

**THE THIRD PILOT URBAN LAND REFORM
IN SHENZHEN**

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Executive Summary

1. Shenzhen's land system is characterized by a serious shortage of new land supply, high land development intensity, massive housing with limited property right, idle industrial land and under-utilized spaces in urban villages. These have greatly constrained Shenzhen's urban development and call for an urgent and fundamental adjustment to the land sector.
2. On 25 May 2012, the State Council approved the Master Scheme of Shenzhen Land Management Reform, marking the beginning of Shenzhen's third land use reform. The head of Ministry of Land and Resource (MLR) deems this as "a milestone in the land reform history".
3. The objective of this scheme is to stimulate land marketization, enhance land utilization efficiency, legislate land management, and develop a new land use mode that is applicable to highly urbanized regions.
4. The core principles of this scheme are transparent property right (产权明晰), marketization mechanism (市场配置), economization and intensification of land use (土地使用节约集约), and scientific regulation (科学调控).
5. This scheme has a short-term 2011-2015 plan and a long-term 2016-2020 plan. It consists of 8 emphases and highlights 20 issues to improve land property right transparency, boost land redevelopment mechanism, innovate on the land use right transfer system, capitalize and securitize land, and improve the land legislative framework.
6. This scheme has proposed some revolutionary changes to the most crucial and controversial land issues, some of which might challenge current laws and regulations. The MLR grants Shenzhen with the right to initiate special reports to Guangdong province and/or MLR through the Early and Pilot Implementation Policy (先行先试权利).

7. This trial is expected to contribute to the consolidation and improvement of the legislative framework to land marketization mechanism, which will increase the efficiency of land utilization and land use management.
8. This scheme is also expected to not only alleviate the land supply tension in Shenzhen, but also have significant implications for other regions with similar problems. The applicability of this is however doubted as Shenzhen is unique as it is a fully urbanized city with fast economic growth and, relatively higher marketization.
9. As this reform targets some long unresolved thorny issues and proposes some innovative ideas that might challenge the current land legislative framework, its implementation is expected to be fraught with uncertainties. At this stage it is still too early to judge the effectiveness of this scheme or make any evaluation of the implementation efficiency.