



# **City Internationalization** Report

## **Guangzhou 2017**



**Guangzhou Academy of Social Sciences**  
August 2017





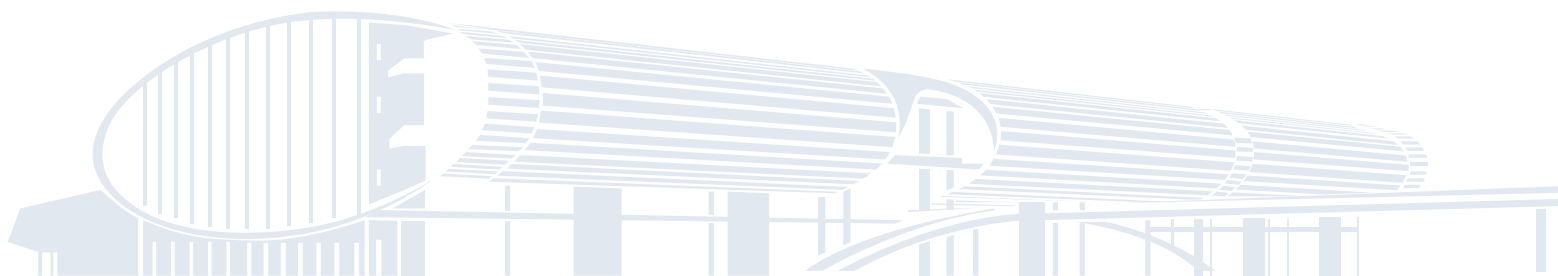
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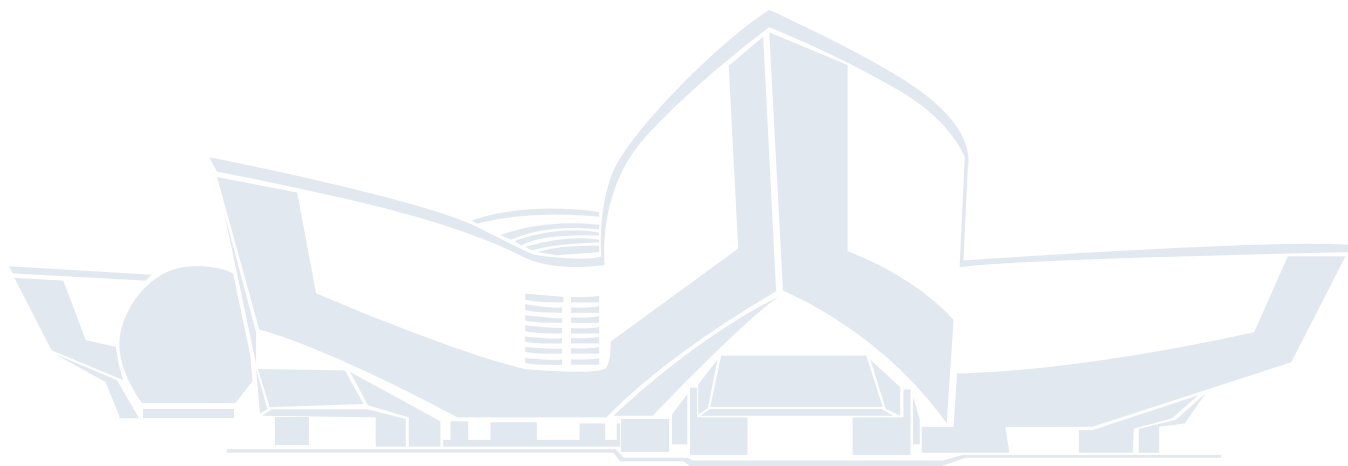


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# About Guangzhou

1.1

## An Important National Center City and Gateway Hub

Guangzhou, known as Canton, is the capital city of Guangdong province and the 3<sup>rd</sup> largest metropolis in Mainland China. Being an important National Center City, an international commercial center and an integrated transport hub, it covers a total area of 7,434 square kilometers in 11 districts with a population of over 14 million. Guangzhou

is adjacent to Hong Kong and Macao, and located at the center of the Pearl River Delta (PRD) with one-hour drive to the 9 PRD cities; its economic hinterland covers 470 million people among 9 provinces along the Pearl River. Within-2-hour flights from Guangzhou can reach Taipei and Shanghai, and 4 hours to Tokyo, Singapore, Bangkok, and Seoul.

1.2

## A Time-honored Commercial Center of Openness and Innovativeness

Built during the Qin Dynasty (221 B.C.-206 B.C.) with a history of over 2200 years, Guangzhou was once the major terminus of the Maritime Silk Road ever since the 3<sup>rd</sup> century and continues to serve as the leading commercial and manufacturing center in China today. It is

the forerunner of China's reform and opening up, giving birth to the country's first five-star hotel, the first taxi company and the first super market, etc., and boasts for its openness and innovativeness and other qualities that have long been integrated into the city's gene.



1.3

## Flower City to Live and Love

Guangzhou enjoys a mild climate under the well-known name of Flower City. With 41.5% greening rate, 42% forest coverage and better air quality than most other Chinese cities, it offers residents a pleasant and lovable living

environment. Guangzhou has been awarded the "International Garden City" prize by UN, and also won the Dubai International Award for Best Practices to Improve the Living Environment.

# Economic and Social Development

## 2.1 City Economy

In recent years, Guangzhou's economic strength has stepped up to a new stage and the function of an important National Center City further emerged owing to its continual efforts in deepening the reform and opening up as well as accelerating industrial transformation and upgrade. In 2016, Guangzhou's GDP reached 295.24 billion USD, ranking the 3<sup>rd</sup> for 28 consecutive years among cities in Mainland China. The added value of the primary industry was 3.61 billion USD, the

secondary industry 89.21 billion USD and the tertiary industry 202.42 billion USD. In terms of economic aggregate, Guangzhou is close to cities like Houston and Sao Paulo, ranking among the top 20 cities in the world.

The proportion of service industry in GDP is one important indicator for a city's economic development stage. To further upgrade its economic structure, Guangzhou has implemented a series of major measures to

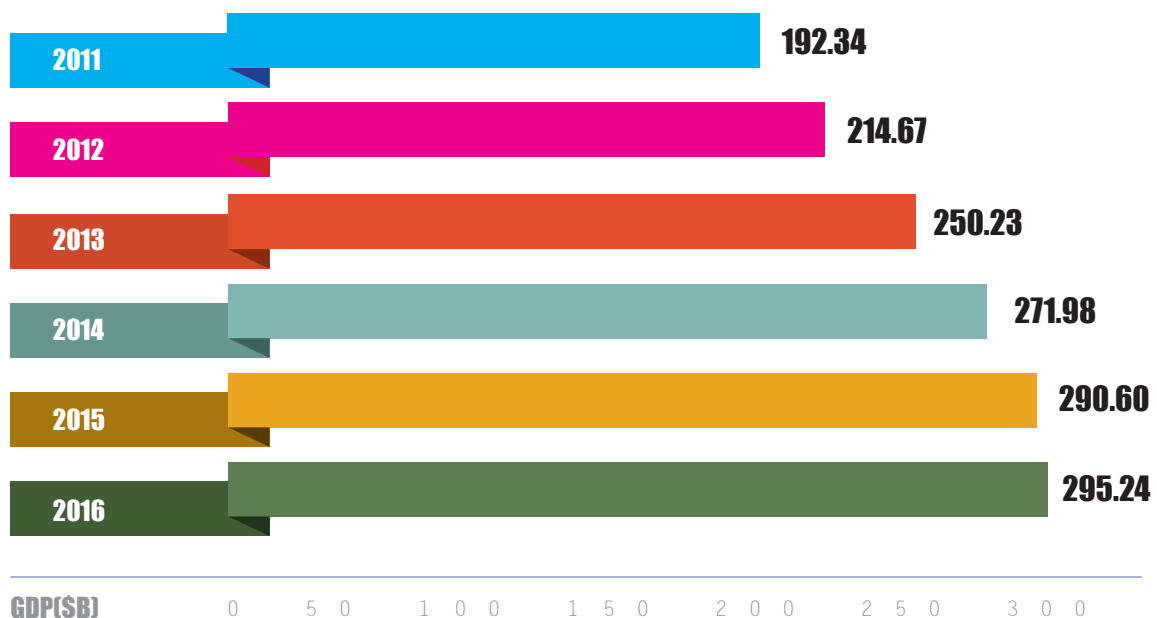
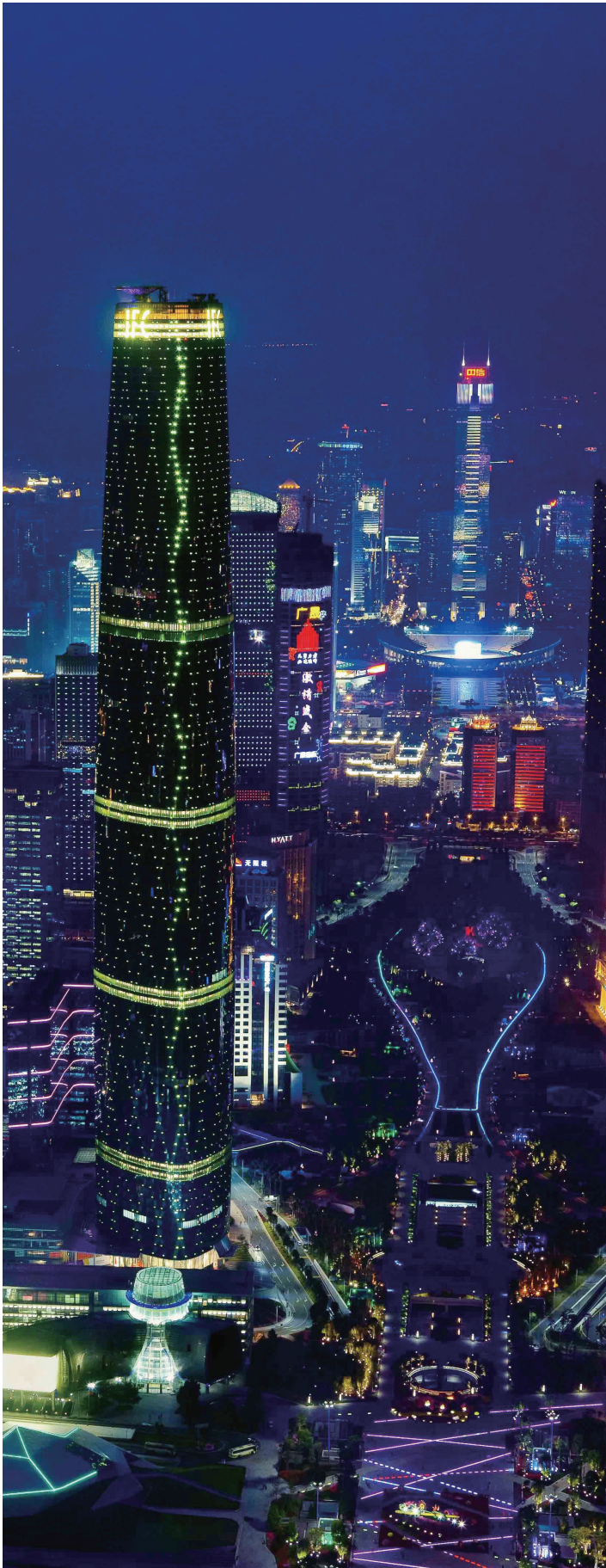


Figure1 Guangzhou's GDP (\$ B) from 2011 to 2016



continuously raise the share of service industry in the economy. The proportion of three industries has changed from 1.3: 32.0: 66.8 in 2015 to 1.2: 30.2: 68.6 in 2016. Referring to specific industries, a look at the industries reveals that in 2016 Guangzhou has kept a champion status on cross-border e-commerce and ranked 1<sup>st</sup> among sub-provincial cities in terms of tourism competitiveness. The growth of financial industry is dramatically rapid. Other industries grew fast too, including biomedicine, financing leasing, industrial design, cultural and creative industries. Compared with other major cities in China and the national average level, the proportion of Guangzhou's service industry has a leading edge, and the overall industrial structure is moving to a high-tech coordinated model.

The rapidly-expanding financial industry has become the 5<sup>th</sup> pillar industry of Guangzhou's economy with an added value of 27.10 billion USD in 2016, accounting for 9.2% of the city's GDP. Guangzhou ranked 1<sup>st</sup> in direct financing, insurance premium growth and the number of new NEEQ-listed companies among the major Chinese cities.

The South China Operations Center of China Securities Quotation System was officially launched in Guangzhou, which is the first national financial trading platform in the city's history.



## 2.2 Foreign Trade

### 2.2.1 Stable Import and Export Growth

Though a slower import and export growth was noted in 2016, Guangzhou still outperformed Guangdong province and the whole country in foreign trade. It recorded a total import and export volume of 128.98 billion USD in 2016. In general, despite unfavorable macroeconomic factors, Guangzhou has stabilized its foreign trade and led a favorable development trend in China.

In 2016, the foreign trade between Guangzhou and the five traditional major partners varied.

The import and export with the United States and the ASEAN decreased by 8.60% and 8.41% respectively. The total import and export volume with Japan and EU increased by 5.74% and 2.90% respectively. Since the launch of the Belt and Road Initiative, Guangzhou has conducted multi-dimensional and multi-level economic and trade cooperation with the en-route countries. The total import and export volume between Guangzhou and these countries recorded 32.26 billion USD in 2015 and 32.53 billion USD in 2016.

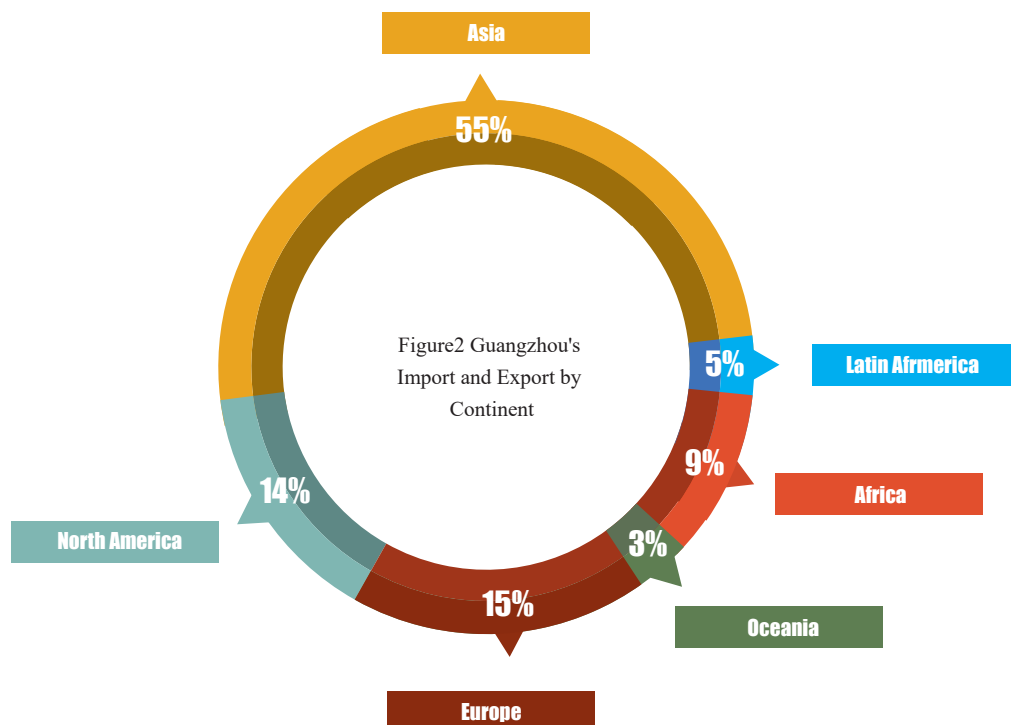
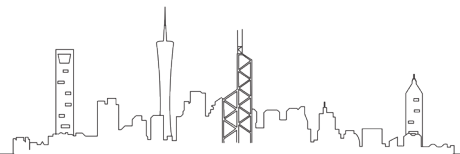


Table 1: Major Markets of Guangzhou's Import and Export

Country and Region	Year Cumulative (mn USD)			YoY Growth (%)		
	Export	Import	Import-export	Export	Import	Import & export
Asia	39,977.72	30,939.34	70,917.06	-3.37	-2.29	-2.90
Hong Kong, China	14,570.77	527.48	15,098.26	0.29	-11.65	-0.18
Japan	3,458.26	9,307.95	12,766.21	7.70	5.03	5.74
Republic of Korea	1,529.74	6,234.77	7,764.51	-11.29	-1.09	-3.28
ASEAN	9,613.33	5,997.05	15,610.38	-8.93	-7.56	-8.41
Taiwan, China	1,265.97	2,633.66	3,899.63	-12.85	-3.67	-6.85
Europe	11,701.99	8,085.70	19,787.69	2.94	-0.49	1.51
European Union	10,474.12	7,473.35	17,947.47	3.49	0.18	2.09
the Russian Federation	901.72	85.23	986.94	-7.15	6.19	-6.13
North America	12,280.81	5,953.39	18,234.19	-4.67	-13.36	-7.69
United States	11,441.03	5,529.86	16,970.88	-5.32	-14.71	-8.60
Latin America	4,407.47	1,493.26	5,900.73	-22.20	-12.76	-20.01
Oceania	1,789.19	1,462.71	3,251.90	20.54	27.33	23.50
Africa	8,449.84	3,157.75	11,607.59	0.60	-0.12	0.41

Source: Guangzhou Customs Office



### 120<sup>th</sup> China Import and Export Fair Transformed into “a Multi-purpose Platform”

The China Import and Export Fair, also known as Canton fair, was firstly held in spring 1957 and sees spring & autumn sessions in Guangzhou annually. It is an unparalleled comprehensive international trade fair in China in terms of history, scale, type of commodities, number of buyers and their origins, secured order and credit. With 60 years of history, the Fair has become the No. 1 foreign trade promotion platform in China, the barometer and indicator of China's foreign trade and the showcase, epitome and icon for China's opening-up to the outside world.

By the 120<sup>th</sup> session, the export turnover has hit 1,233.5 billion USD with 7.83 million overseas buyers. At present, each session, with an exhibition area of 1.18 million square meters, attracts more than 24,000 exhibitors from home and abroad and nearly 200,000 buyers from 210 countries and regions.

Currently, the new system, mechanism and business mode are vigorously developed to present an “intelligent and green fair”, aiming to promote the transformation from a single-function platform for export trade to a multi-purpose platform involving client prospecting, product display, business negotiation, industrial exchange, information release and product presentation.

## 2.2.2 Rapid Growth in Modern Service Industry

In 2016, 1,757 new foreign direct investment (FDI) enterprises and institutions were set up in Guangzhou, increasing by 22.95%. The actual use of foreign capital reached 5.701 billion USD, and the contracted foreign investment reached 9.91 billion USD, following by a 4.5-fold YOY growth. The number of foreign-invested enterprises or institutions in the service sector was 1,648, showing a YOY growth of 26.67%

and accounting for 93.8% of the total number of new foreign-invested enterprises in the city. These companies used 5.063 billion USD of foreign capital, accounting for 88.81% of the city's utilized foreign capital. The modern service industry also showed a higher YOY growth in terms of its proportion in the city's total as a key force to drive the city's FDI growth.

**Table 2: FDI Amount and Growth Rate of Guangzhou in 2016 (by Sector)**

Grouped by Sectors	Number of Contracts (unit)		Contracted Foreign Capital		Amount of Foreign Capital Actually Used	
	This year	YoY Growth (%)	This year (in mn USD)	YoY Growth (%)	This year (in mn USD)	YoY Growth (%)
Total	1,757	22.95	990,123	18.39	570,120	5.26
Agriculture, Forestry, Animal Husbandry, Fishery	7	16.67	3,161	-85.22	4,411	1,801.29
Manufacturing	90	-18.18	76,351	6.89	53,457	-53.87
Production and Distribution of Electricity, Gas and Water	2	0.00	12,324	-5.21	4,792	9.96
Construction	10	25.00	13,043	7,310.80	1,162	6,015.79
Transport, Storage and Post	38	80.95	21,770	35.60	16,838	729.05
Information Transmission, Computer Service and Software	46	-13.21	416,867	699.42	297,094	1,089.04
Wholesale and Retail Trade	1,061	33.63	62,465	-30.11	60,203	89.78
Hotels and Catering Services	41	0.00	6,078	19.93	2,328	-40.55
Financial Intermediation	96	128.57	220,374	12.31	65,648	25.67
Real Estate	31	-32.61	-36,724	-116.26	33,815	-87.61
Leasing and Business Services	216	9.64	116,786	19.53	21,030	105.57
Science Research, Technical Services and Geological Prospecting	72	-2.70	40,358	-0.56	3,826	-80.36
Management of Water Conservancy, Environment and Public Facilities	2	0.00	42	114.09	591	-
Services to Households and Other Services	11	0.00	2,079	-35.45	843	365.75
Education	8	33.33	415	93.02	45	-19.64
Health Care, Social Securities and Social Welfare	9	200.00	5,903	120.59	0	-100.00
Culture, Sports and Entertainment	17	54.55	28,831	2,062.87	4,037	4,061.86

Source: Guangzhou Municipal Commission of Commerce

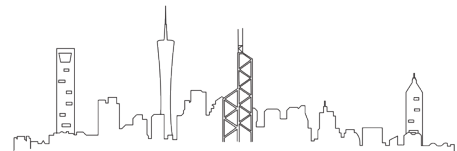
The top five FDI sources for Guangzhou in 2016 were Hong Kong (China), British Virgin Islands, Japan, Britain and Mauritius. FDI from Hong Kong (China) reached 4,782 billion USD,

accounting for 83.88% of the total utilized foreign capital of Guangzhou. FDI from the other four countries and regions all exceeded 100 million USD.

**Table 3: Top Ten FDI Sources of Guangzhou in 2016**

Country /Region	Number of Contracts (unit)		Contracted Foreign Capital		Amount of Foreign Capital Actually Used	
	This year	YoY Growth (%)	This year (in mn USD)	YoY Growth (%)	This year (in mn USD)	YoY Growth (%)
Total	1,757	22.95	9,901	18.39	5,701	5.26
Hong Kong, China	922	-2.12	8,373	25.00	4,782	11.82
British Virgin Islands	8	0.00	-69	-133.44	191	24.67
Japan	11	10.00	150	1,239.94	171	33.26
United Kingdom	5	-50.00	11	-93.46	116	6,566.09
Mauritius	0	-100.00	115	1,038.42	114	1,802.50
Singapore	37	37.04	428	313.27	61	-47.67
United States	33	13.79	36	-55.72	15	130.39
Taiwan, China	53	-17.19	218	852.91	14	280.78
Cayman Island	0	-100.00	4	-97.21	11	-
Republic of Korea	69	43.75	35	133.39	9	-96.60

Source: Guangzhou Municipal Commission of Commerce



### **Foxconn Plans an Investment of 61 Billion CNY for Eco-Industrial Park**

Guangzhou municipal government and Sakai Display Production (SDP), a subsidiary under Foxconn Technology Group, entered a cooperation framework agreement in Guangzhou on Dec. 31, 2016, according to the news that SDP will spend 61 billion CNY to set up an eco-industrial park for its 10.5<sup>th</sup> generation 8K display in Zengcheng. The construction will commence in 2017 and the production line will go into operation for mass production in 2019 with an annual output up to 92 billion CNY.

Guangzhou has been striving to attract the leading international technology companies and introduce cutting-edge technologies & talents to enrich the urban intelligence capital. Apart from Foxconn, Cisco kicked off Cisco (Guangzhou) Smart City in the core area of Guangzhou International Innovation City in April 2016. "Microsoft Cloud and Mobile Technology Incubation Plan—Guangzhou Cloud and Mobile Technology Application Incubation Platform" is launched in Guangzhou in June 2016. IDG, the international leading investment group, also initiated the planned south headquarters in Guangzhou. As the hub city and a National Center City in China, Guangzhou is enhancing the proportion of science and technologies, grasping the core development of future economy and improving its technological competitiveness.



### 2.2.3 Increased Overseas Investment in Belt and Road Countries

In 2016, Guangzhou agreed to invest abroad 5.283 billion USD in total, an increase of 10.71% from that of last year, and total Outward Foreign Direct Investment (OFDI) reached 2.228 billion USD with an increase rate of 58.03%. The new foreign contracted projects and foreign labor cooperation contract had a turnover of 456 million USD. Asia is the main destination of overseas investment of Guangzhou, in which Hong Kong is the primary investment target. The investment in Belt and Road countries

grew rapidly with the contractual investment amounting to 805 million USD. The construction of the overseas parks, including the Malaysian Malacca Marine Industrial Park and Jazan Economic City in Saudi Arabia, are well underway. As Belt and Road Initiative expands to Europe, Guangzhou's investment in Europe increased by 3.94 times. The major investment destination in Europe is the United Kingdom, seeing a contractual investment of 247 million USD, a 18.8-fold increase.

**Table 4: Main OFDI Destinations of Guangzhou in 2016**

Country /Region	Number of Newly Added Enterprises	Contracted Investment of the Chinese Side		
		Amount (in mn USD)	YoY Growth (%)	Proportion (%)
Total	263	5,282.66	10.71	100.00
Asia	151	3,952.33	28.94	74.82
Hong Kong, China	103	2,937.06	11.83	55.60
Malaysia	1	700.00	-	13.25
Republic of Korea	5	204.95	8,611.66	3.88
Oceania	21	519.87	-40.13	9.84
Australia	15	399.88	438.91	7.57
Europe	23	377.41	394.15	7.14
United Kingdom	5	246.81	1,878.65	4.67
German	6	43.92	-23.19	0.83
Italy	2	16.52	651.78	0.31
North America	56	257.64	19.11	4.88
U.S.A	48	234.10	15.29	4.43
Canada	8	23.54	77.57	0.45
Latin America	5	123.06	-73.25	2.33
Cayman Islands	2	55.54	-5.05	1.05
British Virgin Islands	1	45.03	-87.00	0.85
Africa	7	52.35	-68.84	0.99
Kenya	1	25.00	-	0.47
Nigeria	2	20.10	-	0.38

Source: Guangzhou Municipal Commission of Commerce

Guangzhou companies' overseas investment cover a diverse range of sectors, most of which fall into the tertiary industry. In 2016, the tertiary industry added 224 new enterprises (institutions). The contractual investment of the

Chinese side in tertiary industry registered 5.101 billion USD, an increase of 20.19%, accounting for 96.63% of the overall contracted foreign investment in Guangzhou.

**Table 5: OFDI Portfolio of Guangzhou in 2016**

Grouping Index	Number of New Enterprises	Contractual Investment from Chinese Side (in mn USD)		
		Amount	YoY Growth (%)	Proportion (%)
the Primary Industry	3	22.40	-72.51	0.42
Agriculture, Forestry, Animal Husbandry and Fishery	3	22.40	-72.51	0.42
the Secondary Industry	34	155.88	-43.08	2.95
Mining	1	0.77	-97.45	0.01
Manufacturing	26	131.38	-44.84	2.49
Production and Distribution of Electricity, Gas and Water	2	22.55	3659.00	0.43
Construction	5	1.18	-76.86	0.02
the Third Industry	226	5,104.38	13.46	96.63
Wholesale and Retail	109	1,126.07	-4.37	21.32
Transportation, Storage and Post	5	7.98	-83.12	0.15
Hotels and Catering Services	1	4.63	157.17	0.09
Information Transmission, Computer Service and Software	29	231.46	-53.48	4.38
Real Estate	19	2,236.55	70.65	42.34
Leasing and Business Service	38	562.49	-58.83	10.65
Science Research and Technical Services	18	31.95	112.70	0.61
Management of Water Conservancy, Environment and Public Facilities	1	200.00	299.91	3.79
Services to Households, Repair and Other Services	1	1.10	-90.11	0.02
Education	2	692.10	536,411.64	13.10
Culture, Sports and Entertainment	3	10.06	-34.17	0.19
Total	263	5,282.66	10.71	100.00

Source: Guangzhou Commerce Commission

Guangzhou's partners in foreign contracted projects and international labor cooperation have covered 41 countries and regions in Asia and Africa. The main partners are still Asian countries and regions, such as Malaysia, Philippines,

Singapore etc. The largest foreign contract in 2016 was the cooperation project between Guangzhou Jianghe Curtain System Engineering Co., Ltd and the Supreme Court of Singapore, with the contract amounting to 25.1 million USD.

## 2.3 Building a Transportation Hub

### 2.3.1 International Aviation Hub

Guangzhou has made important progress in building the international aviation hub, and eight major projects have been carried out or completed during 2016. For example, the main structure of Terminal 2 in Baiyun International

Airport has been completed. The central government approved the establishment of Guangzhou Airport Economic Zone, and China Eastern Airlines opened their Guangdong affiliate in Guangzhou.

**Table 6: Top 10 Chinese Airports in 2016 (by Cargo and Mail Throughput)**

City	Airport	Cargo and Mail Throughput in 2016 (Ton)	YoY Growth (%)	Ranking in 2016	Ranking in 2015
Shanghai	Pudong International Airport	3,440,280	5.0	1	1
Beijing	Beijing Capital Airport	1,943,160	2.8	2	2
Guangzhou	Baiyun International Airport	1,652,215	7.4	3	3
Shenzhen	Baoan International Airport	1,125,985	11.1	4	4
Chengdu	Shuangliu Airport	611,591	9.9	5	5
Hangzhou	Xiaoshan Airport	487,984	14.8	6	7
Zhengzhou	Xinzheng Airport	456,709	13.2	7	8
Shanghai	Hongqiao International Airport	428,907	-1.1	8	6
Kunming	Changshui International Airport	382,854	7.7	9	9
Chongqing	Jiangbei Airport	361,091	13.3	10	11

Source: China Civil Aviation Administration

**Table 7: Destinations of International Passenger Transport of Baiyun International Airport, Guangzhou**

Region	Country	Destination
Southeast Asia	the Philippines	Laoag
		Manila
	Cambodia	Phnom Penh
		Siem Reap
	Laos	Vientiane
	Malaysia	Penang
		Kota Kinabalu (Sabah)
		Kuala Lumpur
		Pulau Langkawi
	Myanmar	Johor Bahru
		Yangon
	Thailand	Krabi
		Bangkok
		Bangkok (Don Mueang)
		Phuket
		Chiang Mai
Singapore	Changwat Suratthani	
	Singapore	
Indonesia	Bali	
	Jakarta	
Vietnam	Phu Quoc Island	
	Ha Noi	
	Ho Chi Ming City	
	Da Nang	
	Nha Trang	
East Asia	Republic of Korea	Busan
		Jeju
		Seoul
	Japan	Osaka
		Narita, Tokyo
		Haneda, Tokyo
		Fukuoka
West Asia	United Arab Emirates	Nagoya
		Dubai
	Azerbaijan	Baku
	Qatar	Doha
	Saudi Arabia	Jeddah
		Riyadh
	Iraq	Baghdad
South Asia	Iran	Teheran
	Jordan	Amman
	Pakistan	Lahore
	Maldives	Male
	Bangladesh	Dhaka
	Nepal	Katmandu
Sri Lanka	Colombo	
	India	Delhi



Region	Country	Destination
Europe	Germany	Frankfurt
	Russia	Moscow (Domodedovo)
		Moscow (Sheremetyevo)
	France	Paris
	Finland	Helsinki
	Netherlands	Amsterdam
	Turkey	Istanbul
	Italy	Rome
Oceania	United Kingdom	London (Heathrow)
	Australia	Brisbane
		Melbourne
		Perth
		Sydney
	New Zealand	Auckland
		Christchurch
Africa	Egypt	Cairo
	Ethiopia	Addis Ababa
	Kenya	Nairobi
North America	Canada	Vancouver
	United States	San Francisco
		Los Angeles
		New York
		Saipan

In 2016, the passenger traffic of Baiyun International Airport in Guangzhou was 59.78 million, with an increase of 8.3% from last year, ranking the third in China and surpassing those of major international airports such as JFK Airport in New York and Changi Airport in Singapore, ranking the 16<sup>th</sup> worldwide. There are 73 international flight routes to destinations in all parts of the world. Owing to its geographic location, it is easy to fly from Guangzhou to Southeast Asia, South Asia, Middle East, Australia, New Zealand, Africa and other regions. Increasing number of passengers fly to Guangzhou from other Chinese cities and use Guangzhou as the transit to fly abroad. The proportion of international transit passengers rose from 25% in 2009 to nearly

50% in 2016, forming a “Guangzhou route” to the outside world. According to the latest data of Civil Aviation Administration of China, the China Southern Airlines headquartering in Guangzhou Baiyun Airport is the frontrunner in the China-Australia airline (the second largest long-distance air transport market in the world), which has helped Guangzhou become the pivotal hub of China to Southeast Asia, Southern Asia and Oceania.

Baiyun International Airport recorded a cargo and mail throughput of 1.652 million tons in 2016, showing a YOY growth of 7.4% and ranking the 3<sup>rd</sup> in China and the 9<sup>th</sup> worldwide. Currently, 149 flight routes to 207 destination cities worldwide are in operation.

**Table 8: World's Top 15 Airports in 2016 (by Passenger Traffic)**

City	Airport	Passenger Traffic in 2016 (in mn person-time)	YOY Growth (%)	Ranking in 2016	Ranking in 2015
Atlanta	Hartsfield-Jackson Atlanta International Airport	104.17	2.7	1	1
Beijing	Beijing Capital Airport	94.39	5.0	2	2
Dubai	Dubai Airport	83.65	7.2	3	3
Los Angeles	Los Angeles Airport	80.92	8.0	4	7
Tokyo	Haneda Airport	79.85	6.0	5	5
Chicago	O'Hare International Airport	77.96	1.3	6	4
London	Heathrow International Airport	75.68	0.9	7	6
Hong Kong	Hong Kong International Airport	70.50	3.3	8	8
Shanghai	Pudong International Airport	66.00	9.9	9	13
Paris	Airport International Charles de Gaulle	65.93	0.3	10	9
Dallas	Dallas-Fort Worth International Airport	65.67	2.5	11	10
Amsterdam	Amsterdam Schiphol Airport	63.63	9.2	12	14
Frankfurt	Frankfurt Airport	60.79	-0.4	13	12
Istanbul	Ataturk Airport	60.12	-2.8	14	11
Guangzhou	Baiyun International Airport	59.73	8.3	15	17

### 2.3.2 International Shipping Center

Despite the overall economic slowdown in the global economy in 2016, Guangzhou's ranking on the Top Container Ports still moved up one place compared to 2015. Its port cargo and container throughput ranked the 6<sup>th</sup> and 7<sup>th</sup> internationally. In terms of the port operation, Nansha Port in Guangzhou has completed the construction of sixteen 100,000 -150,000-ton container berths, one 100,000-ton and five 5 to 7 million-ton general berths, as well as eleven 100,000-300,000 ton ship repair and outfitting berths and a number of Ro-Ro cars, petrochemical and specialized berths. It is able to accommodate the berthing operation requirements of the world's largest container

ships with an annual handling capacity of 16 million TEUs. By the end of 2016, Guangzhou opened 168 container routes, 78 foreign trade routes, and connected to over 400 ports in more than 100 countries and regions. Along with the commencement of the construction of Nansha cruise homeport, Guangzhou has opened tourist cruise routes to Hong Kong, China, Da Nang and Miyako Island. Thanks to the constantly-improved port infrastructure and soft power such as trade rules (part of the international shipping hub), a well-connected global sea transportation network is being formed.

**Table 9: World's Top Container Ports in 2016 (by Cargo and Container Throughput)**

Ranking	Top 10 Ports by Cargo Throughput	Country	Top 10 Ports by Container Throughput	Country
1	Ningbo-Zhoushan Port	China	Shanghai Port	China
2	Shanghai Port	China	Singapore Port	Singapore
3	Singapore Port	Singapore	Shenzhen Port	China
4	Suzhou Port	China	Ningbo-Zhoushan Port	China
5	Tianjin Port	China	Port of Hong Kong	China
6	Guangzhou Port	China	Busan Port	Republic of Korea
7	Tangshan Port	China	Guangzhou Port	China
8	Qingdao Port	China	Qingdao Port	China
9	Hedland Port	Australia	Port of Dubai	United Arab Emirates
10	Port of Rotterdam	Netherlands	Tianjin Port	China

Source: Maritime Intelligence

### 2.3.3 Comprehensive Road Network

The development of high-speed rail, passenger lines and conventional railway helps Guangzhou to exert influence on a greater region of the Southwest China, Yangtze River Delta, regions along the mid-Yangtze River, Beijing-Tianjin-Hebei and other important economic zones. In 2016, Guangzhou measured a total metro mileage of 308.7 kilometers, ranking the 3<sup>rd</sup> in China (only after Shanghai and Beijing) and was listed the World's Top 10 Cities in terms of metro mileage.

In August 2016, the Guangdong-Manchuri-Europe international cargo line started to operation. The trains departs from Guangzhou, exits China via Manchuri, and eventually

arrives in Vorsino, Kaluzhskaya Oblast, Russia. Compared to sea-and-rail transport, this cargo line cut the transportation time by at least 10 days, while the cost is merely 30% higher than maritime transport and 70% lower than air transport. The first Guangzhou-Xinjiang-Europe cargo line was opened too. In 2016, Guangzhou kicked off the "Guangzhou-South Asia" cargo line arriving in Nepal via Tibet. The operation of the cross-border cargo lines facilitates the resource integration of Guangzhou and opens up a trade shortcut to Europe for the products made in the global manufacturing base in PRD and even the whole South China.

Table 10: Metro Mileage Ranking of Cities Worldwide

Ranking	Country	City	Length (km)
1	China	Shanghai	617.0
2	China	Beijing	574.0
3	United Kingdom	London	402.0
4	United States	New York	369.0
5	Japan	Tokyo	326.0
6	Republic of Korea	Seoul	314.0
7	Russia	Moscow	312.9
8	China	Guangzhou	308.7
9	Spain	Madrid	294.0
10	China	Shenzhen	285.0

Source: Official Websites of Cities

## 2.4 International Connections and Exchanges

### 2.4.1 International Sister Cities

As of July 2017, Guangzhou has 36 sister cities and 30 friendship cities. Additionally, Guangzhou's eleven administrative districts forged friendly ties with 48 municipal districts from other countries, and the Guangzhou Port has 38 sister ports around the world. Friendly ties are also established between schools, libraries and hospitals with sister cities. A multi-level and integrated friendship network for international exchange and cooperation comprising the sister cities, friendship cities, friendly districts and friendly organizations are established, serving as a driving force to promote exchange and cooperation in the realms of economy, trade, education, science, technology, culture, tourism, sports,

etc. between Guangzhou and the world.

Based on the sister-city network, Guangzhou created the Guangzhou-Auckland-Los Angeles Tripartite Economic Alliance, an innovative cooperation platform for international sister-city cooperation, and held a summit in Auckland in 2016 under the theme of connectivity. The event brought together over 700 delegates from the government and business circles of the three cities. Some 62 agreements on the intention to cooperate were made at the conference in a wide variety of areas such as air and marine ports, screen culture, innovation industry, etc.



Table 11: List of International Sister Cities of Guangzhou

Continent	Country	City	Date of Agreement
Asia (12 cities)	India	Ahmedabad	2014.09.17
	Indonesia	Surabaya	2005.12.21
	Japan	Fukuoka	1979.05.02
		Noboribetsu	2012.11.15
	Korea	Gwangju	1996.10.25
	Kuwait City	Kuwait	2012.04.25
	Nepal	Pokhara	2014.11.29
	Philippines	Manila	1982.11.05
	Sri Lanka	Hambantota	2007.02.27
	Thailand	Bangkok	2009.11.13
	Turkey	Istanbul	2012.07.18
	United Arab Emirates	Dubai	2012.04.18
Europe (12 cities)	UK	Birmingham	2006.12.04
		Bristol	2001.05.23
	Germany	Frankfurt	1988.04.11
	Finland	Tampere	2008.12.02
	France	Leon	1988.01.19
	Italy	Bari	1986.11.12
	Lithuania	Vilnius	2006.10.12
	Poland	Lodz	2014.08.20
	Sweden	Linköping	1997.11.24
	Spain	Valencia	2012.12.29
	Russia	Yekaterinburg	2002.07.10
North America (2 cities)	Russia	Kazan	2012.07.06
	USA	Los Angeles	1981.12.08
South America (5 cities)	Canada	Vancouver	1985.03.27
	Argentina	Buenos Aires	2012.04.16
	Brazil	Recife	2007.10.22
	Costa Rica	San Jose	2012.09.11
	Ecuador	Quito	2014.11.29
Oceania (2 cities)	Peru	Arequipa	2004.10.27
	Australia	Sydney	1986.05.12
Africa (3 cities)	New Zealand	Oakland	1989.02.17
	Morocco	Rabat	2013.10.03
	South Africa	Durban	2000.07.17
	Zimbabwe	Harare	2012.09.03

Source: Official Websites of Cities

## 2.4.2 High-end International Conferences

The quantity and quality of international conferences held by a particular city are important indexes when measuring the city's international connectivity. In 2016, Guangzhou spared no effort to become a major international conference destination by hosting several influential international events. Looking ahead, Guangzhou will be the

host of the 2017 Fortune Global Forum, 2018 World Route Development Conference, 2019 World Ports Conference, and the 2020 World Conference of World Association of Major Metropolises. Furthermore, the International Finance Forum (IFF) will be held in Guangzhou every year moving forward.

**Table 12: Major International Conferences and Events Hosted by Guangzhou in 2016**

Date	Conference	Sponsor and Organizer
Mar.17-18,2016	Seminar on Migration and City Policies	Sponsored by International Organization for Migration and International Labor Organization
Mar.22-23,2016	2016 Guangzhou Annual Investment Conference, China	Sponsored by Guangzhou Municipal Government
May 8-10, 2016	the 7 <sup>th</sup> Round of Negotiation of China-GCC FTA	Sponsored by Ministry of Commerce of the People's Republic of China
May 9-10, 2016	ASEM Media Dialogue on Connectivity	Sponsored by Ministry Foreign Affairs of the People's Republic of China and the State Council Information Office of the People's Republic of China
May 27, 2016	2016 Guangzhou Global Innovation and Entrepreneurship Fair	Sponsored by China Association for Science and Technology, Chinese Academy of Engineering, the Central Committee of the Jiu San (Sept.3 <sup>rd</sup> ) Society, People's Government of Guangdong Province and Guangzhou Municipal Government
Jun.24-26, 2016	the 5 <sup>th</sup> China (Guangzhou) International Finance EXPO	Sponsored by Finance Office of People's Government of Guangdong Province and Guangzhou Financial Affairs Bureau
Sept.2-4, 2016	2016 Guangzhou China International Performing Arts Fair	Sponsored by Ministry of Culture of the People's Republic of China and People's Government of Guangdong Province
Sept.7-8, 2016	the 2 <sup>nd</sup> Investment in Africa Forum	Sponsored by People's Government of Guangdong Province, China Development Bank and World Bank
Oct.28, 2016	2016 Guangdong 21 <sup>st</sup> Century Maritime Silk Road International Expo Forum—Capacity Cooperation and Innovation Development High-end Forum	Sponsored by the Organizing Committee of 2016 Guangdong 21 <sup>st</sup> Century Maritime Silk Road International Expo

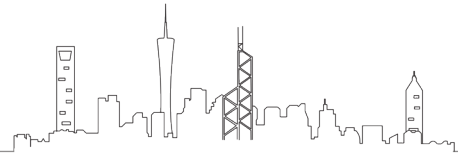
Date	Conference	Sponsor and Organizer
Nov. 9-10, 2016	2016 World Economic Forum China Business Roundtable	Sponsored by World Economic Forum
Dec. 2-5, 2016	the 21 <sup>st</sup> Guangzhou International Art Fair	Sponsored by China Artists Association
Dec. 4-6, 2016	World Chinese Press Development Forum and the 49 <sup>th</sup> Annual Meeting of The Chinese Language Press Institute	Sponsored by The Chinese Language Press Institute
Dec. 5-8, 2016	the 3 <sup>rd</sup> Guangzhou International Award for Urban Innovation, 2016 Guangzhou International Urban Innovation Conference and 2016 Guangzhou International Innovation Festival	Sponsored by the Chinese People's Association for Friendship with Foreign Countries, United Cities and Local Governments (UCLG), World Association of Major Metropolises and Guangzhou Municipal Government
Dec.13-15, 2016	2016 Guangzhou International Documentary Film Festival, China	Sponsored by State Administration of Press, Publication, Radio, Film and Television, People's Government of Guangdong Province
Dec.23-24, 2016	2016 Convention on Exchange of Overseas Talents in China and the 18 <sup>th</sup> Guangzhou Convention of Overseas Chinese Scholars in Science and Technology	Sponsored by Ministry of Education, Ministry of Science and Technology, Guangzhou Municipal Government, etc.

Source: Foreign Affairs Office of Guangzhou Municipal Government

### 2.4.3 International Organizations

Guangzhou has been taking an active role in the multilateral exchanges and key affairs coordination of the global community, continuously enhancing Guangzhou's engagement and playing a leading role in international organizations. Guangzhou's Mayor retained the title of Co-President of the United Cities and Local Government (UCLG) for the 4<sup>th</sup> time; the Guangzhou International Award for Urban Innovation (referred to as the Guangzhou Award) has been awarded

three times with growing international influence. The 3<sup>rd</sup> Guangzhou Award saw 301 outstanding innovative urban projects from 171 cities submitted in the appraisal. The Guangzhou Award series events are becoming an important global platform for global city governance, and meanwhile, it helps Guangzhou promote the city diplomacy in connotation and depth, revealing its leadership and cohesion within the global city network.



### Guangzhou Award: A Strong Voice for Global Urban Management

The Guangzhou International Award for Urban Innovation was jointly initiated by the city of Guangzhou, United Cities and Local Governments (UCLG) and the World Association of Major Metropolises (METROPOLIS). The award aims to encourage the exchange of advanced urban innovation experiences, recognize cities and local governments for their achievements in innovative development, and encourage the application of scientific concepts in urban innovation and development. The ultimate goal of the Award is to propel global urban development in a wholesome, harmonious and sustainable manner. The biennial award is open to all cities and local governments around the world.

The 3<sup>rd</sup> Guangzhou International Award for Urban Innovation and the 2016 Guangzhou International Urban Innovation Conference convened in December of 2016 under the theme of “Global Wisdom for Local Solutions”. The Guangzhou International Innovation Festival was held at the same time. The events functioned as a high-end interactive platform for metropolises and enterprises to enter into dialogues, share management experiences, and exchange innovative and entrepreneurial achievements. It attracted 301 projects related to urban innovation from 171 cities out of 59 countries, with major subjects covering from infrastructure and public service, participatory planning and good governance, partnership, technology, resilience, social inclusion to gender equality, etc. More than 600,000 people around the world participated in the voting, and the final winners were Songpa-gu (Republic of Korea), Qalyubeya (Egypt), Boston (United States), Copenhagen (Denmark), and La Paz (Bolivia). Yiwu (China) was also honored as a Special Mention Initiative.

At the Award/Conference/Festival combined event, over 800 guests from various participating cities, international sister cities, foreign consulates in Guangzhou. International organizations and renowned enterprises at home and abroad assembled in Guangzhou, further enhancing the international brand image and prestige of the Guangzhou Award.

#### 2.4.4 Consulates in Guangzhou

As of June 2017, 59 foreign countries set up consulates in Guangzhou, second only to Shanghai in China. The consulates have a critical role in reciprocal cooperation between Guangzhou and the dispatching country. In addition to participating in cultural exchanges, such as the Guangdong 21<sup>st</sup> Century Marine Silk Road Expo, the 2016 Guangzhou International Tourism Exhibition, etc., consulates are becoming more involved in cooperation with Guangzhou on a deeper level, such as ushering in advanced

experience like the French Consulate-General in Guangzhou, which signed the *Memorandum of Understanding on Strengthening Sino-French Elderly Care Service Cooperation* to enhance cooperation with Guangzhou; the City Design Day series, which is co-organized by the Italian Consulate-General in Guangzhou and South China University of Technology's South China-Turin Collaboration Lab to encourage cooperation in architecture, material and manufacturing between Guangzhou and Italy.

Table 13: Consulates in Guangzhou

Continent	Nation	Time of Establishment
Asia (22 consulates)	Japan	1980.03.01
	Thailand	1989.07.22
	Vietnam	1993.01.18
	Malaysia	1993.10.24
	Philippines	1997.05.23
	Cambodia	1998.07.01
	Korea	2001.08.28
	Indonesia	2002.12.12
	Singapore	2006.04.13
	India	2007.10.18
	Kuwait	2008.02.21
	Nepal	2017.04.25
	Pakistan	2008.06.27
	Israel	2009.03.22
	Iran	2011.12.23
	Turkey	2012.01.12
	Sri Lanka	2012.03.27
	Laos	2013.09.23
	Kyrgyzstan	2014.04.08
	Qatar	2015.11.10
	UAE	2016.06.15
	Saudi Arabia	2017.01.01
Europe (15 consulates)	Poland	1989.07.22
	Germany	1995.11.07
	UK	1997.01.14
	France	1997.04.24
	Netherlands	1997.09.15
	Denmark	1998.09.23
	Italy	1998.11.04
	Swiss	2005.10.10
	Belgium	2005.12.20
	Russia	2007.04.05
	Greece	2007.05.15
	Austria	2007.11.25
	Norway	2008.02.18
	Spain	2009.06.14
	Ukraine	2012.05.30
North America (4 consulates)	America	1979.08.31
	Canada	1997.11.20
	Cuba	2006.11.08
	Mexico	2008.04.25
South America (6 consulates)	Argentina	2009.07.21
	Brasil	2010.04.15
	Chile	2010.12.29
	Columbia	2014.12.12
	Ecuador	2009.09.08
	Peru	2013.10.02

Continent	Nation	Time of Establishment
Africa (10 consulates)	Angola	2015.11.06
	Coate d'Ivoire	2014.07.12
	Ethiopia	2009.06.14
	Mali	2011.07.18
	Nigeria	2014.07.09
	Sultan	2017.05.15
	Senegal	2017.03.06
	the Republic of Congo	2014.08.15
	Uganda	2011.08.15
	Zambia	2016.06.28
Oceania (2 consulates)	Australia	1922.12.09
	New Zealand	2007.04.26

## 2.5 City Image Promotion

### 2.5.1 City Image Branding

In 2016, Guangzhou implemented the *Three-Year Action Plan on Strengthening International Communication Capacity Building (2016-2018)*. This was an effort to intensify Guangzhou's international communications and promote Guangzhou as a world-renowned city. The plan utilizes of important media at home and abroad, such as *Nature* special reports on scientific research and innovation environment in Guangzhou. It also integrates and optimizes communication channels by methods including releasing updates about Guangzhou via the city's official Facebook page in English and Arabic, co-produced with CNBC and other global media platforms a documentary series including "Millennium City of Business", "Cantonese Legends", and "Guangzhou Cultural and Artistic Showcase", to enhance public awareness and help Guangzhou's voice be heard worldwide.





**Table 14: Major International Publicity Events of Guangzhou in Recent Years**

	Descriptions	Year
Urban Landscapes	city promo video Guangzhou, A City For The People	2015
	Guangzhou Spring Festival flower market	Annual
	Historical evolvement of eight scenic spots in Canton	2014
	“Youth of Guangzhou” university students short documentary films Solicitation	2013
Cultural Exchanges	“Guangzhou Culture Week” Marine Silk Road Series	2016
	the First Global Conference of the Cantonese	2015
	through The Eyes of Foreigners Book Series	Regular since 2013
	“National Tour of Excellent Dramas” promotional events	2011
Lifestyles	“Guangzhou Night” promotional events	Regular
	the Millennium City of Yangcheng and Marin Silk Road —2016 Guangzhou Marine Silk Road Culture Series	2016
	“We, Guangzhou” city cultural promotion events	2016
	“Taste of Guangzhou” series	2015

Source: Public Awareness Office for CCPCC Guangzhou Committee



### Fortune Forum Road Show

Guangzhou will host Fortune Global Forum in December 2017. Looking back on the past 13 sessions, Guangzhou is the very first host city elaborating on the precise global road show strategy and implementation, using the Forum preparation year as an opportunity to build the city brand image. Every single promotion event is a bridge connecting Guangzhou to foreign enterprises, opening a window for the world. From January 22, 2017, Guangzhou organized 2017 Fortune Forum global road show events in Paris, New York, Tokyo, Singapore, Hong Kong, China and other cities, introducing Guangzhou's investment climate and promoting investment cooperation.

## 2.5.2 World-Class Tourism Destination

In 2016, the number of overnight travelers received by the city marked a record high of 8,618,700, exceeding that of during the 2010 Asian Games for the first time. The inbound visitors from foreign countries also grew greatly, setting a new record of 3,296,800 in Guangzhou. The aggregate income contributed by tourism was 48.432 billion USD, 321.705 billion CNY, a YOY growth of 12% and the foreign currency income for the same period reached 6.272 billion USD, increasing by 12% YOY.

The international tourism communication

network was formed along with the rapid development of Guangzhou's tourism industry. Presently, six tourism promotion centers of Guangzhou are operating in United States, Britain, Australia, New Zealand, Japan, South Korea, and South-East Asia. As the Chairman City of the Tourism Promotion Organization for Asian-Pacific Cities (TPO), Guangzhou strives for the exchanges and cooperation of the Key National Tourism Cities of the Belt and Road, co-developing multi-destination tourism products to create an international tourism communication center and world-class tourism destination.

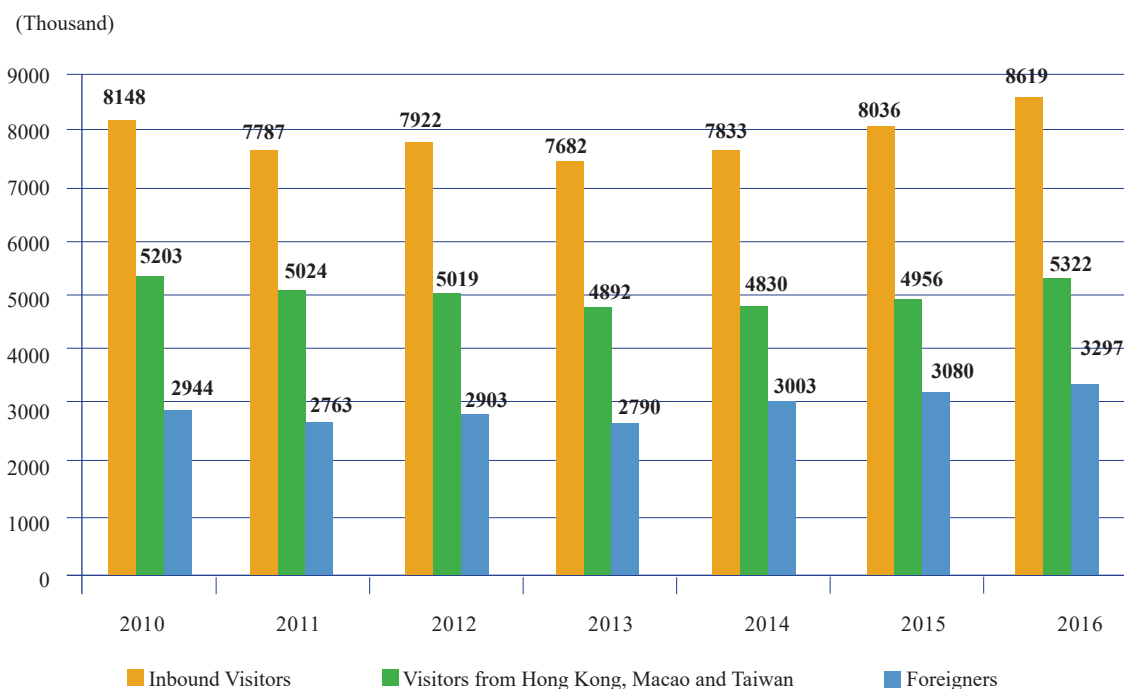


Figure 3 Overnight Travelers in Guangzhou from 2010 to 2016 (In Thousand Persons)

### 2.5.3 International Cultural Exchanges

Guangzhou sent 122 performance groups made up of 1720 individuals overseas in 2016 to take part in international cultural exchanges. Key events like “Guangzhou Culture Week” and “We, Guangzhou” are particularly popular in the international community. International cultural galas are vibrantly booming, and

sensational cultural events like the China Guangzhou International Documentary Festival, the China International Comics Festival, and the Guangzhou International Art Fair are being hosted in Guangzhou one after another.



#### Guangzhou Culture Week

Guangzhou Culture Week is a brand event for city cultural promotion. The event, combining elements of fashion, Cantonese culture and global trends, displays the beauty of Guangzhou to catch the eye of the people around the world. The event will be held in 3 different Belt-and-Road countries annually, deepening the cultural and educational exchanges between Guangzhou and these countries.

During Chinese President Xi Jinping’s visit to Peru for the 2016 APEC meeting, Guangzhou Culture Week-World Tour of Xu Hongfei’s Sculpture Art to Peru was under the spotlight as a key thematic event to tell the Chinese story and let the Chinese voice be heard. The 2017 Guangzhou Culture Week in the United Kingdom—Happy Chinese New Year, consisted of 11 shows and a series of cultural exchange events, received a congratulatory letter from Her Majesty Queen Elizabeth II, and Spring Festival greeting remarks from British Prime Minister Theresa May were shared as well. With the audience reaching over 700,000 people, Cantonese culture received wide recognition from British mainstream society with a fervent response.



# Guangzhou's Performance in Global City Rankings

## 3.1 GaWC Classification of World Cities: Leaping to Alpha-

Using the Interlocking Network Model, GaWC (Globalization and World Cities Research Network)'s world cities classification research measures the distribution of six Advanced Producer Services, i.e. banking, insurance, law, consultation, advertising and accountancy, of the world's major cities, and categories these cities into four levels, namely Alpha, Beta, Gamma and Sufficiency. As GaWC's research methodology focuses on the city's integration level with the global cities network, it is in a better position to reflect a city's capabilities of controlling and allocating the productive elements like global capital, technologies, man power, information and the like. In this regard, GaWC's world cities ranking is a very useful reference to evaluate a city's hub position in the global economic network and its resource allocation capability.

In the latest *The World According to GaWC 2016* released in April 2017, Guangzhou was identified as an Alpha-World City in a roster of 361 candidates, ranking 40<sup>th</sup> among the 49 first tier world cities. This historic breakthrough made Guangzhou only behind Hong Kong, Beijing, Shanghai and Taipei among the

Chinese cities, and keep abreast stand in same category with some capital cities like Bangkok, New Delhi, Stockholm, Manila, Lisbon, and important center cities of developed countries like Melbourne, Washington, Zurich, San Francisco and Barcelona, etc. This clearly shows that Guangzhou has emerged as a global node city and regional hub that exerts influence on the global city network and plays a crucial role in connecting China with the world economy.

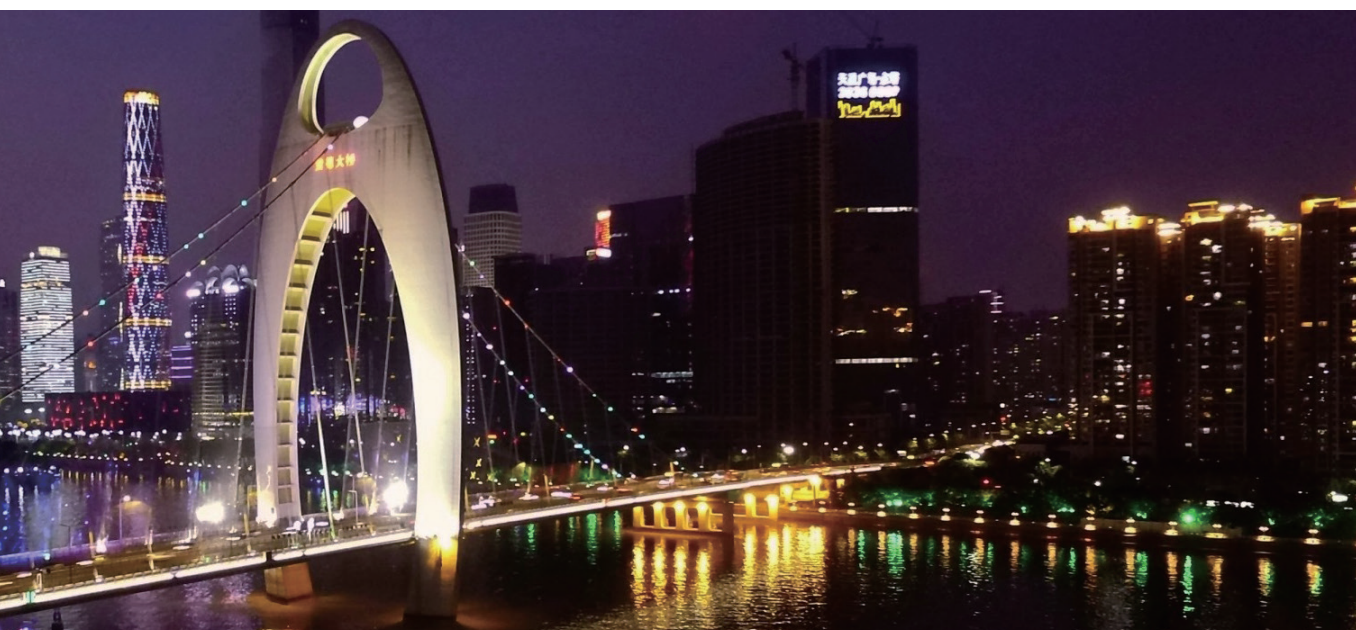


Table 15: Alpha Cities in the World According to GaWC 2016

Classification		Foreign Cities	Chinese Cities
Alpha (49)	Alpha++	London, New York	-
	Alpha+	Singapore, Paris, Tokyo, Dubai	Hong Kong, Beijing, Shanghai
	Alpha	Sydney, Sao Paulo, Milan, Chicago, Mexico City, Mumbai, Moscow, Frankfurt, Madrid, Warsaw, Johannesburg, Toronto, Seoul, Istanbul, Kuala Lumpur, Jakarta, Amsterdam, Brussels, Los Angeles	-
	Alpha-	Dublin, Melbourne, Washington, New Delhi, Bangkok, Zurich, Vienna, Buenos Aires, Stockholm, San Francisco, Manila, Bogota, Miami, Luxembourg, Riyadh, Santiago, Barcelona, Tel Aviv, Lisbon	Taipei, Guangzhou

Since its first admission into Gamma-World Cities in 2000, Guangzhou has maintained a stable rising momentum, and in particular, stepped up the momentum and rose by one level in each release. This made Guangzhou the only one among the Chinese cities that has kept rising in terms of the position in the ranking list, and the rising speed is obviously faster than its

Chinese counterparts. Such rising momentum in GaWC world cities ranking list shows that the urban development strategy of Guangzhou for developing an internationalized metropolis is fruitful, and that the city's globalization process has kept accelerating and moved into a rapid development stage.





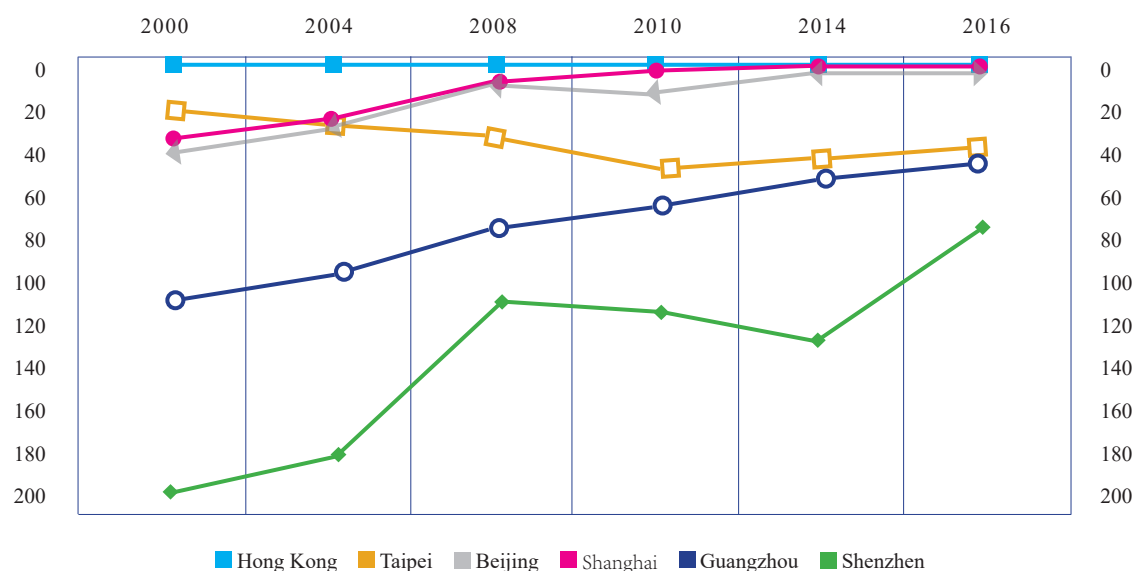


Figure 4 Classifications of Major Cities in China

### 3.2 A.T. Kearney Global Cities Outlook: Guangzhou up by 22 Positions

As a leading global management-consulting firm, A.T. Kearney has been publishing Global Cities reports since 2008, which collected data on city-level indicators to track progress of the world's most important cities. Since 2014, Global Cities reports started to include the Global Cites Index, which examines cities'

current performance, and the Global Cites Outlook, which evaluates their potentials. Together, the Index and the Outlook present a unique lens on the world's most influential cities and those primed to make a strong impact in the future. Compared with other rankings, which highly emphasize on business



elements, A.T. Kearney's indices are more comprehensive, providing insights into a city's global reach, strengths, core differences, and level of development in multiple dimensions.

In Global Cities Index 2017, Guangzhou held the 71<sup>st</sup> position, ranking the fifth among

Chinese cities for years. Currently, Guangzhou is equivalent to major economic center cities of developed countries and capital cities of developing countries, such as Manila, Johannesburg, St. Petersburg, Nagoya, Nairobi and etc.

**Table 16: Ranking of Chinese Cities in Global Cities Index**

City/Ranking	2008	2010	2012	2014	2015	2016	2017
Hong Kong	5	5	5	5	5	5	5
Beijing	12	15	14	8	9	9	9
Shanghai	20	21	21	18	21	20	19
Taipei	34	39	40	40	44	43	47
Guangzhou	52	57	60	67	71	71	71
Shenzhen	54	62	65	73	84	83	80
Chongqing	59	65	66	84	114	113	115

Thanks to the innovative development, Guangzhou made impressive progress in the Global Cities Outlook 2017, rising from 78<sup>th</sup> in 2016 to 56<sup>th</sup> in 2017, which moves up by 22 places. This made Guangzhou surpass other Chinese cities in terms of rise of ranking, second

only to Moscow and Ho Chi Minh City out of 128 cities in the Index. The significant rise in the ranking indicates that Guangzhou is taking practices to shape future competitiveness and is likely to become one of the world's most prominent cities.

**Table 17: Ranking of Chinese Cities in Global Cities Outlook**

City/ Ranking	2015	2016	2017
Taipei	28	23	44
Beijing	45	42	45
Shenzhen	50	50	47
Hong Kong	53	57	54
Guangzhou	76	78	56
Suzhou	56	59	57
Hangzhou	74	69	60
Shanghai	65	63	61
Nanjing	64	60	62
Tianjin	55	61	64

### 3.3 Global Financial Centers Index: 37<sup>th</sup> in Debut Year

The Global Financial Centers Index (GFCI) was first published by the Z/Yen Group in 2007, and is the most widely used assessment system with regards to world financial centers. In the latest GFCI 21 of 2017, Guangzhou was rated 37<sup>th</sup> out of 88 financial centers. It is the official debut for Guangzhou on the list as an International Financial Center since Guangzhou was introduced into the associate centers list in 2014. It signifies Guangzhou has made tremendous progress in the international financial center construction with recognition from professional organizations.

In general, Guangzhou is in the middle-upper place of the Global Financial Centers Index, ranking sixth among Chinese cities after Hong Kong, Shanghai, Beijing, Shenzhen and Taipei. In terms of external connectivity, Guangzhou is eligible to be included into the second-tier global cities. However, with the

respect to professional and diversification perspectives, Guangzhou is still in the early stage as a developing international financial center with certain degree of international influence.

It is worth noticing that Guangzhou had been leading the associate centers list. In particular, it was just 6 questionnaires distance to the official listing in GFCI 18 of 2015. Nevertheless, Guangzhou was neck and neck with the 37<sup>th</sup>-46<sup>th</sup> ranked cities in official listing ever since then. This shows that Guangzhou is equipped with solid infrastructure for financial industry development. However the internalization level is still quite insufficient. In fact, the foreign financial professionals, especially those from Europe and America, still do not have much knowledge about the financial sector in Guangzhou. This indicates that Guangzhou still has a lot to do on public awareness and international connectivity.

**Table 18: Profile of GFCI 21 Financial Centers**

	Broad & Deep	Relatively Broad	Relatively Deep	Emerging
Global	Global Leaders	Global Diversified	Global Specialists	Global Contenders
	14 cities (Beijing, London etc.)	Amsterdam	4 cities (Shanghai, Luxembourg etc.)	Moscow
International	Established International	International Diversified	International Specialists	International Contenders
	10 cities (Los Angeles, Seoul etc.)	4 cities (Edinburgh etc.)	4 cities (Qingdao, Shenzhen etc.)	4 cities (Guangzhou, Mumbai etc.)
Local	Established Players	Local Diversified	Local Specialists	Evolving Centres
	2 cities (Budapest and Sao Paulo)	11 cities (Vienna, Milan etc.)	9 cities (Taipei, Riga etc.)	15 cities (Dalian, Doha etc.)

### 3.4 Innovation Cities™ Index 2017: Guangzhou—A Hub City

Innovation Cities™ Index Global is released by 2thinknow, a think tank that dedicated to the study of innovation. Ever since its first release in April 2007, the number of benchmark cities included in the Index has been increasing, from 95 in 2008 to 500 in 2016.

The latest edition of index included 500 cities released in March 2017, in which Guangzhou rises more than 100 places to 97<sup>th</sup> place from 208<sup>th</sup> in the 2011 study in this edition, ranking 6<sup>th</sup> among Chinese cities. Guangzhou has successfully upgraded from a “Node City” to a “Hub City” with globally competitiveness on key economic and social innovation segments,

which demonstrates that Guangzhou's effort to build a National Innovation Center City and an international innovation hub starts to see the expecting results.

As it is noticed from the change of ranking, the innovation capacity of Guangzhou has been improving dramatically since 2014, especially considering the continual expansion of city pools that nearly doubled during the past 6 years. Guangzhou demonstrates a higher innovation capacity increasing rate, and its progress is advancing towards a stronger competitiveness in innovation.

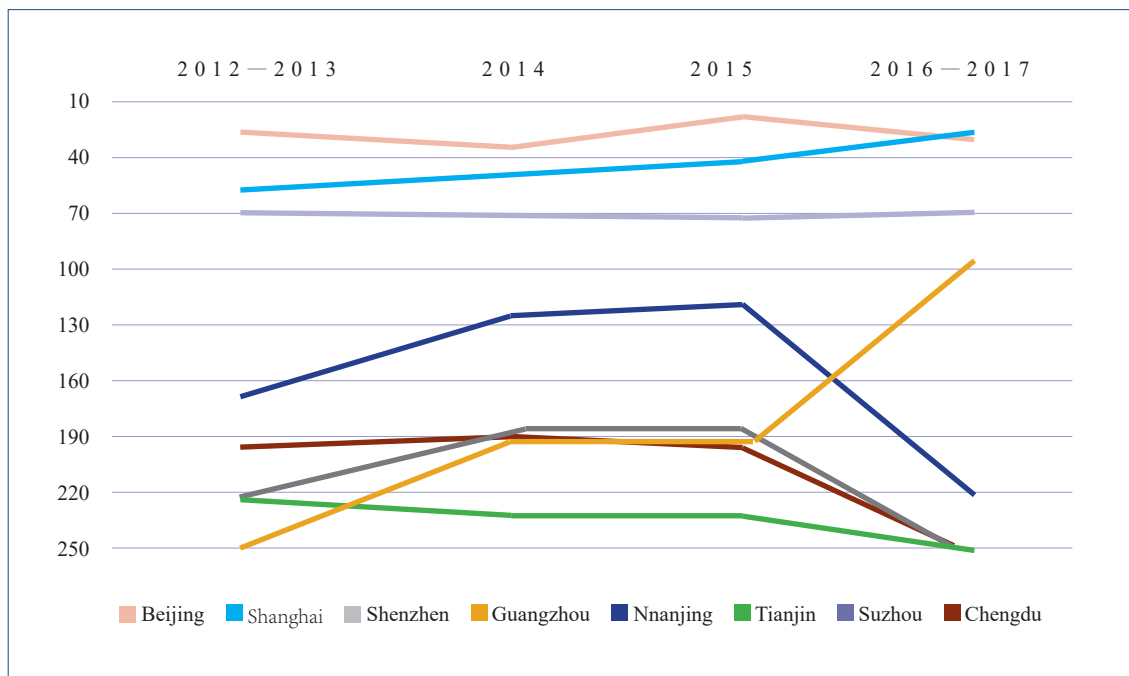


Figure 5 Ranking of Major Cities in Chinese Mainland

### 3.5 PwC Chinese Cities of Opportunity: Ranks Top for Two Years

*Chinese Cities of Opportunity 2017* is the fourth in the series of reports initiated by PwC and China Development Research Foundation in 2014, providing observations of Chinese cities by the same perspective for observing global cities in the report—Cities of Opportunity. By looking deeper into the relationship within data, the study maintains their hypothesis that a city requires balanced social and economic strengths to work as a whole. Effectively dealing with human needs, both everyday and extraordinary ones, remains the essence of city success.

In the *Chinese Cities of Opportunity 2017*,

Guangzhou maintains its No.1 place with the highest score owing to the balanced development it demonstrates after year 2016, displaying the strong comprehensive strengths and competitiveness of a significant National Center City. In terms of city performance, Guangzhou comes first in three indicators including “intellectual capital and innovation”, “important regional cities” and “healthcare, safety and security”, and second in other three indicators which are “technology readiness”, “economic clout” and “ease of doing business”, revealing Guangzhou's comparative advantages in these areas.

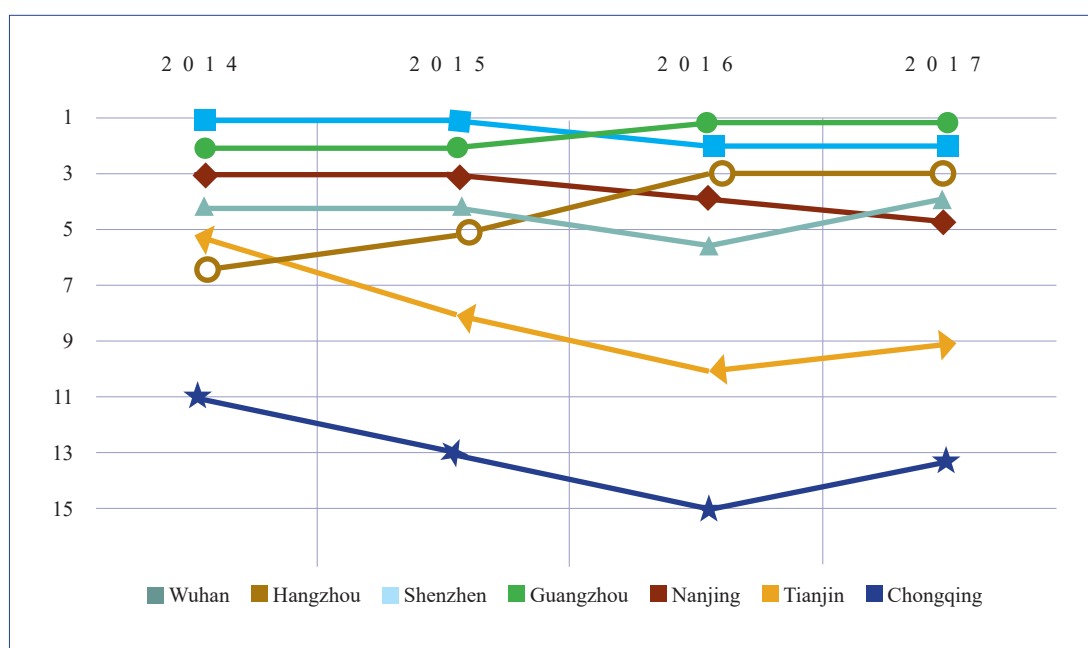


Figure 6 Rankings of China's Core Cities over the Years

## 3.6 Guangzhou's Position in Global City Network

### 3.6.1 A Regional Hub City with Important International Influence

In terms of rankings in comprehensive city indices over the years, Guangzhou has risen steadily in recent years, especially since 2014, and made significant improvement in 2017 rankings in various indices. Both the comprehensive and single-category city rankings have made more or less the similar conclusion on Guangzhou's position in the global city network. For example, Guangzhou has made rapid and remarkable progress in globalized development in recent years. Although there is still quite a large gap compared with top global cities, Guangzhou

has secured its position as "the Third City" in Chinese Mainland. Moreover, Guangzhou has emerged in the global city network as a hub in global allocation of resources and the spatial flow of production factors with its abundant resources, balanced development, dynamic momentum and promising prospects. To sum up, it can be preliminarily concluded that Guangzhou, as a regional hub city with important influence in the global city network, is gradually moving into the top tier in the network.

### 3.6.2 Global Financial Resources Allocating Capability Significantly Improved

Finance represents the core of modern economy and one of the main sectors for competition among the global cities. The financial environment in Guangzhou continued to improve in recent years, with the added value of the financial sector increasing by 133% from 2011 to 2016. Currently, the financial industry has grown into the city's 5<sup>th</sup> pillar industry and the city's financial strength has been significantly enhanced. The Global Financial Centers Index (GFCI) has objectively reflected such improvement by including Guangzhou for the first time since its first release in 2007. Ranking the 37<sup>th</sup> position, it has

recognized Guangzhou as an "international financial center". It also worth noting that Guangzhou ranks among the top 30 cities in two categories, human capital and financial sector development level, which indicates that the financial development in Guangzhou has been fully affirmed and recognized by the international financial community and Guangzhou has risen as a global financial center. A featured report titled "Financial Institutions Eye Southern China" published on the *Wall Street Journal* on March 14, 2017 also pointed out that Guangzhou is emerging rapidly as a modern financial center.



### 3.6.3 An Innovation Hub City of Increasing Importance

Innovation is a key factor for a modern city to gain ground in the international competition and an important means to facilitate sustainable development of global cities. Due to the rapid progress in innovation in recent years, as indicated by the Innovation Cities™ Global Index 2017, Guangzhou was listed as an Innovation Hub City. Compared with other innovation indices emphasizing technology development and industrial transformation, Innovation Cities™ Global

Index, which models innovation not only as an independent industry but also as a process of comprehensive urban development, is a more comprehensive indicator for a city's ability and future potential in innovation. So it can be concluded that, despite the big gap between itself and other leading innovation cities, Guangzhou has already made remarkable progress in innovation and is likely to exalt itself to be an Innovation Nexus City given the current development momentum.

### 3.6.4 Balanced Comprehensive Development as Ultimate Competitive Edge

Comprehensive cities show more dominant and controlling position in the global city

network and play more prominent role as hubs and nodes. Given the existing development





trend, Guangzhou's ultimate competitive edge for future development lies in the comprehensive and balanced development on the basis of abundant resources and good foundation. Replacing Shenzhen with Guangzhou as the top one for two consecutive years, PwC's Chinese Cities of Opportunity report values Guangzhou's distinctive feature of balanced and comprehensive development. Although Shenzhen has ranked first in 5 categories and is higher than Guangzhou, Guangzhou beats Shenzhen to be the City with the Best Opportunity thanks to its more balanced development. It shows that the critical competitive edge of Guangzhou, as an important comprehensive National Center City, lies in the comprehensive and balanced development when it faces global competition and challenge.

### 3.6.5 Huge Opportunities and Potential for Development

Observation of global cities rankings throughout the years shows that during the past two decades, though top global cities remained unchanged, cities in Asia-Pacific region, especially Chinese cities have been emerging as a group and becoming strong competitors among global cities with the world economy shifting eastwards. Guangzhou, as an important National Center City and the core city of the Pearl River Delta, has great potential and great prospects of development. PwC's Chinese Cities of Opportunity report

has shown the strongest confidence in Guangzhou's future development for two consecutive years. Under the current situation of building Three Strategic Hubs in Guangzhou, it is expected that the city will continue to take the lead with more balanced overall strength. In the recent release of Kearney's Global City Index, Guangzhou has shown prominent performance and moved up 22 places in rankings, showing that Guangzhou is on the fast track of development in recent one or two years.

# Prospect for City Internationalization in Guangzhou

## 4.1 New Opportunities

### 4.1.1 Rise of China

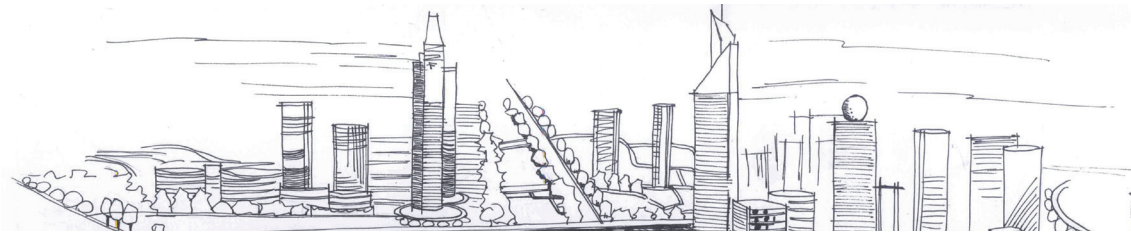
China has maintained a stable and healthy economic development against challenges brought the global economy. Despite the growing tendency of de-globalization, China firmly supports and promotes the economic globalization, offering more development opportunities in industrial and commercial sectors to other countries. With the rise of China, Chinese cities are stepping up to the

world stage and becoming a new force in the global city network. Guangzhou, as an important National Center City with critical position and responsibility in China's opening-up and development, is to embrace a new climax in its internationalization process given the existing development trend in the world and the strategic development opportunity in China.

### 4.1.2 Belt and Road Initiative

Since the promotion of the Belt and Road Initiative, China has made various achievements in policy coordination, facility connectivity, unimpeded trade, financial integration and cultural exchange. At present, the Initiative has attracted the participation of more than 100 countries and international organizations. More than 30 en-route

countries have entered into cooperation agreements and 20 more countries started international cooperation with China. In the meantime, financial cooperation led by Asian Infrastructure Investment Bank (AIIB) and Silk Road Fund has been deepened and a number of influential representative projects are being implemented. Guangzhou is the strategic



hub of the 21<sup>st</sup> Century Maritime Silk Road, and Guangdong Province, where the city is situated in, is the major region where China carries out trade cooperation with the en-route countries. The promotion of the Belt and

Road Initiative will provide more opportunities for Guangzhou to strengthen economic, trade and cultural exchange with countries all over the world, especially en-route countries.

#### 4.1.3 Guangdong-Hong Kong-Macao Greater Bay Area Development

On July 1, 2017, the China National Development and Reform Commission, Guangdong Province, Hong Kong and Macao jointly signed the *Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area*, marking the acceleration of the development of the Guangdong-Hong Kong-Macao Greater Bay Area. As the largest and most populated of its kind in the world, the Greater Bay Area boasts cities that are highly complementary in advantages, as well as the

world's largest seaport clusters, airport clusters and info-port clusters. Guangzhou is situated at the top and the center of this A-shaped Greater Bay Area, hence it is in a perfect position to serve as the core hub city of the Area and assume the important functions of leading, driving and serving the development of the surrounding regions. Along with the further development of the Great Bay Area and the rise of the urban agglomeration of the Greater Bay Area, Guangzhou is anticipated to become a world-class city.

## 4.2

### Strategies for Promoting City Internationalization of Guangzhou

The development goal of Pivotal Network City was set out for the first time in the Ninth Plenary Meeting of the 10<sup>th</sup> Guangzhou Municipal Party Committee on August 4, 2016. Planning its future urban development in the global

perspective, Guangzhou will exert all efforts to build itself into a global resources allocation center and an international exchange center to further improve the city's internationalization level.

#### 4.2.1 Implementing "Hub+" Strategy

Cities, as important nodes in the global network, have seen their international competitiveness and influence being directly decided by their leading capacity as hubs and network connectivity along with the development of globalization and informatization. Consequently, Guangzhou is to give full play to its own advantages to build a pivotal network city, perfect urban functions and productivity distribution, and implement the "Hub+" strategy and further promote the development of "three strategic hubs", namely international shipping hub, aviation hub and S&T innovation hub. To be specific, Guangzhou will renew and build a number of state-of-art infrastructures, including deep-water channel widening project of Guangzhou Port, international cruise home

port and Baiyun International Airport expansion project; develop multimodal transportation system by intensifying the road connection between Guangzhou and surrounding cities and optimizing comprehensive network system of greater transportation to improve its driving and leading capacity as a pivotal city and build an international integrated transportation hub; promote the hub city development through conforming with international rules, exploring featured services, offering more value-added services, refining service standards and standardizing the service delivery; and speed up the construction of information infrastructure, implement "Internet+" action plan and big data strategy, and build a pilot area of the national smart city.

#### 4.2.2 Improving Resources Allocation Capability

Developing headquarters economy helps city strengthen its presence in the global economy. Guangzhou needs to grasp the unprecedented opportunity brought by the global trend of transferring corporate headquarters and take effective measures to attract multinational companies, especially Fortune 500 companies, to set up headquarters, operation centers, R&D centers or core product manufacturing centers in Guangzhou, so as to promote the upgrading of Guangzhou's industrial structure and the

transformation of urban functions. Meanwhile, Guangzhou is to build modern financial service system to strengthen global capital agglomeration capacity, accelerate financial innovation, optimize financial institution system, implement key projects of Guangzhou International Finance City and Nansha Modern Financial Service Area to forge a financial center of international reputation and provide high quality platforms for the development and agglomeration of financial industry.



#### 4.2.3 Implementing a New Round of High-level Opening-up & Cooperation

Guangzhou is to follow the new trend of globalization and seek proper role and position in the Belt and Road Initiative to improve its economic opening-up and globalization level; participate more in the Belt-and-Road-Initiative-related operations in infrastructure, financial integration, cultural exchange, foreign trade & investment, industrial park construction and other specific projects and play its due role as an important hub city in the Initiative;

improve level of opening-up and cooperation through efficient system, quality services and business-friendly environment; make better use of the city government's overseas offices, establish an internet-based resources sharing platform and a consultation mechanism for overseas economic & trade cooperation and coordinate the efforts of relevant departments and overseas representative agencies to facilitate the implementation of key projects.

#### 4.2.4 Facilitating Guangdong-Hong Kong-Macao Greater Bay Area Development

With innovative regional cooperation mechanism and through joint efforts with Hong Kong, Macao and the whole Pearl River Delta, Guangzhou aims to establish a community of shared interest, a world-class bay area and a new platform for China to participate in the international economic cooperation of a higher level. To achieve the above goals, Guangzhou is to conduct all-

around cooperation with Hong Kong and Macao via Nansha FTA to attract high-end industrial resources and innovation resources from Hong Kong, Macao and worldwide to Nansha; conform with international investment and trade rules to a high standard and build a high-level opening-up portal and hub; strengthen cooperation with Hong Kong and Macao in 8 major industries including IT,



professional services, financial and back-end financial services, shipping and logistics services, commercialization of R&D and research findings, international education and training, business and trade services, tourism and health care; promote interaction and synergy with the Pearl River Delta cities to realize facility integration, production element exchange, talent sharing and service interconnection in the PRD urban agglomeration to accomplish S&T innovation and urban transformation mutually.



#### 4.2.5 Developing an International Exchange Center City

To build an important International Exchange Center city, Guangzhou needs to actively introduce and host international conferences & events and communicate the city image through international conferences; strengthen sister-city networking and implement branding building for multilateral cooperation by further promoting the Guangzhou-Auckland-Los Angeles Tripartite Economic Alliance; expand sister-city and sister-port ties along the Belt and Road Initiative route, and set up a sister-port network of close connections to provide an exchange platform for the development of

International Shipping Center in Guangzhou; advance city diplomacy and innovate the cooperation mode for city public diplomacy; further multilateral interactions with other cities through international organizations involvement and enhance Guangzhou's leadership and rights in these organizations to expand Guangzhou's international activity space; promote the Guangzhou Award into a more influential event and boost the city's leadership in global urban innovation via the platform of UCLG Community on Urban Innovation.

#### 4.2.6 Marketing Guangzhou's City Image

Guangzhou is to host more international events and activities to enhance its global presence and reputation; build a world-

class tourist city and a more attractive international tourist destination by measures such as integrating Zhujiang New Town,





Tianhe District and other key shopping areas to make the city an international shopping paradise and a gourmet city; make full use of the tourism city cooperation network to create a tourism cooperation brand with world recognition for the city; conduct cultural exchanges & cooperation, and implement innovative approach to combine the modern and traditional culture, host major cultural events of international influence and invite the world famous art groups to the city; strengthen international exchange and cooperation in sports, plan to co-hold major international sports events. The city will also attract and cultivate internationalized talents

by implementing elite plan, overseas high-end talent plan, financial talents plan and other appealing plans for high-level, high-tech and scarce talents, create a platform based on the Convention on Overseas Talents Exchange and fully explore the modeling effects of Nansha's state-level human resources management reform pilot area. A more open human resources policy will be implemented to further simplify the immigration formalities for those outside of Mainland China who come to Guangzhou for innovation or starting business, and the Green Card policy will be optimized to create a better environment for innovation and entrepreneurship.

**Table 19: Event Teaser: Major International Conferences to be Held in Next Three Years in Guangzhou**

Time	Event
2017	Fortune Global Forum
2018	the World Routes
2019	the 31 <sup>st</sup> World Ports Conference of IAPH
2020	the 13 <sup>th</sup> Metropolis World Congress

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☆ **Guangzhou Academy of Social Sciences (GZASS)** is a leading think tank and a distinguished academic institution in southern China. Founded in 1981 and sponsored by the municipal government, GZASS focuses on Guangzhou-oriented studies and provides policy consultancy service to authorities of different levels. Its research findings and publications have been particularly influential with both policy makers and the general public. GZASS currently has 14 research institutes and 9 research centers.

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