

The Formation Mechanism of the Bay Area Economy and the Chinese Mode of the Economic Development of Guangdong, Hong Kong, and Macao Bay Area*

Jiayi Zhong

Guangzhou College of Technology and Business
Guangzhou, China 510850

Aihua Zhu

Guangzhou College of Technology and Business
Guangzhou, China 510850

Abstract—The construction of the Guangdong, Hong Kong, and Macao Bay Area, and the establishment of an international first-class Bay Area and world-class urban clusters are the major trends of the country's development towards the world. Further deepen reforms, expand opening up, implement the "one country, two systems" strategy, and integrate Hong Kong and Macao into the major strategic plan for the development of the country. According to the experiences of the three major international bays, the basic conditions for the formation of the Bay Area economy include three aspects: resource sharing, opening to the outside world, and coordinated development. The formation mechanism is "Surrounded by sea and Embracing the bay, urban agglomeration and inland connection". "Surrounded by sea" is the geographical conditions required by the Bay Area economy, "Embracing the bay" promotes the accumulation of various production factors, "Urban agglomeration" generated the additive effect and innovation ability of "port groups plus industry groups plus city groups", and "inland connection" requests the Bay Area to expand the hinterland. The Guangdong, Hong Kong, and Macao Bay Area is the fourth largest Bay Area in the world after Tokyo, New York, and the San Francisco Bay Area. It has a strong attraction and radiation power for the global economy. The economic development model of Guangdong, Hong Kong, and Macao in the bay area has the commonality of the development of the Bay Area, so it should be based on its own reality with innovation as the guideline, collaborative development, institutional innovation, smart city cluster, and aim at deepening cooperation between Guangdong, Hong Kong and Macao, in search of the "China model" under the "one country, two systems" structure in the Guangdong, Hong Kong, and Macao Bay Area in the new era.

Keywords—*Guangdong, Hong Kong, and Macao Bay Area; formation mechanism; high quality development; China model*

I. INTRODUCTION

The report of the 19th CPC National Congress pointed out that "we must support the integration of Hong Kong and Macao into the overall development of the country, focusing on Guangdong, Hong Kong, and Macao Bay Area,

Guangdong, Hong Kong, Macao cooperation, and the Pan-Pearl River Delta regional cooperation, and comprehensively promote the mutually beneficial cooperation between the Mainland and Hong Kong and Macao." The Central Economic Work Conference also made it clear that the construction of Guangdong, Hong Kong, and Macao Bay Area is one of three major national strategies for regional development together with the Beijing-Tianjin-Hebei Integration and the development of the Yangtze River Economic Belt. It can be seen that the Bay Area as the first economic strategy of the Bay Area that has risen to the national level will promote the cooperation of the "9+2" cities and even the Pan-Pearl River Delta region to a higher level, deeper areas, and broader scope, thus promote the joint cooperation among Guangdong, Hong Kong, and Macao enterprises. "Going out" has become an important supporting node in the "One Belt One Road" and its significance is very obvious and important. This paper analyzes the conditions and mechanism of the economic formation in the Bay Area and studies the economic development of the Guangdong, Hong Kong, and Macao Bay Area in the new era. Relevant recommendations are put forward based on this, with a view to recognizing and developing the economy of the Bay Area from a national strategic perspective and promoting the development of Guangdong, Kong, and Macao, making this Bay Area as a new benchmark for regional economic cooperation.

II. REQUIREMENTS OF FORMATION FOR BAY AREA ECONOMIC

"Bay Area" refers to a coastal geographical area with three sides inland and one inward recessed sea. There are interconnected port groups and urban groups in the area, and the economic activities generated by it are called "Bay Area Economy". As a high-level regional economy, the Bay Area is characterized by its openness, innovation, livability and internationalization. Economic structure of The Bay Area is open, efficient allocation of resources, strong spillover function of industrial agglomeration as well as developed foreign contacts; it is often easy to gather people and industries, making it a prominent highlight of the current international economic map.

*Fund Project: Project of 2018 in the "13th Five-year Plan" of Philosophy and Social Science in Guangzhou City (2018GZGJ148)

A. *Resource Sharing Is the Premise for the Formation of the Bay Area Economy*

The fundamental characteristics of the Bay Area economy are the combination of port groups, industrial groups, and city groups. Only on the basis of resource sharing, can the "port groups + industry groups + city groups" add up the superposition effect and innovation ability, and achieve "1+1>2" Bay Area Economic Effects. Resource sharing mainly refers to two aspects: First, the economic development of the Bay Area must be achieved around the Bay Area, and it cannot be separated from the geographical scope of the coastal economy. From the current economic development status of the World Bay Area, most cities are formed around the Bay Area. The most typical example is the San Francisco Bay Area. The earliest birthplace of the Bay Area was San Francisco, followed by the cities of Oakland and San Jose. The development of the city and its industrial layout mainly centered on the San Francisco Bay Area; the second is to break the pattern of administrative regions that are in conflict with each other, break through the restrictions and obstacles imposed by the administrative boundary on the economic integration of the Bay Area, and share the results of economic development in the Bay Area with each other through mutually beneficial cooperation, so as to enhance the development efficiency of the Bay Area economy and development level as a whole.

B. *Opening to the Outside World Is an Necessity for the Formation of the Bay Area Economy*

The economic development of the Bay Area is inseparable from the opening to the outside world. If a country is in a closed state, it is difficult to create the Bay Area economy with the best geographic advantages of the Bay Area. For example, North Korea and South Korea are both located on the Korean Peninsula. Both have similar Bay Area and marine conditions. North Korea has more advantages than South Korea in resource endowment. Since South Korea has implemented a policy of opening up to the outside world, it has achieved world-renowned achievements and formed major cities such as Busan and Incheon. South Korea has thus become the head of the four Asian dragons. North Korea, even has a good Bay Area resource, can hardly form a Bay Area economy under the state of being closed to the country, and its GDP is even less than 5% of South Korea.

C. *Collaborative Development Is the Fundamental Goal of the Bay Area Economy*

Another important practical experience of the Bay Area economy is to make use of comparative advantages of cities and build a distinctive collaborative system. Collaborative development mainly covers three aspects, namely the coordination of urban construction, industrial structure, and economic policies. In the geese array system in the International Bay Area, through the dual guidance of market forces and administrative mechanisms, the core city plays the role of economic growth pole and engine. The peripheral areas and core areas complement and interwork with each other, conduct dislocation development. The industrial sector

should be deployed in Peripheral areas, which is closely correlated with the core areas and lies in the middle of the value system. Under the technology spillover effect of industrial agglomeration, the Bay Area industrial development pattern is formed in which high-end industries in the core area and supporting industries in the peripheral areas have risen collaboratively and gradients have been transferred.

III. BAY AREA ECONOMIC FORMATION MECHANISM

The main mechanism of economic formation in the Bay Area can be summarized as "Surrounded by sea and Embracing the bay, urban agglomeration and Inland connection". "Surrounded by sea and embracing the bay" is geographical structure, "Urban agglomeration and Inland connection" is economic behavior, the "port groups+industrial groups+urban groups" superposition effect and collaborative innovation effect have emerged, which promote the flow of factors in the Bay Area and accelerate the integration of resources among the cities in the Bay Area.

A. *Surrounded by Sea: the Geographical Conditions of the Bay Area Economy*

The Bay Area is a geographical concept with a very strong ocean feature. The area formed by a bay or several bays and neighboring islands has natural open property. The economic development of the Bay Area depends on port, and it is built on the bay, it is a well-developed seaport economic zone. The New York Bay Area is an international capital clustering and logistics hub Bay Area. The San Francisco Bay Area is a knowledge-driven Bay Area with typical Silicon Valley character, while the Tokyo Bay Area is an industrial base Bay Area based on the port groups. The success of the Bay Areas is inseparable from the long coastline and excellent ports. The support of the sea will make the cross-border logistics and transportation costs of the Bay Area lower and the external economy more open.

B. *Embracing the Bay: Promote the Agglomeration of Production Factors*

The formation process of the Bay Area is to lock the long coastline in a narrow space so that it has both a long coastline and sufficient space for agglomeration. Through the deployment of more ports in the Bay area, the ecological environment of the land and sea intersection of livable can be constructed, making it easier for the Bay Area to form a high concentration of production factors such as talents, capital, and technology. New York Bay Area is the core hub and commercial center of world finance. More than 40% of the world's top 500 companies have landed in the Bay Area of New York. The huge port groups in the Bay Area of Tokyo has driven the industrial clustering and population concentration in the Bay Area and forged Japan's largest industry city clusters and the largest international financial center; San Francisco Bay Area is one of the world's most innovative sites and one of the most important high-tech R&D centers. The world's headquarters of technology giants such as Apple, Facebook, Intel, Cisco, and Tesla are located

in the famous Silicon Valley, Silicon Valley is the heart of the Bay Area.

C. Urban Agglomeration: the Superposition Effect and Collaborative Innovation Effect of "Port Groups + Industry Groups + City Groups"

Urban agglomeration refers to the phenomenon of port groups, industrial groups and urban groups formed in the process of economic development in the Bay Area. Under normal circumstances, the formation of the Bay Area economy is first of all the construction of the port groups. The port promotes the expansion of international trade volume. It will produce a large number of import-export-oriented enterprises, and purchase raw materials from foreign countries or other places to process and produce, and then export to the rest of the world. With the gradual increase of production enterprises in the Bay Area, industrial agglomeration has formed. Industrial agglomeration to a certain extent will bring a large number of immigrant population and lead to the emergence and development of the city. With the aid of modern transportation infrastructure such as subways, high-speed rail, and highways, the evolution path from the city to the urban agglomeration to the Bay Area city will emerge. In this process, it will bring incalculable superposition effect and collaborative innovation effect to the Bay Area, highlighting the rationality and competitiveness of the Bay Area economy.

D. Inland Connection: the Bay Area Expands Hinterland Inland and Sea-land Linkage

The Bay Area cannot be developed independently from the inland areas. The expansion of hinterland is also an important function of the Bay Area economy. The Bay Area economy requires one or more rivers that connect inland to form water transport linking the Bay Area to the interior. The Erie Canal connects the Great Lakes with the New York Harbor, changing the city's status in New York. New York has successfully transported the flour, cotton and other agricultural products of the Great Lakes region to various parts of the world and gradually developed into the largest port city in the United States. It can be seen that the economic development of the Bay Area is not just "radiation to the outside world", but also "emphasizing internal expansion", connecting the economic hinterland, and

constructing the economic development pattern of sea-land linkage in the Bay Area.

IV. THE CURRENT CHARACTERISTICS OF GUANGDONG, HONG KONG, AND MACAO BAY AREA

Guangdong, Hong Kong, and Macao Bay Area are different from the Yangtze River Delta, Beijing-Tianjin-Hebei district and Xiong'an New District. Its most important feature is cross-border integration, that is, "one country, two systems, three customs regions, four core cities", and connected "One Belt One Road" strategy. There are three city trips: Hong Kong, Shenzhen, Guangzhou, and Macau are the first trips; Dongguan, Foshan, and Zhuhai are the second trip; other cities are the third trip. With the advanced experience of the international Bay Area, the Guangdong, Hong Kong, and Macao Bay Area cannot blindly copy foreign practices, but proceed from their own situation to explore regional economic development models that are in line with China's national conditions, identifying directions and breaches, promoting Guangdong, Hong Kong, and Macao into the ranks of world-class Bay Area. At this stage, Guangdong, Hong Kong, and Macao Bay Area has the following obvious features:

A. Two Core Advantages

1) Strong economic foundation: In 2017, the economic aggregate of Guangdong, Hong Kong, and Macao Bay Area exceeded 10 trillion yuan for the first time, surpassing the San Francisco Bay Area, and approaching the New York Bay Area. The GDP of the three cities in Guangzhou, Shenzhen and Hong Kong exceeded RMB 2 trillion. Guangdong, Hong Kong, and Macao in the Bay Area account for less than 1% of the country's total land area, its population is less than 5% of the country's total population, but it has created 12% of the country's gross domestic product. It is the locomotive of the national economy. Apart from Hong Kong, the economic growth rate of nine cities of the remaining ten cities has remained at more than 7%. The future development of Guangdong, Hong Kong, and Macao Bay Area is strong and it is expected to overtake the Tokyo Bay Area's GDP around 2020 to become the first of the four Bay Area economy.

TABLE I. THE FOLLOWING TABLE SHOWS THE STATUS OF ECONOMIC DEVELOPMENT IN THE GUANGDONG, HONG KONG, AND MACAO BAY AREA IN 2017:

City	Population (million people)	Area (km ²)	2017 GDP (100 million yuan)	Growth rate (%)	Estimated growth rate in 2018 (%)
<i>Hong Kong</i>	737	1104	23049	3.7	—
<i>Macao</i>	64.5	33	3102	10.9	—
<i>Guangzhou</i>	1404	7434	21500	7.0	7.5
<i>Shenzhen</i>	1191	1997	22438	8.8	8.0
<i>Dongguan</i>	826	2465	7580	8.2	8.0
<i>Huizhou</i>	478	11200	3830	8.0	8.5
<i>Foshan</i>	746	3875	9500	8.6	8.0
<i>Jiangmen</i>	454	9504	2600	8.0	8.0
<i>Zhongshan</i>	323	1784	3500	7.5	7.5
<i>Zhuhai</i>	167.5	1711	2554	9.0	8.5
<i>Zhaoqing</i>	408	14900	2190	5.0	7.5
<i>Bay Area</i>	6799	56500	100594	—	—

^a. Source: Report on the Construction of Guangdong, Hong Kong, and Macao Bay Area (2018)

2) *Unique political advantage*: "9+2" cross-border integration under "one country, two systems" is a unique political advantage that are not available in other regions. In the Bay Area, it is necessary to give full play to the superiority of the socialist political system with Chinese characteristics in the new era, and also make full use of the world's advanced development experience, directly link with various advanced economic platforms, and vigorously integrate various innovative elements at home and abroad to serve the construction of the Bay Area. The Pearl River Delta has always had the political courage to "try ahead and dare to do it." Hong Kong is the window of the Bay Area, as the "super contact" for the outside world. The cultural homology between Guangdong, Hong Kong and Macao, and the history of the Bay Area is not only a intermingling of Han-Yue culture but also Chinese and Western cultures. Under the historical opportunity of the "One Belt and One Road" initiative, Guangdong, Hong Kong, and Macao will make full use of the "one country, two systems", it is fully capable of developing into a larger Bay Area that plays a leading role in the world economy. It can lead the new direction of world economic development in terms of development concepts and economic structure.

B. The Challenge

1) *Insufficient internal development in the Bay Area*: Imbalanced and inadequate development is not only the current major contradiction in Chinese society, but also the staged characteristics of the Guangdong, Hong Kong, and Macao Bay Area. Judging from the province of Guangdong, it has been the first in the country in terms of total economic output for many years. The economic development of the Pearl River Delta is advanced, while the western and northern Guangdong are relatively backward. In addition, from the perspective of the Bay Area, Guangzhou, Shenzhen, and Hong Kong are the top three in terms of economic power, and the remaining cities still face greater pressure to catch up. It can be seen that the GDP of three cities in Guangzhou-Shenzhen-Hong Kong is more than 65% of that in the Bay Area, and the scale of GDP in Zhaoqing is even less than 10% in Shenzhen, and the economic development is slow. Under the siphon effect between cities, the development gap between the rest of the cities in Bay Area and Guangzhou-Shenzhen-Hong Kong may continue to widen. In addition, from the east and west banks of the Pearl River, the Pearl River East Axis Economic Circle represented by Guangzhou-Shenzhen-Hong Kong gathered over 60% of the total economic output, while the economic development of the west coast areas of Pearl river such as Foshan, Zhongshan and Zhuhai has lagged behind. With significant differences in the return rates of capital, talent, and technology, a large number of production factors will inevitably shift from the western axis of this Bay Area to the east, therefore accelerating the imbalance in the development of the East and the West.

2) *Unclear industrial division and inadequate collaborative development*: Each city in the Guangdong, Hong Kong, and Macao Bay Area has its own core industry and division of labor system, but overall the tertiary industry accounts for a relatively low proportion, accounting for only 62%, while the tertiary industry in the New York Bay area accounts for 89.5%. Cities still have problems such as lack of positioning characteristics, large economic development gaps, homogenous industries, excessive competition, and uneven levels. For example, Hong Kong is an international financial center, and Shenzhen is a financial center for South China. How can Guangzhou make up for the financial shortfall on the basis of differentiation? In addition, Shenzhen represents the "Bay Valley Silicon Valley", the most innovative gene, Hong Kong has a world-class research and education strength; how can the trade logistics and equipment manufacturing industries in cities such as Guangzhou, Foshan, Zhongshan, and Dongguan complement and interoperate with Shenzhen-Hong Kong's innovative R&D capabilities, and thus maximize the common interests of the Bay Area? All these require the cities to further clarify their respective positions and achieve unified coordination. However, it seems that we have not yet seen a clear plan.

3) *The lack of a benign interaction mechanism among regions restricts the overall advantages*: The Guangdong, Hong Kong, and Macao Bay Area involves multiple cities and regions, as well as the "one country, two systems" that the International Bay Area has not practiced. Breaking regional administrative barriers and eliminating various factors that hinder the deep integration of the Bay Area are the key and difficult points in the construction of the Bay Area. The cities in the Bay Area have a clear tendency of "cooperative game", which shows a strong desire to complement and interoperate with other regions, and fears that over-opening will undermine its own interests. This phenomenon is likely to lead to the development of the "Prisoner's Dilemma" in the development of the Bay Area and also to the emergence and spread of "free riders" in the cities. Second, from the perspective of the relationship between Guangdong, Hong Kong and Macao, Hong Kong and Macao have differences in understanding of institutional mechanisms, cultural identity, and social issues. This difference makes it more difficult for social integration in the three regions than economic integration. For example, it is difficult for Hong Kong and Macao residents in the mainland to be technically connected to each other in terms of national treatment, education and old-age care or mainland residents in Hong Kong and Macao. With the continuous opening up of the mainland Chinese market, the comparative advantages between Guangdong, Hong Kong and Macao have changed, a new competitive relationship emerged between the three areas. These intricate and complex factors have constrained the overall advantages of the Bay Area.

4) *Extensive consultation and public participation in the decision-making system is not sound*: International experience shows that regional cooperation requires all parties to lay down their individual interests and achieve common accepted regional interests, but this down is not abandonment, not sacrifice, and its essence lies in "complementary advantages, cooperation and win-win". Any regional planning without a win-win situation is no more than a golden millet dream. The development plan of city clusters in this Bay Area not only involves economic development, but also many practical problems in people's livelihood. This requires the establishment of a wide range of consultation and public participation systems across administrative regions. In this process, policymakers should consult and consider the views of various stakeholders, and must not be partial to the interests of one party. Extensive consultation and public participation in Hong Kong and Macao are not new, how to mobilize the enthusiasm of all parties to achieve "win-win" situation, so that the corresponding mechanism also plays its due role in the Mainland and cross-border practice is an urgent problem to be solved in the Bay Area.

V. BUILDING CHINESE MODEL ECONOMY IN GUANGDONG, HONG KONG, AND MACAO BAY AREA

Socialism with Chinese characteristics in the new era has made development as the top priority and has not changed, but the development environment and methods have changed. To achieve high-quality development in Guangdong, Hong Kong, and Macao Bay Area, it is imperative to accurately grasp the new focus and positioning of international competition and promote the formation of the "China model" of economic development under the principle of "one country, two systems" in the Bay Area.

A. Innovation Leads

Whether it is from the perspective of the development experience of the international first-class Bay Area or the actual basis of Guangdong, Hong Kong, and Macao Bay Area, scientific and technological innovation should be the core content of the construction of the Bay area. As the most active region for innovation in the country, the Pearl River Delta Region has created a global technology innovation center with innovative elements and a strong endogenous innovation capability. This is a top priority for the construction of the Guangdong, Hong Kong, and Macao Bay Area. Guangzhou should take advantage of the concentration of universities and research institutes to build a national innovation center with international influence, Shenzhen should take advantage of the high-tech enterprise clustering and high degree of marketization to create an innovation-first area with global competitiveness. The Zhuhai Zhongshan Jiangmen City Circle, Shenzhen Dongguan Huizhou City Circle, and Guangzhou-Foshan-Zhaoqing City Circle should play the role of undertaking high-end industrial transfer and supporting facilities in Guangzhou and Shenzhen, and use the Guangzhou-Shenzhen Science and Technology Innovation Corridor to connect the innovative elements in

the Pearl River Delta City Cluster and further connecting with Hong Kong to form an innovative axis in the Bay Area, and vigorously developing emerging technologies such as the Internet, big data, cloud computing, blockchain, artificial intelligence, and the Internet of Things, exploring the construction of "Yun Bay Area". Innovation drive is the road that the Bay area must take in the future, which is a challenge and a mission.

B. Coordinated Development

The key to the construction of the Bay Area is to achieve mutually beneficial cooperation and coordinated development. Collaborative development needs to be able to complement each other, open up and interact, and promote the development of all cities and regions from their respective exhibitions to cooperation, from each wonderful to common creation, and to enhance the overall strength and competitiveness of the region. However, the current integration and coordinated development of the Bay Area still faces a series of challenges such as institutional differences, economic disparities, and cultural gaps. The Guangzhou Shenzhen-Hong Kong should serve as the growth pole for economic development in the Bay Area, with the Pearl River as the axis, the Hong Kong-Shenzhen-Dongguan City Circle and the Guangzhou-Foshan City Circle as the core to radiate and spread to the less-developed regions. By optimizing the distribution system of industrial division of labor, building a regional talent exchange platform, strengthening financial market interconnection, integrating regional innovation resources, promoting regional cooperation and opening up, and speeding up the integration of the bay area to strengthen the coordination and division of labor between cities at the second and third levels from point to area. Using the Scale Effect and Technology Spillover Effect Resulting from Factor Agglomeration, strengthening weak areas and weak links to form a balanced development structure in the Bay Area. Further stimulate innovation and development potential, improve international competitiveness, and jointly create a world-class Bay Area city clusters with Strong development stamina.

C. Utilize the Diversity of the System, Innovative Institutional Mechanisms

The Guangdong, Hong Kong and Macao span the three-tariff zone of "one country, two systems". On the basis of maintaining the unity of the country and respecting the diversity of the localities, policy formulation should be promoted in a manner that is negotiated between the central government and Guangdong, Hong Kong, and Macao. Under the overall arrangement of the Central Government, the planning and implementation of the Guangdong, Hong Kong, and Macao Bay Area requires a permanent coordination and management organization consisting of three regions to implement the decision-making system of extensive consultation and public participation. The various stakeholders can jointly explore the Chinese model of economic development in the Bay Area and negotiate together from top to bottom to resolve conflicts and problems. The government and the market intertwine to advance the Bay Area development plan, fully mobilize the

enthusiasm of the "9+2" parties, surpass the complexity of the existing "one country, two systems, and three customs regions" system, and use the diversity of the system to reshape the economic development model of the Bay Area and find the direction of institutional innovation, turning the complexity of the different systems in three areas into diversity and complementarity, to make it a unique advantage and enhance the overall competitiveness of the Bay Area.

D. Make Great Efforts to Promote the Construction of Smart City Clusters in the Bay Area

An important task for the construction of the Guangdong, Hong Kong and Macao Bay Area is to jointly build a quality living area in the Bay Area, with an emphasis on improving the people's livelihood. The improvement of people's livelihood construction is inseparable from the development of informatization which in turn promotes the development of people's livelihood and happiness significantly. Smart cities are the intelligent and informatization of urban construction and management, the construction of which can provide new methods and new impetus for the development of a happy society in the Bay Area and the cooperation between Guangdong, Hong Kong and Macao. At present, the level of smart city groups in Guangdong, Hong Kong, and Macao in the Bay Area leads the rest of the country. However, judging from the national industrial development strategy, the realistic environment of the Pearl River Delta, and the difficulties in the development of the Bay Area, it is clear that there is still room for further efforts. The establishment of a smart city groups can realize the integration and coordinated development of city clusters more intelligently, quickly, and conveniently, by using ICT technology to break the administrative framework for regional urban development, and deepening the cross-border cooperation between Guangdong, Hong Kong and Macao through smart means. It is urgent to speed up the promotion and application of ultra-high speed wireless local area networks in areas such as smart transportation, smart cities, industrial interconnection, and urban and rural communities. It is also necessary to implement "Internet + " plan, promote the development strategy of big data, it is of great importance to improve the digital management level of the Bay Area, build a unified information sharing platform, and innovate the urban fine management model. The city's information and intelligence is of great significance to the long-term development of the Bay Area.

E. Focus on Guangdong, Hong Kong and Macao to Deepen the Cooperation Between Guangdong, Hong Kong and Macao

"One country, two systems" is the most distinctive feature of Guangdong, Hong Kong, and Macao Bay Area, compared with other international Bay Area. It is both an advantage and a difficulty. The focus of the construction in the Bay Area cannot be separated from the cooperation between Guangdong, Hong Kong and Macao which is the most important development mechanism in the region for more than 30 years. It is also a bridgehead and experimental

field for China's reform, opening up, and globalization. The construction of the Bay Area will integrate Hong Kong and Macao into the overall development of the country and further strengthen the economic cooperation between Guangdong, Hong Kong and Macao. The economic and cooperative relations between Hong Kong and Macao will drive the economic transformation and upgrading of the Pearl River Delta and create a world-class city clusters. In the middle and late stages of industrialization, the Pearl River Delta must speed up the development of high-end emerging industries in order to get rid of the original mode of economic growth and achieve high-quality development. It will use the comparative advantages of the Mainland, Hong Kong and Macao to integrate and optimize production resources and enhance the integration of industries, supporting capabilities, and actively promote the industrialization of Hong Kong, Macao and international scientific research projects in Guangdong, focus on creating a number of benchmarking cases, and continuously inject new kinetic energy into the industry in the Bay Area. On the other hand, the comprehensive deepening of Guangdong-Hong Kong-Macao cooperation will also help maintain the long-term prosperity and stability of Hong Kong and Macao under the "one country, two systems" policy. This is both an economic and political issue.

VI. CONCLUSION

With a long coastline, a good port group, and a vast sea area, Guangdong, Hong Kong, and Macao Bay Area has excellent geographical conditions. "Three mountains are surrounded by mountains and three rivers converge". The economic hinterland is vast, with about one-fifth of the country's land area, one-third of the population, and one-third of the economic aggregate. The shipping industry is developed, with the world's busiest port groups and airport groups, it is also an important gateway to the country's overall pattern. It can be said that the Guangdong, Hong Kong, and Macao Bay Area is China's best precondition for the construction of the Bay Area economy. It should also follow the formation mechanism and development law of the Bay Area economy, make good use of the basic advantages, as well as clarify and supplement weaknesses. To understand and develop the Bay Area economy from the perspective of national strategy, the Bay Area should be built into the forerunners of the "four forefront" in the Guangdong Province and the State's test field of "first pilot". Guangdong, Hong Kong, and Macao Bay Area is in this rare historical opportunity period.

REFERENCES

- [1] Hailiang Gu The significance of the new era of political development and economic development[J]. Economic Research journal 2017.(11).
- [2] Shan Qiu . Dimensional Analysis on the Direction of Development of city cluster in Guangdong, Hong Kong, and Macao Bay Area[J]. Social Sciences in Guangdong, 2017.(4).
- [3] Yong Shen . Formation Mechanism of the Bay Area Economy and the Orientation of Guangdong, Hong Kong, and Macao Bay Area[J]. Practice and Theory of Sezs, 2017.(5).

- [4] Xuguang Ding , drawing on the experience of innovation in the San Francisco Bay Area, and building an innovative community in Guangdong, Hong Kong, and Macao Bay Area [J]. Academic Search for Truth and Reality, 2017.(6).
- [5] Xiangming Ma ,Yang Chen . Guangdong, Hong Kong and Macau, bay area: New Stage and New Challenges[J].Tropical Geography, 2017.(6).
- [6] Chunshan Zhou , Lijia Luo , Chenyi Shi , Yubiao Wang .Spatio-temporal characteristics and influencing factors of the economic development in the Guangdong-Hong Kong-Macao Greater Bay Area[J].Tropical Geography, 2017.(6).
- [7] Yahong Xiao , Shiping Guo . Inner Economy Irradiation Effect in Guangdong,Hongkong and Macao[J].Bay Area Economy&Research, 2017.(7).