**香港房地產協會**

**Hong Kong Real Property Federation**

**Proposal on**

**Greater Bay Area World Trade Hub**

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2. **Preface**

Land shortage in Hong Kong does not merely adversely affect the livelihood of Hong Kong people. Failure in providing more land will hinder Hong Kong's long-term economic development, as well as drastically increase the risk factor of social crisis. Regardless of how hard the Hong Kong SAR Government has dealt with the problems, engaged the public and risen to challenges, it is foreseeable that the proposed solutions for acquiring new land will encounter substantial oppositions from various groups of citizens, pressure groups and politicians. The Government has recently set up the Task Force on Land Supply to gauge opinions from the community on solutions to increase land supply. The response was encouraging, as a full array of different opinions were collected. However, there are certain limitations in the implementation of each proposed option, and it takes a long time for execution, not to say the realization of results and achievement. Therefore, the Association strongly recommends the Hong Kong SAR Government to adopt disaster-handling mentality and take decisive and prompt actions in seeking land for future development. This will help Hong Kong people visualize better prospect of being allocated publicly-funded housing at a faster pace, and hence casting more confident votes on the work of the Government. **The aim of this report is to develop vast amount of land with proven effectiveness within three years after implementation.**

1. **The Significance and Feasibility of Greater Bay Area World Trade Hub**

The western side of Hong Kong is adjacent to the territorial waters of Guangdong Province. Due to its proximity to Guangdong and Hong Kong, this area not only has the potential for developing land, but also holds the advantage of further deepening the cooperation between Guangdong and Hong Kong. To this end, leveraging on Central Government’s strong policy advocate on the Guangdong - Hong Kong - Macao Greater Bay Area Development, the Association proposes that the Hong Kong SAR Government and Guangdong Provincial Government **should join hands and actively seek for State policy support and endorsement** to explore the expansion of Hong Kong’s waters at the western side towards that of Guangdong Province through large-scale reclamation, and jointly develop the “Greater Bay Area World Trade Hub” in achieving mutual benefits through a win-win collaborative initiative.

* + - 1. **Positioned as a key-point strategic project under Guangdong-Hong Kong-Macao Greater Bay Area**: “One Belt, One Road” and “Guangdong-Hong Kong-Macao Greater Bay Area” are two strategic state policies of Central Government. Hong Kong assumes an important role in the Greater Bay Area Development. Being the most open and international city in the Greater Bay Area, Hong Kong is well-known for being international financial, transportation and trade centres with renowned professional services. Leveraging on the advantages of its world-recognised legal system and intellectual property rights systems, Hong Kong has good chance of leading the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province and the Macao SAR through its unique connectivity to the world. If Hong Kong can grasp such golden opportunity to take off again through this project, we believe that it will also be most appreciated by the Central Government.
			2. **Deepened collaboration between Guangdong and Hong Kong with policy support from Central Government**: This is perfectly true that Hong Kong issues should be resolved by Hong Kong itself. However, it is equally appropriate to adopt the strategy of mutual collaboration between Hong Kong SAR Government and Guangdong Province to tackle the problems of people’s livelihood and sustain long-term social and economic growth. For example, the Hong Kong-Zhuhai-Macao Bridge, the construction of high-speed rail, the Shenzhen Bay Port, the supply of fresh water from Dongjiang, and the Lok Ma Chau Loop are achievements of China-Hong Kong cooperation. In 2015, the Macao SAR Government gained approval from the State Council to expand its territorial waters, enabling its subsequent land reclamation projects. This approach is worth considering. While the Task Force on Land Supply was seeking public opinion, it was recognized that both the Pro-establishment parties and some Pan-Democratic representatives have consensus that the Hong Kong SAR Government shall ask the Central Government to extend the territorial waters for our reclamation. It can be construed that a new innovative framework driven by out-of-the-box thinking has emerged in finding a new way to resolve the problem of land scarcity.
1. **Project Implementation Plan**
2. **Selection of reclamation area**

As shown in the schematic map of the proposed reclamation area in Diagram 1, the Association proposes to actively explore large-scale reclamation on Guishan Island, which is at the western side of Hong Kong, situated in the territorial waters of ​​Guangdong Province near Zhuhai City. There are around 2,000 residents on the island, and they will be relocated. Compensation will be paid for the existing industries. Details are as follows:

(A) The territorial waters is under the jurisdiction of the Mainland. Riding on the support of the Central Government, through deep collaboration with Guangdong Province, it is anticipated that it can be implemented speedily in the short term;

(B) Guishan Island covers an area of ​​around 10 sq. km. It is very close to Hong Kong, as its north is just around 30 nautical miles from Lantau Island of Hong Kong. It is proposed to create a new piece of land of 130 sq. km. by reclamation;

(C) The settlement of reclamation materials takes about 3 years. It is recommended that the first phase is to flatten the existing hill in Guishan Island, and start the reclamation near the shore, thus gaining 10-15 sq. km. within a short period of time (about 3 years). The construction and development of the “Greater Bay Area World Trade Hub” can kick-start as soon as possible;

(D) In ​​order to minimize the impact on the water flow of Pearl River estuary, it is proposed to be reclaimed in blocks, thus water channels will be left between the blocks. Different artificial islands will be connected by bridges;

(E) The area is located in the relatively wider waters of the Pearl River Estuary, so the impacts of reclamation on the water currents and Chinese white dolphins will be minimized;

(F) The water around Guishan Island and the western side of Hong Kong is shallower in the Pearl River Estuary. As it is distant from the deep-water channels on the eastern side of Hong Kong, the sea traffic will not be affected. It is also relatively easier for reclamation.

1. **Division of land zones**

As the proposed reclamation area is under the territorial waters of Guangdong Province, the Association proposes that the project will be handled by the Hong Kong SAR Government and the Guangdong Province in different zones under the principle of “Co-construction and mutual-sharing”. With the aim to increase the feasibility of the project, some of the reclaimed land will be auctioned, and the proceeds will be shared between the two parties. As shown in Diagram 2, the land area of 130 sq. km. covers:

(A) **Guangdong Provincial Government** will have land titles and rights to develop and manage the **30 sq. km. of land**. A new Free Trade Zone is proposed which can strengthen the industrial collaboration and linkage with Hong Kong by fostering a new development platform. This platform is more open than the Guangdong Free Trade Zone in Nansha, Qianhai and Hengqin established in recent years, which is conducive to the future economic development of Guangdong Province.

(B) **Hong Kong SAR Government** will have the land titles and right to develop and manage the **100 sq. km. of land**. The overall planning will be orchestrated by Hong Kong in accordance with the existing laws of the Hong Kong Special Administrative Region. It is recommended that 50% (50 sq. km.) of land be used to construct residential buildings. Out of this, 60% (30 sq. km.) will be used for constructing government-funded houses (such as public housing, Homeownership Scheme, “Starter Homes” units, etc.), and 40% (20 sq. km.) of land be used for developing private housing. The remaining 50% (50 sq. km.) of land is to be used for “Greater Bay Area World Trade Hub” riding on the collaboration between Hong Kong and Guangdong Province for commercial and industrial purposes.

**3. Functions of land use**

For the 100 sq. km. of land under the jurisdiction of the Hong Kong SAR Government, the planning and design of all land use are led by the Hong Kong SAR Government to create a green, high technology and intelligent metropolis encompassing the following functions:

(A) **Residential land** – to kick-start with the development of the reclaimed land in Guishan Island, the government will first build the government-funded public housing. To be implemented by phases, equipped with advanced infrastructure, modern municipal facilities, affordable and decent housing will be provided to the middle and grassroot classes. For the private housing, the current practices will be adopted. With 50 sq. km. (5,000 hectares) of residential land, it can accommodate around 3.5 million people. This will definitely resolve the old and prevailing problems of shortage of housing, ageing population in Hong Kong immediately. It can also stock up sufficient land reserves for long-term usage and future growth. (The Association recommends that the existing plan for new land development in Hong Kong should continue to be explored and implemented).

(B) **Commercial and industrial land use** – in the other 50 sq. km. (5,000 hectares) of land area, representatives from the 9 cities and two SARs will gather to set up a new official joint organization. Creative and innovative talents from these cities and SARs will cluster in the core area of “Greater Bay Area World Trade Hub”. Trade associations, creative and innovation-centric entrepreneurs, scientific research institutes from all over the world are encouraged to anchor in the Hub. With the clustering of elites and talent pools in the Hub, through exchanges of resources, intensive interflow, deep interactions and collaboration, the international competitiveness and opportunities will be enhanced in the Guangdong-Hong Kong-Macao Greater Bay Area, Moreover, in the core area, large-scale exhibition centers, international scientific research centers, science and technology industrial centers, incubators and entrepreneurial centers, financing centers, large-scale sports centers, and higher education centers will be established. These centers can be built and operated by commercial institutions, research centers, universities, etc. from any country. Land title and land use rights are also under the jurisdiction of the Hong Kong SAR Government. The 50 sq. km. plus 20 sq. km. of private housing in Hong Kong is jointly administered by the Hong Kong SAR Government and the Guangdong Provincial Government through setting up a task force (specialized Task Force) to conduct the work in Hong Kong through appropriate land grants and auctions. Commercial operations are based on the existing model of Hong Kong. The proceeds from the land auctions are to be shared by the Hong Kong Government and the Guangdong Provincial Government.

(C) **NIMBY (“not in my backyard”) facilities**: through early overall planning, these facilities, such as the construction of waste disposal systems, landfills, sewage treatment systems, columbarium and related facilities for funeral industry, and etc. can be built in areas distant from residential areas. Such arrangement will minimise any adverse impact on the environment and remove incompatible land uses.

**4. Job opportunities**

Given sufficient land for development, the issue of creating employment opportunities in adjacent locations can be tackled. The Association proposes to establish some relatively fast, easy-to-build and innovative facilities in the “Greater Bay Area World Trade Hub”. This serves to foster the development of innovative commercial and tourist facilities that are not available in Hong Kong. Examples are antique cars and future car exhibition venues, e-sports venues, unmanned aircraft systems training venues, permanent motor racing tracks, equestrian training grounds, leisure resorts, yacht clubs, hotels, cultural and food malls from 11 cities, permanent exhibition venues for industrial products for 11 cities, outlets for luxuries and branded products, and other large-scale commercial facilities. Coupled with the above-mentioned establishment of the economic and industrial land use, it will certainly help generate ample job opportunities of local employment for Hong Kong residents living there.

**5. Transportation connections**

The Association proposes to link up the “Greater Bay Area World Trade Hub” and the other parts of Hong Kong as follows:

(A) First of all, it is proposed to construct a bridge for vehicles (with total length of approximately 12.5 km.), connecting the artificial island of the Hong Kong-Zhuhai-Macao Bridge to the artificial port of the “Greater Bay Area World Trade Hub”. According to the existing speed of the Hong Kong-Zhuhai-Macao Bridge, it takes about 15 to 20 minutes from the Hub to the northern part of Lantau (as shown in Diagram 1). This proposal is based on the existing land transport routes, and hence it can be directly linked to Hong Kong Island, Kowloon and the New Territories, as well as connecting to Zhuhai and Macao.

 (B) With the increase of population in the Hub area, it is proposed to build two underground railways (with total length of around 16.5 km), which will connect the Hub to the Tung Chung West MTR station which is already being planned. The route takes about 15 minutes. Tung Chung West Station will provide access to the existing Sunny Bay Station and MTR stations in Kowloon and Hong Kong Island. Another new underground railway line is an extension to the existing Disneyland Station, then connected to the Kennedy Town Station (with total length of around 13 km.). The route takes about 13 minutes (as shown in Diagram 2 and 3). These two new underground railways will then be linked up with the existing rail lines, which is a time-saving and cost effective construction solution.

(C) It is recommended to build a pier in the Hub, and open a ferry route to and from the Central Ferry Terminal (with distance of about 20 nautical miles), which provides convenient express ferry service with sailing time of around 35 minutes (as shown in Diagram 3).

**6. Financial arrangement**

(A) The cost of the 130 sq. km. reclamation project is to be funded by borrowing from the Hong Kong SAR Government through the Exchange Fund by installments according to the progress of the project. In case there are difficulties for the Hong Kong SAR Government in utilizing the financial resources of the Exchange Fund, it may consider borrowing from the National Social Insurance Fund or the China Development Bank in Mainland. For both funding arrangements, it is ensured that the loans can be repaid with stable returns.

(B) The funding can be financed through joint syndicated financing by both Mainland China and Hong Kong parties.

(C) For the 50 sq. km. of land under “Greater Bay Area World Trade Hub” and the 20 sq. km. (a total of 70 sq. km.) of land allocated for private housing, the land will be allocated in Hong Kong in accordance with the appropriate grants or auction procedures as decided and directed by the Task Force. The revenues will be used to settle the cost of reclamation of the 130 sq. km. of land and related infrastructure, and the remaining proceeds will be shared by the Hong Kong SAR Government and the Guangdong Provincial Government.

**7. Monitoring mechanism**

(A) The planning and design of the 100 sq. km. of land area is led by the Hong Kong SAR Government. The reclamation and the first phase of building the bridge are the responsibility of the Guangdong Provincial Government. The Hong Kong SAR Government will employ an international consultancy company to oversee the reclamation and bridge construction projects.

(B) For the government-funded housing and the land use of the Hong Kong SAR Government, it is proposed that an independent statutory body, such as Hong Kong Housing Society or the Urban Renewal Authority of Hong Kong, be responsible for the construction and supervision.

(C) For the remaining land allocated through the auctions system, it will be implemented in accordance with the laws and regulations currently in force in the Hong Kong SAR Government.

**IV，Advantages of Greater Bay Area World Trade Hub**

1. **Quick results**

Although reclamation within the territorial waters of Hong Kong can also help increase land supply, such reclamation involves large scale projects. Under the existing political climate in Hong Kong, the lengthy procedures involved in adopting such reclamation projects can last for more than a decade. It is too long-term a solution to solve our immediate problems. In order to alleviate the problem of land and housing shortages in Hong Kong, it is of paramount importance to increase the supply of large piece of land in the short term. Therefore, it is necessary to think out-of-the-box in seeking new solutions and alternatives.

The reclamation area of ​​the proposal is located in Mainland China. If the Central Government coordinates the reclamation and the work of the first phase of the bridge, with the project executed and completed by Guangdong Province, the procedures involved can be significantly simplified and the time required can be tremendously shortened. Moreover, after the first phase of reclamation and development of the land in Guishan Island, it will provide 10-15 sq. km. of land area in the short run (about 3 years), which is definitely faster than reclamation projects in Hong Kong. In the construction of government-funded housing, the option of adopting domestic prefabricated components from Mainland is worth considering. It has the advantage of offering enormous number of public housing units in a short period of time, which will help to fulfill the aspiration of the Hong Kong people for public housing as soon as possible.

1. **Project cost comparisons**

Guangdong Province will be responsible for executing the reclamation project and construction of the first phase in building the bridge, which can significantly reduce the construction cost as compared with Hong Kong. The comparison of reclamation and construction costs in Hong Kong and the Mainland is as follows:

(A) According to the information from the Hong Kong Government's 2030+ report, the technical research on the reclamation of 1,000 hectares in the East Lantau Metropolis shows that the development cost of the reclamation and infrastructure for the five offshore reclamation projects is roughly estimated at around HK$15,000 to 25,000 per sq. m. (based on September 2017 prices estimates). As for the artificial islands in the Central Waters (East Lantau Metropolis), the development cost will be higher than the estimated upper limit of the offshore reclamation project due to the expected construction of larger-scale external transportation infrastructure. The cost of reclamation projects in Mainland China is roughly estimated to be around RMB 3,200 per sq. m.

(B) The construction cost of building residential flats in Hong Kong is around HK$46,000 per sq. m. Whereas, the construction cost in Mainland China is only around RMB5,000 per sq. m.

1. **Abundant land for long-term development**

This proposal can create 50 sq. km. of residential land in the short term, as well as secure sufficient land reserves for the future long-term social and economic development for Hong Kong. We can take charge to plan for our own future. It is foreseeable that when submitting this proposal to the Central Government and negotiating the detailed collaboration with Guangdong Province, time is required, and difficulties will be encountered. However, after breaking through these obstacles, we will be able to create sufficient conditions in realizing our vision through forward-thinking macro planning for the coming 30 to 50 years.

**V. Conclusion**

The establishment of the “Greater Bay Area World Trade Hub” as proposed will be formulated as a key-point strategic project under the Guangdong-Hong Kong-Macao Greater Bay Area Development, and exhibited as a show case to the world. With the support and endorsement of the Central Government and intense linkage with Guangdong Province on this project, it will not only further deepen the collaboration between Guangdong, Hong Kong and Macao, but also truly accelerate its status as one of the world-class Bay Areas, being an influential global technology and innovation center. This project can be construed as a win-win solution for Hong Kong and Guangdong Province. For Guangdong Province, it can reap such opportunity to launch a new Free Trade Zone on 30 sq. km. of new land. In addition to capturing vast business opportunities, it can also share the proceeds from the auctions of commercial land use in the “Greater Bay Area World Trade Hub” and the private housing. For Hong Kong, on top of the proceeds from auctions, it will acquire an additional 30 sq. km. land area for construction of public housing. The total area under the jurisdiction of Hong Kong will be expanded​​, which is conducive in dispersing the distribution of population from the existing high-density areas and resolving the problem of housing shortage. When the Hong Kong Government is to design the land use of the 100 sq. km., it will resemble sketching and planning on a piece of blank paper, which is feasible and viable to portrait a green, high technology, intelligent and innovative metropolis. It is just around the corner that the Hong Kong SAR will take a leading role amongst the nine cities and one SAR, seize the opportunity to further integrate with the world, as well as facilitate our Country in rapidly elevating its status on the world stage, becoming the world's largest economy, and fulfilling the China Dream.

**The Hong Kong SAR Government is sincerely**

**requested to seriously consider this feasible proposal.**

**Hong Kong Real Property Federation**

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