

DANIEL'S TOUR OF CHINA

September 2018



5. INFRASTRUCTURE

China's infrastructure plans are not like Japan's in the first decade of the 21st century - when roads, railways and bridges were built to remote areas (or the mayor's front door!) just to boost the domestic economy.

“China is much more strategic, and thinking 20-30 years ahead. It is building ten new airports every year and expanding others including Beijing which will become the largest in the world and have seven runways.”

Next year Beijing airport will be able to handle 80 million passengers per year - on a par with Heathrow but with more runways and terminals. Already there are billions of flights taking place across China with most airports unable to cope. Delays are common, so the government has recognised the risk to business and tourism if that doesn't improve.

Inner city traffic congestion

Traffic in Hong Kong was not too bad and the underground train system worked very well. Shenzhen and Shanghai were congested but not horrendous. However, Beijing was gridlocked for most of the time, making us late for every meeting, keeping our hosts waiting and therefore reducing their productivity. The city is built around the Forbidden City which has 4 rings emanating from the centre, which limits the improvements that can be made to the road network. But there is a new ring road under construction and expansion of the subway is underway, which will hopefully make travelling around the capital city much easier in a couple of years' time.

The Greater Bay Area

The vision for the Greater Bay Area, which has been targeted to be China's equivalent to the other World Bay Areas of San Francisco, New York and Tokyo, started decades ago and has many more years to go before completion. The Greater Bay Area includes 9 cities plus the Special Administration Centres of Hong Kong and Macau, and it already has a population of 68 million. It was the 3rd largest contributor to gross domestic product (GDP) last year.

New roads and bridges are being built to connect the 11 centres around the bay so that journey times are cut to no more than one hour.

- One bridge linking Shenzhen to Zhongshan will be 15 miles long and when open in 2024 will cut journey times from 4 hours to 20 minutes.
- The 24 mile long bridge from Hong Kong to Macau is the longest in the world. It opens this year after 9 years of construction and will cut journey times from 4 hours to 45 minutes.

AGENDA

24th September - Hong Kong

- Head of Moody's China
- Moody's Asia Property
- Kaisa Group Holdings (Property Developer)
- BNP Paribas top ranked China strategist
- Agile Group (Property Developer)
- Gleneagles Hospital (Private Hospital)
- Head of Moody's South East Asia
- Deutsche Chief Economist
- Deutsche Asia Chief Economist

25th September - Shenzhen

- Shenzhen Investment Holdings (State Owned Property Developer)
- Shenzhen Investment Holdings' new science park
- Huawei headquarters and innovation centre (technology company)
- SF Holdings distribution centre (logistics company)

26th September - Shanghai

- Fosun International (conglomerate)
- Greenland Holding Group (State Owned Property company)
- Shui On Properties (Property Developer)
- Xintiandi - new mixed use retail/dining centre developed by Shui On
- Yingde Gas (industrial gas producer, owned by private equity)

27th September - Beijing

- Metallurgical Group (State Owned Steel producer)
- Aluminium Corporation of China (State Owned Aluminium producer)
- Orient Advisers (State Owned Asset Management Co.)

28th September - Beijing

- Bank of China (State Owned Bank)
- Lenovo campus and technology centre

- The high speed rail link between Shenzhen and Hong Kong opened during my visit and takes just 14 minutes compared to 2 hours by car.

Within this district is Hainan Island. It is the southernmost point of China and has been targeted to be the tourist destination of choice in the same way as Dubai transformed itself over the past 10 years. To encourage visitors, it is the only place in China where international travellers do not need a visa and if you are interested, BA offers flights from Heathrow, stopping once at Shanghai.

Belt and Road initiative

Beyond domestic infrastructure is the Belt and Road Initiative, or as it is sometimes called ‘One Belt One Road.’



The wider coastline of Nanshan district shown to us in a cinema the Odeon would have been proud of

“Depending on your point of view, it is either China improving its connections to the rest of the world and allowing easier trade with its neighbours, or it is a push for Chinese global domination.”

It is a relatively new initiative by Xi Jinping (i.e. within the last 5 years) but progress has been swift with construction started on corridors linking Eastern Europe, Russia, India, Pakistan and other parts of Asia.

It is an open-ended project even though 2049 is the stated completion date, but it is encountering opposition already as it becomes clear that China might not be so friendly and forgiving when things go wrong.

“In Sri Lanka, China provided the finance for the construction of a new port but last year when Sri Lanka couldn’t meet the repayments on the loan, China took over the port and surrounding land on a 99 year lease.”

The port gives China a strategic foothold in the Indian Ocean and has made other countries like Pakistan think twice before accepting China’s generosity in helping with its own infrastructure. The consequence of this uncertainty is that the expansion of the Belt and Road may slow while countries double-check the small print in their loan agreements.

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