

# The Economic Dimension of China's Regional Development

## — The Case of the Three Northeast Provinces

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### I. Introduction

The twin waves of globalisation and regionalisation since the end of the Cold War have pushed the regional countries in Northeast Asia to promote economic groupings. In the region, creation of 'Northeast Asia Economic Circle' (NEAEC) covering South and North Korea, Japan, Mongolia, the Russian Far East, and the three Northeast provinces of China, namely, Heilongjiang, Liaoning, and Jilin, has been the subject of ongoing

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discussion. Although the circle has not proceeded beyond negotiations, the importance of paying attention to such an attempt to create an economic grouping has not been reduced.

The purpose of this article is to explore the economic situation and development strategies of the three provinces, making up the Chinese side of the NEAEC. The reason for concentrating our discussion on the rationale and logic beyond the development of the three provinces is because China is the most important and decisive factor in creating the NEAEC. It also has the largest market potential with huge populations of more than 100 million, vast land, and rich raw materials. By doing so, it is hoped that we would gain an insight into the bases of possible future cooperation between the regional countries. In particular, we would like to assess the readiness of the Chinese side to engage in multilateral regional cooperation such as the NEAEC.

This article is divided into three parts. Part I will provide an overview of the evolution of the Chinese regional development policy. This helps understand the status of the three Chinese provinces in Beijing's regional development policy. Part II will review the economic position of the three provinces that make up the Northeast Economic Zone (NEEZ), one of the Seven Major Economic Zones of China. Part III will then examine the economic rationale and development strategies of the three provinces. Finally, the concluding part will briefly summarise the paper.

## **II. Evolution of regional development policy: An overview**

Part I will provide an overview of the changing patterns in Chinese regional economic development, presenting a time-series policy review of the People's Republic of China (PRC)'s spatial strategies. This part thus helps us understand the place of the NEEZ in China's current national development policy.

### **1. Regional development in the Pre-Tiananmen Period (1953-1989)**

Mao's 1953-78 development strategy was basically an interior-focused strategy. The regional development policy was influenced by notions of regional balance as well as military strategy. The Third Front strategy (*Sanxian Zhanlue*)<sup>1)</sup> developed to meet the projected threats of war by the US and the Soviet Union that prevailed through the 1960s until the mid-seventies. Concentration of industry along the coastal region was avoided, because the coast was strategically exposed to foreign military attack (Yang 1997, 16-7), instead, the remote areas of the Northeast, North and Northwest were considered. Later industry moved even further westward in light of the threat from either the US or the Soviet Union (Li & Fan 1996, 56), and new projects were generally established in such third-front or remote areas. These included the provinces and regions of Sichuan, Guizhou, Shaanxi, Gansu, Qinghai, Ningxia, Guangdong, Hubei, Hunan and Shanxi. There was progressively more investment

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1) The Third Front was well developed by B. Naughton. See his work (1988).

in the field of construction in third front areas, 20.6% in the First Five-Year Plan (FYP) (1953-57); 36.9% in the Second FYP; and 52.7% in the Third (1966-70) (Yang 1997, 19). The third-front construction continued in the early 1970s.

There was a reversal, however, in Mao's regional development policy towards the late 1970s. Younger leaders argued for some reforms and liberalisation, and against the huge coast-interior imbalance in development, which was seen as detrimental to strategic interests (State Statistical Bureau 1984, in *Ibid.*, 16). Regional specialisation and trade replaced the ideology of self-reliance,<sup>2)</sup> and a 'Coastal Development Strategy' (CDS)<sup>3)</sup> was unavoidable and conformed to the law of economic development', according to Xinhua report on January 1988, cited in (Yang 1997, 87). was adopted. The change in thinking was motivated by an objective view of industrial and economic potential. The coastal regions had more developed infrastructures than the interior, and a more skilled workforce. The interior-based industrial projects were also in fact not as successful as had been expected, and they had not had the revitalising impact on the local economies as hoped (*Ibid.* 23).

In effect, the interior was abandoned as lacking in capital, in management, and in resources, and would have to survive

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2) K. C. Yeh also observed some distinctive features of the new economic development approach during the first years of reform era, see his work (1984); For regional disparities on industrial sectors, see (Kueh 1989, 424-430).

3) The CDS was clearly favoured under the leadership of Hu Yaobang and Zhao Ziyang. Zhao further commented that 'the disparity [between the coastal region and the interior was unavoidable and conformed to the law of economic development?], according to Xinhua report on January 1988, cited in (Yang 1997, 87).

by trickle down effects (*waiyin neilian zhanlue*, the strategy of bringing in from the outside and spreading into the interior). The coastal regions were favoured, since these met the new conditions for development. The Sixth FYP (1981-85) and Seventh FYP (1986-1990) were in marked contrast to the previous FYPs. The wording in the Seventh FYP is telling, the most effective way was 'to speed up the development of the coastal region, to put the emphasis on energy and raw materials construction in the central region, and to actively make preparations for the further development of the western region'<sup>4)</sup> (Ibid. 29).

Increasing economic growth became a key preoccupation for the Chinese government in the 1980s, and indeed the CDS worked, with GDP per capita growing at 8% per year, overall GDP by 14% and exports by over 12%. However, there was a widening gap between the coast and the interior, though a geographical version of the trickle-down effect still held sway dominant in the Chinese leadership. The disparity grew so wide that tensions between east and west were created, and resulted in the interior adopting its own closed market to protect itself.<sup>5)</sup>

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4) For proposals for specialisation and differential development of the three regions, see Table, Macroregions of the Seventh Five-Year Plan (Cannon 1990, 42).

5) Competition among the regions over the processing industries that had yielded immediate and huge profits led to irrational duplications and resulted in the convergence of a sectoral structure among the regions and the wastage of productivity. The regions battled heatedly over raw materials in order that their processing potential would not become redundant. For the causes and evolution of 'economic warlordism', see (Li & Fan 1996, 64); For the other pessimistic view of Chinese excessive regionalism and cases of conflicts among regions, see (Segal 1994).

In 1987 60% of gross national industrial output was based in the coastal region with 14% of the land area and 41.3% of the population (Yang 1991a, 42). 80% of FDI went to coastal areas (Qiou et al. 1994, 61-5).

In late 1989 widespread complaints and discontent from the interior regions, as well as social concerns for equality forced Li Peng's government to think about achieving a more balanced regional development strategy. His government report and the State Planning Commission's guidelines for drafting the 'Eighth Five-Year Plan (1991-1995) and Ten-Year Planning for the 1990s' were reworked and presented to the National People's Congress (NPC) Conference in 1990. It sought to gain interior support by highlighting once again the importance of interior development (Yang 1991b, 68), and accepted slower economic progress, which was necessary to accommodate the remnants of the command economy.

## 2. New regional development policy in the 1990s

In May 1992 the Chinese Communist Party (CCP) adopted a new 'omni-directional, all-dimensional opening' approach (*quan fangwei duo chengci kaifang*), and in October 1992 the 14th National People's Congress (NPC) formally endorsed the full-scale open-door policy supported by the '4-Yan Development strategy'. This aimed to broaden the reach of the open door policy from the existing coastal area (*Yanhai*) to the inland areas, including border areas (*Yanbian*) and inland cities/towns/counties along the Yangtze River (*Yanjiang*) and railway

(*Yanxian*) (Kim Icksoo 1995, 251-3). The primary rationale of the '4-Yan development strategy' was to 'revitalise the backward inland regions through the attraction of foreign capital and technology and also through the expansion of cross-border trade with neighbouring countries, and to accelerate the linking-up of the regional economies to the international economy. It also contains important measures for promoting co-ordinated regional economic development' (Li & Fan 1996, 67).

In the *Yanbian* areas, in June 1991, as a way of co-operating with Commonwealth of Independent States (CIS) countries, Eastern Europe, and Central Europe, four northeastern cities and towns of Heihe, Shuifenhe (Heilongjiang), Hunchun (Jilin), and Manzhouli (Inner Mongolia) were designated as border open cities, and in March 1992 were given economic management authority comparable to special economic zones. In August 1992 Dandong (Liaoning), Yining, Urumqi, Bole, and Tacheng (Xinjiang) and in June of the same year, seven southwestern towns bordering Vietnam, India, and Pakistan, including Nanning, Fengxiang, Dongxing (Guangxi), Kunming, Wanding, Luirui, and Hekou (Yunnan) were granted the same status aimed at cooperation with South and Southeast Asia (Kim 1995, 252).

A development plan around Pudong, the *Yanjiang* development, was introduced in September 1990. Beginning with the Three Gorges (*Sanxia*) Dam construction, this included proposals to open up the Yangtze all the way from the 'dragon head' city of Shanghai to Chongqing as a way of improving east-west and north-south communications, and the flow of

economic development. Again, open cities were designated, at the Yangtze Delta Zone Conference in June 1992 — a total of 28 cities and 8 districts, and this was built on in August 1992 by giving the five cities of Chongqing, Yueyang, Wuhan, Jiujiang and Wuhu, the same status as the 14 open coastal cities (Ibid.).

A further 11 inland province capitals that were located along railroads (*Yanxian*) were also granted favourable tax status from August 1992 to March 1993. The Trans-China Railway linking Lianyungang to Lanzhou to Urumqi was also targeted with a number of open cities being declared. In 1991 the number of open cities/towns/counties stood at 339, covering 545,000 km and 230 million people (Ibid. 252-3).

The omni-directional opening policy sought a more balanced regional development strategy, and China has re-established its regional economic development policies and major economic regions for more balanced regional development and industrial efficiency. In the Eighth FYP period, the State Planning Committee (SPC) defined the four larger economic regions, Coastal, Inland, Minority and Poor (Wu 1994, 748-51).

Table 1. Four larger economic regions

Coastal	Inland	Minority	Poor
Developing high-tech industries Restructuring old industries	Abundant resources & energy, Speeding up agricultural/husbandry industry	Improving backward status, combining economic and resources development	Helping the region out of a poor situation, first

Source: Wu 1994, 750.

**Table 2. Major Economic Zones in China and Industries of Comparative Advantage**

Economic Zones	Provinces included in Each Zone	Priority Industries
Northeast	Liaoning, Jilin, Heilongjiang, East of Inner Mongolia	Heavy industries (esp. steel, machinery, petrochemical ind.), agriculture, forestry, animal husbandry, food processing.
Bohai-Rim	Beijing, Tianjin, Hebei, Shanxi, Liaoning, Shandong	High-tech ind., export-oriented light ind., marine products.
Yangtze Delta	Shanghai, Jiangsu, Zhejiang	High-tech ind. (esp. electronics, semi-conductor), finance, real estate, telecom., information.
South China	Guangdong, Fujian, Hainan	Export-oriented light ind., finance & insurance, real estate
Southwest China	West of Guangdong, Guangxi, Yunnan, Guizhou, Sichuan	Energy development, heavy ind., space & aeronautics, timber processing, agriculture, forestry
Central China	Anhui, Jiangxi, Hubei, Hunan, Henan	River transportation, light ind., food processing.
Northwest	Gansu, Qinghai, Ningxia, Shaanxi, Xinjiang, Tibet	Agriculture, forestry, Hydraulic power, energy, foodstuff, raw materials, heavy ind., Petroleum & petro-chemical agriculture

\* Ind. (Industry)

Source: Guojia Jiwei, 1996, 54-9; Jilin Ribao, 20 March, 1996; *The Ninth Five-Year Socio-Economic Plan (1996-2000) & the Ten-Year Plan (1991-2000)*.

In February 1992, the SPC once more divided the whole country into 10 major economic zones, Northeast, Bohai, Yangtze Delta, South China, Yellow River Mid-stream, Yangtze Midstream, Yellow River Upstream, Yangtze Upstream, Xinjiang and Tibet.<sup>6)</sup> This replaced the 'Third Front' approach of dividing China into the east, central and west, Each of the 10 economic zones is centred upon the identification of sectors that have comparative advantages in each region. However, the 10 major zones were revised in the Ninth Five-Year Plan (1996-2000) and the Ten Year Plan (1991-2000) finally produced seven, Northeast, Bohai-Rim, Yangtze Delta, South China, Southwest China, Central China, and Northwest.<sup>7)</sup>

### **III. The status of the three Northeast Chinese provinces**

This part notes the geographical location, trade and investment figures, and the economic situation of the three Northeast Chinese provinces.

#### **1. Geography**

With about 800,000 sq. km (8.2%) of the total Chinese territory (9,600,000 sq km) and a population of about 102.4 million in 1994, the NEEZ, one of China's major seven economic zones, is located in the Northeastern part of China and comprises the three provinces of Liaoning, Heilongjiang and

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6) For similar content but giving different names to the ten major economic zones, see (Yang & Liang 1992).

7) For the evaluation of the seven economic regions, see (Hu 1997).

Jilin (UNIDO 1995, 2). The relatively advantageous geographical position includes a maritime coastline in Liaoning province<sup>8)</sup> that extends to 2,180 km, with 4 ports for external trade over 7,000 km with more than 20 ports for foreign trade (Li Bing 1992, 90).

Table 3. Basic information of Northeast China, 1991

	10m	%	Area 1991		100mr	%	100mr	%	100mr	%
			1m sq. km	%						
National	1,200.00		9.60		19,875		6,610		5,000	
HLJ	35.75	3.1	0.45	4.7	732	3.7	315	4.8	160	3.2
Jilin	25.09	2.2	0.18	1.9	424	2.1	164	2.5	125	2.5
LN	39.90	3.4	0.14	1.5	1,073	5.4	468	7.1	167	3.3
Total	100.74	7.7	0.78	8.2	2,229	11.2	947	14.3	452	9.0

\* m (million); mr (million RMB); HLJ (Heilongjiang); LN (Liaoning)

Source: Wu 1994, 822.

Table 4. Economic growth of the three Northeast Chinese provinces (%)

	National average	Heilongjiang	Jilin	Liaoning
1952-78	6.0	6.3	5.5	7.3
1979-89	9.0	6.2	8.5	8.8
1989	4.4	5.0	4.1	2.3
1990	4.1	4.5	3.5	0.3
1991	7.7	3.9	4.9	5.5

Source: Wu 1994, 823.

8) Of the three Northeast provinces, Liaoning Province belongs to the east coastal district and Jilin and Heilongjiang provinces to the interior.

## 2. Trade

In 1993 total trade for the whole of China was US\$ 104 billion in imports as shown in Table. 5. Of this total, 30% of exports and 33% of imports were with countries of Northeast Asia. Trade with Japan dominated, accounting for 70% of regional trade. The three Northeastern provinces show a higher percentage of China's regional trade, 61% in exports and 65% in imports, suggesting a stronger sub-regional dependency. Major trade partners are Japan (31% of exports and 25% of imports), and Russia (16% of exports and 28% of imports) (ERINA 1996 36-7).

## 3. Investment

Total investment in fixed assets in the three Northeastern provinces was RMB129 billion yuan, representing 10.4% of national investment in 1993, as against 12.4% in 1985. This is lower than the share in national GDP, which is 11.3%. The investment GDP ratio was 40% in Liaoning, 38% in Jilin, and 30% in Heilongjiang. On a national basis, the share of investment from the government budget decreased from 16% in 1985 to 3.7% in 1993, while foreign sourcing and domestic loan sourcing increased (ERINA 1995, 9, 37). The 1993 share of the three Northeastern provinces was approximately 6.4% compared to the 11% share in GDP. Of the three provinces, Liaoning received the lion's share of investment (4.7%) while contributing 5.7% in GDP. Most investment in 1994 (53.7%) came from other parts of China, although Japan contributed 5.1% and the US,

Table 5. Trade Matrix, 1993

	Total	3 prov.	Others	S. Korea	Total	Far East	Others	N. Korea	Mongolia	Others	World
China	-	-	-	20,565	*2,692	582	2,110				
3 Prov.	-	-	-	3,929	*3,040	n.a.	n.a.	643 (1)	82	63,852	*91,763
Others	-	-	-	*704	17,525	n.a.	n.a.	612	n.a.	3,765	*9,712
South Korea	*5,151	226	4,925	3,225	*601	69	532	31	n.a.	60,170	82,051
North Korea	359 (2)	359	0	-	252	54	52	8	*4	64,807	*82,250
Russia	4,988	1,317	3,671	178	2,769	-	-	-	n.a.	357	*1,200
Far East	607	n.a.	n.a.	975	869	-	-	188	157	35,220	*44,297
Others	4,381	n.a.	n.a.	97	1,900	-	-	*10	*6	234	*1,823
Japan	23,283	1,179	22,104	878	-	*1,501	223	178	151	34,986	42,474
Mongolia	69	n.a.	n.a.	20,016	27	81	81	220	*19	315,873	*360,911
Others	70,100	1,685	68,484	4	205,378	21,878	342	n.a.	-	201	*383
World				58,879				571	117	-	*3,192,896
	103,950	4,766	99,184		240,670	26,807	1,217				3,773,700
				83,980				1,630	379	3,275,634	3,733,050
											Imports
											Imports

Note, Either data from exporting country or importing country is used whenever the value is larger than the other to cover broader range of trade.

\* Data from exporting countries

The exports-imports of North Korea, and the three northeast provinces of China. Others include Mongolia.

The exports-imports of Mongolia, and the three northeast provinces of China.

Source, (ERINA 1996 26)

4.3%. The major area of investment was industry (49.7%) (ERINA 1996, 31). The share of foreign capital in total investment in fixed assets was 9.3% in Liaoning (Coastal Bohai), exceeding the national average of 7.3%, but in Heilongjiang and Jilin it was 4.3% and 5.2% respectively (ERINA 1995, 9, 37).

Table 6. Foreign direct investment in the three Northeast Provinces (accumulated up to 1997)

	Number of invested projects	%	Actual amount (US\$ 1m)	%	Amount per capita (US\$)
China, Total	304,821	100.00	2,218	100.00	179
3 provinces, Total	26,771	8.78	139	6.27	132
Heilongjiang	5,375	1.76	25	1.11	67
Jilin	4,879	1.60	19	0.84	72
Liaoning	16,517	5.42	95	4.30	230

Source: Chinese Ministry of Foreign Trade and Economic Cooperation 'Statistics of Foreign Investment', 1998, Wang 1999, III-2-5에서 재인용.

Table 7. Direct investment in China – Northeast provinces

Direct investment to two provinces — Liaoning and Jilin 1993					Trade amount of three provinces	
Investing country	Number of registered contracts		Registered investment value		1993	
	Number	Share(%)	Millions of US dollars	Share (%)	Millions of US dollars	Share(%)
Japan	652.0	11.9	336.0	7.4	4,219	29.1
South Korea	680.0	12.4	287.0	6.3	930	6.4
Russia	33.0	0.6	12.0	0.3	n.a.	n.a.
North Korea	21.0	0.4	11.0	0.2	971	6.7
Others	4,102.0	74.7	3,916.0	85.8	8,358	57.7
Total	5,488.0	100.0	4,562.0	100.0	14,478	100.0

Source: Statistical Yearbook of Foreign Economy and Trade in China, 1994-95, ERINA 1996, 34에서 재인용.

#### **IV. Development strategies of the three Northeast provinces**

This part looks at the development strategy of the Northeast Economic Zone (NEEZ), under which the three provinces are allocated in China's regional development policy.

##### **1. The development of Northeast China**

Prior to the adoption of the policy of economic reform and openness in December 1978, the Northeastern part of China was relatively well known for its heavy industries and agriculture. Economically speaking, in certain areas of production it was strong as a percentage of national production, more than half percent of grain, 36% of timber, 20% of its steel, 17% of its coal and 15% of its grain in 1992. It was quite inward looking (Zhou 1995, 276-7).

During the Mao period the industrial Northeast was regarded on as one of the country's main industrial bases, with many important industries from heavy industry to chemical production located there and run from Beijing. In the 1950s most projects sponsored by the Soviet Union were centred in the three Northeast provinces. In terms of national GNP share and industrial product the rankings of these three provinces were respectively, Liaoning, 2nd (12%) and 2nd (14.9%); Heilongjiang, 4th (5.9%) and 3rd (6.6%); and Jilin, 17th (3.0%) and 13th(3.5%). From the Table 4, we can see that the economic growth in 1952-78 of Heilongjiang and Liaoning was higher than the national average, but that of Jilin's was below.

However, from the 1960s, when state investment shifted toward the southwest and was reduced in the NEEZ, all three provinces experienced economic stagnation. In 1991, Liaoning was fifth in terms of national GNP share (5.4%) and industrial production (4.2%). Heilongjiang was the 12th (3.7%) and 11th (2.3%), and Jilin 21st (2.1%) and 16th (1.5%) respectively (Wu 1994, 823).

In 1990 the GNP of the three provinces together reached RMB199.6 billion yuan in GNP. Industrial and agricultural output stood at around RMB373 billion yuan. Most of this was industrial output (RMB302.2 billion yuan). Industrial fixed assets were valued at RMB255.3 billion yuan (net value RMB174 billion yuan) (Li Bing 1992, 87). While secondary industries decreased during the Seventh FYP (1985-90), dropping from 60.4% in 1985 to 53.6% in 1990 as a proportion of GNP, primary industry grew 19.8% to 22.6% of GNP in the same period and tertiary from 19.8% to 23.8%. This was as a result of increased focus on the latter (Touma 1992, 292-6).

## 2. Northeast phenomenon

Economic reforms in the three Northeastern provinces have not been as fast as in the Southern regions of China. Since 1978 Chinese economic growth has been led by small-scale collectives and private enterprises. Heilongjiang and Jilin have continually fallen behind economic growth rates in the southern coastal provinces of Jiangsu and Guangdong (Yahuda 1994, 257). In 1997 the national earnings average was US\$179 per capita, in the three Northeast provinces this figure was US\$132.

It was even lower in Heilongjiang Province (US\$67) and Jilin Province only managed US\$72 (Wang 1999, III-2-5). The figures for foreign trade and investment are given in Table 7. Guangdong and Liaoning both have double-digit percentages of total national exports. But Guangdong is far ahead of Liaoning, while Heilongjiang and Jilin make up only 2-3%. The same trend can be seen in terms of imports. Apart from Guangdong, all the provinces score badly. Guangdong has also a huge lead (41.9%) in attracting foreign direct investment (Kuribayashi 1993, 51). This is because Guangdong has been the most open to the outside world.

The south has a definite economic advantage, which shows itself in growth figures. The southern coastal provinces have used light industry as a vehicle for development, with capital injections from foreign or private companies. Thus the private sector and small scale collectives have played a strong role. In the three Northeast provinces there are still many state-owned heavy and chemical industries. These generally have low productivity, out of date facilities and excess human resources. As a result the Northeast's share of the national economy has declined (ERINA 1996, 35-6). In addition there are disadvantages to the Northeast, which arise from the type of industry located there and national price mechanisms. The Northeast supplies much energy and raw materials to the light industry in the south. Not only does heavy industry require more capital expenditure, but also the products, especially energy, have been highly subsidised to support the growing South. The manage-

ment structures of the Northeast and the South are also radically different, the South being open to much more foreign investment, and thus more efficiency, which will perpetuate the imbalance in growth (Kuribayashi 1993, 51).

In the National People's Congress in March 1993, governor Yue Qifeng of Liaoning identified the Northeast situation as arising from too long an influence of the planned economy. The Northeast was not only technically behind, but was also behind in ideological terms (Yahuda 1994, 257). Thus terminology such as the 'Northeast Phenomenon' was popularly used to describe economic stagnation in the three Northeast provinces. In short the following can be identified to help explain the phenomenon, i) no industrial balance between heavy and light industries; ii) out-dated facilities; iii) lack of financial support; iv) a dualistic structure between industry and agriculture; v) delayed starting of open-door policy; vi) economic inefficiency; vii) poor infrastructure; viii) insufficient leadership; and ix) the legacy of Soviet style focus on heavy industry and large State-owned enterprises (SOEs) (Wu 1994, 823-4; Yuan & Huang 1995, 10-18; Li & Li, 1996).

### 3. Development strategies of the three Northeast provinces

The Northeast Economic Zone (NEEZ) has an advantageous geographical position, ample resources, technology and openness to the outside world. Many commentators and local functionaries feel that in order to make the most of these

advantages, the future development of the economy should focus on the careful and thorough processing of resources. To establish the area as an economic trade zone, planners recognised the need for higher-level industries and the use of new and advanced technology (Li Bing 1992, 90-1).

Local leaders now say that sub-regional economic cooperation is the best way out of economic stagnation. They would like to see the NEEZ maximise its own geographical advantages, open to the North and cooperate more with Russia, Mongolia and other Northeast Asian countries. They support involvement with Bohai Sea economic cooperation and see the Pacific Ocean as a means to access the rest of the world. Thus they favour committed and active international cooperation and economic integration to cultivate internationalised economic 'hot spots' (Zhou 1995, 298).

In recent years, the three Northeast provinces have established a more progressive foreign investment introduction strategy to promote the economic development of this region (Wang 1999, III-2-6; See also Jian 1995, 18-21; Lu Jianren 1995, 56-70; Lu Yanhua 1996).

Liaoning Province<sup>9)</sup> has undertaken the reform of large and medium size state-owned enterprises using foreign investments to improve existing manufacturing bases and promote the industrial structural adjustments of the entire province. This has been achieved through various means such as direct investments from foreign enterprises, transfer of shares and

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9) This view is limited to the coastal Liaoning. In terms of economic development Liaoning can be divided into an advanced coastal belt and a more stagnant interior.

management rights, overseas loans, and Chinese-foreign joint ventures.

In Heilongjiang Province there has been comprehensive development of agriculture and agricultural processing, technological reform of the large and medium size state-owned enterprises, improvements in infrastructure, and development in high-tech industries and township and village enterprises. The five major industries, namely, automotive, petrochemicals, foods, medicines, and electronics have been cultivated.

In Jilin Province agricultural construction has been enhanced and industrialisation of agriculture promoted. Two major industries —automotives and petrochemicals —have been encouraged, and three major industries —foods, medicines, and electronics have been developed.

The regional arrangement for economic development in the NEEZ can be depicted as a 'three strips and one zone' model differentiated by their different functions, that roughly corresponds to the 4-Yan policy. Below is a summary of Zhou's description of the 4-Yan policy (Zhou 1995, 300-302).

#### *Coastal Economic Strip Centred at Dalian (Yanhai)*

The Coastal Economic Strip stretches from Dandong in the east to Shanghaiguan Pass in the west. This includes the six cities of Dalian, Dandong, Yingkou, Panjin, Jingzhou, and Jinxi and 12 counties under their jurisdiction. It puts Dalian harbour as the centre and Dandong, Yingkou and Jingzhou as its wings. The strip, the southern front for the vast Northeast inland, serves as its 'window' to the outside world. It can play the role

of 'pace-setter' in attracting foreign advanced technologies. Speeding up the development of the Strip is of great significance in promoting the overall economic development of the region and the prosperity of the Bohai-rim area.

*Border Economic Development and the Opening Strip  
(Yanbian and Yanjiang)*

All the provinces in the NEEZ border neighbouring countries and have long inland borders. The Border Economic Development and Opening Strip has 36 cities and counties, with 8 million people, making up 7.1% of the total population of the region. Having abundant resources of land, forestry, hydraulic power, coal, non-ferrous metals and tourism resources, the strip boasts some large and medium sized industrial and mining cities like Dandong, Hunjiang, Jixi etc. and relatively efficient communications backed up by the hinterland cities. Manzhouli, Heihe, Suifenhe and Hunchun were approved at state level as open port border cities.

*Economic strip with Harbin-Dalian Railroad as the Axis  
(Yanxian)*

With a population of 50 million, the Economic Strip with Harbin-Dalian Railroad as the Axis starts from Dalian in the south and ends at the Harbin-Dalian railroad and road. In 1991 its GNP reached RMB130 million yuan, 54% of the region's GNP. Gross Industrial Product (GIP) was RMB240 billion yuan, or two thirds of that of the whole region. The GNP and GIP per capita in the strip are 22% and 49% higher than that of the

whole region respectively. It is the heartland of the Northeast. Iron and steel, oil and chemistry, automobile manufacturing, heavy-duty machinery and equipment are all located in the strip. Speeding up the development of this area is the key to reinvigorating the old industrial base.

#### *Western Resources Development Zone*

The Western Resources Development Zone includes the cities of eastern Inner Mongolia, Chaoyang city of Liaoning Province, Baicheng Prefecture of Jilin Province and Daxinganling area of Heilongjiang Province. The population of the zone is 1.7 million, 14.8% of the region's total. Most of the area is very weak in terms of its economic foundations. There are vast land resources but a small population living off agriculture and husbandry. But with abundant natural resources, it can be built into a base within the NEEZ for energy, forestry, husbandry and non-ferrous metal mining and refining.

Meanwhile, the NEEZ's basic disadvantage is its lack of direct access to the East Sea. Most international goods have to come through Dalian in Liaoning Province. That is the main port, although there are others such as Yingkou, Jinzhou, Dandong. The main transport artery of Northeast China is the Harbin-Changchun-Shenyang-Dalian route, and this is very much determined by geography. Land transport is mainly by railway and capacity is over-stretched (Lee 1999, 170-1).<sup>10)</sup> The

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10) Dalian was the largest sea port until 1995, mostly exporting grains and oil, but since 1996, with the dramatic decrease in the export of those products, the freight volume it handles is behind Shanghai, Tianjin, and Yangpu, which mostly handle general goods (Lee 1999, 171).

end of the Cold War brought new possibilities to the land-locked provinces such as Jilin and Heilongjiang. It became relatively easy to develop some border trade with Russia. But the key to real regional cooperation for these two provinces is a permanent link to the East Sea. Since October 1995, Jilin Province has had some access through Rajin, as well as a limited weekly link to Pusan, South Korea. Now road and train links to Zarubino Port in Russia have been established which provides another route to the outside world for Jilin Province (Ye 1997, 33-4).

## **V. Concluding remarks**

Since the coastal provinces were privileged with special economic status in the 1980s, China had experienced rapid economic growth. However, the continuing east-west gap pushed the Chinese leadership to revise the existing regional development policies and brought in a special concern for the non-coastal regions. The three Northeast Chinese provinces had been outrun economically by other coastal provinces. The low economic status of the region within the Chinese economy was termed 'Northeast Phenomenon'. In order to balance regional disparities, the Chinese government chose the 'omni-directional opening policy' as a new regional development model. The Northeast Chinese territory was divided into one of the Seven Major Economic Zones with a view to maximise economic efficiency. Heilongjiang, Liaoning, and Jilin provinces became part of the NEEZ. By doing so, the government wished to boost and improve the economic situation of those three Northeast

provinces, and reduce the gap between the three provinces and the southern coastal part of China. At the same time, Beijing planned the NEEZ to respond to the possibility of regional cooperation in the wake of the twin waves of globalisation and regionalisation.

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# 中國의 지역개발정책

## — 東北三省의 경제상황과 발전전략을 중심으로

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1990년대 탈냉전 이후 세계화와 지역주의의 흐름은 세계 여러 지역에서 다자간 경제협력의 필요성을 제기하였다. 동북아국가들 사이에서는 남북한, 일본, 몽고, 러시아의 극동지역, 그리고 중국의 동북삼성을 포함하는 “東北亞經濟圈”이라는 구상이 논의되었다. 이 논문에서는 이들 6개국 중에서 중국측의 동북삼성(遼寧省, 黑龍江省, 吉林省)에 관한 경제상황과 발전전략을 분석하고자 한다. 이는 중국의 국가 규모와 경제적 가능성으로 볼 때 경제협력체 형성에 있어서 동북삼성의 역할이 지대하다고 보기 때문이다.

이 논문은 세 장으로 구성되어 있다. 제1장은 중국동북삼성의 경제상황과 개발전략 분석을 주목적으로 하는 제2장과 3장의 배경 설명을 위한 부분으로서 동북삼성 개발의 의미를 1949년 건국 이후 중국의 전지역이 어떻게 개발되어 왔는지를 중앙정부의 지역개발 변천차원에서 살펴보고자 한다. 제2장에서는 무역과 투자수치를 통해 동북삼성지역의 전반적인 경제적 상황을, 그리고 제3장에서는 동북삼성이 어떤 지역개발정책을 가지고 있는지를 각각 분석할 것이다.

이 논문의 분석을 통해, 모택동 시대에 상대적으로 경제적 혜택을 입었던 동북삼성 지역이 등소평 시대에는 연안지역개발 우선정책으로 인해 경제개발에서 소외되었지만 1990년대 들어서는 중앙정부가 이런 동북삼성의 불만을 해소하고 이 지역과 연안지역과의 격차가 더 벌어지는 것을 방지하기 위해 七大經濟區의 하나인 “東北經濟區”로 편성하였음을 알 수 있다. 또한 새로운 지역개발정책인 “全方位多層次開放戰略”에 따라 동북경제구에 소속된 삼성에게 각자의 장점을 이용한 개발정책을 수립하도록 하였고, 이들 삼성은 大連을 중심으로 하는 연안경제지역(沿海), 국경무역지역(沿邊), 하르빈-대련철도구간을 축으로 하는 지역개발(沿線) 및 서부자원개발지구(地區)라는 “三沿一區” 방식으로 경제개발을 추진하였다는 사실을 알 수 있다.

결론적으로 우리는 주변 지역 국가들과의 경제협력에 있어서 중국측의 현재 지역개발 상황과 발전전략 및 추진배경을 분석함으로써 동북아 지역주의의 흐름 속에서 이웃국가들과의 유사한 지역 경제협력 사례들에 대한 중국의 전반적인 접근방식을 이해할 수 있을 것이다.

\* 주제어 : 중국, 지역개발, 경제전략, 동북삼성, 동북아경제권