

THE URBAN DEVELOPMENT CONSULTING MARKET IN CHINA

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Introduction

The economic development of China has experienced rapid process during the last decade. Although the rate of the development has been slowed down because of the Asian Economic Risk, its rate still maintained around 7%.

Alongside economic development, the process of urbanisation has also accelerated. According to an analysis by the World Bank, if China's economy continues to grow by about 6.5 % per year, more than half of the Chinese population will be living in cities and towns before 2015, representing an average increase of about 4% a year, i.e. 15-25 million people added to cities and towns annually. Historical experience in more developed countries also confirms that urban population increase accelerates from a third to two thirds of total national population. In other words, history indicates that China is at the hump of urbanisation.

By the end of 2000, there were 667 administered cities with an urban population of 374 million, with an urbanisation level of 30%. It is forecast that by the year 2010, urbanisation in China will reach 45%, and that the numbers of the cities will exceed 1000. Besides, there are about 20,000 designated towns in China. The urban population will increase to 700 million. This growth is unprecedented anywhere in the world.

This rapid economic and urbanisation development requires great amounts of investment in infrastructure. During the last few years, about 10% of GDP has been invested in urban housing and infrastructure per year. According to the available statistics, the total investment in urban infrastructure was 2200 billion Yuan (about 185 billion Sterling Pounds) in 1998 and 1999. It has been further increased in 2000 and 2001. This year, Beijing has decide to invest 180 billions Yuan (about 15 billion Pounds Sterling) in urban infrastructure development for the next 5 years. This is the budget for just one city.

The Market for the International Consultants

At the beginning of the Open Door and Reform period, the Chinese people were keen to learn the experiences, practices and theories of urban development and planning from the developed countries. Nevertheless, China was poor at the time. It was very difficult to invite international experts or consultants to come to China for the work in a commercial way. The projects at the time were mainly funded by the international funding agencies, e.g., the World Bank, Asia Development Bank and UNPD, or the developed countries by the mutual-government agreements.



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Some overseas developers and investors had employed international consultants for their investment projects. This kind of project mainly focused on the study of real estate development and urban planning.

After more than two decades of the Open Door and Reform in China period, the GDP per capita has been greatly increased, especially in urban areas. The average GDP per capita in the coastline areas and some large cities has already reached more than 1000 US Dollars.

As mentioned above there has been a great investment by the Chinese government in infrastructures, and housing. Urban construction has been one of the major elements in GDP. People often joke that the whole of China looks like a great construction site.

In fact, there are currently many such projects underway in China. The numbers of planning and engineering consulting service projects taken by the China Academy of Urban Planning & Design (CAUPD) with a staff of 300 illustrates this great market. There were 190 projects completed by CAUPD in 1998; the number of projects completed in 1999 were 320, and that in 2000 were 280. Since 1983, the re-establishment, CAUPD has undertaken more than 2000 different kinds of projects in urban development sector.

After the implementation of the market economy and the recent preparation of entering the WTO, international consultants have been very positive and active in China. It is especially so with income increasing amongst most Chinese people, together with a better quality living environment. Better urban planning and design has been the demand of the Chinese people.

During the last few years, Chinese Central and local governments have invited international consulting firms, or international experts and consultants to provide services in urban planning and engineering consulting jobs. The international experts have also worked as advisers to local municipal governments to improve the local planning capability.

While introducing the international consultants to provide the services to the urban development and engineering projects, the education, continuing education, short training courses and on-job training have also become a very important means for technology transition. Many young Chinese students who have travelled abroad to study and research the high technologies and experience from developed, even developing countries. Alongside them, many senior administrative and professional staffs from central and local governments have also visited other countries for study trips, short professional training courses, workshops and seminars. According to available current information, the visitors from the People's Republic of China to United States and Europe make up about 60% of all world visitors.

Some Issues to Consider in this Market

Several conditions for international consultants to undertake projects in China

- Good reputation and well-known in the consulting industry;
- Records of good relationship with the Chinese Central and local municipal governments, or recommended by some well-known persons to the clients;
- Flexibility in consultants' fees.

For those who do not have experience of consulting services in China, it is important to have the opportunity to self-introduce to clients through certain measures. Some overseas consultants have tried some measures as follows:

- Set up joint team with Chinese consultants to bid for the job together;
- Establishment of joint consulting agencies with Chinese partners to take jobs in China. The Chinese partner would help to penetrate the market;
- Taking some projects without payment or little payment at the beginning of entering the market to set up reputation and capability introduction;
- Through arrangement of overseas site visits or training trips to introduce the capability to Chinese senior people.

Most of the international consultants or consulting firms who come to the Chinese market have little understanding of the Chinese situation, no idea of urban planning system, and have poor access to information and data. It may be difficult for them. Also, from the points of long-term marketing and the cost and benefit, it is strongly recommended to find a partner from China first. There would be several ways to cooperate with Chinese partner:

- Joint team of consultants for a typical project, the cooperation of which will be more relaxed;
- Establishment of a joint firm under the leadership of a board of directors, the members of the board comes from the international consulting firm and Chinese partner.

Other advantages for the joint venture between international firm and Chinese firm also include the following elements:

Chinese clients prefer to have Chinese consultants or consultants who can speak Chinese to be involved in the consulting team for ease of communication and mutual understanding.

The Chinese partner would help to introduce the international firm to this market, especially with the approval of the joint firm because of the joint profits and costs.

Easier to win the tendering for the mutual support and complement each other in professions to meet the demands of the clients.

Introduction of China Academy of Urban Planning & Design as Potential Chinese Partner

The CAUPD, an institution of science research set up under the direct jurisdiction of the Ministry of Construction of the People's Republic of China, is a national centre dedicated to urban planning research, design, information, and consulting service. There are more than 100 Chinese urban planners who have been selected and organised by CAUPD to go abroad for overseas study trips and training courses every year.

CAUPD was re-established in 1983. At present, there are about 300 workers in the Academy, of which science and technical personnel make up about 90%. The professional set-up of CAUPD includes nine institutes in relevant sectors of urban planning, one information research centre, and six branches in most developing cities in China, e.g. Shenzhen, Hainan, Shangtou, Xiamen, Beihai, and Qingzhou, the most rapid economic developing areas during the last two decades. The Urban Transport Centre of the Ministry of Construction, which consists of sub-centre of National Urban Rail and LRT Research, is established within the CAUPD.

Since its re-establishment in 1983, the CAUPD has already undertaken and completed more than two thousand projects and tasks in scientific research, design, national norms and standards preparation, and technical consulting services. Some of these projects have been awarded by relevant Ministries or Provinces. CAUPD is also the administrative institution of the Ministry of Construction for national norms and standards in urban planning.

The major characteristics of the projects undertaken by CAUPD is summarised as follows:

- Co-ordinating the national major projects, including The Three Gorges and some key projects in the Five-Year Plan (National Social and Economic Development Plan);
- Supporting the Special Economic Zones and the Open Door Cities in the coast. It is the responsibility for CAUPD to prepare relevant plans, the total number of which has been 289, for the five Special Economic Zones and fourteen Open Door Cities on the coast;
- Assisting some remote areas and less developing areas, e.g. the Larsa Bajiao Street Detailed Plan in Tibet;
- Covering many cities. The plans prepared by CAUPD have reached about 150 cities, which take about 25% of the all cities in China. CAUPD also provide consulting services for some Metropolises, e.g. Beijing, Shanghai and Tianjin;
- Increasing in the quality of the jobs. With its capability, CAUPD has undertaken most of difficult projects in China. By exchanging international expertise, some advanced technologies are applied in these jobs. CAUPD is also the first main contractor as consultants for projects funded by the World Bank in China, e.g. The Chinese Medium Size Cities Development Project.

CAUPD is the best in its following professional aspects in China with its capabilities.

- Research of policies in urban planning;
- Research and preparation of hierarchical plans, including urban transport plans;
- Research and planning in urban water resources and water saving;
- Research of urbanisation and regional urban proper system;
- Research and planning of scenic spots and cities with historical and cultural interests;
- Research and planning of residential plots;
- Research of urban land use;
- Research and planning of developing zones and hi-tech parks;
- Application of computer aid design in planning, and geographic information system;
- Research of international urban planning theories.

In 1987, CAUPD was authorised by the Academic Degrees Committee of the State Council to confer a Masters Degree in Urban Planning and Design.

The CAUPD is the backing and sponsoring body of the China City Planning Society, the China Academic Committee of Urban Transport Planning, the Special Committee of Urban Geographic Information System of China Association of Geographic Information System, and the National Network of Scientific and Technological Information.

In 1988, the CAUPD was admitted into the International Federation of Housing and Planning (IFHP). The CAUPD has registered as a consulting firm to the World Bank and Asian Development Bank.

Since 1994, CAUPD has been authorised by the National Government as one of the institutions responsible for Chinese urban planner's overseas training. There are several short training courses, and study trips organised by CAUPD to Europe, United States and Australia and New Zealand. More than 100 senior urban planners and officials from central and local governments have joined these courses and visits.

Centre of International Cooperation & Training is the department responsible for international cooperation and other international affairs within the Academy. It is also the organisation responsible for overseas training of, and study visits by, Chinese urban planning officers and planners in central and local government.

The CAUPD is keen to establish certain kinds of firm relationship with international organisations, e.g., universities, research institutions and consulting firms to provide the best services both in China and abroad. The services would include consulting, academic exchanges, e.g. overseas training courses, workshops and seminars, and other businesses with our capabilities and good links with Chinese central government and most of local governments.