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Guangdong Building Infrastructure to Build its Economy

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Report Highlights:

Guangdong continues to expand its local road and port infrastructure facilities focusing on private-invested expressway development in the long-term planning. More government resources will be used to upgrade rural roads during the coming five years. The Government is also considering building more bridges over the Pearl River because of strong traffic demand.

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Provincial Overview of Road and Port Facilities

According to the Guangdong Communication Department, which is responsible for managing and developing road and water transportation facilities in the Province, the Province has a road network composing of expressways, state (national-level) highways, provincial highways, and county-level roads, which altogether have a total distance of 115,000 kilometers, calculated at the end of 2005. Guangdong's road density is 64.7 kilometers per 100 square kilometers. The Province also claims the second longest distance of expressway of 3,140 kilometers in China, only 23 kilometers shorter than that of Shandong Province.

Guangdong has over 3,400 kilometers of coastal lines. There are over 30 ocean ports and 70 strong river ports with a total number of 2,603 berths in the Province, among the berths 191 ones can accommodate vessels of over 10,000 tons. Guangdong has five state-designated hub ports, namely, Guangzhou, Shenzhen, Zhuhai, Shantou, and Zhanjiang. It also has over 30 port boundary crossings, the highest number in China. Officials say there were few conflicts between hub ports and other feeder ports because each has very clear positioning and Guangdong also has sufficient cargo sources.

In 2005, the total amount of cargo handled in Guangdong's ports was approximately 700 million tons, growing by 11.6% year-on-year, and TEU volume 26.45 million, up 17.3%. Its road passenger transportation and handled cargo volumes respectively increased by 13.1% and 13.8% year-on-year, in contrast to reductions in the number of water-borne passenger volumes by 5.1% and cargo volume by 2.4%. Despite the drop in water transport, about 73% of Guangdong's cargos still were handled by water transportation.

The Communication Department and the local Guangzhou Railway Group, which is directly affiliated to the Railway Ministry in Beijing, share coordination in infrastructure planning. The two support rather than compete with each other since the local transportation demand is growing at a rapid pace and the two organizations can help lessen each other's pressure. The Department also works with its counterparts in neighboring provinces in infrastructure planning. Guangdong currently has 17 expressways or state highways connecting Guangdong with neighboring provinces as well as to Hong Kong and Macao. In addition to inter-provincial coordination, the Department also coordinates with other industries, such as tourism, when planning the Provincial road network.

Rapid Expressway Development

Guangdong built its first expressway only in 1989, approximately ten years after the announcement of the "Reform and Opening" program. The Province plans to build an 8,800-kilometers expressway network over 30 years. Its goal is to reach about 5,000 kilometers by 2010, and 7,300 kilometers by 2020, and finally 8,800 kilometers by 2030. When the network is complete, all cities that have populations of over 150,000 would be connected by expressway. All counties, major ports, airports and railway hubs can have access to expressways within a 30-minute driving radius. The Government has seen the expressway's positive impact on local economic growth in less-developed areas such as Heyuan City.

By the end of 2005, Guangdong has 3.83 million automobiles, out of which 2.54 million are private-owned. The Communication Department's major concern is not about road congestion, but how to extend current road distance and capacity to meet development needs. Guangdong's initial planning of expressways did not anticipate the fast growth of traffic on key expressways, such as Guangzhou-Shenzhen expressway, and now the Province needs to increase either the number of lanes on current expressways or build new roads. For example, the Department is considering expanding the existing Guangzhou-Shenzhen

expressway from the current six lanes to ten lanes, while a separate expressway connecting the two most prosperous cities in South China is already under construction.

Most of the investment in new expressways comes from domestic or foreign enterprises or bank loans, with very little contribution from the Central or Provincial Governments. Normally, the Government only involves itself in granting administrative approvals of the expressway projects, their toll charts, and establishing the time frame during which road developers can collect tolls. After this period is over, an expressway's developer must transfer the expressway, which needs to be in good operational condition, over to the Government.

Rural Road Planning

As Beijing puts more emphasis on improving rural living and production conditions, the Department has made rural areas the focus of its planning for the newly begun 11th Five-Year period. The Department plans to have each village in Guangdong connected by concrete or asphalt roads by the end of 2009. In fact, the Department has already started to build roads to connect the countryside since 2000, when all villages were connected by at least dirt roads. Since 2000, the Department has worked on paving the roads with concrete or asphalt.

It is estimated that there will be 40 to 50 thousand kilometers of roads that the Department needs to improve during the coming five years. The costs of road improvement will be shared by the national, provincial and municipal governments. The beneficiaries, the farmers, also need to contribute to the projects via different amounts of payments or free labor time, which amount depends on the level of prosperity at the local village, determined by the Provincial Government.

Bridges Over the Pearl River

The Guangdong Government has not yet finalized its research of the bridge project to connect Hong Kong, Macao, and Zhuhai across the mouth of Pearl River. The Department has not decided whether the final choice would be only a bridge or a bridge-plus-tunnel combination. The project will be managed in a build-operate-transfer (BOT) model in which the Guangdong Government provides no investment, but depends entirely on outside funds.

This grand bridge project, whose distance will be over 40 kilometers, will not be enough to meet the cross-Pearl-River transportation demand. Currently in the Pearl River Delta, there is only one main bridge in Dongguan, the "Humen Bridge", which is already at its capacity limit. More bridges need to be built to help cargos generated in the western side of the Pearl River, such as Zhongshan City and Jiangmen City, reach Shenzhen and Hong Kong, though that need may lessen somewhat with the development of the Nansha Port on the western side of the Pearl River.

Guangdong's aggressive development of expressways, rural roads, and port facilities will continue to contribute to the Province's economic growth, especially in Guangdong's less developed areas. A more extensive transportation network would help Guangdong to maintain its economic competitiveness. We have noticed that while the development of the intra-Province road network has been proceeding smoothly, road connections with other provinces have often not yet been completed, requiring travel on secondary or tertiary and often poor condition roads. Apparently, discussions between provinces have not yet fully decided who will pay for which parts of the final connections.

Regarding agricultural imports into the region, the infrastructure improvements mentioned above will facilitate the development of the cold chain system making it easier and easier to transport high-value, perishable goods such as fruit, vegetables, and meat products. The cold chain system has made huge gains in a short amount of time, but improved transportation infrastructure will surely expedite the development of these systems in the future.