

GBA: What's in it for China based companies?



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Unlocking Growth: The Strategic Advantages of Settling in China's Greater Bay Area for Local Businesses.

The China's Greater Bay Area ("GBA") is a unique economic zone with numerous benefits for Foreign and Chinese businesses based in China ("Chinese companies"). The regional location, the tax incentives, the investment made by the local governments and the legal environment are keys to the GBA's success. The Global Investment Promotion Conference for the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area), held in Guangzhou on Nov 8, 2023, led to 859 investment and trade project agreements with a total value exceeding 2.24 trillion yuan (\$320 billion).

Premium location for financial Opportunities, and access to Capital

The GBA's strategic location, Hong Kong being the global financial hub in the region and the "one country, two systems" principle provide Chinese companies with unparalleled and increased access to international markets. This international connectivity facilitates cross-border trade and investment, fundraising, allowing Chinese businesses to expand into international markets.

Free Trade Zones (FTZs) and Trade Facilitation

Free Trade Zones (within the GBA) established in Qianhai (Shenzhen), Nansha (Guangzhou) and Hengqin

(Zhuhai), create a business-friendly environment for Chinese companies. Guangzhou Greater Bay Technology's Nansha headquarters base which was put into operation on October 2023, is the first professional facility in the world to mass-produce advanced ultra-fast charging (10-15 minutes) and even extremely fast charging (5-10 min, XFC) electric power batteries. China's first commercial aerospace industrial base, namely "CAS Space Industrial Base", has also started operation in the Nansha district of Guangzhou, with a targeted annual output capacity of 30 carrier rockets. FTZs offer relaxed regulatory frameworks, simplified customs and administrative procedures, and other trade facilitation measures (especially important for the cross-border E-Commerce activity).

High-level Infrastructure

The GBA has substantially invested in infrastructure development, including transportation networks, logistics, and technology parks. Chinese companies benefit from improved connectivity and efficient logistics, streamlining supply chain processes. The state-of-the-art technology parks provide a conducive environment for research and development, supporting companies in their quest for innovation.

Talent and Innovation Ecosystem

The GBA is known for its concentration of talent, particularly in the technology and innovation sectors. Companies based in the GBA can leverage this talent pool to drive innovation and stay competitive in rapidly evolving industries. The collaborative innovation ecosystem between cities in the GBA like Shenzhen and Hong Kong fosters research and development activities, providing Chinese companies with more opportunities to stay at the forefront of technological advancements. The State Council released in August 2023 a plan to boost the high-quality development of the

Shenzhen part of a sci-tech innovation cooperation zone jointly developed by Shenzhen and the Hong Kong Special Administrative Region (HKSAR). In May 2023, Siemens Healthineers confirmed an additional investment of at least 1 billion yuan (\$142 million) to establish a R&D and production site in Shenzhen, the second of its kind in the southern metropolis of Guangdong province.

Favorable tax regime

The GBA grants Chinese companies when being established within the area some tax incentives and preferential policies (for instance reduced corporate income tax rates, tax holidays, and other favorable tax treatments). The objective is to encourage the establishment of operations within the GBA, to promote regional development and to attract investments.

Regional Legal Framework

The GBA offers Chinese businesses a transparent and efficient legal system with Hong Kong being a common law jurisdiction. In addition, some cities within the GBA (like Shenzhen) have been granted the right to elaborate their own local regulation so to progressively reach international standards.

The region also offers various dispute resolution mechanisms, including international arbitration services, providing companies with reliable options for resolving commercial disputes.

The Chinese government has invested substantially to create a regional environment benefiting from the advantages of each of the cities it is being composed of (technology, innovation, attractiveness, tax incentives, etc.). This is an opportunity for Chinese companies to expand internationally their businesses while being offered a favorable and secure legal environment. **E**