



Guangzhou

Guangzhou, the capital of Guangdong Province, is the province's political, administrative, and commercial centre. Guangzhou has the third largest economy among cities in the Chinese Mainland after Shanghai and Beijing. In 2005, Guangzhou led the cities of the Greater Pearl River Delta region in population, and was second only to Hong Kong in terms of GDP, GDP in the tertiary sector, and retail sales. Guangzhou is the leading transportation, logistics, distribution, and service centre in Guangdong Province. It is also emerging as a centre for heavy industries such as automobiles, steel, and petrochemicals. As of 2006, there are plans for a US\$5 billion joint venture between Sinopec and Kuwait Petroleum Corporation at Nansha.

Guangzhou in figures *

Total area (square kilometres)	7,434
Interim Census Population 2005 (million persons)	9.50
Registered Population 2005 (million persons)	7.51
Total GDP in 2005 (US\$ billion)	62.46
– GDP in primary sector (US\$ billion)	1.53
– GDP in secondary sector (US\$ billion)	25.41
– GDP in tertiary sector (US\$ billion)	35.52
Real GDP growth 2005 (percent)	13.0
Official per capita GDP in 2005 (US\$)	6,520
Gross industrial output in 2005 (US\$ billion)	73.65
Total trade in 2005 (US\$ billion)	53.49
Imports in 2005 (US\$ billion)	26.82
Exports in 2005 (US\$ billion)	26.67
Growth in exports 2005 (percent)	24.20
Utilised foreign direct investment in 2005 (US\$ billion)	2.65
Total retail sales of consumer goods in 2005 (US\$ billion)	23.18
Growth in consumer goods retail sales 2005 (percent)	13.2

* Note: Statistics reported for the jurisdictions in the Pearl River Delta are based on data from the jurisdictions' Statistical Yearbooks or statistics bureaux. Data for the year 2005 are preliminary. Interim Census Population 2005 is year-end figure.

Leading industries

Guangzhou's leading industries by gross industrial output in 2004 were transport equipment, chemicals, telecommunications equipment, computers, and other electronics, electric equipment and machinery, petroleum processing, coking, and nuclear fuel processing, and smelting and pressing of ferrous metals. Guangzhou also provides a strong base for other manufactures including garments and footwear, metal products, and plastic products. Leading industries also include leather products, textiles, and non-metal mineral products.

Autos, petroleum and chemicals, and iron and steel are expected to experience particularly rapid growth as the Guangzhou economy diversifies.

Guangzhou – top manufacturing industries by gross industrial output (US\$ billion) 2004

1. Transport equipment	9.90
2. Raw chemical materials and chemical products	8.52
3. Telecommunications equipment, computers, and other electronics	7.58
4. Electric equipment and machinery	3.24
5. Petroleum processing, coking, and nuclear fuel processing	2.76
6. Smelting and pressing of ferrous metals	2.05
7. Garments, footwear, and headgear	2.00
8. Metal products	1.94
9. Plastic products	1.88
10. General purpose machinery manufacturing	1.87

Guangzhou is also a leading hub for services in the Pearl River Delta region. In terms of output, Guangzhou's foremost service sectors are transportation, storage, post, and telecommunications and wholesale and retail trade and catering services. Finance, insurance, and real estate are also significant areas.²⁷ Guangzhou, home of the world-renowned Canton Fair, is also a leading trade and distribution centre in the Chinese Mainland. Guangzhou's Pazhou International



²⁷ Based on service sector categories reported by the Guangdong Statistical Yearbook 2005.

Convention and Exhibition Centre, with more than 150,000 square metres of exhibition space, is the largest in Asia. Guangzhou's strength in retail sales exceeds that of any other Chinese Mainland city in South China by a wide margin and drives demand for related services. Since Guangzhou residents are among the richest urbanites in the Chinese Mainland, sales of big-ticket items such as housing and cars continue to exhibit strong growth in the city.

Guangzhou – service sectors (US\$ billion) 2004

Transportation, storage, post and telecommunications	7.26
Wholesale and retail trade and catering services	4.76
Finance and insurance	2.44
Real estate trade	1.79
Others	10.12

Economic plans

Under its 11th Five Year Programme, Guangzhou aims to become a modern international metropolis, economic hub, and cultural centre with an attractive living environment.²⁸ Its four pillar industries – automobiles, petrochemicals, electronic information technology, and biopharmaceuticals – will be strengthened and new emphasis will be placed on software, new materials, new energy sources and technologies, and creative and digital content industries. In services, the focus will be logistics, exhibitions, finance, intermediary services, commerce and trade, tourism, and real estate. The Guangzhou government is continuing to invest heavily in infrastructure. Work is under way on a 250-kilometre subway network to connect the city's important areas in time for the 2010 Asia Games. The Guangzhou

²⁸ For each Pearl River Delta jurisdiction in this chapter, the 11th Five Year Programme covers the period 2006 to 2010.

New Railway Station, scheduled for completion by 2008, will be one of China's four major passenger railway hubs. At the New Baiyun International Airport, the existing terminal will be expanded and a new international terminal and cargo warehouse will be built between 2006 and 2010. Urban development in and around Guangzhou continues on a massive scale. Ten downtown and suburban cities are planned, including Zhujiang New Town, Guangzhou New Town, Baiyun New Town, Guangzhou Science Town, Nansha, University Town, Baiyun International Airport Area, New Railway Station Area, Luogang, and Pazhou.

Development zones and industrial parks

Guangzhou is the home of several state-level economic and technological development zones (ETDZs), including Guangzhou Economic and Technological Development District (GETDD), and Guangzhou High-tech Industrial Development Zone (GHIDZ), which includes Guangzhou Science City (GSC), Guangzhou Tianhe Science and Technology Park (TSTP), Guangzhou Huanghuagang Information Park (HHGIP), and Nansha Information Technology Park. The zones administer science, technology, and industrial parks that provide a range of incentives for investors including streamlined processes, access to land, VAT and customs duty exemptions, and reduced tax rates. Targeted sectors include electronics, telecommunications equipment, software, food and beverage products, personal care items, paper and packaging, household goods, and chemical products. Guangzhou's state-level bonded zone affords preferential customs, tariff, and tax treatment. Growth in the Guangzhou Free Trade Zone (GZFTZ) has been robust and is focused on areas such as trade and trade services, transportation, and telecommunications.



Foreign investment

Since the 1980s, Guangzhou has attracted substantial foreign investment from multinational firms seeking to serve the South China market. The city has also seen a large influx in investment in the real estate sector driven by the massive renewal of its traditional city centre as well as the development of new suburban residential communities. Over the past several years, heavy industry has emerged as a new focal point of foreign investment for Guangzhou. Toyota has joined Honda and Nissan in auto production in the city. Other Japanese manufacturers, such as JFE Steel and Denso, are making sizable investments in plants for auto-related production in galvanised steel production and auto parts. Plans to build a US\$5 billion joint venture between Sinopec and Kuwait Petroleum Cooperation for oil refining and ethylene production, if realised, will give a major boost to Guangzhou as a petrochemicals centre.

There are more than 8,700 registered multinational companies in Guangzhou. These include Alcatel, Amway, Avon, BASF, Bosch, Colgate Palmolive, Compaq, DEC, DuPont, Hitachi, Honda, IBM, ICI, Intel, Kellogg, Lotus, Lucent, Microsoft, Mitsui, Nortel, Owens Corning, Pepsico, Philips, Procter & Gamble, Ricoh, Samsung, San Miguel, Sanyo, Siemens, Toshiba, Toyota, Wrigley, and Xerox. Procter & Gamble runs a sizeable and highly successful consumer products operation out of Guangzhou. As a leading services centre for South China, Guangzhou has attracted a large number of multinational services providers in finance, insurance, professional services, real estate, distribution and retail, and logistics. These firms include Adecco, Allianz, American Express International, Bax Global, Deacons, Dentsu, Young and Rubican, Deutsche Bank, DTZ Debenham Tie Leung, Federal Express, KPMG, and UPS. International retailers attracted to Guangzhou by its affluent consumer base include Carrefour, Circle K, Jusco, Makro, Seven Eleven, Starbucks, Trust-Mart, and Wal-Mart.

Transport linkages

Guangzhou's transport network is among the most efficient and extensive in the Chinese Mainland. It is connected to Hong Kong and Macao by an expressway system that also connects Guangzhou to all the other major centres in the Pearl River Delta region. Guangzhou also has good rail and highway links to the rest of the Chinese Mainland. The high-speed rail link takes just 55 minutes to Shenzhen and 90 minutes to Hong Kong non-stop.

The New Baiyun International Airport acts as the principal southern hub for air traffic in the Chinese Mainland and has an increasing number of international routes. It is projected to have a capacity of 25 million passengers and one million tonnes of cargo by 2010. Guangzhou's port facilities are connected by some 300 international marine lines to 80 countries and regions around the world.

