

Chapter 2

Guangzhou: The Road to Regaining Its Central City Status

2.1 Studies on Central Cities

To those major coastal cities in China, including Guangzhou, playing as a leading central city in their respective regions, in terms of economic development or other perspectives, is an important task and probably a key goal of urban development. Since the Industrial Revolution in the eighteenth century, the importance of cities in generation and accumulation of wealth in modern economies is affirmative. Different geographical models and theories, such as the Von Thünen model and the Central Place Theory that explains the spatial characteristics (such as number, size, and distribution) and economic activities of settlements in an urban system (Carter 1995; Location theory 2010), reflect indirectly the importance of a central area and the relationship between the central area and settlements at different levels in an urban hierarchy. In the second half of the twentieth century, scholars have even studied cities at the global level and introduced the concepts of world/global cities and their multiple roles (Friedmann 1986; Friedmann and Wolff 1982; Hall 1984, 1998; Sassen 2001; Scott 2001).

From the economic perspective, one general understanding of (central) cities is to investigate the extent of a city (or a group of cities) being an engine of the growth of an economy (Duranton 2000; Jacobs 1969, 1984) such as Enright et al. (2005) on the Greater Pearl River Delta (GPRD) region as the powerhouse of Chinese economy; Solé-Ollé and Viladecans-Marsal (2004) on central cities as engines of economic growth in their respective metropolitan areas. But there are alternative views against this hypothesis such as Polèse (2005) on the arguments of the relationship between agglomeration and economic growth, and *cause* or *outcome*. However, the popularity of central cities seems overshadowed by the blooming of the studies of world/global cities. The concept of world city has been widely used with theoretical explanations from various perspectives such as a global political economy and new urban development and planning (Friedmann 1986; Friedmann and Wolff 1982; Lo and Yeung 1998; Sassen 2001; Taylor 2004; Xu and Yeh

2010b). New York, London, and Hong Kong are usually considered the top three in the hierarchy of world cities, while Paris, Tokyo, Singapore, Shanghai, and others are in the second tier (Taylor et al. 2010). The hierarchy of world cities reflects the different degrees to which these cities are important, powerful, and dominant in various advanced economic sectors in global networks (Friedmann 1986; Huang et al. 2007; Sassen 2001; Scott 2001; Wang and Zuo 2005). Along with these economic activities, they play commanding roles in the political and international affairs by housing various headquarters of national and international organizations.

Similar to many urban and regional studies, it is yet to reach a consensus on the definitions and understanding of central city. Generally, it has been considered that national central cities exert powerful forces of agglomeration and diffusion, and play a dominant role in various aspects such as the politics, economy, population, culture, and society of a country. Central cities also represent the country in international markets and other platforms (Chen and Zheng 2009; Yao 2009; Zhu 2009). National capitals such as Manila, Kuala Lumpur, and Jakarta in Southeast Asia are playing such roles for their respective countries (Brennan and Richardson 1989; Ginsburg 1955).

There are increasing number of studies on world cities and central cities in China (Chan 2009; Chen 2009; Chiu and Lui 2009; Ni 2009; Xu 2010; Xue et al. 2010; Yao 2009; Zhang and Liu 2009). For example, studies find that Shanghai is on its way to developing into a world city (Yusuf and Wu 2002; *see also* Chap. 5); Guangzhou is also striving hard to be a central city in the Pan-Pearl River Delta (PPRD) region (Li and Hu 2004). Lin and Liu (2000) have reviewed relevant studies conducted in the 1980s and 1990s. Although the design settings of each study, discussions, and arguments vary, Beijing, Shanghai, Guangzhou, and Tianjin are generally identified as the top four national central cities with outstanding strengths.

Guangzhou's rising status, however, is under the challenges of Hong Kong and Shenzhen. After the reunification in 1997, Hong Kong is now a major city of the country and is playing its irreplaceable part in the development of the GPRD region; but the latest political difficulties, social unrest, and dilemmas on closer regional integration should not be ignored (*see* Chap. 8). The rapid rise of Shenzhen in the past two decades makes it the most competitive city in China (*see* Chap. 3) and the city is particularly strong in finance and R&D. The ways to work with Hong Kong and Shenzhen will be important for Guangzhou to consolidate the status of central city and create synergy for regional development.

2.2 A Brief History of Guangzhou

Guangzhou is a famous ancient city, with a history over 2100 years (Xu and Yeh 2003) (Fig. 2.1). Dating back to the Tang Dynasty (618–907 AD), it was already an important centre of foreign trade and a renowned port city; its trading networks reached as far as Southeast Asia, the Middle East, and East Africa by using the



Fig. 2.1 Ancient street in Guangzhou (taken by the authors in July 2013)

route known as the maritime Silk Road (Hsü 2000; Xu 1985; Zuo 2009). Guangzhou, therefore, established a unique and influential mercantile city status in an agriculture-based society. Guangzhou's urban landscape was full of the nature of commerce and the "thirteen factories" (*shisan hang* or *shisan yiguan*) established in the eighteenth century on the bank of Pearl River was the best known example (Hsü 2000; Liang 1999). Nothing lasts forever, however, the signing of the Treaty of Nanking after China's defeat in the Opium War in 1842 led to the opening of five coastal cities, namely Fuzhou, Xiamen, Ningbo, Shanghai, and Guangzhou. Hong Kong Island was also ceded to the United Kingdom and was designated as a free port by the British government. Strong competition among the cities led to the loss of Guangzhou's uniqueness and advantages, and trade gradually shifted from Guangzhou to Shanghai and Hong Kong. Nevertheless, Guangzhou's long-standing establishment as a mercantile city helped it to remain the most important commercial and industrial city in south China (Li et al. 2002).

The time between the fall of the Qing Dynasty in 1911 and the establishment of the People's Republic of China in 1949 was a period of struggle and unease for the people of Guangzhou, as well as for those in many other parts of China, due to the outbreak of the two devastating World Wars and countless civil wars. For a short period, Guangzhou showed signs of development, but Shanghai soon took over the role of national central city and caught the international attention in the late 1920s.

The period between 1949 (the new China) and 1978 (the year of the opening of China's economy) can be considered another period of ups and downs for Guangzhou. Although Guangzhou had been holding the China Import and Export Fair, or the Canton Fair, since 1957,¹ its traditional commercial and trading advantages were still suppressed, as trade was considered an “unproductive” activity in the mindset of the Communist Party of China (CPC) leadership. Guangzhou, including both the urban landscape and the economic activities taking place in the city, was transformed from a “city of consumption” to a “city of production” (Lin 2004; Xu and Yeh 2003). Guangzhou's trading network waned and was no longer as strong and dense as before, and the dominant role in trade and logistics in the PRD region was taken over by Hong Kong.

The opening of China in the late 1970s brought a golden opportunity for Guangzhou's revival because the province of Guangdong was selected to play a pioneer role in the trial of new economic policies. As the capital of Guangdong province, Guangzhou would naturally be very much a part of that process. In 1984, Guangzhou was designated as one of the 14 open coastal cities (OCCs) in China, giving it a chance to rebuild its commercial centre and trading port status (Lo 1994, p. 130). Guangzhou is now an integral member of the PRD Economic Zone. However, fierce economic competition from cities such as Hong Kong, Shenzhen, and Shanghai and, internally, the “downtown crisis” of urban development (Li et al. 2002, p. 11) are obstacles to the city's efforts to regain the status of a central city. Moreover, the establishment of the ASEAN-China Free Trade Area, the reconciliation of authorities on both sides of the Taiwan Strait, and other regional developments in the Pacific Asia region have posed challenges to Guangzhou as well.

Guangzhou has responded to these challenges by using different development strategies and plans. After the introduction and a brief historical review, the remaining of this chapter begins by examining the socio-economic and urban development of Guangzhou, both achievements and problems, over the past three decades. Section 2.4 reviews Guangzhou's interactive regional relationships at different scales—from the metropolitan level to the GPRD regional level to the East Asian level, reflecting the establishment of networks and the strong role of central city of Guangzhou. Development strategies and plans that are found in Guangzhou in recent years are reviewed in Sect. 2.5, from the perspectives of economic and industrial development, urban development, and regional development. Section 2.6 discusses the achievement of regaining the status of central city and what Guangzhou should pay attention to throughout the process of development, with a “3-D” model suggested. Section 2.7 is the conclusion.

¹For details of the Canton Fair, please refer to <http://www.cantonfair.org.cn/en/about/detail.aspx?oid=130>.

2.3 Characteristics and Dynamics of Guangzhou's Development

While the economic reform and decentralization of the Chinese economy, the status of OCC, and its proximity to Hong Kong are the major favourable background factors shoring the dynamic socio-economic and urban development of Guangzhou up in the past 30 years, the introduction of diversified and modern economic activities is the key factor contributing to the transformation of Guangzhou's economic structure and urban landscape. With the relaxation of governmental control, rather than strictly following the production plans designated by the central and provincial governments, Guangzhou's manufacturing and services activities gradually operate according to the market rules. At the same time, governments, in the form of state-owned enterprises, have been retreating from the market for the private sector and foreign investors. Figure 2.2 shows the changing trajectory of the shares of three industrial sectors in Guangzhou's GDP since 1978. Guangzhou is on the path back to a mercantile city. In the process, the share of secondary industry keeps decreasing, but the industrial structure has been transformed from the one dominated by labour intensive light industry to another one characterized by the emergence of capital intensive heavy industry. From 1978 to 2013, Guangzhou's gross output value of industry (GOVI) grew from RMB 7.54 billion to RMB 1822.43 billion (Table 2.1), the contribution of heavy industry increased from 36.76 % in 1978 to 63.38 % in 2013 (Guangzhou Municipal Statistics Bureau 2014). The tertiary industry, on the contrary, has developed rapidly and has unquestionably come to dominate Guangzhou's economy in the mid-1990s. It contributed the ever highest 64.62 % of Guangzhou's GDP in 2013 (Fig. 2.2; Table 2.1).

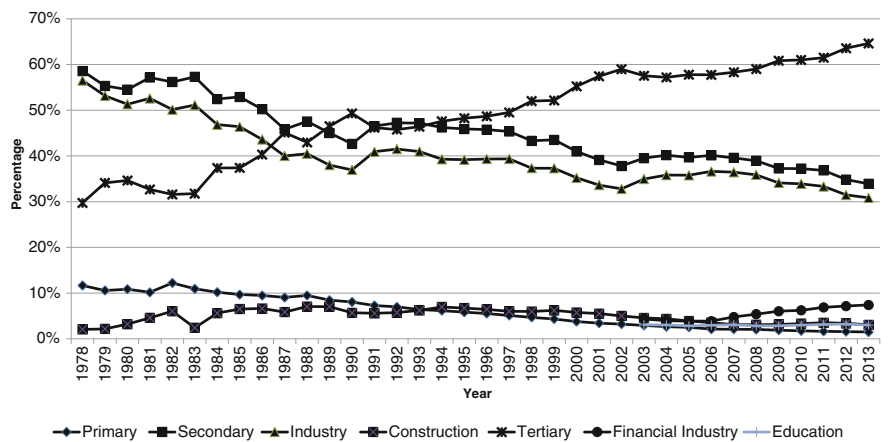


Fig. 2.2 Changing trajectory of the shares of three industrial sectors in the GDP of Guangzhou, 1978–2013 (Reproduced from Guangzhou Municipal Statistics Bureau 2005–2014)

Table 2.1 Major social and economic indicators of Guangzhou, 1978–2013 (Reproduced from Guangzhou Municipal Statistics Bureau 2014)

Indicator	1978	1990	2000	2013
Year-end registered <i>hukou</i> residents (million)	4.83	5.94	7.01	8.32
Year-end permanent residents (including population without <i>hukou</i> , million)	4.83	n.a.	9.95	12.93
GDP (RMB billion, current prices)	4.31	31.96	249.27	1542.01
Per capita GDP (RMB, current prices) ^a	907	5418	25,626	119,695
Economic structure (%; Primary:Secondary:Tertiary)	11.67:58.59:29.74	8.05:42.65:49.30	3.79:40.98:55.23	1.48:33.90:64.62
Per capita annual disposable income of urban households (RMB)	606.12 ^c	2748.95	13,966.53	42,049.14
Per capita net income of rural households (RMB)	249.80	1538.93	6085.97	18,887.04 ^d
Total investment in fixed assets (RMB million)	726.41	9059.37	92,366.76	445,455.08
Local government revenue (RMB billion)	1.40	3.78	21.99	208.81
Local government expenditure (RMB billion)	0.44	2.51	25.86	228.35
Gross output value of agriculture, forestry, animal husbandry and fishery (RMB million)	799.40	4393.22	16,304.68	38,997.63
Gross output value of industry (RMB billion) ^b	7.54	44.24	310.00	1822.43
Retail sales of consumer goods (RMB billion)	1.76	14.78	112.11	688.28
Total value of exports (US\$ billion)	n.a.	2.36	11.79	62.81
Utilized foreign direct investment (US\$ million)	n.a.	186.13	2989.23	4803.85

Notes ^aPer capita GDP was calculated using permanent population since 1991
^bA new stipulation was used in 1995; therefore, figures before and after 1995 cannot be directly compared
^c1980 figure
^dA new stipulation was used in 2002; therefore, figures before and after 2002 cannot be directly compared

The Guangzhou authorities have endeavoured to nurture the logistics (Fig. 2.3), finance, tourism, convention and exhibition (C&E), and other service industries (Guangzhou Municipal Development and Reform Commission 2004, 2006). Among 14 identified sectors of the tertiary industry, “wholesale and retail trade”, “real estate”, and “leasing and business services” have contributed most to the increase in GDP (Fig. 2.4). They are, however, traditional services. Advanced sector like “financial intermediation” is rising; “information transmission, computer services, and software” makes up only a minor share of the city’s GDP (Guangzhou Municipal Statistics Bureau 2010). As a mercantile city, Guangzhou is also strong in export and foreign investment activities. Guangzhou’s total exports value was US\$ 62.81 billion in 2013 and was the third largest after Shenzhen and Dongguan in Guangdong province—the largest exporter in China. Guangzhou received US\$ 4.80 billion of utilized foreign direct investment in 2013, accounted for 19.25 % of Guangdong’s utilized FDI and second to Shenzhen’s at US\$ 5.47 billion (Statistics Bureau of Guangdong Province 2014; Statistics Bureau of Shenzhen Municipality 2014).

In general, Guangzhou achieved a rapid increase in its general economic strength and competitiveness. In 2013, Guangzhou had a GDP value of RMB 1542.01 billion (Table 2.1) and was the largest prefecture-level city in China in terms of economic size; or third among all cities behind Shanghai and Beijing



Fig. 2.3 A warehouse of a Hong Kong-invested logistics enterprise in suburb Guangzhou (taken by the authors in July 2013)



Fig. 2.4 Shopping area in Guangzhou (taken by the authors in January 2013)

(National Bureau of Statistics of China 2014). Its per capita GDP reached RMB 119,695 in 2013, or US\$ 19,264, a figure close to US\$ 20,000 after passing the US\$ 10,000 milestone in 2008 (Guangzhou Municipal Statistics Bureau 2014). This figure is higher than the per capita GDP of all cities in this volume except Shenzhen and Hong Kong (*see* Fig. 7.5). It is also higher than the per capita GDP/GNI of many upper middle income and high income economies such as Estonia and Slovak Republic, according to the definition of the World Bank (World Bank n.d.). According to the 13th edition of the study of urban competitiveness of Chinese cities by Ni and his colleagues, Guangzhou was in the fifth place among 294 Chinese cities. But it is worth noting that Shenzhen and Hong Kong have had higher rank than Guangzhou since the first edition (Ni et al. 2015).

However, Guangzhou is not free from challenges and problems. Although Guangzhou is among the top cities in China in urban competitiveness, the city is still significantly behind other central cities and world cities, such as New York, London, Tokyo, Hong Kong, and Singapore, in economic strength, industrial structure, research and development (R&D), and urban management (Zhang and Liu 2009). With regard to the economy, Guangzhou is still under the process of economic restructuring after years of development to turn those low tech, low efficiency, labour intensive, highly polluting, high energy consuming, and low value-added industrial activities into advanced, high-tech, high value-added, capital intensive, and green one. The old industrial activities contributed much to

Guangzhou's economy in the early years of economic reform, but are currently dogged by such problems as land and resource constraints.

Guangzhou's urban landscape and spatial structure have been experiencing drastic changes following the marketization of land and housing, as well as the rapid development of various manufacturing and services activities (Wu and Yeh 1999). The construction of central business district (CBD), the rise of skyscrapers and land value, the change of spatial structure from a compact city to a dispersed metropolis are some examples (Wu and Yeh 1999). Nevertheless, pinpointing the planning and order of urban development, the city was once eyed as the biggest village in China (Xiao 2008). It was argued that the non-scientific urban development that took place in the 1990s resulted in chaotic development in the downtown area (Li et al. 2002, p. 11). For example, the old city proper could not be properly revitalized. The result was a further worsening of the environment and of problems relating to traffic, land use, and heritage conservation. The government failed to do an effective job of controlling the supply of land. Improper land use allocations led to the chaotic spatial distribution of different economic activities, which resulted in low efficiency and low productivity in land use (Li et al. 2002; Ren and Zhang 2007). Dual-track urbanization led to land use and urban planning conflicts in peripheral areas of the city (Fan and Lei 2010). Urban encroachment on agricultural land, inappropriate and disproportionate land use allocation, and low land use productivity (Ren and Zhang 2007; Wu and Yeh 1999) as well as environmental problems are challenging the sustainable development of the city.

In addition, both geographically and politically, Guangzhou can be defined in broad and narrow senses. In a narrow sense, Guangzhou refers to the old eight districts (old city proper). In a broad sense, Guangzhou was a prefecture-level city with four county-level cities under its administration before 2000. The old eight districts, however, were considered too small in size, which seriously limited any possible further expansion of the city for the rapid development of Guangzhou's manufacturing and service industries, and the rise of population. The existence of administrative boundaries also hindered necessary cross-boundary coordination. On the other hand, although the four county-level cities were under the administration of Guangzhou on behalf of the provincial government, they retained partial autonomy and authority, which created an unfavourable condition for spatial coordination between the old city proper and these cities. All of these problems are holding Guangzhou back from being a real national central city.

2.4 Regional Development, Networks, and the Central City Status of Guangzhou

To overcome the limitation of space and administrative boundary, and strengthen the capacity and influences of Guangzhou at different scales, the following steps have been taken by Guangzhou government to adjust the administrative boundaries.

Merger is a common means applied by local entities in China to respond to the changes in socialist city administration and population growth (Lo 1994). In 2000 with the approval of central government, two county-level cities under Guangzhou’s administration, i.e. Panyu and Huadu, were annexed and became two new districts directly under the control of Guangzhou. This move gave Guangzhou (city proper area) direct access to the sea in the south immediately (Fig. 2.5; Yeung and Shen 2009). In addition, many new mega projects that cannot be built within



Fig. 2.5 Administrative division of Guangzhou, circa 2014

the small old city proper before, including the new Guangzhou Baiyun International Airport, Guangzhou University Town, Guangzhou International Convention and Exhibition Centre and some 2010 Asian Games venues, can now be found in Huadu and Panyu districts (Xu and Yeh 2003). A subsequent move was done in 2005 to merge four old districts into two (Dongshan merged with Yuexiu and Fangcun merged with Liwan) and to create two new districts (Luogang and Nansha). Luogang District is the former Guangzhou Economic and Technological Development Zone that was established in 1984.² Nansha District is the former Guangzhou Nansha Economic and Technological Development Zone that was established in 1993³ and was separated from Panyu District in 2005, representing the spatial and strategic importance of the region in Guangzhou's future development.

These decisive steps of spatial expansion and administrative restructuring allow Guangzhou to strengthen its capacity and realize the goal of becoming a central city. Nine years after the previous adjustment in 2005, the Guangzhou government completed probably the last puzzle of restructuring in February 2014. The short-lived Luogang District merged into Huangpu District and the city turned the remaining two county-level cities—Conghua and Zengcheng—to two new districts. Conghua and Zengcheng occupy an area of about 3600 km², almost half of Guangzhou municipality's total area. But they account for a very small share of Guangzhou's population and economy. Although these two districts are now under the direct administration of Guangzhou, it is a challenging task for the authorities to make good use of such a large area to further optimize the spatial structure of economic activities and make plans for better integration. Moreover, cost and benefit between the municipality and the "annexed" units can lead to conflicts and contradictions in industrial development, land use, urban planning and spatial management, which can last for years (Fan and Lei 2010).

There are steps for Guangzhou to expand its regional influences and strengthen its leadership in the PRD region. Table 2.2 shows major statistics on the developments in Guangzhou and eight other PRD cities in 2013. The figures clearly show that Guangzhou plays a dominant role in the PRD region in some aspects such as the GDP and total investment in fixed assets.⁴ The economic integration and emergence of twin city of Guangzhou and Foshan in recent years is certainly mutually beneficial that can further strengthen the competitiveness of both cities.

A study on PRD's socio-economic development revealed that Guangzhou had a strong capacity in the dispersion of economic activities to other PRD cities and the

²For details, please refer to <http://www.getdd.gov.cn/web/html/area/kfqz/article/1227583916734.html>. The dismissed Luogang District includes the main northern part and small southern tip of the current Huangpu District.

³For details, please refer to http://www.chinadaily.com.cn/bizchina/2006-04/19/content_571704.htm.

⁴Table 2.2 is arranged in three spatial groupings. It is crystal clear that the central PRD (led by Guangzhou) dominates in GDP, population, and total investment in fixed assets, while the east PRD (led by Shenzhen) leads in GOVI, exports and utilized FDI.

Table 2.2 Major indicators of Guangzhou and PRD cities, 2013 (Reproduced from Statistics Bureau of Guangdong Province 2014)

City	GDP (RMB billion)	Per capita GDP (RMB)	Year-end permanent population (million)	Total investment in fixed assets (RMB billion)	GOVI (RMB billion)	Total value of exports (US\$ billion)	Utilized FDI (US\$ million)
Guangzhou	1542.01	119,695	12.84	444.73	1719.29	62.81	4803.83
Foshan	701.02	96,310	7.26	237.56	1712.19	42.52	2520.90
Zhaoqing	166.01	41,479	4.02	100.78	341.03	4.83	1241.04
<i>Subtotal of central PRD</i>	<i>2409.04</i>	<i>n.a.</i>	<i>24.12</i>	<i>783.07</i>	<i>3772.51</i>	<i>110.16</i>	<i>8565.77</i>
Shenzhen	1450.02	136,948	10.55	249.02	2309.52	305.70	5467.84
Huizhou	549.00	66,109	8.29	138.39	1102.35	90.86	3937.75
Dongguan	267.84	57,144	4.67	140.13	660.53	33.32	1834.13
<i>Subtotal of east PRD</i>	<i>2266.86</i>	<i>n.a.</i>	<i>23.51</i>	<i>527.54</i>	<i>4072.40</i>	<i>429.88</i>	<i>11,239.72</i>
Zhuhai	166.24	104,786	1.58	96.09	346.09	26.58	1687.28
Zhongshan	263.89	83,393	3.16	96.29	567.38	26.48	646.37
Jiangmen	200.02	44,546	4.48	100.08	310.79	14.00	923.01
<i>Subtotal of west PRD</i>	<i>630.15</i>	<i>n.a.</i>	<i>9.22</i>	<i>292.46</i>	<i>1224.26</i>	<i>67.06</i>	<i>3256.66</i>
PRD	5306.05	93,114	56.85	1603.08	9069.15	607.09	23,062.15

Note The PRD figures are simply the sum of all nine PRD cities; they do not represent the exact territory of the PRD Economic Zone. Guangzhou figures in this table are from Guangdong Statistical Yearbook, which may be slightly different from the figures provided by the Guangzhou Statistical Yearbook

city dominated in the flows of goods and passengers in terms of both quantity and intercity movements. Without surprise, Foshan had the strongest economic ties with Guangzhou in early 2000 (Study Group on the Coordinated Development of the Pearl River Delta Townships 2003, pp. 82–89). However, it was another scenario 20–30 years ago. A study argued that PRD cities did not have a strong regional identity in the early 1980s, to say nothing of intercity networks. The creation of the PRD region as an economic concept was mainly intended as a tool to attract overseas capital (Xu and Yeh 2010a, p. 219). Indeed, the PRD cities have been criticized for vicious competitions. High similarity of industrial structure and duplication of infrastructure are two among many battlefields. Competition between Guangzhou and Shenzhen is the most severe, particularly in finance and other advanced service sectors, if not also the role of dragonhead. Nevertheless, we cannot deny their recent effort to foster coordinated regional development and cooperation in various fields. Yet, time is needed to realize any positive outcome of regional cooperation and prove the leadership of Guangzhou.

Compared with its explicit leading role in PRD, Guangzhou's relationship with Hong Kong is characterized by a mixture of interdependence and competition. As with Shenzhen and Dongguan, Guangzhou has benefited much from Hong Kong, especially in the early years of development. Hong Kong capital is the largest source of utilized foreign direct investment in Guangzhou. Hong Kong is also Guangzhou's largest trading partner and export destination. In the late 1990s, Guangdong and Guangzhou authorities saw Hong Kong's return to China a good occasion to pursue its aspirations to "go global". They showed enthusiasm for achieving in-depth cooperation and integration with Hong Kong, but Hong Kong was indifferent to the suggestion. The opposite result of competition has been magnified in the bilateral relationship since the 2000s. The "competitive" relationship between the Guangzhou Baiyun International Airport and the Hong Kong International Airport is an example. While Guangzhou is one of three designated air-hubs in mainland China, Hong Kong is also a major air-hub in Asia. The two airports are close in terms of physical capacities. Guangzhou is trying to operate more international flights, while Hong Kong is making more connections to Mainland cities. Nevertheless, the two airports, along with the three others in the region, are trying to seek cooperation in such unavoidable issues as flight diversions, emergency and safety support, and air space coordination through the PRD Airports Cooperation Forum.⁵ Such a relationship of "co-opetition" (cooperation and competition) can also be found in other industrial sectors. One fundamental change in Guangzhou from 2010 is that, rather than using the extreme approaches of relying on *others* or on *itself*, Guangzhou's increasing economic strength⁶ and the swiftly changing environment around it are allowing the city to seek and implement new ways of cooperating with Hong Kong, such as through strategic partnerships, with greater economic cooperation and a better division of labour. But there are institutional hurdles to overcome.

Guangzhou is also facing challenges from the remaining parts of the country. Regional economic development is now sweeping throughout the country. The Yangtze River Delta region has replaced PRD as the most influential region in the country and the powerhouse of the Chinese economy, and the Beijing-centred Bohai Bay region is a new challenger (Yeung and Shen 2009). There are also many emerging regions in northeast, western, and central China, such as the Chengdu-

⁵For details, please refer to the homepage of Hong Kong International Airport, <http://www.hongkongairport.com/eng/business/about-the-airport/a5forum.html>.

⁶For example, Guangzhou's GDP was RMB 249.27 billion and RMB 1542.01 billion in 2000 and 2013, while the corresponding GDP of Hong Kong was HK\$ 1317.65 billion and HK\$ 2138.66 billion, i.e., about RMB 1399.08 billion and RMB 1707.51 billion (CSD 2015; Guangzhou Municipal Statistics Bureau 2014). The gap in GDP between the two cities shrank from RMB 1149.81 billion to RMB 165.50 billion. This gap is further down to RMB 116.18 billion in 2014 and some people believe that Guangzhou's GDP will surpass Hong Kong's GDP in a few years' time.

Chongqing region. It is argued that Guangzhou's influence over the regions along the three tributaries (East, North, and West) of the Pearl River was not as strong as Shanghai's over its hinterland Yangtze River Basin (Zuo 2009), because Guangzhou long ignored the importance of regional development due to a strong ideology of protectionism.

Guangzhou's status as a central city is not as apparent as that of Shanghai or Beijing. However, this was precisely one reason why Guangdong felt compelled to encourage the bottom-up PPRD cooperation in 2004. By expanding Guangdong's hinterland to neighbouring provinces such as Guangxi, Jiangxi, and Hunan, Guangzhou and the GPRD region are able to create new opportunities for themselves and build a new economic structure to sustain economic development (Yeung et al. 2010). Good progress of regional integration is found and fruitful achievements in such as transportation infrastructure, customs service, commerce and trade can be seen. The PPRD framework is also useful for Guangzhou to grasp the opportunities in Southeast Asia by working with the Association of Southeast Asian Nations (ASEAN) countries. The ASEAN-China Free Trade Area established in 2010 is a catalyst. Although Guangdong does not share a border with any ASEAN countries, its family ties with overseas Chinese in those countries and its economic strength make it the biggest trading partner in China-ASEAN bilateral trade among all of the provinces of China (Yeung et al. 2010), accounted for 23 % of the total imports and exports value between China and ASEAN in 2013 (National Bureau of Statistics of China 2014; Statistics Bureau of Guangdong Province 2014). Guangzhou is one of the key contributors to this trade, along with Shenzhen. Strengthening Guangdong's relationship with ASEAN will certainly pave the path for Guangzhou to establish a closer economic relationship with ASEAN countries.

2.5 Development Strategies and Plans

2.5.1 *Problems*

As discussed in above sections, Guangzhou has an entrenched national central city status in south China. Politically, it is the provincial capital of Guangdong with vice-provincial level administrative power; economically, it is the richest city of the richest province. Such prestige political-cum-economic status, however, can never cover up the problems and challenges that are hindering the achievement of central city goal. In terms of development approach, strongly influenced by the ideology of "development is of overriding importance" dominated in the 1990s, the economic and urban development of Guangdong has long been affected by improvisational ideas and the willingness of senior leadership (resulted in those vanity projects). In addition, poor continuity and execution of plans has led to the problems of poor coordination, such as land use conflicts and uncoordinated urban development and

expansion. Low sustainability is another problem. The city is suffering from such as urban decay and pollution on the one hand (Fan and Lei 2010; Li et al. 2002), and inappropriate institutional environment for future development on the other hand. Efforts of further removing institutional barriers to trade and building a healthy and more open market economy are needed (Guangzhou Municipal Development and Reform Commission 2004, 2006).

Regionally, increasing competition and greater external challenges are undoubtedly the factors challenging Guangzhou's central city status. This forces the Guangzhou authorities to seek closer cooperation and coordinated development with such as other PRD cities, Hong Kong, and Macao. Intentionally or unintentionally, however, previous regional plans were found inclination to the benefits of Guangzhou at the expense of other PRD cities that these cities refused to cooperate (Xu and Yeh 2010a). Again, current administration structure and institutional system limit any closer regional cooperation and integration, in both the PRD and GPRD cases, although there are attempts of breakthrough.

2.5.2 Goals

The key task is to reverse Guangzhou's non-scientific urban development and the resulting chaotic landscape (Li et al. 2002). Regarding the urban landscape, former secretary of the CPC in Guangdong, Li Changchun, proposed a plan of "a small change in a year, a medium change in 3 years, and a big change in 10 years" in 1998. The hosting of the 2010 Asian Games even set a deadline for massive infrastructure development. Regarding the approach, the Guangzhou authorities applied the perspective of scientific development, which is an approach proposed by the former President Hu Jintao. Socio-economic and urban development plans should be people-oriented, and pursue sustainable development, in an attempt to reverse the poor development that has taken place thus far and to guide future development efforts.

The initial socio-economic goal of the Guangzhou authorities was to achieve a basic level of modernization and turn Guangzhou into a modernized central city (Guangzhou Municipal Development and Reform Commission 2004). A more aggressive goal has been proposed later to make Guangzhou an economic centre of the province with influence over south China and Southeast Asia, which highly depends upon both the construction of infrastructure linkages and the cultivation of Guangzhou's soft power. For the latter, image and brand building is necessary. By reviving elements of Guangzhou's deep cultural background and urban ecology, the authority endeavours to make Guangzhou a metropolis favourable for starting businesses and living (Bureau of Urban Planning of Guangzhou Municipality 2007; Guangzhou Municipal Development and Reform Commission 2004, 2006).

2.5.3 Strategies

Economic and Industrial Development. Industrial advancement is the key to make Guangzhou more attractive to the preferred global investors. The city puts the focus on the development of pillar industries like automobile manufacturing, petrochemicals, and electronic appliance manufacturing, with an emphasis on the application of high technology and IT. IT is an individual sector that is highly valued for its potential to facilitate the development of industries and the expansion of Guangzhou's influence to the PPRD region and Southeast Asia through service export. Tertiary industries such as financial and professional services, logistics, C&E, tourism and culture are undoubtedly the key sectors to be further nurtured (Guangzhou Municipal Development and Reform Commission 2004, 2006). Land use planning is done as a complement to the above strategy. For example, science, technology and information land use, a new central business district, and logistics centres are designated and distributed based on the designated functions of different clusters, environmental characteristics, and the principle of "agglomeration of industries and concentration of land use" (Guangzhou Municipal Development and Reform Commission 2004, 2006).

The most famous, yet controversial, policy is the strategy of "emptying the cage for new birds" (*tenglong huanniao*) and two-way transfer (*shuang zhuan*). The first part of the strategy is to relocate low-end, highly polluting and labour intensive manufacturing industries out of the PRD region to other parts of Guangdong; and the second part is to attract talents to Guangzhou to serve as a high-end labour force for the new incoming advanced industries (Yeung et al. 2010). What would also be transferred out are Guangzhou's experiences in planning, developing, and managing industrial zones, as well as Guangzhou's brand name and networks that can act as facilitators and complements (Sun 2006). This policy can, ideally, not only consolidate the capacities of Guangzhou in high technology development and talent pool, but also build up and strengthen the network economic relationship with different parts of Guangdong and peripheral provinces.

Urban Development. New constructions and new plans have been made over the years. For the former, under the guidance of Li's bold goal of "a big change in 10 years", the external force of the 2010 Asian Games, and the expansion of city proper, huge investments in mammoth constructions have been carried out to revitalize and modernize the urban landscape of Guangzhou. Projects like the new Guangzhou Baiyun International Airport (Fig. 2.6), Guangzhou University Town, Nansha Port, the Guangzhou International Convention and Exhibition Centre, and the Guangzhou South Railway Station that stated in the 10th and 11th FYPs have been completed accordingly (Guangzhou Municipal Development and Reform Commission 2006). There have been efforts on the improvement of transportation infrastructure and public utilities, and optimization of the urban renewal process and urban management.



Fig. 2.6 Guangzhou Baiyun International Airport (taken by the authors in May 2006)

On the other hand, proper urban planning and design is a critical factor for the city to achieve sustainability and central city status. Its importance is reflected by the fact that such subject took up an entire chapter in the 11th FYP document. First, it is a tool for systematic development. Based on urban conditions, functional districts and planning districts have been created. For example, in the *Guangzhou Urban Master Plan (2001–2010)*, Guangzhou is divided into the Metro District, Nansha District, Huadu District, Conghua District, and Zengcheng District. Viewing corridors have also been constructed, such as the new and old city axes and the corridor along the Pearl River (Bureau of Urban Planning of Guangzhou Municipality 2007).

Second, the authorities have devised a spatial plan for expansion to overcome the limitation of the small and overcrowding city proper. The city is going to “advance eastwards, expand southwards, connect westwards, optimize northwards, and adjust the centre”. The eastward and southward developments have priority, and the city has realized the goal of westward connection by the implementation of the *Guangzhou-Foshan Urban Integration Development Plan (2009–2020)* released in 2009. The spatial pattern from north to south remains that of “mountain,

water, city, field, and ocean”, conforming to the natural landscape of the city (Guangzhou Municipal Development and Reform Commission 2006; Bureau of Urban Planning of Guangzhou Municipality 2007). All major urban districts, sub-districts, regions, and the Pearl River are organized into clusters and networks in order to achieve a designated structure.

Third, the 11th FYP proposes to build a system of spatial regulation by identifying four categories of zones, implying different degrees of development and control, in order to reverse the situation of disorderly development. These categories are optimized development zone, prioritized development zone, constrained development zone and forbidden development zone. The plan also identifies major areas of development, namely Pearl River New Town, Guangzhou New Town, Baiyun New Town, Guangzhou Science Park, Nansha District, University Town, Baiyun International Airport, the New Railway Station, Luogang District, and Pazhou District. The concept of a clear urban structure of core (Guangzhou old city proper) and periphery (satellite towns) has also been proposed.

Regional Development. Regional development is also used to consolidate the status of the central city. Guangzhou’s goals in regional development are to expand the hinterland and spread the city’s influence regionally, nationally, and internationally, to Southeast Asia for example. The first and most critical step is to enhance cooperation with the PRD cities. Here, the emphasis is on the operative and effective integration of factors of production and resources, and a better regional division of labour. In order to lead the urbanization and integration of the PRD region, Guangzhou determines to serve as a regional economic service centre through building the city as the logistics, talents, and information hubs. In addition, it is going to strengthen cooperation among cities within the province, i.e. by extending PRD networks with the eastern, western, and mountainous areas of Guangdong. Guangzhou targets to do the same with other provinces, including coastal, central, and western provinces, through the policy of Western Development, for example.

Another emphasis of regional economy is on better regional economic cooperation with Hong Kong and Macao. Promoting GPRD regional cooperation was never easy but a milestone was achieved in 2009. In January 2009, the central government announced *The Outline of the Plan for the Reform and Development of the Pearl River Delta 2008–2020* (the *Outline Plan*). In October 2009, Guangdong, Hong Kong, and Macao released the joint report of the *Planning Study on the Co-ordinated Development of the Greater Pearl River Delta Townships* (the *Townships Planning Study*). Both documents identified the importance and necessity of regional interaction among Guangdong, Hong Kong, and Macao.

Guangzhou’s major roles and functions in the development of regional economic system, metropolitan, and transportation network have been stated clearly (Construction Department of Guangdong Province, Development Bureau of Hong Kong Special Administrative Region, and Secretariat for Transport and Public Works of Macao Special Administrative Region 2009; National Development and

Reform Commission 2008). According to the plans, Guangzhou will be developed as a national central city in the GPRD region with a dominating role in advanced service sectors such as financial services, exhibitions, and logistics. Spatially, the city will consolidate its function as the regional transport hub. Guangzhou will also be one end of the regional innovation corridor between Guangzhou, Shenzhen, and Hong Kong. The city has identified Nansha District as the site for regional R&D projects of the relevant industries. Along with the development of the Guangzhou-Foshan twin city region, the Guangzhou-Foshan-Zhaoqing region will be promoted to create balanced, specialized, and smart growth for the development of three subregions in the poly-centric GPRD region (Construction Department of Guangdong Province et al. 2009; National Development and Reform Commission 2008). On the other hand, the implementation of Closer Economic Partnership Arrangement (CEPA) since 2004 and the establishment of the China (Guangdong) Pilot Free Trade Zone in April 2015 with the main task of facilitation of trade and service can help regional economic integration in the GPRD region and among cities of Guangzhou, Shenzhen and Hong Kong.

2.6 Discussion

In this section, we are going to provide a general examination of the realization of the aforementioned plans and the accomplishment of the central city status from three perspectives, namely administration and planning, urban landscape and function, and economic development. Then, we will discuss matters of concern in Guangzhou's future development.

From the perspective of administration and planning, Guangzhou is able to consolidate its central city role and its leadership in regional development. As argued, institutional backwardness is the crucial factor of the failure of stopping the severe competitions in development among PRD cities, although a few regional plans have been produced for the region to initiate regional coordination since the late 1980s (*for details, see* Xu and Yeh 2010a).

Coming into the twenty-first century, both central and local efforts on building the leadership of Guangzhou are stated in the recent regional plans and studies. First, the *Outline Plan* was blessed by the National Development and Reform Commission (NDRC) and approved by the State Council, although Xu and Yeh (2010a) considered that "(it) is a broad-brush guidance and does not offer concrete measures for spatial coordination". Second, the *Townships Planning Study* was undertaken with the agreement of the Hong Kong and Macao Affairs Office of the State Council and the three local governments in question. We should note that the NDRC is the most important unit of the State Council and, for historical reasons, its rank is half-level higher than other ministries (Xu and Yeh 2010a). The support of the State Council and the NDRC represented the recognition of the highest authorities of the central government.

Indeed, the increasingly tough endogenous and exogenous socio-economic circumstances have led to an understanding of the pressing need for, as well as the advantages of, strategic regional development among PRD cities. PRD cities have already incorporated these regional plans into their local plans. On the issue of spatial coordination, the five PRD Integration Plans on urban–rural development, infrastructure, industrial sectors, basic public services, and environmental protection that were announced in August 2010 can be considered concrete steps in moving towards a macro integration framework.

From the perspective of urban landscape and function, tremendous improvements have taken place in the last decade and are continuing. First, there have been significant improvements in local environment and living standard. The authorities have invested about RMB 230 billion to redevelop many substandard urban villages, tackle air, water, and industrial pollution, beautify the appearance of residential buildings, optimize road and subway networks, open new transport hubs, enhance the greening of the city, and so forth. The aim is to recreate a clean and orderly city of water in Lingnan style and a garden city (Chinese Government's Official Web Portal 2010; “Guangzhou shinian ‘dabian’ qizhi bianliang” 2010; “Shinian tou 2 qianyi, Guangzhou huali zhuan Shen” 2010).

Second, the corresponding urban landscape for Guangzhou to better function as a central city is ready. The city invested RMB 529.49 billion in urban constructions (innovation excluded) from 2004 to 2009 before the Asian Games. This sum was more than the total amount invested in urban constructions from 1978 to 2003 at RMB 328.72 billion (Guangzhou Municipal Statistics Bureau 2010). A brand-new central business district is now built in Tianhe District and massive urban development can be found in Panyu. New landmark projects in Tianhe such as the Pearl River New Town (Fig. 2.7) and the Canton (Guangzhou TV) Tower (Fig. 2.8) created a new city axis that extends from north to south of the district (Fig. 2.9). Such development will lead to the further agglomeration of high-end and tertiary economic activities in Tianhe. In Panyu, as the major location of the Asian Games facilities, an Asian Games Town (Guangzhou New Town) was built from greenfield land. Panyu also houses the terminus of a high-speed railway that can reach Beijing, Wuhan, Hong Kong, and other places. With other kinds of complementary infrastructure such as a highway network, Panyu has changed its landscape from a village to that of a modern built-up area, supporting the old city proper to further expand its functions and to any shift of function to Panyu.

The redevelopment, new basic provision and mega constructions, the construction of Guangzhou University Town and projects in Nansha District, and the operation of Guangzhou-Foshan mass transit line are gradually realizing the spatial strategy of central adjustment, southward expansion, and westward connection (“Guangzhou: Qiannian gucheng shoudu poju, qianyi yongyu chengshi jijian” 2010; “Panyu: ‘tenglong huan niao’ GDP sinian fanfan” 2010; “Panyu weilai wunian ‘sanzhangpai’ liangjian” 2010).

From the perspective of economic development, further effort on better strategic of labour in the region and definite strategies are needed to complete the goals. In terms of GOVI, Shenzhen is the largest contributor in the province and Guangzhou



Fig. 2.7 Construction in new CBD in Guangzhou (taken by the authors in January 2013)



Fig. 2.8 The Canton (Guangzhou TV) Tower (taken by the authors in January 2013)



Fig. 2.9 Guangzhou's new axis, looking northward from Canton Tower (taken by the authors in October 2011)

is the second, the gap was about RMB 590 billion in 2013 (Table 2.2). We can see, however, that Guangzhou's pillar industries are rising in the province. Guangzhou's three pillar industries, namely automobile manufacturing, petrochemicals, and electronic appliance manufacturing, have been growing at a stable rate. Their contribution to Guangzhou's GOVI rose from 43.28 % in 2004 to 46.31 % in 2013,

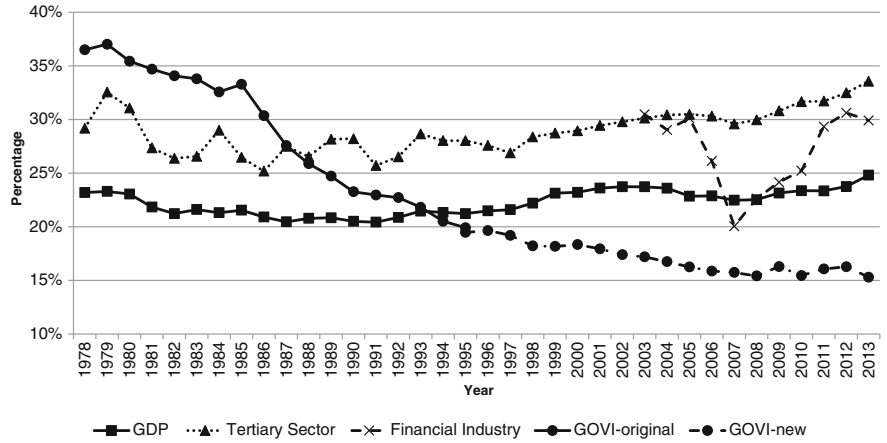


Fig. 2.10 Guangzhou’s share in the total for Guangdong in major indicators, 1978–2013 (Reproduced from Guangzhou Municipal Statistics Bureau 2010, 2014; Statistics Bureau of Guangdong Province 2014)

while their contribution to Guangdong’s GOVI⁷ slightly increased from 20.47 % in 2004 to 22.17 % in 2013. Automobile manufacturing in Guangzhou even accounted for 70.49 % in Guangdong in 2013, revealing the dominance of Guangzhou in this industry. Guangzhou’s petrochemicals industry dominates in the province similarly.

On the contrary, the share of Guangzhou’s tertiary sector is the largest in the provincial GDP, about RMB 176 billion more than Shenzhen in 2013. The city led in the sub-sectors of “transport, storage and post” and “wholesale and retail trades”, indicating the strong industries of trade and logistics. On the other hand, Guangzhou’s financial industry’s contribution to the province has stabilized in the range of 20–30 % since 2003 (Fig. 2.10), and the total value of Guangzhou’s financial industry was about RMB 86 billion less than that of Shenzhen in 2013 (Guangzhou Municipal Statistics Bureau 2005, 2014; Statistics Bureau of Guangdong Province 2005, 2014). Indeed, while Shenzhen is working hard on the logistics and port industries, Guangzhou is also striving hard for the strong financial sector. Therefore, the better market development and necessary coordination and of labour of these industries between Guangzhou and Shenzhen must be of great interest among various stakeholders.

In addition, the *tenglong huanniao* strategy has been facing challenges since its implementation due to the global economic uncertainty and recession in the late 2000s on the one hand, and reluctance of moving or upgrading of those being uprooted low-end industries and sectors on the other hand. The central government

⁷Guangzhou’s three pillar industries are not exactly the same as those of Guangdong. In Guangzhou, they are car manufacturing, petrochemicals, and electronic appliance manufacturing, while in Guangdong they are car manufacturing, petrochemicals, and electronic information.

has also had words on this strategy saying that the interest of those industries should be taken care of.⁸ This may lead to the slowing down of the progress of industrial shift and structural upgrade of Guangzhou.

In conclusion, Guangzhou is a national central city from the perspective of politics and urban development. Guangzhou is the political centre of Guangdong province, if not of the whole south China. The then secretary of the Guangdong Provincial Committee of the CPC, Wang Yang (December 2007 to December 2012), and his successor Hu Chunhua (December 2012 to present) are also members of the influential Political Bureau of the Central Committee of the CPC. This reflects the importance of Guangdong and Guangzhou in China. Party secretaries of the same standing can only be found in Beijing, Tianjin, Shanghai, and Chongqing—all of which are municipalities under the direct administration of the central government, and in Xinjiang. Guangzhou is a national central city in terms of flows. It is an irreplaceable transportation and information hub in south China, with networks extending to many cities and provinces, facilitating intensive flows of capital, people, and information regionally and globally. In terms of economic activities, Guangzhou is a central city but faces strong challenges. Guangzhou has the biggest economy of all cities in the PPRD region, after only Hong Kong. But it does not hold the lead firmly in key areas. Guangzhou is the regional financial centre and holds a significant share of the entrepreneurial decision making, management, and coordination of financial services in south China, but the stock market is located in Shenzhen, apart from another one in Hong Kong. Hong Kong is undeniably a global financial centre and a favourable location for regional headquarters. This fact reveals that Guangzhou is a central city, but it is certainly not the sole or even dominant regional financial, trade, and logistics centre in the GPRD region.

The 12th FYPs period ended in 2015 and most of the plans should be completed. There is no doubt that the Guangzhou authorities are endeavouring to strengthen the city's status as a national central city through the implementation of the 12th FYP and other urban and thematic plans. To examine whether or not the proposed strategies and plans are beneficial to the goal of Guangzhou, the principles discussed below can be useful parameters.

Worldwide cities are experiencing transformations and so does Guangzhou. Summarising the paths of transformations of some cities, from the perspective of economic geography, the World Bank proposed the “3-D” spatial dimensions of *density*, *distance*, and *division* in the *World Development Report 2009* (WDR 2009) (World Bank 2009). Here, we carry out the discussion following this “3-D” dimension. On *density*, Table 2.3 compares the population density and GDP density of Guangzhou and other major Chinese cities. Guangzhou performed better than

⁸A series of speeches by former Premier Wen Jiabao in 2008 and 2009 reflected his concern toward the rigorous enforcement of the *tenglong huanniao* strategy that led to the dissatisfaction and unrest of many involved enterprises.

Table 2.3 Population density and GDP density of selected Chinese cities, 2013 (Reproduced from Chinese Government's Official Web Portal 2005; CSD 2015; Fuzhou Municipal Statistics Bureau 2010, 2014; Hangzhou Municipal Statistics Bureau 2014; Nanjing Municipal Statistics Bureau 2014; National Bureau of Statistics of China 2014; Shenzhen Government Online 2009; Statistics Bureau of Chongqing Municipality 2014; Statistics Bureau of Guangdong Province 2014; and The Official Website of Guangzhou Municipality 2010)

City	Land area (km ²)	Year-end population (million)	Population density (10,000 persons/100 km ²)	GDP (RMB billion)	GDP density (billion/100 km ²)
<i>Guangzhou</i>	7434.4	12.84	17.27	1542.01	20.74
Beijing*	16,807.8	21.15	12.58	1950.06	11.60
Taianjin*	11,305.0	14.72	13.02	1437.02	12.71
<i>Shanghai*</i>	6340.5	24.15	38.09	2160.21	34.07
<i>Shenzhen</i>	1952.8	10.55	54.02	1450.02	74.25
<i>Fuzhou</i>	11,968.0	7.34	6.13	467.85	3.91
<i>Hangzhou</i>	16,596.0	8.84	5.33	834.35	5.03
<i>Nanjing</i>	6587.0	8.19	12.43	801.18	12.16
<i>Hong Kong</i>	1104.5	7.19	65.10	1707.51	154.60
Chongqing*	82,400.0	29.70	3.60	1265.67	1.54

Note Seven coastal cities in this book are in italics. Cities with “*” are municipalities under the direction administration of the central government

Beijing and Tianjin, as well as Fuzhou, Hangzhou, and Nanjing, but it was far behind Hong Kong, Shanghai and Shenzhen. According to the definition in the WDR 2009, density is “the economic mass per unit of land area, or the geographic compactness of economic activity”. There is a strong correlation between economic mass (output) and population density and employment (World Bank 2009, p. 49, 54). The statistical figures from Table 2.3 imply that Guangzhou should, and has the room to, raise its economic density by creating an appropriate number of employment opportunities, if not a meteoric uplift. Thus Guangzhou should implement proper policies to achieve a further agglomeration of capital and talent.

On *distance*, WDR 2009 uses the concept of economic distance rather than pure physical distance, and refers *distance* to “the ease or difficulty for goods, services, labour, capital, information, and ideas to traverse space. It measures how easily capital flows, labour moves, goods are transported, and services are delivered between two locations” (World Bank 2009, p. 75). In terms of physical distance, Guangzhou’s transport infrastructure has been expanding significantly and travelling times to GPRD cities and other Chinese cities have been greatly reduced. By building superior transport infrastructure, Guangzhou can directly compress the spatial distance and indirectly the economic distance to peripheral areas. This would allow Guangzhou to achieve strong agglomeration (i.e. higher *density*) and provide more direct benefits to connected cities and counties, i.e. giving Guangzhou higher influence to a larger territorial area.

However, the reduction of economic distance also depends upon (1) building an attractive and livable city to allow workers (migrants) and businesses to move closer to the city. This relies on sound economic, talent, social security, and environmental policies. This in turn further raises the *density*. (2) The free and easy movement of factors of production and delivery of services between Guangzhou and other cities is another crucial factor. One important key is to minimize protectionism, which leads to the third “D”—*division*. On *division*, it is important to remove economic borders between Guangzhou and other PRD cities, as well as the one between Guangdong and Hong Kong on the one hand. It is also necessary to figure out a strategic and appropriate regional division of labour among them on the other hand. This effort can help better regional integration.

To further work on the 3-D dimension, we suggest that Guangzhou can pay the effort in the following areas. Locally, Guangzhou needs to carry out works on advanced urbanization. On the one hand, it is necessary to continue the strategy of *tenglong huanniao* and *shuang zhuan*, but an upgraded version is needed to shift the unwanted low-end and low value-added activities to other regions in a more rational manner, such as the closer cooperation among Hong Kong (investor), PRD (origin) and destinations like Guangxi and Hunan to provide better supporting packages and beneficial offers.

On the other hand, sound industrial and investment policies on developing such as certain advanced, high-tech, and high value-added sectors should be complemented by the adjustment of the *hukou* system. Only a definite policy, such as a revised and clear scoring system, can offer the migrants, especially those skilled high-end manpower and investors that Guangzhou wants, a visionary path of obtaining the permanent residence of Guangzhou, enjoying their rights and fulfilling their obligations and duties in this city. This also involves the optimization of public services, social security, housing, education provision that need policy support and proper spatial planning. On urban planning and development, the latest adjustment of administrative area in February 2014 is an opportunity for the Guangzhou government to build a highly livable garden city, as well as a competitive city in modern spatial pattern that support better agglomeration and diffusion, and free flows of different factors of production. As a result, the city can better house those advanced (and global) manufacturing and services activities.

Regionally, Guangzhou, as a national central city, needs to pay attention to two directions. First, at the strategic level, is the coordination of implementing different regional development plans (at different spatial levels) in order to provide synergy for Guangzhou to better function as a central city. For example, the city can coordinate and integrate the projects and works (such as investment, trading, and infrastructure development) proposed in the *Outline Plan* (PRD level), the *Townships Planning Study* and CEPA (GPRD level), at the PPRD level, and even at the PPRD-ASEAN level, to maximize the benefit for itself and enhance regional integration at the same time.

Second, at the implementation level, there is no doubt that practical works for the PRD and GPRD regions have top priority. There is still a clear economic distance between Guangzhou (indeed the PRD region as a whole) and Hong Kong, due to the implementation of “one-country, two-systems”. Competitions between Guangzhou and other PRD cities are not less. Fortunately, the CEPA, the five PRD Integration Plans, and the latest China (Guangdong) Pilot Free Trade Zone create platforms for co-opetition and strategic regional division of labour among Guangzhou, Hong Kong, Shenzhen, and other PRD cities. Based on these platforms with improving institutional environment, these government stakeholders should have a breakthrough in the institutional settings. For example, the Hong Kong-Zhuhai-Macao Bridge Authority, the first cross-border management institutional body in GPRD, is a very good example. It has strong implication for the GPRD integration and cross-border governance. Appropriate institutional settings can help reduce *distance* and strengthen *divisions* of labour.

2.7 Conclusion

Guangzhou has been an important central city in south China for a long period in history. Although it faces strong competition from other cities such as Shenzhen and Hong Kong in the GPRD region, and Beijing and Shanghai nationally, this famous historic city is now aggressively reshaping its central city status through various socio-economic strategic plans and urban planning measures. The efforts are supported by Guangzhou’s strong socio-economic foundation, beneficial national and provincial policies, and other favourable conditions.

Although Guangzhou is the provincial capital and a key player in the PRD region, previous strategies and plans devised and adopted by the Guangdong or Guangzhou authorities cannot help in making Guangzhou the leader in the region before the 2000s. The city failed to transform its economic activities and economic structure to a higher level, and its economy was not as competitive in the region as it had once been. Guangzhou failed to agglomerate capital and talents as other advanced PRD cities were doing. Its chaotic spatial structure, decaying downtown area, improper land use allocations, limited city size, and other deficiencies were once at the expense of Guangzhou’s central city function. Those plans, if not silently shelved, failed in the implementation process for critical reasons such as wrong expectations of strong market forces, “unrealistic” goals, and poor support from other PRD cities and central ministries, particularly the State Council.

The development of Guangzhou in the past decade, however, reversed those disadvantages and paved the path for better changes. Following the approaches of scientific development, people-oriented and sustainable development, and the goal of “a small change in a year, a medium change in 3 years, and a big change in 10 years”, Guangzhou’s economy has been transforming towards advanced

manufacturing and service industries, and simultaneously leading to frequent flows and closer interactions of industries and manpower between Guangzhou and peripheral areas. Guangzhou's large-scale infrastructure development and strategic and systematic spatial expansion have given the city the image and functions that it needs to become a central city. The implementation of the 12th FYP, *Outline Plan* and the *Townships Planning Study* has facilitated the process of regional integration and shaped the central city position and the network relationship in the GPRD region.

To further consolidate the national central city status, Guangzhou can work on the dimensions of *density*, *distance* and *division*. In brief, Guangzhou should enhance its strengths, mitigate the weaknesses, and catch the opportunities, at both local and regional levels, by promoting advanced urbanization through further agglomeration and optimal spatial organization of different factors of production, i.e. to increase the *density*, shortening both the physical and economic *distance* through the infrastructure construction and removal of barriers, and optimizing regional integration under better institutional environment and settings and *division* of labour.

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