hub. Third, Hong Kong is not only a center of global finance, foreign exchange, global equity, gold trading, but also an offshore renminbi center. Fourth, it has a sound legal system and is a separate customs territory. The Hong Kong International Arbitration Centre (HKIAC) can serve as a dispute settlement mechanism for the development of the Guangdong-Hong Kong-Macao Greater Bay Area and Belt and Road Initiative, providing strong legal safeguard for the Greater Bay Area. In addition, as a separate customs territory, Hong Kong is a member of the WTO. The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area also supports Hong Kong in signing free trade agreements and participating in relevant international organizations under the name of “Hong Kong SAR, China”.

Shenzhen’s unique strengths make it a perfect match for Hong Kong. Shenzhen has thriving new industries, business forms, and new economy, and features smooth transition from old to new growth drivers. The city has seen the formation of a long industrial chain featuring emerging strategic industries including the new generation of information technology, biotechnology, new energies, and the Internet, as well as new growth drivers such as marine economy, aerospace, health, and robots. In terms of marketization, rule of law, and internationalization, Shenzhen has continuously improved its business environment, with an integrated transportation hub well in place including airports, ports, high-speed rails, and urban rail transit, fostering an inclusive urban culture as an immigrant city with a service-oriented government dedicated to providing high-quality public goods to its businesses and citizens. The “twin city” cooperation between Shenzhen and Hong Kong features a two-way open model of economic integration, social integration and governance coordination. The vision is to jointly build an international science and technology innovation center, which is in line with the blueprint of the Greater Bay Area. To turn this vision into reality, Shenzhen and Hong Kong should deepen cooperation in multiple dimensions. First of all, city plans shall be further aligned, with enhanced connectivity of transport to facilitate the travel of job-seeking Hong Kong and Macao residents to the mainland. Second, connections between technology innovation platforms between Shenzhen and Hong Kong should be enhanced, and technology cooperation between the two cities promoted to higher levels. Third, Shenzhen will explore ways to build research achievement transformation platforms with Hong Kong to provide seed funding, basic facilities and incubation services for start-ups. In the future, Shenzhen will join hands with Hong Kong to facilitate the internationalization of the RMB, strengthen cooperation in green finance and fintech, and explore a model of “Regulatory Sandbox”. Finally, an effective cooperation model for intellectual property right protection between the two cities should be developed to safeguard the interest of innovators.

Guo Wanda, Executive Vice President of CDI

Based in Shenzhen, Guangdong Province, China Development Institute (CDI) is a non-governmental and market-oriented think tank which was founded in 1989 on approval from the Chinese State Council. CDI was designated as one of the 25 China Top Think Tanks in 2015.

CDI develops solutions to public policy challenges through broad-scope and in-depth research to help advance China’s reform and opening-up. CDI is committed to providing proactive, innovative and practical research and consultation for China’s central and local governments and businesses at home and abroad. Its research and consultation is centered on macro strategy, regional economy, urbanization, industrial development, business strategy and decision-making.

CDI Online

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Development and Operation of Overseas Industrial Parks under BRI

Overseas industrial parks can become China’s contribution to the Belt and Road Initiative (BRI).

Shenzhen and Hong Kong “Twin City” Cooperation to Jointly Build an International Technology Innovation Center

In future in-depth cooperation, Shenzhen and Hong Kong will synergize their strengths in science and technology innovation in building an international science and technology innovation center.

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CDI Think Tanks Forum Annual Conference 2019 & 7th China Soft Sciences Prize Award Ceremony

After 40 years of reform and opening-up, China stands at a new starting point. As the international situation is increasingly complex, China must deepen reform in key areas and advance all-round opening-up to promote high-quality growth and its international competitiveness. As think tanks are playing important roles in decision-making, they must enhance their research capability and innovate their institutional management.

As 2019 marks 30th anniversary for the establishment of CDI, CDI and Shenzhen Soft Science Development Foundation held the CDI Think Tanks Forum Annual Conference to discuss China’s reform and opening-up and Chinese think tanks development and the 7th China Soft Sciences Prize Award Ceremony to promote the development of China’s soft sciences.

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Retail sales of social consumption goods were up 8.6% y/y in May in nominal terms. The adjusted growth rate was 7.9% y/y, down 0.4 pps from Q1. The adjusted real consumption rose 5.7% y/y, down 1.2 pps from Q1. Trump's trade war is still ongoing. Even the current negotiation positive sign cannot be taken seriously as he likes to and repeatedly played uncertainty card. Overall, trade was very volatile. In May, the smoothed export growth rate was 5.5% y/y, down 1.2 pps from Q1, down 4 pps from last Q4. The smoothed import growth rate was around 1% y/y, down 8.5 pps from last Q4.

After main financial indicators had large drops in April, they are relatively stable in May. In the end of May, M2 rose 8.5% y/y, comparable to April. M1 rose 3.4% y/y, up 0.5 pps from April.

London-Shanghai connect was initiated on June 17th and foreign companies can list their shares in mainland China for the first time. These will

enable firms listed in the UK and mainland China to raise funds on each other's stock market. This is a continuation of effort in more financial openness, in line with the easing of restrictions on foreign fund manager outflows from China, Beijing on June 12, 2018 lifted the monthly cap of 20 percent on the outflows that investors want to take out China via QFII scheme. More financial openness is consistent with China's overall policy line in contrast to Trump's trade protectionism. We expect financial openness will improve China's capital usage efficiency. We do believe that foreign investors, particularly the professional institutional investors will flow more into China compared to the other way around.

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Development and Operation of Overseas Industrial Parks under BRI

To promote economic development through industrial parks

Industrial parks represent a country's effort to achieve industrial agglomeration and participate in the global industrial division of labor in the wake of international industrial transfer. Since the reform and opening-up, China has actively established industrial parks while accumulating knowledge of investment, construction, management and operation of industrial parks.

Since the proposal of the BRI, many countries along the "Belt and Road" have learned from China's experience and started plans on developing industrial parks. As of September 2018, Chinese enterprises have invested a total of USD 30.45 billion in 82 cooperation zones in 24 countries along the "Belt and Road", with 4,098 enterprises settled within the zones, contributing USD 2.19 billion to the tax revenue of the host countries.

Development process of China's overseas industrial parks

Overall, the development of China's overseas industrial parks has gone through four stages.

The first stage is 1992-2000, marked by the Vietnam Linh Trung Export Processing Zone. At this stage, overseas industrial parks were small in number and most of them were independently invested and operated by Chinese-funded enterprises to engage in trade and processing.

The second stage is 2001-2005, marked by China's accession to the World Trade Organization. The emerging trend of enterprises going global led to a sharp rise in the number of overseas parks.

The third stage is 2006-2012, marked by the Chinese government's promulgation of the "Basic Requirements and Application Procedures for China Overseas Economic and Trade Cooperation Zones". The government's guidance and support for overseas industrial parks have been significantly strengthened, which helped make the investment, construction and operation more standardized.

The fourth stage is from 2013 to the present, marked by the "Belt and Road" Initiative. Overseas industrial parks have seen a sharp rise in number and greater diversity in development entities and types

of industrial parks, with sustainable profitability and high-quality development of industrial parks high on the agenda.

In the next stage, overseas industrial parks shall adopt new concepts and new models to ensure sustainability and high-quality development. Proper site selection of overseas industrial parks and an optimized profitability model shall be in place to ensure robust future development under the BRI.

Shi Kun, Senior Research Fellow, CDI,

Shenzhen and Hong Kong "Twin City" Cooperation to Jointly Build an International Technology Innovation Center

In a mere four decades, the concept of Shenzhen-Hong Kong "twin cities" has been felt across many sectors, including daily life, economy, technology, and manufacturing, with growing exemplary effect.

As Shenzhen and Hong Kong proactively integrate themselves into the development of Guangdong-Hong Kong-Macao Greater Bay Area, both cities should be aware of their unique strengths in a mutually complementary partnership. First of all, although Hong Kong does not have a strong manufacturing sector, it is strong in basic and original research with a sound foundation in the fields of artificial intelligence, biotechnology, new materials and information technology. Second, as a free port, Hong Kong benefits from zero tariffs and simple procedures, with extremely developed offshore trade as a global trade