



HISTORY

Wuhan: China's Travel Hub

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My recent trip to China was eventful for a number of reasons, one being how quickly, comfortably and efficiently my team and I could travel from one city to the next via high-speed train. I continued my tour of China with a stop in Wuhan, the capital of Hubei province. The city has three railway stations including a new high-speed, 11-platform station that opened in 2009, where we arrived.

Many have compared Wuhan to the US city of Chicago because of its central location, its large industrial base and its importance as a major transportation hub. Situated at the intersection of the Yangtze and Han rivers, Wuhan offers connections to cities across China by road, rail and air. Wuhan has an ancient history spanning some 3,500 years, but got its modern name in 1927 when three older towns were combined—Wuchang, Hankou and Hanyang.



Wuhan, China

Cementing Future Growth

Wuhan boasts good infrastructure, including roads, railways, seven bridges and a tunnel across the Yangtze River. Given the tremendous building boom in the last 20 years, not only in Wuhan but in all of China, it is no surprise that production of cement used to make concrete (a mixture of water and natural elements such as clay, limestone or sand) has mushroomed. The Three Gorges Dam in Hubei Province required more cement than the entire annual production in the United Kingdom, and, if laid at a one-cubic meter level, the overall concrete used in the project would circle the earth three times.¹ Construction started in 1994 and was completed in phases; today, the dam controls floods that had devastated the city in the past. The dam wasn't the only project swallowing up a lot of cement. China consumed more cement from 2011-2014 than the United States has since 1900.² In 2014, China produced enough cement to make 330 billion cubic feet of concrete, enough to cover New York City's Manhattan Island with a 520-foot-thick block!³



Hubei Provincial Museum

My team and I arrived in Wuhan during the weekend, so we decided to take in the cultural and commercial sites to see what was happening in the city's tourist and retail spaces. First, we visited the Hubei Provincial Museum with its impressive collection of over 200,000 artifacts, the most fascinating (in my opinion) items being ones from the tomb of Marquis Yi (ruler of Zeng), who died around 400 BC. The tomb was accidentally discovered by the People's Liberation Army (PLA) in 1977 while clearing a hill to build a factory, unearthing many items reflecting the ruler's life and death. The fact that we can now see these and other artifacts in almost pristine condition is remarkable.

Strategically located, Wuhan's importance to trade meant that when foreign powers were extracting concessions from China in the 19th century, the riverfront was divided into foreign-controlled merchant districts. Some of those old European-style shops and warehouses have been restored, serving as a unique "Han Street" shopping area and a backdrop for new high-rise hotels, office buildings and shopping malls. We enjoyed a few visits to Han Street among the crowds of Chinese shopping and eating in the various restaurants. While walking along the street we were given a flyer by a salesgirl in front of her "wealth management" shop. The flyer offered generous gifts for anyone who invested, and the potential returns that were promised were quite generous. While I thought such returns were probably too good to be true, I learned it was a "peer-to-peer (P2P)" operation; individual borrowers and lenders were matched up, with the company acting as an intermediary and providing credit and risk assessments. To us, this indicated just how fast China's financial industry is expanding into the retail sector.

Financial liberalization has also made headlines in China. That same day I read in the *China Daily* English-language newspaper about an underground bank that had been busted in Zhejiang province. The case involved RMB 410 billion (about US\$64 billion) in an operation involving the registration of more than 80 shell companies in China and Hong Kong to operate foreign-exchange transactions and money laundering. Reading the details of the case gave us an idea of how the flow of money in and out of China takes place and how big the illegal flows are. China's government has been working to reduce corruption and trace capital outflows, and thus has been cracking down on these types of operations.

Walking in the busy shopping area, we passed a beauty parlor/barbershop with four floors packed with people, part of a chain with 200 stores in the city. My colleague Chris needed a haircut, and his barber offered him a special discount card where you pay upfront for future visits, a common way for businesses to drum up sales and finance expansion plans.



At the Hubei Museum of Art

Our next stop was the Hubei Museum of Art where we saw how China fit into the modern art scene with a number of eclectic exhibitions—some trends which I am not very excited about! One strange installation took up a whole room and consisted of bales of waste paper that the artist produced by slicing up his own prints. An exhibition I found particularly interesting at the museum was about the development of art in Wuhan from the start of the revolution against the Qing Dynasty. It showed how Western influence on Chinese art became important and how propaganda art was developed during the war against Japan.

After visiting the museum, we headed for the city's most famous tourist spot, the Yellow Crane Tower. Standing on top of a hill overlooking the Yangtze River, it's about 51 meters (about 168 feet) high and has five floors with yellow-tiled upturned pagoda-type eaves, apparently designed to resemble a yellow crane spreading its wings. It was originally built around 220 AD but has been reconstructed many times since then. The tower's current incarnation included an elevator for people who can't—or don't want to—struggle up the five floors to reach the top. I walked up for the exercise and it was quite a climb! Each level had its own set of displays about the history of the tower and city. At the top, the views of the city and river were stunning.



Yellow Crane Tower, Wuhan, China

In line with the Taoist legend related to the Yellow Crane Tower, we also decided to visit the famous Taoist Changchun Temple, built in the Yuan Dynasty by the disciples of Qiu Chuji, one of the seven northern immortals of Quanzhen Taoism. Qiu Chuji is said to have made a one-year journey to Afghanistan to advise Genghis Khan on how to live longer. Qiu himself lived for 100 years. Apparently he told Genghis Khan that “if you want to live longer you need to kill fewer people!” We had lunch at the vegetarian restaurant in the temple. The food was delicious with many vegetarian dishes tasting like meat. The Taoist respect of nature is in line with the current trend toward conservation and apparently is finding more and more adherents around the world.

While watching television at my hotel, I came across a Chinese-made film with an interesting plot: American and Chinese actors played soldiers who were training together on antiterrorist operations. After a number of plot twists involving alligators, terrorists and a female love interest, the Chinese leader is awarded a medal by the American commander while all applaud. I was trying to figure out the meaning of this film, which is meant for Chinese audiences; it seemed to want to illustrate that Chinese can cooperate with Americans.

Film and other news and entertainment I saw in China indicated to me that political changes are coming hard and fast. One newspaper reported that President Xi Jinping had called for the honoring of Hu Yaobang—former secretary of the Communist Party of China (CPC) Central committee—on what would have been his hundredth birthday. I also read a report of a Taiwan-based bookstore opening in Suzhou with the headline, “Books Bridge the Cross-Straits Divide.” We are definitely seeing signs of a more liberal orientation in many areas. However, there is still a “great Internet wall” around China where many of the sites and search engines we are used to using in other countries are not accessible.



Construction in Wuhan, China

Driving around Wuhan, it was clear that the city, [like other cities we visited](#), was on the move with new construction and an already fairly well-developed infrastructure. At the hotel we noticed that an American firm specializing in automotive engine tuning was in the city to promote its business, evidence of the increasing importance of automobiles in China.

After the weekend, we started our company visits with a developer whose project combined residential, office, hotel, retail, dining and entertainment facilities. The design was very well done and showed nicely planned low-rise shopping and restaurant areas. Wearing hard hats, we toured the shell of a huge shopping mall being completed in the complex. Despite its unfinished state, it looked like it would be a high-end mall. Plans call for it to start operation sometime this year.

After that visit, we headed for another project with five towering 40-story buildings completed or under construction. I asked that firm’s executive if there was an oversupply in the city and he said 80% of their units had been sold. He added that there is still a lot of substandard housing in the area and many people wish to move into something better. The problem, of course, is affordability. Even though the Chinese (like nearly everyone else in the world) have high aspirations, incomes will need to continue rising for all these new housing units to be fully populated. In the meantime, property developers continue to compete for new potential residents with elegant showrooms and model units, along with promotions and advertisements. The government has also offered reductions on required down-payment percentages to entice buyers.

Perhaps the most critical takeaway of our visit to Wuhan was the importance of a company's reputation and relationship with the government—highlighted by a conglomerate we visited and our discussions with its executives. The company's ability to raise money from investors and rapidly complete projects earned it a good reputation among various local governments around China, an essential element to obtaining land for future developments.

Probably the most impressive entertainment venue we visited in Wuhan was the Han Show Theatre and the Wanda Movie Park. We purchased tickets for a show one evening at the theater, a round building designed to look like a red Chinese lantern and built specifically to host spectacular water and acrobatic shows. It was designed by top architectural and art design master Mark Fisher, who had designed touring concert sets for a number of famous musicians, as well as the sets for the opening and closing ceremonies at the 2008 Olympics in Beijing. The architect outdid himself designing the Han Show Theatre. During the show, the stage was transformed from land into water at an instant, with the capacity of the performance basin in the theater reaching 10 million liters of water, equivalent to that of four standard Olympic swimming pools. In the pool were complicated underwater lifts and stage special-effect equipment. Above the pool were rigging systems and other equipment, which enabled the performers to fly on cables from the tall catwalk and grid area down to the stage. The show itself included over 70 artists from around the globe.

Like the Han Show Theatre, the movie park's design is unusual. It integrates the famous Chinese bells, so much a part of Wuhan's rich culture. The building is designed to look like 24 Bianzhong (bronze chiming) bells in undulating shapes and covered with aluminum sections finished with orange fluorocarbon paint, which allows the cladding to self-clean as it rains. The movie park has six key attractions including a 5D theater, 4D theater, interactive theater, space theater, flying theater and an "experience" theater. Ticket prices also included access to various theme-park style rides with special effects. We took a couple of the rides, one of which was called "Flying over Hubei," which simulated an airplane ride over the sights of the province. The ride has the world's largest spherical metal screen, and the patrons' seats can achieve one meter in vertical movement (up and down) and about 10 degrees in tilt, providing a full-immersion experience. As soon as I climbed into the seat and was asked to buckle my seat belt, I realized that I had made a mistake! I thought I'd get sick and had to close my eyes a few times.



Han Show Theatre, Wuhan, China

Leisure travel is also becoming more fashionable in China, and Chinese companies in this space have been pursuing hotel ventures in other countries—particularly places that have been attracting Chinese tourists. Some companies engaged in travel and entertainment are also interested in expanding into sports and hosting sporting competitions. The sporting industry has mostly been under government control in China, but things are starting to change. Our visit to Wuhan represented a microcosm of the changes taking place all around China—and of the potential investment opportunities today and in the future.

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1. Sources: UK Mineral Products Association, based on data from 2011- 2014; *China Daily*, Hubei Provincial Government, 2012.
 2. Source: US Geological Survey, as of April 2014.
 3. Source: *National Geographic*, January 2016.