



**Information Sessions and Training in Regional Policy**  
**Regional Policy Dialogue with China**

A project of the European Commission's Directorate General Regional and Urban Policy (DG REGIO) in the framework of the European Parliament's preparatory action to enhance regional and local co-operation by promoting EU regional policy on a global scale

# **Report on the VII EU-China High Level Seminar on Regional Policy**

held in Guangzhou on 20-21 December 2012

Report elaborated by:

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## Introduction

The VII High Level Seminar on Regional Policy took place in the city of Guangzhou, Guangdong Province, on 20 and 21 December 2012. It was the seventh in a row of annual seminars held in different Chinese and European cities since 2006. The event included field visits to Guangzhou New City and Foshan Industrial Zone, a meeting with representatives of the European Chamber of Commerce in China and a one day seminar. The sessions attended by some 90 participants from China and Europe focused on sustainable urban development and urban – rural linkages.

## List of speakers

Speakers of the European Commission (Directorate General for Regional and Urban Policy - DG REGIO) and of selected European regions:

- Mr Walter Deffaa, Director General, EU Commission, DG REGIO
- Mr Ronald Hall, Principal Advisor, EU Commission, DG REGIO
- Mr Ramon López, Administrator, EU Commission, DG REGIO
- Mr Juan Carlos Escudero, Director of the Centre of Environmental Studies, City Council of Vitoria- Gasteiz (European Green Capital 2012), Spain
- Mr Iñigo Bilbao, Head of the Strategic Planning Department, City Council of Vitoria- Gasteiz
- Mr Gerardius van Vegchel, Chairman of the Board City Region Parkstad Limburg, Netherlands
- Ms Zuzana Lukáčová, Representative of the Regional Support Development Agency of the Ministry of Agriculture and Rural Development in Bratislava, Slovak Republic
- Ms Irene Hors, OECD senior advisor in Beijing. Unfortunately, Ms Hors could not take part in the conference due to a short-term illness

Speakers from Chinese national and provincial authorities:

- Mr Fan Hengshan, Director General, Department of Regional Economy, National Development and Reform Commission (NDRC)
- Mr Yu Yunzhou, Deputy Director of Development and Reform Commission (DRC) of Guangdong Province
- Mr Zou Yong, Deputy Director General of NDRC, Department of Regional Economy
- Mr Tang Xinhua, Deputy Director of DRC of Hunan Province
- Mr Deng Chanjing, Party Member, DRC of Sichuan Province
- Mr Chen Yong, Chief of Division, Division of Regional Affairs, DRC of Guizhou Province
- Mr Song Jinsong, Vice Director, Guangdong Urban Planning and Design Institute.

Participants included members of the NDRC divisions of Regional Policy and Regional Cooperation, as well as DRC Directors and Deputy Directors from Jiangsu, Fujian, Jiangxi, Hunan, Hainan, Sichuan, Guizhou, Yunnan and Guangdong Provinces and of Guangxi Zhuang and Ningxia Hui Autonomous Regions. Delegates of the Development and Reform Bureaus of several cities such as Foshan and Shaoguan city also participated at the event.

## Agenda of the EU-China High Level Seminar on Regional Policy

8:30 – 09:45	<b>High-level Meeting</b>	<b>Mr Fan Hengshan and Mr Walter Deffaa</b>
10:00 – 10:45	<b>Opening Ceremony</b>	
	Chair	Representative of NDRC
10:00 – 10:15	Welcome Remarks	Host authorities (Guangdong Province)
10:15 – 10:30	Keynote address	Mr Fang Hengshan, Director General Regional Economy, NDRC
10:30 – 10:45	Keynote address	Mr Walter Deffaa, Director General, DG REGIO
10:45 – 11:00	Group Photo	
11:00 -11:20	<p><b>Session 1: Urban Development</b> Europe's and China's cities symbolize a twofold challenge: how to improve competitiveness while meeting social and environmental demands. In China, the symbolic 50% threshold of urban citizens has been crossed already in 2011. The session would address aspects like improve living conditions of all urban dwellers, implement local infrastructures, for energy, transportation, communication, water and waste, city management and urban governance, including financing aspects, urban sustainability, smart city concepts.</p>	
	Chair	Mr Ronald Hall, Principal Advisor, DG REGIO
11:00 – 11:20	Speaker	Mr Juan Carlos Escudero, Director, Centre of Environmental Studies, City of Vitoria-Gasteiz, Spain
11:20 – 11:40	Speaker	Speaker from Hunan Province
11:40 – 12:00	Speaker	Ms Irène Hors, OECD Senior Adviser in Beijing
12:00 – 12:20	Speaker	Mr Song Jingsong, Vice President, Urban and Rural Planning Design and Research Institute of Guangdong Province
12:20 – 15:00	Lunch	
15:00 -16:20	<p><b>Session 2: Urban-Rural Balancing</b> In regional policy, rural and urban areas are complementary and mutually dependent; they should be partners in development. Therefore, the challenge is to focus on an integrated development policy for well-defined economic regions, linking urban and rural areas. Aspects which could be addressed in the session include promoting the development of medium-size cities as nodal points to bring services closer to rural areas; adequate city planning to ensure efficient and sustainable urban-rural linkages; avoiding rural desertification problems and abandonment of rural social capital; avoiding excessive migration from rural areas to the cities especially of the skilled and able.</p>	
	Chair	Representative of Guangdong Province
15:00 – 15:20	Speaker	Professor Chen Hongyu, Guangdong Provincial Government, Provincial Party School Counsellor
15:20 – 15:40	Speaker	Mr Gerardius H.M. van Vegchel, Chairman of the Board City Region Parkstad-Limburg, Netherlands
15:40 – 16:00	Speaker	Speaker from Sichuan Province
16:00 – 16:20	Speaker	Ms Zuzana Lukáčová, Regional Support Development Agency, Ministry of Agriculture and Rural Development, Slovakia
16:40 – 17:00	Closing Ceremony	
16:40 – 16:50	Concluding Remarks	Mr Ronald Hall, Principal Advisor, DG REGIO
16:50 – 17:00	Concluding Remarks	Mr Zou Yong, Deputy Director General of Regional Economy Department

### Summary of the sessions

### **Welcoming words by Mr Xu Shaohua, Member of the Standing Committee of the CPC Guangdong Provincial Committee, Executive Vice-Governor of Guangdong Province**

Mr Xu welcomed European and Chinese delegates and expressed his gratitude to the European partners for the long term cooperation with the Guangdong province. Mr Xu mentioned the leading role of Guangdong in the reform and development process in China. The province ranks number one in terms of economic growth. Mr Xu referred to the economic development in the whole country, stating that - on the one hand – there is a focus on developing the western and northern part, but - on the other hand - there is still work to be done in Guangdong province, especially regarding roads construction and improving public services for the rural areas. Therefore this high level meeting is important to learn from each other and build Guangdong to a modern and developed area.

### **Welcoming words by Mr Fang Hengshan, Director General, Department of Regional Economy, NDRC**

Mr Fang referred to the long track of regional policy dialogue between the European Union and China. During the past six meetings, consensus has been achieved in several regional development areas. He stated that this has had impact in the elaboration and implementation of the 11<sup>th</sup> and 12<sup>th</sup> Five-Years-Plans. With regard to training, six sessions have been conducted in 12 EU countries with more than 100 members of different DRCs. During 2012, several European experts were able to visit China in order to deeper understand Chinese experiences.

On the macro-economic development area, Mr Fang stated that for five years in a row, the growth of the western and northern provinces has surpassed the growth of the eastern Chinese provinces. He referred to the key role of cities as drivers of economic development. However, he also referred to their contribution to the development of rural areas. The degree of urbanisation has raised from 21 per cent in the 1970s to 51 per cent today. Mr Fang stressed that the Chinese Government is committed to boosting economic development in the rural areas and to guarantee all residence rights to the farmers when they migrate to the cities. He finally invited experts to have a fruitful exchange of knowledge during the seminar.

### **Introduction by Mr Walter Deffaa, Director General, DG REGIO**

Mr Deffaa expressed his gratitude to the Chinese side for the invitation to the high level seminar. He underlined the aim of the dialogue that is to increase mutual understanding of regional development, taking into account specific conditions. Mr Deffaa referred to the progress achieved in several areas of regional policy throughout the last years and to driving principles of regional policy in Europe, i.e. open markets economy, territorial and social balance and fair competition. Particularly here he expressed that competition is to be seen as a race to the top, not a race to the bottom.

DG REGIO's director general referred to the role of cities as engines of economic development. In global terms, just 100 cities cover one third of the world economic growth. In China, there are over 200 cities with a population of more than one million citizens. The rapid urbanisation in China has been accompanied by a growing gap between the urban and rural areas. But also Europe is facing growing disparities between urban and rural areas. Mr Deffaa referred to Chinese challenges in infrastructure and housing, and expressed European willingness to contribute to a sustainable regional and urban development in China.

Mr Deffaa explained the key principles of EU's regional policy and focused on the development of low carbon solutions for urban areas. He stated that in order to achieve a sustainable solutions, the approach must be holistic and integrated, based on specific local conditions. Mr Deffaa focused on the importance of cooperation between urban and rural areas, taking small and medium sized cities as drivers to achieve polycentric development.

## **I. Session 1: Urban Development**

**Chairman: Mr Ronald Hall, Principle Advisor of DG REGIO**

**Mr Juan Carlos Escudero, Director, Centre of Environmental Studies, City of Vitoria-Gasteiz (European Green Capital 2012), Spain**

With 240.000 citizens, Vitoria-Gasteiz is a medium size city in European scale. However, approx.80 per cent of Europeans live in cities of this size. Vitoria-Gasteiz referred to the rapid urbanisation during the 1970s (population was doubled within only ten years). Mr Escudero stated that the city is very compact (only three kilometres from the centre to the border), allowing population to walk and cycle. The city is surrounded by a green belt and is an area of great biodiversity.

With regard to land use, one third is the city is urban area, one third is rural area and one third is forest. Vitoria's goal is to interconnect all the green areas within and outside the city. One of the main objectives in the near future is to close the green belt around the city.

Mr Escudero explained Vitoria's strategy against the climate change based on modal split and lower energy consumption. The goal is to become a carbon neutral city by 2050. With regard to traffic, Mr Escudero stated that the use of private cars has decreased dramatically, whereas cycling and walking have increased. In 2006, the traffic share of private cars was 75 per cent, but since then it has been largely reduced towards public transportation. Car parking pricing policy played here a key role. Mr Escudero stated that these achievements were possible due to the participation of citizens in the process.

**Mr Tang Xinhua, Deputy Director, Development and Reform Commission of Hunan Province**

Mr Tang Xinhua stated that the priority for future policies lays on ecology and the protection of the environment. Although the Hunan province has achieved major progress in energy saving, Mr Tang stated that there is a need to improve the monitoring system. He also referred to the waste management system introduced in the province that includes waste recycling. Mr Tang also referred to the key projects in railway transportation, wind energy systems and renewable energy transportation. He also referred to cooperation with Europe in the field of innovation.

**Ms Irène Hors, OECD Senior Adviser in Beijing**

The presentation was cancelled due to a short-term illness

**Mr Song Jingsong, Vice President, Urban and rural planning design and Research Institute of Guangdong Province (GD)**

Mr Song introduced to the audience the urbanisation process in Guangdong in the last three decades. He divided the urbanisation process in three stages:

In the *Urban and Rural Hybrid stage (1978 – 1998)*, cities and villages lost their unique characteristics. Construction land distribution was “road-oriented”, urban and rural construction was not in order. Towns and villages’ landscapes became similar, as their natural characteristics and cultural identity was disappearing. The pace of industrialisation was faster than urbanisation.

During the *Urban and Rural Divided Stage (1998 - 2008)*, cities and villages strongly competed with each other. Specialised towns and industries clusters started to appear. However, the industrial development level remained low. The chaotic urban and rural construction was improved while the spatial pattern of rural settlements was not intense. The towns’ landscape improved while ecological space was still fragmented. The Urban and rural service was not distributed equally, demand and supply of public goods were spatially dislocated.

The current *Urban and Rural Integrated Stage (2008 - )* aims at achieving equally distribution of public services. Therefore, Guangdong started to build a world-class integrated transit system and a world-class manufacturing base. Provincial authorities laid special emphasis on attracting service industries. Mr Song mentioned that great effects have been achieved in CO<sub>2</sub> emissions reduction through using energy saving technologies and implementing a mixed land-use strategy. He also stated that cross-border cooperation among Guangdong, Hong Kong, and Macau is getting stronger, and pledged for further regional collaboration.

With regard to the linkages between urban and rural areas, Mr Song stated that the urbanisation process is still happening at a fast pace, exacerbating the competitiveness gap among cities and between them and the rural areas in general. In his opinion, the rapid expansion of peripheral areas (urban sprawl) has undermined the spatial value of rural areas. Although the urban economy and consumption levels grow rapidly, the level of urban governance is relatively low. There is a need to reform institutional mechanisms. He finally stated that the supply of public goods in rural areas is comparatively insufficient which negatively affects the public service delivery.

At the last part of his intervention, Mr Song referred to the new urbanisation concept of Guangdong province. The goal is to achieve simultaneous development of industrialisation, IT sector, urbanisation and agriculture modernisation. The approach is to optimise the spatial development pattern through a sound regional development mechanism based on urban and rural coordination. Guangdong also aims at increasing regional collaboration with Hong Kong and Macau.

In detail this means:

- upgrading a spatial governance model, helping regions to evolve from “fragmented” to “integrated” development, and creating a new metropolitan governance pattern;
- fostering six agglomerated metropolitan areas to achieve a balanced regional development;
- building a “space of flows” system and constructing a low-carbon, integrated “global green city urban system” in the Pearl River Delta;
- fostering a co-development circle around the Pearl River Delta by developing city centres in North, East, and West Guangdong;
- upgrading the regional urban and rural development models to modify industry development from single structure to ecological intelligent, long-range value chain in order to create modern industry development patterns;
- constructing a green living network by introducing a regional greenways system;
- constructing “glamorous waterways” that highlight the distinctive features of Lingnan “water village”, protect waterfront ecological resources and natural landscape;



- improving the transit development mode to form a new transportation pattern that can secure smooth traffic, expediting a shift from “highway era” to “mass transit era”;
- promoting the Transit-Oriented Development (TOD) mode to improve urban functions, and drive the upgrading of industrial structure;
- improving the urban outcome to keep its own identity, particularly the Lingnan characteristics;
- upgrading the public services model, modifying infrastructure construction from “producer-oriented” to “people-oriented” in order to create a sustainable basic public service system covering urban and rural areas;
- upgrading the housing distribution model, modifying the housing market from “unified model” to a “diverse model” in order to provide multiple and differentiate housing options for people;
- upgrading the regional infrastructure construction model, reducing duplication of similar projects, encouraging intelligent coordination and fostering an intensive distribution and high-tech infrastructure system;
- creating a new mechanism to facilitate the exchange of production factors between urban and rural areas and equally distributing land development rights;
- innovating the investing and financing mode, encouraging regional-balanced development rather than profit-driven development, and creating a market-oriented financing mechanism; and
- facilitating community governance and local democracy reform, encouraging public engagement and a governance mechanism for public affairs.

## II. Session 2: Urban- Rural Integration

**Chairman: Mr. Yu Yungzhou, Deputy Director of Development and Reform Commission of Guangdong Province**

**Professor Chen Hongyu, Guangdong Provincial Government, Provincial Party School Counsellor**

Professor Chen referred to Guangdong’s rapid urbanisation and industrialisation process as well as to the resulting bigger gaps between the developed and underdeveloped areas. He stated that the integration of rural and urban areas has increased the net income of farmers by 11 per cent. However, at the same time the income of urban residents increased by 18 per cent. This urban income ratio has been slightly decreased recently, but there is still the need to create equal opportunities for the development between urban and rural areas. Mr Chen proposed some measures like offering compensations to farmers and giving them the equal rights as to urban citizens. He also pledged for strengthening farmers support, emphasizing the production facilities in order to achieve a sustainable increase in farmers’ income. Mr Chen finally referred to the reform of the governance system for land rights.

**Mr Gerardius van Vegchel, Chairman of the Board City Region Parkstad- Limburg, Netherlands**

Mr van Vegchel first made some comparisons between the Guangdong province and the Netherlands. In terms of size, Guangdong is as big as Netherlands, Belgium and parts of France and Germany. With regard to regional development, the Netherlands focuses resources in developing *knowledge and smart regions*. Mr van Vegchel mentioned the Dutch economic growth grounds on three kinds of ports, i.e. the *Airport of Amsterdam*, the *Seaport of Rotterdam* and the *Brainport of Eindhoven*. These

regions host many international corporations, but even more small and middle size enterprises, which are crucial for innovation and job creation.

Mr van Vegchel referred to the small size of Dutch cities (in Chinese scale) that triggers the need to cross-regional cooperation. This is the reason why the CityRegio Limburg actively promotes cooperation with the region of Leuven in Belgium and Aachen in Germany. The goal is to create a so called “*no-tropolis*”, i.e. a network of small and middle size cities. To this purpose, the Netherlands implement a special housing and infrastructure policy focusing on rural areas and small towns.

With regard to rural-urban integration in the Netherlands, Mr van Vegchel stated that there is no difference in the income between urban and rural areas. For Dutch policy-makers, farmers are seen as entrepreneurs that make rural areas as productive as the cities. Rural areas have evolved from primarily agricultural production spaces to consumption space, especially with regard to residence and leisure. However, agriculture is a key sector for sustainable regional growth in the Netherlands, concentrating approx. 4% of Dutch workforce.

Mr van Vegchel mentioned that city-regions are in general the engines of economic growth due to their higher potential of creativity, so there is a need for urbanisation. However, a strong concentration on city regions brings along negative consequences like congestion, pollution, higher real-state prices and rural aging. He also referred to the “triple helix” cooperation model in the Netherlands, involving government, private sector and universities. One example of this is the region Parkstad-Limburg, Aachen and Liege, where the different universities work closely together. Mr van Vegchel finally focused on attractiveness of the Parkstad Limburg for economic activities in Europe.

**Mr Deng Changjin, Party Member of Development and Reform Commission of Sichuan Province,**

Mr Deng referred to the big disparities between rural and urban areas in China, especially in medical care, housing and social services. China has attached great importance to this challenge, especially since the classification of rural areas in 2002. In the Sichuan province, 15 cities have been established 2011 as demonstration areas. They focus on establishing industrial parks as drivers for economic growth and supporting the development of modern agriculture by a land reform. The cities also aim at achieving a stronger participation from village level governance, harmonising different land uses and clarifying property rights. Mr Deng also stated that the 15 demonstration cities attempt to strengthen the health care system, to develop a service oriented government and to strengthen the rights of private households. With all this measures, the Sichuan province has established achieved an improved governance system.

**Ms Zuzana Lukáčová, Regional Support Development Agency, Ministry of Agriculture, Slovakia**

Ms Lukáčová introduced some key facts about the Slovak Republic (5.4 million inhabitants, only two cities have more than 100.000 inhabitants) and made clear that - although a very small state - it is under the top ten economic regions in Europe. She explained the contribution of EU structural funds to bridge the gap between the capital Bratislava and the rural areas of Slovakia. Ms Lukáčová showed the “innovation and cohesion growth poles” that have been established all over the country. She also presented the Regional Operational Programme for Bratislava Region, show casting selected experiences in areas including infrastructure of education, social services, culture, tourism, urban regeneration and sustainable transportation. Ms Lukáčová referred also to the “cooperation triangle” with the cities of Vienna and Budapest.



## Closing ceremony

### Remarks of Mr Ronald Hall, Principle Advisor of DG REGIO

Mr Hall referred to the long-standing cooperation between the European Union and China in regional and urban development issues. He underlined the key role of cities as drivers for economic growth and innovation. However, it is also crucial to strengthen rural-urban relations as cities increasingly provide services to the rural hinterland. China and the European Union face similar challenges concerning urban sustainability, transport, renewable energy and waste management. Internationally seen as a “green power”, the European Union can support China in many areas and learn from Chinese solutions.

Mr Hall also reflected on the urban - rural shift and urbanisation process in Europe that was mostly completed in the 19<sup>th</sup> century. Whereas the last rural drift was in the 1950<sup>th</sup> in Italy, China is facing urbanisation at a unique rate of 1% per year. China’s current urbanisation share is around 52% and is expected to increase to about 70% by 2030. However, Mr Hall mentioned that forecasts about rural-urban migration might evolve, depending on strategies and instruments undertaken by regional policy.

Mr Hall also mentioned the environmental dimension of urbanisation and EU focus on developing sustainable cities, including green transportation. An improved connectivity between cities allows specialisation and avoids unnecessary duplication. In order to ensure coherence, multi-layer governance stands at the centre of EU’s regional development policy.

### Remarks of Mr Zou Yong, Deputy Director General of NDRC, Department of Regional Economy

Mr Zou expressed his gratitude to the European and Chinese speakers and mentioned the importance of the dialogue in order to inspire NDRC’ work for the next years. He referred to the slogan “Better cities, better life”, used at EXPO 2010 in Shanghai, and mentioned that the case studies helped presented helped to understand the situations of regions in China and Europe. Mr Zou reflected about the very good cooperation between the regions of China and the European Union past years and explained the areas of cooperation for 2013. He expressed his commitment to support all activities agreed for 2013, including the 8<sup>th</sup> EU-China High Level Seminar on Regional Policy.