



Hong Kong's Victor Fung

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9-16 WHERE NOW FOR THE PEARL RIVER DELTA?

A 2007 REPORT published in Shenzhen and endorsed by China's Ministry of Construction offers a vision that, by 2020, Shenzhen and Hong Kong will integrate into one mega-city, rivalling New York and Tokyo in terms of gross product. Shenzhen this month celebrates its 30th birthday as China's first – and most successful – Special Economic Zone. It is now permanent home to 13 million people, with its total exports equal to those of Australia.

We lead our cover report speaking with Hong Kong's Victor Fung, who chairs the Greater Pearl River Business Council. Fung says Hong Kong is now embarking on the second phase of its integration with the PRD – a crucial phase, he says, that will take up to 15 years and see the PRD transform itself from being the world's factory to a new role as service provider, helping China move up the value chain. Hong Kong and the PRD, he says, are integrating into a cohesive economic zone, but there will be no blurring of Hong Kong's position as an autonomous region.

Between 70 per cent and 80 per cent of future development in the PRD will be left to the private sector, says Cheung Chi-Kong, Executive Director of the One Country Two Systems Institute. The Central Government's role, he says, will be to avoid unnecessary duplication (of, for example, airports) and wastage of resources.

Meanwhile, new China wealth is driving a dramatic economic revival in Macau. Casino revenue could rise 200 per cent over the next four years, according to CLSA gaming analyst, Aaron Fischer, who sees a number of stalled casino and hotel projects restarting in the second half of this year. Fischer says China's State Council wants tourism revenue to grow by 11 per cent annually, to outpace GDP until 2015. Macau, Hong Kong and Hainan Island are the chosen destinations.



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THE REGION

- 6-7 ASEAN MOOTS SINGLE REGIONAL STOCK MARKET** – An electronic gateway will access markets currently capitalised at US\$1.36 trillion. But ASEAN is cautious on monetary union – it does not want a common currency or common listing board, says Ong Kong Yong, Singapore's Ambassador-at-large.
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BUSINESS TRAVEL

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Jetstar, the low-cost airline born out of Qantas, is targeting Shanghai, Beijing and Guangzhou as the next tranche of Chinese cities to be serviced out of its new Singapore hub. Expansion to Europe is also on the cards, says CEO, Bruce Buchanan.
- 25-29 TRADE SERVICES DIRECTORY**

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