provided that everyone plays their cards right. After all, China promises to financially support the de-

velopment of airports, expressways, shipping, high-speed rail connections, as well as five R&D centres in Hong Kong, including logistics and supply chain management application technology, textiles and garments, information and communication technology, automotive parts, nano and advanced materials, as well as the construction of a Science Park and Cyberport.<sup>35</sup> On the mainland, the proposed revitalisation intends to “radiate” improvements in urban and rural infrastructure across the region: to “promote urban renewal according to local conditions, transform urban villages, merge small villages, strengthen the construction of supporting facilities, and improve urban and rural human settlements environment.”<sup>36</sup> There will also be even more bridges. For many, this is not contentious: China is merely bringing Hong Kong home.

Pragmatically, Hong Kong becomes China’s credible and legitimate window on the world and its simplest means of tapping into international standards of business behaviour and performance. This can only be a good thing. For example, Cina already has been morally obliged to pledge that it will denounce fake products, to engage with international trade regulations and to outlaw intellectual property theft. Hong Kong will be the place through which China can earn the respect of the world.

Even though Shenzhen has notionally outperformed Hong Kong in terms of GDP (but not GDP per capita), Hong Kong retains its democratic superiority in terms of having “a clean and accountable government, an independent



judicial system, academic and press freedom, and protection of individual liberties and human rights, which are more important criteria in the measurement of a society's modernity."<sup>37</sup> China, on the other hand wants to "encourage" young people from Hong Kong and Macao to study in mainland schools, to integrate the economy of the former colony further and to maintain tighter control. Recent evidence of the Hong Kong LegCo relaxing rules on extradition have worried those who prize the differences rather than the similarities between Hong Kong and China. And this, clearly is of historic international concern rather than it simply being a minor domestic policy shift.

The "fact" that Hong Kong is Chinese is indisputable in terms of international law. The fact that it is another system will be tested increasingly as the borders become looser. In a global period where borders, autonomy, democracy and sovereignty are being called into question, it is worth asking whether the new bridge represents an attempt to erase, or respect, the frontier? Only time will tell.

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