THE REGIONAL DEVELOPMENT IN THE PEARL RIVER DELTA IN NEW TERM

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ABSTRACT: Since China opening to outside world, the economy in the Pearl (Zhujiang) River Delta (PRD) has been double digit growth. It has been known as one of mature fast growth areas in the world and become the model and hope of Chinese reform and opening to outside world. The regional development in PRD is the outcome of polarization effects. The polarization effects actually are extension of international regional division and a combination of Hongkong’s influence and reform and open-door policies on the mainland. Since the 1990s, driven by knowledge-based economy, the PRD has further adjusted the industrial structure and achieved good progress in upgrading industrial structure. Its high technology industry has developed quickly and the economic internationalization has deepened, meanwhile, the region is going through transformation and some new trends have begun to appear, which include: university towns springing up, industrial globalization and the construction of Hi-tech development zones. The paper suggests that with the economic growth changing from relying on the low level production elements to relying on high level production elements, the regional policies in Guangdong Province should develop correspondingly: 1) make a plan to prohibite the blind construction in innovative spatial constructions; 2) make measures to attract the overseas talents to establish a pool of talent; 3) work out the favorable policies for absorbing larger capital; 4) formulate the policy of attracting a cluster of industries to speed up the upgrade of industrial development.

KEY WORDS: regional development; the Pearl River Delta; new trends of development


The Pearl (Zhujiang) River Delta (PRD) is located in the middle of Guangdong Province, covering 416.98 × 10^6 km^2, with a population of 22.6214 million by the end of 1999. Before 1978, China carried out a planned economy system, Guangdong was a national defense frontier with less input from central government, and it was in the middle level of the whole of China in economic position. Since China opened to the outside world, the economy in PRD has kept increasing at double digit speed, the Gross Domestic Product (GDP) reached 845.95 billion yuan (RMB) in 1999. Hence, the PRD has been known as one of rapid developing areas and become the model and hope of Chinese reform and opening to outside world. Based on the retrospective look at the regional development in the PRD, this paper deals with some new development tendencies in the area.

1 THE REGIONAL DEVELOPMENT IN PRD IN 1978 – 1990S

The regional development in the PRD is the outcome of polarization effects from aspects of the regional economy. The polarization effects actually are extension of international labor in regional division and a combination of Hongkong’s influence and reform and open-door policies on the mainland (LU, 2000).

After the third session of the Eleventh Chinese Communist Party Congress in 1978, the central committee approved the request to modify the system of economic management in Guangdong Province. In 1979, some documents approved by central committee and state council were issued, including carrying out the responsibility for its finance, expanding the provincial authorities power on foreign economic trade, giving
flexible measures on finance, goods, labors, wages, prices to local government and trying to establish the four special economic zones of Shenzhen, Zhuhai, Shantou, and Xiamen, the central government hoped that Guangdong would take a forward step in developing the economy to promote the reform and opening of the whole of China. With this power from the central government, Guangdong transformed the traditional economic model to market economy gradually, which laid the basis of polarization effects.

Hongkong is the external cause of polarization effects in PRD. Since the 1980s, South China had formed a typical model of core-periphery (LU and XU, 1999). Hongkong, Taiwan, and Macao are the core area of this model, they display an important function in core area, especially Hongkong. From 1978 to 1995, the proportion of bilateral trade volume over Hongkong total rose from 9.27% to 34.81%, and Hongkong became the greatest trade partner of mainland. From 1979 – 1995, the Hongkong’s investment to the mainland had reached US$77.8 billion, making up 57.6% of the mainland total foreign investment and Hongkong had 110 thousand enterprises on the mainland, accounting for two-thirds of foreign funded total on the mainland (YE, 1998).

Driven by Hongkong, PRD is rapidly polarized and became the second core area of South China, concentrating the resources, technology, information and capital from surrounding areas. In the 1980s, China established four special economic zones, two of which are in PRD. The establishment of Shenzhen and Zhuhai special economic zones not only absorbs the foreign technology and capital, but also brings lots of capital from central government departments and interior provinces as well as the other places in Guangdong Province, which wished to establish a window to the outside world, with avail of special favorable policies given by the central government. During the initial several years of the development of special economic zones, the total investment exceeded GDP in Shenzhen; 60% of the total came from of the central government’s departments and other provinces. Meanwhile, thousands of labors poured into South China, Zhuhai and Shenzhen, which made the former villages and towns become big cities. It showed that the polarization effects were very intense. If we analyze the population migration in 1993, we can find the polarization effects between PRD and the surrounding areas are overwhelming. According to the characteristics of the development of each city and population migration, the outward migration places in Guangdong Province were mainly Shaoguan, Meizhou, Qingyuan, Jieyang, Chaozhou and Zhaoqing, most of them is in northern and eastern Guangdong Province. Shaoguan’s net migration amounted to 11 115 in 1993. The inward migration places were mainly in the PRD, especially the core cities in the PRD, such as Shenzhen, Guangzhou, Foshan, Huizhou, the net migration to the four cities amounted to 130 012, taking up 76% of the total and Shenzhen reached 36 646 in 1993. Correspondingly, the condition of regional economic development is: per capita national income in the main inward migration areas is respectively Shenzhen, 11 541 yuan; Foshan, 10 089 yuan; Zhuhai, 9 123 yuan; Guangzhou, 8 955 yuan, in contrast, the per capita income in main outward areas are respectively Meizhou, 1 568 yuan; Jieyang, 1 650 yuan; Qingyuan, 1 969 yuan; Shaoguan, 2 786 yuan, the per capita income of Shenzhen is 7.36 times higher than that of Meizhou (GAO and JI, 1995). In industrial structure, the proportion of the secondary and tertiary sectors is higher than that of the primary industry in inward migration areas, and in the outward migration areas, the primary sector is the biggest industry, and the secondary and tertiary sectors lag behind. As to the inward migration areas, the primary industry is declining and the secondary and tertiary sectors are the main industries. It is obvious that the population polarized by economy and migrated from northern, eastern, western Guangdong Province, where economy increased slowly, to PRD where economy increased quickly, displays the ladder distribution from the core areas of PRD to surrounding areas. These tendencies continued from the statistics of population in the period of 1997 – 2000. It shows that the polarization effects between PRD and the surrounding area are still going on.

Intensive polarization effects in the PRD promoted the regional economic growth and changes of economic structure and accelerated industrialization and urbanization to bring the changes of regional territory structure of the PRD.

1.1 Main Economic Indictors Increasing Fast and Economic Strength Being Heightened

Since reform and opening to outside world, Guangdong’s economy has been fast growth and enhanced its economic strength, hence, its economic position is heightened in China. Since 1994, the volume of GDP of Guangdong Province has taken the leading position in China (Table 1). Guangdong’s proportion of the total export and import to China’s total increased from 37.7% in 1991 to 39.35% in 1996; Guangdong’s proportion of the total amount of foreign capital actually