Prospects and challenges for sustainable urbanization in China

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Note: views presented in this report are those of the author rather than those of the organization where the author works.
Outline

- Role of Urbanization in China
- Framework of Analysis on Urbanization in China
- Targets and Policies of China’s Urbanization in the Future
“Thirteenth Five Year Plan” is the crucial five years in the process of establishment of modernization of China

- This is the crucial period to achieve successfully the grand target to establish an all-round Xiao-Kang Society
  - Establishment of an all-round Xiao-Kang Society is an important part of the strategy of “three stages”, it is also a target to struggle in the first hundred year, this is also a target shall be achieved by the end of “Thirteenth Five”.

- This is also the crucial period to obtain decisive results in important areas and crucial element in guaranteeing an all-round deepening reform
  - Third Plenary Session of Eighteenth Party’s Congress has made arrangement on the process of an all-round deepening reform, the time span covers the whole period of “Thirteenth Five”.

- This is also the crucial period to achieve substantive progress in guaranteeing the transformation of pattern of economic development
China’s Urbanization Achievements

- Between 1978 and 2013, the population in cities increased from 170 million to 730 million, the urbanization rate grew from 17.9% to 53.7%, the number of city rose from 193 to 658, newly established township from 2173 to 20113.
China’s Urbanization Achievements

- China’s rapid urbanization from an international perspective—The change in urbanization rate has been lower than that of countries such as Japan and the Republic of Korea at comparable stages of development, but higher than that of the United States and the United Kingdom.
China’s Urbanization Achievements

- Growth of China’s cities (1978-2010)

<table>
<thead>
<tr>
<th>City Type</th>
<th>1978</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;10 million person</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>4 million ~ 10 million</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>2 million ~ 4 million</td>
<td>8</td>
<td>30</td>
</tr>
<tr>
<td>1 million ~ 2 million</td>
<td>19</td>
<td>81</td>
</tr>
<tr>
<td>0.50 million ~ 1 million</td>
<td>35</td>
<td>116</td>
</tr>
<tr>
<td>0.20 million ~ 0.50 million</td>
<td>80</td>
<td>150</td>
</tr>
<tr>
<td>&lt;0.20 million</td>
<td>49</td>
<td>266</td>
</tr>
<tr>
<td>Little towns</td>
<td>2173</td>
<td>19410</td>
</tr>
</tbody>
</table>
Toward a More Efficient, Inclusive, and Sustainable Urbanization

- During “Thirteenth Five Year Plan” period urbanization will continue to be one of the driving forces for economic and social development.

- To improve the quality of urbanization to accelerate the transformation of urbanization development that will see people-oriented urbanization as an essential value.

- To 2020, the urbanization ratio of permanent population would reach about 60%, and the ratio of people who have hukou would be about 45%.

- As China implements the new type of urbanization, a new urban landscape will emerge. China will continue to urbanize rapidly, reaching almost 70% by 2030.
Framework of Analysis on Urbanization in China

- **Population** (人) — where the people will go

- **Land** (地) — how to use the land

- **Financing** (钱) — where the money comes from

- **Industry** (业) — how to develop the urban economies to vitalize cities and to create the potential for good jobs

- **Transportation** (通)

- **Resource and Environment** (美)
Peter Hall *Good Cities, Better Lives*

The Five Basic Challenges that call for new approach, new power and new investment mechanism

- Rebalancing our urban economies so as to create the potential for good jobs and new sources of work for everyone.
- Building new homes in enough quantity, to meet demand, in the right places and to good standards.
- Linking people and places through integrated land-use and transport planning.
- Living with finite resources and the impact of climate change.
- Fixing the broken machinery so as to bring public and private agencies together in the process of development and redevelopment.
THE PLAN OF NEW TYPE OF URBANIZATION IN CHINA (2014-2020)

“The Plan of New Type of Urbanization in China(2014-2020)” was issued in March 2014
New Type Urbanization

- **Population (人)** — free mobility of the population
- **Land (地)** — more intensive and agglomerated utilization of land of cities
- **Financing (钱)** — more multiplex forms and financing actors of cities
- **Industry (业)** — agglomeration of industry and economy of scale will become the major driving force of sustainable development of urbanization
- **Transportation (通)** — public transport will play a larger role within and inter-cities
- **Resource and Environment (美)** — pattern of recycling utilization of resources and style of greening living will be fully established
- **Institution reform and Governance**
《国家新型城镇化综合试点方案》
《The Comprehensive Pilot Scheme of New Type Urbanization》
62 + 2 pilot units — 2 Provinces (Jiangsu and Anhui); 3 Large cities (Ningbo, Dalian, Qingdao); 7 provincial capital cities (Shijiazhuang, Changchun, Haerbin, Wuhan, Changsha, Guangzhou, Cite area of Chongqing); 25 prefecture level cities; 25 county-level cities; 2 Towns.

To start the implementation pilot tasks in all of pilot units by the end of 2014, to form the experience from pilot units for the rest of country by the end 2017; to implement the all of tasks in nationwide base on the experience from pilot units step by step in 2018-2020.
Five Task Forces:

- To establish Cost-Sharing System for the migrants from rural household to urban citizenship
- To establish a diversified and sustainable urbanization funds safeguard mechanism
- Reform and Improvement of the system of residential land in rural areas
- Exploring to establish new system of innovation of administrative management and new model of management of Cost-reduction
- To implement reform and innovation of institutional system
Population

Target:

- Improve the capacity of agglomeration
- Free mobility of Population
- Basic public services equalized and inclusive urbanization development
国务院关于进一步推进户籍制度改革的意见
The Opinions on Further Promoting the Reform of the Household Registration System

July 30, 2014
On July 30, 2014, The State Council has formally released its Opinions on Further Promoting the Reform of the Household Registration System.

The Opinions clarify the guiding ideology, objectives, policy measures and implementation paths for the further reform of the household registration system. It consists of five parts, including general requirements, further adjustment of the household relocation policy, innovation of population management, safeguarding of the legitimate rights and interests of migrant populations and other permanent residents, and enhancement of the organizational leadership.

The opinions propose three aspects of 11 specific policy measures to further promote the reform of the household registration system.
Main Policy Instruments

- **Further adjustment of the household relocation policies**
  1. fully remove restrictions on permanent residence registration in administrative towns and small cities
  2. orderly remove restrictions on permanent residence registration in medium-sized cities
  3. reasonably determine required conditions for permanent residence registration in large cities
  4. strictly control population scale of megalopolises

- **Innovative management of population**
  1. establish a uniform urban-rural household registration system
  2. establish a residence permit system

- **Effective protection of the legitimate interests of the migrants and the transfer of the resident population**
Challenges

- Some farmers are reluctant to give up their rural household registration;
- The uneven distribution of public resources and welfare;
- The imbalance flow of population in urbanization;
- The village development encounter fading threat
Land use

- **Target:**
  - Compact urban land spatial structure
  - Improve output rate of land
《关于引导农村土地经营权有序流转发展农业适度规模经营的意见》
《Opinions on Guiding the Orderly Transfer of Land Management Right in Rural Areas and Developing Large-scale Agricultural Businesses》
November 2014
- Guide the orderly transfer of land under the premise of respecting farmers’ will(wishes);
- Cultivate new types of agricultural management main body on the bases of Cultivate a new type of agricultural management main body;
- with ensuring national food security, promoting agricultural efficiency and increasing farmers’ incomes as a goal, improve the collective ownership of rural land, achieve the separation of the land tenure, contracting rights and managerial right.
Challenges

- The process of policy implementation may go against the intention of policy maker;
- The rights and interests of farmers‘ land circulation security may be difficult to be inconsistent with the policy;
- The pace of land ownership work are slowly;
- Too flexible circulation patterns may lead to difficulties of agricultural land
- mortgage subcontract in the future;
- Land transfer risk control mechanism needs to be improved.
Financing

- **Target:**
  - The fiscal and taxation system reform and the investment and financing mechanism innovation should be accelerated and gradually establish a diversified and sustainable urbanization funds safeguard mechanism.
《2014年地方政府债券自发自还试点办法》  
“2014 local government bonds also spontaneously pilot approach”  
May 2014

《关于加强地方政府性债务管理的意见》  
“Opinions of State Council on strengthening local government debt management”  
October 2014
To change county to city
Challenges

- “县改区”，“县改市”常常会使一定规模的农业人口在统计口径上转变为城镇人口，提高了城镇化率，但是相关的配套公共服务设施、社保、低保等配套服务功能都没有跟上，从而导致城镇化率的虚高，遗留下大量农业人口市民化问题。

- 由于地方领导对县改市都很积极，在缺乏明确、科学的评价指标情况下，容易造成一窝蜂的情况，导致资源的不合理配置和浪费。
Direction is clear.
Step by step actively and steadily
Further reform in other aspects
Thank you very much!