

# The economy of the Beijing Olympic Games: An analysis of first impacts and prospects

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From his nomination to host the 2008 Summer Olympic Games Beijing is enjoying a rapid development, preparing to produce excellent Games and benefiting of great investments and changes.

15.8 million inhabitants are living in the Beijing' urban area of 1,041 square km. In 2006, the Gross Domestic Product (GDP) of Beijing region totaled 772 billion yuan. The primary industry had an added value of 9.8 billion, the secondary industry achieved an added value of 221.7 billion, and the tertiary saw continued development with an added value of 540.5 billion. The city's financial revenue reached 111.7 billion yuan, with an increase of 21.5% over the previous year, the city's expenditure was 129.2 billion, experienced a 22.1 % increase. Thus, a series of significant new changes as follows have been made in the city's economic and social development.

### **1. A major transformation in the mode of economic growth**

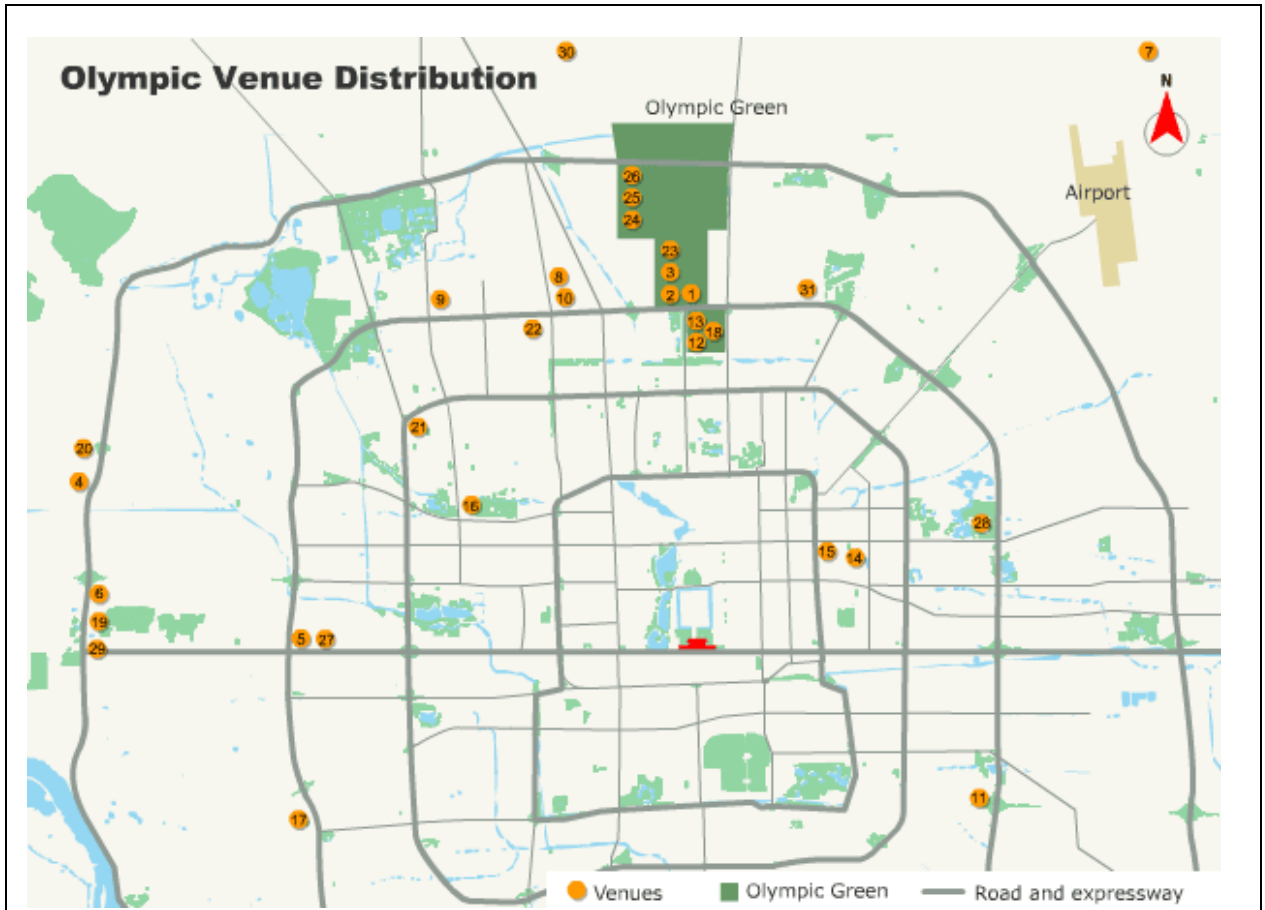
The Olympic Games (OG) preparation produces a change of in the way of growth. The development from 2002 has been ever one of the best periods since Beijing's reform and opening-up. The annual urban economic growth rate increases by 12.1% in the past five years, 1.3% more than that between 1997 and 2001. In 2006, the city's production value amounted to 772 billion yuan, ranked the 10<sup>th</sup> in China, 2.1 times that of 2001. The per capita GDP calculated according to permanent residents reached USD 6,210, 1.9 times that of 2001. Thus, the goal of reaching USD 6,000 for the per capita GDP by 2008 has been realized 2 years. While economic aggregate being increased and development is being enhanced, the mode of economic growth has witnessed important changes on the track of scientific development. (China National Statistical Administration, 2007. ) The details are as follows:

In light of the initially formed growth mode of low consumption and low emission, the quality and benefits of economic growth have been greatly improved. Over the past five years, Beijing has sustained 12.1% economic growth based on just about 6% energy consumption. 1.14 tons of standard coal consumed for 10,000 yuan GDP in 2001 fell to 0.8 tons in 2005. 104.9 cubic meters of water consumed for 10,000 yuan GDP in 2001 fell to 44.4 cubic meters in 2005. Chemical Oxygen Demand (COD) and sulphur dioxide emissions decreased by 35.4% and 12.6% respectively in comparison with that in 2001. All these data indicate the remarkable change that Beijing has made in its economic mode of growth. The growth margin of prices has been kept at a comparatively low level. Between 2005 and 2006, annual consumer price went up by 0.4% annually. Local revenue exceeded 100 billion yuan. In 2006, general budget revenue stood at 111.72 billion yuan, 2.5 times that in 2001. Between 2002 and 2006, the local budget revenue aggregate was up to 390.74 billion yuan, 2.6 times the amount between 1997 and 2001. (Development Research Center of the State Council, 2005.)

The progress of industries tends to high-end and the economic structure has been further optimized. The industrial configuration of the tertiary industry, the second industry and the primary industry and the service-oriented economy has developed further. In 2006, the proportion of the tertiary industry was 70%, 3% more than that in 2001. Service industry, hi-tech industry and manufacturing have served as the dominant forces for economic sustained growth. Modern service industry represented by financial industry, information service, cultural creativity and technology R&D accounted for 47% of Beijing's production

value, while the added value produced by hi-tech industry represented 7.8%. Six high end industrial functional areas such as Zhongguancun Science Park, Beijing economic and technological development zone, business center and financial street have taken shape, starting to play an increasingly dominant role in the capital economy.

Map 1  
The Beijing Olympic Venues



Source: BOCOG (2007)

Structure of demand has been increasingly improved and the driving of consumption has been further strengthened. The investment and the consumption were 337.15 billion yuan and 327.52 billion yuan respectively in 2006, exceeding 300 billion yuan, 2.2 times and 1.8 times those in 2001 respectively. The annual growth rate of total retail sales of consumer goods rose up to 12.3% between 2002 and 2006, 0.8% up against those between 1997 and 2001. It is obvious that the consumption structure is upgrading. Auto, housing and telecommunication have maintained a strong momentum of growth. Tourism, sports recreation and entertainment have been developing at a fast pace. The investment, with clear priorities and optimized structure, conforms to the guidance and requirements of the state's macro controls and regulations. Over the past five years, Beijing's fixed asset investment of social forces increased by 17.4% annually, 6.1% up compared with the percentage between 1997 and 2001. (China National Statistical

Administration. 2007.)

The technology development has accelerated, making greater contribution to economic growth. In 2006, Beijing invested 85 billion yuan in science and technology development of which R&D spending was 45 billion yuan, 5.8% of GDP, 1.2% more than that of 2001. Beijing approved 11,238 patents, 80% more than those in 2001. Among them, there were 3,864 invention patents, 3.1% more than that of 2001. (H. Cheng, Z. Zhang, and W. Huang, 2003.) A large number of innovative results have been created and many original enterprises have emerged, the innovation system of the capital has been fostered and the creative ability has been enhanced.

## 2. The Resources of the Beijing Olympic Games Organizing Committee

The Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) develops the budget of US\$ 1625 millions. The TV rights (International Olympic Committee, 2001) are the main revenue (43.6 %). Another 20.3 % derives from sponsors and licenses, 11.1 % should be from lotteries, and 8.6 % from tickets. (See the Table 1.)

The current operations of the BOCOG suppose 88.3% of the expenditures. Investments financed by BOCOG represents 11.7% of the total budget, from them 6.3% applied to sports facilities.

Table 1  
Budget of the Beijing Organizing Committee of the Olympic Games 2008:  
Revenues and Expenditures

| AREVENUES   | US\$ m  | %      | EXPENDITURE                            | US\$ m  | %      |
|---|---------|--------|--|---------|--------|
| 1 Television rights <sup>1</sup>  | 709.00  | 43.63  | B1 Capital investments                 | 190.00  | 11.69  |
|   |         |        | 13-Sports facilities                   | 102.00  | 6.28   |
|   |         |        | -Olympic Village                       | 40.00   | 2.46   |
| 2 TOP sponsorship <sup>2</sup>  | 130.00  | 8.00   | -MPC and IBC                           | 45.00   | 2.77   |
| 3 Local sponsorship   | 130.00  | 8.00   | -MV                                    | 3.00    | 0.18   |
| 4 Licensing   | 50.00   | 3.08   |  |         |        |
| 5 Official suppliers  | 20.00   | 1.23   | B2 Operations                          | 1419.00 | 88.31  |
|   |         |        | 14-Sports events                       | 275.00  | 16.92  |
| 6 Olympic Coins Program   | 8.00    | 0.49   | -Olympic Village                       | 65.00   | 4.00   |
| Phitately   | 12.00   | 0.74   | -MPC and IBC                           | 360.00  | 22.15  |
| 7 Lotteries   | 180.00  | 11.08  | -MV                                    | 10.00   | 0.62   |
|   |         |        | 15 Ceremonies and Programs             | 100.00  | 6.15   |
| 8 Ticket sales  | 140.00  | 8.62   | 16 Medical Services                    | 30.00   | 1.85   |
| 9 Donations   | 20.00   | 1.23   | 17 Catering                            | 51.00   | 3.14   |
| 10 Disposal of assets   | 80.00   | 4.92   | 18 Transport                           | 70.00   | 4.31   |
| 11 Subsidies  | 100.00  | 6.15   | 19 Security                            | 50.00   | 3.08   |
| -National Government  | 50.00   | 3.08   | 20 Paralympic Games                    | 82.00   | 5.05   |
| -Municipal Government   | 50.00   | 3.08   | 21 Advertising and promotion           | 60.00   | 3.69   |
| 12 Others   | 46.00   | 2.83   | 22 Administration                      | 125.00  | 7.69   |
|   |         |        | 23 Pre-Olympic events and coordination | 40.00   | 2.46   |
|   |         |        | 24 Other                               | 101.00  | 6.22   |
| 25 Shortfall  |         |        | 25 Surplus                             | 16.00   | 0.98   |
| Total   | 1625.00 | 100.00 | Total                                  | 1625.00 | 100.00 |
| -US dollar/ RMB yuan exchange rate used in preparing the budget: 1:8.27 |         |        |  |         |        |
| -Date of finalisation of the budget: 14 December 2000                   |         |        |  |         |        |

Source: BOCOG (2007)

### 3. The investments related to Beijing Olympic Games

The investments related to the Beijing OG can be estimated in US\$ 14,256.6 millions. Three are the main items: environment protection (60.5%), transports (25.8%), and sports facilities (10.0%).

Table 2  
Investments related to Beijing 2008

| C Capital Investments                           | Construction Cost (US\$ m) |             |                |                |                |                |                |              | Total           |
|---|----------------------------|-------------|----------------|----------------|----------------|----------------|----------------|--------------|-----------------|
|   | 2001                       | 2002        | 2003           | 2004           | 2005           | 2006           | 2007           | 2008         |                 |
| <b>Planned Non Olympic Specific Expenditure</b> |                            |             |                |                |                |                |                |              |                 |
| Environmental protection                        | 1000                       | 1000        | 1500           | 1500           | 1500           | 1300           | 827            | 0            | 8627            |
| Roads & railways                                | 547                        | 592         | 636            | 636            | 636            | 313            | 313            | 0            | 3673            |
| Airport   | 12                         | 30          | 31             | 12             | 0              | 0              | 0              | 0            | 85              |
| <b>Olympic Related Expenditure</b>              |                            |             |                |                |                |                |                |              |                 |
| Sports venues                                   |                            |             | 212.57         | 425.13         | 495.99         | 283.42         | 12.01          | 0            | 1429.12         |
| Olympic Village                                 |                            |             |                |                | 110.62         | 158.87         | 134.74         | 38.25        | 442.48          |
| <b>Total</b>                                    | <b>1559</b>                | <b>1622</b> | <b>2379.57</b> | <b>2573.13</b> | <b>2742.61</b> | <b>2055.29</b> | <b>1286.75</b> | <b>38.25</b> | <b>14256.60</b> |

Source: BOCOG (2007)

In comparing the previewed investments for Beijing 2008 with other Olympic case investments (Brunet 1994 and 2003, and Poynter 2006) we can realize the big scale of the works related to these OG. These figures are no definitive and thus the total investment favoured by the OG 2008 should be larger as well as the private contribution. (Yaxiong Zhang and Kun Zhao, 2007.)

Table 3  
Investments related to the Olympic Games

| Olympic City   | Infrastructure Investment – actual sums (Billions - US Dollars) | Sources of Investment: Public Sector (percentage of total investment) | Sources of Investment: Private Sector (percentage of total investment) |
|----------------|---|---|--|
| Barcelona 1992 | 8.012   | 61.5  | 38.5   |
| Sydney 2000    | 3.03  | 64.4  | 36.6   |
| Beijing 2008*  | 14.257  | 85.0  | 15.0   |
| London 2012*   | 13.7  | 64.2  | 35.8   |

Source: Poynter (2006: 15)

### 4. Transports and Communications

New Beijing and new OG give new opportunities to construction and operation of communication infrastructure in Beijing. In order to achieve the goal of holding the high level OG in history in Beijing the 2008, the following key project of communication will be programmed and built before 2008.

*Railway transportation.* There are building municipal railways of 116.6 km in the city and 3 municipal railways of 82.1 km in suburbs, with estimated total investment 63 billion yuan, so as to achieve the goal of

300 km municipal railway in Beijing. (China National Statistical Administration, 2007.) The projects are as follow:

- Subway Line No. 4 (28.2 km).
- Subway Line No. 5 (27.6 km).
- Subway Line No. 9 first phase (5.8 km).
- Subway Line No. 10 first phase (24.6 km).
- OG branch (5.9 km).
- Airport Line (24.5 km).
- Yizhuang Line (18.8 km).
- Fangshan Line (29 km).
- Changping Line (34.3 km)

*Highway.* Beijing speed up highway construction with express way as focal point, and speed up the process of intergration in city and suburbs. It will accomplish the goal of express way directly to the centers of counties and districts in the outer suburbs, and the goal of mileage 15,400 km (including express way 890 km with total investment 30 billion yuan).the project are as follow:

- Western section of the 6<sup>th</sup> ring road (88.4 km).
- Jingcheng express way the second and third phases (108.6 km) .
- The northern line to airport (10.8 km).
- The second express way to airport (23 km).
- Jingbao express way (25.9 km).
- The northern channel of Jingjin express way (35 km).
- The southern channel of Jingjin express way (35 km).
- Jingping express way (69 km).
- Jingkai express way (7 km).

*Urban roads.* Beijing will built 10 roads of 6 km including Lianhuachi Xilu street, and accomplish the goal of total roads of 280 km. Build main road over 200 km, such as Benchenxi road, Beichengdong road and Aotizhong road serve OG ,increase road density and improve micro circulation in the way.

*Building transportation hub.* Set up a group of comprehensive passenger communication hubs such as Dongzhimen, Xizhimen, Beijing zoo, Liuliqiao, Yimuyuan, Sihui, West Railway Sstation, Beiyuan, Songjiazhuang and Wangjingxi, to shorten the distance of transfer and provide convenience to passengers.

*City public transportation.* Build 13 municipal railway about 300 km long, about 60 km large capacity bus and tram routs (BRT), and 350 km quick bus and tram transport network After the above goals accomplished, the rate of travel by public transport will be promoted from 27% to 60%, with municipal railway and large capacity bus and tram taking up 40% of the total public transport.

*Intelligent traffic system.* Build intelligent communication system such as modernization project for



communication administration and comprehensive information platform for communication to further improve intelligent communication administration system.

*Communications.* It is Beijing's genuine desire to provide greater opportunities for more people to share the excitement of the OG by facilitating maximum coverage by broadcasters and the press. Beijing will therefore provide the world media with first-class working, living and transportation condition to ensure fast, efficient and successful coverage of the OG. There will be no restriction on journalists in reporting on the OG.

The opportunity to host over 17,000 accredited members of the world media is, from Beijing's perspective, one of the most exciting prospects as well as a major challenge of the OG. The close proximity of MPC, IBC, the Media Village and the 14 competition sites in the Olympic Green shows the priority given to and the convenience provided for the media coverage of the OG, including the Opening and Closing Ceremonies. (Beijing Municipal People's Congress, 2006a) An overall plan for media operations and services includes the following basic ideas:

- *Comprehensiveness* - Comprehensive and accurate information and data will be provided by the Olympic news service to facilitate the media's coverage of the OG.
- *Efficiency* - Latest network technology and a well trained staff of media professionals and selected volunteers will be engaged to provide media with easy access to data and information.
- *Convenience* - A 24-hour shuttle bus service will be provided for the media from Media Village and media hotels to the MPC and IBC.
- *Comfortable* - The accredited media will be provided with comfortable and well equipped living and working environment. Free food and drinks will be provided in the MPC and IBC as well as in all competition venues, subpress centres. Restaurants in the Media Village and media hotels will be open round the-clock. (V. Brajer and R. Mead, 2003.)

## 5. Industries

To achieve rapid and sound development of the capital city's economy, we should speed up the adjustment to the economic structure substantially and transform the growth mode. We should strive to realize the coordination of the speed, structure, quality and efficiency of economic growth by increasing industrial and technologic competence, magnifying scale and concentration effects, and promoting resource saving and efficient utilization. (Beijing Municipal's Congress, 2006b.)

### **To promote industrial optimization and upgrading**

The general direction and requirements are:

- To develop high-end industries.
- To prioritize the modern service industry.
- To vigorously push forward new and high-tech industries.
- To moderately develop modern manufacturing industry and to substantially upgrade modern agriculture with metropolitan characteristics.

*Accelerate the development of modern service industry.* We should be active in undertaking the shift towards an international service industry, paying attention to the knowledge-based service industry and enhance service functions and radiation. It is also important to steadily upgrade such pillar industries with our comparative advantages in finance, culture and real estate and to nurture industries showing great potential, for example tourism, convention and exhibition industries and modern logistics, etc. (Blake 2007, and China National Tourism Administration, 2007.) Key areas include the following:

*Financial industry.* We should keep optimizing the financial development environment, build a multi-layer financial market system with rich functions, adequate and orderly competition and effective regulation, and promote innovation of financial products and services. Measures should be taken to attract various types of financial institutions to Beijing, such as domestic and foreign banks, securities, insurers, trust companies and funds, etc. Efforts should be made to advance transactions of property rights and the development of the venture capital market. It is also important to bring into play the concentration and radiation effects of financial resources and to expand regional exchanges and cooperation in the industry.

*Cultural and creative industry.* Starting from system and policy improvements, we can accelerate the development of cultural and creative industries by formulating local regulations and preferential policies in support of the industry, establish favourable policy and legal environment so as to build the industrial pillar of the capital's economy. We should integrate premium resources and actively develop a series of competitive cultural corporation groups and industrial clusters. make the advantageous industries bigger and stronger, such as performances, publications, broadcasting, film, TV and advertising, etc. continue to develop emerging industries, for example, creative, animation, network media and network gaming, etc. create a batch of excellent cultural products and famous cultural brands, which are first-rate and rich in Beijing flavour. gradually build Beijing into a national centre for cultural performances, publications, copyright trade, film and TV production and transactions, animation and network gaming, cultural conventions and exhibitions, and antique and art articles transactions. We should seize the opportunity of Olympics and vigorously develop the sports industry, fitness, competitive sports performance, sports lottery.

Table 4  
Beijing Price Dynamics

| PRECEDING<br>YEAR=100 | Consumer<br>Price | Retail<br>Price | Industrial<br>Products | Raw<br>Material,<br>Fuel<br>and Power | Investment<br>in Fixed<br>Assets | Real<br>Estate<br>Sales |
|-----------------------|-------------------|-----------------|------------------------|---------------------------------------|----------------------------------|-------------------------|
| 2001                  | 103.1             | 98.8            | 99.4                   | 100.5                                 | 100.6                            | 101.3                   |
| 2002                  | 98.2              | 98.4            | 96.6                   | 97.1                                  | 100.4                            | 100.3                   |
| 2003                  | 100.2             | 98.2            | 101.5                  | 104.7                                 | 102.2                            | 100.3                   |
| 2004                  | 101.0             | 99.2            | 103.0                  | 114.2                                 | 104.3                            | 103.7                   |
| 2005                  | 101.5             | 99.7            | 101.3                  | 111.4                                 | 100.7                            | 106.9                   |
| 2006                  | 100.9             | 100.2           | 99.1                   | 105.5                                 | 100.4                            | 108.8                   |

Source: China National Statistical Administration (2007).

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*Tourism, conventions and exhibitions.* We should take the opportunity of the OG to exalt the level of the tourism, conventions and exhibitions industry significantly and to make Beijing a world-leading tourist destination and centre of international conferences and exhibitions. In addition, traditional cultural sightseeing and tours should be consolidated, focusing on the development of high-end tourism products, such as modern entertainment, commercial conventions and exhibitions, sports and leisure. We should do a good job in constructing national conference centres and the (new) China International Exhibition Center, etc. Efforts should be continued to upgrade the brand conference and exhibition events with international influence in the science, technology, car, cultural industries.

*Real estate industry.* We should guide the real estate industry to develop in a sound manner, following the targets of “steady development, optimized structure and stable price.” Efforts should be made to keep land supply and construction scale in good control, and ordinary apartment should be majority in supply market to develop resource-saving buildings, and create brand name of real estate. Moreover, we should vigorously develop a secondary housing market, regulate lease markets and optimize market supply system. The layout of real estate development should be adjusted; development scale in urban central areas should be optimized and well-controlled, shifting the focus to new and southern towns, such as Tongzhou, Shunyi, Daxing and Changping. In principle, no new projects of commodity houses within the Second-Ring will be approved. Within the Third-Ring Road, large-scale commercial facility construction will be strictly controlled. within the Fourth-Ring Road except for the southern part of the city, no new affordable housing projects will be developed. (Li Shantong, and Duan Zhigang, 2005.)

*Modern logistics.* We should lay emphasis on logistic resource integration and efficiency improvement. Key projects include Shunyi Airport, Tongzhou Maju Bridge, Fengtai Wangzuo, Changping Machikou and other public logistic parks. We will try to create a logistic infrastructure pattern with logistic bases, comprehensive logistic centres and professional distribution centers complementing and coordinating with each other. We will make great efforts to develop industrial logistics, actively promote international logistics and air transportation logistics, and optimize urban distribution logistics. With IT and supply chain management technologies at the core, we will strive to make logistic enterprises more professional, information-oriented and socialized so that a batch of key enterprises will be actively forestered.

*Commercial trade and related services.* We will work to upgrade traditional service industry by utilizing modern management methods and information technologies. Efforts should be made to promote modern circulation methods and new models, such as chains, convenience stores and specialized supermarkets, to speed up the development of community commerce and suburban, village and town commerce, and to construct modern circulation networks in the urban and rural areas. Moreover, the existing wholesale and retail markets should be regulated to transform and upgrade tangible markets. In addition, various world famous intermediary agencies of commercial services, like accounting, lawyer’s, consulting and appraisal services should be encouraged to help establish a commerce serving system which is locally based and facing the country.

*Vigorously develop new and high-tech industry.* The key lies in upgrading the indigenous innovation capacity and general competitiveness of the industry. Focus should be given to such high-tech service

industries as software, R&D and information services, and new and high-tech manufacturing, mainly electronic and information industries and biological industries.

*Software industry.* The second phase of Zhongguancun Software Park, Yongyou Software Park and other software bases will be constructed at a quicker speed. Driven by system integration, software development will be focused on key technologies, such as embedded software, middleware, information security and digital content. We should rely on the national software export bases to expand outsourcing and continue to support home grown software by means of government measure such as procurement.

*Information service.* We should vigorously develop software services, value-added information and network services. 3-G mobile communications, digital TV, next-generation Internet and other key technological applications are our focuses. we should further strengthen the development and utilization of information resources, promote e-business, online education and training, digital entertainment and other network service, as well as new types of information service. Efforts should be made to build Beijing into the national centre for information services, a major hub for international information service providers and one of the most important telecom pivots in the Asia-Pacific region.

*Mobile communications.* Taking the opportunity for industrialization of new-generation technology standards, we will support R&D for key technology standards and industrialization of self-owned core technology programs, with the focus on 3G standards-based systems and mobile terminal designs to promote the upgrading of the mobile communications industry.

*Computer and network.* We will encourage cross-country operation of large computer companies, industrialization of 3C products based on IGRS standards and R&D and industrialization of powerful computers. We will make efforts to consolidate the industrial alliance of the next-generation Internet, to build a demonstrative platform for application and build the industrial chain of the IPv6-based next-generation Internet.

*Integrated circuits (IC).* We strive to accelerate the construction of a national IC industrial park, to integrate IC industrial resources with designing and testing as the focus, alongside manufacturing support, an improvement in the industrial chain of semiconductor materials and IC designing, manufacturing, encapsulation and testing.

*Photoelectric display.* We will rely on flagship enterprises to drive the industrial chain development of photoelectric displays and encourage cooperation in innovation and technology R&D between flagship enterprises, small and medium enterprises and research institutes in order to form advanced industrial clusters of photoelectric displays. In particular LCD, OLED and LED display products development and industrial bases construction will be substantially supported.

*Modern biological industry.* We should conduct active research on biological engineering technology and new products, such as gene engineering, biological chip, and animal vaccine. Efforts should also be made to speed up the development of biological medicine, biological agriculture and biological environment protection.

Apart from the above-mentioned industries, we should actively develop potential industries, for instance, digital TV, automobile electronics, new materials and new energy.

*Moderate development of modern manufacturing.* We should speed up our pace in developing technologies, brand products, flagship companies and pillar industrial clusters with self-owned intellectual property to form a well-linked industrial pattern of “flagship companies-industrial chain----industrial cluster.” We should give full play to the industrial concentration effects and comparative advantages of regions, increase the overall industrial competence and competitiveness. Key areas of development include the following:

*Automobile industry.* From the perspective of system improvements and resource consolidation, we should speed up restructuring of the automobile industry, with a focus on cars, commercial vehicles and dual-purpose off-road vehicles. Whole car development can drive the progress of relevant industries, such as car parts, components, accessory manufacturing and service trade. We stress innovation, brand building, introduction and absorption of sophisticated and key technologies to enhance the overall competitiveness.

*Equipment manufacturing.* Focused on system integration, we make efforts to accelerate R&D and industrialization of field bus intelligent instruments and control system and give special support to electricity generation, transmission and substation equipment, numerical-control machine tools, engineering mechanics, printing mechanics and other advanced equipment manufacturing.

*New petrochemical materials.* We will actively promote such major projects as Yanshan Petrochemical 10-million-ton oil refining system transformation and third-round ethane device transformation. By relying on Yanshan Petrochemical Company, we will focus on new petrochemical materials and fine chemical manufacturing with light pollution, small resource consumption and high added value.

Table 5  
Beijing Tourism Dynamics

|      | International Tourism                   |                            | Domestic Tourism                        |                             |
|------|---|----------------------------|---|-----------------------------|
|      | Tourists<br>(10000<br>person-<br>times) | Earnings<br>(USD<br>10000) | Tourists<br>(10000<br>person-<br>times) | Earnings<br>(10000<br>yuan) |
| 2001 | 286                                     | 295000                     | 11007                                   | 8877000                     |
| 2002 | 310                                     | 311000                     | 11500                                   | 9300000                     |
| 2003 | 185                                     | 190000                     | 8700                                    | 7060000                     |
| 2004 | 316                                     | 317000                     | 11950                                   | 11450000                    |
| 2005 | 363                                     | 362000                     | 12500                                   | 13000000                    |
| 2006 | 390                                     | 402600                     | 13200                                   | 14827000                    |

Source: China National Tourism Administration (2007).

*Medicine industry.* We will focus on Traditional Chinese Medicine (TCM) and natural medicines and modernization of TCM production. We will make efforts to enhance creation and R&D of chemical medicines, to set up an industrial pattern featuring coordinated development of chemical medicine, TCM, biological medicine and medical devices and to build first-class national base for biological engineering and new medicine industries.

*City industry.* We focus on cultural, educational and sports articles, garment and textiles, food and beverage, packaging and printing, arts and crafts in order to create famous and excellent brands to meet the demands of local consumers.

*To promote industrialized operation of agriculture.* We will stick to the direction of modern agriculture with metropolitan characteristics, mainly focusing on seeds fostering, processing and tourism and leisure

agriculture. We will endeavour to make flagship companies bigger and stronger and promote agriculture to develop on a larger scale and in a more intensive way. We should make use of the capital's advantages in agricultural technologies and the scale of market, to create a regional agricultural chain. Our priorities are non-polluting, green, organic agricultural products and customized high-end products. We should make efforts to build famous and excellent brands, improve added value of agricultural products and comparative benefits of agriculture.

*To adjust industries not compliant with the capital's function definition.* We should redouble our efforts to phase out the industries with high energy, material consumption, high pollution and low added value and to transform the existing disadvantageous industries to industries with advantages. In addition, we should strictly control and eliminate industries based on resource exploitation and obsolete techniques and equipment. Efforts should be concentrated on the following work: relocation of Shougang group. construction of Caofeidian New Steelworks. implementation of Shunyi Cold Rolled Steel Sheet project. relocation of plants like Coking Plant. restructuring the construction materials sector in the whole municipality, and shutting down of enterprises causing serious environmental pollution.

#### **To guide rational distribution of industries**

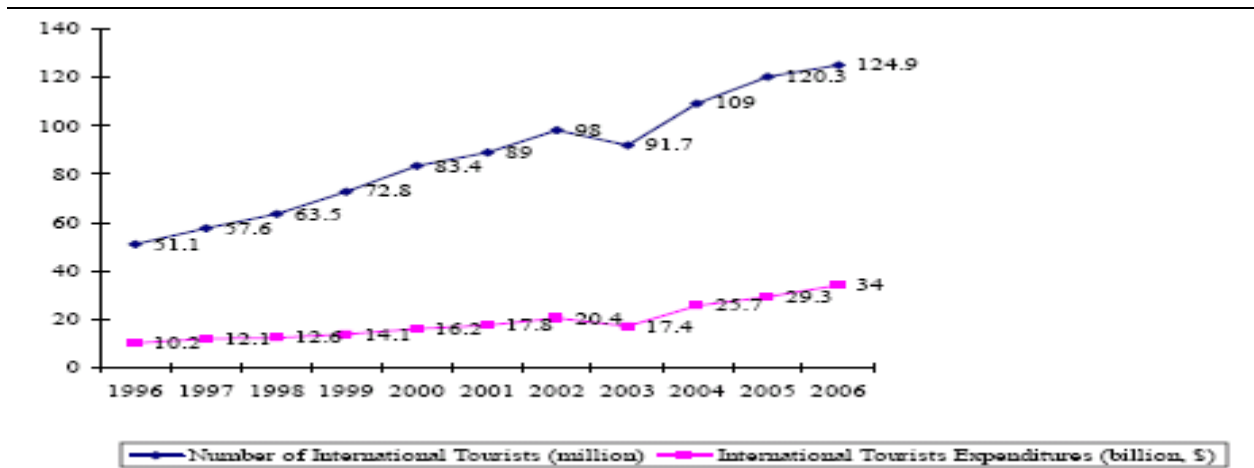
Our efforts should focus on the following: to make intensive use of resources and protect the environment, to foster new growth poles, to regulate the order of regional competition, to strengthen planning and policy guidance in accordance with city development strategy and function definition of districts and counties, and to promote relative concentration of key industries and newly built projects and to gradually form an industrial layout in line with city functions, resources and environment. (Beijing Municipal People's Congress, 2006a)

*Promote rational division of labor and diversified development of different districts and counties.* Our focus will include the following: to optimize and improve the core functional areas of the capital, especially finance, culture, tourism and other modern service industries. To transform and upgrade the traditional service industry. To restrict simple scale expansion of general commercial facilities and real estate development. To gradually close and transform those markets in downtown areas which have traffic and environment impact, and exist great security accident potential.. Moreover, we should upgrade extended city functions, in particular, science, technology, education, culture, sports, commercial services, modern logistics, information services and other modern service and high-tech industries. Other efforts include the following: to expand the scale of a headquarters economy. To continue relocation of disadvantageous industries. To give special attention to new developed areas, modern manufacturing and service industries supporting life and production. To strictly protect basic farmland. To develop high-end agricultural products and metropolitan agriculture. To moderately develop ecological conservation zones. To stress the development of environmentally friendly industries and city industries, such as ecological agriculture, special trees and fruits, tourism and leisure, and metropolitan industry. To gradually shift resource exploitation-based industries that adversely affect ecology and water conservation and to give powerful support to the industrial transformation in Fangshan, Mentougou District and other areas after the shutdown of coal mines.

Construct the functional area of high-end industries that lead to future development. Efforts will be made in the following areas: to strengthen Zhongguancun Science Park and drive intensive development of new and high technology R&D and knowledge service industry, to speed up the building of Beijing Economic and Technology Development Zone and form a world leading industrial base dominated by high-tech manufacturing and productive service. To develop the functional area of the aviation economy and aviation industry to improve the level of conventions, exhibitions and logistics. To well establish the CBD, Olympics

Figure 1

Dynamics of Chinese Tourism: Visitors and Expenditures



Source: Blake (2007) and China National Tourism Administration (2007).

central area and financial street to promote cluster development of the high-end service industry. To attract domestic and foreign investment to the functional areas through preferential policies. To arrange some municipal-level key projects in favor of the functional areas and support some district-level key projects to concentrate in the functional areas that can become a new growth pole that represents the functional advantages of the capital and with the greatest economic vitality, market competitiveness and industrial radiating power.

*To foster and develop specialized agglomeration areas.* We will focus on functional development of special agglomeration areas to promote the scale and brands of relevant service industries, such as Wangfujin and Xidan modern trade agglomeration areas, the Chang'an Avenue cultural performance agglomeration area, Lama Temple creative industry base, Xuannan cultural, media, folk custom and tourism agglomeration area, Longtan Lake sports industry agglomeration area, Daxing new media industrial base, Fangshan new material industrial agglomeration area, Daxing biological medicine base and high-end manufacturing clusters. We should plan the land use of the Shougang group, develop cultural, entertainment and high-tech industries, promote the development of Shijingshan comprehensive service centre and realize new breakthroughs in the process of adjustment.

*To guide the industry to develop in an outward radiating manner.* Our focuses include the following: along the three lines of Beijing-Tangshan, Beijing-Tianjin and Beijing-Shijiazhuang, industrial base development and relevant infrastructure, R&D, core manufacturing, marketing and other key links. modern



manufacturing, tourism and leisure industry. outward extension of the metropolitan agriculture to form a cross-regional industrial belt.

*To adjust and optimize industrial layout.* Efforts should be made in the following aspects: to give full play to the market in resource allocation. To enhance planning restraint and policy guidance. To properly handle the relationship between key industries and general industries. To stress core project distribution in manufacturing, circulation and other field. To properly handle the relationship between newly-built configuration and existing adjustment, to concentrate new industrial projects in development zones, industrial parks and key functional areas. To play the guiding role of industrial development funds, to give support to the industrial parks in building infrastructure, improving service systems, creating major project industrial chains and strengthening the absorbing and driving capacity.

### **To actively develop a recycling economy**

Following the principles of “reduction, recycle and resource-oriented”, we base ourselves on resource saving and recycling to make effective use of resources. Efforts should be made to nurture recycling industries and speed up three systems of recycling production, green consumption and comprehensive guarantees through the exemplary role of pilot projects. (X. Z. Wei and P. Yan, 2005)

*To establish a selection and evaluation mechanism for industrial projects.* Work in this respect include the following: to implement comprehensive evaluation of industrial projects. To improve the evaluation indicator system of resource evaluation and environmental protection for project selection. To include land investment intensity, input/output efficiency, water consumption, energy consumption, environmental requirements and other indicators as major consideration in project reviews and land provision. To strictly control the projects with high consumption, high emission and low benefits. and to improve the overall utilization of resources.

*To promote the system building of a recycling economy.* Work in this respect include the following: to establish and optimize resource consumption management systems with more emphasis on key industries. To actively promote reducing consumption of natural resources through energy, water, land and material saving. To create a clean production review system for key industries, and strengthen pollution prevention and the whole process control for metallurgy, chemical, construction materials, power and other key industries. To enhance the development and extension of products in line with the requirements of a recycling economy, including energy and land-saving houses, energy-saving and environmentally friendly automobiles, green illumination equipment, water-saving household products and non-polluting agricultural products, and to guide consumption of these products. To promote city garbage categorised separation and processing. To improve the system of recycling resources and reutilization and industrialization of various waste and old resources.

*Demonstration projects of the recycling economy.* We adhere to the principle of organization by government, guidance by demonstration, fully implementation. Promote a demonstration of recycling economy in some districts and counties. foster a batch of demonstrative sectors, industrial parks and some flagship enterprises. Efforts will be focused on the following: to build a series of streets with green



illumination, energy-saving and environmentally friendly architecture. projects of reclaimed water and flood utilization. To make good use of pilot projects for recycling resources, in particular exemplary projects of reclamation and disposal of waste and old resources, disposal of hazardous waste, straw-generated recycling gas, integrated use of domestic waste, and to maximize the drive to the of a recycling economy.

*To advocate green consumption.* We strongly advocate resource saving, healthy and wise production and consumption, and raising social awareness in resource saving and environmental protection. Moreover, we promote the government procurement of green products, encourage green power, products with energy labels, energy and water saving certificates, environmental labels, and green, organic labels and to reduce excessive packaging and throwaway products and to guide consumption behavior of the whole society.

*To intensify the guidance and guarantee of policies and regulations.* Efforts should be made as follows: to make active exploration to build an evaluation indicator and statistics system for the recycling economy to speed up working out policies in favour of developments of recycling economy, optimize regulation and standard system so that government guidance and regulation is strengthened. To involve various types of intermediary agencies and institutes of research and higher education to improve information and technology counselling systems for the recycling economy.

#### **To create a sound environment for development**

We should shift the focus of government economic management to serving and creating a sound environment for market players through system and policy innovation as well as service efficiency improvement. A satisfactory, more creative and easy environment for enterprises will promote the development and transformation of the capital's advantageous resources and help to release its potential. (China National Statistical Administration, 2007.)

*To further open the market and promote factor inflow.* We are resolute to break monopolies, straighten out and eliminate restrictive regulations and practices that impede development, especially in education, medical care and cultural services, to relax control over market access. In addition, we should improve the project management system, combine verification and approval systems, perfect "one-stop" service, execute notification and commitment systems and build a more standardized and transparent management and service system. Apart from capital attractions, we should give more emphasis to introducing technology, management, talent and the improvement of the production and operation environment. Moreover, we should strengthen the rule of law and credit cultivation to make investors more reassured and satisfied.

*To innovate policy support system.* Efforts in this respect include: the consolidation of supporting funds. To innovate guiding methods. To play leverage effects of capital. To support the development of key industries through guiding funds, seed capital, guarantees, subsidies on interest payments, stock purchases and other methods. To assist companies in technological R&D, brand promotion and distribution system building. To improve the project evaluation system featuring "public collection, expert review and government decision." and to create a fair and orderly market environment for various investors.

*To improve supporting facilities.* We should increase input in infrastructure and social public service facilities in major functional areas, development zones and industrial parks, improve infrastructure and life service conditions of water, electricity, gas, heat and roads in key areas, and strengthen supporting systems in industrial parks to make them more attractive.

*To perfect business incubator service system.* We should rely on the service halls of districts and counties and grass-root government departments, consolidate the functions, extend service and build business incubator service centres. We should shift the focus from project management services to business incubator services to provide companies and individuals with such services as technical guidance and information counselling. Moreover, we focus on policy publicity and information disclosure to provide companies and the public with the proper anticipation and right guidance.

### **Environment, Parks and Gardens, Rivers, and Water Management**

*Prevention of air pollution:* Rigorous and forceful measures should be adopted and total emission volume of pollutants should be controlled so as to greatly improve the quality of the ambient air environment. Clean energy conversion of 3,000 existing units of coal-burning boilers under 20 tons in eight urban districts of Beijing must be completed before 2008, while desulphurization, de-nitrogen, and highly effective de-dust treatment projects of coal-burning power plants and large coal-burning boilers should be implemented in a bid to slash soot pollution. The fourth motor vehicle emission standard of the state will be executed comprehensively in 2008 to further improve automotive fuel standard, accelerate the phasing out of high emission automobiles and control the pollution conducted by motor vehicles. Relocation Project of Babaoshan Funeral Home should be put into force to meliorate the environment quality of surrounding area. Dust source regions in suburbs must be controlled actively, and efforts will be made to promote protective cultivating techniques, remove the bare ground in built-up areas and the places linking urban and rural areas, as well as reduce the impact of construction and road floating dust on the air quality in the city.

*Prevention of water pollution:* Water quality protection should be strengthened continuously towards the drinking water source, and integrated measures must be adopted to prevent various pollutions to surface and underground drinking water. Water environment treatment has to be conducted in all river basins of the city, while the treatment of urban lakes and rivers has to be enhanced. The key construction lies in drainage and sewage treatment facilities and feeding networks. By 2010, the following should be realized: River course of major urban rivers and lakes within the sixth Ring Road must be cleaned, water quality of the water systems in central urban districts and newly-established towns should meet the national standard, and water quality of water systems in lower streams must be ameliorated obviously. Meanwhile, water pollution and water erosion in rural areas must be treated vigorously. dung treatment of large breeding enterprises in suburbs should be intensified through encouraging the utilization of bio-prevention and bio-pesticide, implementing formula fertilization with soil testing so as to decrease soil and water body pollution by pesticide and fertilizer.

*Prevention of solid-waste pollution:* the reduction of solid-waste sources and recycling utilization must be

boosted, disposal facility construction should be accelerated, and prevention treatment capacity of solid-waste pollution have to be advanced. Twelve Sanitary Landfill Sites should be built up, in Anding of Daxing District, Miaocheng of Huairou District, Yangzhen of Shunyi District, among others. Four Sanitary Waste Incinerators should be established in including Gaoantun of Chaoyang District. In addition, nine sanitary waste comprehensive disposal plants will be built in Liulitun of Haidian District, Beitiantang of Fengtai District, Dongcun of Tongzhou District, among others. All these efforts aim to greatly improve the bio-safety disposal capacity of sanitary waste in the central towns, newly established towns, villages and townships. R&D and promotion of shifting industrial solid waste into resources should be encouraged in a bid to increase the comprehensive utilization of industrial solid waste such as coal stone and gangue. Furthermore, construction of treatment centres for hazardous wastes, disposal plant of medical wastes and radwaste warehouses must be completed so as to realize bio-safety treatment of hazardous waste, medical waste and radwaste in the whole city.

*Prevention of noise, electromagnetic radiation and radioactive pollution:* Noise Reduction Project should be conducted in key road sections, so as to effectively deal with noise pollution sources such as road, railway, airport, construction, catering and recreation sites, as well as to create quiet residential districts. Local regulations and standards need perfecting for preventing electromagnetic radiation and radioactive pollution, while pre-alarming monitoring and evaluation system of environment radiation should be built up.

*Establishment and protection of capital ecological environment:* Focusing upon combating desertification in the sand and wind source area affecting Beijing and Tianjin, reforestation of Yan Mountain and Taihang Mountain and forest protection program surrounding key water sources. Eco-screen should be formed in mountainous areas. Emphasizing on greenbelt, green corridor along rivers and roads, comprehensive plain eco-treatment as well as construction of farmland and forest network, ecosystem integrated urban and rural areas has to be established by promoting key eco-function group and disposal district of sandstorm. Efforts should be made continuously to implement projects, such as enclosing hills to culture forest, comprehensive harness of small basin, comprehensive management of water source site and reservoir surrounding environment, so as to protect surface and underground water resources and prevent water erosion, debris flow and other natural disasters. Meanwhile, efforts should be strengthened to manage resources such as woods in thin mountain zone and mines, to strictly control the mining industry, to conduct eco-recovery towards destroyed mining areas. Aiming at bio-diversity protection, construction of wildlife natural marsh and other natural conservations must be quickened, natural river course and original vegetation should be protected to prevent invasion of exotic species. In light of the principle of “who develops, who protects. who is benefited, that compensates,” the eco-compensation mechanism must be formed. Efforts should be promoted actively to establish eco-counties, towns with beautiful environment and eco-villages with advanced culture.

## **6. New steps for a harmonious society**

*Urban—rural employment and social security system has been basically established.* Rural employment service system has been created. urban—rural employment service network has been formed. The population of employees in Beijing has increased significantly. In 2005, there were 8.78 million employees,

2.49 million more than those in 2001. The registered unemployment rate was always kept at as a low level as 1.98% in 2006.

Table 6  
Beijing Employment Dynamics

|  | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| Registered unemployment rate in urban area | 0.76 | 1.18 | 1.35 | 1.43 | 1.30 | 2.11 | 2.57 | 2.86 | 3.07 | 3.26 | 3.52 |
| Employment by Olympic games                | ..   | 8    | 21   | 40   | 40   | 52   | 44   | 29   | ..   | ..   | ..   |

Source: China National Statistical Administration (2007).

*The coverage of the urban social security system expands.* A comprehensive implementation goes on to basic pension, basic medical care, unemployment insurance, work injury insurance and maternity insurance systems. Up to 2006, there were 6.041 million, 6.795 million, 4.822 million and 4.653 million people being insured in basic pension, basic medical care, unemployment and work injury respectively, 1.782 million, 4.629 million, 1.95 million and 2.606 million more than those at the end of 2001. The minimum allowance provided by social security system has been increasing year on year. (Brunet 1997 and 2007.)

*Rural minimum living standards security and new cooperative medical system has been further promoted.* In 2002, we initiated rural minimum living standards security system, which covers 150,000 urban residents and 80,000 farmers. New rural cooperative medical system has vast coverage. Up to the end of 2006, the system includes 86.9% residents in the rural area. The pilot plan in respect of rural pension has started, with 448,000 participants.

*Public service system has been further improved.* Education service continues to develop. 99% of school age children received education. The enrollment rate of high school was over 98%. The gross enrollment rate of higher education reached 56%, 11% up compared with 2001. As a result, Beijing was the first city to popularize higher education. A policy that exemplifies textbook fee and miscellaneous fee and grant study and living subsidies” has been implemented so that rights of people with a disability, poor family children can be protected.

*Public health service has been strengthened.* Success in fighting against SARS epidemic accelerates the formation of urban-rural public health network. At the end of 2006, there were 4.44 licensed doctors and 3.84 registered nurses out of every 1000 people, reaching advanced international level. Community health developed rapidly, with 81% of coverage rate. The system of unified purchasing and distribution with zero difference prices of commonly used medicine is widely accepted among citizens.

*Culture and sports flourish.* We have encouraged cultural creativity to simulate the cultural market by deepening reform in culture units. In 2006, art troupes put on 9,790 performances within the country. A number of major cultural facilities, such as the Capital Museum, have been built one after another, thus grassroots cultural service facilities being further improved. Radios and televisions have reached out to

almost every family in rural areas. In every community and rural area, fitness-for-all facilities have been largely set up, thus ensuring the sound development of sports industry. Good social order makes citizens feel much safer than ever.

## 7. Balancing urban and rural development

Huge changes have occurred in suburban and rural areas thanks to persistence in balancing the urban and rural development and coordinating the development among areas in Beijing, implementation of preferential policies and improvement of guiding mechanisms as well as the earnest efforts devoted to construction of new socialist countryside.

*Policies are becoming more favorable to and more funds are diverted to suburban areas.* Cumulative expenditure to rural areas by local budgetary finance from 2002 to 2006 has reached 18.12 billion yuan, an annual increase of 25.5%. As for the governmental investment in fixed assets, the investment ratio of suburban areas to urban areas has changed from 20:80 in 2003 to 52:48 in 2006. A great deal of important projects of rural infrastructures, ecology and environment, social undertakings have been successively implemented so as to bring about a new look on rural areas. Meanwhile, farmers have benefited more than ever as continuous improvement is made on the policy of direct subsidy to grain production and the compensation mechanism for ecological forests in mountainous areas, and relevant policies are carried out in succession concerning foresters, road and water administrators in rural areas.

*Infrastructures and public service facilities in suburban areas are noticeably improved.* We have strengthened the construction of express lines between the new downtowns in the suburb and the central downtown. At present, there are 9 suburban counties that linked with expressways to the central districts. And the Beijing-Pinggu Express Highway is to be put into use before OG. The highway completed during the Tenth Five-Year Plan in suburban areas extends 1,100 km, so that a highway frame network is formed to incorporate the municipal road network and those of suburban counties. Countryside roads have been improved by great margin. By the end of 2005, blacktops had extended to each of administrative villages, and began to connect with hamlets. In 2006, blacktops connecting small hamlets were 471 km long. Natural gas pipelines have been paved to Shunyi, Tongzhou, Daxing, Changping and Fangshan. Garbage removal has embarked on the normal track in which the villages are in charge of collecting, towns of transporting and districts of processing. Up to the end of 2006, the harmless treatment ratio of domestic garbage in suburban areas had made up 57.5%. With the development and utilization of solar energy, gasification of straws, firedamp, and biomass energy, the countryside has become bright, warm and accessible to recycling energy.

*Metropolitan agriculture enjoys rapid development.* Up to the end of 2006, the area of installation agriculture had amounted to 268,000 *mu*, and the area of land tested and fertilized to 1,432 thousand *mu*, and organic fruit bases occupied 113 thousand *mu*. The quality of agriculture and its integrated production capacity have been enhanced. Agricultural production has been more and more industrialized, and the production systems about edible agricultural produces and agricultural standardization are further intensified. And a batch of agricultural brands with Beijing's characteristics came out to meet individual

needs. Sightseeing agriculture and ethnic tourism have grown into a new point of economic growth thanks to their rapid development.

## 8. Urban construction and management service

Over the past five years, Beijing witnessed rapid changes in its urban construction and improvement in environment quality. The city management and service have risen to a new level. The supply capacity of infrastructures has evidently improved. The total investment in infrastructures between 2002 and 2006 added up to 283.89 billion yuan, or 1.8 times that between 1997 and 2001.

The construction of urban traffic network based on rail transmits is picking up the speed. Within the five years, the investment in communications and transportations has reached more than 110 billion yuan, more than 4 times as much as that between 1997 and 2001. At present, there are 4 lines of rails, 114 km long, including Line 13 and Batong Line, totally 60 km which were officially operated in 2002 and 2003 respectively. There are more 4 lines of rails, 115 km long under the construction. And Line 5 will be put into trial operation in September of this year. The length of rail transmits will be 198 km by 2008. The 5<sup>th</sup> Ring Road and the 6<sup>th</sup> Ring Road, the first phase and second phase of Beijing-Chengde Highway have been put into use one by one. Moreover, the structure of road network is continuously optimized. Up to the end of 2006, the mileage of urban public transport in operation was 19 thousand km, an increase of 5,399 km than at the end of 2001. (Jeffrey Owen, 2005.)

Table 7  
Beijing Real State Dynamics

|      | Floor Space of      |  |                                  | Floor Space of<br>Marketable Buildings<br>Completed | Space of<br>Marketable<br>Buildings<br>Sales |
|------|---------------------|--|----------------------------------|---|--|
|      | Total<br>Investment | Marketable Buildings<br>under Construction | New Construction<br>of this Year |   |  |
|      | 100 million yuan    | 10000 sq.m                                 |                                  |   |  |
| 2001 | 783.8               | 5966.7                                     | 2789.8                           | 1707.4  | 1205.0                                       |
| 2002 | 989.4               | 7510.7                                     | 3206.0                           | 2384.4  | 1708.3                                       |
| 2003 | 1202.5              | 9070.7                                     | 3433.8                           | 2593.7  | 1895.8                                       |
| 2004 | 1473.3              | 9931.3                                     | 3054.3                           | 3067.0  | 2472.0                                       |
| 2005 | 1525.0              | 10748.5                                    | 2965.9                           | 3770.9  | 2803.2                                       |
| 2006 | 1719.9              | 10483.5                                    | 3179.4                           | 3193.9  | 2607.6                                       |

Source: China National Statistical Administration (2007).

*Energy guarantee is continuously enhanced.* Demand for electricity in Beijing is 61.16 billion kilowatt hours, 52.9% up as compared with that at the end of 2001. Natural gas supply has climbed up from 1.6 billion square meters in 2001 to 3.8 square meters of last year. It is estimated that it will reach more than 5 billion square meters. There are 3,486 thousand households subscribing to natural gas, and the area of centrally

heating amounts to 350 million square meters, respectively increasing 2.1 times and 2.3 times as against the end of 2001.

*The urban environment quality is obviously improved.* The number of sewage treatment plants has increased from 12 in 2001 to 49 in 2006. And the ratio of sewage treatment in the eight districts (Dongcheng, Xicheng, Chongwen, Xuanwu, Chaoyang, Haidian, Fengtai, and Shijingshan) has reached 90%, 48% up as compared with that at the end of 2001. The harmless treatment ratio of domestic garbage in these districts has been raised from 89.1% in 2002 to 96.5% in 2006. Jing-jin Sandstorm Source Control Project has worked very well for its green belts have been completed. The per capita area of parks and greenbelts reaches 12 square meters, and the green coverage rate is 51%, 7% up as compared with that at the end of 2001. In a year there are 241 days when the quality of air is rated as 2-grade or better, accounting for 66% of a whole year, 15.3% up as against 2001. (China National Statistical Administration, 2007.)

*The urban spatial pattern is on the way to be optimized.* We have revised the overall urban planning, and implemented functional positioning of districts and counties to promote the optimization of urban spatial pattern and the perfection of its functions by strengthening the roles of planning and guiding policies as well as formulating the rating and assessing measures for regions. Now a group of functional districts have taken shape, such as financial street, central business district, Zhongguancun high-tech Park, Olympic zone, economic and technological development zone, airport economic zone, Wangfujing Mall, Xidan Cultural Plaza, which all gradually develop into important marks of modern metropolis.

*City management and service have been improving.* We have established an emergency management system so that the capacity of city management is noticeably enhanced. As the information technology is utilized, the refined management mode such as latticed management has been introduced to urban routine management. The management of urban transport is continuously improved. We have given priority to the development of public transport, reformed its ticketing system and pricing system, and optimized its routes. We have issued 10,070 thousand cards for public transport, and the percentage of people who choose public transport has risen to 30% from 26.5% of 2001. We have established and refined management system about food and medicine safety. And the pass rate of food and medicine in sampling tests stays at rather high level. (Beijing Municipal People's Congress, 2006b)

*The urban civility is noticeably enhanced.* The civility degree of citizens has remarkably risen since a series of campaigns are staged to practise humanistic Olympic, including manners and etiquette education campaign, and "Welcome the Olympics, Improve Manners and Foster New Attitudes". A survey conducted by Beijing Civilization Office shows that spitting has dropped to 4.9% from 8.4% of 2005 and littering to 5.3% from 9.1%, which are both based on the accumulative 1700-hour observation of about 230 thousand pedestrians at 320 public sites.

## **9. Citizens are on the way to a well-off society**

The income of residents, urban or rural, is on the steady increase, growing by two-digit number. Urban per capita disposable income in 2006 was 19978 yuan and rural per capita net income 8,620 with



consideration of price fluctuation, respectively 69.6% and 60.7% up as against 2001, or annually increasing respectively by 11.1% and 9.9%. Renminbi savings deposit balance at Chinese financial institutions attains to 870 billion yuan, 2.5 times that in 2001, or per capita deposit 560 thousand yuan, 2.2 times that in 2001.

The living quality has been universally raised. The basic living costs drop. Engel coefficients for urban and rural residents in 2006 are respectively 30.8% and 32%, 5.4% and 3% down than in 2001. But the expense of personal development and entertainment is on the increase. The spending on communications, telecommunication, education, and entertainment by urban and rural residents increased respectively by 31.6% and 26.6%, 7% and 5% against 2001. People spent more on high-grade, fashionable, name-brand and green commodities, and car and residence became their hot choices. By the end of 2006, there had been 1810,000 private cars across the city, 2.9 times as against at the end of 2001. The living floor area for each urban citizen and the housing area for each rural citizen are respectively 20.1 m<sup>2</sup> and 39.1 m<sup>2</sup>, respectively increasing by 2.5m<sup>2</sup> and 8.1 m<sup>2</sup> as compared with 2001. (S. Cousins, 2004.)

Spiritual and cultural living has been increasingly enriched. As the capital library, the capital museum were completed and put into use and as the nationwide health-building project and grass-root cultural facilities are popularized, citizens have their life more colorful by vacationing, touring at home and abroad, or taking other entertainments like surfing on the Internet. In 2006, there were 4680 thousand netizens, 41.8% up than in 2001.

## 10. Conclusions

*The OG' promotion to the development of Beijing.* In the past 5 years, Beijing has carried out some important administrative principles and development goals to take advantage of the opportunities of the OG, to upgrade the developing level and the city's competitiveness as well as to make benefits for the citizens. Therefore, the preparation for the OG is conducted the process of speeding the scientific and harmonious development, which achieves good results in practice. It is resulted hat the preparation of the OG has played an important role in the city's development as follows:

*Promote the Capital's rapid economic development and the upgrading of the structure.* From 2002 to 2006, the average annual economic growth of Beijing has risen up by 12.1%, 1.7% higher than the 10.4% growth in the past 20 years since the reform and opening-up policy being carried out. The reason lies in not only the developing characteristics of the Capital's economy in this stage but also the driving force of OG. The Olympic economy has provided a new impetus to the optimization and upgrade of the Capital's industrial structure, directly stimulated the development of construction industry, communicating equipment, transportation, tourism and exhibition and other related industries, and accelerated the development of the financial insurance, information transmission, business services and cultural innovation.

Meanwhile, a group of well-known enterprises and brands have been formed and become the leading force of the industrial upgrading. Legend Group is the only one enterprise participating in the international TOP VI program. And the seven enterprises whose headquarters are in Beijing (10 in all) have become partners of BOCOG, including Bank of China, PICC, CNPC, SINOPEC, CNC, China Mobile, Air China. SOHU and Yanjing Beer have become sponsors of BOCOG. By doing so, these corporations have not



only raised their domestic and international influence significantly but also improved their brand awareness and economic influence in other fields.

The staging OG and Olympic economic development has made Beijing one of the most dynamic cities for domestic and foreign investment, attracting important elements in all aspects, and boosting the internal developing drive. In the passing 5 years, the investment and consumption in Beijing have both maintained a rapid growth, especially the consumption in culture, tourism, sports, transportation and communication. From 2001 to 2006, the number of foreign visitors has increased from 2.858 to 3.903 million.

*Improve the city's operating management and service.* Through preparing the OG, the city's operating management, general supporting capability and service have been improved to meet the challenges, and basically complete emergency managing system and operating supporting system have been established. Meanwhile, a series of plans for the OG in respect of transportation, security, food security and medical care have been worked out, and therefore guaranteed the steady and orderly OG and laid a good foundation for the city's smooth development after the OG.

*Expand the city's opening-up and international exchanges.* The preparation for the OG has made Beijing more open to the outside world and given the world a better understanding on Beijing, and upgraded the opening to the outside world and the international exchanges to a higher level. The total value of Beijing's imports and exports in 2006 has reached USD 158.18 billion, 3.1 times of that in 2001. From 2002 to 2006, the actual use of direct foreign investment has reached 15.1 billion US dollars, 49.4% more than that from 1997 to 2001, and 1 million more foreign visitors against 2001. At the same time, the communication and cooperation in science and technology, education, culture and sports has been strengthened, contributing the capital to a new image of a modern international city.

*Make sustainable improvement on the citizens' life and improved civility.* In regard of employment and incoming, the development of Olympic economy has provided plenty of opportunities for self-employment and employment, keeping growing constantly the citizens' income. In the past 5 years, the city's annual amount of new employees are about 0.62 million, mainly in the fields of construction, high-tech, modern manufacturing, modern circulation and social service, which played an important role in promoting the transfer of rural labor force, re-employment of the layoffs and absorbing new workers.

*In respect of the living environment,* focus is put on strengthening the prevention and management of the pollution, the protection and construction of the ecological environment. In these ways, Beijing has bettered its green landscaping. Great changes have taken place in the surrounding of both the urban and rural residences, making a corresponding increase in their life quality.

*In aspect of the city's civility,* a series of activities about the OG are launched to greatly improve the city's image and the quality of the citizens, and become an important force in the capital's social progress.

Right now, in a strong sense of responsibility and mission and the spirit of seizing every tiny moment, the whole city is speeding up the preparation, as well as focusing on the scientific and harmonious development to make a perfect economic and social environment for the OG.

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