New Growth Pole for Chinese Economy

Discussion on Certain Issues in Building of Chengdu-Chongqing

Growth Pole

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Abstract: Since the reform and open-up, due to the unique territorial advantages, the Pearl River Delta Economic Zone, centered on Guangzhou and Shenzhen, the Yangtze River Delta Economic Zone, centered on Shanghai, and the Jing-jin-yi Economic Zone, centered on Tianjin, have become three major growth poles of China’s economy under the development strategy of giving the priority to develop the eastern regions first, and have made great contribution to economic and social development in China. While the three major economic zones continue to develop, other zones such as Chengdu-Chongqing Economic Zone, Economic Zone on the West Coast of Taiwan Straits, Guangxi Beibu Gulf Economic Zone, Big Economic Zone in Wuhan and Guanzhong-Tianshui Economic Zone gradually take shape. Chengdu-Chongqing Economic Zone, located at center belt of west regions in China, is aimed to forming a network with the three major economic zones and is growing into a new growth pole in China. Lying in Sichuan Basin, Chengdu-Chongqing Economic Zone adjoins Shaanxi and Gansu to the north, Yunnan and Guizhou to the south, Tibet to the west and Hunan and Hubei to the east. Eastwards, Chengdu-Chongqing Economic Zone makes connection to the Big Economic Zone in Wuhan and Yangtze River Delta Economic Zone through Yangtze River; southwards, it makes connection to the Pearl River Delta Economic Zone, Guangxi Beigu Gulf Economic Zone and accordingly to the southeast Asian countries and south Asian countries over Yunnan, Guizhou, Guangxi and Guangdong provinces; northwards, it is led to Xinjiang and central Asian Countries via Longhai-Lanxin Economic Belt; and westwards, it is an entrance to Tibet. Therefore, Chengdu-Chongqing Economic Zone is a center where the eastern China connects with western China, and the southern China and northern China joint, posing an important strategic position. The Chengdu-Chongqing Economic Zone plan is expected to be approved by the State Council of China soon and is aimed at becoming a national strategy and a new growth pole for Chinese economy. In 15 to 20 years, the Chengdu-Chongqing Economic Zone is becoming a zone with comprehensive economic strength and strongest international competitiveness in west China, an engine to drive rapid development of west China’ economy and a new growth pole for Chinese economy. This Economic Zone is also becoming a comprehensive transportation hub, a communication hub, a logistics center, a commerce and trade center, and a financial center as well as a modern city agglomeration and a vital entrance for west China to welcome and participate in global cooperation and foreign investment. In addition, this Economic Zone is also becoming a national resource development base, an advanced manufacturing base, a technical innovation base, a national defense scientific research base, an agricultural product processing base, a modern service base, a national security strategic base and an ecologic barrier for the upper reach of Yangtze River.

Keywords: Chengdu-Chongqing growth pole  six bases one barrier new growth pole for Chinese economy

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Since the reform and open-up, due to the unique territorial advantages, the Pearl River Delta Economic Zone, centered on Guangzhou and Shenzhen, the Yangtze River Delta Economic Zone, centered on Shanghai, and the Jing-jin-yi Economic Zone, centered on Tianjin, have become three major growth poles of China’s economy under the development strategy of giving the priority to develop the eastern regions first, and have made great contribution to economic and social development in China. While the three major economic zones continue to develop, other zones such as Chengdu-Chongqing Economic Zone, Economic Zone on the West Coast of Taiwan Straits, Guangxi Beibu Gulf Economic Zone, Big Economic Zone in Wuhan and Guanzhong-Tianshui Economic Zone gradually take shape. Chengdu-Chongqing Economic Zone, located at center belt of west regions in China, is aimed to forming a network with the three major economic zones and is growing into a new growth pole in China.

I Chengdu-Chongqing Economic Zone: a new state-level growth pole in China

As the globalization of world economy increasingly deepens, the progress of economic integration in countries and regions is speeding up. In addition to the EU, NAFTA and ASEAN, there are over 100 other regional trade zones in the world. Nowadays, building a transnational economic zone has become an important strategy to boost the economy in all countries and regions. The innovation and implementation of economic globalization theory, economic integration theory and economic growth pole theory in a country would propel the formation of a trans-regional economic growth pole in such country, and this is the effective pattern of economic development in developed countries.

Since the reform and open-up policy was adopted, the trans-regional economic zone in China began to prosper. Owning to its territorial advantages, the coastal districts in eastern China put tremendous efforts to develop the Yangtze River Delta Economic Zone, the Pearl River Delta Economic Zone and the Jing-jin-yi Economic Zone, under the drive of socialist market economy and open-up policy. So far, these three economic zones have made significant contribution to economic development in China. To date, these three economic zones contribute about 41% of economic aggregate in China, highlighting their roles as economic growth pole. Meanwhile, many new economic zones also thrive in China, to form a regional economic development pattern with multiple levels and multiple grow poles in China along with the three major economic zones.

When the strategy for the development of western regions is made, the Chinese government takes into consideration of the basic conditions in western China, including vast territory and unbalanced pole for economic development, and comes up with a principle of developing main regions first, listing the Chengdu-Chongqing, Guanzhong-Tianshui and Guangxi Beibu Gulf Economic Zones as key economic zones and new economic growth pole to drive and support the west development. In June 2007, Chengdu and Chongqing were honored as the experimental zone for urban-rural integration, and lately, Chengdu-Chongqing Economic Zone was put into the state-level development schedule. Undertaking the important strategic task in the reform and
development of western regions, Chengdu-Chongqing Economic Zone is regarded as a key region in strategic layout in west China.

Lying in Sichuan Basin, Chengdu-Chongqing Economic Zone adjoins Shaanxi and Gansu to the north, Yunnan and Guizhou to the south, Tibet to the west and Hunan and Hubei to the east. Eastwards, Chengdu-Chongqing Economic Zone makes connection to the Big Economic Zone in Wuhan and Yangtze River Delta Economic Zone through Yangtze River; southwards, it makes connection to the Pearl River Delta Economic Zone, Guangxi Beigu Gulf Economic Zone and accordingly to the southeast Asian countries and south Asian countries over Yunnan, Guizhou, Guangxi and Guangdong provinces; northwards, it is led to Xinjiang and central Asian Countries via Longhai-Lanxin Economic Belt; and westwards, it is an entrance to Tibet. Therefore, Chengdu-Chongqing Economic Zone is a center where the eastern China connects with western China, and the southern China and northern China joint, posing an important strategic position.

Chengdu-Chongqing Economic Zone is an inland core zone relatively developed in economics, politics, society and culture in ages. Through years’ development, in particular the development in the periods of Anti-Japanese War, Three Line Construction, reform and open-up and west regions development, tremendous change has been made in Chengdu-Chongqing region. By now, Chengdu-Chongqing region becomes an economic zone harboring dense population and many cities, and having sound transportation and vigorous capacity for economic development. In the region, the clean energy industry, heavy equipment manufacturing, hi-tech industry, science, defense science and technology industry and agricultural product processing industry are now playing a vital role in China; and an ecological barrier for the upper reach of Yangtze River has been formed. The planned area of the Chengdu-Chongqing Economic Zone is about one third of that of Sichuan and Chongqing, the population covered takes up two third of Sichuan and Chongqing's and the economic yield probably totals four fifth of Sichuan and Chongqing, 5% of China. The development trend shows that in the next 10 years Chengdu-Chongqing Economic Zone might realize an economic yield of 10% of China. In light of industrial structure or economic aggregate, Chengdu-Chongqing Economic Zone will have significant effort to promote the economic development in Sichuan and Chongqing, become an engine for the economic development in western China, and have impact on eastern China and even the entire China. Hopefully, Chengdu-Chongqing Economic Zone would turn into the greatest new economic growth pole in China, following the Yangtze River Delta Economic Zone, the Pearl River Delta Economic Zone and the Jing-jin-yi Economic Zone.

II Position of Chengdu-Chongqing Growth Pole: six bases, one barrier and a new growth pole in China

Chengdu-Chongqing Economic Zone incorporates fifty cities in Sichuan and 31 districts and counties in Chongqing, with a total area of 206,000 square kilometers. The fifty cities in Sichuan province include Chengdu, Deyang, Mianyang, Meishan, Ziyang, Suining, Leshan, Ya’an, Zigong, Luzhou, Neijiang, Nanchong, Yibin, Dazhou and Guang’an; and the 31 districts and counties in Chongqing include 23 districts and counties within the one-hour economic circle of Chongqing, i.e., nine urban districts of Chongqing municipality, Tongnan, Tongliang, Dazu, Shuangqiao, Rongchang, Yongchuan, Hechuan, Jiangjin, Qijiang, Changshou, Fuling, Nanchuan, Wansheng and Wulong, and Wanzhou, Liangping, Fengdu, Dianjiang, Zhongxian County, Kaixian County, Yuyang and Shizhu.
**Bi-core Economic Zone:** It is a bi-core economic zone and growth pole with Chongqing and Chengdu both as the core. In this zone, the city layout is densest in western China. Chengdu is a science and technology, finance and trade center and a transportation and communication hub in southwest China, while Chongqing is the center at the upper reach of Yangtze River, playing a science and technology, culture and education center as well as a transportation hub. Centered on Chengdu and Chongqing, Chengdu-Chongqing Economic Zone is the largest in western China and one of a few bi-core economic zones and growth pole in China. It promotes a close cooperation with other cities in the zone, and exerts its function to boost the economic development of other cities.

Strategic position of Chengdu-Chongqing Economic Zone and Chengdu-Chongqing growth pole: Chengdu-Chongqing Economic Zone differs from the Yangtze River Delta Economic Zone, the Pearl River Delta Economic Zone and the Jing-jin-yi Economic Zone in regional features and economic structure. Based on the natural conditions, already-formed foundations and ecological aspect, Chengdu-Chongqing Economic Zone is to play a vital role as “six bases and one barrier” to encourage the development of western China due to its location in China.

The overall objective of Chendu-Chongqing Growth Pole is to build, within 15 to 20 years, the Chengdu-Chongqing economic zone into a zone with comprehensive economic strength and strongest international competitiveness in west China, an engine to drive rapid development of west China and a new growth pole for Chinese economy. The Chengdu-Chongqing economic zone will also function as a comprehensive transportation hub, a communication hub, a logistics center, a commerce and trade center, and a financial center as well as a modern city agglomeration and a vital entrance for west China to welcome global cooperation and foreign investment. In addition, this economic zone will also turn into a national resource development base, an advanced manufacturing base, a technical innovation base, a national defense scientific research base, an agricultural product processing base, a modern service base, a national security strategic base and an ecologic barrier for the upper reach of Yangtze River and Three Gorges reservoir area. By then, the economic structure will be better adjusted, and the quality of economic growth and benefit will be improved remarkably, contributing about 8% in GDP; and the per capita GDP in west China will be quite close to that in east China. The integration of transportation, market, investment and industry, and urban and rural integration will be basically realized. The system of socialist market economy improves, the social welfare system is sound and more job opportunity is created. The income of urban and rural residents reaches the average level in east China. And science and technology, education and culture are expected to be in the front ranks in China.

**III Key sectors developed in Chengdu-Chongqing growth pole and the policy support**

The Chengdu-Chongqing Economic Zone plan has been recently approved by National Development and Reform Commission of China and submitted to the State Council for examination and approval, and will come out soon. This is a piece of thrilling news on most newspapers, radios and TVs lately, showing that a new national growth pole is likely to come up as expected. Many major tasks will be challenged in the construction of Chengdu-Chongqing Economic Zone, and fostering a growth pole is the top priority. Therefore the followings should be paid attention to during the construction:

Dominant industry development: to exert the leading role of industry, and to construct five bases, including national resource development base, modern manufacture base, scientific and
technological innovation base, national defense scientific research base and agricultural product processing base. The leading industries in Sichuan Province include equipment manufacture, electronic information industry, food, medicine, energy, energy-saving and environmental protection industry, tourism and modern logistics. And the industries dominating in Chongqing are automobile and motorcycle industry, equipment manufacture, resource processing industry and hi-tech industry.

Service industry: services concerning production, common people’s livelihood and grassroots should be developed in an all-round manner. The industrial structure of Chengdu-Chongqing Economic Zone is a structure centered by heavy and chemical industry. The service industry takes up about 40% of Chinese GDP, a far lagging behind. High attention should be attached to this kind of structural contradiction, in particular the idea that the service industry cannot be developed before the industries progress should be changed, to give a big push to the development of service industry. Chongqing and Chengdu are two big cities in China, also a municipality directly under the central government and a capital city. Service industry development should be placed in an important position as required by the Chinese government, especially in Chongqing municipality and Chengdu urban district, a service-dominated economic structure should take shape as early as possible, to build Chongqing and Chengdu into a modern service center in western China as well a largest finance center, a logistics center, a commerce and trade center, and an information center.

Spatial layout and urbanization system: based on the development of cities and counties in the zone and regarding cities of different functions as the development node, the cities and counties are well distributed within the 169,000 square kilometers area of Chengdu-Chongqing Economic Zone. Only when the cities and counties are organized in a spatial network system in which points, lines and planes are well combined that can the social and economic bonding among cities and counties be tied up to fully exercise the overall synergy of city system.

Major infrastructure: taking Chongqing and Chengdu as the hinge, a multilevel comprehensive transportation system should be developed to enable the transportation within the Chengdu-Chongqing Economic Zone smooth and to provide the gateway to the outside. The waterways, highways and airways shall be well organized to establish a stereo traffic network promising good transportation. There will be three major levels for the comprehensive transportation system within the Chengdu-Chongqing Economic Zone: in the zone, a smooth and fast traffic network will be established; to the outside, comprehensive through transportation channels to the economic zones in Yangtze River Delta, Pearl River Delta, Nanning, Guiyang and Kunming, and Jing-jin-yi district should also be set up; and further, links to Japan, Europe, USA and other developed countries, and to southeast Asian Countries via the facilities along the coastal districts and boundary districts are also available. The water resource should be optimally allocated and major water conservancy projects are constructed to distribute the water in a systematical way, increase the utilization of water and to strengthen the water resource exploitation; underground water should be exploited moderately, and water transfer from the area outside the zone should be in a proper amount, to maintain the water supply and demand basically balanced. Energy supply structure, production structure and consumption structure should be optimized. In the energy infrastructure construction, power supply stations should be erected sequentially, exploration and exploitation of natural gas should be strengthened, active efforts should be exerted in development of nuclear energy, new energy and renewable energy, and the update and construction of power grid, gas pipeline and oil pipeline should be strengthened.
Urban-rural integration comprehensive reform and new socialist countryside construction: the understanding of urban and rural development pattern should be further deepened in accordance with the requirements for experimental zone of urban-rural integration comprehensive reform. As the experience in urban-rural integration is accumulated and concluded, urban and rural development planning, construction and administration should make well progress. The city should continue to improve its functions, and exert its radiant effect and leading role, so as to form an overall development pattern in which cities leads the countryside, and the urban districts and the rural areas coordinate in development. Great effort should be made to develop the rural economy. The new countryside construction should be instructed based on different local conditions and made progress step by step in a planned way while the key parts are stressed on. After 10-to-15 years’ endeavor, a relative well-developed institutional and policy system for urban-rural integration will first take shape in China, the overall objective of reform in the experimental zone is basically reached, and the dual economic structure of urban and rural areas is fundamentally transformed. The urban and rural development divide is substantially eliminated. The economics and communities in the urban and rural areas develop in a harmonious way. The goal of building a moderately prosperous society in all aspects will be attained ahead of schedule.

Resource utilization and ecology protection: to fully implement the scientific approach to development; to speed up the transformation of development pattern and intensify the idea of resource saving; to make a big push to promote clean production; to exert an active effort to boost cyclic economy; to accelerate the innovation in science and technology; to improve the innovation capacity in technology; to accelerate the building of an energy-saving and environmentally-friendly society; and to maintain the development of Chengdu-Chongqing Economic Zone in a scientific and sustainable manner.

Building a uniform market: all kinds of administrative barrier must be broken down to create a uniform market. The system of socialist market economy is further to be improved to make use of basic functions of market to allocate the resource; and as for the weak part in the zone, great efforts should be made to develop factor markets such as capital, so as to align with the markets both at home and abroad.

Open-up and cooperation: from a strategic prospective of integration with global economics, the whole zone should accelerate its opening-up; at the historical time that the industrial transfer in China is speeding up, the government should boost the opening of Chengdu-Chongqing district to the outside, so as to expand the regional cooperation. And within about 10 years, Chengdu-Chongqing district will become a zone which is a hinge to connect other parts in China together and is the most open district in western China, making Chengdu and Chongqing pilot cities in opening-up to outside world.

Coordination mechanism for Sichuan province and Chongqing municipality to build the Chengdu-Chongqing Economic Zone together: a set of transborder governance system will be established; this system stresses on three dimensions, including diversified governance organs, plural governance means and multi-tiered governance space, which demonstrates that the Chengdu-Chongqing Economic Zone jointly built by Sichuan and Chongqing demands a diversified governance organs, and employs, on the multi-tiered governance space, plural governance means to accomplish the coordination governance in regional cooperation, so as to set up a multi-dimensional scientifically-effective system foundation for building the
Chengdu-Chongqing Economic Zone.

Policy support from the government: to formulate a resource exploitation sharing mechanism for resource exploitation; to set up a paid use system for water resource and natural resource development rights in the experimental zone; to establish a tradable system for right of use of resource product; and to implement a policy for compensation of resource exploration and exploitation; to put forward an ecological improvement and protection system that the state is the exclusive subject; to carry out a long-term protection policy and expand ecological protection district; to formulate a subsequent policy to support the industries development; to maintain the natural forest resource in a sustainable way; to clarify the ownership of resource; to upgrade the environmental protection policy system; to establish an eco-environment compensation mechanism, making Sichuan and Chongqing the trial locations for eco-region compensation; and to promote the preferential policies for old industrial bases, including improving local main tax system, making innovation in transfer payment from the exchequer and intensifying the financial support.

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