

THE DEVELOPMENT STRATEGY OF CBD CONSTRUCTION IN HANGZHOU, CHINA^{*}

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Abstract: The rapid development of tertiary activities and the formation of a real estate market make the absence of a CBD (Central Business District) in Hangzhou an increasing problem. A CBD should be planned to accommodate future growth. Exploring the historical process, theoretic background and life cycle of CBD in Western cities, this study clarifies the orientation and objective of the Hangzhou CBD. It points out that Hangzhou CBD is expected to be the economic growth pole of Zhejiang Province and the subcenter of Yangtze River Delta of China. Base on the life cycle rule of CBD growth, it advises to experience three stages, including infrastructural investment stage, function promoting stage and function perfecting stage. We also design the objective and construction strategy of each phase.

Keywords: CBD; strategy; planning; Strategic objectives; Hangzhou; Qian Jiang Xin Cheng

On March 2001, the State Department had officially approved the action of removing the name as city of Xiaoshan and Yuhang and setting up them as districts in Hangzhou. This action had made Hangzhou become the second largest city in Yangtze River Delta of China and provided a historical chance for Hangzhou of bringing its functions and room recombination into full play. In the new city planning, the general orientation of Hangzhou is as follows: the international tour city, the national historical and cultural city, the major center city in Yangtze River Delta, and the political, economical and cultural center in Zhejiang Province (Hangzhou city general plan outline, 2002) . It has reflected the developing ideology of building Hangzhou into modern metropolis on the basis of developing the tour features of Hangzhou (Zhao, 2002). In order to achieve this goal, the government has changed the idea “dismantling the old city, building the new city” into “reserving the old city, building the new city”. Thus, the Hangzhou government has put forward the idea of building Hangzhou Central Business District. The aim of this idea is to advance the status of Hangzhou, improve the environment, consummate the city functions and improve the competition power of Hangzhou, so as to realize the stable and continuable development of Hangzhou (Zhao, 2002). The construction of Hangzhou CBD is significant. Therefore, the scientific and logical planning of Hangzhou seems very important. This paper makes a study on the developing strategy of CBD in Hangzhou, analyzes the background, goal, steps and key points of the stratagem, and at the same time put forwards effective strategies.

1 strategic background analysis

1.1 International Background: economic globalization

With the development of economic and technology, the whole world has gradually formed an interdependent and interactional meshwork. Because the manufacturing center moves toward eastward, the Yangtze River Delta will become the new base for world manufacturing, and it will encounter many developing chances. And Hangzhou, which is located in the south Yangtze River Delta, will also become an important crunode while playing a very important role in participating in the world competition and cooperation. The aim of Hangzhou CBD is to attract the multinational corporations and to provide an arena to domestic corporations. Hangzhou CBD is the springboard for Hangzhou to walkup to the world and also the bridge to boost the communication of home and abroad.

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1.2 Regional Background: Delta economic integration

Occupying only 1% area in China, Yangtze River Delta supports 6% population of China and creates more than 20% GDP (He, 2004). It is one of the most developmental areas. Under the circumstance of globalization, Hangzhou initiatively participates in the process of integration of Yangtze River Delta with Shanghai. At the same time, because Shanghai rearranges and specifies its functions, its influences become strongly, and its functions even instead some of the functions of center cities in Hangzhou. In addition, due to the construction of HUYONG high-speed passage, the relationship among Shanghai, Taizhou and Wenzhou becomes close increasingly. And all of these cities will become the opponents of Hangzhou. However, its weak competition power of industry structures, its faint related city functions, and its expensive cost, all of these problems reduce the attraction of Hangzhou, and its center influences become weak gradually (Gu, 2003).

1.3 City-wide Background: administrative region adjustment

The new City Plan puts forward the developmental strategy that “enlarge city eastward, develop tour industry westward, explore along the river and develop over the river”(Hangzhou city general plan outline, 2002), and it also brings forward a new developing way and specifies new developing structure. According to this developing idea, Hangzhou will transform the old layout that seems old city as corn area into a cross-river, along-river and network layout that take the Qiantang River as the axes. In addition, from the aspect of Hangzhou’s future industry structures, the best area for Hangzhou CBD is the area that between Qianjiang Second Bridge and Third Bridge. Thus, it will quicken the pace of building new city, stimulate the development of along-river area, transfer people to east and south area, boost city’s exploration, promote the city evolve to multi-center, and finally realize interaction of “reserve the old city, build the new city”, so as to harmonize the relationship of modern metropolis and historical city. Therefore, the predominant location of Hangzhou CBD (Qian Jiang Xin Cheng) is most hopeful to be the CBD in Hangzhou in near future.



Fig.1 the location of Qian Jiang Xin Cheng (Hangzhou new CBD)

From the above analysis we can find that, under the circumstance of globalization and the city background of “reserving old city and building new city”, building the CBD is necessary, and the developing strategy of CBD in Hangzhou is very crucial.

2 Strategic objectives design

Considering the macro environment and background of Yangtze River Delta, the condition of Zhejiang and

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Hangzhou which will advance realize the modernization, the developing strategy of Hangzhou, and the functions, stratagem status and developing foreground, we think the aim of developing strategy of CBD is that: through 20 year's strive, we will make it become the “CBD in Hangzhou, economic growth pole of Zhejiang Province and the subcenter of Yangtze River Delta of China” in 2020.

The recent construction aim is to build Hangzhou CBD as the center of administration, commerce, information, science and technology, and make it become the headquarters of private enterprises, and the base of technology and information.

The medium and long-term construction aim is to make Hangzhou CBD as the country's model modern CBD, try to make it become the important crunode in the economic circle network in Yangtze River Delta, make it become the subordinate economic corn in Yangtze River Delta and participate in the international globalization which has good reputation and great influences in world.

In order to achieve this goal, Hangzhou CBD must show its prominent superiority with bright characteristics. In order to face up the current digital age as well as the challenges of the globalization network, the orientation of CBD functions should reflect the current relevance. At the same time, it should also emphasize the humanities spirit so as to realize the harmonic development among human beings, nature and environment. Considering the aim of long-term developing strategy of Hangzhou CBD, we design it from the function aspect into following four items: digital CBD, ecological CBD, tour CBD and modern service CBD.

Digital CBD features in its network information technology. In the knowledge economy age, all of the trade, the finance, the production and the marketing way will change, and enterprises will require higher office efficiency, they will depend on high technology facilities much more (Zhuang and Jing, 2002). The CBD construction must be able to satisfy the support of electronic commerce infrastructure, the entire optical fiber communication network, the ultra-broad band network and the communication network. Therefore, the construction of Hangzhou CBD must begin with higher standards, which will coincide with the international standards.

Ecological CBD takes the green, the humanity and the ecology as its characteristics. The construction of CBD should be connecting people. On the construction of ecological environment, we should bring the landscape advantages of Qiantang River and canalage into full play, and we should try to make the Jiefang Road as ecological corridor. On the construction of living environment, we should satisfy the requests and need of the people who live in CBD and avoid appearing the phenomenon of American Ghost city Houston CBD. On the construction of working environment, ecological CBD should have continent transportation system, and we should better use space source through building underground, parking lot, underground corridor and commercial facilities. We had better realize the division of people and vehicles thoroughly. On the construction of humanity environment, we should fully explore the sources of Qiantang River, canalage and Hangzhou history and culture, realize the combination of fair and efficiency through building effective and honest government, so as to provide comfortable and loose environment for talent people who work in Hangzhou CBD.

Tour CBD takes river scenery and the modern atmosphere as its characteristics. The famous international CBD such as The New York Manhattan, La Defence of Paris are not only the mature CBD, but also attractive tour places. In our country, CBD in Shanghai also put emphases on the development of tour functions. Hangzhou CBD has abundant tour sources, and Hangzhou is a wonderful city with fore different scenes, which is unique in our country. When we consider the tour functions in Hangzhou CBD, we should well deal with the relationship between lake scenery and mountain scenery in west lake area. It should reflect the different traveling styles, but also reflect the organic synthesis and the intrinsic connection of the two sceneries. If the tour characteristic of west lake area is “fine and harmonious”, the tour characteristic of Hangzhou CBD should be “grandness and open”. This characteristic can be explained from tow aspects: on one hand, its flourish and vigor will be vividly expressed by the contour lines of buildings along the Qiantang River. On the other hand, the model buildings will show its modern feeling and openness. In addition, we should pay attention to build exquisite canal scenery and the landscape pf Jiefang Road that joins the old city and the Hangzhou CBD, and make it become the organic relation and reasonable transition between the scenery of West Lake and Hangzhou CBD.

Service CBD takes emerging tertiary industry as its leading characteristic. The industrial orientation and features of Hangzhou CBD should be accordance with Hangzhou's industrial economic developing direction.

The modern service industry such as finance, accountant, audit, appraisal, negotiable securities, intermediary, law, information and the consultation are all the sunrise industry in new economic time, and the should gradually filter into the industrial orientation and features of Hangzhou CBD. According to request of the commercial activity to the social intermediary service, on the basis of vigorously developing the intermediary service industry such as accountant, appraisal and law, we should extensively develop the intermediary service industry such as education training, information consultant, intellectual property rights, the conference, the advertising, the transportation, trading and the correspondence, so as to make Hangzhou CBD as a social intermediary service industry with integrated system, clear functions, well-regulated rules and effective service.

3 Strategic steps design

According to the domestic and foreign historical experience and lesson of CBD construction, and based on the systematic analysis of Hangzhou’s general developing plan and the opportunities and challenges we will face, we think the Hangzhou CBD should take “modern orientation, long-term plan, step-by-step development and promotion, whole advancement” as its strategic guiding ideology.

The modern orientation means that Hangzhou CBD complies with the developing trend of new economic age. It not only forms the CBD in Yangtze River Delta with modern commercial functions, the headquarters of major enterprises and companies in Zhejiang, the administrative center and the emerging business center in Hangzhou, but also forms digital CBD, ecological CBD, tour CBD and modern service CBD. In the long-term plan, step-by-step development and promotion, we divide the plan into three periods: the forming period, the growing period and the mature period, that is three phases as infrastructure construction (2002-2010), function promotion (2010-2020) and function consummated (after 2020).

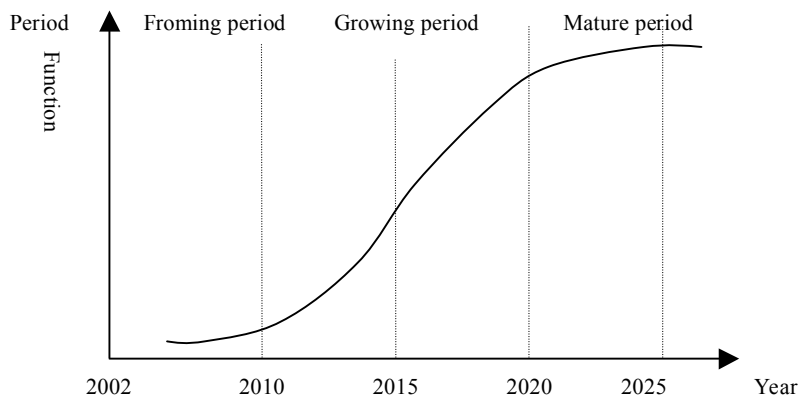


Fig.2 the Growth of Hangzhou CBD

3.1 Forming period

From the year of 2002 to 2010, it is the period of CBD infrastructure construction and the period of absorbing foreign funds. In other words, it is the forming period of CBD, which including the strategic plan of CBD, the development and construction of infrastructure, and the formation of functions. The primary aim of this period is to further polish and arrange the plan, speed up the pace of infrastructure construction and absorb foreign funds. During the previous five years, we should pay attention both to the infrastructure construction and absorb foreign funds. The government should carry out the construction of roads, major social service establishment and some of the commercial facilities, and it should also actively absorb the foreign funds. During the latter several years, the developer mainly develop the projects such as upscale office buildings, and the government should keep absorbing foreign funds, so as to attract headquarters of enterprises and financial

organization enter the Hangzhou CBD. To the year of 2010, we will finish the construction of core area in Hangzhou CBD and form the basic frame of “one center, two sub-centers.” We will initially form the construction of hardware facilities and gather the commercial functions, leading industry and popularity together.

During the forming period, we should adopt the strategy of “putting emphases on the advantages of administrative center, on the starting economic construction of headquarters and on the cultivating modern commercial and business functions” to develop the functions of Hangzhou CBD. According to the fact that the development of Chinese economy has close correlation with the government, and considering the opportunities of promoting status that most enterprises will encounter, we think that, when the Hangzhou government moves into the Hangzhou CBD, we should also guide some famous Zhejiang enterprises into Hangzhou CBD, so as to develop “the headquarters economy”, stimulate the investment in large-scale enterprises and realize the dual goals of absorbing foreign funds and cultivating functions. At the same time, we should also develop the tertiary industries such as finance, international trade, information consultant, and science and technology service and so on. What’s should pay more attention is that, now the Chinese social economy is developing rapidly, we should learn from the lesson that “the plan dose not change as quick as the changes”. Thus, during this period, we should well control the developing density and intensity of Hangzhou CBD, so as to leave enough space for the development in the growing period of CBD.

From the aspect of Hangzhou city function structure, Hangzhou CBD is unable to undertake all functions in the forming period; it should well deal with the completion and cooperation relations with other districts. Huanglong district, which is full of upscale office buildings, is considered as the aristocrat commercial business area. Wunlin district, which undertakes Hangzhou business center function and some commercial functions, will also further develop and improve.

3.2 Growing period

The year 2010 to 2020 is the period of function promotion, which in other words is the growing period. On the bases of material formation and social recognition, we plan to make Hangzhou new CBD truly become CBD in Hangzhou which is worthy of the name after 5 years’ strive. And to the year of 2020, we will try to make Hangzhou CBD as the central business area and the center of enterprises in Zhejiang, which plays a leading role in the modernization of economic system in Zhejiang Province.

In this period, the primary mission is to agglomerate important economy and promote the CBD functions. The domestic and foreign experiences indicated that the crucial point of the CBD formation is the economic gathering degree, the economic radiating power and economic turnover, which needs long time accumulation and the cultivation. Thus, the Hangzhou CBD should take the mix development with Shanghai CBD into consideration, strengthen the radiating effects to other cities in Zhejiang and harmonize the competition and cooperation relations with other cities such as Ningbo. And according to the current economic developing situation, we should choose to develop some important projects, gather the economic power of Zhejiang and even Yangtze River Delta, so as to highly enhance the economic storage, the economic current capacity and economic output value. Meanwhile, we should consummate the industry structures and improve the overall function of CBD. In addition, besides further strengthen the functions of Hangzhou CBD, we should also develop the modern service industry and explore the CBD service function so as to realize the update of business functions.

The basic strategy of construction of Hangzhou CBD in growing period is to consider the main industrial items as the guidance, develop the significant projects first and form the high-level business center. Because the crucial point to realize strategic orientation of Hangzhou CBD is to gather the economic center of Hangzhou, Zhejiang and even Yangtze River Delta, we should firmly avoid the general investments and the excessive accesses of estate development projects. At the same time, according to the request of modern CBD, we should actively promote some aspects such as the transportation, the environment, so as to protect the appearance of serious urban sickness.

In this period, Hangzhou CBD will gradually undertake the Hangzhou business center function, the technical center function and the information and expo center function, and its powerful gathering function

will attract other business activities in other regions in Hangzhou.

3.3 Mature period

After the year of 2020, Hangzhou CBD will enter the mature period. After finish the update of business functions of Hangzhou CBD, we need to radiate its function, and gradually make Hangzhou CBD become the important CBD in Yangtze River Delta which only inferior to Shanghai CBD. We estimate that in 2025, we could complete the strategic goal of “Hangzhou CBD, economic growth pole of Zhejiang Province and the sub center of Yangtze River Delta of China”, and finally make Hangzhou CBD strong in gathering power, high in information level, effective in government potency, comfortable in living and working condition, which will gain good reputation and influence in the world.

The primary mission in the mature period is to display the super competition and cooperation and develop the CBD radiate function. We should not only consider the mix development of Hangzhou CBD with Shanghai CBD, but also consider its attraction to its peripheral cities, such as Anhui, Jiangxi, Jiangsu and its competition with the sub city center in Nanjing area. We should bring its advantages into full play in the competition and cooperation, further improve the CBD function and develop the radiate function of Hangzhou CBD.

During the mature period, the strategic emphasis of Hangzhou CBD is to base itself upon Hangzhou and agglomerate the characteristics, serve Zhejiang and strengthen functions, radiate in Yangtze River Delta and improve competitive ability. In this period, Hangzhou CBD will participate in more and more domestic and international competitions, and its foundation of competitive power is its characteristics and functions. Therefore, we should further emphasize its characteristics and bring the economic influence of Zhejiang Province into full play, so as to stimulate the functions of Hangzhou CBD in Yangtze River Delta and even nation wide.

The development of Hangzhou CBD function in these three periods is associated with each other mutually. In each period, it has its emphasis, and we cannot separate each period to realize the goal. In addition, according to the international experience, the cultivation and growth of CBD function requires quite long time, and in this long process, the factors that may influence the development of CBD are many, such as world economic undulation, regional economic crisis, urban development condition, national developing policy and so on. Therefore, the strategies that conceived above should be always rearranged properly according to the actual situation.

4 Implementation strategies

At present, Hangzhou new CBD is at the start stage, and the opportunity and challenge coexist. In order to boost the development of Hangzhou CBD, in the process of carrying out the strategies, we should abide by the following six principles: the integrity, the openness, the diversity, the long-term characteristic, the coordination and the validity. And we should also pay attention to and solve the following crucial problems:

4.1 Establishing the scientific development concept, understanding the long-term and arduous nature of the building

According to the domestic and foreign experience, the formation and development of CBD is a historical and dynamic process of city evolution, which requires quite long time. The domestic CBD construction also expresses that, eagerly hope for success possibly works just the opposite. Thus, CBD construction must consider from the long-term strategy.

The layout and construction of Hangzhou new CBD is carrying out in newly-developed area, which will face lots of duties and is very complicated. Currently, we shall first complete the infrastructure word, such as road, network, water and electricity. Secondly, we must realize that we should not only depend on administrative method to develop Hangzhou CBD, and the gather of industries is the basic condition. Thirdly, the construction of CBD needs government’s guidance. The government should carefully analyze the

economic and social developing condition and then make exact judgment and cautious decision. Therefore, the layout and the implement of CBD strategy require long time plan, and we shall not regard the present benefits too important.

4.2 Correctly handling interregional competition and cooperation

The development and construction of Hangzhou new CBD will not only face the competition and cooperation in Yangtze River Delta and CBD in Zhejiang Province, but also in the interior of Hangzhou itself.

The construction of cross-sea Bridge in Hangzhou bay is a big challenge to Hangzhou CBD, and it also gives an opportunity to the rearrangement and reorientation of Hangzhou, Ningbo and the cities in Zhejiang east. Under this background, we should capture this chance to rearrange the pattern of Hangzhou in the construction of Hangzhou CBD and create its own characters so as to reach the goal of win together. Moreover, the private enterprises with abundant funds are important advantage to the development of Hangzhou CBD. Hangzhou CBD should excavate its own characteristics as well as the historical and cultural connotation, and bring the advantage of Zhejiang private enterprises into full play, and then to consider gradually realize the goal to make Hangzhou CBD as the important CBD in Yangtze River Delta even in our nation. In this process, we should create comfortable and convenient working condition and living environment, realize the organic combination of space and ecology, reflect the characteristic and connotation of Hangzhou city and make it become a district that could show Hangzhou's modern image.

There also exists competition and the cooperation in the Hangzhou city. Strictly speaking, the old Wulin business circle cannot be regarded as CBD, but it also attracts the commercial activities. The construction of Hangzhou new CBD should avoid the problem which happened in Qingdao that the disappearance of the old area because of the construction of the Qingdao new town, and should also avoid the problem like the CBD in Beijing caused by the competition between Beijing CBD and other commercial markets. It is very important to deal with the competitive and cooperative relationship with the Qianjiang century city on the other side on the view of the whole Hangzhou.

4.3 Paying great attention to the variety and advancement of CBD

Looking from the developing process of overseas CBD, we can find that CBD in each big city all develops from the commercial function to mix function, and at the same time, realizes the promotion and upgrade of CBD function, and then develops to integration and ecology. When considering the commercial function of Hangzhou CBD, we shall also consider the subordinate functions, like trade, entertainment, literary and education, housing, traveling, especially the traveling function.

Facing the challenge and opportunity in knowledge economy time, the establishment of CBD function also needs to pay attention to its advancement manifest the current relevance simultaneously emphasizes the humanities spirit. While completing the function of multiplicity and advancement, we shall also be vigilant to the phenomenon of willfully bypassing the plan that has been already formulated or passed in the CBD construction process, and try to avoid the phenomenon of passing away the sham as the genuine.

4.4 Focusing on long term and overall benefits, avoiding the real estate projects excessively enter CBD

The development of CBD is supposed to base on the operation validity of CBD and focuses on long term and overall benefit. It often appears the phenomenon that the development of real estate controls the CBD development. Guangzhou Pearl River CBD is the illustration. Therefore, we must firmly avoid the general investment and the real estate development projects excessively enter CBD. At the same time, according to the request of CBD in modern city, we shall positively improve the aspects of transportation, environment, and household and prevent appearing the serious urban sickness. The strategy of CBD development must change from the pure real estate development to the economical development, and we should formulate the reasonable CBD developing plan and enable CBD operate effectively.

4.5 Playing the role of the government in the construction

The plan, construction and development of CBD need long time when the market plays the leading role in the cultivation process. It is not only depending on administrative and planned method. However, presently in our country, the market economy system is not under the very perfect situation. In order to safeguard the implementation of the CBD strategic target, the government plays a very important role in the development of Hangzhou CBD.

In this aspect, the Hangzhou government has played a quite major role. The municipal government plans to move the administrative center to Hangzhou new CBD. The government provides preferential policies in the aspects of the tax revenue, land, registered permanent address and children matriculation and so on to the enterprises and the Chinese and foreign organizations who invest money in Hangzhou new CBD construction. This will be playing important impetus role to the smooth growth of Hangzhou CBD. Moreover, the government must complete the public control, including setting up the public management structure and the implementation rule control.

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