

Industry Agenda

Urban Development & Infrastructure Summit

Tianjin, People's Republic of China 11-13 September 2012



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New and Old: Developing to Compete in Asia's Urbanizing Regions

Background

Participants discussed urban development models and their ability to strengthen the identity and competitiveness of a city and/or region. What development models can enable rapidly urbanizing regions to strengthen their competitiveness? What are the trade-offs between building new cities versus redeveloping existing city centres? And what hard and soft infrastructure are essential for a city or region to be globally competitive, now and in 20 years?

The session was part of the World Economic Forum's annual Urban Development & Infrastructure Summit at the Annual Meeting of the New Champions. Insights from the session will feed into the Forum's Future of Urban Development Initiative, which aims to provide a neutral setting for mayors, ministers, the private sector and other experts to develop strategies for addressing urban challenges of the 21st century.

Question for entrepreneurs and innovators to address include: What will be the impact of rapid urbanization in China and the world? What will be the impact on energy, resources and carbon emissions? Does urbanization represent a business opportunity and how to tap into these huge markets? What is the best model to return to urban competitiveness?



Session Highlights

Overview

- Creating a city with multiple centres or nodes is one urban planning strategy to combat traffic congestion.
- Urban sprawl has proved to be unsustainable with regards to traffic and liveability – the solution is to freeze outward development and force densification.

Creating a Competitive City

- Cities can be ranked on six factors: economy, R&D, character interaction, liveability, environmental and accessibility; and can be evaluated for five types of people: manager, researcher, artist, visitor and resident.
- Four key conditions make a city competitive: effective delivery of public services; cooperation between public and private sectors; strong institutions in the cultural and academic realm; and quality of the physical environment.
- How do leaders plan for the future of a city that is ageing and in decline? Tokyo may provide an example.
- Soft infrastructure (maintenance, monitoring and measurement) is as important as hard infrastructure and the key to cost savings.
- Understanding the risks of a city is important to making it sustainable and resilient.



01: Robin Ried, Head of Urban Development, World Economic Forum welcoming the participants

02: Chen Ping, Vice-President, Dalian Wanda Group, People's Republic of China

03: Sandra Wu Wen-Hsiu, President and Chief Executive Officer, Japan Asia Group, Japan and Jonathan Reckford, Chief Executive Officer, Habitat for Humanity, USA

04: Adele Naudé Santos, Architect, Urban Designer and Dean, School of Architecture and Planning, Massachusetts Institute of Technology (MIT), USA

05: Chen Rugui, Executive Vice-Mayor, Guangzhou Municipal People's Government, People's Republic of China



Balancing the New and Old

- Combining the timeless elements of a city with what is new and novel is a challenge faced by many Chinese cities. Preserving the historic parts of cities can be achieved through adopting supportive policies.
- A city has to be flexible, permeable to new arrivals and innovative.
- How can cities provide equitable public services to everyone, including migrant workers, with limited resources?

Differences between Eastern and Western Chinese Cities

- The most pressing problem for both Eastern and Western China is urbanization.
- The government has focused mostly on Western cities, first-tier cities, above-ground infrastructure and industrialization; however the opposite is required.
- We must also consider second-, third- and fourth-tier cities, improving underground infrastructure and providing services to everyone.
- A shift in focus like this would require government and policy reform.



Conclusion and Next Steps

- A combination of old and new, hard and soft infrastructure, and public and private sectors contribute to the competitiveness of a city.
- The most successful, competitive cities have found a way to collaborate between government, business and academia.
- Each city has its own unique challenges and the Forum hopes to bring best practices from Tianjin and apply them to other cities with the support of the China Center for Urban Development.



Session Description

What development models can enable rapidly urbanizing regions to strengthen their competitiveness?

1. What are the trade-offs between building new cities versus redeveloping an existing city centre?
2. What hard and soft infrastructure is essential for a city or region to be globally competitive - now and in 20 years?

Co-Chaired by

John M. Beck, Chairman and Chief Executive Officer, Aecon Group, Canada

Chen Ping, Vice-President, Dalian Wanda Group, People's Republic of China, representing Wang Jianlin, Chairman and President, Dalian Wanda Group, People's Republic of China

Moderated by

Li Tie, Director-General, China Center for Urban Development, People's Republic of China

Discussion Leaders

Hiroo Ichikawa, Director, Institute of Urban Strategies, Mori Memorial Foundation, Mori Building Company, Japan

Patrick L. Phillips, Global Chief Executive Officer, Urban Land Institute, USA

Song Xibin, Mayor of Harbin, People's Republic of China

Sandra Wu Wen-Hsiu, President and Chief Executive Officer, Japan Asia Group, Japan

01: Chen Ping, Vice-President, Dalian Wanda Group, People's Republic of China co-chairing the session

02: Michael Keith, Professor and Co-Director, Oxford Martin Programme for the Future of Cities, University of Oxford, United Kingdom

03: Jonathan Reckford, Chief Executive Officer, Habitat for Humanity, USA and Sandra Wu Wen-Hsiu, President and Chief Executive Officer, Japan Asia Group, Japan, and Michael D. Antonovich, Supervisor, Los Angeles County, USA

04: Li Tie, Director-General, China Center for Urban Development, People's Republic of China





01



02



03



04

- 01:** Song Xibin, Mayor of Harbin, People's Republic of China
- 02:** Victor Chen Chuan, Professor of Engineering Management, Business School, Sichuan University, People's Republic of China
- 03:** Li Tie, Director-General, China Center for Urban Development, People's Republic of China moderating the session
- 04:** Participants of the private session - New and Old: Development to Compete in Asia's Urbanizing Regions

Future of Urban Development Steering Board Session

Background

The Future of Urban Development is a multistakeholder initiative of the World Economic Forum that provides a neutral setting for mayors, ministers, the private sector and other experts to develop strategies to address the urban challenges of the 21st century and accelerate the transition towards innovative urban models. Tianjin, People's Republic of China, has been named as the inaugural city of the initiative, and the China Center for Urban Development is serving as the Regional Urban Development Collaborator in the Greater China region.

This session convened steering and advisory board members with key local and national stakeholders at the Annual Meeting of the New Champions. Recommendations for the inaugural Partner City of Tianjin were presented and next steps for the initiative discussed.

Session Highlights

Overview and Progress to Date

- The initiative provides an innovative seven-step process for local, regional and international stakeholders to collaborate on the challenges associated with rapid urbanization that many cities in the world face.
- Tianjin has shared two challenges to be addressed through the initiative: how to innovatively address traffic congestion and how to grow its services sector.
- In support of the city's growing service industry, the initiative recommends that Tianjin work to establish its brand, incubate small to medium-sized enterprises (SMEs) and work with universities to establish service industry-based curricula.

- To address traffic congestion, the initiative recommends that Tianjin focus on demand management through a variety of steps including expanding its intelligent transportation systems; improving the operations efficiency of road and bus networks; considering a "Complete Streets" policy; and improving intermodal connections.

Grow Service Sector: Comments and Considerations

- The service industry is very important to the quality of life in cities, but Tianjin's service sector is lagging by 10% compared to other cities at a similar level of development.
- Tianjin is striving to reach a service sector of 60% of GDP – currently at 45%.
- Developing the service sector is closely tied to density – in some areas of Tianjin, the density will not support services.
- Currently, the service sector is leaning towards the high end and the city should consider developing services for the low- to middle-income brackets, which is representative of 70% of the city's residents.
- The transition to a service-based economy is also dependent on government policy orientation away from industry towards services and increasing density.
- Tianjin has focused mainly on large corporations and lacks experience, projects and policies for the development of SMEs.
- Tianjin's strong higher education system and vocational training programmes represent a huge potential for the city's growing service sector.
- Tianjin's financial services industry cannot compete with Beijing and Shanghai and the port should play an important role in developing the Tianjin brand and service industry.

- 01:** Pan Qing, Executive Vice-President, Audi China, People's Republic of China
- 02:** Yu Rumin, Chairman of the Board, Tianjin Port (Group) Company, People's Republic of China
- 03:** Peter Lacy, Senior Executive Partner, Sustainability Services, Asia-Pacific and Greater China, Accenture, People's Republic of China



Address Traffic Congestion: Comments and Considerations

- Tianjin should shift its focus away from building highway infrastructure towards rail; even the new developments in Binhai are dependent on roads.
- Small retail at the street level was banned because the city feared it would negatively impact the appearance of the streets, but there is recognition now that this approach is not the best, and that residents need services near their homes.
- Chinese desire for car ownership is unlikely to wane; one strategy could be to give public transit greater importance, e.g. giving buses priority on the road.
- Intelligent transportation systems can improve traffic, but will not solve the core issue: land use planning in Tianjin currently does not support dense, mixed-use, transit-oriented development.
- Tianjin must emphasize mixed land use and provide residential and commercial space, offices, hospitals and schools in multiple centres or nodes.
- If the recommendations are followed, Tianjin's strategy to address traffic congestion can become a model for other cities in China and Asia.

Conclusion and Next Steps

- Participants generally supported the recommendations and the idea of working with the city to test solutions through pilot projects, and are eager to work collaboratively with the city.
- Tianjin representatives had several comments about the recommendations, which provided additional insight for the final strategy to be prepared in late 2012 by the World Economic Forum.
- A significant question remains: how does the city want to approach implementation? Would it support a consortium approach, whereby companies can test pilot projects? Or will it take a traditional approach of implementing alone, or a concessionary approach? The Forum will follow up with Tianjin representatives to understand more and communicate to participants and steering and advisory board members.
- Tianjin is currently in the midst of a political transition, so next steps must wait until the transition is finalized.

- The Forum will follow up with individual participants to gain additional input on the recommendations for Tianjin and support for/interest in participating in a consortium-type model to catalyse implementation.
- In addition to the work with Tianjin, the Forum and the China Center for Urban Development will collaborate to disseminate the knowledge from the Future of Urban Development process and the Tianjin experience to cities throughout China. The first major opportunity will occur in the final weekend of March 2013 in a jointly organized event by the China Center for Urban Development and the World Economic Forum in Shanghai. It will provide an opportunity to share the insights and recommendations with other Chinese cities facing similar challenges. Details of the event will be shared with participants and steering and advisory board members when available.

The session was moderated by Robin Ried, Head of Urban Development, World Economic Forum USA.



01: Patrick L. Phillips, Global Chief Executive Officer, Urban Land Institute, USA
02: Raphael Schoentgen, President, GDF Suez China, People's Republic of China
03: Robin Ried, Head of Urban Development, World Economic Forum moderating the session
04: Sandra Wu Wen-Hsiu, President and Chief Executive Officer, Japan Asia Group, Japan



Acknowledgements

We would like to extend our sincere thanks to all the participants in the meeting.

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