



Northeast China: opportunities & challenges

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Recent economic performance of NE china



Unit: yuan/ 100 million yuan		Liaoning	Jilin	Heilongjiang
Per capita GDP	2015	65,521	51,852	(39,352)
	2014	65,201	50,152	39,263
Per capita retail sales	2015	29,148	24,140	(19,932)
	2014	26,855	22,093	18,169
GDP	2015	28,743	14,274	15,083
	2014	28,626	13,803	15,039
Retail sales	2015	12,773	6,646	6,964
	2014	11,793	6,081	7,640
Population	2015	4,382 (2,989)	2,753 (2,114)	n.a.
	2014	4,391 (3,077)	2,752 (2,108)	3,833 (2,998)



The strength of PRD is its flexible & easily scalable manufacturing capability and the supporting trading establishment (wholesales 4x retail sales) & logistics facilities (surpassing Hong Kong); cheap labour has been only one factor

Economic comparison of Beijing, Shanghai, Guangzhou and Shenzhen, 2015

Source:
http://news.southcn.com/gdnews/fsdf/node_297911.htm

Sources: Annual statistical communiques of the various cities, 2015.

City	Population (million)	Per capita GDP (yuan)	Per capita retail sales (yuan)
Beijing	21.70	106,284	47,630
Shanghai	24.15	103,100	41,634
Guangzhou	13.50	134,066	58,758
Shenzhen	15.80	157,985	44,098

Deindustrialization because of loss of traditional market(s)



North by Northeast

Changes in the proportion of GDP of eight provinces and regions in national total, 2012-2015



Percentage of GDP



Bad days are back

Industrial production, % increase on a year earlier

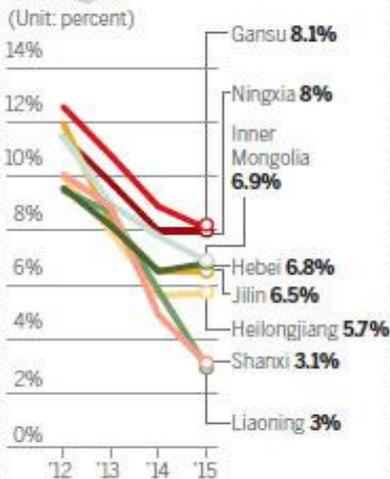


Source: National Bureau of Statistics

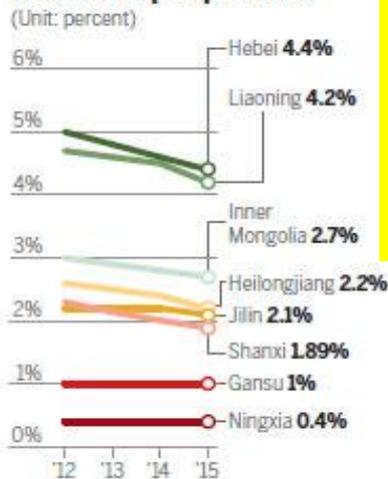
GDP



Growth



National proportion



Provinces of resource & heavy industry have suffered more than the national average in the current economic slowdown

Sources: Back in the cold: After promising signs of a renaissance, China's old rustbelt suffers a big setback, *The Economist*, 3 January 2015 & Zhang Zhouxiang, Problems the Northeast must solve, *China Daily*, March 28, 2016

Source: National Bureau of Statistics

CHINA DAILY

Both GDP & financial incomes turned south – crisis starting – cyclical or structural?



东北振兴十年难挡颓势，再投1.6万亿能救活经济吗？



Is post-2003 revitalization a result merely of fiscal stimulus of the central government?

Source: 东北振兴十年难挡颓势再投1.6万亿还有救吗? 加国无忧, 网易, 2016年8月30日

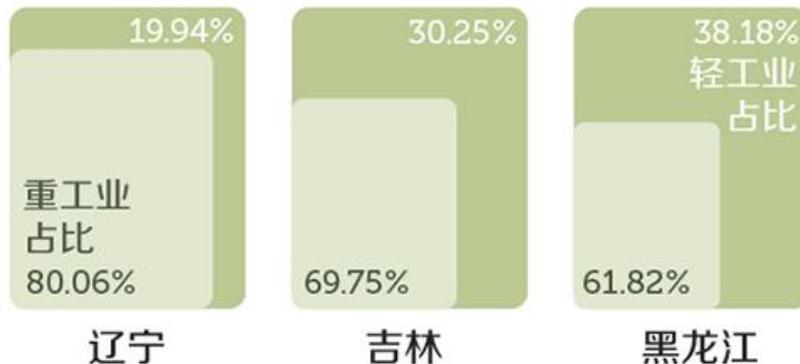
Failure of the 2003 revitalization programme



—— 东北国有资产亏损严重 ——



—— 2014年东北工业营业收入情况 ——



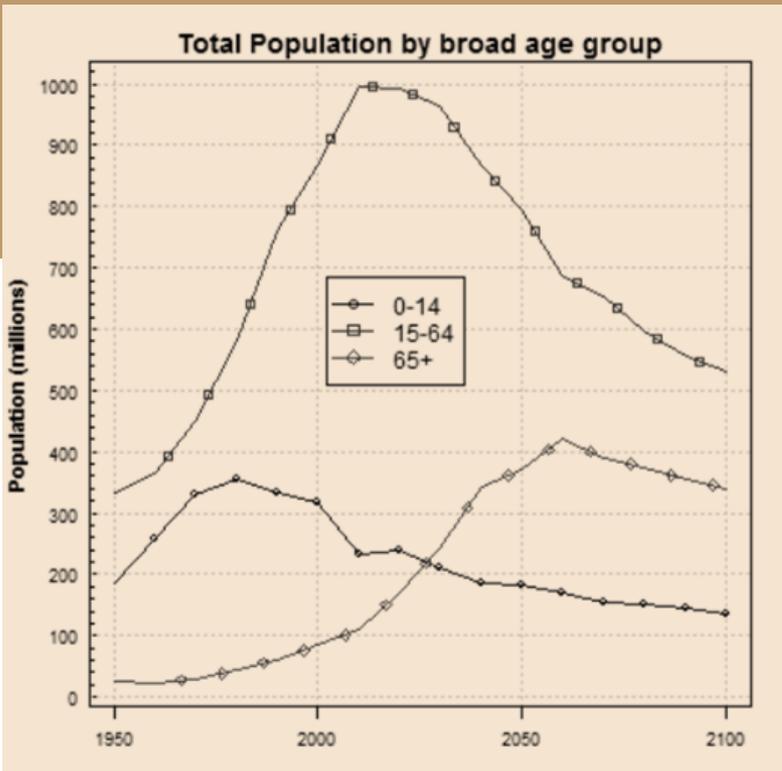
东三省曾是中国工业化、城镇化程度最高的地区，但是计划经济下的产业模式无法适应90年代中国经济体制改革的需要，大批国企被关停，东北经济也因此陷入困境。为了挽救经济，2003年政府启动了东北振兴战略，并将国有企业改革作为主要目标。受益于全国性的基建热潮，以煤炭、钢铁、汽车制造等重工业为主的东北地区在2013年之前GDP和财政收入均飞速增长，增长率数度超过20%，但在2013年中国经济放缓后，东北经济却提前进入了寒冬。

Source: 东北振兴十年难挡颓势 再投1.6万亿还有救吗?
加国无忧,网易,2016年8月30日

Structural factors for economic decline



1. Over-expansion of resources (coal & iron) and traditional heavy industries (oil, coal, automobile, steel, construction materials) in Northern China that has been suffering under decline in commodity and oil prices, fall in fixed asset investment associated with the bursting of the housing bubble – the international & domestic cyclical downturn in the post-financial tsunami period.
2. Lack of reform of existing firm and government economic management – the bubble years removed the competition pressures for reform and has strengthened local path dependency and dependence on government policy & fiscal supports.
3. Population declines – both ageing and fall in natural growth rate have caused resident population decline (Liaoning) and poor economic performance creates migration pressure out of the provinces.



Demographic minus for China & esp. for old industrial provinces in the Northeast East

Source: UN, *World Population Prospects, Volume I: Comprehensive Tables*, The 2015 Revision

Unit: million	Liaoning		Jilin	
	Total pop	Working age pop	Total pop	Working age pop
2011	43.83	n.a.	27.49	21.53
2012	43.89	31.54	27.50	21.59
2013	43.90	31.24	27.51	21.45
2014	43.91	30.77	27.52	21.08
2015	43.82	29.89	27.53	21.14

Alarm in 2016:



In the 1Q 2016, Northeast East provinces the worst in the nation, the last among all provinces and below national average growth rate. Liaoning witnessed the only negative economic growth in China, and in the first 8 months all above-quota retail & wholesale sales dropped including food (~4.0%).

GDP growth	2015	2016 1Q
Liaoning	3.0%	-1.3%
Shanxi	3.1%	3.0%
Heilongjiang	5.7%	5.1%
Jilin	6.5%	6.2%
Guangdong	8.0%	7.3%
National average	6.9%	6.7%

中共中央 国务院关于全面振兴东北地区等老工业基地的若干意见 (2016-4-27)



Second revitalization programme with 130 projects, 1.6 trillion yuan for next 3 years

发展目标

到2020年，东北地区在重要领域和关键环节改革上取得重大成果，转变经济发展方式和结构性改革取得重大进展，经济保持中高速增长，与全国同步实现全面建成小康社会目标。



产业迈向中高端水平，自主创新和科研成果转化能力大幅提升，重点行业和企业具备较强国际竞争力，经济发展质量和效益明显提高



新型工业化、信息化、城镇化、农业现代化协调发展新格局基本形成



资源枯竭、产业衰退地区转型发展取得显著成效



人民生活水平和质量普遍提高，城乡居民收入增长和经济发展同步，基本公共服务水平大幅提升



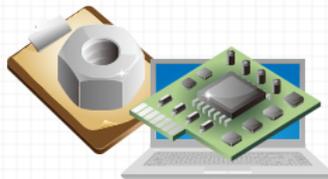
争取再用10年左右时间，东北地区实现全面振兴，走进全国现代化建设前列，成为全国重要的经济支撑带，具有国际竞争力的先进装备制造业基地和重大技术装备战略基地，国家新型原材料基地、现代农业生产基地和重要技术创新与研发基地。

重要举措

完善体制机制

- 加快转变政府职能，深化简政放权，优化营商环境，进一步放开开放活市场
- 深化国企改革，完善企业治理模式和经营机制
- 大力支持民营经济做大做强
- 稳步推进国有林区、林场改革
- 积极参与“一带一路”建设，加强与周边国家基础设施互联互通
- 对接京津冀等经济区构建区域合作新格局

推进结构调整



- 促进装备制造等优势产业提质增效
- 积极培育新产业新业态
- 大力发展现代服务业
- 加快发展现代化大农业
- 补齐基础设施“短板”不断提升基础设施水平

鼓励创新创业

- 完善区域创新体系
- 促进科教机构与区域发展紧密结合
- 加大人才培养和智力引进力度



保障和改善民生

- 解决好社保、就业等重点民生问题
- 全面实施棚户区、独立工矿区改造等重大民生工程
- 推进城市更新改造和城乡公共服务均等化
- 促进资源型城市可持续发展

