

# Blue Skies for the Beijing Olympics

Andrew Ness

In the run-up to the 2008 Olympic Games in Beijing, Chinese government officials at both the central and municipal levels are keenly aware that they must transform Beijing into a world-class city. Indeed, China's capital is woefully unprepared for what will undoubtedly be the single largest international event that China has ever hosted.

To prepare for the Olympics, Beijing plans to redevelop large tracts of central city real estate, extend its urban transportation infrastructure, clean up its air, create new parks, and restore historic landmarks

The pressure to transform Beijing will generate numerous benefits; most notably, enduring changes to the city's urban form through the completion of a comprehensive urban regeneration program. Mid-September 2008 is a decidedly harsh and inflexible deadline by which the city will have to resolve numerous longstanding environmental, transportation, and other infrastructure problems. Massive spending on infrastructure projects and related capital construction programs will benefit the municipal economy in the short term by creating jobs.

The pace and scale of investment in urban infrastructure and environmental improvement will accelerate considerably, leaving the city with a major new central park, where there is now none; a much-expanded mass transit system, which will include a sorely needed connection between the north and south areas of the central city; and finally, much more rigorous environmental protection systems and the infrastructure and facilities required to back them up (see Figure 1).

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## Key problems and improvements

Specifically, Beijing plans to address problems relating to:

### ● The environment

Beijing still suffers from severe dust storms, which blanket the city with some 25,700 tons of sandy dust each spring and give rise to the glowing, purplish-orange springtime sunsets for which the city is famous. The city is also home to 110 polluting factories, which ring the inner city, and some 1.17 million automotive vehicles. In addition, around 10-15 percent of the inner city's 6 million residents still heat their homes with coal-burning stoves in the winter, according to the Beijing Municipal Environmental Protection Bureau (EPB).

China's representatives pledged to the International Olympic Committee that, if chosen to host the 2008 Olympics, Beijing would reduce its ambient air pollution to the level of Paris today. To attain this difficult goal, the Chinese government has reportedly earmarked roughly ¥45 billion (\$5.4 billion) to resolve some of the city's most serious environmental problems. In an attempt to control the dust storms, Beijing will soon take steps to increase the forested area surrounding the central city by 50 percent by 2005, through the addition of a 125-km tree belt.

In another, dramatic bid to improve the air quality, 90 percent of the city's 20,000-odd public buses will switch from diesel to natural gas by 2008, up from 60 percent today. Sixty percent of the city's 67,000 taxis will also use natural gas by 2008, up from 40 percent today.

Beijing will also move the 110 polluting factories now inside the fourth ring road—which have a total floor area of 6.13 million m<sup>2</sup> and primarily serve the chemical, pharmaceutical, and textile industries—to locations outside of the fourth ring road by 2007. According to the Beijing Municipal EPB, this move will cut the total amount of inner-city land devoted to industrial purposes by half, to 7 percent. In addition, to safeguard the quality of water in, around, and under Beijing, the city will require the treatment of 90 percent of its sewage in modern treatment plants by 2010, up from 60 percent today.

### ● Transportation

Traffic in Beijing is frequently snarled—in part because of the excessive number of low-grade taxis and other similar vehicles that the city has licensed in recent years and because of the shortage of north-south roadways and metro and light-rail links. The phasing out of the small, uncomfortable Xiali taxis, manufactured in Tianjin, which in 2001 accounted for 77.5 percent of the 67,000 taxis licensed to operate in Beijing, was markedly accelerated in early 2002.

The metro system provides inadequate service to the city's northern and southern areas, with one line currently running east-west and the other following the path of the second ring road. Olympic preparation plans include some ¥90 billion (\$10.8 billion) for various kinds of transportation improvements to the inner-city light rail system and the metro, the inner-city expressway system, and outlying high-speed expressways, as well as the accelerated completion of the city's ring road system. The Beijing government has made completion of the city's light rail system a high priority over the next five years, with more than 100 km of new light rail currently under construction. Beijing's plans also include the completion of the No.5 metro line, the Batong and Chunyi branch metro lines, and the Wangjing branch line. Within the same time frame, the city will complete preparatory work to launch construction of the No.4 and No.9 metro lines. As a result of this work, by 2006 Beijing will have 138 km of inner-city metro and light rail lines, up from 53 km today (see Figure 2).

The more than 10 expressways that radiate outward from the center of Beijing are the spokes of a system that is giving rise to a dense network of transportation connection points, linking Beijing with its outlying suburban areas. Also by 2006, the city will revamp some 200 km of inner-city roads to form an expressway system and complete the fifth and sixth ring roads, according to the Beijing Municipal Traffic Administration Bureau. In addition, the Beijing-Miyun Expressway, which is currently still in the planning stage, and the third phase of the Beijing-Badaling Expressway are both scheduled for completion by then.

### ● Utilities and high technology

Beijing will use the ¥15 billion (\$1.8 billion) that is earmarked for the city's utilities to improve the city's water, power, and gas supplies, according to the Beijing Organizing Committee of the 2008 Olympic Games (BOCOG, see p.50). Within the next five years, Beijing will establish a second Shanxi-Beijing natural gas pipeline, tripling or quadrupling the city's current supply of natural gas. By 2005, BOCOG estimates that electricity use will soar from the present 31.8 billion kilowatt-hours (kWh) to 50 billion, with peak period use expected to jump from 67.8 billion to 100 billion kWh.

China also plans to spend ¥30 billion (\$3.6 billion) on "digitalizing Beijing." This will entail

upgrading the city's basic information technology and telecommunications infrastructures and districtwide networks of fiber-optic cable. The Chaoyang, Dongcheng, Haidian, Shijingshan, and Fengtai districts will be the highest priority areas for the provision of modern telecommunications infrastructure, and as such will be the city's first platforms for the widespread use of e-commerce, e-administration, and distance education. The Olympic Park area will have access to digital and broadband telecommunications, wireless transmission and networking technologies, and other intelligent technology solutions, according to BOCOG.

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### ● Heritage and urban regeneration

In the 1950s, the Beijing government chose not to preserve the whole of the city's historic center, which covered 62 km<sup>2</sup>, on the grounds that it would be too costly and unmanageable. But as the Jianguomenwai central business district, Fuchengmenwai Financial District, and the Wangfujing commercial area continue to expand rapidly, the city's leaders have come to realize that not merely the city's ancient monuments but also the cityscape in older neighborhoods constitute part of the city's charm and character.

The Beijing Municipal Construction Commission issued two regulations in 1999 that identified areas for historic preservation within the second ring road amounting to 5.58 km<sup>2</sup> (about 9 percent of the area within the second ring road), which was subdivided into 25 sites. This area amounts to 15 picturesque ancient streets, three cultural-historical areas, four enclosed courtyard-type residences (*siheyuan*), four historical lane areas (*hutong*), and three major commercial and cultural streets. Almost all of these properties are situated near the Qing Dynasty-era Imperial City. The plan aims to restore ancient sites and monuments gradually back to their original condition and convert the most attractive of them into public museums, thereby expanding the historical areas open to Beijing's tourists.

Initially the Beijing government did not seem in any hurry to implement the plan, but shortly after the city was granted the 2008 Olympic Games it announced an acceleration of the plan and designated some \$208 million to restore historical sites and remove old, dilapidated buildings that surround them.

City officials have also stepped up the removal of slum and substandard housing. Be-

tween 1990 and 2000, a total of almost 5 million m<sup>2</sup> of substandard housing was demolished in Beijing—the equivalent of about 184,000 residential units averaging about 27 m<sup>2</sup> each—forcing the relocation of some 165,000 urban house-

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holds. The government wants to demolish an additional 9.34 million m<sup>2</sup> of older housing, out of a total residential stock of some 28 million m<sup>2</sup>, resulting in the dislocation of yet another 350,000 inner-city households, according to BOCOG.

### Raising—and spending—the money

The PRC government has reportedly drawn up a budget of ¥180 billion (\$21.7 billion) for 142 Olympics-related improvement projects in Beijing. Of this, some \$14 billion will come from the PRC government and the remaining \$8 billion will come from domestic and overseas private-sector investment. The Beijing Municipal Finance Bureau, under the central government’s

Ministry of Finance, will reportedly allocate half of the necessary PRC government funding.

Directly or indirectly motivated by the Olympics, Beijing will develop some 25 million m<sup>2</sup> of property in the 2002-08 period. This will entail not merely the revamping or new construction of competition and sports venues, and the development of a number of mega-malls and other major commercial projects, but also includes an enormous “urban facelift” program which will redevelop sizeable tracts containing substandard single-story dwellings in the city’s Xuanwu, Chongwen, Dongcheng, and Xicheng districts into new residential areas composed primarily of high-rise apartment complexes. At the same time, the city is stepping up the development of a new business district centered around the Zhongguancun area in Haidian and the second and third phases of the Fuchengmenwai Financial District.

The hosting of the 2008 Olympic Games will thus be the second-largest public works project ever undertaken in China—after the Three Gorges Dam. By some calculations, this is also the largest sum that has ever been spent in readying any single municipality to host the Olympic Games. According to the estimates of a Beijing economist with the China Research Institute of Science Popularization, who used statistics from the Sydney Olympics to derive a model of job creation, if Beijing attracts ¥74.5 billion (\$9 billion) in additional outside investment as a result of hosting the 2008 games, and if each ¥100,000 (\$12,100) invested creates one new employment opportunity, then Olympics-related investment will create 745,000 new jobs in Beijing. In addition, the government anticipates that the combination of Olympics-related fixed-asset investment and foreign direct investment will add 0.3 to 0.4 percentage points to China’s annual GDP growth in the six-and-a-half years leading up to the event.

### The Olympic Park

To rectify the lack of a suitable, central city park area to serve as an Olympic Park, the Beijing Municipal Government is now organizing a tender for the conceptual master plan of what will be the city’s newest park. The Olympic Park will occupy 12 km<sup>2</sup>, about 60 percent of which will be green and wooded space. Its size makes it the largest park in central Beijing and the second largest within Beijing Municipality, after Fragrant Hills Park in the city’s northwest. Upon completion, the Olympic Park will provide a desperately needed new “lung” amidst the miles of macadam ringing Beijing’s concrete canyons.

The park will be located at the northern end of the central north-south axis that bifurcates central Beijing, straddling the fourth ring road. The importance of this north-south axis is clearly explained by Zixuan Zhu and Reginald Yin-Wang Kwok in their essay “Beijing: The Ex-

### Beijing’s 2008 Olympic Organizing Committee

Five months after Beijing won the bid to host the 2008 Olympic Games, the city officially launched the Beijing Organizing Committee of the 2008 Olympic Games (BOCOG). According to Liu Qi, president of BOCOG and mayor of Beijing, the committee will focus its work on market development strategy, image design, stadium planning and construction, and talent recruitment, among other issues. The committee will also strengthen China’s communication and cooperation with the International Olympic Committee and other international sports organizations.

BOCOG consists of 13 departments: general strategy, market development, propaganda, external liaison, engineering, finance, legal affairs, supervision and auditing, sports, personnel, technology, environmental protection, and a general office.

**President:** Liu Qi (mayor of Beijing)

**Executive President:** Yuan Weimin (director of State Sports Bureau)

**Acting Vice President:** Liu Jingmin (vice mayor of Beijing)

**Vice Presidents:** Duan Shijie (deputy director of State Sports Bureau), Jiang Xiaoyu (director of Propaganda Dept. of the Beijing Municipal Party Committee), Li Zhijian (president of All-China Sports Federation and deputy director of State Sports General Administration), Yu Zaiqing (vice president of Chinese Olympic Committee and deputy director of State Sports General Administration), Zhang Mao (vice mayor of Beijing)

**Secretary General:** Wang Wei (vice secretary general of Beijing Municipal Government)

**Address (tentative):** Xinqiao Hotel, No. 2, Dongjiaominxiang, Beijing 100004, China  
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pression of Political Ideology,” in *Culture and the City in East Asia*: “Following the Confucian tradition, Beijing was planned along a north to south axis, representing the authority of the state. The Imperial Palace, government offices, religious buildings, and minor royal residences

## **The Beijing Municipal Tourism Bureau has announced that it intends to more than double the city’s present stock of star-rated hotels to over 800 and raise the number of hotel rooms in such hotels by some 60 percent, to 130,000, by the time the games begin.**

were all located, symmetrically, on the east and west sides of the central axis. Political power and social position were clearly demarcated on the urban landscape.” The location of the Olympic Park thus embodies the Chinese government’s stated goal of “integrating the 2008 Olympics with Chinese culture and spiritual civilization.”

The park will include one central district, which has been officially designated the Olympic Green, and three non-contiguous ancillary districts. The central district will contain the Beijing Olympics Athletes’ Village, Reporters’ Village, News Center, International Broadcasting Center, and 14 athletic competition venues. The three subdistricts include a northern scenic district, a western living district, and a university village that contains sports training and competition facilities associated with eight Chinese universities.

## **Olympic facilities and hotels**

China Olympics Commission Sports Director Lou Dapeng stated that for the 28 competitive athletic events in the 2008 Olympics, China will provide a total of 59 stadiums, sports arenas, gymnasiums, and workout and exercise areas, all of which will meet international specifications. Beijing will provide 32 competition venues, located in the four districts of the Olympic Park. For the convenience of the participating athletes, 14 of the competition areas will be within 5 minutes’ drive of the Olympic Village, 10 of the competition venues will be within a 20-minute drive, and the remaining 8 venues will be within 30 minutes’ drive. Five additional competition venues will be located in Shanghai; Tianjin; Qingdao, Shandong; Qinhuangdao, Hebei; and Shenyang, Liaoning. Qingdao will host the sailboat race competitions while the four other cities will host soccer matches.

In the late 1980s, the Beijing government spent ¥2.5 billion (\$302.1 million) developing sports venues and related facilities for the 1990 Asian Games. These facilities, with a total floor area of 1.3 million m<sup>2</sup>, include 80 venues for athletic training and competitions—55 of which were either renovated or newly constructed buildings. However, Beijing still faces the sizeable task of building 24 completely new competition venues and related facilities, and Beijing and the other host cities will need to revamp 13 existing facilities to bring them up to International Olympic Committee specifications, according to BOCOG.

The housing for athletes and journalists who attend the roughly three-week event will include 470,000 m<sup>2</sup> of housing for athletes (equivalent to

## **The Olympics and the Beijing Real Estate Market**

The selection of Beijing as the host city for the 2008 Olympics had an almost immediate and significant impact on the Beijing real estate market. Analysts now anticipate another six to seven years of double-digit GDP growth in the city as a result of massive Olympics-related urban investment. Though the building of residential accommodations for the games’ 22,000 participants will lead to a small surge in medium- to high-quality residential supply in the years 2007-08, this amounts to a small percentage of the total number of housing completions that Beijing forecasts for 2002-08—between 10 and 12 million m<sup>2</sup> per year, or the equivalent of 670,000 units—within the seven-year period.

The present sales absorption rate for apartments located within the third ring road is 95 percent, the absorption rate for apartments between the third and fourth ring roads is about 80 percent, and the rate for

apartments in satellite residential areas that ring Beijing’s urban fringe is approximately 60 percent (this figure varies considerably among individual satellite areas), according to CB Richard Ellis. Absorption patterns in the 2002-08 period are expected to be fairly similar, though the growth rate in satellite residential areas—particularly areas northeast, north, and northwest of the central city—is expected to rise as the city completes transportation improvements such as the light rail system.

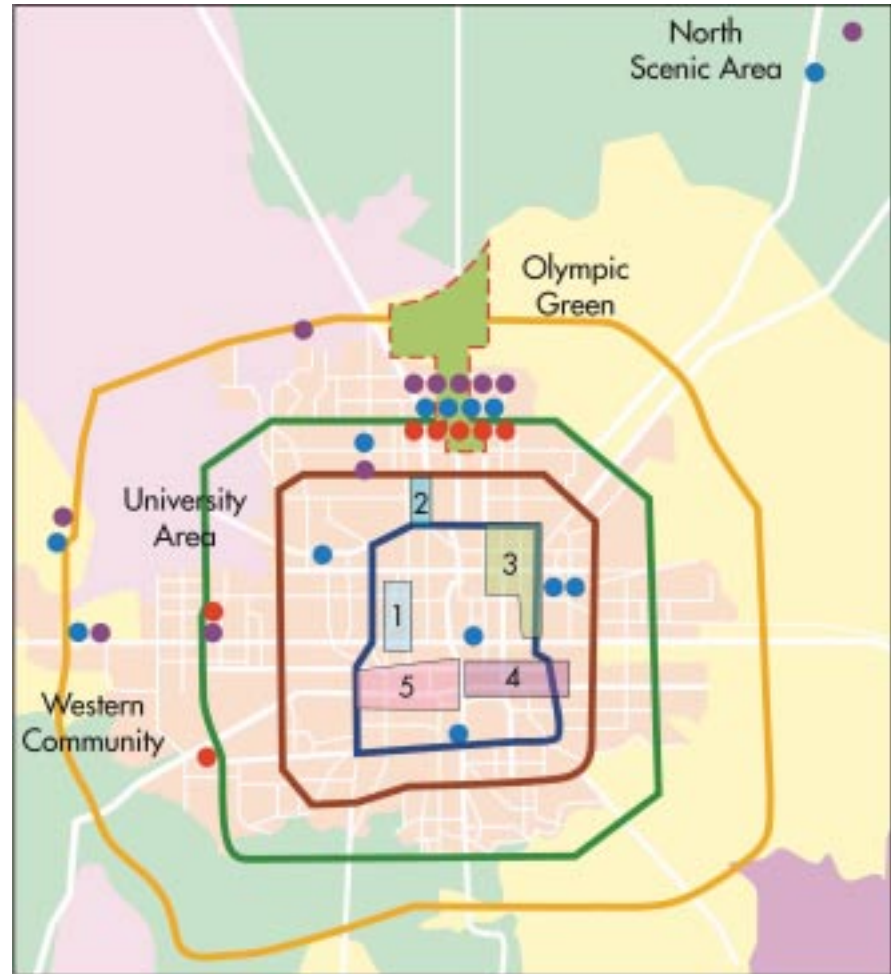
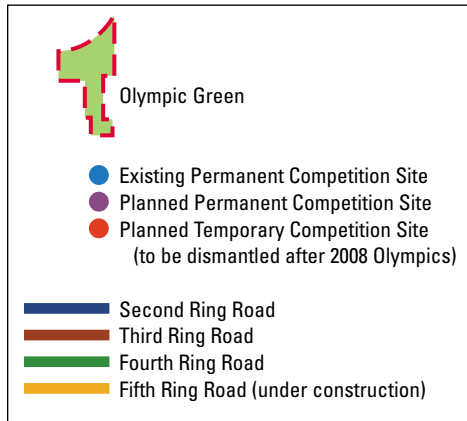
Certainly, the massive improvement plans for the northern Chaoyang District, between the fourth and fifth ring roads, have not gone unnoticed by Beijing’s development community, and many developers who own sites near the Asian Games Village have begun targeting the high end of the market. Some owners of sites zoned for residential development in the northeastern and northwestern parts of

the central city, in a bid to stimulate greater purchasing interest, have even altered their development concepts with the Olympic Games in mind.

If the thorough regeneration of Beijing is successful, the changes wrought in the cityscape will make it a far more pleasant place in which to live and work. Domestic and overseas companies will then create strong and stable real estate demand in the city’s office, high-end residential, and retail sectors. This demand is crucial to ensuring the success of the recently inaugurated Chaoyang Central Business District, providing sufficient financial-sector tenants to support the latter-phase expansion of the existing Fuchengmenwai Financial District, and supporting the existing Zhongguancun high-technology district as a thriving hub of information technology business and commerce.

—Andrew Ness

**Figure 1**  
**Beijing's Urban Redevelopment and Olympic Development Plans**



**NOTES:**

**1.** Beijing is clearing substandard inner city residential areas to make way for the Phase II and III expansions of the financial district, Phase I of which has been completed.

**2.** The government will connect the second and third ring roads. In the process, the city will considerably upgrade Deshengmen Avenue to create a major new hub of commercial development—provisionally named the Deshengmen Science and Technology Park. This project is intended to drive office and commercial development and, to a lesser extent, high-quality residential development in and around Deshengmenwai.

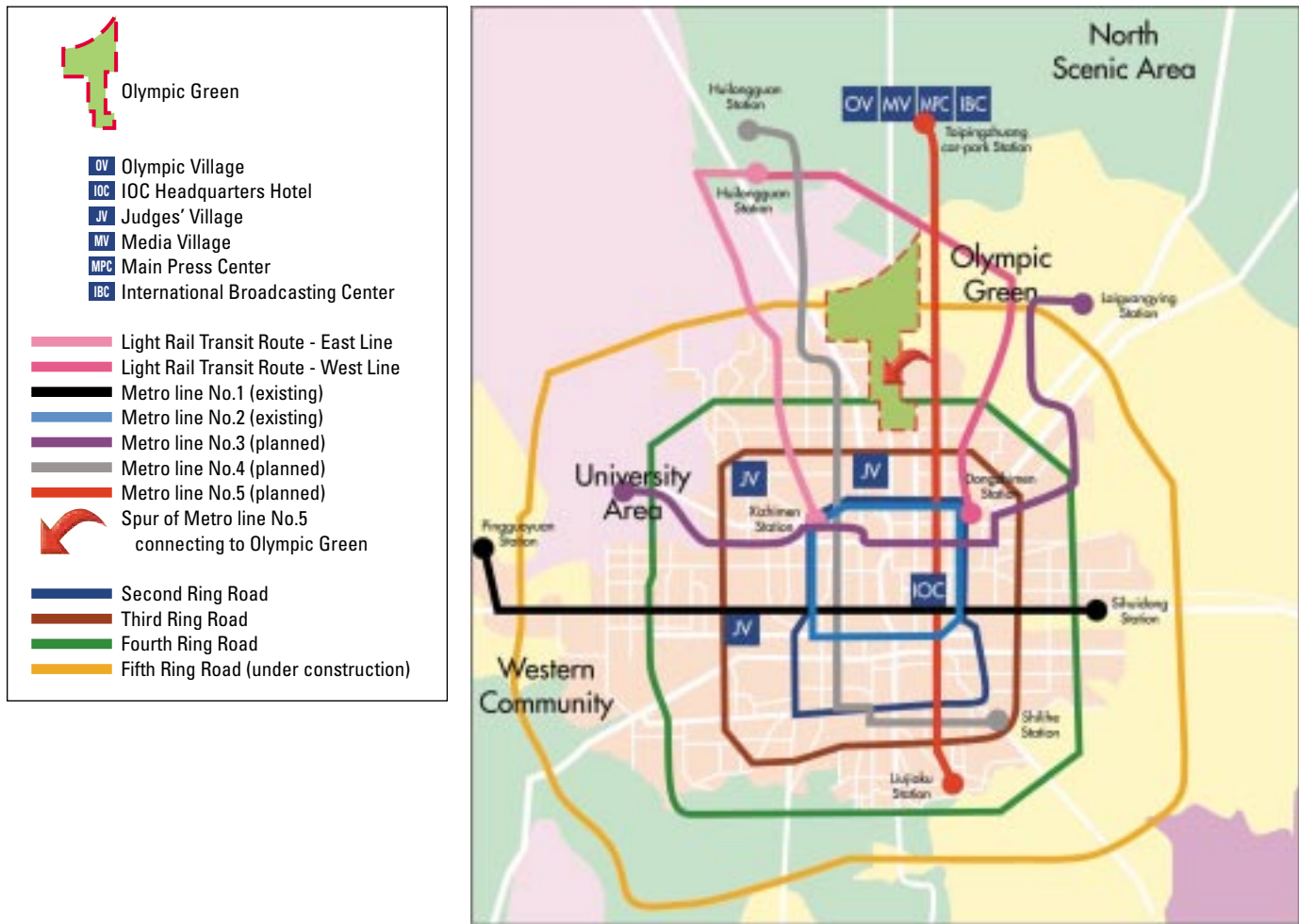
**3.** The city will transform a portion of the Dongcheng District into a high-grade residential and commercial area by upgrading Wangfujing into a major commercial boulevard and transforming Dongzhimen into a major transportation hub. The street-level

area at the new Dongzhimen traffic hub will serve as an intersection for numerous inner-city public bus routes; basement level two of the new facility will serve the Beijing International Airport Light Rail Express Train; basement level three will serve as the central city terminus of the eastern extension of the Beijing Light Rail system.

**4.** The government will substantially upgrade Chongwenmenwai Avenue by transforming a large section of the Chongwen District into a high-grade, mixed-use residential and commercial area. The city will also build the New World Center on Chongwenmenwai Avenue.

**5.** The government will transform a substantial section of the Xuanwu District into a high-grade, mixed-use commercial and residential area. The Junefield Group's massive Junefield Plaza commercial complex, situated on Xuanwumenwai Avenue, is driving this regeneration.

**Figure 2**  
**Planned Mass Transportation Improvements**



SOURCE: CB Richard Ellis, Global Research & Consulting

12,000 apartment units) and 400,000 m<sup>2</sup> of housing for journalists and other media personnel (equivalent to 10,000 apartment units). Private sector developers will build all of the housing in the two villages, and the resulting units will be offered for sale as condominiums after the games.

In 2000, Beijing attracted some 67.4 million domestic visitors and 2.82 million overseas travelers. The city's 392 star-rated hotels provided 80,000 hotel rooms. Though the city's present stock of hotels would likely be sufficient to accommodate the huge surge in visitors during the two weeks of the Olympic Games, the Beijing Municipal Tourism Bureau has nevertheless announced that it intends to more than double the city's present stock of star-rated hotels to more than 800 and raise the number of hotel rooms in such hotels by some 60 percent, to 130,000, by the time the games begin. These plans seem to reflect an anticipated rapid growth in the city's tourism and convention industry over the next six years, as opposed to demand during the Olympic Games.

## After the games

Once the games are finished, the parks, competition venues, residential facilities, sports complexes, media centers, and commercial facilities now on the drawing board will provide the population of Beijing with recreational and athletic facilities for decades to come and establish Beijing as an ideal host for a wide variety of national athletic competitions.

The placement of the Beijing Olympic Park, extending northwards from the 1990 Asian Games Village, represents the final step in the development of the northern terminus of the city's north-south axis. The park, which may feature a 120-story Beijing World Trade Center and its own business district, will provide yet another space that may emerge as the center of a major new commercial development area to counter-balance the dense development in the city center to the south.

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