"Plan of Revitalizing Northeast China"

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Section headings and brief summaries of content, pertinent to the “Cooler China” tour.
(Comment - Basically this plan is a wish list and tends to be repetititative. From our perspective it often states the obvious ).

“Development during the 11th Five Year Period (2006-2010) is a major focus in this plan while outlook of key issues may be envisaged as far as the year of 2020. The emphases are on co-ordination and accelerating revitalisation applying a “scientific outlook”. It covers the 3 provinces and some areas in Inner Mongolia.

Section I Review of Current Situation
Positive remarks about “great progress” of the 2004 campaign. “The past three years witnessed the most brilliant period of the region since reform and opening up in that the regional economy has expanded substantially and both the urban and rural residents here have received more tangible benefits than ever before.”
NE China is at a new starting point in the context of favourable national conditions. Problems for the revitalisation process are recognised, including the need for a bigger market role, structural change, innovation, job creation, pollution and lack of sustainable envelopment capability in resource based and resource depleted cities.

Section II Guiding Ideologies and Objectives of Revitalization
2.1 Guiding ideologies
These include Deng Xiaoping Theory, the “Three Representatives” (advancing productivity, civilisation and the interests of the broadest populace) and applying the scientific outlook on development and building a harmonious society.
Major measures to be adopted:
i) accelerate pace of reform and opening up by deepening institutional reforms, establishing modern enterprise systems and ownership structure, promoting strategic restructuring of the state-owned sector, cultivating non-public economy and opening up more foreign and domestic markets.
ii) restructure and upgrade industries with independent innovation capability, more use of information technologies and adopting new models.
iii) Intensify regional co-operation to promote fast flow of resources and sharing infrastructure.
iv) accelerate economic transformation of resource depleted cities, including compensation for resource development, aid for sun-set industries and cultivating alternative industries. Sustainable development.
v) construct a resource saving and environment-friendly society - recycling, ecological development and conservation “to achieve coordinated development of economy society and environment”.
vi) Advance education, healthcare, culture, sport, with other social undertakings. Improve social security, expand employment, “and promote democracy” (sic) and the rule of law.
“By promoting social stability and harmony, we must also let people share the benefits of revitalisation.

2.2 Objectives of Revitalization

i) Rapid economic growth and raised GDP per head (double) through restructuring of the economy, raising efficiency and reducing energy consumption.

ii) Economic restructuring to include higher proportion of tertiary and non-public activities. More innovation and emergence of internationally competitive businesses with independent innovation capabilities.

iii) Sustainable development, including increased resource use efficiency and reversing environmental decline. Progress will be made in controlling and preventing air pollution and water pollution along the Rivers Liao and Songhua and the coast.

iv) Social development - better public services (education, healthcare and social security) and reducing poverty. Improve capability to prevent and counter disasters and improve public security and work safety. Progress in building “a new socialist countryside”. Faster growth of per capita incomes that nationally and urban unemployment to stay below 5%.

v) Breakthroughs in reform and opening up, with expansion in foreign trade.

In the document there follows a table of indicators (“targets”).

Section III Promote Upgrading of Industrial Structure

3.1 Build a base for manufacturing advanced equipment

Using advanced technologies and independent innovation, Northeast China is expected to build into an internationally competitive manufacturing base (heavy machinery, equipment machine tools, components power generation and transmission, vehicles, shipbuilding and rail transportation equipment) with R&D.

In the document there follows a list of “Priorities of Revitalizing Equipment Manufacture Industry” though it is just a list without saying which is most important.

3.2 Speed up development of high-tech industry

This includes fostering clusters and enhancing international co-operation. Priorities are - information industry, photoelectron industrial base (Changchun), software (Dalian), biological industrial base (Changchun), materials (including chemicals), aero and marine engineering and many others.

3.3 Optimize development of energy industry

To optimise energy mix including use of coal and oil, while putting energy conservation first. Various prospecting and production centres are listed (coal, oil, gas) along with power grids and pipeline networks. Exploitation of oil shale in Jilin will be enhanced. Vigorous support will be given to new and renewable energies and energy saving.

A list of priorities follows including a natural gas pipeline network linking the major cities.

3.4 Uplift basic and raw materials industry
Efforts will be stepped up to optimise industrial structure with rational efficiency based growth in petrochemicals (including at Dalian), oil refining, coal base chemicals and new steel bases in the north (supported by the Anshan iron and steel group) and Yingkou (to shift the industry from inland to coast). “Backward production capacity must be eliminated”.

3.5 Accelerate development of light industry with regional characteristics

This includes light industry to balance economic growth and absorb surplus labour. Priorities include medicines (including Traditional Chinese Medicine), processing of farm produce, processing of forest products, textiles and plastic furniture manufacture.

Section IV Actively Promote Modern Agriculture

“To push forward building a new socialist countryside in an earnest way…” with modern technology and systems. We need to improve quantity, quality and food security, and improve farmers’ incomes. The role of Northeast China as a state strategic commercial grain base will be strengthened.

4.1 Strengthen the construction of the Agricultural production base

“Inputs must be enhanced to raise land productivity, resources utilisation efficiency and productivity.” More specialised distinctive agricultural bases for crops and livestock will be established (regional specialisation). Commercial grain bases will be reinforced in the Songnen and Sogliao Plains (corn and high yield soya bean) and Sanjiang Plain (rice). More investment must go to irrigation, drainage, improved strains and machinery. The central plain will be a major focus of “industrial” meat, egg and milk production. Cow and sheep raising bases will be established in the west. The safe, eco-friendly green food industry will be strengthened (including ginseng from forests) as will coastal fish farming.

4.2 Improve basic conditions for agricultural development

This includes improving productivity through water control, soil improvement and improving traditional farming patterns. Large scale, mechanised modern farming which can resist natural disasters and improvement of low and middle yielding land is required. Management and marketing is to be improved and demonstration zones established to help dissemination of innovative ideas. Co-operatives must be set up to co-ordinate enterprises and rural households and to explore new model for development combining agriculture, industry and commerce. Mechanisms are needed to transfer aid funds to major grain producing areas.

A list of “priorities” follows. It includes transformation of low and middle yielding degraded farmlands (due to wind and water-logging) rural infrastructure development.

Section V Actively develop tertiary industry

5.1 Develop production orientated services

The development of modern logistics is a priority, with inter-provincial logistic centres and corridors. For integration, we must speed up the construction of the international logistics centre in Dalian and regional centres in Shenyang, Changchun, Harbin and Tongliao. Fi-
nancial service industries must be strengthened and banks reformed, including to favour SME development. Insurance services should be improved. Development of commercial and economic services must be accelerated, and consultancy services (including legal) supported. Support will be given to innovative cultural industries including R&D, design, entertainment and sport. Digital moviemaking bases and animation centres will be built with core areas at Changchun and Dalian, to foster the formation of cultural innovative cultural industry clusters and promote export of cultural products.

5.2 Standardise and improve services pertaining to people's life

This includes diversified ownership, readily accessible retail, chain store operation and franchises.

There follows a list of tourism priorities:

- Winter sports;
- Forest, steppe and wetland; (including Changbai mountain);
- Volcano and hot spring tourism (including Changbai);
- Industrial tourism: “to explore cultural legacies in old industrial bases which are most representative and are mirrors of regional development. Focuses will be on such tourism programs in Shenyang, Anshan, Changchun, Daqing and Qiqihar. Guidance will also be provided in developing such programs in resource-depleted cities”.
- Agricultural tourism - demonstration parks and villages/towns with distinctive features.
- Cultural and historic tourism including Shenyang.
- Border tourism in key border cities (Russian and North Korean)
- Coastal tourism

Section VI Co-ordinate Regional and Urban-Rural Development

“We must guide division of labor among regions, encourage regional cooperation, strengthen inter-regional key infrastructure construction, coordinate balanced development between urban and rural areas and create new growth engines. A new regional development framework pattern featured by interconnected key cities and their constant interaction with surrounding hinterland must be formed, and sustainable growth of resources-based cities must be promoted.”

6.1 Optimise regional spatial structure

See map below. First and second grade axes are to be given priority and clusters and zones with specific functions promoted. Along the coast port layout and port related industries, high-tech industries and modern services must be actively developed. Development of urban economic zones and border cities and trade should be accelerated.
North East Revitalisation Plan 2007
Regional Spatial Structure - Development Axes

First Grade

Second Grade

There is also an Eastern Corridor
There follows table of restricted and prohibited development zones- forest (including Changbai), wetland (where agriculture and urban development is to be controlled), and desertification control zones (where excessive land reclamation, inappropriate felling and overgrazing must be prohibited and special industries fostered). **Prohibited development zones:** 50 state natural reserves, 5 world culture and natural heritages, 16 state key tourist attractions, 108 national forestry parks and 12 national geological parks are included in this class.

6.2 Promote balanced development between urban and rural areas.

Speed up urbanisation where urban areas support rural areas. Processing industries are to be promoted. “We must create new models and mechanisms in setting up townships in rural areas and push forward household registration reforms, land reforms, investment and financial reforms.”

6.3 Co-ordinate construction of key inter-regional infrastructure

An extensive transport system must be established focussing on corridors and major hubs. Comprehensive systems must be formed for coal, oil (rail and pipeline including to Russia), ore, grain and containers. Port development (much focussed on Dalian) must include facilities for oil, ore and grain as well as improving customs clearing systems. Fast and convenient passenger systems must be established. “Construction of inter-regional transportation infrastructure must be advanced by improving railway network and rapid transportation network in city and towns clusters, and speeding up development of inter-provincial expressways. We plan to guide the rational division of functions among coastal ports in the Northeast and step up efforts to build small-sized airports.”

*There follows a list of planned transportation projects, railways, expressways, ports (dayao, Dalian, Yinkou, Dandong and Jinzhou), and airports (including a new airport at Changbaishan mountain).*

The construction of information and e- systems must be stepped up, including e-learning and information sharing with advanced regions.

6.4 Promote sustainable development of resource based cities.

This is aimed at job creation, improving people’s livelihood and housing, setting up functioning social security systems and maintaining social stability. Long term incentive mechanisms must be established for resource exploitation, following market principles and protecting the environment. To aid sun-setting industries, industrial restructuring and development of alternative industries (to employ surplus labour) must be carried out, as well as retraining. “We must solve historically inherited problems”. For cities which can continue resource exploitation, business must play a major role in increasing efficiency, and developing new industries with new technology, tapping on local advantages.

*There follows a list of tasks for pilot reforms in 6 cities. Two examples:*

**Daqing,** where exploration in new areas and increased efficiency using innovative technology will “mitigate the declining trend of oilfields”. The petrochemical industry is to expand and alternative industries developed (such as oil industry equipment, and farm produce processing).
Section VII Enhance Economic Support Capability

7.1 Strengthen education and talent training

This includes 9 years of compulsory education, vocational training and retraining and management training. There must be reform of personnel selection based on open recruitment and fixed tenure. There should be more exchanges with and learning and recruiting across the north east and from other areas. A list follows.

7.2 Enlarge employment and build a sound social security system.

“We will go all out to create employment. Development of labor-intensive industries, tertiary industries and SMEs of various ownership types must be encouraged. We will encourage people to seek job on their own and become self-employed. Government will reinforce its public responsibility to stimulate job creation and improve public employment service system. We must create enabling environment for rural migrant workers working in cities and actively help university graduates get employed. Employment-aiding system to the poor must be improved and job positions for public welfare must be explored. We will also strive to provide at least one job opportunity for families with no one employed.” Social security, pension and medical systems (including insurance) must be improved. “We will carry out serious measures to provide social security for migrant workers and farmers whose land has been expropriated or requisitioned.”

7.3 Strengthen ecological development and environmental conservation.

Particularly in mining areas, where relocation of residents living in dangerous areas must be implemented. Treating falling water levels and water pollution due to oil extraction and land reclamation must be done. Inputs for treating desertification, soil erosion and land degradation must be increased as must grass growing and forestation. Deterioration must be reversed. There follows a list of priorities, including combatting spread of wind blown sand and for black soil, forest, grassland, wetlands, mining and marine areas.

Measures for energy saving, emission reduction and environmental protection, preventing air and water pollution - (Songhua and Liao Rivers) must be strengthened. Protection and treatment of drinking water, urban sewage treatment (to 70%), decontamination of urban refuse (to 60%), desulfurization, reuse of solid waste and recycling of industrial water should all be enhanced. “We will actively promote a recycling economy”.

7.4 Promote the rational use of resources.

Management will be strengthened, preventing excessive use of farmland for construction and encouraging use of previously use land. “Functioning system for land purchase and reserve must be established” and improvements to leasing systems and compensation.

Water resource allocation must be optimised. Drinking water sources will be protected and an interregional water diversion project will increase supply. Flood resistance capacity will be increased in towns and mining areas. A plan for water exploitation, distribution and use
must be formulated, including water rights, water saving and recycling. There follows a list of hydraulic engineering projects, including irrigation.

Ores and oil will be exploited in a planned, orderly way with more frequent prospecting, improved recovery rates, utilisation and environmental protection. More rational use will be made of forest and grassland resources, along with increased protection for natural forests. Forests must grow faster than they are felled. Marine resources will be explored, protected and actively developed (oil, gas, water). Excessive fishing and aquaculture must be sustainable. A sound ecological system must be maintained.

**Section VIII Enhance Development Vitality**

**8.1 Accelerate institutional reforms and procedural innovations.**

The separation of government from enterprise and asset management functions will be pushed forward. “Over-intervention of government in economic activities must be reversed completely and more economic and legal measures must be applied in regulating economy”. SOE reforms must be deepened, private investment in them allowed and social security functions should be separated from business. The concentration of state assets should be in key industries and enterprises that are vital to economic development or security. The non public economic sector will be developed in a vigorous manner, with supporting policies. Modern market system must be improved, with intensified supervision.

**8.2 Expand opening up.**

Foreign investment must increase, including in restructured SOEs, but not in energy intensive or materials intensive or high polluting industries. Financial institutions, R&D, high-tech and design industries are encouraged. Foreign trade (exports) must be actively developed, especially high-tech, high value added, labour intensive and resource based products. International economic and technical co-operation must be strengthened, with establishment of economic zones like export processing zones. Collaboration with surrounding countries (particularly Russia) including for the export of raw materials, should be promoted. Dalian should be made the air transportation centre of Northeast Asia. Logistics and transport infrastructure for interregional and international trade must be pushed forward.

**8.3 Actively promote independent innovation.**

To support this, a relatively advanced adventure capital investment system is needed and intellectual property rights must be strengthened. Provincial governments will invest more. A list of what is need follows. - platforms for technical innovation, networks for scientific and technical collaboration and market systems.

**Section IX Policy measures and Implementation Mechanisms**

**9.1 Ensure enforcement of ongoing policies and measures**

**9.2 Improve revitalisation policies**

Tax incentives must be given to key industries to import inputs for equipment manufacture. Buying from Chinese equipment manufacturers (including certain SOEs) should be en-
courages. Credit should be made available and banks supported in disposing of non-performing assets.

9.3 Establish regional co-ordination mechanisms.

Between regions, especially links with successful coastal regions, and between provinces in the NE, for networking, problem solving and planning.

9.4 Improve plan implementation mechanisms.

Local authorities at all levels have responsibilities for detailed planning and implementation and must enhance co-operation. Communication and feedback between government, enterprises and the “common people” should solicit support from the whole society in the revitalisation process.

A mid-term assessment will be made, followed by updates.