

Chreod Mapping development

Canadian development planning consultancy Chreod has attracted considerable interest from China's foreign business community by documenting a trend that many had long suspected: the Shanghai/Yangtze delta region has supplanted Guangdong as China's economic powerhouse and is poised to become the largest concentration of consumers in the Asia-Pacific region.

In June this year Chreod unveiled one of the most comprehensive information bases on the Yangtze delta region ever compiled. The database covers 225 cities, towns and counties and contains 65,000 statistical entries on key economic, demographic, transport and infrastructure conditions. The consultancy, which has been working in the Yangtze River delta area since 1988, has used the database to prepare a two-volume market profile report that describes key development trends and implications for foreign investors (see box for details). The report is currently being marketed to foreign companies for a fee of US\$7,500.

First steps

The firm of architects, economists and urban planners first entered China through a Canadian government-funded project to advise Shanghai

officials on land management. "We landed in Shanghai right in the thick of the reform debate in the late 1980s," says Edward Leman, president of Chreod. A succession of multilateral agency contracts quickly built up the firm's knowledge of municipal planning issues in the region. Among the most significant was a US\$1m Asian Development Bank (ADB) contract to devise a master plan for the economic and infrastructural development of Shanghai's Pudong New Area.

That was in 1991. The next year, the World Bank - in conjunction with the United Nations Development Programme - engaged Chreod variously to help develop Shanghai's commercial real-estate market, establish a modern system of land management and institute a geographic information system (GIS) which links databases on infrastructure with computerised maps. The GIS, a relatively new urban planning technology even in the West, should improve Shanghai's ability to operate and plan facilities crucial to foreign investment such as water and gas lines, sewage systems, transport networks and electricity grids. Operational implementation of Shanghai's GIS began this year and is expected to take four to five years to complete.

Realisation

By 1993, Chreod's planners recognised that their World Bank and ADB consulting experience had made them more knowledgeable about development conditions in Shanghai and surrounding regions than just about anyone else. So the firm began marketing its expertise to foreign companies looking for advice on project site selection, economic and financial feasibility analysis, and market research. Business has been brisk so far, with private-sector consulting accounting for 50% of the firm's China practice. Chreod now has offices in Hong Kong and Shanghai in addition to its main office in Ottawa, Canada.

Mr Leman cites client frustrations with inadequate market data as the main reason Chreod launched its initiative in 1994 to build a database on the Yangtze delta area. He argues that serious market information gaps have constrained the ability of foreign investors to assess the comparative advantages of a wide range of local markets and to determine future trends which may affect the desirability of specific cities and counties for direct investment.

The company's efforts to overcome this information hurdle are impressive. Over a period of 14 months, including eight field missions to various centres within the Yangtze delta region, Chreod - working with trusted local advisors - systemati-

Chreod's Yangtze delta database shows the region surpassing Guangdong as China's economic powerhouse

Surprising trends

Though many have predicted Shanghai supplanting Guangdong as China's economic and industrial nexus, other development trends which emerged from an analysis of Chreod's database for the Yangtze delta area have surprised a number of observers, including Chreod. For foreign investors, these are the key findings of Chreod's research:

- Major transport projects are rapidly altering the spatial structure of both Shanghai and the delta: locational advantages will change, in some cases dramatically over the, next five years. What are today good sites for factories, distribution depots, office buildings, housing and retail facilities may become far less so by the end of this decade.
- Consumer demand and consumer spending power are growing rapidly in strategic parts of Shanghai and the Yangtze delta. Purchasing power in some localities is approaching that of

more prosperous economies in Southeast Asia. But the market is also becoming more segregated. The established "registered" population of Shanghai is getting older while an expanding class of low-income migrants and labourers is young and either single or with new families.

- Rapid industrial growth and a continuing inflow of migrant workers will create both enormous pressure on infrastructure services and major opportunities for foreign commercial involvement. Officials have failed to budget adequate municipal services for the uncontrolled squatter settlements sprouting up all over the delta. Unable to maintain even current service standards, local governments will have to turn to partnerships with the private sector to provide affordable housing, water and waste-water systems, solid waste management, and power and transportation services.

Corporate profile

cally collected data on the regional economy, transport, infrastructure and real estate. The information was digitized and then plotted on a mapping base showing municipal boundaries, major water bodies, roads and railways.

Discrepancies and gaps identified during the collection process were reviewed by senior Chreod staff during interviews with provincial and local government agencies, including planning and construction commissions and statistical and labour bureaux. The database, which focuses on 1993, the latest year for which reliable data was available, contains projections of key indicators to 1996, and to the years 2000 and 2005. Furthermore, the projections take into account the anticipated effects of core projects likely to be

programmed into provincial five-year plans for 1996-2000. The database is fully computerised on a geographic information system in Chreod's head office. This allows for statistical analysis and instantaneous viewing of data on high quality, digitized maps.

The Canadian Department of Foreign Affairs and International Trade, the World Bank and a number of multinationals doing long-term investment planning in the Yangtze delta area are already using the company's information. Mr Leman says Chreod will begin updating its tze delta database in February or March next year and a revised version of the report should be available by end-May 1996.
