沪港发展联合研究所
SHANGHAI-HONG KONG DEVELOPMENT INSTITUTE

20th SHKDI Annual Conference

Reconfiguration of Globalization and China's Development

全球化重構與中國發展

Edited by Chen Shiyi and Du Julan

Shanghai-Hong Kong Development Institute

Shanghai-Hong Kong Development Institute (SHKDI) was established by Fudan University and the Chinese University of Hong Kong in 2001 to capitalize on the strengths of the two universities in economics, sociology, politics and humanities. SHKDI is the first joint research unit between key universities in mainland China and Hong Kong after the handover of Hong Kong.

SHKDI aims to raise the level of research of the universities, provide policy advice to both the public and private sectors on issues of strategic importance in order to enhance the influence of the universities on government policy, help Shanghai and Hong Kong achieve sustained prosperity and deeper integration with the global economy, and achieve the greatest benefits for our region and nation.

SHKDI Annual Conference

SHKDI organizes international conferences in Shanghai and Hong Kong alternately to provide an opportunity for entrepreneurs, academics and policy-makers to engage in dialogue on the most contemporary subjects relating to the future development of the two cities. Since 2001, the conference has provided a premier platform for discussing China's economic transformation, regional integration, global connectivity initiatives, and emerging development agendas. Each year's theme reflects the contemporary challenges and opportunities facing Shanghai, Hong Kong, and the broader Chinese economy.

Building on this tradition, the 20th SHKDI Annual Conference convened on 30–31 January 2026 at The Chinese University of Hong Kong. The event was guided by the overarching theme "Reconfiguration of Globalization and China's Development" (全球化重構與中國發展), serving as a timely platform to explore China's strategic positioning amid a shifting global landscape.

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Executive Summary

The 20th Annual Conference of the Shanghai-Hong Kong Development Institute (SHKDI) convened on 30–31 January 2026 at The Chinese University of Hong Kong. Under the overarching theme “Reconfiguration of Globalization and China's Development,” the conference gathered academics, policymakers, and industry practitioners to examine China's strategic recalibration amid intensifying global fragmentation. Across ten distinct sessions, participants explored the intersection of geopolitical rivalry, structural economic adjustment, and technological innovation, while explicitly addressing how Hong Kong and Shanghai can synergize to support national development objectives.

Navigating Geopolitical Tension and Trade Fragmentation

A central focus of the conference was the evolving dynamic between global economic integration and geopolitical security. Discussions highlighted the enduring conflict between China’s diplomatic philosophy of "harmony with difference" and the United States' reliance on rational-choice realism. Presenters demonstrated that the U.S. shift toward protectionism was heavily driven by domestic corporate lobbying from firms exposed to Chinese import competition, a trend that predated the formal 2018 trade war. While aggregate macroeconomic data often masks the impact of these tariffs, research presented at the conference revealed that the burden of adjustment has fallen disproportionately on China’s small and medium-sized enterprises (SMEs) in labor-intensive sectors. In response, global value chains are restructuring, with U.S. government procurement policies increasingly utilized to force corporate decoupling and reduce reliance on Chinese suppliers.

Domestic Resilience, Infrastructure, and Innovation

As external pressures mount, China is increasingly relying on domestic structural transformations and innovation to sustain growth. The conference highlighted successful domestic synergies, such as how the rapid expansion of the high-speed rail (HSR) network effectively reduced consumer "range anxiety," directly fueling China's electric vehicle (EV) adoption miracle. Conversely, the real estate sector has faced severe structural headwinds; the supply-side tightening induced by the "three red lines" policy severely constrained developer financing, triggering a collapse in land sales and shifting consumer demand from private to state-owned developers.

On the innovation frontier, China is rapidly ascending the global value chain. Chinese pharmaceutical contract research organizations (CROs) are leapfrogging traditional manufacturing roles to participate directly in high-end global innovation networks. Simultaneously, the influx of highly skilled returnee inventors is prompting Chinese firms to substitute international R&D collaboration with robust domestic innovation teams, further accelerating a recalibration of global knowledge flows. Governance challenges also remain at the forefront of this technological push, particularly the need to actively manage efficiency-equity trade-offs and implicit biases embedded in Large Language Models (LLMs) used in algorithmic decision-making.

China's Expanding Global Footprint

The conference also examined China's evolving multidimensional engagement abroad. To secure critical resources for new-energy industries, China must move beyond production dominance and establish greater pricing power in global non-ferrous metals markets, an area where Hong Kong's trust infrastructure and digital certification could play a vital role. Diplomatically, China is exercising soft power through initiatives such as water diplomacy in Central Asia, utilizing technical support and mediation to cultivate long-term regional trust. Furthermore, as Western development funding contracts, there is an opening for Chinese philanthropy to establish a more unified outbound development system under the Belt and Road Initiative, though corporate social responsibility (CSR) messaging must carefully navigate diverse regulatory and cultural landscapes.

Hong Kong's Strategic Repositioning and Regional Synergy

A recurring theme was Hong Kong's urgent need to transition from a reactive connector to a proactive, value-adding contributor to national strategies. As the mainland prepares the 15th Five-Year Plan, Hong Kong is positioned to leverage the Northern Metropolis as a critical platform for institutional innovation, cross-boundary coordination, and the development of new strategic sectors, such as green-tech and medical innovation. Education systems are also adjusting to this changing landscape, with educators navigating the complexities of integrating AI tools into humanities curricula and managing the profound professional challenges associated with the transition from Liberal Studies to Citizenship and Social Development. Ultimately, the conference underscored that Hong Kong's future competitiveness relies on deepened collaboration with mainland centers like Shanghai, combining the mainland's vast industrial capacity with Hong Kong's institutional connectivity to address global challenges, such as the transition to green marine shipping fuels.

Chen Shiyi and Du Julan

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Session 1:
China's Global Presence

Session Overview

Chair: Prof. SHEN Jianfa (Associate Director)

In an era defined by geopolitical uncertainty and intensifying structural competition, this session underscores why understanding the ideas shaping China's external behaviour has become increasingly vital. The interplay between longstanding diplomatic philosophies and the evolving pressures of global talent mobility reveals deeper forces that influence how nations interpret one another and how individuals choose their pathways across borders. By positioning these intellectual and strategic dynamics side by side, this session offers a timely vantage point from which to consider the foundations that will shape China's interaction with the world in the years ahead.

The Power of Tradition: The Convergence and Conflict of Chinese and American Diplomatic Philosophies in the Era of All-Round Globalization

Prof. ZHANG Chunhou (Northwest University of Political Science and Law)

Prof. Zhang's presentation examined the interaction between Chinese and American diplomatic philosophies by challenging core assumptions often embedded in rational-choice theories. He argued that although individual politicians in the United States may pursue short-term political gain, the broader political system consistently converges on long-standing national priorities such as prosperity, stability and unity. This continuity, he suggested, stems from institutional arrangements—including competitive elections, checks and balances and the division of authority between federal and state governments—that collectively restrain personal ambition and help preserve systemic equilibrium.

Drawing on his doctoral research, Prof. Zhang contended that rational-choice models often fail to capture the deeper motivations underlying political behaviour. He pointed to phenomena such as citizens' willingness to endure the sacrifices of war or voters' tendencies to punish presidents for economic or military events with limited direct personal impact. Such patterns, he argued, reveal the influence of shared political norms, collective expectations and historically embedded understandings of civic responsibility that cannot be fully explained through self-interested calculation alone.

Turning to the historical evolution of U.S.–China relations, he reviewed the period from 1949 to the end of the Cold War, characterised by limited globalisation and triangular strategic dynamics among China, the United States and the Soviet Union. According to Prof. Zhang, the eventual rapprochement between China and the United States was driven by distinct underlying logics. China's approach reflected a philosophical emphasis on "harmony with difference," whereas the United States relied more on rational geopolitical assessment in recalibrating its position toward China.

He examined the tensions of the 1990s in greater detail, particularly the U.S. Congress's use of the 1974 Trade Reform Act in response to China's domestic political developments. The Clinton administration's later decision to shift its policy emphasis toward trade rather than human-rights sanctions, Prof. Zhang argued, represented a pragmatic adjustment that ultimately supported China's trajectory toward WTO accession.

Addressing contemporary issues, Prof. Zhang argued that recent U.S. tariff policies were shaped by misreadings of public opinion. While Americans expressed general anxiety about trade deficits, he noted that support for free trade remained comparatively strong. Presenting comparative international data, he observed that U.S. trade deficits correlated most closely with inflation, with China standing out as a prominent statistical case. He criticised the tariffs as short-sighted products of an overly narrow rational-choice mindset that overlooked broader economic dynamics.

Prof. Zhang concluded by contrasting China's tradition of long-term strategic orientation with the United States' competitive yet ultimately stabilising political system. Despite periodic volatility, he argued, American politics tends to return to its enduring national objectives, highlighting a convergence between long-term stability and systemic self-correction.

From Local to Global: Attracting Top Talent and China's Development

Dr. HUNG Wing Lok (The Chinese University of Hong Kong)

Prof. Hung examined how China can strengthen its capacity to attract global talent amid intensifying geopolitical competition. He opened by observing that today’s international environment is increasingly shaped by realist dynamics, particularly the strategic rivalry between China and the United States. Despite China’s substantial advances in economic and technological development, he argued that attracting foreign talent remains a comparative weakness. Census data show roughly 800,000 foreign residents in China (excluding Hong Kong, Macao and Taiwan), yet detailed knowledge of their characteristics and distribution is still limited.

Prof. Hung emphasised that geopolitical perceptions strongly shape mobility decisions. Growing global discourse on “de-risking,” decoupling and export controls influences how potential migrants assess long-term opportunities in China, even when such assessments diverge from lived experiences. This makes it essential, he argued, for China to adopt more proactive and supportive policies that can stabilise expectations and signal long-term openness.

Turning to economic considerations, he noted that global trade patterns are becoming increasingly complex. While the United States and China show signs of partial decoupling, China and the EU have expanded their economic interdependence, underscoring the need for differentiated regional strategies. Talent-mobility policies, he argued, should be responsive to these shifting dynamics.

Focusing on the Greater Bay Area (GBA), Prof. Hung drew on collaborative research to identify structural challenges that limit the region’s attractiveness. Many SMEs lack the financial resources needed to enter GBA markets; industrial development across GBA cities remains uneven; and the region continues to trail New York and Tokyo in the concentration of top global firms and internationally mobile professionals.

To address these gaps, he proposed exploring mechanisms inspired by the EU’s Interreg framework, which funds cross-border collaboration and innovation. A centrally supported GBA fund could assist SMEs, research institutions and foreign enterprises seeking to establish operations in the region, thereby indirectly boosting foreign-talent inflows.

Prof. Hung concluded by highlighting Hong Kong’s distinctive strengths. As an international financial centre with a transparent legal system, Hong Kong can serve as a key entry point for global talent. While initiatives such as the Top Talent Pass have successfully attracted young graduates from leading universities, he argued for expanding eligible institutions to include more countries, especially across the BRICS and Europe. Ultimately, he stressed, long-term success requires not only attracting but also supporting newcomers by deepening cultural and regional understanding within universities and public institutions, strengthening Hong Kong’s role as a bridge between China and the world.

Discussion

The discussion wove together the themes raised in both presentations, linking the philosophical underpinnings of Chinese and American diplomatic traditions with the practical challenges of attracting and retaining global talent, particularly in Hong Kong and the Greater Bay Area (GBA). One strand of conversation focused on the diverse geopolitical environments affecting talent-mobility strategies. It was noted that the four regions referenced—namely the United States, the European Union, the GBA and Belt and Road partners—operate within highly differentiated institutional landscapes. Within the EU, for example, the internal diversity of its 27 member states creates substantial variation in national attitudes toward economic security, technological cooperation and "de-risking," complicating efforts to establish unified partnership frameworks. At the same time, intensifying U.S.–China strategic rivalry generates both openings and constraints for China–EU collaboration, with local cases such as Greenland illustrating how seemingly tactical decisions on resource development may quickly become entangled in wider geopolitical dynamics.

Alongside geopolitical considerations, the discussion underscored the importance of long-term talent retention as an equally significant challenge. Issues of cultural integration, professional mobility and institutional support were highlighted as critical yet underdeveloped elements of the region's talent ecosystem. It was observed that while economic and technological programmes can adapt relatively quickly, cultural and humanities-based initiatives—such as building cross-cultural understanding and nurturing inclusive social norms—often move more slowly, requiring deeper generational and societal change. These dynamics are particularly pertinent in Chinese societies, including Hong Kong, where historical patterns of social organisation differ from multicultural models such as the United States, making rapid cultural transformation difficult to achieve.

Another thread of discussion considered Hong Kong's potential alignment with regional economic frameworks, including RCEP and BRICS-oriented initiatives. It was suggested that a more focused and prioritised approach may be necessary, particularly given geopolitical constraints—such as reported reservations from Japan that complicate Hong Kong's entry into RCEP. Emerging markets in the Middle East, South Asia and among BRICS members were identified as promising alternatives amid uncertainties in traditional Western destinations.

The conversation also turned to the resilience of the U.S. economic system despite intense domestic political competition. Attention was drawn to the role of constitutional safeguards, including checks and balances, a unified national market and institutional guarantees for the free movement of goods, capital and labour. These mechanisms collectively underpin the system's ability to maintain long-term stability even in periods of political volatility.

Overall, the discussion emphasised the need to navigate geopolitical uncertainty while integrating economic, cultural and institutional considerations. It highlighted the importance of developing targeted, context-sensitive policies capable of enhancing China's competitiveness—both in global diplomacy and in the increasingly contested arena of international talent mobility.

Session 2:
Corporate Governance and Tariff Politics

Session Overview

Chair: Prof. SUNG Yun Wing (Associate Director)

In an era where economic fragmentation increasingly shapes global markets, this session highlights why understanding the domestic drivers behind tariff politics and corporate-state interaction is essential for interpreting U.S.–China economic tensions. As supply chains shift and firms confront competitive pressures at home and abroad, the boundaries between political strategy, market behaviour and regulatory design have grown increasingly porous. By examining how firms respond to international shocks and how states recalibrate governance mechanisms, this session offers a timely lens through which to consider the structural forces redefining global commerce and China's position within an uncertain trading environment.

Trade Wars Begin in Boardrooms: How Chinese Competition Pulled Corporate America Toward Protectionism

Mr. GAO Haoran (The University of Chicago)

Mr. Gao examined the United States' turn toward protectionism by foregrounding the role of domestic firms, arguing that corporate behaviour—not only electoral politics or geopolitical rivalry—was central to the policy shift. He noted that, contrary to expectations in political economy that globally integrated firms typically support engagement, many U.S. companies facing growing competition from Chinese imports began mobilising against engagement well before the 2017–2018 trade war. This pattern, he argued, presents a challenge to prevailing theories.

His research focused on two questions: whether rising Chinese import competition altered how U.S. firms participated in politics, and whether this mobilisation influenced China-related policymaking. He found that firms experiencing greater competitive pressure significantly increased anti-engagement lobbying and established new campaign-contribution ties with legislators already predisposed toward protectionism—evidence of targeted political strategy.

Mr. Gao outlined two mechanisms linking competitive exposure to political action. The first traces how intensified competition prompted firms to escalate lobbying efforts, which subsequently contributed to higher tariffs. The second shows how firms shifted campaign-contribution behaviour to influence legislators' positions. To measure exposure, he linked historical product-level import data from China with firms' revenue-weighted product portfolios, producing a detailed indicator of competitive threat.

Methodologically, he employed a firm-year empirical design to estimate the impact of exposure on lobbying. To address endogeneity—given that lobbying may itself shape trade—he used an instrumental-variables strategy based on Chinese exports to other high-income countries and lagged firm revenues. Across specifications, a one-standard-deviation increase in exposure was associated with roughly USD 1,200 in additional lobbying expenditure.

His campaign-finance analysis showed that more-exposed firms were significantly more likely to initiate new ties with legislators, even when accounting for extensive fixed effects. These ties disproportionately targeted lawmakers with established anti-engagement records, underscoring deliberate selection. Event-study results further indicated that legislators receiving contributions from highly exposed firms subsequently sponsored or co-sponsored more anti-engagement bills.

At the policy level, he found that tariffs on Chinese goods increased following firm lobbying activity—rising by 0.5 percentage points within two quarters and 1.5 points by the fifteenth—while no comparable changes occurred for South Korean imports.

Mr. Gao concluded that firms used complementary strategies—persuasion through lobbying and selection through campaign finance—to shape legislative behaviour and tariff outcomes, collectively contributing to the broader U.S. shift toward protectionism.

Tariffs, Uneven Adjustment, and China’s Development in a Fragmenting Global Economy

Prof. Manish SHARMA (Hosei University)

Prof. Sharma examined the apparent disconnect between economic theory, public commentary and observed macroeconomic outcomes during recent tariff episodes. While standard trade models predict that tariffs reduce welfare, he noted that countries targeted by large tariff waves—especially China—have shown limited macro-level distress and, in some cases, short-term improvement. This paradox motivated his focus on real-time and highly disaggregated data.

He argued that commentary since 2018 often concludes that tariffs “do not matter” because China’s GDP has remained stable. Such interpretations, he suggested, overlook distributional and sector-specific adjustments that aggregate indicators conceal. Building on earlier work on Vietnam and India, he emphasised the value of monthly data for capturing the uneven effects of tariff shocks, particularly given China’s central position in global value chains.

Reviewing theoretical perspectives from classical trade models to “new new trade theory,” he highlighted insights from Melitz (2003), which predicts that higher variable trade costs disproportionately push low-productivity exporters—often small and medium-sized enterprises (SMEs)—out of international markets. From this standpoint, China’s low-margin, labour-intensive exporters in sectors such as garments, plastics and toys should face the greatest strain, even if aggregate output appears stable. His comparative research on Vietnam (with high exposure) and India (with low exposure) revealed a consistent pattern: macroeconomic resilience paired with concentrated stress among vulnerable industries.

He further discussed distributional mechanisms, including Stolper–Samuelson dynamics, noting that firms with weak pricing power are likely to experience compressed margins and heightened competitive pressure. Although these industries are smaller relative to China’s major export pillars, they still account for substantial trade volumes and large employment shares.

Turning to global value chains, Prof. Sharma emphasised China’s pivotal role in regional production networks and considered how tariff shocks intersect with domestic initiatives such as “dual circulation,” which seeks to reinforce domestic demand while selectively maintaining external integration.

He underscored the challenge of limited data on Chinese SMEs. Publicly available firm-level datasets end in 2017 and cover only medium and large enterprises, leaving major gaps in understanding how the more than 60 million SMEs—contributors of roughly half of China’s GDP and tax revenue—are adjusting. He expressed interest in collaborative efforts to improve empirical coverage.

Prof. Sharma concluded that tariff effects may appear not in headline indicators but in subtler margins such as wage compression, employment volatility and elevated SME exit. While large manufacturers remain relatively resilient, smaller exporters likely bear hidden burdens. He cautioned that supply-chain “defragmentation” should not be conflated with full decoupling, noting emerging signs of renewed recoupling in recent trade patterns.

Corporate - China Ties as Stigma? An Analysis of the U.S. Government Procurement Contracting

Prof. DU Julan (The Chinese University of Hong Kong)

Prof. Du examined how global supply-chain resilience has become a central policy priority, particularly following the escalation of the U.S.–China trade war. He noted that in the initial years of rising tensions, private firms—especially in the United States—were slow to reconfigure their global value chains. Companies, he argued, underestimated the depth and longevity of geopolitical risk, faced substantial search and operational costs in restructuring, lacked visibility into multi-tier supplier networks and remained uncertain about the trajectory of bilateral relations. As a result, many adopted a "wait-and-see" posture rather than proactively reducing exposure.

He outlined how governments subsequently sought to influence supply-chain restructuring through public-procurement policy. Across the Obama, Trump and Biden administrations, U.S. federal agencies were directed to lower dependence on foreign suppliers, with the EU and Japan implementing similar measures. His project examines whether procurement contracting can be used to induce both prime contractors and their upstream or downstream partners to modify supply-chain configurations.

The research comprises two interconnected studies. The first examines ex ante screening: whether U.S. listed firms with Chinese suppliers or customers in 2017 were penalised in their probability, frequency or dollar value of receiving federal contracts. Using a difference-in-differences strategy, Prof. Du found that firms with multi-tier Chinese linkages secured significantly fewer contracts and lower contract values after trade tensions intensified. Customer-side exposure was associated with even stronger negative effects. Evidence from ongoing contracts suggested cancellations or non-renewals. He emphasised that the pattern was consistent across defence and civilian agencies, single-bid and multi-bid tenders, and sole-source versus competitive procurements.

The second study investigates ex post incentives: whether procurement shocks prompt firms to restructure their supply chains. Using a local-projection instrumental-variables approach, he reported that firms receiving procurement shocks subsequently reduced their reliance on Chinese suppliers and, after roughly eight quarters, increased sourcing from U.S. domestic suppliers. While acknowledging challenges in isolating specific geopolitical catalysts, he interpreted these findings as evidence that procurement rules can accelerate corporate "de-risking" and contribute to reshoring.

Prof. Du concluded with preliminary comparative evidence from China, suggesting that Chinese public-contracting patterns may shift to support firms with U.S. exposure—potentially to mitigate external shocks or counter shifting U.S. corporate strategies—though further analysis is ongoing.

Discussion

The discussion focused on the emerging dynamics of U.S.–China economic frictions and the complex forces shaping contemporary tariff politics, corporate behaviour and global supply-chain restructuring. One central theme was the durability of protectionist pressures within the United States. It was noted that the competitive pressures faced by domestic producers exposed to Chinese imports are likely to persist, ensuring continued support for protectionist measures. Despite the presence of counterbalancing interests such as distributors benefiting from lower-cost imports, these groups are not expected to outweigh the lobbying efforts of firms adversely affected by Chinese competition, making protectionism a long-term feature of the U.S. policy landscape.

Methodological challenges formed a second major strand of the discussion. Questions arose about the limitations of firm-level data covering only the period from 2017 to 2022, particularly concerning whether longer time frames might better capture structural changes under ongoing trade tensions. It was observed that tariff policies have remained broadly consistent since 2018, making the period analytically coherent, although newly released datasets often demand extensive cleaning and may suffer from reliability issues. Suggestions for methodological extensions included examining how appeals to the U.S. Court of International Trade influence corporate lobbying strategies and constructing more granular exposure measures by linking firm-level imports to product classifications such as HS-6 codes. These proposals underscored the difficulties of carrying out empirical research during fast-moving policy shifts, as well as the need for innovative measurement strategies capable of isolating causal relationships.

Broader geopolitical and strategic considerations also featured prominently. Discussion addressed whether European firms might replace U.S. contractors reducing exposure to China in response to new procurement rules. Here, attention was drawn to the constraints imposed by high-tech sector sanctions and coordinated policies among U.S. allies, which limit substitution opportunities for European firms. Participants also explored the erosion of pro-engagement lobbying in the United States since the early 2000s. It was suggested that changes in China's domestic industrial policies—including technology-transfer requirements and initiatives such as Made in China 2025—have reduced the perceived benefits of engagement for certain U.S. firms. At the same time, the findings presented in this session illuminated how intermediate-goods producers, facing direct competitive pressure from Chinese imports, have become an increasingly influential and less visible force behind protectionist policymaking.

Taken together, the discussion highlighted the interconnected nature of corporate incentives, policy uncertainty and geopolitical rivalry. It underscored how firm-level strategic behaviour interacts with structural shifts in global trade and how these dynamics collectively shape the evolving landscape of U.S.–China economic relations.

Session 3:
Policy Shifts and Market Adoption

Session Overview

Chair: Prof. CHEN Shiyi (Co-Director)

The rapid reconfiguration of China's economic landscape makes it crucial to understand how policy signals, infrastructure development and market incentives interact to reshape consumer behaviour and industrial adjustment. This session examines issues—ranging from electric-vehicle adoption to real-estate transformation and financial-market reactions—whose implications extend far beyond sectoral boundaries. As China navigates policy transitions while balancing growth, stability and innovation, these themes illuminate broader questions about how households, firms and investors adapt to policy shifts in real time. Together, they provide valuable insights into the mechanisms driving structural change in a rapidly evolving economy.

High-Speed Rail and China's Electric Vehicle Adoption Miracle

Prof. WANG Long (Fudan University)

Prof. Wang examined China’s rapid ascent as a global leader in electric-vehicle (EV) adoption and highlighted the empirical puzzle driving his research. By 2024, EVs accounted for roughly 45% of all new vehicle sales in China—far exceeding adoption rates in Europe and the United States—and total production surpassed 12 million units. While early growth was strongly supported by subsidies and industrial policies, most national-level subsidies were phased out in 2022. Despite this withdrawal, the Chinese EV market continued to expand at an exceptional pace, outperforming countries that relied on similar policy instruments. This observation led Prof. Wang to his central question: what additional forces, beyond subsidies and industrial policy, contributed to China’s EV “miracle”?

His study identifies high-speed rail (HSR) as a key complementary infrastructure that significantly reduces “range anxiety,” one of the principal barriers to EV adoption. HSR offers a fast, reliable mode of intercity transportation, enabling households to rely on EVs primarily for daily, short-distance mobility while depending on HSR for long-distance travel. Because much of the HSR network was built before EV uptake accelerated, its staggered rollout provides a quasi-experimental context to examine causal impacts.

The analysis draws on a rich dataset combining city-month EV sales for 328 prefecture-level cities between 2010 and 2023, firm-registration information, charging-station distribution, and a detailed inventory of EV-related policies. Employing a difference-in-differences strategy, the study excludes cities connected to HSR before 2015 to mitigate selection bias associated with early adopters. Prof. Wang reported that gaining HSR connectivity increases a city’s EV market share by approximately 1.2 percentage points—substantial when compared to an average baseline market share of around 4%.

Robustness tests using alternative model specifications, newly developed DID estimators and instrumental-variable approaches—based on historical railway alignments and least-cost routing models—confirm the validity of the findings. Mechanism analyses using transaction-level data further reveal that in HSR-connected cities, households tend to purchase EVs with shorter driving ranges and lower prices. This pattern aligns with the reduced need for long-distance driving when high-speed rail provides a convenient alternative.

Prof. Wang also found that the operating speed of HSR links exerts a stronger influence on EV adoption than either network size or the number of stations, underscoring the importance of travel-time efficiency. Overall, he estimated that HSR development accounts for about 30% of the national increase in EV market share. He concluded that China’s transportation infrastructure—working in tandem with industrial policy—has played a pivotal, yet previously under-recognised, role in enabling the country’s rapid transition toward electric mobility.

Redefining China's Real Estate Market: Land Sale, Local Government, and Policy Transformation

Prof. ZOU Kunru (Hong Kong Baptist University)

Prof. Zou analysed the sharp deterioration of China's real-estate sector since 2021, situating recent developments within broader structural and policy contexts. He noted that corporate-bond defaults among property developers rose dramatically—from RMB 31 billion during 2017–2020 to more than RMB 100 billion between 2021 and 2023. Over the same period, land-sales revenue collapsed, with land area transacted falling by about 45% and total value by 41%. Although the scale resembles the U.S. housing crash, he emphasised that the trigger is fundamentally different: whereas the U.S. crisis was driven by demand-side mortgage expansion, China's downturn originated from a supply-side tightening of developer financing through the "three red lines" policy.

His study examines how this policy-induced credit shock affects developer behaviour and performance. Three questions guide the analysis: how deleveraging constraints influence firms' financial outcomes, land acquisition and default risk; how impacts differ between state-owned enterprises (SOEs) and private developers; and how these shocks spill over to housing demand and local-government finances.

Prof. Zou reported that developers constrained by the red-lines policy experienced steep reductions in land purchases, deteriorating financial indicators and sharply increased default probabilities. Private developers were particularly vulnerable: even when breaching the same number of red-line thresholds as SOEs, they suffered larger declines in sales and faced higher default risks. On the demand side, households shifted away from private developers toward SOEs, driven by rising concerns over pre-sale delivery risk in a system where homes are sold before construction is complete.

Turning to the land market, he showed that constrained developers sharply reduced land acquisitions after 2021. In response, local governments increasingly relied on local-government financing vehicles (LGFVs) and their subsidiaries as substitute buyers to stabilise land-sale revenue. However, fewer than 10% of land parcels purchased by LGFVs were subsequently developed, indicating that many acquisitions served as "warehousing" rather than genuine investment. This trend, he argued, may add to off-balance-sheet fiscal pressures.

Prof. Zou concluded that the three-red-lines policy significantly tightened financing conditions for developers, triggering declines in investment, sales and financial stability—effects felt most acutely by private firms. These shifts, combined with LGFVs' expanded role in land purchasing, raise broader concerns about hidden-debt accumulation and the long-term sustainability of China's real-estate system.

Hedge Fund Performance and the U.S.–China Tension

Mr. ZHAO Xiaoyu (University of Massachusetts Amherst)

Mr. Zhao opened by emphasising that strategic rivalry between the United States and China has become a persistent and defining element of the global landscape. He noted that although extensive research explores how macroeconomic fundamentals and policy uncertainty affect hedge-fund performance, almost no studies examine whether geopolitical tensions—particularly U.S.–China tensions—shape fund returns. Given hedge funds' flexible mandates, rapid information processing and sophisticated investment strategies, he argued that they provide an ideal setting for assessing whether investors can systematically exploit geopolitical developments.

The study centres on three questions: whether hedge funds display systematic exposure to U.S.–China tensions; whether such exposure commands a risk premium; and whether fund managers demonstrate timing ability in adjusting to shifts in geopolitical risk. To measure geopolitical tension, Mr. Zhao employed a newly constructed text-based index from Rogers et al. (2024), derived from major news outlets such as The Wall Street Journal, The New York Times and the South China Morning Post. The index closely tracks real-world geopolitical events, showing clear spikes during episodes such as the 2001 Hainan Island spy-plane incident.

Mr. Zhao cautioned, however, that the raw index is highly correlated with broader macroeconomic variables—including policy uncertainty, interest-rate movements and default indicators—because these themes frequently co-appear in news coverage. To extract a cleaner geopolitical signal, he orthogonalised the index by regressing it on major macro factors and retaining the residual. This "orthogonalised tension index" preserves the time-series structure of the raw measure while providing a more distinct indicator of geopolitical developments.

Using hedge-fund data from Lipper TASS and HFR for 2002–2024, Mr. Zhao estimated each fund's "tension beta" through rolling 24-month regressions. Sorting funds by this exposure revealed a clear monotonic pattern: funds with higher tension betas earned higher raw returns and higher alphas, even after controlling for up to eleven standard risk factors. A one-standard-deviation increase in tension beta was associated with roughly a 2% annual increase in returns, and cumulative-return plots showed persistent outperformance of high-beta portfolios.

To assess whether these gains reflect active timing rather than static exposure, Mr. Zhao applied established timing-ability models, estimating a convexity parameter (θ) that captures dynamic responses to tension shocks. Using bootstrapped distributions to rule out chance, he found that directional and semi-directional funds exhibited meaningful timing ability, whereas non-directional funds did not. Cumulative-return comparisons showed that strong timers significantly outperformed weaker ones, especially during periods of heightened geopolitical tension.

Discussion

The discussion unfolded around the intersecting challenges of infrastructure development, sectoral adjustment and financial-market responsiveness in an economy undergoing rapid transition. A central point of interest was the broader applicability of the mechanism linking high-speed rail connectivity to electric-vehicle adoption. While the empirical results were derived from China's unique transportation landscape, it was noted that the underlying logic—reducing long-distance travel burdens and enabling shorter-range EV purchases—could hold relevance for other countries, even if comparative evidence remains limited. This highlighted the importance of examining how complementary infrastructure can magnify the impact of industrial policy, particularly during periods of technological diffusion and market maturation.

Attention then shifted to the structural pressures reshaping China's real-estate sector, especially the divergent outcomes faced by state-owned and private developers. Discussion centred on the difficulty of reversing the steep decline in private-sector confidence following the implementation of the three-red-lines policy. Although the formal removal of the policy suggested regulatory recalibration, expectations of stagnant or falling home prices, the weakening of the secondary market and deepened concerns about pre-sale delivery risk have created persistent headwinds. These dynamics were described as more structurally embedded than cyclical, complicating the prospect of a return to pre-2021 conditions. The role of local-government financing vehicles as substitute land buyers was also examined, raising concerns about off-balance-sheet fiscal pressure and the long-term viability of existing land-finance models.

Methodological constraints associated with disentangling overlapping policy effects were a further theme. Given that supply-side tightening coincided with demand-side easing measures, isolating causal channels at the project level remains inherently challenging, despite attempts to address this through granular fixed-effects modelling. Similar concerns were expressed about the availability and reliability of firm-level data for evaluating tariff impacts and sectoral adjustment in other parts of the session, underscoring the broader research challenge posed by rapid, policy-driven economic shifts.

The discussion also engaged with the financial-market implications of geopolitical tension, particularly the question of whether hedge-fund strategies can meaningfully incorporate geopolitical-risk indicators. It was noted that while such indices may offer analytical insights, their practical use remains limited by correlations with broader macroeconomic variables and the opacity of industry-specific investment strategies. This reinforced a more general point emerging across the session: in an era of global fragmentation, market actors and policymakers are responding to the same uncertainties, but often through lenses shaped by data constraints, institutional incentives and sector-specific vulnerabilities.

Overall, the discussion highlighted how infrastructure, regulatory change and geopolitical risk collectively shape economic adjustment, emphasising the need for policy designs that recognise both sectoral diversity and systemic interdependence.

Session 4:
Human Capital and Social Change

Session Overview

Chair: Ray POON (Assistant Director)

As China's development enters a new phase, the social dimensions of transformation—how people learn, work, form families and participate in public life—have become increasingly central to understanding long-term national trajectories. This session foregrounds the enduring effects of historical industrialisation, the evolving functions of university-based think tanks and the changing expectations placed on China's knowledge institutions. By examining how human capital shapes, and is shaped by, structural change, this session offers a deeper perspective on the demographic, educational and institutional forces that will influence China's social resilience in the decades ahead.

Early Industrialization and Later Marriage: The Sino-Soviet Alliance's Impact on the Gender Gap in China

Prof. WU Jianfeng (Fudan University)

Prof. Wu examined how China's major industrialisation drive in the 1950s—shaped by the Sino-Soviet Alliance and anchored in the "156 Projects"—generated long-term social and demographic consequences, particularly in marriage timing. While the projects delivered extensive Soviet financial and technical assistance and formed the backbone of China's early heavy-industry system, their broader social effects remain insufficiently studied. His joint research with colleagues from Xiamen University and Renmin University seeks to fill this gap.

The 156 Projects were allocated across more than 100 counties, chosen according to strategic criteria such as proximity to railways and natural-resource endowments. This non-random but structured placement created a quasi-experimental setting in which treated counties could be matched with control counties sharing similar pre-industrial characteristics. Although prior work has explored the economic and technological legacies of these projects, Prof. Wu emphasised the limited attention given to social outcomes.

Drawing on classic models in family economics, he argued that industrialisation acted as an exogenous shock that expanded schooling opportunities and labour-market prospects—especially for women—thereby influencing marriage decisions. Using the 2000 population census, the research team constructed six age cohorts reflecting varying degrees of exposure to the industrialisation wave of the 1950s.

Descriptive evidence showed widening gaps in age at first marriage between treated and control counties among cohorts reaching adulthood during or shortly after the industrialisation period. Cohort-based difference-in-differences estimations, implemented at both individual and county levels, indicated that exposure to early industrialisation delayed first marriage by 0.6 to 0.9 years, with larger effects for women and in counties located farther from resource centres or political hubs.

Mechanism analyses revealed that industrialisation increased educational attainment—particularly among women—thereby widening gender gaps in schooling. Treated counties also experienced higher levels of firm creation, expanding employment opportunities and contributing to later marriage timing. The researchers found little evidence that shifts in sex ratios explained the results.

Prof. Wu concluded that the social effects of the 1950s industrialisation programme persisted across generations, demonstrating that mid-century industrial policy reshaped not only China's economic trajectory but also produced enduring demographic and gender-related transformations.

Think Tanks in Chinese Higher Education as Knowledge Bank for Policy: Achievements and Challenges

Dr. DU Xiaoxin (Fudan University)

Dr. LIU Hong (Fudan University)

Dr. Du presented an early-stage collaborative project examining how university-based think tanks in China operate as sites of knowledge production and how they translate academic research into policy-relevant outputs. She situated the inquiry within the historical development of Chinese higher education, noting that since 1949 universities have performed a “dual task”: cultivating technical expertise while fulfilling political and ideological functions. Despite successive waves of marketisation and globalisation, this dual role has persisted, reinforced by major national initiatives—Projects 211 and 985 and the Double First-Class plan—which heighten expectations for universities to contribute simultaneously to academic advancement and national policy goals.

China now hosts more than 2,000 registered think tanks, with university-based institutes constituting a substantial proportion. Prior studies observe growing formalisation of think-tank structures within universities, yet their evolution continues to be shaped by state-designed mechanisms and resource-allocation practices. Against this backdrop, the project asks how academic knowledge becomes policy knowledge and who the key actors in this transformation are.

Drawing on qualitative evidence from internal documents and researchers’ own reflections, Dr. Du identified two central functions. The first is social guidance: university-based think-tank scholars disseminate academic insights to broader audiences through media commentary, public lectures, training programmes and international exchanges. This outward-facing “boundary work” both shapes public understanding of policy issues and supports the communication of state priorities.

The second function is policy advocacy: researchers produce policy reports, manage research laboratories, conduct commissioned studies and organise specialised research initiatives that feed directly into policymaking. Rather than acting only in response to state demands, such scholars operate as “knowledge entrepreneurs,” navigating the space between academic inquiry and political relevance.

She also discussed personnel structures, noting that university think tanks rely on a mix of part-time academic experts and full-time researchers who face demanding evaluation expectations, including academic publications, government-endorsed policy briefs, grant acquisition and teaching responsibilities. The absence of a unified evaluation system, she argued, remains a core institutional challenge.

Dr. Du concluded by outlining several enduring tensions: difficulties in measuring policy impact, balancing scholarly originality with policy responsiveness and determining which types of knowledge should be prioritised. These challenges reflect broader features of Chinese higher education—its strong social-service orientation, collective institutional culture and meritocratic pressures—which continue to shape the evolving role of university-based think tanks as intermediaries between the state, academia and society.

Discussion

The discussion drew together two distinct but complementary strands: the long-term social consequences of China's early industrialisation and the evolving role of university-based think tanks in contemporary policy ecosystems. In exploring the demographic implications of the 1950s industrial projects, speakers reflected on how industrialisation reshaped educational opportunities, labour-market incentives and marriage decisions. These patterns were noted to be broadly consistent with international experiences in which expanded schooling and improved employment prospects—especially for women—raise opportunity costs and lead to delayed family formation. Comparisons with the Soviet Union's industrial programmes highlighted parallel transformations, underscoring how centrally planned industrial placement can generate multi-generational social effects in settings undergoing rapid structural change.

Attention also turned to methodological considerations, particularly the risk of migration bias in analysing marriage trends. It was observed that mobility restrictions prior to 2000 kept migration flows limited, meaning most respondents in the census data remained local residents, reducing concerns about sample distortion. While sex-ratio variations were accounted for in the empirical models, potential links between industrialisation and fertility outcomes were acknowledged as a promising area for future research.

The conversation then shifted toward the policy-advisory functions of university-affiliated think tanks, highlighting how these institutions operate at the intersection of academic research, state priorities and societal needs. Rather than providing direct employment assistance—an area handled by career-development centres—think tanks were described as influencing youth issues indirectly through policy reports, commissioned studies and broader social-guidance activities. This reflects a wider transition in China's higher-education landscape, where scholars are increasingly expected to balance academic originality with responsiveness to national development agendas.

A broader set of issues centred on institutional tensions within the think-tank environment. Discussion emphasised the constraints posed by the absence of unified evaluation systems, the pressure to balance teaching, research and public-service obligations and the challenges of maintaining analytical space within an environment that places strong emphasis on political correctness. Yet examples from recent university reforms illustrated that institutional mergers and interdisciplinary collaboration can help broaden research capacity and facilitate more robust policy consultation. These experiences also highlighted the distinctiveness of Chinese think-tank structures, which rely on collective university expertise rather than the NGO-style independence more common in Hong Kong or Western contexts.

Overall, the discussion illuminated the deep connections between long-term social change and evolving forms of knowledge production. It underscored how demographic transformation, institutional expectations and policy-advisory practices shape one another, revealing the complexity of linking historical development trajectories with contemporary governance challenges.

Session 5:
China's Innovation Frontier

Session Overview

Chair: Prof. DU Julan (Co-Director)

Innovation is now at the heart of China's development strategy, yet its trajectory is shaped as much by organisational behaviour and knowledge flows as by technological breakthroughs. This session examines the forces driving China's ascent in advanced industries—from algorithmic governance and fairness challenges in AI systems to the global integration of pharmaceutical research and the shifting dynamics of international collaboration. As China moves further up global value chains, understanding these complex interactions becomes vital for assessing its innovation capacity, regulatory priorities and evolving role within worldwide scientific networks.

Implicit Value Orientations of LLMs: Diagnosing and Governing Efficiency–Equity Trade-offs in Algorithmic Pricing

Prof. XU Xian (Fudan University)

Prof. Xu examined how large language models (LLMs), increasingly used as semi-autonomous decision-making agents, embed implicit normative assumptions that influence real-world allocation outcomes. Unlike traditional econometric models, LLMs interpret unstructured inputs through value orientations internalised during pre-training, raising governance challenges around the trade-off between allocative efficiency—accurate risk-based pricing—and social equity, particularly non-discrimination across demographic groups.

Using auto-insurance pricing as a stringent empirical setting, the study investigated three questions: whether unconstrained LLMs display divergent value orientations; how model capacity shapes their position along the efficiency–equity frontier; and whether information design or prompt engineering can meaningfully steer these orientations.

Drawing on a French auto-insurance dataset of roughly 550,000 policies—including demographic, vehicle, environmental and policy attributes—Prof. Xu introduced a variable-classification framework to detect fairness risks for semantic models. The framework distinguishes: (1) protected characteristics such as gender, prohibited in pricing; (2) standard interpretable variables; (3) complex attributes vulnerable to inconsistent semantic parsing; (4) artificial proxy variables (e.g., vehicle colour); and (5) the target response. A unified meta-prompt standardised model roles, variable semantics and output formats. The team evaluated 320 experimental scenarios across five dimensions: model type (ten LLMs), formats for data disclosure, variable-capacity constraints, provision of historical reference information and human-designed versus model-optimised prompts.

Prof. Xu reported that all models produced valid numerical predictions with high operational stability, but performance varied substantially. Larger LLMs exhibited more pronounced efficiency–equity trade-offs, yet simultaneously achieving low prediction error and strong individual-level risk consistency remained challenging. Notably, variants within the same model family diverged in their implicit orientations—some leaning toward profit-maximising efficiency, others toward equity-oriented “social guardian” behaviour.

Governance experiments highlighted the fragility of these trade-offs. Removing sensitive variables improved equity but reduced accuracy; inserting group-specific historical averages enhanced individual consistency but widened group disparities; and autonomous prompt optimisation often oversimplified reasoning, degrading both fairness and predictive reliability.

Prof. Xu concluded that LLMs carry latent value orientations that require systematic pre-deployment auditing. Structured information architectures and well-designed contextual guidance can influence model behaviour, but fully autonomous prompt self-revision is insufficient to ensure either accuracy or fairness. He emphasised the need for human-in-the-loop governance and deliberate value alignment when deploying LLMs in high-stakes decision systems.

From Contract Manufacturers to Global Innovation Participant: The Catching-up Path of Chinese Pharmaceutical Contract Research Organizations

Dr. LIU Danlu (Nanjing University)

Dr. HE Shuzi (Nanjing Audit University)

Dr. Liu opened by challenging the conventional assumption that developing economies primarily integrate into global value chains through low-cost, labour-intensive manufacturing. While this framework helps explain China's earlier industrialisation pattern, she argued that it fails to capture a newer trajectory: firms in emerging economies increasingly performing high-wage, knowledge-intensive innovation tasks. This shift is especially evident in the rapid ascent of China's contract research organisations (CROs), which have become important participants in global pharmaceutical R&D.

She explained that CROs conduct outsourced innovation activities for multinational pharmaceutical companies, including drug discovery, pre-clinical studies, clinical trials, data management and regulatory submissions. As global drug-development processes have grown more complex and cost-intensive, outsourcing demand has expanded, with much of this work shifting from advanced economies to China and India. Industry data indicate that China's CRO market grew from roughly RMB 14 billion in 2018 to more than RMB 100 billion in 2024, with annual growth rates between 17% and 20%. This rise parallels the broader expansion of China's pharmaceutical sector.

Turning to value-chain positioning, Dr. Liu noted that CROs occupy the upstream innovation segment of the pharmaceutical chain—an area marked by high technological complexity and substantial value-added. Using indicators such as gross margin, net margin, ROA and ROE, she showed that Chinese CROs outperform both other domestic pharmaceutical subsectors and many leading international CROs. Gross margins among Chinese firms average above 54%, compared with about 35% for top global peers.

To account for this performance, Dr. Liu introduced four hypotheses. First, she highlighted "talent dividends": China's large supply of highly trained scientific labour, produced at significant scale and available at lower cost relative to the United States, provides a strong competitive advantage. Second, she examined internationalisation strategies, though these exhibited weaker and less consistent effects. Third, she emphasised the importance of leadership with overseas academic or industry experience, arguing that internationally trained executives help firms align with global norms and maintain cross-border networks. Fourth, she suggested that CROs' upstream, innovation-intensive position naturally yields higher profitability than manufacturing or distribution roles elsewhere in the pharmaceutical value chain.

Dr. Liu concluded that Chinese CROs illustrate a form of leapfrogging industrial upgrading—integrating directly into high-end global innovation networks rather than progressing gradually through lower-value stages. She acknowledged limitations, including the small sample size and risks of reverse causality, and suggested that future research could expand the analysis to include India and other knowledge-intensive service industries.

Returnee Inventor, Knowledge Spillover and International R&D Collaboration

Dr. Sherry XUE (University of Western Ontario)

Dr. Xue examined a puzzle in China's innovation system: even as increasing numbers of highly skilled Chinese migrants return from advanced economies, China's international R&D collaboration has been declining. This motivates her core question: do returnee inventors alter firms' innovation strategies in ways that reduce cross-border collaboration?

She argued that returnees differ from the immigrant inventors typically studied in prior literature. Earlier cohorts of Chinese inventors abroad may have been negatively selected, with the most successful remaining overseas. More importantly, hiring returnees allows Chinese firms to internalise specialised expertise that would otherwise require international collaboration. Although returnees retain global networks, firms must weigh the costs of external partnerships—such as information leakage, shared intellectual property and reduced control over jointly developed technologies. A highly skilled returnee may therefore substitute for foreign partners.

To investigate this mechanism, Dr. Xue constructed a novel dataset using global PATSTAT patent records. She identified returnees as Chinese-named inventors whose patenting address transitions from a foreign country to China, and tracked approximately 10,000 firms that hired such returnees for the first time between 2001 and 2016.

Her empirical strategy compared technologies aligned with the returnee's prior expertise ("returnee technologies") with unrelated technological areas within the same firm. Using a difference-in-differences design with technology-year and firm fixed effects, she assessed whether international collaboration declined specifically where returnees strengthened internal capabilities.

The findings indicate a clear reduction in international collaboration after a returnee is hired. In returnee-relevant technologies, patents involve fewer foreign inventors, and a smaller share are cross-border. The effect is stronger for returnees from geographically closer countries than for those from the United States, suggesting the mechanism reflects knowledge substitution rather than geopolitical factors. Additional checks show that the effect is concentrated among returnees who change employers, rather than those relocating within multinational firms.

Mechanism tests reveal that domestic innovation increases in returnee-aligned fields: firms generate more patents, and domestic inventors account for a larger share of inventive activity. This supports the interpretation that firms substitute internal teams for international partners rather than withdrawing from specific technologies. A further consequence is reduced global knowledge diffusion: foreign citations of affected patents decline, while domestic citations remain stable, with the largest drops in fields previously characterized by high cross-border collaboration.

Prof. Xue concluded that returnee inventors reorient firms toward domestic innovation networks, reducing reliance on foreign partners and contributing to broader patterns of global R&D decoupling.

Discussion

The discussion centred on the evolving trajectory of China's innovation system and the shifting relationships among domestic capability-building, global knowledge flows and emerging governance challenges. A major theme concerned the comparative pathways through which developing economies move up the global value chain. Participants considered whether the rise of China's pharmaceutical contract research organisations (CROs)—marked by rapid scale-up, strong profitability and deep integration into multinational R&D networks—represents a form of leapfrogging distinct from earlier East Asian or Latin American development models. The debate highlighted how China's increasingly sophisticated knowledge-intensive services contrast with the traditional manufacturing-led upgrading associated with earlier developmental states, suggesting the need for broader comparative frameworks capable of capturing heterogeneous innovation trajectories across regions.

A second thread examined the mechanisms through which returnee inventors reshape Chinese firms' innovation strategies. The discussion emphasised that returnees can act as substitutes for international R&D collaboration, providing firms with internalised expertise that previously required reliance on foreign partners. As China's technological capabilities grow, firms may increasingly prefer to consolidate sensitive knowledge within domestic teams to minimise risks such as information leakage or shared intellectual property. This strategic reorientation was portrayed not as a retreat from global engagement but as a recalibration driven by strengthening domestic competence. The implications for global knowledge diffusion were also noted, particularly the tendency for foreign citations to decline in technological fields where returnees reinforce internal innovation.

Attention then shifted to methodological factors shaping research on innovation behaviour. Questions were raised about the challenges of constructing reliable measures of returnee activity, given patent-based datasets' imperfect alignment with migration patterns, especially in more recent years. Nonetheless, participants agreed that long-term trends—such as the rise, decline and subsequent resurgence of returnee engagement—closely parallel shifts in China's economic position and scientific visibility.

The final part of the discussion turned to the governance of large language models (LLMs), particularly the risks associated with implicit value orientations embedded in algorithmic decision-making systems. The session underscored the fragility of efficiency–equity trade-offs in AI-driven pricing models and the need for deliberate information design and human oversight. While structured prompts and contextual constraints can guide semantic models toward more reliable outcomes, autonomous optimisation by the models themselves was viewed as insufficient to ensure fairness or accuracy. These reflections situated LLM governance within the broader context of China's innovation frontier, where regulatory capacity and technical advancement must evolve together.

Overall, the discussion highlighted the interplay between domestic capability-building, global networks and emerging governance demands, illustrating the complexity of managing innovation in a rapidly transforming technological landscape.

Session 6:
Governing Global Value

Session Overview

Chair: Prof. WU Jianfeng (Associate Director)

With global value chains under strain from geopolitical rivalry and regulatory shifts, the question of how value is governed—across ownership structures, trade flows and corporate responsibility—has acquired heightened importance. This session focuses on the institutional and analytical frameworks needed to understand China's changing position within the global economy, from the governance implications of common ownership to the embedded value added in Sino-U.S. trade and the communication strategies of Chinese enterprises operating abroad. Together, these themes highlight the complex mechanisms through which value is created, distributed and interpreted in an increasingly interconnected yet contested world.

When Common Owners Are Active: Governance, Coordination, and Firm Value

Prof. CHEN Guodong (New York University Shanghai)

Prof. Chen examined how common ownership—situations in which one investor holds significant stakes in multiple competing firms—operates in the Chinese context, arguing that its effects differ fundamentally from those observed in markets dominated by passive institutional investors. He noted that common ownership has expanded across Chinese industries, but unlike the United States, where institutions such as BlackRock and Vanguard typically hold small, diversified positions, China's common owners are often central state-owned enterprise (CSOE) groups with concentrated stakes and extensive sectoral expertise.

To identify causal effects, the researchers leveraged a distinctive institutional feature: the consolidation of CSOE groups since 2003. These mergers generate exogenous increases in common ownership when previously separate parent companies combine and become joint owners of multiple listed firms within the same industry. Mergers that do not produce additional ownership overlap serve as a comparison group, and propensity-score matching helps account for baseline differences. Pre-trend tests indicate parallel trajectories prior to merger events.

The findings show that increases in common ownership lead to measurable improvements in firm performance. Accounting indicators—including return on equity, net profit margin and economic value added—rise shortly after mergers. Financial outcomes also improve, though with a one- to two-year lag: credit ratings strengthen, firms rely less on internal guarantees and access to external financing expands. These dynamics are consistent with underlying performance gains driving financial upgrades, rather than financial improvements occurring first.

Prof. Chen identified two central mechanisms. The first is strengthened internal governance. After mergers, CSOE parents appoint more executives and board members across affiliated firms, increasing the proportion of "connected" leadership. Board and strategy-committee meetings also occur more frequently, indicating closer strategic coordination. The second mechanism is enhanced resource allocation. Related-party transactions and intra-group asset restructurings increase following mergers, facilitating the redistribution of resources across firms within the same industry in ways that improve overall efficiency.

Prof. Chen emphasised that these patterns differ sharply from the U.S. context, where passive index-fund ownership limits the capacity for active intervention. In China—and in other economies with large, centralised conglomerates—sector-focused investment groups function as active owners, shaping governance, strategy and resource deployment. He concluded that in this institutional environment, increases in common ownership raise firm value by promoting coordination and more efficient allocation of assets across affiliated firms.

Flows of Value Added Through the Lens of Input Output Table

Mr. YAN Ting Hin (The Chinese University of Hong Kong)

Mr. Yan examined the amount of domestic value-added China generates through its exports to the United States and how this has evolved amid intensifying trade frictions. He began by noting that gross export figures are misleading in a world of fragmented production. A "Made in China" label reveals little about China's true contribution to a product's value, as many exported goods incorporate foreign components or undergo re-export after additional processing. To accurately assess China's exposure to trade conflict, one must measure the domestic value-added embodied in bilateral exports rather than rely on gross trade flows.

Mr. Yan explained that input–output (I–O) analysis is essential for this task. Modern production networks span multiple economies, producing significant double-counting in gross trade statistics. Moreover, bilateral tensions rarely affect just two countries: third-country value-added embedded in bilateral flows forms a meaningful share of global supply-chain linkages. The study uses the latest OECD inter-country I–O tables (extended version, released 2023), covering about 80 economies and 50 industries. For China, the dataset distinguishes between processing and non-processing sectors, enabling more precise decomposition.

Methodologically, the study applies the hypothetical extraction method. By removing all Chinese exports from the global I–O system and recomputing output, the decline in China's GDP corresponds to the domestic value-added embedded in its gross exports. A computationally faster equivalent multiplies value-added coefficients by the Leontief inverse and the export vector, allowing decomposition by trading partner.

Mr. Yan reported that both China's gross exports to the United States and the domestic value-added they contain have risen in absolute terms since 2005, but their share of China's GDP has declined markedly. In 2005, around 75% of China's exports to the United States consisted of domestic value-added, equivalent to roughly 6.5–7% of China's GDP. By 2022, the domestic share increased slightly to about 80%, yet the value-added represented only around 2.4% of GDP—reflecting structural upgrading, declining reliance on U.S. demand and increasing diversification of export markets.

He also highlighted significant third-country involvement: about 16% of the value-added embodied in China–U.S. trade originates from economies other than China or the United States. This implies that bilateral disruptions create global spillovers, including feedback effects on the United States itself. Economies such as Taiwan and South Korea face relatively small absolute exposure but meaningful impacts relative to their GDP.

Mr. Yan concluded that approximately 2.4% of China's GDP is directly exposed through domestic value-added in exports to the United States. While this is an accounting measure rather than a structural impact estimate, it illustrates both China's declining dependence on the U.S. market and the extensive third-country linkages embedded in contemporary global supply chains.

Factors Affecting the International Communication of the Corporate Social Responsibility Image of Chinese Enterprises under the Belt and Road Initiative (Central and Eastern Europe)

Dr. Kateryna STETSIUK (Shanghai University)

Dr. Stetsiuk examined the factors shaping how Chinese enterprises communicate their corporate social responsibility (CSR) under the Belt and Road Initiative (BRI) in Central and Eastern Europe (CEE). She defined the region as encompassing Central Europe, Eastern Europe and the Balkans—areas marked by diverse historical trajectories, varied institutional affiliations (EU and non-EU members) and differing relationships with China, including participation in the "14+1" dialogue mechanism.

CSR was defined as a business model incorporating economic, legal, ethical and philosophical responsibilities. The study employed a qualitative approach, analysing CSR-related communication reported in local media across four CEE countries: two EU members and two non-members, all participants in the "14+1" framework and signatories to BRI memoranda.

Findings were derived from five sector-specific case studies. For BYD's electric-vehicle plant in Hungary, CSR messaging that emphasised green energy, local job creation and alignment with EU regulatory standards generated broadly positive media reception. The Kostolac power-plant project in Serbia faced environmental concerns and delays; however, reported improvements in environmental performance produced a mixed—though not negative—public image. The HBIS Group's acquisition and modernisation of the Smederevo steel plant in Serbia was portrayed as an economic success, restoring profitability and sustaining thousands of local jobs, though subsequent EU tariffs introduced external pressures. The Pelješac Bridge project in Croatia, constructed by the China Road and Bridge Corporation (CRBC), received largely favourable coverage for enhancing tourism prospects and regional connectivity. CRBC's highway project in Montenegro, despite technical challenges and partial completion, resulted in additional contracts being awarded.

Dr. Stetsiuk concluded that Chinese enterprises communicate CSR primarily through official websites, local media and sponsored content. Media interpretation varies significantly: EU member states tend to present more critical coverage, whereas non-member states exhibit more favourable reporting. Key stakeholders include national governments, local communities and the general public. Challenges arise from regulatory requirements, environmental concerns and cultural communication gaps, while opportunities stem from the region's openness to Chinese investment. Overall, CSR strategy and framing depend heavily on media environments, public perceptions, stakeholder engagement and local cultural expectations.

Discussion

The discussion brought into focus the governance implications of common ownership, the measurement of value added in global trade, and the communication strategies of Chinese enterprises operating under the Belt and Road Initiative. A major theme concerned the distinctiveness of common-ownership structures in China, particularly the difference between central state-owned enterprises (CSOEs) and the passive institutional investors typical of the United States. Participants examined how China's experience challenges conventional assumptions by showing that common ownership, when embedded in active governance networks, can generate positive performance effects through strengthened coordination, deeper oversight and improved resource allocation. Questions were raised about potential medium- and long-term risks, yet the consensus emerging from the discussion was that observed improvements in credit ratings and performance metrics reflected substantive gains rather than administrative preference, especially given the lagged timing between mergers and financial outcomes.

Attention then shifted to the analysis of domestic value added within China–U.S. trade flows. The limitations of gross export statistics were emphasised, particularly in a world where supply chains span multiple economies and embed substantial third-country value added. Participants noted that input–output methods offer greater transparency and stability than many computable general-equilibrium models, especially given the availability of consistent long-term OECD data. The conversation also explored how economic spillovers associated with bilateral tensions—described as "collateral damage"—affect third-party economies whose value added is embedded within China–U.S. trade. This perspective underscored the extensive interdependence underpinning global production networks and highlighted the difficulty of isolating purely bilateral effects in an increasingly interconnected system.

The final part of the discussion turned to the communication of corporate social responsibility (CSR) by Chinese enterprises in Central and Eastern Europe. Participants examined the challenges facing firms operating across diverse media environments and regulatory settings, noting the significant variation between EU member states and non-EU countries in the region. The examples discussed illustrated how environmental concerns, project delays and local political sentiment shape the public framing of Chinese-backed projects, while also revealing the importance of adapting CSR narratives to local expectations and institutional norms. The discussion suggested that while Chinese enterprises increasingly employ multiple channels—from official websites to local media partnerships—the effectiveness of these strategies depends heavily on the specific social and cultural contexts in which projects are embedded.

Taken together, the discussion illuminated the complex institutional, analytical and communicative challenges that arise as China's economic reach expands. It highlighted the need for governance frameworks, measurement tools and CSR strategies that remain responsive to the diverse environments in which Chinese firms and state actors operate.

Session 7 (Policy Panel):
China’s Multidimensional Engagement

Session Overview

Chair: Ray POON (Assistant Director)

(In collaboration with Young China Watchers)

As global systems undergo significant recalibration, China’s external engagement increasingly spans diverse domains—from commodities and philanthropy to regional diplomacy. This session examines how China’s outward-facing strategies evolve amid shifting geopolitical expectations and rising demands for trust, transparency and institutional credibility. By analysing issues such as pricing power in critical minerals, the structure of outbound philanthropy and the ideational dimensions of regional diplomacy, this session provides a multidimensional perspective on how China navigates its expanding international responsibilities while seeking to shape emerging global norms.

From Copper to Trust: Hong Kong's Strategic Role in China's Global Non-Ferrous Metals Ecosystem

Mr. Kammy LEUNG (Ks Solutions Limited)

Mr. Leung opened by noting that his perspective derives from industry practice in logistics and supply-chain strategy rather than academic research. He highlighted the recent establishment of a London Metal Exchange (LME) delivery warehouse in Hong Kong, framing it as a strategic opportunity for the city to build a new commodity-trading ecosystem and to help China shift from production dominance to greater influence over global price formation.

He outlined China's position across the non-ferrous metals value chain. Upstream, Chinese firms have acquired mining assets across Africa and Central Asia, securing access to copper, nickel, lithium and rare earths critical to new-energy industries. In the midstream segment, China controls more than half of global smelting and refining capacity, supported by an integrated manufacturing base and large-scale technological capability. Downstream, China is the world's largest consumer and producer, manufacturing more than half of global electric vehicles, solar equipment and electrical appliances.

Despite this industrial strength, Mr. Leung stressed that China remains weak in pricing power. International benchmarks for copper, nickel and other metals continue to be set by the LME and CME, based on standards instituted decades ago by Western institutions. This leaves Chinese producers exposed to volatility and elevated hedging costs. He argued that some existing specifications—such as purity requirements designed for legacy industrial uses—do not reflect current demand profiles, particularly for metals now indispensable to batteries and renewable-energy systems.

Mr. Leung proposed the development of new commodity benchmarks, including standards for "green metals" defined by carbon footprint, recycled content or other sustainability metrics. Establishing such standards would enhance transparency, certification and responsible sourcing, all increasingly important amid rising global ESG expectations. However, he emphasised that trust is scarce and costly within today's fragmented supply-chain environment.

Here, Hong Kong's potential role is pivotal. With its robust legal framework, international reputation and status as a financial and logistics hub, Hong Kong is well positioned to serve as a centre for trusted commodity certification. Mr. Leung highlighted the outdated reliance on physical paper warrants in metals trading and advocated for digital "commodity passports" capable of tracking materials across borders, improving traceability and reducing financing costs.

He concluded that China provides the industrial and material capabilities, while Hong Kong can supply the trust infrastructure and global connectivity required for modern commodity markets. By advancing digital systems and impartial standards, Hong Kong can evolve into a global trust centre linking Chinese producers with international markets and enabling the development of a new, more transparent commodity-trading ecosystem.

Global Goodwill: Chinese Philanthropy's Outbound Strategy in a Reconfiguring World

Mr. Vincent CHENG (Asia Futures)

Mr. Cheng framed his presentation around the sharp contraction in global development funding in 2025, as the United States enacted major cuts to overseas assistance and European donors increasingly redirected resources toward domestic needs. This tightening environment has placed significant strain on NGOs worldwide while simultaneously creating space for China to assume a more stabilising regional role.

To assess China's potential in this context, Mr. Cheng outlined the structure of Chinese philanthropy. Beyond well-known corporate and individual foundations, China maintains an extensive network of government-affiliated "systematic foundations" connected to schools, community organisations and provincial structures. This produces a philanthropic ecosystem marked by deliberate public–private linkage. In contrast to U.S. and European foundations—where institutional independence from the state is often emphasised—Chinese philanthropic actors tend to work in alignment with government priorities. Donation patterns frequently follow business or hometown ties, and corporate foundations integrate their activities with national objectives such as poverty alleviation and rural revitalisation.

Mr. Cheng illustrated these dynamics through China's coordinated domestic and international response during COVID-19, when state organs, SOEs, private firms and philanthropic organisations mobilised jointly. He noted that corporate philanthropy increasingly adopts "shared value" approaches connecting commercial interests with social impact, citing examples such as TCL's technical-training initiatives and programmes developed by Alibaba and Tencent.

Turning to China's global development engagement, he distinguished Western "official development assistance" from China's term "foreign assistance." China channels the bulk of its overseas support through the Belt and Road Initiative and the Global Development Initiative, with a strong focus on economic and industrial cooperation. Between 2000 and 2023, most Chinese aid targeted infrastructure, energy, mining, equipment and construction—sectors aligned with China's overseas commercial presence. By comparison, humanitarian and crisis-response assistance remains relatively modest.

Given this structure, Mr. Cheng argued that China is unlikely to replace declining U.S. and European development funding in the short term. While Chinese firms are increasingly active abroad—for example, Sany Group's demining activities in Cambodia—these efforts remain fragmented and are not yet integrated into a coordinated national strategy.

He concluded that China possesses the institutional capacity to build a unified outbound development system, analogous to its well-coordinated domestic poverty-alleviation architecture. However, such alignment has not yet emerged. As the Global Development Initiative evolves, China may gradually move toward a more integrated model over the next three to five years, aligning government agencies, corporate actors and philanthropic organisations into a coherent framework for overseas development engagement.

Beyond Infrastructure: The Multidimensional Nature of China's Water Diplomacy in Central Asia

Mr. Oscar SHUM (SEC Newgate China)

Mr. Shum examined an often-overlooked dimension of Chinese foreign policy: its expanding engagement in Central Asia. He opened with a 2024 incident in Kazakhstan, where President Putin's description of Kazakhstan as a "Russian-speaking country" prompted a firm linguistic response from the Kazakh president. This exchange underscored deeper regional sensitivities surrounding identity, sovereignty and geopolitical influence—contexts in which China now plays an increasingly prominent role.

To analyse China's approach, Mr. Shum employed a Lukes' framework of power. Visible power refers to China's growing economic weight, illustrated by China recently surpassing Russia as Central Asia's largest trading partner. General power encompasses institutional and economic platforms—such as the Shanghai Cooperation Organisation (SCO) and the Belt and Road Initiative (BRI)—that embed China within regional governance structures. Most important in his assessment is ideational power: efforts to build trust, legitimacy and normative consent that allow China to shape regional order beyond material capabilities.

He argued that China's role should be understood across three historical phases. Under the Soviet system, resource governance—especially land and water—was highly centralised. Following the Soviet collapse, the region entered a fragmented era characterised by institutional gaps and frequent conflict. New coordination mechanisms, such as the Interstate Commission for Water Coordination, emerged to fill this vacuum. Since 2010, China has assumed a more active role, providing governance tools, infrastructure and diplomatic mediation that contribute to stabilising the post-Soviet landscape.

To explore China's discursive strategy, Mr. Shum conducted a corpus-based analysis of speeches, Ministry of Foreign Affairs statements and SCO documents from 2012 to 2025. Across sources, the terms "collaboration" and "development" consistently surfaced as central themes. Before the BRI's launch, China often described Central Asia as "Eurasia," primarily a transit corridor. After the BRI, the region was framed as a strategic partner, with discourse emphasising mutual trust, shared futures and deeper integration—elements aimed at cultivating normative consent.

Water governance served as a core case study. Mr. Shum stressed that water in Central Asia is politically sensitive and closely tied to national survival. China adopts a neutral posture, offering technical support, infrastructure and mediation—evident in projects such as Tajikistan's Rogun Dam—while avoiding coercive demands over allocation. This approach helps build long-term trust and reinforces China's image as a responsible regional actor.

Mr. Shum emphasised that the research is at an early stage. Future work will incorporate Central Asian perspectives through media analysis and opinion data, and expand thematically beyond water to energy, transport and potentially other regions such as the Arctic or Africa. He concluded that China's strategy in Central Asia increasingly depends on ideational power: not merely seeking influence but cultivating consent, positioning China as a trusted and constructive regional partner.

Discussion

The discussion brought together themes at the intersection of commodity-market dynamics, development assistance, and the evolving role of soft power in China's regional diplomacy. A central thread focused on the tightening supply conditions in global non-ferrous metals markets, especially copper, which has become increasingly critical to AI infrastructure, data-centre construction and high-capacity electrical systems. Participants noted that structural deficits—driven by accelerating technological demand and slow development of new deposits—have pushed prices sharply upward, reflecting genuine supply-demand imbalances rather than speculative distortions. The conversation also highlighted the contrasting mechanics of different trading venues, with the London Metal Exchange characterised by large speculative volumes and extremely limited physical delivery, while the Shanghai Futures Exchange operates with a more physical-market orientation. These contrasts underscored the need for Hong Kong to strengthen its own financial infrastructure, improve traceability and adopt digital tools to support more efficient pricing and risk management as it positions itself within China's broader commodity-trading architecture.

The discussion then turned to China's development-assistance model, especially in light of declining overseas funding from the United States and parts of Europe. Participants compared China's infrastructure-driven approach—centred on energy, transport, construction and bundled economic cooperation—with Western models that place greater emphasis on health, education and social services. While China's model has demonstrated strong implementation capacity, it was noted that its scope remains narrower than established Western aid systems, particularly in humanitarian and crisis-response domains. The conversation also explored whether high-quality infrastructure could indirectly reduce fragility in certain regions, though participants acknowledged that political interpretation and local conditions heavily shape such outcomes. Opportunities for private-sector participation were also recognised, particularly in scalable models such as e-commerce-based poverty-alleviation initiatives, though geopolitical sensitivities pose reputational risks for Chinese firms operating abroad.

A final strand of discussion examined China's soft-power strategy in Central Asia, with particular attention to how influence is cultivated in the absence of a strong security presence. The conversation emphasised the importance of trust-building mechanisms, including water-management cooperation, long-term technical engagement and integration into regional governance frameworks. Participants noted that China's emphasis on narratives of shared destiny, developmental partnership and non-intervention shapes an alternative mode of influence distinct from Russia's security-centric posture. Examples were highlighted of Chinese-backed projects employing significant numbers of local workers, thereby strengthening community-level legitimacy. Suggestions were also made to deepen the use of cultural heritage themes—such as Silk Road imagery—and engage more directly with local communities to reinforce perceptions of mutual benefit.

Overall, the discussion underscored the interconnected pressures shaping China's outward engagement: resource constraints amid technological transformation, divergent global development approaches and the rising importance of non-military tools of influence across strategically sensitive regions.

Session 8 (Policy Panel):
Educating for a Changing China

Session Overview

Chair: Ray POON (Assistant Director)

(In collaboration with Digital and Humanities Education Association)

Rapid technological advancement and evolving national priorities are reshaping how young people in Hong Kong learn about their society, culture and future roles. This session highlights the growing pressures on educators as they integrate digital tools, interpret curriculum reforms and maintain professional agency in a shifting policy environment. By examining the intersection of AI-enabled pedagogy, cultural education and the human costs of curriculum transition, the session underscores the broader challenge of preparing learners—and teachers—for a changing China and an increasingly digital world.

Reshaping History Education in the Digital Age: Concerns and Readiness of Hong Kong pre-service Teachers

Dr. HUNG Chiu Lung (Queen Elizabeth School Old Students' Association Tong Kwok Wah Secondary School)

Mr. Hung examined how artificial intelligence is reshaping history education in Hong Kong and what this transformation means for preparing the next generation of teachers. Drawing on his dual experience as vice-principal and teacher-educator, he highlighted a central concern: although today's pre-service teachers have grown up in a digital environment, they are not "native" to the AI era. Most have received little systematic training in AI-supported pedagogy yet are increasingly expected to integrate new tools into their classroom practice.

His study followed nine postgraduate teacher-training students specialising in history. Through surveys, classroom observations and follow-up interviews, he explored their readiness, expectations and apprehensions regarding AI-enhanced instruction. While AI has become common in language and science teaching to boost engagement, history presents unique challenges because the discipline depends on accuracy, sourcing practices and interpretation. Trainees therefore expressed concerns about AI hallucinations, misinformation and the risk of reproducing biased historical narratives.

Overall, the trainees demonstrated initiative. Many attended AI-related workshops, experimented with available tools and attempted to incorporate AI during school placements. Roughly two-thirds used AI to prepare lesson materials, and all noted that AI improved their efficiency and helped stimulate student interest. Yet they also encountered substantial constraints. Some placement schools continued to prohibit student use of digital devices, limiting opportunities for classroom experimentation. Trainees also had to navigate inconsistent school policies, multiple platforms and fears of plagiarism or excessive reliance on AI-generated responses.

Using case examples, Mr. Hung illustrated creative applications: generating historical images to explain the 1948 Berlin Crisis, designing dialogues with historical figures and using AI to evaluate the accuracy of primary-source materials. In contexts where student use was restricted, trainees used AI behind the scenes to refine lesson plans or produce clearer instructional content.

Trainees were keenly aware of both possibilities and risks. They believed AI could enhance student engagement, improve writing structure and support multi-perspective analysis. However, they also worried about systematic bias in AI-produced outputs—especially for Cold War topics dominated by Western narratives—and emphasised the continued importance of historical thinking, source evaluation and evidence-based reasoning.

Mr. Hung concluded that AI will not replace teachers, but it will replace those who refuse to engage with it. He called for systematic teacher-training reforms, including stronger school-level support, curated AI-aligned resources, guidance on detecting misrepresentations and explicit instruction in prompt design. Ultimately, he argued, future teachers must learn to use AI thoughtfully—not for its own sake, but to enrich historical inquiry and cultivate more critical, discerning learners.

Digital Applications in Chinese Food Culture Education

Dr. SIU Yan Ho (Hong Kong Baptist University)

Dr. Siu discussed how digital tools and artificial intelligence can be integrated into teaching Chinese culinary culture, drawing on his experience delivering general-education courses at Hong Kong Baptist University and conducting community-based workshops in schools and public libraries. He began by noting a core pedagogical challenge: while “Chinese culture” may feel abstract or distant to many young learners, food culture—dim sum, noodles, tofu, oyster sauce and everyday Hong Kong eating habits—is familiar and immediately relatable. His course, Chinese Culture in the Community, uses this accessibility as an entry point, with AI serving as a bridge between traditional heritage and contemporary learning.

The course follows a service-learning model built on three components: university knowledge, collaboration with community partners and experiential engagement. In recent years, AI has become a fourth element, transforming the triangular framework into a square. Students research Chinese cultural topics, explore local food traditions and then use AI tools to enrich both their inquiry and their community-facing presentations.

The pedagogy comprises three stages. First, students conduct foundational academic research on selected cultural or culinary topics. Second, they use AI search and analysis tools to expand, verify or challenge their findings—for example, comparing historical materials with AI-generated explanations to assess accuracy, identify bias and detect missing perspectives. Third, students employ AI-based image-generation tools to visualise cultural concepts, an approach especially effective in a mixed-discipline general-education classroom where some students struggle with textual expression but excel with visual or design-oriented communication.

Dr. Siu illustrated this process with case studies. Students researching Cantonese wonton noodles or traditional seafood practices in the Greater Bay Area combined archival sources with AI-generated contextual information, then compared the two. They conducted interviews with shop owners and paired their own micro-level questions with AI-suggested macro-level inquiries about policy, economics or social trends, creating a research framework that blended lived experience with broader structural perspectives.

AI-generated images also supported outreach to primary-school pupils and elderly learners. Concepts such as dim sum history or traditional cooking techniques were translated into accessible visual materials to replace dense textual explanations. Even when no historical images exist, AI allows students to simulate early forms of pastries, steamed buns or past culinary methods, making abstract heritage more tangible.

Dr. Siu emphasised that AI does not replace authentic learning; instead, it enables students to “move from reality to the virtual, then back to reality.” Digital experimentation deepens engagement, which students then test and refine by returning to real-world sites—fisheries, markets and heritage shops—to confirm and extend their understanding.

He concluded that integrating AI helps humanities students enter digital learning with confidence, fosters multimodal literacy and strengthens community connections. By blending academic research, cultural heritage and creative digital tools, Chinese culinary education becomes more dynamic, accessible and relevant to diverse learners.

The Human Costs of Reform: Teacher Agency and Policy Enactment in the Transition from Liberal Studies to Citizenship and Social Development

Mr. POON Sing Yu (Concordia Lutheran School)

Mr. Poon examined the human and professional implications of Hong Kong’s curriculum reform, focusing on the transition from Liberal Studies (LS) to Citizenship and Social Development (CS) after 2021. He first highlighted the pedagogical differences between the two subjects. LS emphasised multi-perspective inquiry, open-ended discussion and student-driven exploration, with teachers acting as facilitators guiding debate and project learning. In contrast, CS prioritises values education, factual knowledge and national identity, with the Education Bureau prescribing more structured content delivery. As a result, classroom practices have become more standardised, offering teachers less flexibility than before.

His research explores the human processes behind this shift, analysing how frontline teachers interpret, negotiate and experience the reform. Drawing on policy enactment theory and ecological agency theory, he emphasised that implementation is shaped not only by policy design but also by school culture, teachers’ professional beliefs and the interplay between past LS identities and present CS expectations.

Initial findings from two pilot interviews reveal three key themes. First, teachers feel heavily burdened by administrative responsibilities linked to CS, such as coordinating Mainland study tours, handling travel documents and meeting participation KPIs. Many reported that administrative demands increasingly displace pedagogical work, leaving them feeling more like logistics coordinators than curriculum practitioners.

Second, the political sensitivity of certain content encourages defensive teaching. To ensure compliance and avoid risk, some teachers rely solely on government-issued textbooks and PowerPoints, avoiding self-developed materials. This tendency reduces classroom interaction and limits the creative pedagogical practices previously associated with LS.

Third, teachers encounter substantial emotional labour. Even when personally uncertain about the curriculum shift, they must display professionalism and neutrality in the classroom while managing diminished autonomy. Contract teachers in particular feel constrained by hierarchical structures, with limited space to reinterpret expectations or exercise professional judgement.

Case illustrations highlighted these dynamics. One panel head described feeling “more like a travel agent” when managing tour logistics, while another deliberately restricted lessons to prescribed materials to minimise risk. Across cases, teacher agency was curbed either by workflow demands or institutional hierarchy.

Mr. Poon concluded that curriculum reform carries significant human costs. Over-standardisation and administrative overload threaten teaching quality and erode professional identity. He argued that effective implementation requires stronger support systems, reduced administrative pressure and greater room for teacher judgement, ensuring both teacher well-being and the long-term success of CS.

Discussion

The discussion explored the evolving relationship between digital innovation, curriculum reform and teacher agency within Hong Kong's education landscape. A major theme concerned the shifting meaning and pedagogical space of "critical thinking" under the restructured subject framework. Participants observed that the transition from the former Liberal Studies model—characterised by open inquiry and multi-perspective analysis—to the newer, more structured subject framework has reshaped how critical engagement is understood and practiced. The redefinition of critical thinking as "discernment thinking," emphasising factual grounding and the evaluation of source reliability, was highlighted as indicative of a broader shift toward clarity and control. Yet, this shift also raises questions about how teachers can maintain intellectual openness within a more tightly bounded curricular environment and how students can be encouraged to exercise independent judgement without departing from official guidelines.

The conversation then turned to the evolving role of partnerships in digital cultural education, especially in the context of teaching Chinese food culture and broader heritage topics. Participants emphasised that collaboration with NGOs, museums, commercial organisations and community practitioners has become increasingly important for bringing abstract cultural knowledge into real-world contexts. Such partnerships were seen as particularly valuable in service-learning models, where students combine academic understanding with community engagement. The potential for multi-stakeholder frameworks—linking universities, schools and public institutions—was also discussed, with participants noting that these models could broaden the social impact of digital humanities initiatives and help anchor culturally diverse learning experiences across different segments of society.

Teacher identity and professional agency formed a third thread of the discussion. The group considered how ongoing curriculum reforms and the expansion of administrative responsibilities have reshaped teachers' daily work and sense of autonomy. Reports of risk-averse teaching practices, reduced opportunities for creative lesson design and the growing burdens of logistical tasks—such as coordinating mainland study tours in some subjects—pointed to the human costs of reform. Participants noted that while pre-service and in-service training opportunities exist, teachers often find these programmes overly theoretical or insufficiently connected to classroom realities. Institutional barriers, including heavy workloads and limited school-level support, were identified as further obstacles to effective professional development.

Finally, the integration of AI tools in teaching sparked thoughtful discussion. Participants highlighted both the opportunities and concerns associated with AI-driven lesson design, source evaluation and student engagement. While AI can enhance visualisation, simulation and inquiry-based learning, accuracy and verification remain pressing concerns, particularly in historical and culturally sensitive subjects. The conversation underscored the need for clear guidance, robust pedagogical frameworks and a balanced approach that supports experimentation without compromising academic integrity.

Overall, the session portrayed a complex educational landscape in which innovation, reform and professional identity intersect, revealing both the promise and the pressures shaping Hong Kong's evolving teaching environment.

Session 9 (Policy Panel):
15th Five-Year Plan and the Northern Metropolis

Session Overview

Chair: Ray POON (Assistant Director)

This session examines one of Hong Kong's most consequential strategic questions: how the city can position itself proactively as China prepares the 15th Five-Year Plan. As the mainland enters a phase shaped by high-quality development, structural adjustment and deepened regional integration, Hong Kong faces growing expectations to convert national directives into coherent local strategies. By exploring the Northern Metropolis as a platform for institutional innovation, cross-boundary coordination and long-term economic restructuring, this session highlights why forward-looking planning and governance reform will be central to Hong Kong's next stage of development.

Leveraging the Northern Metropolis for Proactive Alignment with the 15th Five-Year Plan

Edward LAU, MH, JP (Advisory Committee on the Northern Metropolis)

Mr. Lau opened by expressing appreciation for the opportunity to return to his alma mater and engage with scholars on Hong Kong's strategic development. Drawing on his long experience as a district councillor and legislator for the New Territories North, he stated that his current focus is to contribute professionally to the new phase of the Northern Metropolis. He framed his remarks around Hong Kong's role in proactively aligning with national priorities, particularly in the contexts of the great rejuvenation of the Chinese nation and ongoing global transformations.

He argued that Hong Kong must reassess its positioning as the "14th Five-Year Plan" transitions to the forthcoming "15th Five-Year Plan," highlighting three central tasks: coordinating security and development, enabling deeper cross-boundary flows of talent, capital and data, and strengthening innovation ecosystems. Hong Kong, he suggested, should move beyond the role of passive connector to become an active, value-adding contributor to national strategies, especially in finance, innovation and technology.

Turning to the Northern Metropolis, Mr. Lau underscored its significance as a central driver of Hong Kong's economic transformation. In comparing it with the Hetao Shenzhen–Hong Kong Innovation and Technology Park, he contended that the Northern Metropolis offers broader integration across industry, research, urban development and cross-boundary systems. He proposed upgrading the Hetao platform within the "four major cooperation platforms" of the Greater Bay Area and aligning the San Tin Technopole with Shenzhen's larger land base to establish a more balanced and synergistic development zone.

Mr. Lau then outlined the institutional reforms needed to support such ambitions. He emphasised the importance of new legislative frameworks that facilitate cross-boundary flows—particularly of capital, data and professional services—to enhance legal certainty and promote more unified governance. He noted emerging opportunities in coordinated regulation, such as joint oversight of low-altitude economy initiatives, and the potential to expand cross-boundary public services.

He further suggested innovative cooperation mechanisms, including co-developed industrial parks with other Greater Bay Area cities and shared investment funds to balance interests between Hong Kong and mainland partners. For industrial development, he argued that the Northern Metropolis should prioritise three clusters: an international education hub drawing on Hong Kong's globally ranked universities; a medical-innovation zone anchored by the new third medical school; and a green-tech and green-finance cluster building on Hong Kong's financial strengths.

Mr. Lau concluded that the Northern Metropolis should concentrate its resources on a small number of strategic sectors capable of fostering long-term integration and advancing national developmental goals.

Key Challenges in the Northern Metropolis and Pathways to Solutions

Prof. MA Xianbiao (The Chinese University of Hong Kong)

Prof. Ma traced the origins of the Northern Metropolis, first proposed in early 2022 and later formalised in that year's Chief Executive's Policy Address. He argued that the Northern Metropolis should not be regarded simply as a local development initiative but envisioned as an "Asia Northern Metropolis" and a "Northern Metropolis of the World"—a strategically positioned hub capable of revitalising Hong Kong's economy and strengthening its international role. While early political momentum generated strong expectations, he noted that articulating a clearer and more unified long-term development vision remains important for guiding public understanding and fostering collective confidence.

Reviewing subsequent developments, he highlighted the 2023 Northern Metropolis Action Agenda, which provided broad direction but limited operational detail. The Agenda emphasised land development—including land acquisition, site formation and infrastructure—as the foundation for Hong Kong's future economic trajectory. It also delineated four functional zones: professional services, logistics, innovation and technology, and ecological-recreational development. Prof. Ma observed that further refinement of institutional arrangements for land governance would help align implementation mechanisms with strategic aspirations.

Turning to the 2025 Policy Address and the establishment of the Northern Metropolis Development Committee, he noted the government's continued emphasis on accelerating land development through legislative and administrative streamlining. He underscored that many technical issues, including planning coordination and long-term spatial design, are still actively being explored within the professional community—an expected process given the scale and complexity of the project.

Examining the Committee's three working groups—development models, the university town and planning and development—Prof. Ma described the importance of ensuring well-matched leadership roles and expertise to strengthen the overall governance architecture. He highlighted opportunities to enhance private-sector participation and deepen market engagement, noting that a shared long-term vision and strengthened planning frameworks will be essential in building confidence across stakeholders.

Prof. Ma emphasised that institutional innovation will be crucial for advancing such a large-scale initiative. He reiterated proposals such as establishing a dedicated development authority and called for the creation of a comprehensive research institution to support strategic planning, evidence-based policymaking and cross-sector coordination. He concluded by identifying priority areas—including land-transport integration, financing mechanisms, cultural-tourism development and the expansion of the university town—and encouraged deeper collaboration among Hong Kong, Shanghai and Greater Bay Area partners to ensure the Northern Metropolis becomes a genuine GBA engine.

Hong Kong's New Role in Light of the "15th Five-Year Plan" Proposal

Prof. MAO Yanhua (Sun Yat-sen University)

Prof. Mao began by situating his remarks within recent outreach and research on national planning priorities. He noted that Hong Kong's development is increasingly shaped by mainland economic dynamics and framed his analysis of the forthcoming "15th Five-Year Plan" around three core tasks: advancing high-quality growth, building a new development paradigm and promoting common prosperity.

Reviewing the macroeconomic environment, he observed that although the global outlook shows resilience, China faces simultaneous cyclical, structural and trend-level challenges. Cyclically, post-pandemic balance-sheet repair by local governments, firms and households has constrained consumption, resulting in softer nominal growth and continued price declines across goods and services. Structurally, traditional drivers remain dominant: manufacturing value-added is still concentrated in conventional sectors, while newer drivers such as the digital economy, AI and new energy have yet to scale sufficiently. At the trend level, he pointed to a natural moderation in growth as per-capita income rises. Indicators of this slowdown include sequential GDP deceleration, weak nominal performance, deflationary pressures, declining corporate profits and sharp reductions in real-estate investment.

Prof. Mao highlighted an external–domestic divergence. Exports remain strong, with a widening trade surplus supported by robust shipments to ASEAN, the EU and Belt and Road markets, even as exports to the United States weaken. He argued that U.S. "manufacturing reshoring" faces cost and capacity constraints, sustaining U.S. demand for imports. In contrast, domestic demand is subdued: consumption momentum has faded after early-year policy support, fixed-asset investment remains weak and urban employment and logistics activity have not fully returned to pre-pandemic levels.

Turning to strategy, Prof. Mao outlined four policy pillars for high-quality development: accelerating industrial upgrading and digital transformation of traditional sectors; scaling strategic emerging industries; strengthening modern services; and advancing the green transition to enhance competitiveness. To expand domestic demand, he called for demand-side measures, targeted consumer incentives and more efficient public investment. He also urged deeper institutional opening—including trade and investment facilitation, attracting high-quality FDI and aligning with international economic rules—alongside efforts to enhance livelihoods, improve public services and modernise agriculture through technology.

Positioning Hong Kong within the 15th Plan, Prof. Mao identified three key roles: serving as an international innovation centre grounded in strong basic research; acting as an operations and management hub for enterprises "going out"; and functioning as a magnet for top talent and technology. He further emphasised Hong Kong's role as a high-end factor-flow platform within the Greater Bay Area, supporting market integration, dual-circulation connectivity and institutional opening. He concluded by highlighting opportunities for the Northern Metropolis to carry these functions, strengthen regional coordination and expand cultural and public-service collaboration to support inclusive growth.

Discussion

The discussion explored the evolving relationship between digital innovation, curriculum reform and teacher agency within Hong Kong's education landscape. A major theme concerned the shifting meaning and pedagogical space of "critical thinking" under the restructured subject framework. Participants observed that the transition from the former Liberal Studies model—characterised by open inquiry and multi-perspective analysis—to the newer, more structured subject framework has reshaped how critical engagement is understood and practiced. The redefinition of critical thinking as "discernment thinking," emphasising factual grounding and the evaluation of source reliability, was highlighted as indicative of a broader shift toward clarity and control. Yet, this shift also raises questions about how teachers can maintain intellectual openness within a more tightly bounded curricular environment and how students can be encouraged to exercise independent judgement without departing from official guidelines.

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Overall, the session portrayed a complex educational landscape in which innovation, reform and professional identity intersect, revealing both the promise and the pressures shaping Hong Kong's evolving teaching environment.

Session 10 (Policy Panel): Alignment of Shanghai, HK and the National Strategy

Session Overview

Chair: Ray POON (Assistant Director)

As national development priorities evolve, the relationship between Hong Kong, Shanghai and China's broader strategic direction has become increasingly significant. This session considers how different governance models, historical roles and institutional capacities can be aligned to support national objectives—from innovation and logistics upgrading to rule convergence and international engagement. By situating both cities within long-term national trajectories and examining the mechanisms that enable cross-system collaboration, the session provides a timely perspective on how regional centres can reinforce one another while collectively contributing to China's wider development vision.

Hong Kong's Unique Role Across Different Stages of National Development

Prof. SUNG Yun Wing (The Chinese University of Hong Kong)

Prof. Sung began by noting that earlier speakers had addressed Hong Kong's current challenges, and he positioned his remarks within a broader historical trajectory. He examined Hong Kong's "special role" at successive stages of the People's Republic's development—standing up, becoming prosperous and growing strong—emphasising that since 1949, central leaders have consistently viewed Hong Kong as a strategic asset to be "fully utilised over the long term."

He traced this role to the founding period. Although the People's Liberation Army could easily have crossed the Shenzhen River, the mainland chose not to change Hong Kong's status, recognising its strategic value as a port. During the Korean War, following the 1951 United Nations embargo, Hong Kong served as a key conduit for restricted materials, supported by patriotic Chinese merchants who facilitated covert shipments. Even earlier, during the War of Resistance against Japan, Hong Kong had acted as a vital gateway: between 1938 and 1941, roughly 75% of China's foreign-supplied wartime materials entered through Hong Kong before travelling inland via the Guangzhou–Hankou railway, until Japanese occupation severed these routes.

Prof. Sung argued that Hong Kong also played significant roles during nation-building and the socialist-transition period. Before 1949, the city provided propaganda channels for the Communist movement through newspapers such as Wen Wei Po and Ta Kung Pao, and served as a hub for materials, intellectuals and overseas Chinese remittances. After 1949, despite embargo pressures, Hong Kong remained China's main window to the capitalist world, sustaining re-exports to Southeast Asia and Taiwan and generating essential foreign exchange. He highlighted the contributions of Hong Kong-based scientists, including Prof. Cao Ruchang, who connected China to international academic networks and helped mobilise overseas expertise.

Turning to reform and opening, he described Hong Kong as both a major supplier of capital, equipment and managerial know-how, and an institutional catalyst. By the mid-1990s, around two-thirds of China's exports and inward investment were processed through or originated from Hong Kong. He added that Hong Kong's market mechanisms exerted "reverse pressure" that helped accelerate mainland reforms, with exchange-rate adjustments as one example.

Addressing the current stage of "growing strong," Prof. Sung stressed that China's pursuit of high-standard international rules, deeper service-sector opening and stronger global governance participation again highlights Hong Kong's relevance. He pointed to long-standing frameworks such as CEPA and recent initiatives promoting rule alignment between Qianhai and Hong Kong. He concluded that Hong Kong remains an indispensable platform for advancing China's soft power, international engagement and civil-society outreach, offering a diverse environment that complements the mainland's state-led structures.

China's Green Fuel Strategy for Shipping in Globalization Reconfiguration

Prof. HUANG Ming (Fudan University)

Prof. Huang presented a policy-industry perspective on green marine fuels, drawing on a consultancy study for the Shanghai Municipal Government. He situated the discussion within two simultaneous global shifts—climate governance and geopolitical restructuring—and noted that three regulatory regimes are driving a rapid, mandatory transition in international shipping: the IMO decarbonisation framework, the EU's FuelEU Maritime regulation and the extension of the EU ETS to shipping. As a major trading nation, the world's largest shipbuilder and home to multiple leading ports, China faces significant compliance pressures and strategic choices.

He defined the "Chinese solution" as a pragmatic pathway that balances international responsibilities with development rights, leveraging China's resource base, industrial system and governance capacity. Reviewing technological options, he outlined the current fuel landscape: LNG as a transitional, low-carbon but not zero-carbon fuel; green methanol as the fastest-scaling pathway attracting substantial capital on the mainland; ammonia as a promising route constrained by toxicity and corrosion issues; hydrogen as a longer-term possibility; and biofuels with near-term applicability but limited feedstocks. He emphasised certification as a core bottleneck, cautioning that fragmented standards—especially EU-centric methodologies—could create de facto green trade barriers without mutual recognition mechanisms.

Prof. Huang characterised the Chinese pathway as a coordinated, system-level approach across technology, industry, markets and governance, marked by three features. First, whole-of-chain coordination aims to improve project economics, deepen emissions reductions, accelerate multi-actor innovation and deliver integrated system solutions; these insights draw on system-dynamics and social-network analyses from pilot projects. Second, a dual-drive model combines "hard" capabilities—technology networks, manufacturing and operational capacity, and extensive port use-cases—with "soft" capabilities in market and trading mechanisms, finance, standards, law, data and international rule-shaping. Third, an effective state–market mix positions government to lead in system design, strategic infrastructure and pilot programmes, while enabling market actors to scale investment, develop financing tools and mobilise domestic demand.

Using Shanghai as a case study, he reported that national ministries have endorsed the city to build an international green marine-fuel bunkering and trading centre, targeting by 2030 million-tonne-level methanol bunkering capacity, more than 1 million m^3 of bonded storage and a closed-loop certification–registration–trading system. Shanghai is prioritising green methanol (with ammonia pursued in parallel), constructing feedstock and infrastructure across chemical parks and ports, developing trading platforms and price indices, and preparing supportive measures on supervision, taxation, standards and service facilitation.

He concluded by identifying persistent challenges—uneven industry incentives, infrastructure gaps, nascent green corridors and limited financial instruments—and proposed Hong Kong–Shanghai complementarities. Hong Kong's strengths in international recognition, market connectivity and standards alignment, he argued, can complement Shanghai's manufacturing and supply-chain capacities to advance a credible and globally interoperable green-fuel ecosystem.

Reconfiguration of Globalization and China's Development

Mr. Gordon KEE (The Chinese University of Hong Kong)

Mr. Kee opened by explaining that his remarks drew on a synthesis of recent policy commentary and earlier research findings, rather than reporting on any specific ongoing project. He proposed analysing Hong Kong's development through a temporal lens, arguing that the territory's policy model, industrial structure and state–market relationship have been continually evolving. From the colonial era's "positive non-interventionism" to the post-handover shifts towards "proactive where appropriate" and more recently "proactive" governance, he traced a move toward more strategic, hands-on state involvement—evident in regional planning with the Pearl River Delta, modern logistics strategies and the Northern Metropolis agenda, alongside institutional adjustments designed to catalyse targeted sectors.

He observed that public debate often centres on whether change is needed, while paying insufficient attention to why change has become necessary. In his view, sustained external shocks—pandemics, financial crises and geopolitical realignments— coupled with internal constraints like economic concentration, necessitate a recalibration of the policy model. Market and capital forces alone, he argued, cannot resolve structural imbalances and may in fact entrench path dependence in property and finance. Accordingly, he advocated that Hong Kong must respond to national strategic priorities— including high-quality growth, new quality productive forces and Greater Bay Area integration—by shifting from a reactive stance to a proactive one: aligning with national directions, upgrading institutional frameworks and deliberately cultivating new industries to strengthen resilience.

Mr. Kee summarised three major transformations over the past five decades. First, the government's role has shifted from administrator to planner, enabler and promoter. Second, policymaking has moved from broad, rules-based facilitation toward targeted institutional design and sector-specific interventions. Third, development priorities have progressed from stability-first and laissez-faire approach to diversified, quality-oriented growth with a stronger capacity to manage risks. He posed a guiding question: do recent policy adjustments adequately reflect shifting internal, external and technology-driven "transformative" factors? His assessment was that a passive, reactive approach can no longer safeguard long-term competitiveness; instead, what is needed is strategic planning, sustained investment and institutional platforms for regional integration.

To illustrate these dynamics, Mr. Kee examined the development of the logistics industry across three policy phases. Under "non-interventionism", the government provided land and basic regulations while market actors drove port and airport expansion. During the "proactive where appropriate" phase, advisory bodies and initiatives emerged, but responses were often reactive, with missed opportunities such as the shelved Lantau logistics park and delays in expanding terminal capacity. In the current "proactive" phase, proposals emphasise upgrading to modern logistics through enhanced land planning, infrastructure development, regulatory connectivity and cross-boundary facilitation.

He concluded that Hong Kong's evolving policy paradigm should position government as strategic planner, market cultivator, system builder and an "upgraded super-connector," enabling industrial upgrading and supporting a more resilient, forward-looking growth model.

Think Tank's Role in Cross-System Collaborative Governance

Mr. Paul YEUNG (One Country Two Systems Research Institute)

Mr. Yeung opened by situating his remarks within the governance challenges of Hong Kong–mainland cooperation, suggesting that current discussions on policy coordination, institutional innovation and "bottlenecks at the top" can be usefully interpreted through the framework of collaborative governance. He explained that his ongoing research examines the role of think tanks as third-party actors within cross-institutional collaboration under "one country, two systems," drawing in particular on experiences from Greater Bay Area (GBA) initiatives. Against the backdrop of deepening integration—reflected in the four major cooperation platforms and successive batches of rule-alignment pilot cases—he argued that the central question has shifted from whether to cooperate to how to do so effectively within distinct institutional constraints.

He outlined three core research questions: how think tanks participate in collaborative systems; which coordination problems they help to address and through what mechanisms; and what forms of influence they exert across different stages of the policy cycle. His methodological approach combines multi-case study design and process tracing, supplemented by first-hand materials drawn from projects in which he has been directly involved.

Turning to empirical evidence, Mr. Yeung presented three illustrative cases. The first concerned the Hetao/Shenzhen–Hong Kong boundary area. He recalled early disputes over ownership and management arising from river realignment and explained how an advisory committee under the Chief Executive's Office convened experts to engage both sides. By reframing discussions away from property claims toward shared development outcomes, the committee facilitated convergence on an innovation-and-technology positioning and ultimately a settlement assigning ownership and management to Hong Kong while enabling complementary facilities in Shenzhen. Here, think tanks functioned as neutral communicators and agenda-setters, helping to break stalemates by refocusing attention on mutual gains.

The second case examined the Nansha advisory committee, which he described as a hybrid "embedded" mechanism. Comprising experts and professionals across 14 task groups—including a policy research and promotion unit—it assisted in translating "Hong Kong-style" institutional features into operational arrangements. This facilitated initiatives in higher education and community development. In this setting, think tanks contributed design input, cross-jurisdictional interpretation and policy brokerage.

The third case addressed cross-border innovation-and-technology industrial-chain collaboration amid competition among mainland locations such as Qianhai/Bao'an, Nansha, Dongguan Binhaiwan and Zhongshan. Practical challenges included aligning with Hong Kong's needs, complementing rather than displacing Hetao, formulating viable cooperation models and securing policy innovation. Think tanks conducted demand mapping for Hong Kong, matched these with mainland capacities and proposed governance structures, contributing to the Chief Executive's decision to prioritise a Hong Kong Investment Corporation partnership with Nansha in life and health technologies.

Mr. Yeung concluded that across agenda-setting, mechanism design and implementation, think tanks act as information intermediaries and policy entrepreneurs. By supplying analysis, mediating preferences and socialising proposals, they help reduce coordination costs and support iterative, rules-based integration across the GBA.

Discussion

The discussion brought into focus the evolving role of Hong Kong within national development, the challenges of cross-system cooperation and the implications of emerging policy priorities for strategic positioning. One major theme concerned the function of think tanks in facilitating collaboration between Hong Kong and the mainland. Participants observed that Hong Kong's independent, NGO-style think tanks and the mainland's university-based policy institutes each possess distinct strengths: Hong Kong organisations excel in stakeholder engagement, policy tracking and understanding local administrative constraints, while mainland institutes possess deeper theoretical capacity and more direct channels for policy transmission. The discussion highlighted the value of combining these complementary attributes to support complex cross-system initiatives, particularly those requiring translation across differing legal, administrative and governance traditions. Suggestions were made to strengthen joint topic selection, embed regular communication mechanisms with relevant government bodies and deepen cooperative research on strategic areas such as the Northern Metropolis and national planning alignment.

A second thread addressed China's green-fuel strategy for the shipping sector and the challenges of aligning domestic advancements with international standards. Participants noted that as China accelerates investment in green methanol, ammonia and other low-carbon fuels, its technological progress increasingly intersects with regulatory frameworks dominated by European institutions. While this creates opportunities for China to shape global rule-making, it also raises obstacles when certification systems or emissions-accounting methods diverge. Discussion emphasised the importance of pursuing mutual-recognition arrangements with international certification bodies and leveraging academic channels for dialogue, given the complexity of direct intergovernmental negotiations. Opportunities were also identified for Hong Kong to contribute to standard-setting through its strengths in legal services, professional accreditation and global market connectivity, enabling it to complement manufacturing-driven innovation emerging from Shanghai and other mainland centres.

The final segment of discussion explored the historical relationship between government intervention and Hong Kong's economic development. Participants challenged simplified narratives of colonial-era "positive non-interventionism," pointing out that Hong Kong's growth was shaped by substantial state action—from large-scale public-housing provision to extensive land reclamation and industrial-land planning. These historical precedents were contrasted with post-handover constraints, including regulatory barriers and stronger environmental opposition, which complicate contemporary efforts to pursue similarly decisive interventions. At the same time, speakers emphasised Hong Kong's enduring strategic value across different stages of national development, recalling past contributions ranging from financial intermediation to the return of scientific talent. The discussion concluded by noting that Hong Kong's future relevance will depend increasingly on its ability to align proactively with national policy directions while preserving the distinct institutional advantages that enable it to act as a bridge between domestic and international systems.

Overall, the session underscored the interconnected challenges of governance alignment, green-transition leadership and historical reinterpretation, highlighting the need for flexible yet proactive approaches as Hong Kong positions itself within the next phase of national development.

List of Chairs and Speakers

Name	Position	Affiliation
Chen, Guodong	Assistant Professor of Finance	New York University Shanghai
Chen, Shiyi	Professor	School of Economics, Fudan University
Cheng, Vincent	Founder & CEO	Asia Futures
Du, Julan	Associate Professor	Department of Economics, The Chinese University of Hong Kong
Du, Xiaoxin	Assistant Professor	Fudan Development Institute, Fudan University
Fung, Anthony	Dean	Faculty of Social Science, The Chinese University of Hong Kong
Gao, Haoran	PhD Candidate	Harris School of Public Policy, The University of Chicago
He, Shuzi	Lecturer	School of Finance, Nanjing Audit University
Huang, Ming	Associate Professor	School of Economics, Fudan University
Hung, Chiu Lung	Vice Principal	Queen Elizabeth School Old Students' Association Tong Kwok Wah Secondary School
Hung, Wing Lok	Lecturer	School of Governance and Policy Science, The Chinese University of Hong Kong
Kee, Gordon	Research Associate	Hong Kong Institute of Asia-Pacific Studies, The Chinese University of Hong Kong
Lau, Kwok Fun	Member	Advisory Committee on the Northern Metropolis
Leung, Kammy	Chief Advisor	Ks Solutions Limited
Liu, Danlu	Associate Professor	School of Government, Nanjing University
Liu, Hong	Associate Professor	Fudan Development Institute, Fudan University
Ma, Xianbiao	Senior Research Fellow	SHKDI, The Chinese University of Hong Kong

Name	Position	Affiliation
Mao, Yanhua	Professor	Center of Hong Kong Macau and Pearl River Delta Development Studies, Sun Yat-sen University
Poon, Ray	Assistant Director	SHKDI, The Chinese University of Hong Kong
Poon, Sing Yu	Head	Citizenship and Social Development Panel, Concordia Lutheran School
Sharma, Manish	Professor	Faculty of Economics, Hosei University
Shen, Jianfa	Professor	Department of Geography and Resource Management, The Chinese University of Hong Kong
Shum, Oscar	Researcher	SEC Newgate China
Siu, Yan Ho	Lecturer	Department of Chinese Language and Literature, Hong Kong Baptist University
Stetsiuk, Kateryna	Postdoctoral Researcher	School of Journalism and Communication, Shanghai University
Sung, Yun Wing	Adjunct Professor	Department of Economics, The Chinese University of Hong Kong
Wang, Long	Assistant Professor	School of Economics, Fudan University
Wu, Jianfeng	Associate Professor	School of Economics, Fudan University
Xu, Xian	Professor	School of Economics, Fudan University
Xue, Sherry	Assistant Professor	Ivey Business School, University of Western Ontario
Yan, Ting Hin	Research Associate	Lau Chor Lak Institute of Global Economics and Finance, The Chinese University of Hong Kong
Yeung, Paul	Senior Research Officer	One Country Two Systems Research Institute
Zhang, Chunhou	Professor	School of Political Science and Public Administration, Northwest University of Political Science and Law
Zhao, Xiaoyu	PhD Candidate	Isenberg School of Management, University of Massachusetts Amherst
Zou, Kunru	Assistant Professor	Department of Accountancy, Economics, and Finance, Hong Kong Baptist University