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**The Human Settlements Development Report of  
The People's Republic of China (Draft)  
(1996-1999)**

**Forward**

The United Nations Conference on Human Settlements (Habitat II), which was held in Istanbul of Turkey in June 1996, was a successful event. The Habitat Agenda adopted by the conference fully has expressed the objective of the UN Charter on the realization of social progress and the improvement of living conditions for all, reflects the common wish of all countries in the world to improve the human settlement conditions and promote the sustainable development of human settlements.

In 2001, at the junction where the new millenium begins, the United Nations will hold another conference on human settlements, namely, Istanbul+5. This conference will continue to carry forward the spirit of Habitat II, promote and push the solution of the human settlement problems, explore the sustainable development in the process of urbanization. This conference will be one of the most important global events at the beginning of the 21<sup>st</sup> century.

To show the support on the Istanbul+5 conference and to continue to improve living standards of the Chinese people as well as to push the sustainable development of the human settlements in the process of the urbanization in China, the Chinese government has organized related departments to write this national report on the human settlements development (1996-1999). The report has reviewed the work, the main achievements and policies and prospects to the next ten years and the proposed counter-measures since the Chinese government delivered the Human Settlements Development Report of the People's Republic of China to the Habitat II Conference in 1996. It also contains the prospects and proposed actions to be taken in the next decade.

This draft report was written in accordance with related principles and policies of the Chinese government as well as the China Agenda 21. The report will be further revised after related departments provide their ideas and recommendation on it.

After being further revised, the draft report will be submitted to the government of the People's Republic of China for approval. The approved version will be considered as the standard version.

## Chapter 1 China's Urban and Rural Housing Development

### 1.1 Main Achievements and Progress

Since the "Istanbul Declaration on Human Settlements" publicized in June 1996, Chinese government has been devoting itself in achieving two objectives: "Providing Shelters for All" and "Sustainable Development of Human Settlements in the Process of Urbanization". Continuous efforts has been made to promote the transform of housing delivery system, which has successfully mobilized the enthusiasm of local governments, employers and tenants. Consequently housing development has been speeded up and people's living environment has been considerably improved.

1.1.1 Sustainable and speedy housing development. From 1996 to 1999, 1595.8 billion-yuan has been invested in urban housing construction. Consequently, 1.78 billion-square meters of housing or 25 million "dwelling-units" were built, equivalent to half of the total housing construction volume from 1949 to 1995 in the urban area. Annual construction volume in the four years averaged 440 million square meters or 6.29 million units, much more than the targeted 240 million square meters set in "1996 Human Settlements Development Report of the People's Republic of China" (or "96 National Report" in short). On the other hand, the rural area also witnessed an unprecedented construction of 3.3 billion-square meters or 37 million units in the four years. Annual completion averaged 826 million-square meters, much higher than the targeted 560 million. The sustainable and speedy housing development has effectively promoted the national economic growth, with a significant increase of its contribution in total fixed asset investment from 4.9% in 1996 to 6.1% in 1999. This is also well above the 4% target by "96 National Report "(Figure 1 and 2).

1.1.2 Big increase of per capita living space and improvement of living quality. Average living floor area per capita increased from 8.5 square meters in 1996 to 9.6 square meters in 1999, overtaking the targeted 9-square meters in 2000 by the "96 National Report". In the rural area, the figure also jumped from 21.7 square meters in 1996 to 23.7 square meters in 1998(Figure 3).

Fig. 1 Total Housing Completed

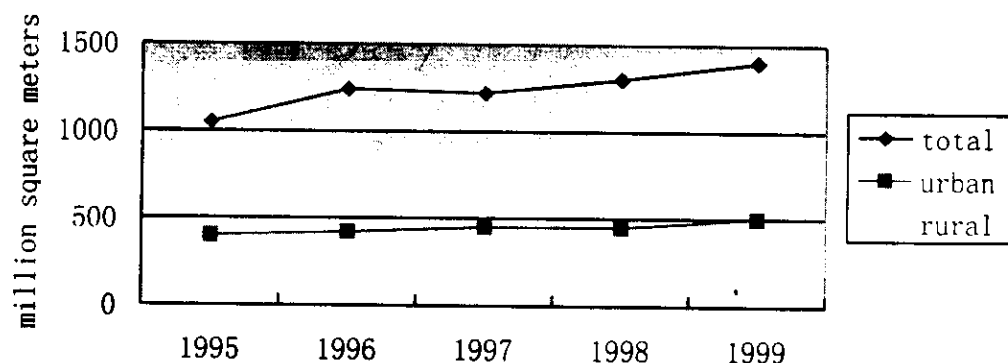


Fig 2. Housing Investment in 1995-1999

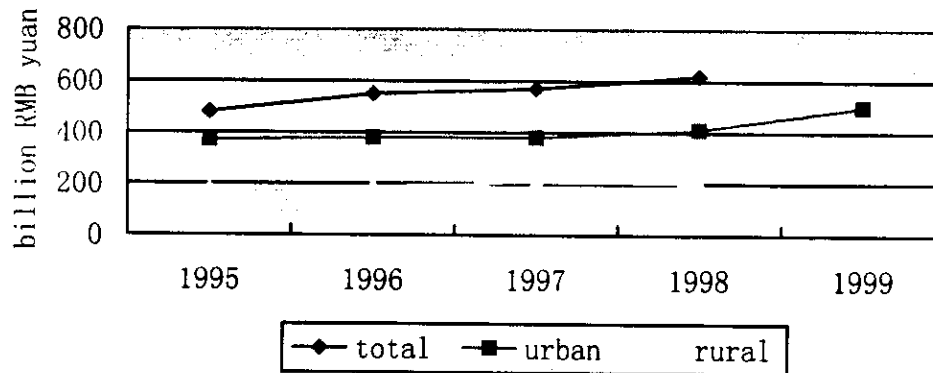
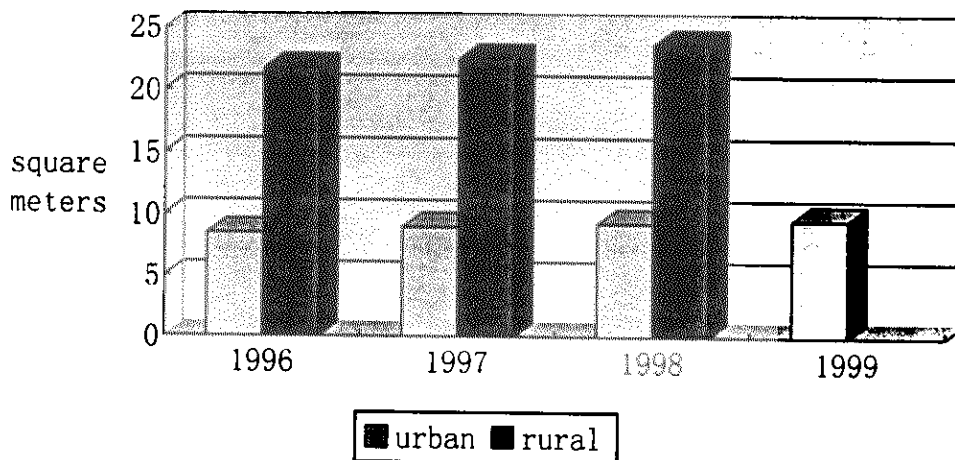


Fig 3. The Increase of Living space in 1995-1999



1.1.3 Establishment of new housing supply and delivery system in the socialist market economy. In the second half of 1998, the previous housing distribution in kind operating for 50 years under the planning economy mode was put to an end, which had been. Monetary delivery system was established. Since most Chinese residents have a lower ratio of income to property price, the government proposed a modified housing delivery system. Families with lowest income continue to live in "low-rent houses" from government or their "work-units" (employers); middle and low income families buy affordable housing (or economic housing); whilst the high-income families purchase or rent houses from the commercial market. Because of the poor affordability of most residents, the "affordable housing project" (or economic housing) has been planned as a priority programme. "Low-rent housing project", on the other hand, becomes a major component of the whole government security system.

1.1.4 Remarkable improvement of housing quality. The housing development increasingly relies on market indicators and "quality winner" concept. Consequently a large number of residential estates have been built with higher quality, more completed functions, more beautiful environment and satisfactory services.

1.1.5 Emergence of models. Various awards were granted by UNCHS (Habitat) to the former construction minister, Zhangshan City, Shenyang City and Dalian City in 1996, 1997, 1998 and 1999 respectively. Many residential estates were built as model projects in local cities.

## **1.2 Main Policies and Methodologies**

1.2.1 Economic growth point. The government highlights housing construction and consumption as a pillar economic growth point. Supporting measures has been adopted to ensure a speedy and effective development of the sector.

1.2.2 Financial reform to raise resident's affordability. Whilst the original in-kind distribution system was abolished, housing subsidiary policy and central provident fund was put forward to help the resident's affordability.

1.2.3 "Affordable housing project". The government tries to cut the price of "affordable housing" by administrative land transfer (with limited land price), reducing or remitting taxation and fees, capping government monitoring prices, in an aim to meet the consuming power of middle and low income families.

1.2.4 Exploration of multiple fund channels to help the lowest-income families by collecting funds or cooperatively building houses. The government also set up preferential incentives to research institutes, colleges and universities, cultural institutions and hospitals, who are allowed to build affordable housing on their own-use land.

1.2.5 Housing credit service. Commercial mortgage system was put forward as well as the shared central provident fund by individuals and their "work-units" (employers). "Central Provident Fund Regulation" was promulgated in April 1999, which specifying its collection, use, and administration and checking formalities. By the end of 1999, 69 million people had joined the CPF system with a total collection of 140.9 billion yuan. In addition, the government modified the mortgage policy by extending the term (as long as 30 years), reducing first payment ratio and interest rate. Consequently individual housing mortgage loan has seen a considerable increase over the last few years.

1.2.6 Active taxation policy. Since the date of July 29, 1999, business tax would be remitted for the sale of ordinary housing with more than 1 year's ownership. For the self-built and self-use housing, business tax would be remitted. For the sale of backlog housing completed before June 30 1998, business and contractual tax would be remitted.

1.2.7 Housing industrialization. Relying on science and technology progress, the government increased the science and technology components and upgrade the overall level of the industry. Firstly, strengthen the research of basic technologies, establish housing technology security system. Secondly, set up standards and specifications for design, planning, construction, building materials and products. Thirdly, develop advanced materials and techniques to improve housing quality and shape up building products system. Fourthly, develop and improve quality control mechanism. Establish

market entry limitation and housing quality assessment system. Fifthly, develop national demonstration projects "*xiaokang housing project*" (housing for moderate-income residents) and "*kangju project*" (comfortable housing for lower-income residents). Sixthly, develop certification system for commercial housing.

1.2.8 Social housing development. In order to inhabit the lowest-income families, the government promulgated "Urban Low-rent Housing Regulation" in April 1999.

1.2.9 Barrier-free communities and elderly housing.

1.2.10 Housing development in rural area. By enforcing planning administration, developing completed sets of techniques, and building model residential projects, the government aims to develop the rural area on a larger scale and improve the living condition of the people.

### **1.3 Principles and Objectives for further housing development**

The Chinese government has fixed up the following principles for housing development:

- 1) To keep a sensible growth rate to meet resident's demand and contribute for a sustainable, speedy and healthy economic development.
- 2) To put both emphasis on quantity and quality.
- 3) To promote comprehensive larger-scale developments with completed public and social services, aiming at improving economic, social and environmental efficiency of housing development.
- 4) To focus on "affordable housing project".
- 5) To encourage technique creation in the industry to bring along the growth of relative sectors. Develop advanced and matured materials, technologies, and equipment to promote a more intensive and standard production of building materials and products.
- 6) To stick to the sustainable development strategy. New development should comply with the principles of land and energy saving, as well as ecological environment preservation.
- 7) To strengthen and optimize macro-adjustment and regulation on the basis of market principles to ensure a sound resource distribution and the balance of housing supply and effective demand.

#### **Main objectives**

Quantity: In 2010 each household in the urban area will have a dwelling unit with complete functions, average "usable floor area" (net floor area) per capita will reach 25 square meters.

Quality:

- 1) By 2005, improve construction quality and services of urban residential housing, to meet the basic applicability demand of the residents. By 2010, urban residential housing should satisfy the requirements of applicability, economic cost and beautiful environment. Construction quality and housing functions should meet the basic requirements for long term habitation.
- 2) By 2005, establish primary structure of industrialization and standardization of building materials and products. By 2010, establish elementary housing building structure, develop interchangeable housing products and realize socialized production and supply.
- 3) By 2005, the energy efficiency ratio of urban residential housing should double 1981's ratio. By 2005, another 30% energy consumption should be reduced on the base of 2005's. In non-heating regions, local governments should also follow energy conservation standards and adopt consequent measures.

## **Chapter 2 Urbanization and Urban and Rural Planning**

### **2.1 The Progress of Urbanization**

2.1.1 The sustained and steady growth of China's national economy has continuously fueled the development of cities and towns in China. From 1995 to 1999, the total number of cities increased from 640 to 668 and the total number of towns increased from 16,992 to 19,000, with the total urban population rising from 349 million to 389 million and the urbanization rate from 28.85% to 30.9%.

2.1.2 A proactive urbanization policy is being implemented in China. In line with the natural law governing the urbanization process, Chinese government's policy encourages the integration of urbanization and economic development and industrialization. This urbanization policy is now being carried out in a phased and systematic manner with different targets for different stages and different approaches for different localities.

2.1.3 To enhance the coordinated development of large, medium-sized and small cities and accelerate the construction of small towns, Chinese government endeavors to formulate and implement the regional urban hierarchical planning to promote the rational distribution of population, industries, transportation, and cities and towns in various regions.

2.1.4 The development of small towns has been considered by the Chinese government a national strategy to promote the rural economy and social development. The transformation of rural population into urban population is the key to urbanization. Small towns could help to absorb rural surplus labors, thus mitigate the pressure on large and medium-sized cities added by new immigrants from rural areas. With scientific planning and rational distribution as the principle, Chinese government carefully guides and strongly encourages the development of small towns.

There is a total of 47,600 small towns (including towns with administrative status and market towns) and more than 20 million township enterprises in China. The development of township enterprises is a unique contribution made by Chinese farmers to the development of rural economy, industrialization, modernization and urbanization in China. The township enterprises and more than 50,000 various markets in small towns offer a large number of employment opportunities for the rural surplus labors, and also provide secure financial resources for the infrastructure construction in small towns.

## **2.2 Urban and Rural Planning**

2.2.1 Since 1996, there has been a continued rapid development of cities and vigorous construction of small towns in China. The quality and level of urban and rural planning were enhanced and the related legal framework was improved to respond to the needs of developing socialist market economy. The master plans of all the cities, most towns with administrative status and 75% of villages have been either revised or formulated. The vast urban and rural areas in China have taken on a new look.

2.2.2 To address the problems caused by the fast growth of cities and rural areas, Chinese government further emphasized the importance of planning. Two government orders, namely the Notice on Strengthening Urban Planning and the Notice on Strengthening and Improving Urban and Rural Planning, were issued in 1996 and 2000 respectively to stress the strict implementation of the related laws and regulations including the City Planning Act and the Regulations on the Management of Village and Town Planning and Construction.

2.2.3 The quality of the urban and rural planning is further emphasized. During the process of formulating and approving a plan, specialists should be invited to provide technical consultation, and the government sectors in charge of environmental protection, economy, planning, culture, transportation and land and the public as well as the local residents are encouraged to present their opinions on the plan.

2.2.4 Enhancing the integration of socio-economic development and environmental protection is one of the major principles that the urban planning work should follow. City master plan should reflect the attention to the protection and improvement of urban ecological environment, green space construction, urban sanitation, preservation of historic and cultural heritage, maintaining the local traditional style, and the pollution control. In 1999, the master plan of Shenzhen City won the City Planning Prize awarded by the 20<sup>th</sup> Congress of Union of International Architects held in Beijing for its success in promoting the local economy while at the same time creating an amiable environment for its residents.

2.2.5 Urban renewal planning and settlement planning play a more prominent role in urban construction. Space and environment design, which highlights the local style and beautifies the environment is underlined in the planning. Through adjusting the land use structure, improving the layout, and increasing residential areas, green space and public space, urban renewal projects have greatly improved the urban environment and cityscape. In Chengdu city, to implement the city river

revitalization project, more than 1,200 small plants were relocated and replaced by greenbelt along the river. The similar thing happened in Dalian. During the implementation of downtown redevelopment project in Dalian, 81 enterprises, which produced serious pollution, were removed from the downtown area to make room for public green space. In Nanjing, the creation of a city wall typical in Ming Dynasty (1368—1644) and 3 new traditional gardens demonstrates the tradition-sensitive urban design efforts required by the city's master plan.

2.2.6 Town and village planning continues to develop. Construction plans have already been formulated in most towns and villages in China to promote the construction of infrastructure and new type of residential areas and improve the living condition in these areas. To encourage the rural economic development in remote areas and places inhabited by minority groups, Chinese government is making efforts to provide financial and technical support to improve access to electricity, radio and television networks, and roads and highways in these underdeveloped areas. So far, 96% of all the towns and villages have access to electricity, % have access to radio and television networks, and nearly 90% have access to roads and highways.

2.2.7 However, problems still exist: construction in violation of plans can be seen from time to time; the development of villages lack planning and management; and a strong supervision mechanism is needed for the implementation of plans.

## **2.3 Post-disaster Reconstruction**

2.3.1 In the summer of 1998, China's Yangtze River Basin and Songhua River and Nenjiang River Basin were hit by serious floods, which were rarely seen in history. Twenty-nine provinces suffered from different degrees of waterlogging with more than 200 million people being the victims and nearly 5 million houses damaged. Among the twenty-nine provinces, seven including Inner Mongolia, Jilin, Heilongjiang, Anhui, Jiangji, Hubei and Hunan had the worst situation. In these seven provinces, more than 2,600 towns and villages with several hundred thousand households and over one million people should be relocated.

2.3.2 Disaster relief and reconstruction work was undertaken with different approaches in different flooded areas. In the Songhua River and Nenjiang River Basin (Northeast China), lives were restored and houses were rebuilt on their original place. But for the reconstruction in the Yangtze River Basin, comprehensive efforts were announced. In the upper reaches of the Yangtze River, in order to conserve water and soil, deforestation is strictly prohibited and the farmland and pasture will be gradually converted into forest. In the middle and lower reaches, the waterways should be dredged and the dikes should be strengthened in a planned way, and the villages located in the low and flood-prone areas should be moved to higher places. In this way, the life restoration effort can be in compatibility with the long-term goal of flood elimination and the improvement of ecological environment in the flooded areas

2.3.3 Reconstruction plans were developed for all the flooded towns and villages. Immediately after the flood, the central government and provincial governments sent more than 4,000 planners and designers to the flooded areas to help to plan the



distribution of reconstructed towns and villages, formulate the construction plans for new settlements, and study the land use issue and identify the locations of public buildings and infrastructure development.

2.3.4 The Chinese government mobilized various resources to facilitate the reconstruction work. The general design drawings of affordable rural housing suited to local custom were prepared for the flood victims as a technical guide when they rebuilt their houses. Various kinds of financial resources including government subsidies, bank loans, insurance companies' indemnity and donations were utilized and building materials were allotted to promote the housing and infrastructure construction in the flooded areas. Through these efficient and effective disaster relief measures, the victims were resettled in a well-arranged way.

### **Chapter 3 Urban and Rural Infrastructure Development and Environmental Management**

The role of urban and rural infrastructure was further recognized in the recent years, which has resulted in an increasingly expanded development in this sector. The government stressed the principles of infrastructure development as--"mainly sponsored by the state government, while mobilizing resources from local governments, departments and collective economies under coordinated planning and administration through competition mechanism." At the same time, the government continued to carry on "overall renovation of urban environment" and "landscape cities creation" movements, which has effectively upgraded infrastructures and improved urban environment quality.

#### **3.1 Achievements**

3.1.1 Water supply. In 1998 fixed asset investment of urban water supply reached 16.099 billion RMB yuan, increased by 21.6% than that of 1996. Annual water supply totaled 47.047 billion-cubic meters. Urban tap-water connection rate reached 95.97%, with a daily per capita consumption of 214 liters. These figures almost reached the targets for the year 2000. By the end of 1998, tap-water coverage ratio in the rural area reached 39.34%, an increase of 7.34% comparing with the figure of 1996. While efforts have been made to expand water supply capacity, water quality regulation is also highlighted with the construction of all-level supervision network. With the implementation of "Year 2000 Plan for Technique Progress and Development in the Sector of Urban Water Supply", this sector had seen a considerable improvement in management and services, which consequently brought about better quality and safety index.

3.1.2 Road construction. With accelerated economic development and urbanization, traffic becomes a conspicuous problem. Consequently the development of road and traffic facilities receives more and more attention from all levels of governments. In 1998, investment in urban road construction (including bridges) reached 61.61 billion RMB yuan, contributing 41.7% of the total investment in urban municipal and public facilities. By the end of year 1998, total length of urban road reached 145.1 thousand kilometers, a jump of 13.1 thousand kilometers over 1996's. The constructed road area totaled 164 thousand square meters, 21 thousand more than that of 1996. Average

road area per capita in 1998 reached 8.26 square meters, surpassed the target of 2000 in advance. Public transportation line totaled 84.72 thousand kilometers, 9012 kilometers more than that of 1996. 189002 public transport vehicles were counted in 1998, 40893 more than that of 1996, with an average ownership of 8.6 vehicles per ten thousand capita. By the end of 1998, a total of 3.23 million kilometers' rural road had been constructed with 82.61% of them paved. In general, the recent road development had well released the traffic problems.

3.1.3 Electricity network construction. Considerable progress was achieved in 1998 with total investment completed 22.7 billion RMB yuan in network construction and renewal. 99.8% "statutory towns", 97.5% "market towns", and 83.7% villages had electricity access.

The telecommunication sector also grew rapidly with a total turnover of 224.8 billion RMB yuan. Telephone service, in particular, kept a steady and rapid growth in this year. About 283.4 million customers were newly connected, which aggregated the whole connection to be 110 million. (Including "Liantong", the second largest telecommunications company). An outstanding growth of mobile phone service had put itself as the pillar business of the telecommunication service, with 113.2 million newly increased customers and an aggregated total of 249.8 million, the 3<sup>rd</sup> largest in the world. The national public telecommunications network had seen its remarkable strengthening in capacity with an overall service improvement.

3.1.4 Environment construction. In recent years, the Chinese government has paid great attention to the environment construction with increased investment in environmental facilities and stricter regulation. The following areas were set as government priorities: urban sewage and solid waste treatment, fuel structure adjustment, public transport, cleaning vehicles, overall urban environmental renovation, and greening (by planting trees and grass). In the aspect of waste water treatment, "three rivers-three lakes projects" (Huai River, Hai River, Liao River, Tai Lake, Chao Lake, and Tianchi Lake) are highlighted by basin management. In 1999, as much as 1.73 billion RMB yuan's government bond was issued for the "three rivers-three lakes project", including 118 sub-projects. By the end of 1998, there were 398 sewage utilities with a total capacity of 1583.28 m<sup>3</sup>/day in this country, 37.35% more than that of 1996. Urban sewage treatment ratio reached 29.55% in that year. Garbage disposal capacity reached 235.4 thousand tons per day, 40.8 thousand tons more than the 1996's, with a disposal rate of 58.41%. Gas supplied 78.87% of the urban population, whilst district heating covered 865.4 million square meters in the urban area, 131.07 square meters more than that of 1996. Average "public green space" per capita in the cities reached 6.06 square meters; with a "green coverage ratio" of 26.56%. In the "statutory towns" or "market towns", the average open space per capita were 2.74 square meters and 2.22 square meters respectively. By the end of 1998, altogether 59 cities had publicized the "weekly air quality review". Since the July 1 of 1999, gasoline with lead was prohibited in *zhixiashi* (municipalities directly administrated under the state council), provincial capital cities, special economic zones, coastal cities, and priority tourist cities. In addition, the movement of "landscape cities creation" was promoted by government's enormous efforts. The environment in both urban and rural areas has consequently seen remarkable improvements.

### **3.2 Policies and regulations.**

3.2.1 Active financial policies. Since 1998, in order to mitigate the effect of Asian financial crisis and ensure a steady economic growth, the government has been adopting active financial policies by expanding internal demand. The government had made more investment in infrastructure development by 100 billion RMB yuan's bond and another 100 billion-bank loan. The urban infrastructures alone shared 50.3 billion RMB investments or 712 projects. These had enabled the fixed asset investment in urban infrastructures to reach 147.76 billion RMB yuan, 35.6% increased over the year of 1996.

3.2.2 Legislative construction. In 1996, the government promulgated "Protection Law of Solid Waste Pollution", which symbolized the legal administration of solid waste pollution control. "Urban Road Administration Regulation" was also promulgated to provide a legal ground of urban road construction and regulation. In addition, the Ministry of Construction promulgated "Provisions of Quality Control over Urban Water Supply" to enforce water quality supervision.

3.2.3 Tariff reform. In 1998 the government promulgated "Regulation Rules of Urban Water Tariff", the first official document on water tariff since the foundation of the People's Republic of China. This Rule provided meaningful and practical ground for both water tariff reform and the forthcoming utility restructure. In 1999 the government issued "Circular of enforcing waste water tariff collection and establishing a smooth circulation of urban waste water discharge and central treatment", specifying the collection formalities and further regulated the urban sewage reform.

3.2.4 Main problems. The accelerated process of urbanization, industrialization, and modernization ask for increasing demand for infrastructure development and better environment quality. The existing urban and rural infrastructures, which are far behind the developed countries, can not follow the rapid steps of economic development and urbanization process. Water pollution, shortage of water supply, backward water-saving techniques and management skills, traffic congestion in big cities, and poor environment quality all remain to be solved.

## **Chapter 4 Economic Development and Social Progress in China**

### **4.1 Economic development outline in the Ninth Five-Year Plan period in China.**

The sustained and stable economic development in the Ninth Five-Year Plan period in China has provided a foundation for the development of housing and public facilities and the improvement of ecology. It has also improved community development in cities and the living standard of the people.

4.1.1 Economic growth rate. The growth rate of gross domestic product (GDP) for years from 1996 to 1999 was 9.8%, 8.5%, 7.8% and 7.1% respectively. GDP in 1999 reached RMB 8,205.4 billion yuan.

4.1.2 Price. China's economy has gone through the "shortage" situation, with retail

price index and aggregate market prices keeping falling. Concurrently, the prices for public transportation, water supply, gas supply and other municipal products and services have been reasonably adjusted. Annual consumer price index for the years from 1996 to 1999 was 108.3%, 102.8%, 99.2% and 98.6% respectively.

**4.1.3 Fixed Asset Investment.** Total national fixed asset investment kept the yearly growing momentum. The annual growth rate for 1996 through 1999 was 14.8%, 8.8%, 13.9% and 5.2% respectively. Total national fixed asset investment in 1999 reached RMB 2,987.6 billion yuan, among which RMB 401.0 billion yuan was put into real estate development, an 11% year on year increase. New progress was achieved in the areas of urban infrastructure development and housing construction.

**4.1.4 Revenue.** The proportion of revenue in GDP has been growing year by year. For 1996 through 1999, it grew by 10.9%, 11.6%, 12.4% and 18.86% respectively, rising to RMB 1,137.7 billion yuan in 1999 from RMB 740.799 billion yuan in 1996.

**4.1.5 Balance of payment.** From 1996 to 1999, the annual growth of the total volume of import and export was 3.2%, 21.01%, 0.53% and 6.1%. The total volume grew to \$360.7 billion in 1999 from \$289.8 billion. The foreign exchange reserve at the end of 1999 was \$154.7 billion.

**4.1.6 Population and employment.** A general trend of lowering down of the population growth has emerged. From 1996 to 1999, the natural growth rate of the national population was 10.42‰, 10.06‰, 9.53‰ and 8.17‰ respectively. The total population reached 1.259 billion in 1999. The total number of people employed was 688.50 million in 1996 and rose to 705.86 million at the end of 1999. The registered unemployment rate in urban areas was 3.3.1%.

## **4.2 Urban economic development and structural readjustment**

**4.2.1** Cities play a decisive role in the national economy and social development. In 1997, GDP by cities with or above prefecture status accounted for 44.09% of the national GDP, while the secondary and tertiary industries by these cities took up 46.2% and 58.98% of the national ones. For the same year, their fixed assets investment, total industrial output value, year end people employed, total retail sales accounted for 47.97%, 44.04%, 20.78% and 51.01% respectively of the national figures. In 1999, total retail sales of consumption commodity in all cities accounted for 61.3% of the national figure.

**4.2.2** Structural readjustment of the economy. The principles for the readjustment are as follows.

- Be market oriented and enable the production to accommodate with market changes home and abroad.
- Be science and technology driven to optimize the industrial structure
- Give full play to local advantages and promote coordinated development of national economy.
- Transfer the economic growth mode and change the situation of high input and low output, high energy consumption and low return.

Recently, the focus of the economic structural readjustment has shifted from readjustment of supply structure to that of demand structure. With large scale industrial structural readjustment of "quitting the secondary industry and entering the tertiary industry" in cities, the structural ratio of the primary, secondary and tertiary industry (calculated by value added) nationwide was changed to 17.32:49.73:32.95 in 1999 from 20.5:48.8:30.7 in 1995.

#### **4.3 Township enterprises and rural economy and development of small cities and towns**

4.3.1 The Chinese government has been committed to the development of agriculture and rural economy. Agricultural development is now advancing in the direction of great agriculture of simultaneous development of agriculture, forestry, animal husbandry, by-products and fishery. In 1998, grain output reached 456.24 million tons, pork, beef and mutton 57.0 million tons, egg 20,00 million tons, milk 7.45 million tons, fruits 54.53 million tons, aquatic produce 39.07 million tons.

The growth of rural economy made possible the improvement of the living standard of farmers and their housing conditions. In 1998, average net income per rural resident reached RMB 2,160 yuan, and their average living space reached 23.7 square meters. Moreover, improvement was achieved in their housing quality, infrastructure and public facilities and services. As a result of the popularization of agriculture science and technology and increase in labor productivity, agriculture and rural economy structure have been optimized, with a notable rise of the proportion of non-agricultural economy in the whole rural economy. In 1998, the proportion reached 77.7%, among which the secondary industry accounted for 63.6%, and tertiary industry 14.1%. Rural economy is growing along the road of comprehensive development with agriculture as the focus. The prosperity of rural economy has laid a solid foundation for the growth of the national economy.

4.3.2 Township enterprise, a great creation of the Chinese farmers, has become the mainstream of the rural economy and one of the mainstays of the national economy. It has made great contributions to the economic development in rural areas and has quickened the process of rural modernization, industrialization and urbanization. In 1998 the number of township enterprises throughout China has totaled more than 20.03 million, producing value added totaling RMB 2,200 billion yuan and utilizing a capital of RMB 3,300 billion yuan. Township enterprises generated 28% of the national GDP and 21% of the national tax revenue.

In addition, township enterprises have absorbed a large numbers of surplus rural labor, enlarged rural employment and increased farmers' income. In 1998, the number of employees in township enterprises throughout the country totaled more than 125.36 million.

The development of township enterprises has accelerated China's industrialization process and the development of small towns and villages, representing a significant characteristic of China's urbanization process. The advantages in capital, technology and labor brought about by the centralization of township enterprises have stimulated investment and demand, quickened the construction pace of towns which are economic and cultural centers in rural areas, enlarged infrastructure construction

demand in towns and have eased pressure of surplus rural labor who would have otherwise emigrated to large and medium-sized cities.

In line with the agricultural and economic restructuring in rural areas, township enterprises are accelerating their industrial and products restructuring. Their efforts have focused on high-tech industries, agricultural by-product processing, storage and transportation, produce fresh keeping, and the tertiary industry incorporating commerce, catering and tourism in towns. The implementation of development strategy of the west region of the country has provided a new opportunity for these township enterprises.

#### **4.4 Social Welfare Insurance and Poverty Alleviation**

4.4.1 Directions of China's social welfare insurance system: To reform pension fund system for urban employees and to gradually set up different forms of pension fund in rural areas in accordance with the principle that the state, the collective and the individual share the cost; to gradually form multi-layer social insurance system that combine social insurance, social benefit, social welfare, priority placement, mutual assistance and personal saving insurance. Appropriate policies shall be developed to protect the legal rights of women, the under-aged, senior citizens, and the disabled and other disadvantaged groups. The minimum living allowance and compensation system shall be formed. The veterans shall be arranged according to the law. And efforts shall be made to actively develop social welfare, community service and welfare facilities.

4.4.2 The pension system of combining social contribution and personal account shall be adopted. The legal insurance premium shall be shared by the state, the collectives and the individuals. The focus shall be on the development of enterprise supplementary pension insurance and personal savings pension insurance. By the end of 1999, the universal enterprise employee pension insurance system in the country had been realized, with a total number of 94.33 million employees and 29 million retired people participating the basic pension insurance scheme. For the year a total of 188 billion yuan of pension fund was distributed.

Adopting various forms, pension funds in rural areas shall focus on family insurance and be guided by the government with voluntary participation by farmers. The central piece for the ninth five year plan period has been introducing the social pension scheme to township enterprises and those with stable incomes. By the end of 1998, 2,123 counties and cities and 65% towns and villages in 31 provinces, autonomous regions and cities directly under the State Council had adopted rural social pension insurance schemes, with a total rural population of 80.25 million participating the schemes.

4.4.3 To establish unemployment insurance system that combines unemployment benefits covering all urban employees with reemployment. In May 1998, the government stipulated clearly that reemployment centers shall be established widely and to strengthen administration over laid-off workers. To spare no efforts to maintain the basic living expenses for the laid-off employees and their social welfare fund. To establish the minimum living allowance system..

In 1999 the government issued The Unemployment Insurance Regulations which extended the unemployment insurance coverage to all types of enterprises, institutions and their employees in urban areas. By the end of 1999, the total number of people in the country participating the unemployment insurance had reached 99.12 million. 93% of the laid-off employees of the state-owned enterprises registered with reemployment centers and 90% of them received basic living allowances. Over 1 million people received unemployment insurance benefits.

4.4.4 The social assistance system has been set up to provide assistance to low income families and to protect the legal rights of orphans, the aged, the sick and disabled people. The system has provided social relief to poverty-ridden people in urban areas in accordance with the minimum living standard. By the end of 1999, the minimum living insurance system had been set up in 667 cities and 1682 counties, benefiting 5.257 million people.

4.4.5 In September 1996, the State Council strengthened its poverty alleviation efforts by specifying the target of basically solving the problems of clothing and feeding of poor people in rural areas by 2000. Since 1996 about 32 million people have been relieved out of poverty.

The Chinese government has paid special attention to providing various social welfare to disadvantaged social groups. The government has made special efforts to accelerate developing welfare services facilities for senior citizens such as home for senior citizens, as well as welfare facilities for children. Special efforts have also been made to subsidize welfare business, aiming to establish a centralized and decentralized combined employment system for the disabled.

4.4.6 The medical insurance system that combines social medical fund and personal medical account has been set up and various rural medical insurance schemes have been developed. In 1998 the government promulgated Decisions on Establishing Basic Medical Insurance System for Urban Employees, launching the medical insurance reform of "low standard, wide coverage and mutual expenses sharing".

## **Chapter 5 Urban and Rural Planning and Settlements Management**

### **5.1 Management of urban and rural planning**

An efficient planning management system has been established in China, with the planning administration in the central, provincial and municipal (county) governments as the three levels in the system.

5.1.1 Urban and rural planning administration is crucial to the successful implementation of the planning. Once an urban planning is approved, the municipal government shall make it known to the public to facilitate public understanding participation and supervision. The municipality carries out urban planning administration by means of "site selection proposal", "planning permit of land use for development" and "planning permit of construction project". The municipal government shall ensure that all land uses and constructions in the districts upon which the urban planning has been enforced meet the requirement of the urban

planning. In addition, many cities have adopted strict control over ongoing projects for which environmental protection facilities shall be simultaneously designed, constructed and put into operation.

5.1.2 Legislation development is fundamental to the urban and rural planning administration. After promulgating "the Urban Planning Law" in 1990 and "the Regulations on Villages and Township Planning and Construction" in 1993, the Chinese government has promulgated another 5 urban and rural planning administration regulations and 10 urban and rural planning standards. And each province has put forward its local regulations on enforcing the Urban Planning Law.

5.1.3 Strict land use management. It is one of the fundamental policies of the Chinese government to highly cherish and rationally use land and protect arable land. In 1998, the Chinese government revised the Land Administration Law to protect arable land by enforcing strict control over non-agricultural land use, economizing land use and containing excessive growth of land use in cities and rural areas. The government practices strict land use administration measures through an integral land use administration system for both rural and urban land.

The land use in urban areas is guided by the urban planning standards promulgated by the state. The implementation of state land use policies has produced encouraging results and urban and rural planning has become the basic principle guiding the rational use of land.

5.1.4 To strengthen the legal inspection of urban planning enforcement. Facing with the phenomenon where urban planning laws and regulations have been broken, living environment damaged, green space encroached, and historic and cultural heritage jeopardized in the economic development in recent years, the government has intensified its supervision and legal inspection over development projects, and dealt seriously with and remedied all sorts of unlawful activities. For 1999 alone, nearly 10 million square meters of illegal buildings was demolished in big cities across China.

5.1.5 To prioritize the conservation of historic cities and cultural heritage sites. The 99 state historic cities and 82 provincial ones are valuable historic and cultural heritage. The Chinese government, attaching great importance to the planning, conservation and management of historic cities, strictly forbids any activities that are harmful to their conservation. For the end, the State Expert Commission on Historic Cities was established in 1994.

5.1.6 To make the administration transparent and encourage public participation. In order to upgrade urban planning administration, the related authorities have to make public their work process, basis and results; to establish supervision system and set case time limit; to solicit proactively social and public opinion and to review regularly their performance quality.

5.1.7 To pay attention to the needs of the disadvantaged groups in urban planning administration. The government has promulgated "Design Standard for Urban Roads and Buildings with Easy Access for Disabled People", and has implemented the program of "Ten Year for the Disabled". For example, the blind way has been laid in new or renovated roads in some cities.



## **5.2 Residential area management and property management**

5.2.1 Since 1996, the Chinese government has been undertaking firm reforms to the obsolete system of residential area management by introducing a social, professional and market oriented property management system that combines property management by owners with that by professional property management companies. The reforms have flourished the property management business and led to marked improvement of the living environment and quality of the residents.

Property management for existing residential areas was started in 1997. Local governments played an active role in formulating plans and implementation measures by mobilizing public enthusiasm and fund so to introduce all-round property management for old residential areas. Such practices, having transformed the management system, improved the services, supporting facilities and the overall living environment, have won the support of the residents.

5.2.2 The achievements are attained thanks to the following policies:

1. Strong leadership and concerted arrangement by local governments that have regarded introduction of property management for residential areas as a key element of urban management system reform. At present most municipal governments have set up special offices charged with clear goals and responsibilities to create sound conditions for property management development by working out practical measures and coordinating with various governmental departments.
2. Gradual implementation of property management on the basis of sound examples. Under the guidance of the state policies, local governments implemented property management for residential areas in a planned and step by step manner by organizing pilot programs and summarizing experiences. The pilot programs have helped not only to explore property management models that are suitable to Chinese conditions and accumulate experiences but also to won public recognition of the new system.
3. Competitive mechanism and economy of scale. To encourage competition in property management, the government stipulates clearly that bidding system must be adopted for contracting property management service for those properties that enjoy favourable governmental treatment or those projects that owners would like to select a property management company. The government also encourages property companies to open up markets through policies and economic leverage. Companies are encouraged to undertake reorganization in order to realize economy of scale and cost effectiveness and to increase their market competitiveness.
4. Quality services and standard tariff. In line with the stipulations of "recovery of cost and marginal profit, and service to the society" set by the government, property management tariffing should abide by the principles of fairness, openness and affordability by the consumers. Tariff for low and medium income residential buildings should be mandatorily priced and subsidized by the government.
5. Strengthening of legislation and of management, supervision and control by the government. The central and local governments attaches great importance to property

management legislation in order to protect the legal rights of owners, occupiers and property management companies and to ensure the healthy development of property management of residential areas. From 1996 to 2000, the government promulgated more than 10 pieces of property management laws and regulations, supplemented by local laws and regulations.

### **5.3 Community management and public participation and input**

In order to give full play to the initiatives of the residents and to represent their interests in the process of property management, it is clearly stipulated in related laws and regulations that responsible governmental organization should help to establish the Owners Committee when 50% floor area of a new residential area has been put into use or 30% of old public owned residential area has been sold. The Committee should execute the right of supervision on behalf of the owners

The Owners Committee is an organization that represents and safeguards the legal rights of all owners in the property management process. Its main responsibilities are: to execute rights and obligations of the property management on behalf of the occupiers in the capacity of title holders; to select property management companies through market and assign the service to the company in the form of contract; to supervise the services provided by the property company; to be self-disciplinary and to oversee the implementation of property management systems by the owners and occupiers.

## **Chapter 6 Future actions and explorations**

### **6.1 The immediate policies and actions on housing development in China**

6.1.1 To continue the urban housing system reform, speed up housing commercialization and socialization.

6.1.2 To further improve taxation and tariff policies, encourage housing construction and consumption. According to the situation that the housing demand is insufficient, the taxation policies will be studied and formulated to encourage housing construction and consumption and the burden of housing purchase and sale as well as the housing rental taxation and fees will be reduced.

6.1.3 To create better market environment, improve market system and enliven real estate market. Through the implementation of various tax and fee reduction and exemption policies which have already come into effect, we will push the establishment of agent, circulation and service organizations as well as information system to foster and regulate the agent's market, standardize the behavior of the agents and service people, regulate and improve agent service system.

6.1.4 To increase housing consumption.

We will strive to reduce housing construction cost by way of the elimination of unreasonable consumption in housing construction, rationalization of the fund resources of urban infrastructure construction, reduction of the other fees related to housing construction and the demolishing and resettlement cost. Speed up the reform

of payroll system, increase the content of the housing consumption in payroll; implement the housing subsidization; improve the affordability of residents and encourage residents to buy housing through the increase of the ratio of public fund and delivery rate.

6.1.5 To adopt policies to assist multi-channel housing construction and consumption. We will implement encouraging preferential policies for the ordinary commodity housing, comfortable and affordable housing which are built by institutions or enterprises on their self-owned land, extended and renovated housing or students' apartments by universities and colleges, research institutes and enterprises.

6.1.6 To push forward the modernization of the housing industrialization to improve the housing quality. We need to establish the housing quality guarantee system and various quality management regulations, accelerate the setting of sub-standard housing quality authentication and testing codes, establish compensation system for sub-standard housing quality so as to protect the legal rights of the housing consumers.

6.1.7 To strengthen management, improve service to facilitate the housing marketing. To provide the a good living environment for the housing consumption of residents, we will maximize the simplification of the housing purchasing and sale procedures, reduce various fees in the housing circulation, improve the working efficiency of housing property rights registration and certification and improve the level of agent service.

## **6.2 The immediate plans of housing reform in China**

The housing reform work in China in the near future will be focused on how to start the residents' housing consumption. Our working priority will be to speed up the formulation of various systems. We will further mobilize the enthusiasm of residents to buy housing and guarantee the sustainable development of housing construction by deepening reform, expanding demand, improve supply, enliven market and expand credit in order to foster the housing construction as the new economic growth point.

6.2.1 To identify and improve the currency system in housing distribution. The State will make big efforts to carry on various policies and set up currency system in housing distribution to ensure the subsidiary fund in place and guarantee residents' affordability. The current emphasis is to push forward the housing currency distribution. According to the different situation of the present institutions and enterprises, the State will formulate the guiding opinions of institutions and enterprises in this regard. In accordance with the principle of "different methods, voluntary selection of designs and democratic decision-making", we will carry out different subsidy policies to different enterprises, use the limited subsidiary funds to mobilize more people to pool money in housing consumption.

6.2.2 To expand the sale and rental of the existing public-owned housing. The State urges the local governments to define the scale of the sellable and unsellable public-owned housing, push more residents to buy public-owned housing through gradual adjustment of cost price and rents of public-owned housing.

6.2.3 To further improve the system of public-owned housing, largely develop the

housing credit of staff. Further carry out the "Housing Public Fund Regulation" to concentrate the fund intensively, regulate the management of the public fund, carry out the multiple forms of housing financing means and repayment, push the housing consumption credit loans to the new and extensive development direction.

6.2.4 To speed up the enforcement of the low-rent housing system and improve housing supply system. We need to take active measures to improve low-rent housing supply and encourage using housing sale funds to buy old public-own housing, or the government or employers invest to build low-rent housing to meet the need of the lowest income groups in the urban area.

### **6.3 Capacity building for housing development**

6.3.1 Housing construction and reform. The Chinese government attaches great importance over improvement of staff quality related to housing construction and housing reform, the Chinese government started to practice license authentication system in fields of construction planning, implementation, cost and real estate appraisal in 1995 and promulgated the Architects Licensing Regulation of the People's Republic of China and the Temporary regulation on Real Estate Appraiser License Authentication System. Licensing of real estate appraisers has basically connected with international practice and so far more than 10,000 architects and 15,000 appraisers have been licensed. 17,000 people have obtained construction price calculator qualification, 16,930 of structure engineer qualification. In terms of administration of real estate agents, local government should play their roles and practice qualification and license system.

6.3.2---Institutional arrangement in order to speed up housing construction and raise scientific content and industrialization level of housing construction, cities including Shenzhen and Shanghai have specially established housing bureaus. The Ministry of Construction has set up a housing industrialization promotion center and national research center on housing and habitat environmental engineering technology.

### **6.4 Immediate policies on urban and rural planning**

6.4.1 To implement active and sustainable urbanization strategy. China is researching on urbanization policies adaptable to different economic conditions in order to keep urbanization process in co-ordination with economic and social development and make urban population growth and distribution more reasonable. By year of 2010, nearly 45 per cent of the country territory may have developed to be towns and cities.

6.4.2 To maintain a stable population growth. In order to guarantee economic and social development and ensure sustainable development of human settlements in China, to control and maintain a stable population growth remain a major task of Chinese government. To realize the target, Chinese government will continue to carry out the basic State policy of family planning so to control the total population within 1.4 billion by year of 2010.

6.4.3 To strengthen the plan-making work for national and provincial urban system planning and speed up implementation of provincial urban system planning to guide

balanced development of big, medium-sized and small cities, cities and rural areas and eventually establish a reasonable urban system.

6.4.4 To develop cities in the western region the central government implements a West Region Development strategy to accelerate development of the central and western parts of the country. Cities in the western region will also be developed accordingly to play a leading role as economic centers.

6.4.5 To accelerate construction of small cities is the major channel and characteristic of Chinese urbanization. Small towns and cities accept more rural surplus workers. Development of small towns and cities depends on township enterprises to obtain economic support. City and county urban system planning will guide for healthy and emphasized development of such small cities and towns.

6.4.6 To make whose master plans have been approved must formulate detailed plans and implementation strategies for the guidance of urban construction.

6.4.7 Planning of small towns and cities must have a compact lay-out, save land, protect the environment and emphasize effect.

6.4.8 To make plans to protect historic and cultural relic cities to prevent avoidable damages during urbanization process.

6.4.9 To strengthen legislation on urban and rural planning, handle law violating cases in land use and construction according to laws, to keep reasonable and orderly urban and rural construction and development. Amend and perfect present urban and rural planning regulations. Establish and perfect supervision system on urban and rural planning.

6.4.10 To promote capacity building in planning.

1. To train mayors. Governments at all levels must attach importance over training and continued education for urban and rural planning personnel according to work demands. The central government each year organizes planning training classes for mayors to improve their knowledge on urban planning, construction and management. Local government also organize planning professional training programs for subordinate administrative officials every year.
2. To Train town and village leaders and establish township technician teams. The central government allocate budget to organize training courses each year. Presently, village and townships have established village construction technical service organizations with more than 9,000 professional staffs.
3. To implement planner license system. Within next 10 years, China will continue to strengthen organization and personnel arrangement of planning departments at various levels, improve professional quality of working staff. Starting from year 2000, a planner license system will be adopted, education of professional ethic of planners will be tightened to improve the overall quality and level of the whole sector and promote continuous development of Chinese urban and rural planning and management techniques.

4. To disseminate urban and rural planning knowledge to the public through television, radio and printed media to raise their awareness over planning.

#### **6.5 Short-term policies and objectives for China urban and rural infrastructure development and environment administration**

In the next few years, China will continue its active financial policies by expanding internal demand. Investment in infrastructures will continue to be highlighted, with priority being focused on sewage treatment, garbage disposal, track transportation, water supply in western towns and cities with severe shortage of water, municipal greening, gas supply and district heating. In order to increase the marketability and improve investment environment, further efforts will be made in finance and investment system reform of urban development. Due to the severe shortage of water resource, the 21<sup>st</sup> century may face another round of "energy crisis". Consequently, R&D in water saving becomes an increasingly challenging subject under the government's guideline "broaden sources and reduce consumption, with emphasis in water saving". The government will continue to develop prioritized public transportation and environment facility construction, by making environment-friendly policies and legislative construction to improve the infrastructure development and environment construction.

Legislative construction in rural areas should also be stressed in order to provide legal grounds for rural construction. In addition, technical legislation must be strengthened to ensure a sound establishment of standards and specifications. Exploration of new financial resources for small town development will be encouraged to support the finance and investment systematic reform.

In the urban area, it is expected that by 2005, annual water supply will total 57.4 billion cubic meters or a daily consumption of 253 cubic meters per capita for domestic-use, swage treatment ratio will reach 47%, road area per capita increases to 10 square meters, gas connection rate to 86%, green space per capita to 8 square meters, and poison-free garbage disposal rate to 75%. In the rural area, tap-water connection rate will increase to 54%, daily water consumption to 100 liters per capita, road pavement rate to 23%, open green space per capita to 3.88 square meters, and green space coverage ratio to 21.1%.

## **Chapter 7 International Cooperation**

### **7.1 principle**

The human settlement problem is a global issue. It is also the problem that all national governments in the world concerns about and strives to solve. Adequate shelter for all and the sustainable development of the human settlements are the fundamental principle of international cooperation. It relates not only to the improvement of the living conditions of all people in the world, but also has profound a far-reaching influence on the peace, stability and human unity of international community. The globalization of the world economy has brought about not only opportunities and challenges to all countries in the world, but also risks and indefinite factors. Under this new development situation, the significance of the international cooperation

seems particularly important. The developing countries should bear main obligations on the solution of their human settlement problems, however, the international community, especially the developed countries have the obligations to create favorable environment for the development of the human settlement in the developing world and provide new and extra funds as well as preferential technologies for the developing countries.

## **7.2 progress**

The Chinese government pays much attention to the international cooperation in the area of the human settlements and the various kinds of cooperation with other countries and international organizations. After 1996 especially, the work in the regard by the Chinese government has been strengthened. We have carried out extensive cooperation with countries in Asia, Africa, Europe, America as well as international organizations like UN Habitat, UNDP, World Bank, Asian Development Bank. For example:

- a. In cooperation with UN Habitat, we have successfully held the 1999 World Habitat Day observation activities in Dalian on October 4, 1999.
- b. In order to disseminate the experiences of best practice cases and promote the development of human settlement work, we will hold an International Seminar of Best Practice on Improvement of Living Environment in Chengdu in October of 2000.
- c. China will host the sub-regional meeting of Istanbul+5 in Hangzhou in October of 2000.
- d. In order to improve the management in Chinese cities, China is doing work with UN UMP pilot projects.
- e. In order to introduce easy, low-cost environmental-friendly solid waste treatment technologies, China is carrying out solid waste treatment projects in some of Chinese cities with UN Habitat and the World Bank.

The Chinese government is willing to implement extensive international cooperation to facilitate the solution of China human settlement problems, also, make positive contributions to the preparation of the up-coming Istanbul+5 Conference.

## **7.3 Prospects**

The human settlement problems are one part of the world human settlement problems. China covers 1/5 of the world population and its housing and living conditions still need to be improved. The Chinese government knows very well its responsibilities and the efforts, which shall be made. There is no doubt that the solution of the China human settlement problems is a important contribution to the improvement of the world settlements level and the Chinese government is making strenuous efforts towards this target. The Chinese government pays much attention to the Special Session of the UN Assembly to be held in New York and considers it necessary to hold such an event five years after Habitat II Conference in 1996. The Habitat Agenda

adopted in Habitat II is the programmatic document to guide all governments in the world to realize the goal of adequate shelter for all and the sustainable development in human settlements. Under the guidance of the Habitat Agenda, the Chinese government hopes that, through Istanbul+5, all governments will systematically review both problems and achievements on their own over the last five years and take this favorable opportunity to promote the substantive cooperation between countries in the area of human settlements. □