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Global Trends and Sustainable Cities: Developing Viable Business Hubs

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“Creating a World-Class Pearl River Delta Metropolis”

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Change we see coming

- The world economy faces continued uncertainty and multiple threats from economic and financial turbulence but also from population trends, climate change and resource shortages
- Yet the leading developing economies currently appear stronger than ever and must respond to demands to improve living standards
- Companies face competitive pressures but also opportunities for leveraging ideas and skills and accessing markets around the world
- Cities, regions and countries need to understand global developments and how they position themselves in light of these trends

Key questions for business hubs

- ***What will be the most significant changes in the global economy, in how people live and work and in how business will develop?***
- ***How will these changes impact?***
- ***What policy responses can help promote a positive outcome?***

From macro concepts to hub specific actions

1. Trends in the Global Economy over the next decade

- Developed economies face a slower growth scenario and tougher policies to meet “low carbon” standards
- Developing countries are still seeking high growth and rising living standards
- Ageing to affect both developed and developing countries
- Rising costs for energy and other resources
- Unless cost effective solutions are found to relieve resource constraints and address climate change, world growth will slow sharply

2. Implications, competition and risks

- Developed economies still largest market for goods and services, but other markets will be growing much faster
- More emerging market companies to invest in “go global” strategies
- In view of the shortage of highly skilled labour, there will be increasingly global competition for the best talent
- Resource competition
- More focus on non-tradeable in developed countries
- Scope for developing new technologies and industries

3. Know your hub: actions and policy responses

- Consolidate positions in developed markets
- Develop new business in high growth economies and sectors
- Adopt “grow talent” as well as “go global” strategies
- And retain talent – what most attracts people and business?
- Damage limitation in case of global risks
- Reduce vulnerability to resource and climate constraints

Hub's position relative to competitors

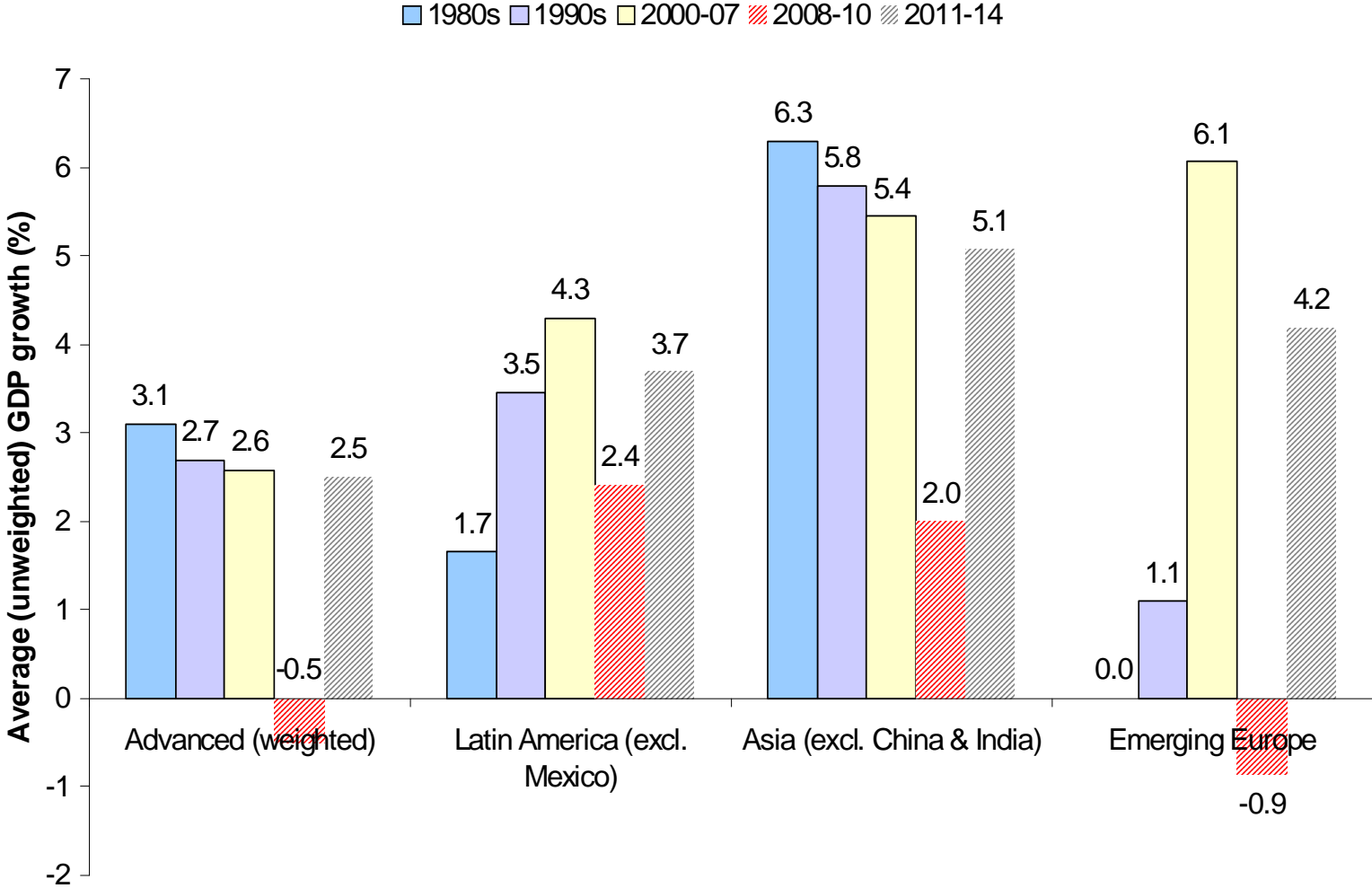
- Understand strengths and weaknesses relative to competitors including newcomers
- What may be the most effective policies to adopt in support of targets to win new investment and jobs?
- Potential policy options:
 - Focus on best growth sectors and relationships
 - Ensure key strengths are secured
 - Address most important weaknesses
 - Take action to offset competitors' strategies
 - Impact assessment: identify which of the above is likely to make the most difference to the final outcome

Understanding constraints

Developing industries, matching skills

Sector	Skills
Financial and insurance services	High-medium
Tourism and retailing	Medium-low
Textiles industries	Medium-low
Light Manufacturing	Medium-low
Non-Tradeable Services	High to low

Projected global recovery weak in 2010 but strengthening by 2011 - Asia in the lead



Emerging markets rising – but China stands out, overtakes Japan

Rank	Region	GDP estimates (\$ tn)	
		2007	2017
1	EU (inc UK)	17	25
2	US	14	21
3	Japan	4.4	7
4	China	3.4	12
5-9	Canada, Brazil, Russia, India, Korea	1-1.5	(India) 3
=10	GCC total, Mexico, Australia	0.8-1	(avg.) ~2
	World total	54-55	95-100

Financial Centres (GFCI) and Financial Development (WEF) indicators: Hong Kong well positioned, China rising

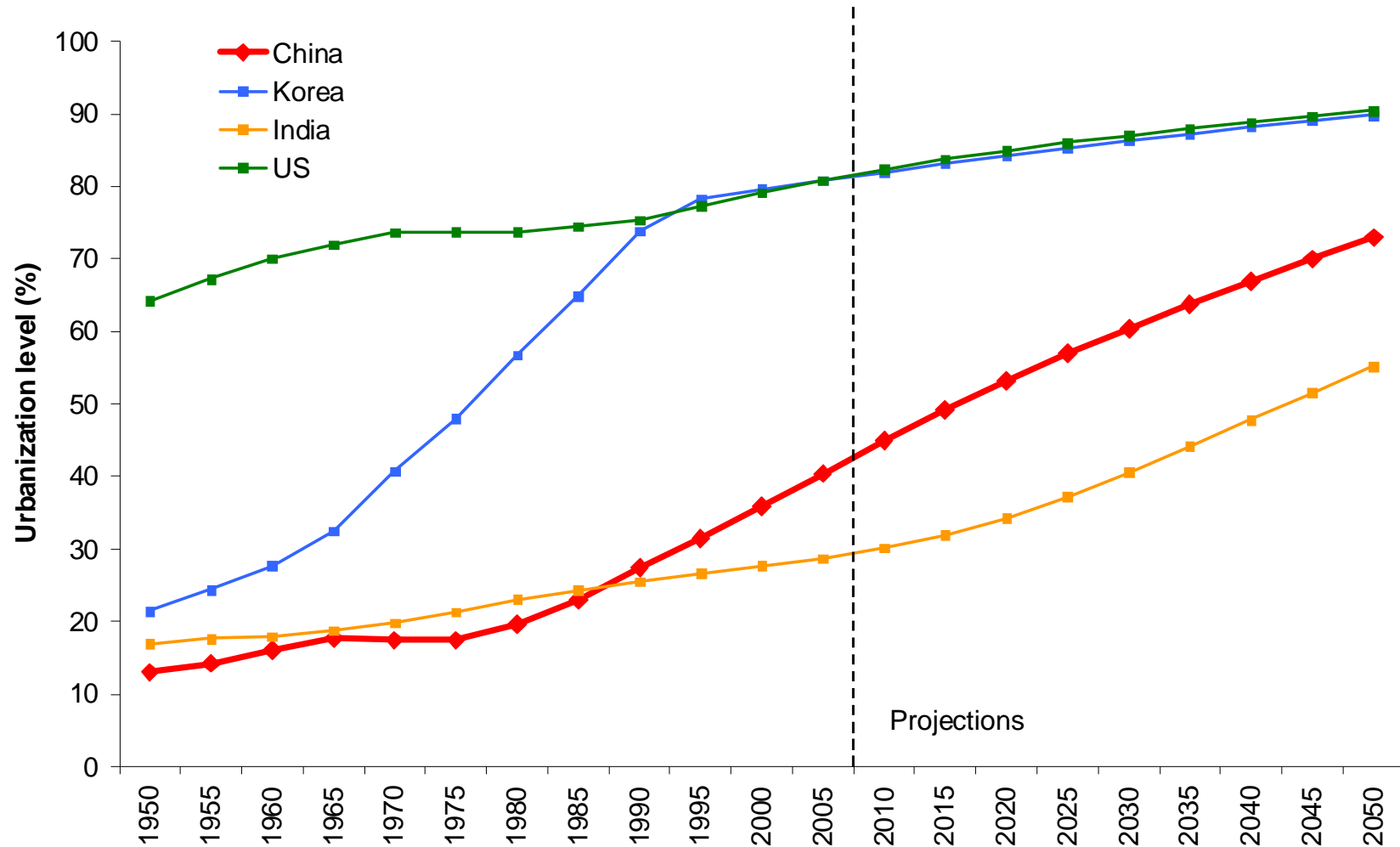
GFCI6 (Sep 2009)	
1	London
2	New York
3	Hong Kong
4	Singapore
5	Shenzhen
6	Zurich
7	Tokyo
8	Chicago
9	Geneva
10	Shanghai
21	Dubai
22	Beijing
24	Taipei
35	Seoul
38	Osaka

WEF 2009	
1	United Kingdom
2	Australia
3	United States
4	Singapore
5	Hong Kong
6	Canada
7	Switzerland
8	Netherlands
9	Japan
10	Denmark
20	United Arab Emirates
22	Malaysia
23	Korea, Republic
24	Saudi Arabia
26	China

Population trends and urbanization: focus on PRD

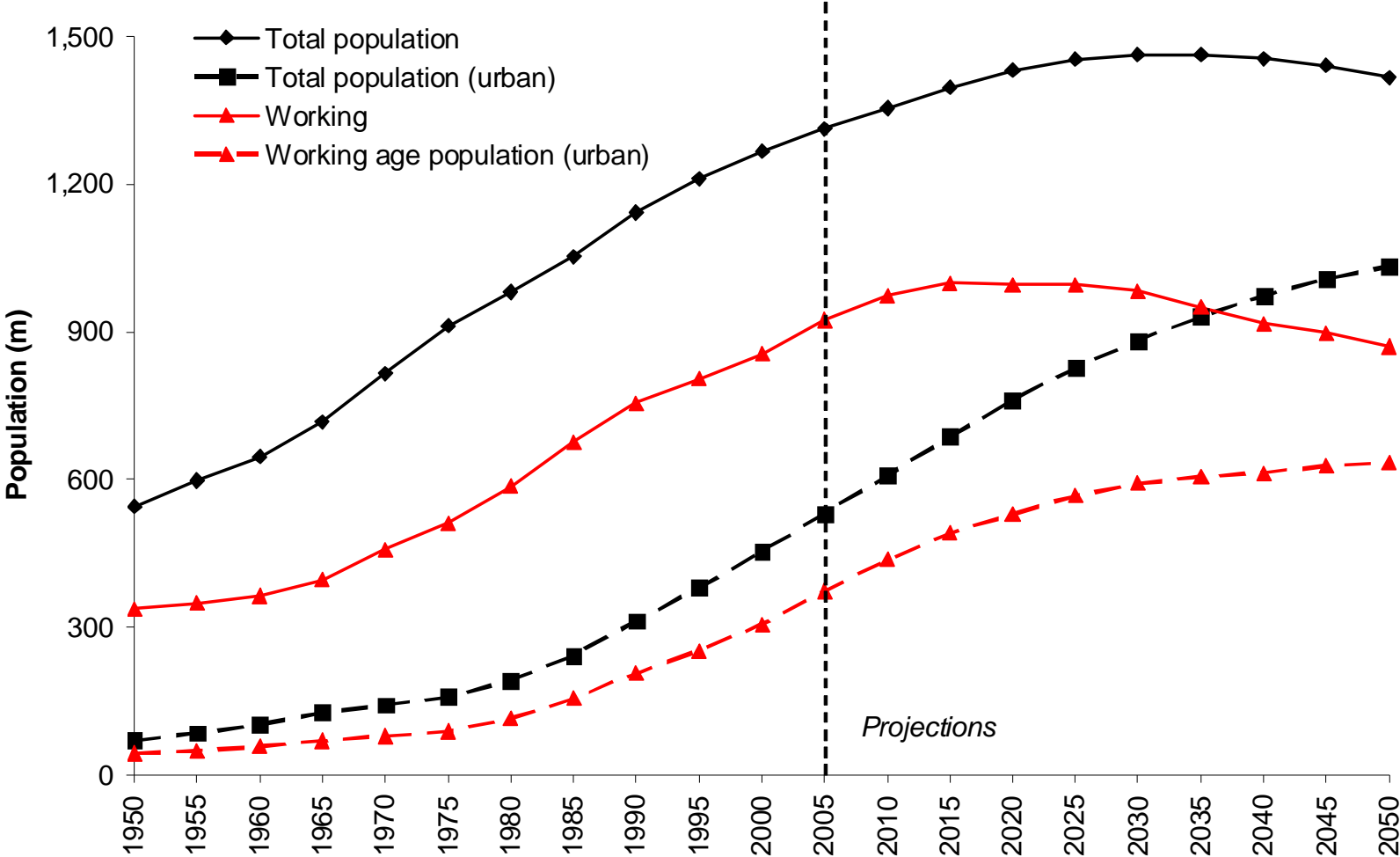
- Urbanization is still progressing rapidly in China and this tends to rapidly raise productivity
- Major cities are growing – but even faster growth is forecast for smaller conurbations and new towns
- Hong Kong population projections are relatively subdued but Pearl River Delta will gain from mainland trends
- Much of the urban population in China is still “new” – flowing in from the rural areas
- At the same time, the overall population is ageing – probably implying an “older” rural population
- But city planners must take into account ageing as well

Urbanization rate is forecast to keep rising in China as it is still a long way behind the US and South Korea



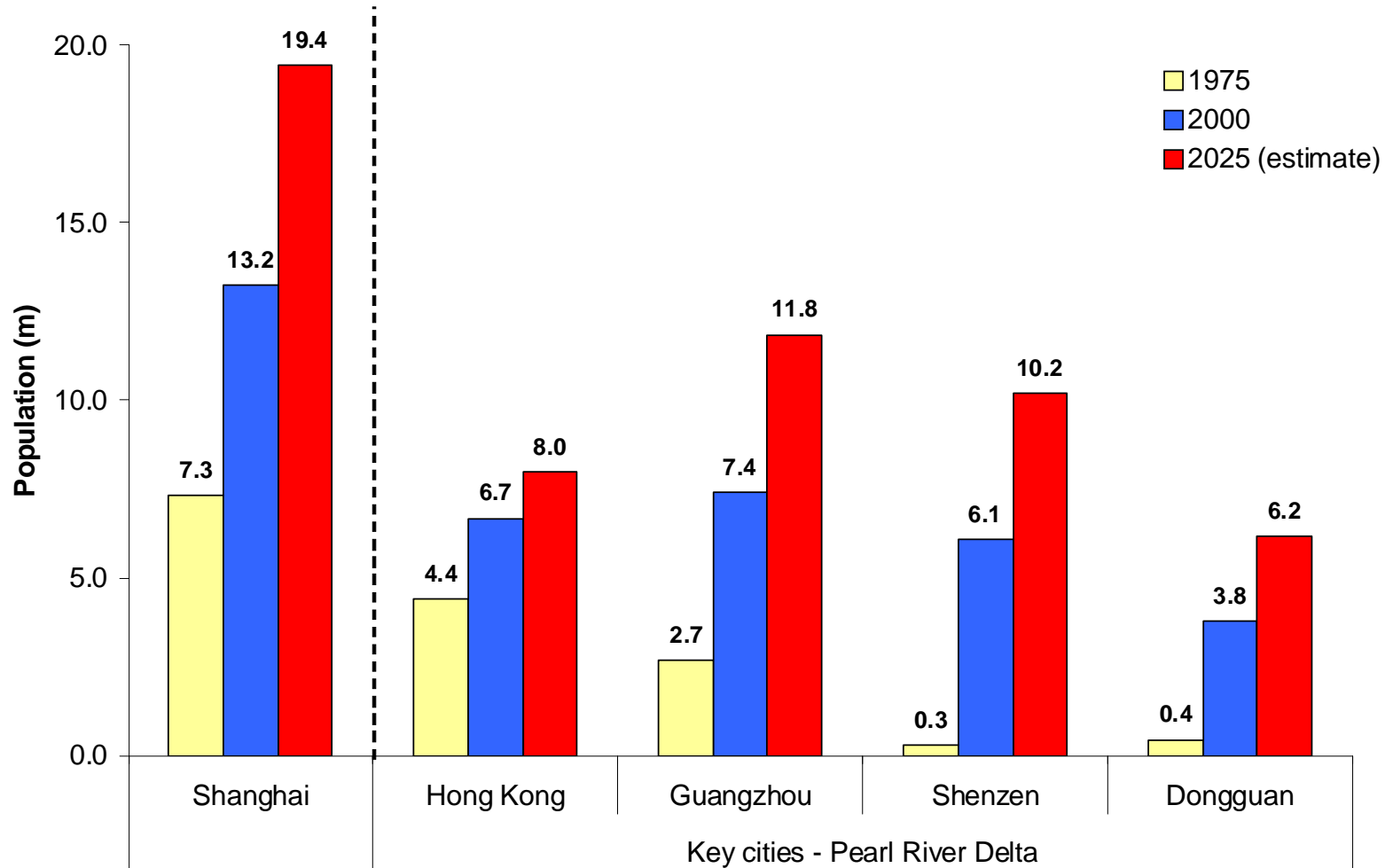
Source: UN

Demographic trends in China



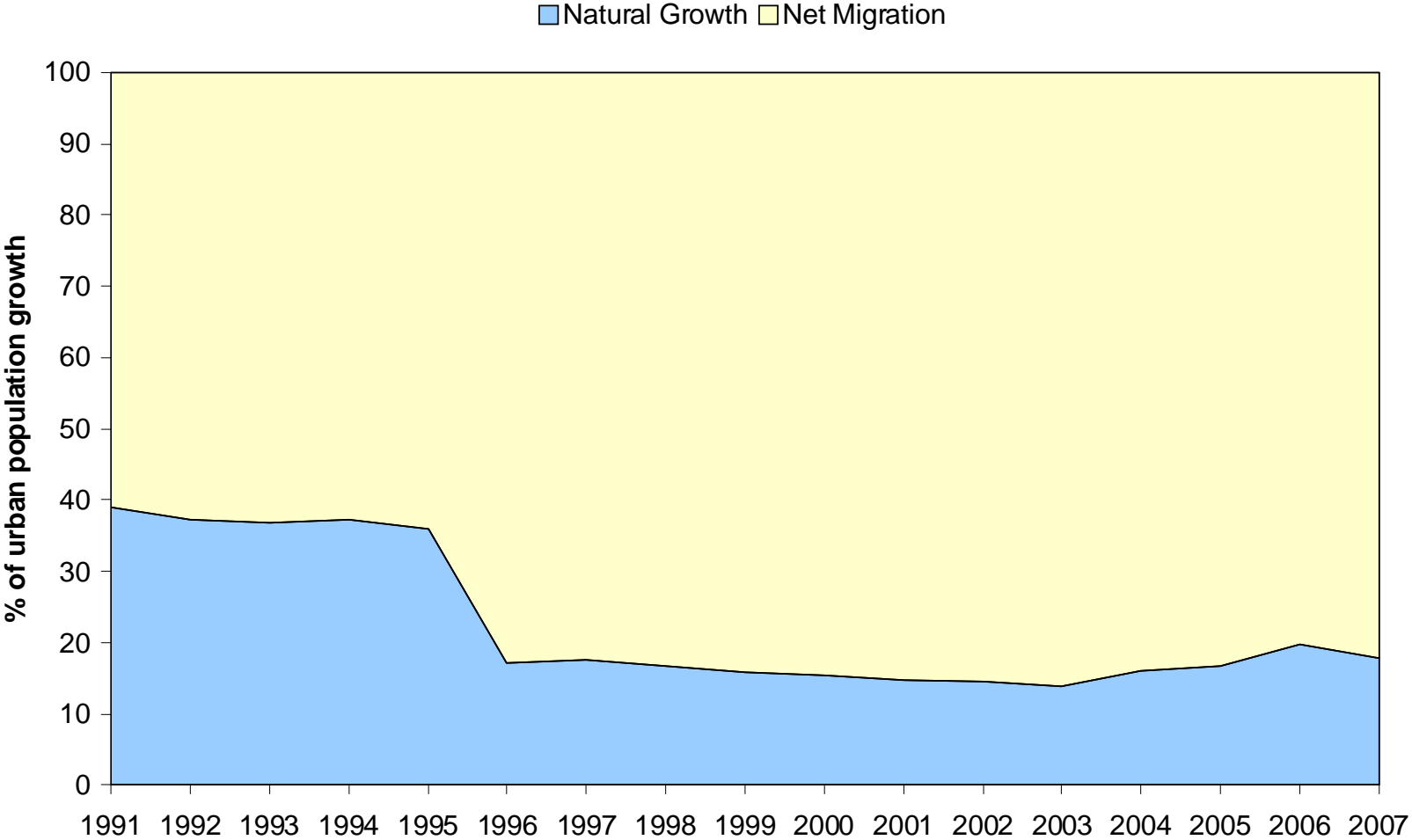
Source: UN

Growth of key cities in the Pearl River Delta



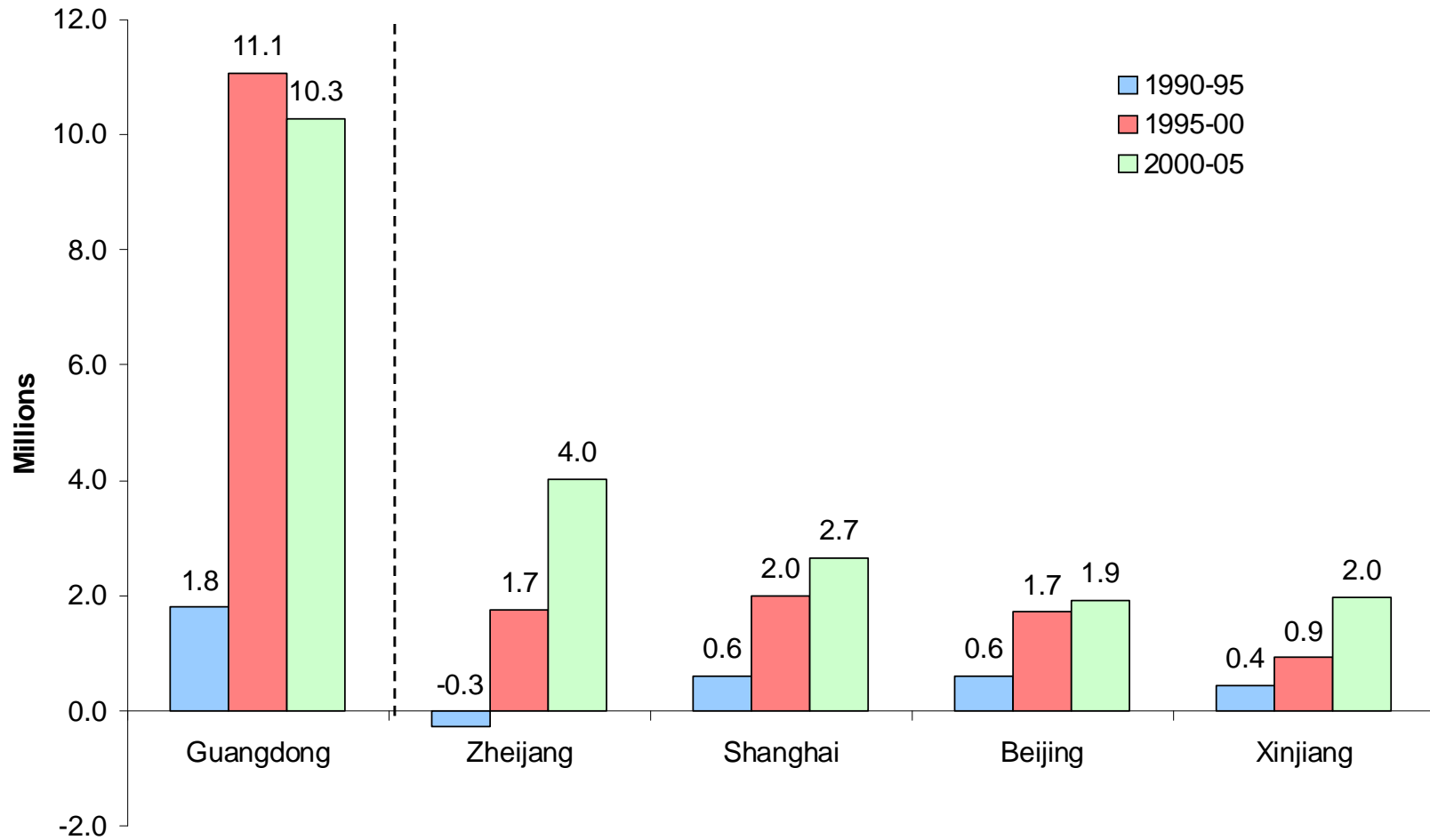
Source: UN

Chinese internal migration has driven urbanization growth



Source: China Statistical Yearbook

Inter-provincial migration in selected regions



Source: NPSSO, SC, NBS

Which urban development?

Lagos or Tokyo?

