

THE NEEDS OF FURTHER DEVELOPMENT FOR PEARL RIVER DELTA

By Sunny Lam

The main objective of this article is to examine the needs for further development in Pearl River Delta and how the policies of the Hong Kong and other local governments can be adapted to enhance further developments between their two jurisdictions.

The Pearl River Delta plays a remarkable leading role and has an important strategic status in the overall effort of China to pursue economic and social development. The Pearl River Delta economic growth is intensifying the challenges of urban policy. Mass migration to the cities is leading to urban sprawl, the loss of arable land, and spiraling demand for energy and natural resources, as well as contributing to the

challenge of providing social services. In term of competition against other inland cities, It will likely become even easier to convince labor-intensive manufacturers to move inland, as the rising costs currently affecting the Pearl River Delta region show no sign of slowing. It's time for policy makers to rethink their approach to these problems and to the direction that urbanization has taken so far. The economic interaction between Hong Kong and the Pearl River Delta region has become increasingly extensive since the onset of China's reform programme.

The absence of a regional identity causes one of the obstacles to greater interaction between Hong Kong and the Pearl River Delta region. Without such a sense, it is difficult to identify common ➤➤➤



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interests, common goals or common challenges. A regional identity that includes both Hong Kong and the Pearl River Delta region is vital to achieving the higher levels of interaction. One of the reasons for the success of the Pearl River Delta region has been the development of a strong division of various development at different levels. The variation of development has allowed different places to do what they do best and has contributed to the overall efficiency of the region. The governments within the region should understand that each part of the region has its own advantages and disadvantages, and that the region as a whole. The idea should be for each policy maker to develop what it can uniquely develop that contributes to local and regional prosperity. This type of development holds the opportunity of a region that is more than the sum of its parts, rather than one beset by too much imitation and duplication. In order to increase understanding within the region, exchanges, and cooperative projects of several types should be encouraged. Government to government exchanges, student exchanges, academic exchanges, social and cultural exchanges, and business exchanges could all serve to foster greater understanding within the region.

Regional transformation – In the medium term, the Pearl River Delta region is trying to move up in the value-added chain. Pearl River Delta has a reputation of being the world factory. However, this factory will move up its ladder due to the modernization progress. The Central Government launched over 500 projects with a total investment of RMB 1.2 trillion for Guangdong in the 12th Five-Year Plan. All these projects caused momentum movement toward industrial upgrading

and the development of new industries. The Five-Year Plan also supports the development of a Shenzhen-Hong Kong Innovation Circle. Hong Kong further enhances its springboard position attracts overseas companies to set up research offices linking with local higher education institutions with the industrial parts are planned for Shenzhen, Qianhai, Zhuhai, Hengqin, Guangzhou, Nansha, and Hetao where provide relatively cheap labours. There will be a lot more innovation and technology injected into the manufacturing process, and the whole manufacturing sector will be upgraded. This tie in with the development of the regional economy. There will be more upstream manufacturing. There will also be a major transforming of the whole manufacturing sector within the region, with some of the more labour-intensive manufacturing cascading down into other parts of the region. There is room for co-operative project allocating suitable resources into different parts of the region due to the foreseeing regional variation. Following current trends, economic development will be dispersed with less-developed cities slowly catching up. Effective co-operative further development will be the dominant driver of healthy economic growth.

Migration - The latest development direction for the Pearl River Delta highlights the emergence of Guangzhou into a larger metropolitan area. This will not only help strengthen Guangzhou's leading role in the region, but also boost the region's capacity to become one of China's key growth engines. One of the consequences of such development causes rapid migration. Rapid migration will contribute to GDP growth but also carries serious challenges. By my analysis, demand for energy in urban areas will more than double, and demand



for water will increase by at least 50 percent. Providing health care and education to new migrants will severely strain municipal finances. Urban sprawl, massive slums, pollution, and traffic gridlock are some of the problems cities around the world confront when infrastructure and municipal services fail to keep pace with the influx of people. From the city planning perspective, it will lead to strong residential and commercial space demand.

Resources interaction – As full implementation of reform and opening unfurled in the rest of the country, the advantages of the Pearl River Delta arising from various preferential policies have by and large been eroded. Coupled with this has been a whole series of difficult problems faced by the Pearl River Delta in its economic development, such as rising costs, land and energy shortages, environmental degradation, and labour shortages, etc. There have been signs of a slow down in the economic development of Pearl River Delta in the past four years, seen as an easing of the growth of manufacturing output, and rapid scaling back on foreign investment. The issue of future economic development of the Pearl River Delta has become a pressing concern for Hong Kong in formulating its development strategies.

Housing related co-operation - The Pearl River Delta region does provide an ample supply of land suitable for residential use at prices affordable to Hong Kong residents. An innovation approach is planning low-income houses for cross-border workers and low-income families due to the strong rising property market in Hong Kong and other developed cities around the region. The low-income housing will play a stronger

role in securing housing for the population who earn low incomes and have housing difficulties. The idea will play an important role in housing security, and increase the capabilities of the employees to pay for their housing. The policy-based low-income housing system is designed to meet the basic housing needs of the low-income families with housing difficulties, and eligible new immigrants from rural areas.

Regional co-operative network for environmental protection – Environmental protection becomes one of the biggest concerns. Pollutants arising from the interconnected developments and human activities have

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inevitably posed increasing pressure on the environment. The Governments of the Hong Kong Special Administrative Region and Guangdong Province have teamed up to form the Hong Kong-Guangdong Joint Working Group on Sustainable Development and Environmental Protection to promote exchange and cooperation on the protection of environment in the Pearl River region. As part of the agreement that established the Regional Sustainable Environment Network, the two governments have worked individually various measures, including:

Air - Rigorous measures will be taken to reduce the total pollutant emission. The industrial distribution will be ➤➤➤

scientifically planned, and it will be ensured that pollution will be spread along with industry transfer. Other emission control, including improving energy supply structure, installing fuel gas desulphurisation systems in thermal power plants, and stepping up control of emissions from industrial sources.

Water - Effective management and protection of the water environment in the Pearl River Estuary is no easy task due to its complicated natural settings and wide spatial coverage. The administration of water environment should be strengthened. Especially, the cooperation among Guangdong, Hong Kong and Macao should be enhanced to jointly improve the integral water quality of the Pearl River Delta, reduce the overall water pollution, and advance the level of wastewater treatment.

Welfare development - Rapid social, economic and demographic changes in the region have put tremendous pressure on governments to reform their social welfare and social protection. We are

seeing a growing acceptance and flexibility emerging among the political and civil institutions that allows for innovative, non-governmental programs to "step in" and begin to remedy some of the real social welfare. One particular area is the low-wage migrants workers in the rapidly developing Pearl River Delta. The Pearl River Delta (PRD) has experienced rapid industrialization and population growth in recent years. Much of this rapid growth is built on the backs of millions of rural migrant workers who leave their home communities to work in PRD factories. Although it is still difficult to predict the future of NGOs in China, both international pressures and the growing strength of indigenous NGOs continue to test the limits of activism and gather new momentum in playing a larger social role to alleviate the needs of marginalized and vulnerable migrant workers.

Interconnections between People's Life and Industrial Developments - All industrial developments are driven by people's needs with a purpose of



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improving people's life. So the Hong Kong and Guangdong authorities should be far-sighted and forward thinking in order to get a right understanding of people's needs and preferences, anticipate future market changes, and lead industries to develop accordingly.

As suggested by the author, the Pearl River Delta manufacturing industry should consider four major changes to its conventional export-oriented light industries: (1) Targeted development of pillar industries; (2) Development of high-tech industries; (3) Gradual improvement in industry supporting systems; and (4) Strengthening and upgrading professional townships. Pearl River Delta manufacturing industry will enter a new era of restructuring, consolidation, and upgrading. Many industrial activities are getting improved with a high degree of flexibility, high technology content and large added value. As the result, the general direction for the industrial development will be highly internationalised, totally open and highly competitive.

Services industries empowerment with further Economic Integration -

Looking forward to the next thirty years, The region will pursue closer integration in services industries. That is to say, many economies will undergo another structural rationalisation process that centres on services industries. For example, Guangdong enjoys comparative advantages in industries with a large number of manufacturing clusters and stronger technological capability. Moreover, Guangdong's efforts in fostering a host of tertiary industries with great potential, such as logistics, trade and commerce, exhibition and professional services, are also beginning to pay off. Nevertheless, after 30 years of rapid development, Guangdong clearly

understands that in order to keep on innovating and creating higher values, it must develop advanced production-oriented services industries and build itself into a national centre of services industries catering for the national market.

Infrastructure – One of the most important regional planning decisions facing the Pearl River Delta is its inter-regional mobility. A metropolitan region can only maintain economic innovation and vitality when free movement reaches a desirable level. The region should elevate the level of coordinated construction of urban and rural infrastructures. The construction of rural infrastructure for modern logistics

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accelerating the expansion of urban trading companies into rural areas will be encouraged, and the system of urban-rural business chains will be improved. For most urbanized cities such as Hong Kong, its public infrastructural facilities are characterized by developed road transport networks, rapid development in rail transport, successful positioning as an aviation hub in the Asia-Pacific region, establishes cluster of world-class ports, and well-connected ports of entry and cross boundary infrastructural facilities. According to planning, an integrated transportation network with an emphasis on rail will be established in the Pearl River Delta. By 2030, rail transport in the ➤

major cities will be linked up seamlessly with intercity railways, and all large townships will be within one hour's driving distance.

Urbanization - In the context of rapid urbanization, there is an eminent trend for cities to integrate and merge for further prosperity in the Pearl River Delta. Although the Pearl River Delta is rapidly urbanizing in terms of population structure and land use, productive and efficient megalopolises have not yet emerged because the flow of labour, goods, information and capital are still not completely free between the cities and towns within the urban system. One

of the most serious current problems of urbanization in the region is mainly reflected by urban-rural relations. As the process of structural transformation growing out to the traditional rural economy, it creates simultaneously a large demand for rural labour. The current situation imbalanced development prohibits the rural-urban relations. The policy of segregating urban and rural areas in the region weakens the influence on rural urbanization. Under the current system, supply-demand contradictions in urban employment emerged. The root of the problem is the absence of market adjustment and the market is not being administered by a



Hong Kong



central body lacking multi-city co-operation.

The urbanization has a strong spill-over effect. An increase in urbanization level means increasing purchasing power and generating a comparatively large consumption market for both domestic and imported goods that demand for higher-level retail services and logistics business. It has a strong direct impact on job creation.

In accordance with the general requirements for coordinated planning, industrial distribution, infrastructure construction, and public services of urban areas, the Pearl River Delta will vigorously push forward the construction of socialist new countryside, improve the functions of cities, and take the lead in forming a new pattern of coordinated urban and rural development. The Pearl River Delta should strengthen the coordinated planning of the urban and rural spaces for non-agricultural use, optimize the industrial structure of the rural areas, and integrate the industrial development of urban-rural areas. The Pearl River Delta should explore the new system for coordinating the planning, construction, and administration of urban and rural areas, and uplift the levels of urban and rural planning, construction, and administration.

Suggested effective implementation framework - Pearl River Delta leaders should restructure the region's governments into a regional administrative body which have the authority to govern effectively from a regional perspective. The Pearl River Delta regional cooperation should be included in the national strategy for regional coordinative development. The eastern, central and western region

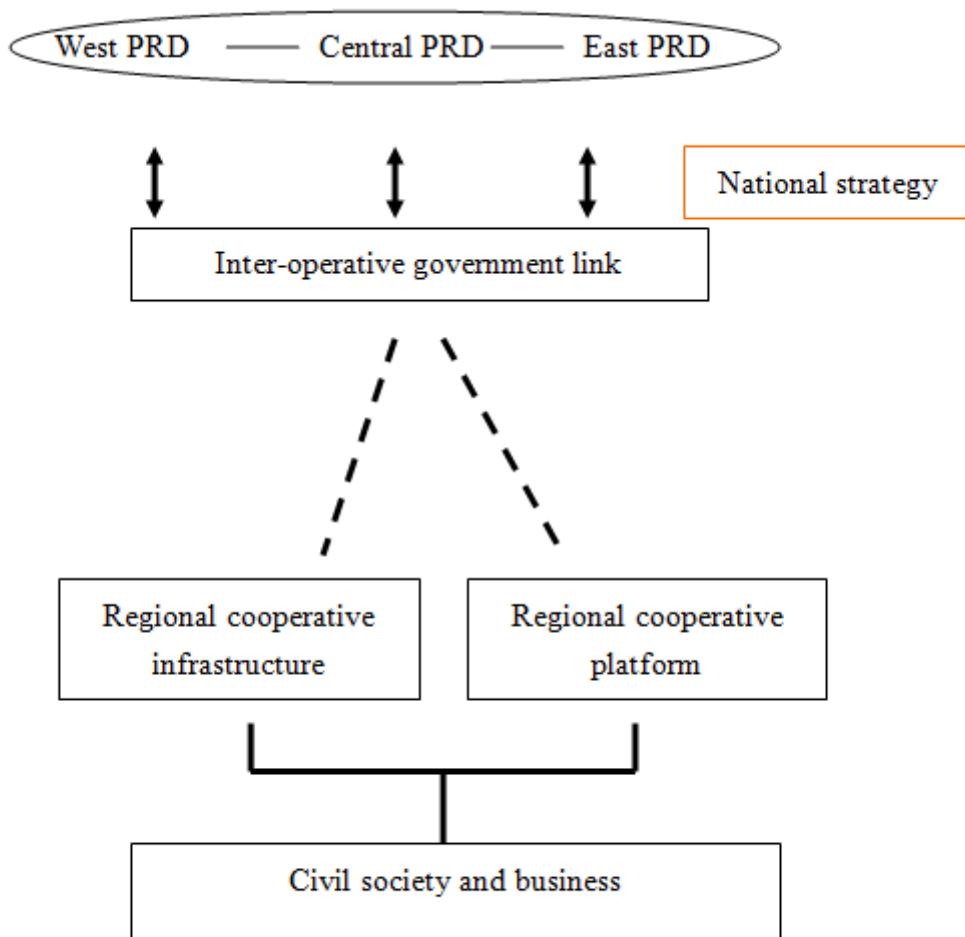
should act together with three main directions: 1) facilitate the mutual enhancement, 2) beneficial interaction, and 3) coordinative development. In fact, a regional government, if devised properly, would best serve the long-term physical and social development of the region. All local governments should enhance coordination and cooperation in speeding up the construction of inter-province passages, and form a comprehensive transportation network with the Pearl River Delta as the core and connecting the fringe areas. From the policy perspective, they should establish platforms for the regional cooperation on technology, human resources, and barrier-free tourism

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zones undertaking cooperation on science and technology, talent, intellectual property protection, and tourism. Regional development relies heavily on the relationship and interaction, cooperation or competition, between the governments, businesses and civil societies in Pearl River Delta. The challenge here would be to devise a regional structure that is responsive, effective, transparent, and accountable to the people. Finally, there are severe fluctuations for the further development. A conceptual framework is suggested as shown below:

Conceptual implementation framework





The Pearl River Delta region is entering a deep transformation and new economic growth drivers will be formed. The nature of the region's growth will be dramatically different over the next 20 years. An appropriate co-operation policy framework is important influencing the pattern of further regional development. Current policy is not the only factor that will influence the potential outcome for the regional development. New policies should address both the national and local levels.

Various projects should go ahead including the Hong Kong-Zhuhai-Macao Bridge, Guangzhou-Shenzhen-Hong

Kong Express Rail Link, Hong Kong-Shenzhen Airport Rail Link and the boundary control point at Liantang-Heung Yuen Wai. It helps to facilitate the flow of productive factors such as capital, technology, talent, information, and resources, and promote regional cooperation regarding industries.

Note:

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