The Way of Regional Economic Development by Cooperating Activities of Xinjiang and Other Provinces of China

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Abstract

This paper focuses on the cooperation efficiency between Xinjiang Uygru Autonomous Region (XUAR) and the western provinces of China in the first stage (1999-2011) to estimate the cooperation possibility for next period and the optimal way of cooperation process. This paper analyzed and compared the main macroeconomic indicators of XUAR and the western provinces, by using the macroeconomic data of China and 12 western provinces from 1999 to 2011. The correlation coefficient proved that the economic development correlates highly of XUAR and the western provinces in the period from 1999 to 2011. This paper also compared the main economic indices, such as GDP, growth rate and so on, to know the status of economic condition of each province. The result proves that the cooperation activities between XUAR and the western provinces not only improved the XUAR's economy but also provided more finances chances for the western provinces, and the cooperation was successful in the first phase. However, this research found the some issues existed in the process of cooperation. To solve these questions in next cooperation, this paper pointed out several main problems, including the lack of the investment in fixed assets and foreign capital, readjusting industrial structure, reducing the residents' income gap between XUAR and the western provinces and nationwide as well.

Key words: Cooperation activities; XUAR's economy; Western provinces; Efficiency analysis

INTRODUCTION

Although XUAR is rich in energy reserves, Xinjiang's economy falls behind and the most rural areas in southern XUAR belong to low income areas. To improve local economic and residents income and living standard of entire XUAR, The Chinese Government has been taking various favorable policies; the cooperation activity is one of the policies. Therefore, XUAR should fully use the excellent opportunity in a new round of western development strategy, including national policy on counterpart support, improving investment environment, expanding the ways to attract foreign investment as well as increasing the resident's income to reduce the income gap. Currently, the most urgent task of XUAR is to adjust local industrial structure and speed up the social economy, and reach the nation's average developing level. To help XUAR's people achieve desired objectives, the Chinese Government decided to implement the western development strategy from1999, this event created a development opportunities for economic development of XUAR. During past period from 1999 to 2011, XUAR has made the significant progress in developing economy. Simultaneously, the existing gap in income and economy has been reduced. To know the efficiency of cooperation and make better cooperation in the next phase, it is necessary to analyze the real benefits from cooperation, which is just what the local peoples and government concerned. This paper analyzed and compared the main macroeconomic indicators of XUAR and the provinces under the condition of preferential policies, by using the

macroeconomic data of China and western provinces from 1999 to 2011; the research considers the average and current conditions in estimating the province economy. Simultaneously, this paper analyzed the issues existed in the process of cooperation activities to provide reasonable idea and applicable method for XUAR Government in making economic plan and policies.

1. DEVELOPMENT OF XUAR SUPPORTED BY THE NATIONAL POLICY AND WESTERN PROVINCES

Table 1 denoted the XUAR's main economic data in the first period from 1999 to 2000, the statistic data shows that the gap between XUAR and western provinces has been reducing day by day since the policy of developing XUAR was fulfilled. An average annual increase of

XUAR is 14.9 percent in the first period, and the Total GDP (T.GDP) increased from 1999 of 1,163 billion yuan RMB (2011rate is 6.34 Yuan RMB to one dollar) to 2011 of 6610 billion Yuan RMB [B.Y.RMB]. The average GDP of 10 years from 1988 to 1998 was lower than 1,000 (B.Y.RMB), obviously less than the average number of 3000 (B.Y.RMB). The support of policy and western provinces also made the more contribution in per capita income, which of the urban and rural residents respectively increased from 1999 to 5320 and 1472 [Y.RMB] to 2011 of 15514 and 5442 [Y.RMB]. Table 1 proved the significant improvement in Investment in Fixed Assets (I.F.A) and Total Retail Sales of Social Consumption (T.R.S.S.C), these numbers are much higher than that before 1999. The experience of local development shows that it is impossible for XUAR to have such a fast development without support of national policies and western provinces.

Table 1
Characteristics of XUAR's Economic Indices From 1999 to 2011 (B.Y.RMB)

Year	T.GDP	I.F.A	L.R	U.P.C.I ($\times 10^{-8}$)	R.P.C.I ($\times 10^{-8}$)	T.R.S.S.C
1999	1163	535	71	5320	1473	347
2000	1364	610	79	5645	1618	375
2001	1492	706	95	6215	1710	406
2002	1613	813	116	6554	1863	443
2003	1886	1002	128	7006	2106	421
2004	2209	1162	156	7503	2245	563
2005	2604	1352	180	7990	2482	640
2006	3045	1567	219	8871	2737	733
2007	3523	1851	286	10313	3183	858
2008	4183	2260	361	11432	3503	1042
2009	4277	2827	389	12258	3883	1178
2010	5437	3540	501	13644	4643	1324
2011	6610	4713	720	15514	5442	1557

Note. T.GDP means Total GDP, I.F.A is investment in fixed assets, L.R is local revenue, U.P.C.I is urban per capita income, R.P.C.I is rural per capita income, T.R.S.S.C denotes Total retail sales of social consumption.

The correlation coefficients denote the total investment of national and western province correlates highly with T.GDP of XUAR. Taking T.GDP of XUAR as the main target, the correlation coefficients of main economic indices of XUAR are calculated and shown in Table 2, which shows high correlation with T.GDP, such condition indicated that the T.GDP of XUAR led to development of all industries. On the other hand, the cooperation activities between western provinces and XUAR improved the XUAR's T.GDP so as to improve the income of urban and

rural residents. The cooperation activities have played an important role in the rapidly developing finances and economics of XUAR.

On the other hand, in the first phase of cooperation activities, the industrial structure of XUAR has been adjusted and optimized, the new industrial structure reduced the proportion of primary industry and significantly increased secondary industry. Up to 2011, the proportion of three-industry structure is of the number of 17.2:48.8:33.96, which approaches to the level of

Table 2
Correlation Coefficient of Main Economic Indices From 1999 to 2011

	T.GDP	I.F.A	L.R	U.P.C.I	R.P.C.I	T.R.S.S.C
T.GDP	1					
I.F.A	0.98904	1				
L.R	0.98954	0.99631	1			
U.P.C.I	0.99535	0.98276	0.98139	1		
R.P.C.I	0.99780	0.99348	0.99034	0.99610	1	
T.R.S.S.C	0.99346	0.98495	0.98243	0.99616	0.99353	1

Note. The abbreviated character is the same meaning as Table 2.

developing counties. Accompanied by the increment of T.GDP of XUAR, the regional fiscal revenue greatly improved, which reaches 720 [B.Y.RMB] in 2011, 10.1 times bigger than that of 1999. The disposable income per capita of urban residents and rural residents respectively reached 15,514 and 5,442[Y.RMB]. The total foreign trade volume reached 228.22 billion U.S dollars in 2011, 12.9 times bigger than that of 1999 with the annual average growth rate of 21.8%.

2. ECONOMIC LEVEL OF XUAR COMPARED WITH THE 11 WESTERN PROVINCES

Table 3 shows the value and rank of main economic indices of XUAR compared with the western provinces namely Inner Mongolia, Tibet, Gansu, Qinghai, Ningxia, Guizhou, Yunnan, Guangxi, Shanxi, Sichuan and Chongqing. Some rank in 2011 is lower than that of 1999, but we still regard that as good results. Xinjiang lacks of water resources that limit the development of many industries, hence, the resources of XUAR have to send to neighboring provinces for processing. As to GDP per capital, in 1999 XUAR is with national support and the market is not opened in the western provinces.

3. SUGGESTIONS FOR NEXT COOPERATION ACTIVITIES

The efficiency of first cooperation is obvious considering he water condition of XUAR, where is not suitable for development of heavy industry but fits for developing local light industry. Hence, the next cooperation should be done by using XUAR's resources and western province's water. However, the following suggestions are mentioned: a) increasing investment scale in fixed assets and foreign countries. b) reducing the big income gap between XUAR and western provinces by developing multiple ways in fiscal revenue (Fei & Yang, 2009). c) the price of energy resources needs to be raised to increase the income of local public finances of XUAR (Adili Nur, 2012). d) improving the investment environment and increasing fixed investment, and strengthening the capacity from foreign investment (Liu, 2010). e) improving the income of urban and rural residents in XUAR. f) adjustment of the industrial structure (Gao & Long, 2011).

Table 3
The Value and Rank of Economic Indices of XUAR Compared With Western Provinces

Economic indices	1999		2011		Increased times
	Value	Rank	Value	Rank	
T.GDP [B.Y.RMB]	1163.2	7	6610.05	10	4.6800
I.F.A [B.Y.RMB]	534.65	6	4632.14	7	8.6639
I.A.V [B.Y.RMB]	317.93	8	2700.2	7	8.4931
GDP.P.C [Y.RMB]	6443	1	30087	5	4.6697
T.R.S.S.C [B.Y.RMB]	347.41	7	1616.3	9	4.6524
I & E. T [B.$US]	17.653 4	3	228.19672	4	12.9745

Note. the abbreviated character is the same meaning as Table 2. GDP. P. C means GDP per capital, I & E. T means import and export trade, [B.$US] denotes billion US dollars.

Since the cooperation activities in the first phase have accumulated a wealth of experience that may be the basis for the second cooperation, this is one of our confidence. It is expected in the second cooperation to maximize the use of economic profit for improving the income of residents in XUAR, especially the

income of rural regions in the southern part of XUAR. And, the most important issue is to exactly estimate the maximum carrying capacity of water resources of XUAR in developing local industry, in order to ensure the coordinated development of water resources and industrial economy.

CONCLUSION

XUAR's development experience has fully demonstrated that XUAR, due to lack of water, is not suitable for the development of heavy industry, and the local agricultural industry that adapts to the local characteristics of the light industry and processing industry may be developed. The results from this study show that the effect of cooperation is significant in the first phase and it is necessary to continue the next cooperation. XUAR's energy and other resources can be transported to the neighboring western provinces for processing, which requires cooperation of the next phase. However, the next cooperation should pay attention to the recommendations presented in this paper.

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