Interview: Harley Seyedin – President, American Chamber of Commerce in South China



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Dr. Harley Seyedin, president of AmCham South China, talks up increasing connectivity in the region, competition and collaboration between the Greater Bay Area cities, and their potential for international life sciences investors.

Harley, you have been in the South China region as an extremely successful businessman for nearly three decades. What have been the key changes you have witnessed over that time?

The most striking aspect I have to mention is the fact that connectivity in the region, particularly between the leading cities, Guangzhou and Shenzhen, has evolved a lot. Two decades ago, it was a real struggle. While you could use the highway that connected Guangzhou to Shenzhen since the 1950s, the highway only had two lanes where two cars could barely go through at the same time, and most of it would be washed out during the rainy season, which lasts from April until October. The train was therefore the better option, but it was very difficult to obtain tickets. The best option remained not to go to Shenzhen.

If we eventually decided to go there, we would stay overnight and then take a 25 minutes flight from the downtown Hong Kong airport. This flight option was also very complicated, as well as expensive. Also, it may be hard to imagine now, but at that time, the airport in Guangzhou only had one international and two domestic counters and had no signs at all. If a plane was delayed or

cancelled, no one would be informed.

Therefore, before looking forward at the new Greater Bay Area initiative, it is essential to remember the historical transformations that have built the foundation of what is now the largest metropolis in the world:

Firstly, the tremendous transportation infrastructure that has made the region accessible, including the high-speed light rail project planned by the Chinese government 50 years ago, before the region was even built. The ambition was to fully connect the major cities in South China – including Guangzhou, Zhuhai, Macau, Hong Kong and Shenzhen – to link sixty million people. Thanks to this initiative, the longest travel distance from Guangzhou to Zhuhai is now 45 minutes, while all distances between the fourteen cities are within half an hour's reach. While most countries build the infrastructure after the development comes – with all the negative consequences that implies, such as traffic – the government here was forward-thinking enough. They realized that once developed, Guangzhou, Shenzhen and Zhuhai would become expensive cities to live in, so they ensured there were transport links to allow people to work in these cities while living in the more affordable peripheral cities.

In addition, in 1994, the highway connecting Guangzhou and Shenzhen was built, closing the distance to two hours' drive.

The third key connector – to be finished by the end of the year – is the high-speed rail connecting Guangzhou to Shenzhen in only thirty minutes. By going up to Guangzhou East station, it eliminates the current extra hour needed to go from Guangzhou South train station to the city center.

The fourth connector is the high-speed rail Hong Kong is about to finish building, which links Guangzhou and Hong Kong in about 40 minutes.

The bridge between Hong Kong and Macau also participates in further connecting the region.

Secondly, building a strong telecommunication infrastructure has been critical in truly integrating the Greater Bay Area: anyone can travel anywhere within the Greater Bay Area without ever hitting an 'Out-of-Service' spot.

Thirdly, the region already offers extremely convenient accommodation choices, with major hotels ranging from five stars to low-end, or even overnight boat trips connecting Guangzhou to Hong Kong for instance.

Therefore, the Greater Bay Area is unique today because it is one of the very few regions with a very high concentration of well-developed cities catering to its people's needs with a complete transportation and telecommunication system, as well as a rapidly-developing healthcare system.

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What are the different types of capabilities that the metropolis offers?

Macau has built a global reputation primarily based on gambling and entertainment, but now is increasingly family-oriented in its recreational offerings. Similarly, the Hengqin island, offers one of the largest and most beautiful multi-billion-dollar amusement and water parks in the world. Guangdong province itself also offers a high concentration of vibrant cities, that, in another country, would each be a capital city! For instance, the city of Zhuhai brings a very nice ocean and some industrial capabilities, while, on the other side of the river, Jiangmen and Zhongshan are manufacturing areas primarily focused on the lighting industry. On this side of the river, the fast-growing Guangzhou Development District in Huangpu district is a science city with many international and domestic high tech companies. Then, there are cities that have strong manufacturing capabilities in lower-tech industries and sectors, such as Dongguan, whereas Shenzhen, as you know, offers a very high-tech R&D and manufacturing ecosystem with giant tech companies such as Huawei, ZTE and IBM basing significant operations there.

Finally, coming to Hong Kong, the city has a great value proposition in terms of its legal system as well as quality financial and banking services, all conforming to high international standards. Of course, Hong Kong is itself a beautiful city, with great food and nature, and is also home to many regional headquarters.

What needs to happen to make the Greater Bay Area an even more seamless region?

While the Chinese have the great and admirable capacity to develop a long-term vision, demonstrating an outstanding patience and commitment, there is still a critical element currently holding the region back.

The region currently sees three different law systems – one is common law (Hong Kong) and two are civil law (Macau and Mainland China), as well as different custom and immigration regimes. Somehow, the processes have to become smoother to allow an easier integration. This is actually already happening in the transportation industry, where companies are already automating a lot of the processes – which will help develop a fully integrated Greater Bay Area.

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Greater Bay Area cities such as Hong Kong and Shenzhen are all seeking to improve their industrial capabilities and innovativeness. How do you see the various cities competing and collaborating across these aspects?

The reality is that the cities and people in this region are going to compete, not as a result of policy but simply because of the nature of development and growth.

The place best suited for innovation and specific industries is the one that will excel in that area. In fact, it is very healthy to have such competition between cities, because such cities will then compete for the best investments and resources to attract the best talents. This is how the Silicon Valley was built, thanks to its high-level education system, offering a great talent pool and options

in that region.

Money always goes where it is best treated. Investment will always flow to the lowest cost centers with better returns. This is going to decide who is going to be what.

Of course, there is also the question of culture. Culture changes, either through competition or necessity.

All the government can do is to facilitate the policy and systemic measures in transportation, communication, regulation and infrastructure development to create facilities and systems to attract talents.

Finally, coming specifically to the healthcare and life sciences sector, what is the Greater Bay Area's value proposition here?

There are several aspects to healthcare. First, there is R&D; secondly, there is equipment, development, sales; thirdly, the medicine and technology itself; and fourthly, healthcare delivery and provision. The Greater Bay Area is ideal for the sector to flourish because it is a highly people and talent-concentrated place, with a lot of investment and industrial capacity and capabilities, and well-developed transportation and communication infrastructure.

What needs to be understood is that China's contemporary growth and development only started in the 1990s after Deng Xiaoping led the reforms to open China by going to Shenzhen to proclaim that 'To be rich is glorious' – and even then, it started small, from Shenzhen, then a tiny village of around 40,000 people. The effect was tangible – I could personally feel that it was then that I started being able to receive the licenses and investments I needed for my business to take off. There was a huge difference. Today, China has created a number of free trade zones, starting with one in Shanghai, going to four a few years later, to eleven last year – and this year, the central government made the entire Hainan province into a free trade zone! This is a huge development. Looking at the value proposition of the Greater Bay Area then, this area is well-positioned to see huge growth and development in the next few years, and I invite the world and your readers to take a closer look at this region!

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