

The Long-Term Program in Regional Economic Development of Northeast China: An Overview

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WORKING OUT THE LONG-TERM REGIONAL ECONOMIC PROGRAM

Main Goals

In the 1990s, China will formulate seven new large economic areas. The central government has been organizing all related departments and local authorities to work out an overall, long-term regional economic development plan. Its principal goals include: first, to bring macro guidance to regional economic development; second, to promote and encourage economic linkages and cooperation between provinces; third, to ameliorate the conflicts of interest between provinces in the process of the transformation.

Main Agenda of the Program

The principal agenda of the program include: first, presenting economic and social development strategy; second, setting up the development targets in terms of program-time; third, formulating the special planning; fourth, emphasizing development of key industries; fifth, planning important investment projects; and sixth, studying and drawing up regional economic policies.

The Process of Program Formulation

This process is composed of: (1) assigning the mission of formulating the program by the state planning commission (SPC); (2) working out the local development program by the province planning commission (PPC) and reporting to the SPC; (3) coordinating related authorities and experts to review and make a comprehensive report; (4) convening working-level meetings by the PPC director for discussing and modifying the report; (5) drawing up a long-term regional economic program (draft) on the basis of the revised report; (6) convening the provincial governor/ministry-level conference to discuss and modify the draft after being agreed upon by the State Council; (7) formulating "the essential blueprint of regional economic development" and preparing a summary report of the meeting

for submission to the State Council; and (8) approving of "the essential blueprint" or the summary report by the State Council or the SPC.

SPECIAL PLANNING AND ITS PRINCIPAL DEVELOPMENT TARGETS IN NORTHEAST CHINA

This section will be summarized in terms of the following four levels.

Three Belts and One Zone

The first level, named the "three belts and one zone," divides Northeast China into a coastal area, a border area, and the rail-line area (i.e., three economic development belts), and one zone of the west resource developing area. They are:

- the coastal economic belt around the key city of Dalian, including Dandong city to the east and the Shanhaiguan Pass to the west, with a population of about 50 million;
- the border-area development belt based on pillar cities such as Dandong, Hunchun, Manzhouli, Heihe, Suifenhe, Mudanjiang, and Yanji, containing a population of some 8 million;
- the industrial belt along the railway of Ha-Da, Bin-Sui and Binzhou, with a population of about 55 million;
- the west resource development area, which includes Chaoyang city in Liaoning province, Baicheng city in Jilin province, Daxinanlin mountain area in Heilongjiang province and 4 cities in Inner Mongolia Autonomous Region with a total population of 16 million.

The main goals of developing the above four areas are:

- To raise the economic growth rate of Northeast China so that it will be higher than that of the national average by the year 2000;
- To rationalize the industrial structure in Northeast China: the ratio of the first, the second, and the third industries to be changed from 24: 52: 24 in 1990 to 17: 47: 36 in 2000;
- To improve serious shortages of electric power, transportation and communication in the areas;
- To substantially increase external economic activities, especially in border trade and economic-technical cooperation between the Northeast Asian countries;

Quick Economic Growth Region

The second level, called the "quick economic growth region," mainly includes centers such as Dalian, Shenyang, and Changchun, and border cities such as Hunchun, Dandong, Manzhouli, Suifenhe, Heihe, Mudanjiang, and Yanji.

Its principal goals for the year 2000 are as follows:

- To increase the annual rate of economic growth in the region up to over 12%;
- To substantially raise the proportion of export in gross product;
- To rapidly upgrade the level of urbanization;
- To upgrade the living standards of the population.

Special Economic Zones

The third level, called the "special economic zones," refers to the following:

- The economic and technological development zone, consisting of the five cities of Dalian, Shenyang, Changchun, Harbin, and Yingkou.
- The foreign economic cooperation zone, consisting of the five cities of Dandong, Hunchun, Manzhouli, Heihe, and Suifenhe.
- The new/high-technology development zone, consisting of Shenyang, Dalian, Anshan, Changchun, Jilin, Harbin, and Daqing.

The major goals of these zones are:

- To bring in the import-substitution and export-oriented industries;
- To raise the efficiency of land utilization;
- To speed up the commercialization, marketing, and internationalization of new/high-technology industries.

Local Industry Estate

The fourth level, called "local industry estate," is to generally operate at the level of each county with the following major targets:

- To raise the efficiency of land utilization;
- To centralize a substantial part of financing in order to speed up the development of local industries;
- To raise the input-output rate of the local economy.

THE REGIONAL ECONOMIC DEVELOPMENT PROGRAM: PROBLEMS AND SUGGESTIONS

The Policy of Promoting Investment

Generally speaking, various kinds of economic measures should be comprehensively utilized to centralize financial and physical or human resources to invest in infrastructure and basic industries, such as energy, metallurgy, petrochemicals, building materials, and so forth. The following series of concrete suggestions are made:

- Adopt reasonable tax incentives, readjust the price of material products and service charges, and gradually raise the rate of depreciation of fixed assets;
- Deepen the reform of systems for raising financial resources or funds, such as establishing a regional development bank or setting up some large construction project funds;
- Stimulate to channel foreign capital and technology into basic industries, and encourage the participation of foreigners in management;
- Support and encourage all kinds of mutual investment and cooperation between industrial sectors: for example, between coal and power sectors, and coal or power and road or port sectors;
- Try to establish a system of "create investment or risk investment" for those enterprises involved in new/high-technology.

Market-entry Policy

It is essential that China join GATT. Its policy may contain the following:

- To bring in more medium and large, export-oriented enterprises or high/new-technology enterprises, with more discretion given in their investment and management;
- To gradually reduce administrative controls over the enterprises producing commodities for export: for example, to relax restrictions on the licensing and quota of export products;
- To encourage and induce foreign capital into the above-mentioned industries by offering a share-system, joint venture or "build-operate-transfer" (BOT) systems, etc.;
- To implement a price system that will gradually permit new projects based on the new pricing standards, such as a floating price system according to the quality, time or region;

- To gradually relax the control of foreign currency exchange management, for example, by putting into operation a floating exchange system, permitting foreign currency exchange in the standardized market, and so on.

Policies of Industrial Structure and Innovation

Its guidelines include:

- To adjust and optimize the structure of production, to increase capital and put more effort into basic industries and infrastructure, and to support and accelerate the development of leading industry groups, such as the automobile, petrochemical or iron and steel, high-technology, and tertiary industry;
- To apply the policies described above in reference to promoting investment and market-entry;
- To improve the financial accounting system of enterprises, especially for depreciation; to set up funds for innovation; to gradually push forward and put into operation new market-oriented systems, such as the share-system, auctions, annexations, mortgaging, leasing, bankruptcy practices, and so on.

Improving Legal System

First, laws need to be enacted concerning: the protection of the environment, the utilization and management of land, social security for the poor and jobless, health insurance for the staff and workers, the protection of company investments including laws with respect to contract, trademark, arbitration, etc. Secondly, the laws should be enforced strictly.