Urban System Planning in China: The Case of the Pearl River Delta

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The Pearl River Delta (PRD)
The PRD Region
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- Development problems in an administratively disjointed region
- Urban System Planning in the PRD (PRDUSP):
  - 1994 PRDUSP
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China had resisted “Western influence” for two centuries (18th and 19th centuries)

Socialist China set up in 1949-adopted a closed-door policy for 3 decades until 1978 (Open Door Policy)

Centrally planned economy & closed door policy → total control of economy & society by the state → bankrupt economy & demoralised society

Centrally planned economy: two political economies
- Urban areas: from “cradle to grave” services to urbanites—about 10-15% of the population
- Rural areas: collectivisation without urban benefits

The post-1978 Open Door Policy → administrative & economic decentralisation → local governments struggle to separate administrative and economic functions
To understand why the PRD has become a “World Factory” after the open door policy, Hong Kong has to be brought into the picture:

- A capitalist enclave at the southern gate of socialist China—developed as a result of “transferred industrialization” from China in the early 1950s
- Hong Kong has become a world city in the East → deindustrialization → “hollowing out” of the industries to the Pearl River Delta
- Economic re-integration as a result of open door policy in the PRD and economic restructuring in Hong Kong

Hong Kong’s investment in the PRD:

- 90% of Hong Kong manufacturers have production facilities in the PRD
- Employing >10 million workers
- Over 80% of Hong Kong traders source in the PRD
- Hong Kong handles >80% of the PRD’s imports & exports
Growth of GDP

Year


Rmb billion

0 500 1000 1500 2000 2500

GDP (Rmb billion)

180 times
Fixed Assets Investment

Year


Rmb billion

0 100 200 300 400 500 600 700

Total fixed assets investment

(Rmb billion)

150 times
Total Amount of Export (USD billion)

USD billion

Year


Total amount of export (USD 507 times)
Foreign Capital Actually Utilized

<table>
<thead>
<tr>
<th>Year</th>
<th>USD billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>0</td>
</tr>
<tr>
<td>1991</td>
<td>2</td>
</tr>
<tr>
<td>2001</td>
<td>15</td>
</tr>
<tr>
<td>2006</td>
<td>10</td>
</tr>
</tbody>
</table>

- Foreign capital actually used (USD billion)
- 41 times

The graph shows a significant increase in the utilization of foreign capital over time, with a dramatic spike in 2001.
Savings Deposits by Urban & Rural Residents

- Savings deposits by urban & rural residents at year-

1978: 0 Rmb billion
1991: 1000 Rmb billion
2001: 1500 Rmb billion
2006: 2000 Rmb billion

1.528 times increase
# PRD Region—Economic Achievement

<table>
<thead>
<tr>
<th>Profile</th>
<th>% of China</th>
<th>% of GD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td>0.40%</td>
<td>23.00%</td>
</tr>
<tr>
<td>Population</td>
<td>3.38%</td>
<td>47.79%</td>
</tr>
<tr>
<td>GDP</td>
<td>10.23%</td>
<td>81.76%</td>
</tr>
<tr>
<td>Export value</td>
<td>29.79%</td>
<td>95.63%</td>
</tr>
<tr>
<td>Import value</td>
<td>27.56%</td>
<td>96.86%</td>
</tr>
<tr>
<td>FDI</td>
<td>18.84%</td>
<td>90.18%</td>
</tr>
</tbody>
</table>
Development Problems

Regional disparities: between Hong Kong & the PRD

Economic Growth of the Pearl River Delta vis-a-vis Hong Kong

Economic Indicators

PRD as World Factory


RMB billion
Development Problems