

## **Abstract**

Hong Kong's investments in the Pearl River Delta (PRD) have played an instrumental role in China's re-entry to the world economy and exports-based industrialization. Yet in recent years the Guangdong Provincial Government has tried to drive the Hong Kong-based industries away from the PRD under the policy of "double shifts". The current world financial crisis in particular has knocked the death knell for large numbers of Hong Kong-based industrial firms, resulting in massive lay-offs and aggravating the already strangled labour relationships. The present paper tries to provide hints at answering the following questions: Do the current difficulties signify the end of coordinated economic development between Hong Kong and the PRD? Are there comparative advantages of the Greater PRD Region under "One Country, Two Systems" when competing with other mega-urban regions of the country?