

China's evolving economic zones

By CHENG YUNJIE

XINHUA NEWS AGENCY

The latest 'spearheads' of China's economic reform programme will have a broader remit than their predecessors

Earning just 3,000 yuan a month, Yang Shanshan, a migrant worker aged 25 cannot afford to rent a one-bedroom apartment near his job so he has a three-hour daily bus commute between his office in Futian and his residence in Bao'an. Although both districts are under the jurisdiction of the Shenzhen City Government, there is a dramatic contrast between Futian's gleaming high-rises and tidy thoroughfares and Bao'an crowds and disorder. "Futian has much better public facilities," says Yang. "I want to move there, but Bao'an is much cheaper."

For hundreds of thousands of migrant workers in Shenzhen, living an affordable and comfortable life might no longer be a distant dream as the central government approved an expansion of the Shenzhen special economic zone, previously limited to an area of 396 square km, to the whole city on 1 July this year. As a result, the Special Economic Zone Legislation Right can be applied to the whole city, allowing the government to support infrastructure and the economy in less-developed Bao'an and Longgang districts.

The same day, Xiamen Special Economic Zone, another east coast pioneer of China's economic reforms and opening-up policies in 1980, was also enlarged to cover Xiamen City, expanding from 131 square km to 1,573 square km. Chen Biao, deputy director of the Standing Committee of Shenzhen People's Congress,

says the expansion is not just geographical. "It indicates the intensions of the central government to push ahead vintage economic zones to take on more diverse tasks." Chen notes that although its economy has evolved beyond recognition over the past 30 years, China has problems, and is still at a transition period.

In Shenzhen, for instance, the gross domestic product has rocketed from 196 million yuan in 1979 to 820 billion yuan in 2009. The phenomenon of "Shenzhen Speed" has inspired cities across the country to copy its model. In addition to the unbalanced development in different districts, new problems have arisen in the city. There is the case of former mayor Xu Zongheng, who was removed from office in August for having abused his power to make profits for himself and for others. Then there are the 12 young Foxconn employees who migrated to the city for work and who ended up taking their own lives.

Guo Wanda, vice president of the Shenzhen-based China Development Institute, thinks the two issues are "convincing evidence" that economic growth alone cannot guarantee a service-oriented government and satisfaction for ordinary people. "Thorny issues such as the widening wealth gap, corruption, unbalanced development and insufficient public services all need to be addressed as soon as possible," he says.

"Economic zone" was once a synonym for "preferential policies" as the central government allowed them to explore and gain experience for the whole nation to follow. Having seen benefits in the four earliest economic zones – Shenzhen, Shantou, Zhuhai, and Xiamen, China opened up 14 more cities along the east coast in 1984. In 1990, Pudong New District opened in Shanghai as another economic zone. By 1992, the opening-up strategy moved to the central and western areas. Another 34 inland cities were selected for ownership reform of state-owned enterprises.

In the early stages of reform, economic growth was the overwhelming task, forcing local government officials to make policies conducive to business expansion. "At that point, government officials were playing the role of entrepreneurs. Some of the breakthroughs like the auction and transfer of land-use rights were even against the then Constitution. The impetus for reform was tremendous and insuppressible," says Guo.

However, preferential policies previously reserved for pilot cities and economic zones had become common



Shenzhen Special Economic Zone under construction in the early 1980s

Without the safeguard of political restructuring, China may lose what it has already achieved through economic restructuring

across the country, after China's entry to the World Trade Organisation in 2001, "Debate on the necessity of economic zones went on and off, but the country's reform pace never stopped," says Tan Gang, vice president of the Party School of the Shenzhen Municipal Committee of the Communist Party of China.

After 2005, new reform "spearheads" were named, including Pudong New High-tech Zone of Shanghai, Binhai New Zone of Tianjin specialising in financial reform, Chongqing-Chengdu Reform Zone for the coordinated development of cities and rural areas, Wuhan-Changsha-Zhuzhou-Xiangtan Experiment Zone for the environment-friendly economy and Kashi Economic Zone to boost Xinjiang development.

"Compared to earlier economic zones and pilot cities, these new reform spearheads came as city, province or district clusters. Their tasks have gone beyond the economic field to more complicated social fields while the meaning of opening-up has been broadened from boosting foreign investment and trade to facilitating closer regional collaboration within the country," says Tan.

Wang Rong, Secretary of the Shenzhen Municipal Committee of the Communist Party of China, foresees fiercer competition among the country's reform spearheads. As the city embraces the 30th anniversary of the establishment of China's earliest economic zones, Wang says Shenzhen can continue to play a role in advancing the country's political and social restructuring.

Aiming to develop an international modern city on a par with Hong Kong and Singapore, the leaders of Shenzhen hopes to lead by example in building an advanced, democratic and open society. Although detailed reform plans are still under discussion, think tanks close to local authority have high hopes for the

future reform of Shenzhen. "If you look at the future of China, you should study the Shenzhen example as many problems the city is dealing with might appear elsewhere," says Guo.

Having registered a per-capita GDP of US\$ 13,000 last year, Shenzhen has evolved into a developed economy. But growth is far from efficient and intensive. Official figures show its GDP is only half that of Hong Kong, but its population and land area are double.

A primary and imminent task facing Shenzhen, Wang Rong says, is urbanisation or the development of cities. With more Chinese flocking to cities, the government must strive to improve their capacity and improve the efficient use of land, energy and other resources, or China will be unable to sustain its rapid development, he says.

Guo Wanda points out that the government also needs to make cities comfortable by expanding grass-roots democracy, encouraging greater public responsibility and enhancing transparency of government affairs. "The booming Chinese economy will for sure lead to explosive growth of the middle-class," he says. "When that day comes, people will be more aware of their rights, demand the building of a market economy guaranteed by the rule of law and express more diversified individual opinions."

During a visit to Shenzhen in August, Premier Wen Jiabao said innovation must continue to be "the soul and life" of the country's reform spearheads.

"China should push forward not only economic restructuring but also political restructuring. Without the safeguard of political restructuring, China may lose what it has already achieved through economic restructuring and the targets of its modernisation drive might not be reached," he said. **F**



Night view of the downtown area of Shenzhen Special Economic Zone

Xinhua File Photos