

# Guangdong Province Territorial Review

## Issues

Guangdong was China's engine of economic growth during the 1980s and 1990s. Initially a testing ground for economic reforms, the country's most populous province became the 'World's Factory', producing huge outputs of low value-added products. Guangdong became dependent on exports produced mostly by semi-skilled migrant workers from across China. Unplanned growth in the Pearl River Delta (PRD) led to rapid consumption of buildable land which eventually drove up land prices. Many factories are now closing down or moving to other provinces or countries. Guangdong's economy needs radical restructuring.

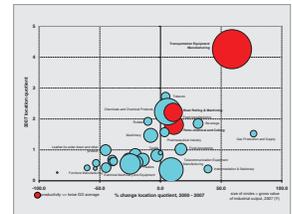


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## Approach

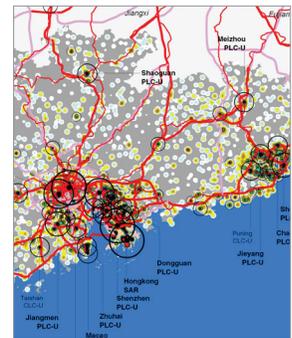
Chreod was retained by OECD to analyse shifts in Guangdong's competitiveness, and to recommend strategies for regional development that could better realize the province's comparative advantages.

OECD's has conducted over 50 reviews of territorial policies of nations, provinces, and metropolitan regions worldwide; this was its first in China.



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We began by defining structural dynamics in one of the most complex urban and regional systems in the world. We analyzed manufacturing shifts in all 21 Prefecture-level Cities and identified key factors that could drive local economies over the next decade. These included innovation capacities which were compared with those in other strategic parts of China, and with other countries in Asia.



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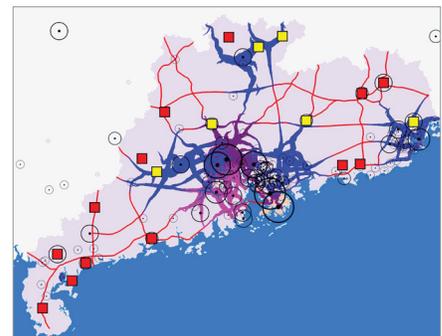
Access to domestic and export markets was analyzed by calculating 1, 2 and 3-hour drive-times from strategic distribution hubs. Impacts of planned transportation networks on accessibility were assessed to 2030. This enabled systematic evaluation of the province's current regional development policy which calls for the re-location of low value-added manufacturing from the PRD to 19 new industrial parks scattered across Guangdong.

Restructuring potentials in the PRD were reviewed, including with the Hong Kong SAR government's Central Policy Unit.

- 01 The 'World's Factory' is gradually relocating due to rising costs in the Pearl River Delta
- 02 Guangdong needs to restructure and revitalize its economy
- 03 The province is one of the most complex urban/regional systems in the world
- 04 Accessibility analysis showed that current regional development policy needs revamping

## Results

Our work assisted OECD in recommending far-reaching strategies to the provincial government for restructuring Guangdong's economy, adjusting regional development policy, and focusing capital investment on improving accessibility to strategic centers, improving human capital, and strengthening local innovation capacities. Chreod's work also assisted OECD to begin a dialogue with Hong Kong and Guangdong on a future Territorial Review focusing on the Greater Pearl River Delta.



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2008-  
2009

**Client:**  
Urban Development Programme, OECD;  
Guangdong Provincial Development Reform  
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**Project Area  
Population:**  
**94.5 mn**