

corporate customers. As of end of the first quarter of 2011, total RMB deposits in Hong Kong climbed to RMB451.5 billion.

RMB financial products also expanded to include structured deposits, certificates of deposit, insurance products and investment funds. In late March 2011, an RMB-denominated securities issue was listed on the Stock Exchange of Hong Kong, the first of its kind outside Mainland China.

The Pearl River Delta

Described as 'the fastest growing portion of the fastest growing province in the fastest growing large economy in the world' by a leading analyst, the Pearl River Delta (PRD) region is right on Hong Kong's doorstep. Home to thousands of large multinational manufacturing enterprises and tens of thousands of smaller operations, it is a prime manufacturing and sourcing base, boasting a combined GDP of around US\$471 billion, placing it among the world's top 25 economies.

The PRD's industrial sector is being rapidly upgraded and certain industries restructured and relocated – a strategy that encourages enterprises to progress up the high technology and high-value chain, while also relocating labour-intensive industries to less-developed regions in the north, east and west of the province, or to the central and western regions of the Mainland.

Pan-PRD

The '9+2' Pan-PRD regional co-operation initiative has created a huge, integrated economic cooperation zone covering the Mainland's nine southern provinces plus the Special Administrative Regions of Hong Kong and Macao. With new highways and railways extending the national transport grid, the Pan-PRD economic mega-group is expanding Hong Kong's economic catchment area

into the Mainland's heartland, and opening vast new manufacturing bases and consumer markets to the world.

Greater PRD Region (PRD plus Hong Kong and Macao) at a glance:

- Population: 55.4 million
- Area: 42 832 sq km
- GDP: US\$700.6 billion (2009)
- Per capita GDP: US\$12,638 (2009)
- Annual real GDP growth (2000-09): 14.5% [for PRD only]
- Exports of goods: US\$823 billion (2010)
- Inward foreign direct investment: US\$72.7 billion (2009)

CEPA - The Free Trade Pact

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) is a free-trade pact that provides a platform for businesses based in Hong Kong – local and foreign-owned – to tap the vast opportunities in the Mainland.

Operational since 2004, CEPA offers tariff-free privileges for all products of Hong Kong origin going into the Mainland. Hong Kong-based service suppliers (local and foreign) also enjoy preferential treatment in a number of service sectors in the Mainland.

The latest round of enhancements, taking effect from 2011, covers 44 sectors, including banking, logistics, legal, audio-visual and transport. Investors can set up a service company in Hong Kong, partner with, invest in or even acquire service suppliers in Hong Kong to make full use of CEPA opportunities.

Cross-boundary Connections

Boundary crossings connecting Guangdong and Hong Kong are among the busiest in the world — the Lo Wu

checkpoint alone handles 250 000 travellers per day.

Major projects or initiatives to improve links, either recently completed or under planning, include:

- The Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), scheduled for completion in 2015
- The Hong Kong-Zhuhai-Macao Bridge is a mega-size sea crossing at Lingdingyang of the Pearl River Estuary linking the HKSAR with Zhuhai and the Macao SAR
- The Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass
- The Hong Kong-Shenzhen Western Express Line
- Hong Kong-Shenzhen Joint Development of the Lok Ma Chau Loop
- Cross-boundary passenger ferry services
- Cross-boundary coach services linking the airport to 115 PRD destinations
- In the near future, improved rail and road links will bring Hong Kong, Shenzhen, Zhuhai, Macao and other regional population centres within a 'one-hour living circle'.

For more information, please visit www.tid.gov.hk/english/cepa