

## **A Brief Introduction to the Development of China Development Zones**

The set up of China Economic and Technological Development Zone (ETDZ) has started at the end of 1984. By the end of 1988 fourteen ETDZs including Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Minhang, Hongqiao, Caohejing, Ningbo, Fuzhou, Guangzhou, Zhanjiang are the first that had been established by the approval of the State Council.

In 1992 and 1993, eighteen other ETDZs including Yingkou, Changchun, Shenyang, Harbin, Weihai, Kunshan, Hangzhou, Xiaoshan, Wenzhou, Rongqiao, Dongshan, Guangzhou Nansha, Huizhou Dayawan, Wuhu, Wuhan, Chongqing, Beijing, Urumchi are the second to be set up.

From 2000 to 2002, the State Council approved to build the third group including Hefei, Zhengzhou, Xi'an, Changsha, Chengdu, Kunming, Gonyang, Nanchang, Shihezi, Xining, Huhhot, Taiyuan, Nanning, Yinchuan, Lanzhou, Lasa, Lanzhou. Besides, it also ratified Shanghai Pudong New Area (in 1990), Suzhou Industrial Park (in 1990) and Daxie Economic and Technological Development Zone (in 1994) to enjoy the preferential policies for the ETDZs at state level.

China ETDZ is a relatively small piece of land carved up in the coastal cities and other open cities. It attaches great importance to improving hard and soft investment environment and adheres to the policy of "mainly developing the high-tech industry, focusing on industrial projects, absorbing foreign fund and building up export-oriented economy" to strive for a fast and sound development. Serving as "Windows and bases" in the fields of opening-up, capital attraction, export enlargement, hi-tech development and regional economy promotion, it now becomes a powerful engine in developing regional economy and plays an important role in adjusting regional economy and industry structure. As a matter of fact, The ETDZs have scored great achievements and become the hot places of foreign investment and main forces of export.

The ETDZs of coastal cities have achieved remarkable success. By summarizing the experience of fast and sound development of national development zones, as a major component of a strategy to develop the western area, the State Council made a decision in 1999 that middle west provinces, autonomous regions and municipalities directly under the central government could choose one qualified and established provincial-level ETDZ from its capital city to bid for a national-level ETDZ. From 2000 to 2002, the State Council has approved 19 ETDZs in Middle Western regions to be upgraded to national-level ETDZs.

To date, there are 49 national-level ETDZ, among which, eastern coastal regions 27, Middle West regions 22. The pattern of national-level ETDZs in various provinces, cities, autonomous regions and other open cities is quite reasonable especially the newly established national-level ETDZs, which will play an active role in implementing the

strategy of developing the west strengthening the economic cooperation between eastern and middle western regions and promoting the coordinated growth of regional economy. The FTZs achieved great success through the past ten years. Through ten years' construction, the 15 Free Trade Zones (FTZ) in China with an area of 42.99 square kilometers achieved great success in developing the economy, attracting foreign investment and enlarging the export. With its three unique functions (namely the legal delay of taxation, duty-free storage and transfer, export and processing), the FTZ has been made into hubs for many investors both domestic and abroad. It has greatly promoted the export-oriented economy during these years.

1. The FTIs play a positive role in promoting the foreign investment. As the improvement of infrastructure construction and investment climate, together with unique policy, the undertaking of foreign attraction took obvious effect. By the end of 2001, the total approved enterprises had amounted to 27978, among which the newly approved foreign-funded enterprises 13180. The contract foreign capital reported 17.111 billion US dollars, the actually utilized 9.564 billion US dollars. The approved domestic enterprises are 14798.
2. The FTZs facilitate the import and export. In 2001, the total volume of import and export reached 21.388 billion US dollars, occupying 4.2% of the national total value, of which, the import 12.9 billion USD, the export 8.48 billion USD, increased by 11% and 20.11% than the last year.
3. The FTZs enlarge the processing trade. In the year of 2001, the 15 FTZs scored a total industrial output of 728.4 billion yuan, up 39.99% comparing with the same period of last year. The production quotation IT and hi-tech industry increased year by year, in 2001, amounting 80% of the processing trade in FTZ.

Moreover, the tax revenue of FTZs in China hit 117.95 Yuan in 2001, ranked as the top of history. They have formed the functions of international distribution, allocation and delivery as well as the exhibition and display of the international comedies. The ten years' construction of FTZs paved the way for the enlargement of their future undertakings and accumulated much managerial experiences. As China's entry into the WTO, it has far-reaching significance to the further enlargement of import and export of China.

The Border Economic Cooperative Areas made good progress

The 14 Border Economic Cooperative Areas (BECA), which started their construction 10 years ago is another important strategy step of opening up policy. It has great importance to develop economy, exploit resource of inland frontier and minority regions and improve good-neighbor relationship with the surrounding countries.

In 2001, the 14 BECAs developed 32 square kilometers land, attracted foreign investment of 85 billion Yuan, more than 3000 enterprises, among which over 400 foreign

enterprises and provided 120,000 job opportunities. Take Huichun Border Economic and Cooperative Area as an example, its total industry value amounted 1.1 billion Yuan, accounting for more than 67% of the city, the finance avenue 0.37, accounting for two thirds of the city. Take Manzhouli BECA as another example, the industry value of 2001 was 0.2 billion Yuan, occupying half of the gross value of the city. Meanwhile the others also made good progress.

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