



저작자표시-비영리-변경금지 2.0 대한민국

이용자는 아래의 조건을 따르는 경우에 한하여 자유롭게

- 이 저작물을 복제, 배포, 전송, 전시, 공연 및 방송할 수 있습니다.

다음과 같은 조건을 따라야 합니다:



저작자표시. 귀하는 원저작자를 표시하여야 합니다.



비영리. 귀하는 이 저작물을 영리 목적으로 이용할 수 없습니다.



변경금지. 귀하는 이 저작물을 개작, 변형 또는 가공할 수 없습니다.

- 귀하는, 이 저작물의 재이용이나 배포의 경우, 이 저작물에 적용된 이용허락조건을 명확하게 나타내어야 합니다.
- 저작권자로부터 별도의 허가를 받으면 이러한 조건들은 적용되지 않습니다.

저작권법에 따른 이용자의 권리는 위의 내용에 의하여 영향을 받지 않습니다.

이것은 [이용허락규약\(Legal Code\)](#)을 이해하기 쉽게 요약한 것입니다.

[Disclaimer](#)

國際學碩士學位論文

**The Formation, Development and
Transformation of Zhujiang Model**

주강모델의 형성, 발전, 그리고 변화

2013年 8月

서울대학교 國際大學院

國際學科 國際地域學專攻

金 泰 勳

**The Formation, Development and
Transformation of Zhujiang Model**

A thesis presented

by

Kim, Tae-Hun

to

Graduate Program

in International Studies (International Area Studies)

in partial fulfillment of the requirements

for the degree of Master

in the subject of International Studies (Political Science)

Graduate School of International Studies

Seoul National University

Seoul, Republic of Korea

August, 2013

**The Formation, Development and
Transformation of Zhujiang Model**

주강모델의 형성, 발전, 그리고 변화

指導教授 鄭鍾昊

이 論文을 國際學碩士 學位論文으로 提出함

2013年 8月

서울大學校 國際大學院

國際學科 國際地域學 專攻

金泰勳

金泰勳의 國際學 碩士學位論文을 認准함

2013年 8月

위 원 장 _____ 박철휘 (인)

부 위 원 장 _____ 조영남 (인)

위 원 _____ 정종호 (인)

Graduate School of International Studies
Seoul National University

THESIS ACCEPTANCE CERTIFICATE

The undersigned, appointed by
Graduate School of international Studies,
Seoul National university

Have examined thesis entitled
The Formation, Development and
Transformation of Zhujiang Model

Presented by **Kim, Tae-Hun**

Candidate for the degree of Master of International Studies
and hereby certify that it is worthy of acceptance

Committee Chair

Park, Cheol-Hee

Signature

Committee Member

Cho, Young-Nam

Signature

Committee Member

Jeong, Jong-Ho

Signature

© Copyright by **Kim, Tae-Hun** 2013
All Rights Reserved

Abstract

The Formation, Development and Transformation of Zhujiang Model

Kim, Tae-Hun

China has transformed to the successful market society since its Reform and Open-up. As China has achieved the successful economic development for the last 30 years, there have been continuous discussions on the success factors of China's marketization. Especially, the reinterpretation for Chinese ownership and the discussion on a variety of distinctive development backgrounds of each region attracted attentions in the academic world. In the same vein, the so-called Chinese '*Sanda*' Models(三大模式) came into the spotlight. And as each model represented the Chinese three ownership structures, it became converged on Chinese Regional Development Models.

Chinese Regional Development Models performed a role as an important testing ground of institutional innovation, as well as a leading role in transformation toward the socialist market economy for Chinese economic system. Also with the mechanism which creates the distinctive city competitiveness, it finally could be acclaimed as the representative exemplary cases of Chinese Regional Development Models, by underlining the advantages of commerce network come from the unique historical and cultural background of each region.

Particularly, Zhujiang Model among them attracted a lot of attention in the academic world, being interpreted as a Chinese successful development model from the early 1980s to mid-1990s.

Representing the Foreign Capital among Chinese three ownerships, the Pearl River Delta region settled down the distinctive Chinese Regional Development Model successfully. In addition, it established itself definitely as an important region - Chinese Three Economic Zones along with the Yangtze River Delta and the Bohai Bay Economic Zone. However, after the economic development reached the certain level, the speed of development became noticeably slow and various problems began to arise. Therefore, the attempts to find a new development direction of Zhujiang Model were made by the academic and industry world. Consequently, the brand-new Zhujiang Model was created with the way enhancing and supplementing the original model by utilizing the experience of previous development.

This study focuses on the development process of Zhujiang Model and intends to find the answers for what the formation background of Zhujiang Model, features and the limitations are. Particularly, it aims to consider the development direction of the new model by analyzing the transformation from the 'Old'(舊) model to 'New'(新) model. Regarding the research method, this study is based both on the primary governmental(官方) data and voluminous primary original data in order to conduct the correct study without the arbitrary interpretations. Also the opinions in this study are supported with official statistical figures and data announced by Chinese central and local government.

According to the result of this study, Zhujiang Model had developed gradually into the distinctive regional development model with the three formation backgrounds: national policy factor, cultural-geographical factor and industrial structure factor. And Zhujiang Model developed with these formation backgrounds had three important features: State-led outward-oriented economic development, economic development through the inducement of foreign capital in large scale and the development of '*Sanlaiyibu*' labor-intensive industry. Consequently, Zhujiang Model played a significant role leading the Chinese economic development from the early 1980s to the mid-1990s. However, when Chinese economic development reached to the certain level in the mid-1990s, the speed of development became noticeably slow and many problems - such as the excessive dependence on foreign trades, intensified competition with other economic zones and the rise of chronic problems in industrial structure - began to come out. As a result, the attempts to overcome these problems and find a new development direction were made on the academic world and local government scale. New-Zhujiang Model, which was created in this way, is still seeking for the new development direction through the expansion of the scope and change of the industrial structure. This trend is expected to be more intensive and expanded steadily.

Key Words : Zhujiang Model, New-Zhujiang Model, Chinese Regional Development Models, Chinese '*Sanda*' Models, The Pearl River Delta

Student Number : 2008-23456

Table of Contents

Abstract (English)	i
Table of Contents	iv
List of Tables and Figures	vi

I . Introduction 1

1. Historical Background and Classification of Chinese Regional Development Models	1
2. Research Question and Research Methodology	5
3. Literature Review	8

II . Formation Background and Features of Zhujiang

Model 12

1. Definition and Scope of Zhujiang Model	12
2. Formation Background of Zhujiang Model	18
(1) National Policy Factors	18
(2) Cultural and Geographic Factors	22
(3) Industrial Structure Factors	25
3. Features of Zhujiang Model	28
(1) State-led Outward-oriented Economic Development	29
(2) Economic Development through the Extensive Attraction of Foreign Capital	34
(3) Development of ' <i>Sanlaiyibu</i> ' Labor-intensive	

Collective Industries	40
III. Problems and Limitations of Zhujiang Model	45
1. Excessive Dependence on Foreign Trades	46
2. Intensified Competition Resulted from the Decrease of the National Preferential Policies	48
3. Chronic Problems of Industrial Structure	56
IV. Transformation to the New Model	62
1. Definition and Scope of New-Zhujiang Model	62
2. Features of New-Zhujiang Model	68
(1) Expansion of the Scope: 9+2	69
(2) Changes of Industrial Structure: Development of High Value-added Industry	76
V. Conclusion	87
References	89
1. Korean Materials	89
2. Chinese Materials	90
3. English Materials	93
Abstract (Korean)	94

List of Tables and Figures

A. Tables

Table.1 Comparison of Chinese ' <i>Sanda</i> ' Regional Development Models	2
Table.2 The Classification of Zhujiang Model's Period and Scope	7
Table.3 Guangdong's Four Models Consisting Zhujiang Model	13
Table.4 Economic Indicators of the Pearl River Delta	17
Table.5 Foreign Trade Exports and Volume of the Pearl River Delta	32
Table.6 The Growth of the Regional GDP from 1978 to 2008	33
Table.7 Changes and Volume of Guangdong's FDI	35
Table.8 The Structure and Volume of Direct Investment to Guangdong by Each Country (Based on the Practice Amount)	37
Table.9 The Structure of Direct Investment to Guangdong by Each Industry (2000)	38
Table.10 The Classification of Cluster's Industrial Structure in China ·	41
Table.11 Industrial Cluster Distribution by Each Province in China (2005)	43
Table.12 Economic Indicators of National Economic and Technological Development Zones in Guangdong	44
Table.13 Foreign Trade Volume of 3 Provinces in Costal Area (2001)	46
Table.14 The Progress and Main Content of Chinese 'Point-Line-Plane	

Open Policy'	49
Table.15 Economic Indicators and Proportion of Three Economic Zones in China (2004)	52
Table.16 Comparison of Imports and Exports in the Yangtze River Delta and the Pearl River Delta (2000-2004)	54
Table.17 Comparison of FDI in the Yangtze River Delta and the Pearl River Delta (2000-2004)	55
Table.18 The Exports Structure in Guangdong	58
Table.19 Types of Companies and Proportion of Industrial Output Value in the Pearl River Delta (2000)	59
Table.20 The Technical Competence Indicators in Chinese Main Areas (2006)	60
Table.21 The Classification of the Pearl River Delta's Economic Zones	67
Table.22 Economic Indicators in the 11 Areas of the Pan-Pearl River Delta (2003)	73
Table.23 The Main Resources in the Areas of the Pan-Pearl River Delta	75
Table.24 The Progress and Main Content of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)	79
Table.25 The Progress and Main Content of the Mainland and Macau Closer Economic Partnership Arrangement (CEPA)	81
Table.26 The Changes of Industrial Structure in Shenzhen (2001~2006)	83
Table.27 The Changes of 10 Industries in the Pearl River Delta	

Region 85

B. Figures

Figure.1 The Regional Scope of Zhujiang Model 16

Figure.2 The Regional Scope of New-Zhujiang Model 66

I . Introduction

1. Historical Background and Classification of Chinese Regional Development Models

China has transformed to the successful market society since its Reform and Open-up. As China has achieved the successful economic development for the last 30 years, there have been continuous discussions on the success factors of China's marketization. Especially, the reinterpretation for Chinese ownership¹⁾ and the discussion on a variety of distinctive development backgrounds of each region attracted attentions in the academic world. In the same vein, the so-called Chinese '*Sanda*' Model(三大模式) came into the spotlight.²⁾ And as each model represented the Chinese three ownership structures, it became converged on Chinese Regional Development Models.

Basically, the concept of Chinese '*Sanda*' Model is a part of Economic Development Models raised by Fei Xiaotong(費孝通), a renowned Chinese sociologist. Fei suggested Chinese Four Economic Development Models primarily in the early 1980s as follows: New

-
- 1) Currently, Chinese ownership structure includes state-owned economy, collective economy, equity joint economy, private economy, individual economy, stock system economy, foreign businessman economy and Hong Kong/Macau/Taiwan investment economy. And generally, this structure could be divided into three large frames - Collective Ownership, Private Ownership and Foreign Capital.
 - 2) Chinese '*Sanda*' Model means: 1) Wenzhou Model(溫州模式), the private economy developed around Wenzhou region in the mid-1980s. 2) Sunan Model(蘇南模式), the township collective economy whose foundation was formed around Sunan region in 1978. 3) Zhujiang Model(珠江模式), the outward-oriented economy developed around the Pearl River Delta region in the early 1980s.

Industrialization Model(新工業化模式), Small Town Development Model(小城鎮發展模式), Regional Economic Development Model(地區經濟發展模式) and Economic Zone Development Model(經濟圈發展模式). Of these, Regional Economic Development Model(地區經濟發展模式) was the concept that Fei suggested in his book, <Small town·Re-exploration(小城鎮·再探索)>, and the concept of 'Model' that he suggested means the process of distinctive economic development made under the certain historical condition in the certain region.³⁾ Based on this concept, Regional Economic Development Model(地區經濟發展模式) could be divided into Wenzhou Model(溫州模式), Sunan Model(蘇南模式) and Zhujiang Model(珠江模式) as indicated in <Table.1>, with each distinctive development background.

<Table.1> Comparison of Chinese 'Sanda' Regional Development Models

	Wenzhou Model (溫州模式)	Sunan Model (蘇南模式)	Zhujiang Model (珠江模式)
Period	In the mid 1980s	1952-1978 formed the foundation	In the early 1980s
Core	Private Economy (民營私有經濟)	Township Collective Economy (鄉鎮集體經濟)	Outward-oriented Economy (外向型經濟)

3) 費孝通, <行行重行行>, 宁夏人民出版社 1992年版, 539頁

Features	<ul style="list-style-type: none"> - Cottage industries and specialized markets - 'Small items, big markets' based on the development of private capital - Business model which is leaving home without engaging in agriculture(离土又离鄉) 	<ul style="list-style-type: none"> - Township collective enterprises are at the center - Local government-led development of township enterprises - Business model which is neither leaving home nor engaging in agriculture(离土不离鄉) 	<ul style="list-style-type: none"> - Outward-oriented open economy centered in 'Sanlaiyibu(三來一補)' - Open door policy-led economic development - 'Liangtouzaiwai' (兩頭在外)
Problems	<ul style="list-style-type: none"> - Diffused cooperation and dispersed management interfere with the enterprises' expansion - Family-run business which does not comply with the global environment hinders enterprises' development - Weakened competitiveness of traditional labor-intensive products 	<ul style="list-style-type: none"> - Changes in the economic system and policies - Unclear property rights issues - Ambiguous relationship between local government and township enterprises - Uncertainty in property relations 	<ul style="list-style-type: none"> - Benefit of government-led open door policies is no more valid - The return of Hong Kong and Macau - Intense competition with the Yangtze River Delta - Heavily exposed to the effects of the international economic, due to high dependence on foreign trade

<Source: 劉國良, "蘇南模式与溫州模式, 珠江模式的比較", 『浙江經濟』, 2006年, pp. 36~37.>

As indicated in <Table.1>, Wenzhou Model is the development model of private enterprises and market-centered township enterprises. Being characterized by the cottage industry, specialized markets and 'Small items, big markets(小商品大市場)' based on the development of private capital, it represents the 'Private Ownership' among Chinese three ownerships. Sunan Model is the development model of collective

enterprises and local government-led township enterprises. Being characterized by the local government-led development, it represents the 'Collective Ownership' among Chinese three ownerships. Lastly, Zhujiang Model is the development model of township enterprises based on the geographical position and role of the foreign capital. Being characterized by the Foreign Direct Investment(FDI) inducement of overseas Chinese economic circles, it represents the 'Foreign Capital' among Chinese three ownerships.

These Chinese Regional Development Models perform the role as the important testing ground of institutional innovation, as well as a leading role in transformation toward the socialist market economy for Chinese economic system. Also with the mechanism which creates the distinctive city competitiveness, it finally could be acclaimed as the representative exemplary cases of Chinese Regional Development Models, by underlining the advantages of commerce network come from the unique historical and cultural background of each region. However, in accordance with intensified Reform and Open-up as well as rapid change in Chinese economic environment, the problems began to come out in each development model. Especially, as Chinese economic development got on the real track of global competition after the early stage, it had been criticized constantly that it did not perform well enough in its role. As a result, to overcome these limitations and seek for the new model, many efforts began to be made steadily by scholars, businessmen and local government officials.⁴⁾

4) 정중호, “은주모델에서 신은주모델로”, 『중국학연구』, 제44집, 2008, p. 194.

2. Research Question and Research Methodology

Chinese '*Sanda*' Model has a very significant meaning in the process of Chinese economic development since its Reform and Open-up. In particular, Zhujiang Model among them attracted a lot of attention in the academic world, being interpreted as a Chinese successful development model from the early 1980s to mid-1990s. Representing the Foreign Capital among Chinese three ownerships, the Pearl River Delta region settled down the distinctive Chinese Regional Development Model successfully. In addition, it established itself definitely as an important region - Chinese Three Economic Zones along with the Yangtze River Delta and the Bohai Bay Economic Zone. However, after the economic development reached the certain level, the speed of development became noticeably slow and various problems began to arise. Due to the rising of those problems, doubts and criticisms for Zhujiang Model are aroused on the one side. There was even opinion that Zhujiang Model is a kind of transitional development model which is inevitably born in the special condition of government-led political shield.⁵⁾ Accordingly, the attempts to find a new development direction of Zhujiang Model were made by the academic and industry world. Consequently, the brand-new Zhujiang Model was created with the way enhancing and supplementing the original model by utilizing the experience of previous development.

This study focuses on the development process of Zhujiang Model

5) 謝濤, "珠三角企業面臨挑戰", 『中國國情國力』, 1992, pp. 63~64.

and intends to find the answers for following research questions. What are the formation backgrounds, features and the limitations of Zhujiang Model? What kind of ways did the transformation from Old(舊) model to New(新) model take? What are the features of the transformation? What will be the development direction of New(新) model?

In order to answer those questions and conduct the correct study without the arbitrary interpretations, This study is based both on the primary governmental(官方) data and voluminous primary original data. Also the opinions in the study are supported with official statistical figures and data announced by Chinese central and local government.

This study excludes the debate that Zhujiang Model is whether the true meaning of 'Model' which is theoretically impeccable or not.⁶⁾ Regarding the research target, this study examines Zhujiang Model after the Reform era and the research scope covers from 1980 to present. Chinese local scholars and research institutes divide Zhujiang Model into three periods: the Original Pearl River Delta(小珠三角), the Greater Pearl River Delta(大珠三角) and the Pan-Pearl River Delta(泛珠三角). However, There is no difference between the Original Pearl River Delta(小珠三角) and the Greater Pearl River Delta(大珠三角) except for the fact that Hong Kong and Macau returned to China officially.

Therefore, this study classifies the Original Pearl River Delta(小珠三

6) The Pearl River Delta, classified as one of the Chinese three economic zones, has received national level consent and support. In addition, various Chinese local scholars and research institutes study the development model of the Pearl River Delta by using a word of 'Zhujiangmoshi'(珠江模式). Therefore, there is no significant meaning in theoretical arguments to debate whether Zhujiang Model is the true meaning of 'Model' or not.

角) and the Greater Pearl River Delta(大珠三角), which are formed and developed from 1979 to 2003, as Old(舊) Zhujiang Model, and classifies the Pan-Pearl River Delta(泛珠三角) as New(新) Zhujiang Model as indicated in <Table.2>. Through this classification of period and scope, the study examines the process of transformation from 'Old (舊)' model to 'New(新)' model.

<Table.2> The Classification of Zhujiang Model's Period and Scope

	Old (舊) Zhujiang Model		New (新) Zhujiang Model
Area	The Original Pearl River Delta (小珠三角)	The Greater Pearl River Delta (大珠三角)	The Pan-Pearl River Delta (泛珠三角)
Period	1979~1997	1997~2003	2003~Present
Scope	14 cities and counties: Guangzhou(廣州), Shenzhen(深圳), Zhuhai(珠海), Foshan(佛山), Jiangmen(江門), Dongguan(東莞), Zhongshan(中山), Huizhou(惠州), Zhaoqing(肇慶), Gaoyao(高要市), Sihui(四會市), Huiyang(惠陽縣), Boluo(博羅縣)	The Original Pearl River Delta (小珠三角) + 2 areas: Hongkong(香港), Macau(澳門)	The Greater Pearl River Delta (大珠三角) + 8 Provinces: Fujian(福建), Jiangxi(江西), Guangxi(廣西), Hainan(海南), Guizhou(貴州), Hunan(湖南), Yunnan(雲南), Sichuan(四川)

<Source: 최병훈, “홍콩과 주강삼각주간 협력관계 변화에 관한 연구”, 중소기업 연구 통권 115호 2007년 가을, p. 92 재인용, 張杜鵑·陳忠暖, “泛珠江三角洲區域經濟開放的趨勢分析”, 『熱帶地理』, 第27卷 第1期, 2007年, pp. 35~39.>

3. Literature Review

Xie Tao(謝濤) examined the formation background, limitation, and new development direction of Zhujiang Model. According to Xie, Zhujiang Model is characterized by three representative features: 1) Outward-oriented economic development 2) The dynamic combined with the public's voluntary participation and the governmental plan 3) Full-scaled overall structure that encourages the whole development, as main enterprises are performing the front-runners. In addition, Xie pointed out the significant limitations of Zhujiang Model; it was comprised of excessively outward-oriented economy and the industrial structure was too-much homogenized. Besides, he pointed out that the traditional industry which used to have the absolutely autonomous position around the Pearl River Delta region became generally stagnant due to the rise of domestic polycentric regional economy and the increase of labor cost.⁷⁾

In addition to this, Lu Huo(盧獲) assorted the features of Zhujiang Model in a similar way as well; first, the diversity of ownership structure, as collective ownership enterprise becomes the main and private or individual enterprises perform the role to supplement it; second, the novelty of management structure which assumes the management form of the joint enterprise between China and foreign country, through 'Sanlaiyibu'; third, the industrial structure developing the rising industry based on the secondary industries; forth, the target

7) 謝濤, "珠三角企業面臨挑戰", 『中國國情國力』, 1992, pp. 62~63.

of enterprise management that aims the domestic and foreign market at the same time through the outward-oriented economy; fifth, the stability of the enterprises' funds source that absorb the foreign capital quickly; sixth, the development direction for the growth both of outward-oriented enterprises and the other enterprises at the same time; and lastly, management system that concentrates on the development of business organization as well as on the main products.⁸⁾

Meanwhile, Tsai pointed out the following as the factors of success for Zhujiang Model; first, it adapted itself rapidly to the overseas trade and foreign capital and finally combined Wenzhou Model with Sunan Model; second, with an importance of the accessibility from Guangdong to hong Kong, it could achieve the title as Special Economic Zone(SEZ); and lastly, the cities near the Pearl River Delta regions were able to attract a lot of Foreign Direct Investment(FDI).⁹⁾

Lai Wenfeng(賴文鳳) divided the development process of Zhujiang Model into three periods largely and suggests the features for each period. According to Lai, the period that Zhujiang Model had run(啓動) in earnest was from 1979 to 1983. During 1984 to 1992, Zhujiang Model began to settle down(形成) in earnest, and it had undergone the adjustment and change(調整) from 1993 to 2000. By analyzing the economic systems that significantly affected the development process of Zhujiang Model, the author pointed out the fiscal federalism of decentralization, township enterprises in transitional state, flexible and

8) 盧獲, "珠江模式的形成, 特色作用", 『學術自述与反思』, 1996, pp. 173~174.

9) Tsai Kellee S., "Capitalism without Democracy: The Private Sector in Contemporary China," Cornell University Press, 2007, pp. 153~154.

yare '*Sanlaiyibu*' system and local government-led regional cooperation mechanisms as those economic systems.¹⁰⁾

Chen Dening(陳德寧) studied the features of Zhujiang Model by reinterpreting Fei Xiaotong(費孝通)'s conception - the renowned Chinese anthropologist who suggested the concept of Zhujiang Model for the first time. Also he examined the strategic significance on the conception of the Pan-Pearl River Delta and the development prospect. According to Chen, Zhujiang Model should develop gradually in accordance with four routes. The first route is to intensify the economic relationship between Hong Kong and the Pearl River Delta. The second route is to make the functional positions of main cities around the Pearl River Delta harmonious, and the third route is to enhance the innovative ability of Zhujiang Model. At last, the fourth route is to build the economic community of the Pan-Pearl River Delta(泛珠江三角洲) for all of prosperities. Chen asserts that ultimately, Zhujiang Model should develop into the economic community of the Pan-Pearl River Delta so that all could prosper. The first reason of this assertion is that it could have the strong economic radiating effect from the near provinces, by expanding the hinterland of the economic development for the Greater Pearl River Delta(大珠江三角洲). The second reason is that it would be helpful to pioneer a new route for the regional economic cooperation. The last reason is that it would be also helpful to encourage the constructive competitions among the economies in domestic regions. As a result, Chen insists that it could accomplish the

10) 賴文鳳,"珠江模式的變遷及制度再創新", 『South China Review』, April 2007.

development from the point to the line, and then, eventually, to the plane, and also all could prosper, as enlarging the range of the development.¹¹⁾

As remarked above, preceding researches for Zhujiang Model has been conducted from many different angles. But, nonetheless, most of above preceding researches have the limitation that it is only enumerating the general features of Zhujiang Model. It is true that the concrete verifications about the formation background of Zhujiang Model and how these features are appeared as well as what direction it would develop toward are still insufficient. Moreover, while most of preceding researches have examined Zhujiang Model fragmentarily from the certain viewpoint, they have not conducted the in-depth study yet for the formation background of Zhujiang Model, its limitations and the overall process of transformation including the formation and birth.

11) 陳德宁，劉豪興，張書琛，"費孝通珠江模式的轉型路向研究"，『廣東商學院學報』，2007年 第3期

II. Formation Background and Features of Zhujiang Model

1. Definition and Scope of Zhujiang Model

In 1989, Fei Xiaotong(費孝通) suggested the important direction of development with the concrete strategy which were actually practical and meaningful for each region, after he inspected the Yellow River Delta, the Yangtze River Delta, and the Pearl River Delta areas. Furthermore, Fei, who inspected the development situation of township enterprises in the Pearl River Delta region, created the new concept of 'Zhujiang Model', which is collectively including Dongguan Model(東莞模式), Shunde Model(順的模式), Zhongshan Model(中山模式) and Nanhai Model(南海模式).¹²⁾ As shown in <Table.3>, Guangdong's four models consisting Zhujiang Model developed the specialized industry field through the unique development mechanism of each region. Each regional development model in Guangdong province, which was similar but slightly different each other, became united as the one big concept - Zhujiang Model.

12) Fei suggested Sunan Model(蘇南模式) for the first time in 1984 and Wenzhou Model(溫州模式) in 1986. Then, he suggested Zhujiang Model(珠江模式), the indigenous regional development model in the Pearl River Delta region, by combining Guangdong's four models in 1989.

<Table.3> Guangdong's Four Models Consisting Zhujiang Model

Zhujiang Model (珠江模式)				
	Dongguan Model (東莞模式)	Shunde Model (順德模式)	Zhongshan Model (中山模式)	Nanhai Model (南海模式)
Key Point	Extroverted open-door economic development model	Large state-owned enterprises and local enterprises-based development model	State-owned sector and the second economic sector mixed development model	Small Business and private sector's development model
Feature	Three forms of OEM and compensation trades(三來一補),Economic development through foreign investment	Development of industrialization through management responsibility system on the basis of SOE(國有企業) and commun and brigade-run enterprise(社隊企業)	Development of collective industry through regional specialization such as 'One town one product(一鎮一品)', 'One town, one industry(一鎮一業)'	Development of traditional industry and small business cluster centered in non-state-owned sector economy
Specialized Industry	Manufacturing and processing industry, Electronics and Telecommunications Manufacturing industry	Consumer electronics industry	Electronics, Garment, Electric light industry	Traditional industry, Medium and small-sized enterprises industry

<Source: 조대우·이상빈, “중국 주강삼각주 유역경제의 형성 및 역사적 변천에 관한 연구: 경로의존의 역사적 접근”, <經營史學>, 제19집 제1호, 2004, pp. 178~180. >

Zhujiang Model concept which is being commonly and widely used now is based on Dongguan Model(東莞模式) in particular among Guangdong's four models. In short, Zhujiang Model can be defined as

the outward-oriented township enterprise development model that has been developed in the Pearl River Delta region and is characterized by the economic development through the labor-intensive industry of '*Sanlaiyibu*' and the inducement of foreign capital in large scale.¹³⁾ Township enterprises in this region has developed based on three common features; the first one is the State-led outward-oriented economic development. Along with Open-door policy and economic system reform of the central government, township enterprises around the Pearl River Delta region could achieve the outward-oriented economic development based on the political privileges in the country; the second one is economic development through the inducement of foreign capital in large scale. Town enterprises around the Pearl River Delta region could achieve the Economy of Scale through the inducement of Overseas Chinese and foreign capital in large scale; the third one is the development of labor-intensive processing trade industry through '*Sanlaiyibu*'(三來一補) strategy. Most of township enterprises around the Pearl River Delta region could form the specialized industry which is suitable for the outward-oriented economic structure in accordance with the way of '*Sanlaiyibu*'(三來一補), '*Liangtouzaiwai*'(兩頭在外) and '*Qiandianhouchang*'(前店后厂).¹⁴⁾

13) 徐維，陳東平，<珠江模式及其發展前景>，中央編譯出版社 年版，19頁

14) In '*Sanlaiyibu*'(三來一補), '*Sanlai*' means the ways of Material Supply(來料加工), Knock-Down Export(來件裝配) and Sample Offer(來樣加工), and '*Yibu*' means the Compensation Trade(補償貿易). '*Liangtouzaiwai*'(兩頭在外) means Export-led development strategy which depends its raw-materials supply and market sales totally on the overseas. Lastly, '*Qiandianhouchang*'(前店后厂) means the development strategy which enhances its efficiency in terms of choice and centralization by sharing the roles such as the front market(Hong Kong) and the rear factory(township enterprises in the PRD region)

In this manner, township enterprises in the Pearl River Delta region achieved the universal development of 'Sanlaiyibu' enterprises on the basis of political support from the State and established the 'Qiandianhouchang' structure with Hong Kong. With this, the industrial technology of Hong Kong could expand to the Pearl River Delta region. Also, township enterprises in the Pearl River Delta region could form the indigenous industrial structure by maximizing the geographical dominant position through 'Liangtouzaiwai'.¹⁵⁾ Most of incoming capital consisted of Overseas Chinese capital around Hong Kong and Southeast Asia, and especially, thanks to its geographical advantage and Overseas Chinese personal connections, it could accomplish the highest internationalization level and develop as the region where had the highest level of dependence on exports.

Meanwhile, the range of Zhujiang Model in the initial period included total 14 of cities and prefectures: Guangzhou(廣州), Shenzhen(深圳), Zhuhai(珠海), Foshan(佛山), Jiangmen(江門), Dongguan(東莞), Zhongshan(中山), Huizhou(惠州), Zhaoqing(肇慶), Gaoyaoshi(高要市), Sihuishhi(四會市), Huiyangxian(惠陽縣), Huidongxian(惠東縣) and Boluoxian(博羅縣) as shown in <Figure.1>. The area was estimated at around 41,698 square meters and total population was approximately 45 million. As Hong Kong and Macau returned to China in 1997, it could have the enlarged range, the Greater Pearl River Delta(大珠江三角洲) which is including those two areas.

15) 費孝通, <學術自述与反思>, 生活讀書新知三聯書店 1996年版, 93~95頁

<Figure.1> The Regional Scope of Zhujiang Model



<Source: Invest HK Webpage (www.investhk.gov.hk)>

In the early 1980s, Zhujiang Model which was formed around the Pearl River Delta area enabled this region to develop the economy remarkably. According to the economic indicators of the Pearl River Delta in <Table.4>, the average annual growth rate of Gross Domestic Product(GDP) from 1980 to 2000 is shown as 22.91%. This is much bigger figure than the average annual growth rate of GDP for whole China, 16.67%.¹⁶⁾ Especially, secondary and tertiary industries in this region achieved the great development on the average annual growth rate as 23.46% and 25.60% each. In addition, the average annual

16) Calculated by synthesizing the whole data from China National Bureau of Statistic (中華人民共和國國家統計局, <http://stats.gov.cn>) and 《中國統計摘要》, 2011.

growth rate of total exports from foreign trade and actually utilized foreign capitals show the high rate of growth as over 27%. In this way, Zhujiang Model contributed to the rapid economic development of the Pearl River Delta region through the distinctive development mechanism.

<Table.4> Economic Indicators of the Pearl River Delta

Indicators	1980	1985	1990	1995	2000	Average Annual Growth Rate (1980-2000)
Population (10 Thousand People)	1627	1757	1928	2138	2307	1.76%
GDP (100 Million RMB)	119.2	303.9	872.2	3899.7	7378.6	22.91%
Primary Industry (100 Million RMB)	30.7	57.3	129.4	314.9	428.5	14.09%
Secondary Industry (100 Million RMB)	54	148.7	404.6	1957.1	3657.3	23.46%
Tertiary Industry (100 Million RMB)	34.5	97.9	338.2	1627.7	3292.9	25.60%
Total investment in fixed assets (100 Million RMB)	16.6	128.4	231.4	1491	2291.6	27.94%
Revenue (100 Million RMB)	23.4	49.9	95.9	315.3	599.1	17.60%
Spending (100 Million RMB)	8.2	26.1	76.4	316.6	685.4	24.77%
Year-end Balance of Urban and Rural Residents' Saving Deposits (100 Million RMB)	21	112	552.7	2810.4	6641	33.35%
Total Exports (100 Million USD)	6.2	16.3	81.4	461.1	847.4	27.87%
Actually utilized foreign capitals (100 Million USD)	1	7.4	15.4	85.8	125.4	27.33%

<Source: 《珠三角經濟區統計資料》 廣東省統計局綜合處編, 1995年,
《廣東統計年鑒》 中國統計出版社, 2003年>

2. Formation Background of Zhujiang Model

Zhujiang Model is the historical product which has been created by the mutual interaction among the economic plan of the country, the direction of development and the distinctive historical and cultural factors of the certain region since the early 1980s. Especially, it can be considered that the creation of Zhujiang Model generally resulted from the three formation backgrounds - national policy factor, cultural and geographical factor, and industrial structure factor. Zhujiang Model has gradually developed into the mechanism of distinctive regional economic development on the basis of these multiple formation backgrounds.

(1) National Policy Factors

After Reform and Open-up, the decisive factor that the Pearl River Delta region could experience the rapid economic development and settle down the distinctive economic development model was thanks to the absolute support from the government policy. Central government resolutely had carried out diverse political experiments in the Pearl River Delta region in order to accomplish the policy line of Reform and Open-up since the late of 1970s. Particularly, announcing a series of policies and reform plans successively, it showed the absolute political support of central government for the Pearl River Delta region.

In December 1978, the Chinese Communist Party(CCP) convened the

Third Plenary Session of the 11th CPC Central Committee(十一屆三中全會). In this conference, the CCP announced a policy, the Four Modernizations(四個現代化) based on the economic construction.¹⁷⁾ In company with this, it ratified <The Decision of the CPC Central Committee on Accelerating the Development of Agriculture>(中共中央關於加快農業發展若干問題的決定). These decision of central government not only became an important opportunity to officially clarify Chinese Reform and Open-up policy, but also inspired township enterprises in the Pearl River Delta region. Accordingly, the rural industry structure in the region experienced the extensive adjustment. In particular, secondary and tertiary industries of the rural area in the Pearl River Delta region accomplished the great development and the rural economic structure was formed having township enterprises as the center.¹⁸⁾

In July 1979, the State Council enforced <The Provisions Concerning Some Issues on the Development of Commune and Brigade-run Enterprises>(關於發展社隊企業若干問題的規定) on a trial basis. This official paper became an opportunity to accelerate the development of Commune and Brigade-run Enterprises(社隊企業) by suggesting the detailed provisions regarding the development direction, management range, source of capital, product supply and sales plan, price and tax for the Commune and Brigade-run Enterprises. Besides, based on the

17) 'The Four Modernizations'(四個現代化) means Industry Modernization(工業現代化), Agriculture Modernization(農業現代化), National Defense Modernization(國防現代化) and Scientific Technology Modernization(科學技術的現代化).

18) 盧獲, "珠江模式的形成, 特色作用", 『學術自述与反思』, 1996, p. 168.

provisions of this official paper, the Management Bureaus(管理局) were established successively in Guangdong Province and each prefecture. As a result, township enterprises could equip the service system for its own superintending field, supply chains, sales plans and so on.¹⁹⁾

Meanwhile, the proposal about Special Economic Zone(SEZ) was formalized by No. 50 Document by the Central Committee of the CCP (中央50号文件) in the same year. This official document established the political foundation for Guangdong(廣東) and Fujian(福建) to open the door as the pioneer of Reform and Open-up policy.²⁰⁾ According to this document, Shenzhen(深圳), Zhuhai(珠海), Shantou(汕頭) and Xiamen(廈門), which are located in the coastal areas in China were determined as the special zones on a trial basis. At that time, these areas were designated as Special Export Zone(出口特區). However, in May 1980, the name was changed into Special Economic Zone(經濟特區) and in the same year, <Regulations on Guangdong Province's Special Economic Zone>(廣東省經濟特區條例) was promulgated through the Fifteen Session of the Fifth National People's Congress Commerce Committee(第五屆全國人民代表大會常務委員會第十五次會議). as a result, the first Chinese Special Economic Zone was set officially. With this, Commune and Brigade-run Enterprises in the Pearl River Delta region could establish the stable foundation which would accelerate the development of 'Sanlaiyibu' enterprises by using the geographical advantage being adjacent to Hong Kong and Macau.

19) 盧獲, "珠江模式的形成, 特色作用", 『學術自述与反思』, 1996, p. 168.

20) 謝濤, "珠三角企業面臨挑戰", 『中國國情國力』, 1992, pp. 62.

In March 1984, State Council announced <The Report on the Creating a New Situation of Commune and Brigade-run Enterprises>(關於開創社隊企業新局面的報告) and changed the name from Commune and Brigade-run Enterprises(社隊企業) to Township Enterprises(鄉鎮企業). Accordingly, Township Enterprises in the Pearl River Delta region could accomplish the continuous development.

In February 1985, State Council determined the Yangtze River Delta, the Pearl River Delta and Xia-Zhang-Quan Triangle Region(閩南廈漳泉三角地區) as the Coastal Economic Open Zone(沿海經濟開放區) through <The Official Document of the CCP Central Committee and State Council for the Symposium Approval of the Yangtze River Delta, the Pearl River Delta and the Xia-Zhang-Quan Triangle Region>(中共中央、國務院關於批轉《長江、珠江三角洲和閩南廈漳泉三角地區座談會紀要》的通知). According to this document, the determination of the State Council was the significant procedure to accelerate the economy domestically as well as to realize the Open-up externally. It was considered as the groundwork that had an important strategic meaning in the process of construction of socialism. Also, it is specified that above three Open Economic Zones should form the structure of production in trade, industry and agriculture step by step. In addition to this, it clearly stated that these zones should develop the processing industry based on the need of export trade, and then, develop the production of agriculture and the other raw materials based on the need of processing industry.²¹⁾

21) <中共中央、國務院關於批轉《長江、珠江三角洲和閩南廈漳泉三角地區座談會紀

Consequently, central government has carried forward the diverse preferential policies and reform plans steadily for the opening and economic development of the Pearl River Delta region, since it officially clarified its Reform and Open-up line. A series of these policies worked as an absolute factor of formation that settled down the foundation of the State-led outward-oriented economic development, which is the important feature of Zhujiang Model.

(2) Cultural and Geographic Factors

The distinctive cultural and geographical factors of the Pearl River Delta region took on an important role in the formation process of Zhujiang Model. Especially, the reason that the Pearl River Delta region could be always one step ahead in the process of Reform and Open-up and Marketization was closely related with the distinctive '*Lingnan*'(岭南) culture in this region.²²⁾ From old times, '*Lingnan*' region was very open in every part compared to the inland area, due to its geographical feature - near the ocean, and it had been affected constantly by Western culture. Accordingly, it has been regarded as the springhead

要》的通知》，國務院，1985年 2月 18日

22) Lingnan Culture(岭南文化) is largely divided into Guangdong Culture(廣東文化), Guiji Culture(桂系文化) and Hainan Culture(海南文化). Among these, Guangfu Culture(廣府文化), Chaozhou Culture(潮州文化) and Kejia Culture(客家文化) which belonged to Guangdong Culture are the representative main-agent of Lingnan Culture. As it entered the modern times, Lingnan Culture took on a role as the leader in Chinese Political, Ideological and Cultural Development, through the important bridge-role on the interaction of Chinese and Western culture. Especially, Lingnan Culture was characterized by the spirits of Struggle, Revolution and Innovation. Also it showed the cultural tendency emphasizing the practical interests and considering the commerce as the most important thing. 劉曉斌·楊佳利, "岭南文化對企業家精神影響分析", 『改革与戰略』, 第4期, 2008

where Chinese Modern Democratic Science Thought and Economic Ideology of Free Competition started from.

The native people in Lingnan culture area were very exertive, strong-minded and not afraid of new challenge. Besides, the thought regarding the practical and visible results as the important was ingrained in their everyday life. After Reform and Open-up, the Pearl River Delta region had produced a lot of reformers who had both magnanimity and knowledge as well as open mind. Lingnan people tended to be permeated with the commercial consciousness, keep away from the armchair argument and enjoy making progress in the concrete business. They were also very good at developing the business innovatively, using special policies and lines enough that the central government gave to Guangdong Province. Whatever it could become an advantage to lines, plans, and polices of Party and the economic development of the region, they put the adventure and exploration into practice.²³⁾

Meanwhile, the native people residing within Guangdong Province were not the only ones who were sharing these Lingnan culture. Tens of millions of Ethnic Chinese and Overseas Chinese residing in the foreign countries also could feel and interact the cultural bond with China through the Lingnan culture. In other words, Lingnan culture worked as the cultural catalyst that was connecting Guangdong Province-born Ethnic Chinese and Overseas Chinese residing in the foreign countries with their hometown. In the late 1980s, Ethnic

23) 盧獲, "珠江模式的形成, 特色作用", 『學術自述与反思』, 1996, p. 174.

Chinese(華人) around world were approximately 30 million, and Overseas Chinese(華僑) among them were estimated around 2 million. In China, there were 20 million of Returned Overseas Chinese(歸僑), the families of the Overseas Chinese residing in China(僑眷) and a lot of Hong Kong, Macau and Taiwan compatriots' relatives. In particular, Guangdong Province was an important hometown of Overseas Chinese (僑鄉) where Ethnic Chinese and Overseas Chinese were relatively more concentrated at than any other places in China, and the rate of Ethnic Chinese, Overseas Chinese, Hong Kong and Macau compatriots from Guangdong Province was estimated fully 70% of the whole Ethnic and Overseas Chinese in the world.²⁴⁾

Consequently, the Pearl River Delta region was able to utilize the hometown(僑鄉) network of Ethnic Chinese and Overseas Chinese sharing the cultural bond and its geographical dominant position, adjoining Hong Kong and Macau. Moreover, township enterprises around the Pearl River Delta region could absorb huge capital on a large scale from the outside which was essential for the economic development. At that time, the most of the foreign capital flowed in the Pearl River Delta region were the funds of Overseas Chinese (Hong Kong, Macau and Taiwan) groups' manufacturing companies and those funds became the foundation for helping Foreign-funded Enterprises(三資企業) in the Pearl River Delta region to develop rapidly.²⁵⁾ As a

24) 張興漢, 『華僑華人大觀』, 暨南大學出版社, 1990, p. 2.

25) There are three representative enterprise types according to the way that foreign companies invest to China. It can be divided into Chinese-Foreign Joint Enterprise (中外合資經營企業), Chinese-Foreign Co-operative Enterprise(中外合作經營企業) and Wholly Foreign-owned Enterprises(外商獨資企業). Chinese-Foreign Joint

result, these cultural and geographical factors performed an important and meaningful role to enable township enterprises in the Pearl River Delta region to attract and utilize the foreign capital actively.

(3) Industrial Structure Factors

Township enterprises born in 1950s around the Pearl River Delta region formed the basis of processing trade for exports on Labor-intensive low technological product. And these industrial structure became to affect to the formation background of Zhujiang Model structurally.

In 1950s, township enterprises in the whole Pearl River Delta region began the economic activities with the small-scale hand-crafts. And gradually the Advanced Agricultural Cooperative(高級農業合作社) and Peoples Commune(人民公社) had established a lot of processing firms for the agricultural products such as the brickyard, tiliary, quarry, lime factory, needlework factory, farm machinery repair factory, fertilizer plant, oil-extracting factory and pumping station. In 1960s, the industrial factories such as the agricultural machinery repair factory, paper-manufactory, bamboo processing factory and vehicle soldering

Enterprise(中外合資經營企業) means the joint enterprise established by both parties' investments, by dividing the cash, facilities and technologies each other, and it essentially needs to be deliberated, approved and managed by Chinese government. In case of Chinese-Foreign Co-operative Enterprise(中外合作經營企業), the management system can be decided by the both parties' free negotiation and once approved by Chinese government, it can be run without the outside intervention in accordance with the joint contract and articles of association. Finally, Wholly Foreign-Owned Enterprises(外商獨資企業) is that foreign enterprise invests 100% of capital and does the business activities according to the approved articles of association. 蔣涌, "珠江三角洲外商投資:現狀·問題和發展趨勢", 『当代港澳』, 2003.

factory became to appear successively. However, most of these factories were based on the hand-crafts and even the technology level was very low. When the Cultural Revolution(文化大革命) period came, the Pearl River Delta region became the development collective economy in a broad sense and various 'Commune and Brigade-run Enterprises' and 'Industrial and Commercial Enterprises'(工商企業單位) of cities joined together to establish a series of processing plants. Accordingly, these experiences generated an effect to enlarge the scale and range of township enterprises. In 1976, all units of the Pearl River Delta region's Rural Communes became to have 'Commune-Run Enterprise'(社辦企業). Also diverse medium and small scale processing plants appeared in the Pearl River Delta region, as several production teams established Team-Based Enterprise(隊辦企業).²⁶⁾

In 1978, as Chinese Reform and Open-up policy was actualized, township enterprises in the Pearl River Delta region began to push forward the economic cooperation with Hong Kong and Macau actively, through State's policy and will for the Reform and Open-up, geographically dominant position and cultural bond. Especially, the economic cooperation between the Pearl River Delta and Hong Kong was boosted as the manufacturing firms in Hong Kong rushed into the Pearl River Delta region. In 1978, the total production of manufacturing industry and agriculture in Guangdong Province took 22nd place among whole provinces in China. GDP per capita was also as low as 369 RMB and this figure was 20 RMB lower than the average of whole

26) 盧獲, "珠江模式的形成·特色·作用", 『學術自述与反思』, 1996, pp. 167~168.

country, 389 RMB. Like this, before the Reform and Open-up, Guangdong Province faced the lack of funds which were required for the economic development and the problems on utilizing the mass labors.

Meanwhile, in Hong Kong where adjoins Guangdong Province, the extensive labor-intensive manufacturing industry was rapidly developing, just after it successfully accomplished the development of industrialization from 1960s to 1970s. The rapid rising in the laborer's wage and real estate price suppressed manufacturers in Hong Kong to lower the cost of production by finding the new labor-market and production-element market, so that they could raise the international competitiveness. In this situation, the Reform and Open-up line of the central government prosecuted the diverse preferential policies just in time so that the Pearl River Delta could attract the foreign capital.²⁷⁾ In addition, the cultural, linguistic and religious sense of kinship and bond that Guangdong Province and Hong Kong residents were sharing reduced the mutual uncertainties, and this became a main cause that businessman in Hong Kong moved a lot of labor-intensive manufacturing factories in Hong Kong which seemed to lose the competitiveness soon to the Pearl River Delta region.²⁸⁾

Against the backdrop that a lot of small commodities and light industries in Hong Kong had moved to the Pearl River Delta region,

27) 雷强·林志錯, "大力發展現代重化工業, 從根本上提高大珠江三角洲的國際競爭力", 『特區經濟』, 2003年, p. 36.

28) 권진택·최성일, "중국 광둥성 지역의 경제발전과 외자의 역할", <經濟研究>, 제 21권 제2호, 2003, pp. 127~128.

the Pearl River Delta and Hong Kong began to form the industrial structure based on the processing exports, as the ways of '*Sanlaiyibu*', '*Qiandianhouchang*' and '*Liangtouzaiwai*'. Also the industrial structure of processing trade became the driving force that accelerated the rapid development of processing industries around the Pearl River Delta region. From 1979 to 1996, over 80% of manufacturing factories among main manufacturers in Hong Kong had moved to the Pearl River Delta region, and even the number of Foreign-funded Enterprises (三資企業) and '*Sanlaiyibu*' Enterprises that Hong Kong established in Guangdong was approximately as many as 66,000. Moreover, the number of labors that these enterprises employed in the Pearl River Delta region was roughly estimated over 5 million people.²⁹⁾

In conclusion, the industrial structure factors of township enterprises all over the Pearl River Delta region formed the industrial structure based on the processing trade for exports of Labor-intensive cheaper products, which were characterized by '*Sanlaiyibu*', '*Liangtouzaiwai*', '*Qiandianhouchang*' and Foreign-funded Enterprises(三資企業).

3. Features of Zhujiang Model

Guangdong Province is the region where Chinese government has determined to expand its independence toward the establishment and management of economic plan for the first time since it declared Reform and Open-up policy. Also Chinese government actively

29) 雷强·林志錯, "大力發展現代重化工業, 從根本上提高大珠江三角洲的國際競爭力", 『特區經濟』, 2003年, pp. 36~37.

encouraged Guangdong to carry forward the opening to the world experimentally, prior to the other regions in China by establishing Special Economic Zones in Shenzhen(深圳) and Zhuhai(珠海). This State-led outward-oriented economic development provided the Pearl River Delta region the political and institutional foothold so that it could attract the foreign capital in the large scale. And through this, the Pearl River Delta region accomplished the development of '*Sanlaiyibu*' labor-intensive industries in the region by attracting the extensive foreign capital.

As a result, three features of Zhujiang Model - State-led outward-oriented economic development, economic development through the inducement of foreign capital in large scale and the development of '*Sanlaiyibu*' labor-intensive Industry - led the rapid economic development in the Pearl River Delta region by mutually influencing each other, just like the cogwheel.

(1) State-led Outward-oriented Economic Development

The most representative feature of Zhujiang Model is that the rapid economic growth in the region was achieved through the State-led outward-oriented economic development. As mentioned in the formation background of Zhujiang Model, the most important background of Zhujiang Model's birth was the political factor of the government. In the early stage of Reform and Open-up, the rapid economic growth in the Pearl River Delta region was accomplished by the various

preferential policies that the State gave Guangdong Province, based on the '*Xianxingyibu*'(先行一步) strategy. State's strong will power for Reform and Open-up policy and the local government's a variety of experimental preferential policies accelerated the development of '*Sanlaiyibu*' enterprises and Foreign-funded Enterprises in the Pearl River Delta region. In accordance with this, the Pearl River Delta region began to attract the foreign capital in the large scale. In addition, through the extensive foreign capital, it could build up the distinctive export-oriented economic structure referred as '*Liangtouzaiwai*'(兩頭在外) which means to sell the product manufactured in the Pearl River Delta region to the overseas market and to procure the funds required for the economic development as well as the raw materials from the overseas, and '*Qiandianhouchang*'(前店后厂) which means to sell the products to the front market called as Hong Kong and to share the role of factory with the Pearl River Delta region in the rear.

Consequently, State-led Reform and Open-up Policy became a foundation which established the distinctive mechanisms of export-oriented economic development such as '*Sanlaiyibu*', 'Foreign-funded Enterprises', '*Liangtouzaiwai*' and '*Qiandianhouchang*' for the Pearl River Delta region, and through this, the Pearl River Delta region could achieve the rapid development in the secondary industries, especially in processing trade industry.

Under these State-led outward-oriented economic structure, the township enterprises in the Pearl River Delta region concentrated aggressively on the exploration of the overseas market. In particular,

they brought the production lines from the foreign countries to the mainland and established the production system of processing trade for exports. Through this, the system based on 'More Exports, More Foreign-money Earning'(多出口,多創匯) could settle down by promoting the development of 'Sanlaiyibu' Enterprises, Chinese-Foreign Joint Enterprise(中外合資經營企業) and Chinese-Foreign Co-operative Enterprise(中外合作經營企業), and maximizing the sales proportion to the overseas market.³⁰⁾

Meanwhile, with the increase of exports and extensive foreign capital flow, the international trade in the Pearl River Delta region had achieved the rapid growth since 1980s, as shown in <Table.5>. In 1980, The total amount of exports from the international trade around the Pearl River Delta region was 620 million USD. Its share was only 28.2% in Guangdong and 3.4% in the whole country. However, as it had steadily grown for 20 years, the total amount of exports from the international trade around the Pearl River Delta region in 2000 was 84.7 billion USD with the 27.9% of average annual growth rate, and this figure took 92.2% share in Guangdong and 34% share in the whole country. In other words, one-third of the total amount of exports from the international trade in China was attributed to the Pearl River Delta.

30) 盧獲, "珠江模式的形成·特色·作用", 『學術自述与反思』, 1996, p. 174.

<Table.5> Foreign Trade Exports and Volume of the Pearl River Delta

	Foreign Trade Exports (100 Million USD)			Proportion of the Pearl River Delta's Foreign Trade Exports(%)	
	The PRD	Guangdong	Nationwide	Proportion in Guangdong(%)	Proportion in Country(%)
1980	6.2	2.2	181.2	28.2	3.4
1985	16.3	29.5	273.5	55.3	6
1990	81	222	621	36.5	13.1
1995	461	566	1488	81.4	31
2000	847	919	2492	92.2	34
Average annual growth rate(1980 -2000)	27.9%	35.2%	14%	6.1%	12.2%

<Source: 《广东统计年鉴》, 《中国统计年鉴》 (each year)>

If look at the growth scale of GDP per region in China, the effect of State-led outward-oriented economy in the Pearl River Delta region can be verified again. As shown in <Table.6>, around in 1978 when Reform and Open-up policy began, the proportion of GDP in Guangdong took up only 5.35% in the whole country. This proportion was even lower than Jiangsu Province(江苏省) and Shandong Province(山东省), and just similar level with Hebei Province(河北省). However, as State-led outward-oriented economic development stepped up and the mechanisms of 'Sanlaiyibu', 'Liangtouzaiwai' and 'Qiandianhouchang' began to work, it showed the highest rate of increase among 31 regions in China by rising 192 times of GDP scale in 2008 than 1978.

<Table.6> The Growth of the Regional GDP from 1978 to 2008

Comparison of 1978 and 2008		
Region	Increasing scale	Proportion in the Country (1978)
Guangdong (廣東省)	192.07	5.35%
Zhejiang (浙江省)	173.67	3.56%
Fujian (福建省)	163.67	1.91%
Shandong (山東省)	137.82	6.49%
Neimenggu (內蒙古自治區)	130.94	1.67%
Jiangsu (江蘇省)	120.46	7.18%
Henan (河南省)	111.71	4.69%
Xinjiang (新疆自治區)	107.78	1.12%
Beijing (北京市)	96.40	3.13%
Guangxi (廣西自治區)	94.55	2.18%
Hebei (河北省)	88.43	5.27%
Shanxi (陝西省)	84.03	2.34%
Yunnan (雲南省)	82.55	1.99%

<Source: 《中國統計年鑒2008年》, 《統計年鑒》, 《統計公報》 >

As seen above, the most representative feature of Zhujiang Model, State-led outward-oriented economic development, underlies the rapid economic growth of the Pearl River Delta region. This was definitely distinctive characteristic compared to Wenzhou Model and Sunan Model, and a kind of political experiment conducted by determination and concentration at national level.³¹⁾ Finally, the Pearl River Delta

31) 정중호, “중국 지역발전모델의 회고와 전망: 삼대모델을 중심으로”, <중국학연구>, 제63집, 2013, pp. 245~247.

finished this experiment successfully, and through this, outward-oriented economic development began to be accelerated more actively.

(2) Economic Development through the Extensive

Attraction of Foreign Capital

Another important feature of Zhujiang Model is the development through the extensive attraction of foreign capital. After Reform and Open-up, the economic result of Guangdong Province showed up all related to the opening policies, and especially among them, the Foreign Direct Investment(FDI) could be said as the most important factor that had led the economic development in the Pearl River Delta region. Since the processing trade based on '*Sanlaiyibu*' was formed according to the State's economic policy, the Pearl River Delta region had begun to use the foreign capital.

In 1978, the first international processing plant of Guangdong Province was established at Dongguan(東莞) Prefecture. And then, the international processing and assembling plants were established at Shunde(順德), Baoan(寶安) and Zhuhai(珠海) successively. The foreign capital began to be utilized aggressively from 1979, as Foreign-funded Enterprises(三資企業) using the FDI, such as Chinese-Foreign Joint Enterprise(中外合資經營企業), Chinese-Foreign Co-operative Enterprise(中外合作經營企業) and Wholly Foreign-owned Enterprises(外商獨資企業) developed very rapidly.³²⁾ The '*Sanlaiyibu*' Enterprises and the

32) 蔣涌, "珠江三角洲外商投資:現狀, 問題和發展趨勢", 『當代港澳』, 第1期, 2003, p. 22.

Foreign-funded Enterprises in the Pearl River Delta region started to attract the foreign capital in large scale by actively utilizing the amicable policies of governments for foreign capital, cheap labors, convenient logistics infrastructure facility and cultural homogeneity.

As shown in <Table.7>, the FDI to Guangdong was already 1,640 cases and 2 billion USD on the contract basis in 1985, and over the 500 million USD was accomplished on the practice basis. Even the number of FDI cases during the late 1980s took up almost half of whole country. If look at the total FDI inflow amount to Guangdong region during 1979 to 2000, it reaches 98.81 billion USD on the practice basis. This is the volume that takes 28.5% of the total FDI amount of whole country, 346.64 billion USD, in the same period.³³⁾

<Table.7> Changes and Volume of Guangdong's FDI

(Unit: Case, 100 Million USD, %)

	Nationwide			Guangdong		
	Contract Basis		Practice Basis	Contract Basis		Practice Basis
	Number of Case	Amount	Amount	Number of Case	Amount	Amount
1985	3,073	53.3	16.7	1,640 (53.4)	20.0 (33.7)	5.2 (31.0)
1986	1,498	28.3	18.8	774 (51.7)	8.6 (30.3)	6.4 (34.4)
1987	2,233	37.1	23.1	1,186 (53.1)	12.5 (33.5)	5.9 (25.7)
1988	5,945	53.0	31.9	2,741 (46.1)	22.4 (42.3)	9.2 (28.8)
1989	5,779	56.0	33.9	2,438 (42.2)	24.4 (43.5)	11.6 (34.1)
1990	7,273	66.0	34.9	3,042 (41.8)	26.9 (40.8)	14.6 (41.9)
1991	12,978	119.8	43.7	4,554 (35.1)	49.1 (41.0)	18.2 (41.8)

33) 권진택·최성일, “중국 광둥성 지역의 경제발전과 외자의 역할”, 『經濟研究』, 2003, p. 121.

1992	48,764	581.2	110.0	9,769 (20.0)	188.6 (32.4)	35.5 (32.3)
1993	83,437	1,114.4	275.2	16,768 (20.1)	331.5 (29.7)	75.0 (27.3)
1994	47,549	826.8	337.3	10,558 (22.2)	238.2 (28.8)	94.0 (27.8)
1995	37,011	912.8	375.2	8,177 (22.1)	248.3 (27.2)	101.8 (27.1)
1996	24,556	732.8	417.3	4,572 (18.6)	155.5 (21.2)	116.2 (27.9)
1997	21,001	510.0	452.6	3,744 (17.8)	76.9 (15.1)	117.1 (25.9)
1998	19,799	521.0	454.6	4,349 (22.0)	91.69 (17.6)	120.2 (26.4)
1999	16,918	412.2	403.2	3,013 (17.8)	61.8 (14.9)	122.0 (30.3)
2000	22,347	623.8	407.2	4,245 (19.0)	86.8 (13.9)	122.4 (30.1)
1979- 2000 (Total)	363,409	6,758.5	3,466.6	83,768 (23.1)	1,704.7(25.2)	988.1 (28.5)

<Source: 《廣東統計年鑒》中國統計出版社 (each year)>

Meanwhile, if look at the FDI to Guangdong Province by countries in <Table.8>, Hong Kong and Macau are occupying fully 69.8% in 1990, and then, Taiwan, Singapore, Japan and the US are successively occupying the important positions. The Hong Kong and Macau's FDI proportions to Guangdong in 1995 sharply increased to 80.8%. The background of this increase was mainly due to Deng Xiaoping's 'Nanxunjianghua'(南巡講話). After Deng's speech, the local government of Guangdong executed various preferential policies successively for the land and tax reduction, foreign currency and so on. As a result, the large-scaled foreign capital flowed into the Pearl River Delta region.³⁴⁾

34) 陳恩黃, "珠三角外資主導型產業集群升級路徑和策略探析", 『廣東工業大學學報』, 第10卷 第2期, 2010, p. 2.

<Table.8> The Structure and Volume of Direct Investment to Guangdong by Each Country (Based on the Practice Amount)

(Unit: 100 Million USD, %)

	1990	1995	2000
Total	1,460 (100.0)	10,180 (100.0)	12,237 (100.0)
Hongkong*	1,019 (69.8)	8,224 (80.8)	7,710 (63.0)
Taiwan	70 (4.8)	360 (3.5)	497 (4.1)
Singapore	13 (0.9)	226 (2.2)	491 (4.0)
Japan	132 (9.1)	421 (4.1)	309 (2.5)
The US	136 (9.3)	336 (3.3)	670 (5.5)
Others	123 (8.4)	614 (6.0)	2,560 (20.9)

<Source: 《廣東統計年鑒》中國統計出版社 (each year)>

* Including Macau

The reason why Hong Kong and Macau's FDI proportions to Guangdong Province are overwhelmingly high is come from the several grounds. First, Hong Kong and Macau adjoins Guangdong Province geographically. Second, most of residents of Hong Kong and Macau including the enterprisers came from Guangdong or their descendants, and therefore, they were sharing Guangdong's language and culture. Lastly, at the beginning point of Chinese Reform and Open-up policy, there was significant shortage of labors in Hong Kong and it largely affected as well. In Particular, at the beginning stage of Open-up, the point that the central and local government promoted to attract Overseas Chinese capital which could maintain the cultural homogeneity and minimize the side effect of Open-up, can be seen as one of the reasons

of high FDI proportion of Hong Kong and Macau.

As shown in <Table.9> for the FDI structure to Guangdong Province by industries, the Manufacturing Industry occupies 64.9% of the total share. This is slightly higher than the nationwide average, 63.5%. The remarkable point in <Table.9> is that real-estate industry takes up 16.6% which is considerably higher than the nationwide average, 11.4%. This can be seen the real-estate investment was vitalized in accordance with the active establishment of foreign enterprises and construction of manufacturing plants.³⁵⁾

<Table.9> The Structure of Direct Investment to Guangdong by Each Industry (2000)

(Unit: Million USD, %)

Classification	Nationwide		Guangdong	
	Amount	Proportion(%)	Amount	Proportion(%)
Direct Investment Execution Output	40,715	100.0	12,237	100.0
Agriculture	676	1.7	145	1.2
Mining Industry	583	1.4	23	0.2
Manufacturing Industry	25,844	63.5	7,938	64.9
Power/Gas/Water Industry	2,242	5.5	400	3.3
Construction Industry	905	2.2	347	2.8

35) Meanwhile, in some parts of Guangdong, the site shortage problem reached the serious level. As the representative example, a lot of foreign enterprises went into nearby Dongguan and passing by Shenzhen, due to the problems on high real estate price and shortage of industrial site. Consequently, even there came out the words that 70% of the world-wide computer industry would have ceased operations, if the expressway between Dongguan and Shenzhen had been blocked. 권진택·최성일, “중국 광둥성 지역의 경제발전과 외자의 역할”, <經濟研究>, 제21권 제2호, 2003, pp. 124.

Traffic/Transportation/Post/ Telecommunications Industry	1,012	2.5	268	2.2
Wholesale/Retail/Warehousing Industry	858	2.1	241	2.0
Real-estate Industry	4,658	11.4	2,029	16.6
Resident Services Industry	2,185	5.4	514	4.2
Health/Physical Education/Social Warefare Industry	106	0.3	79	0.6
Education/Culture and Art/Advertising Industry	54	0.1	11	0.1
Others	1,591	3.9	244	2.0

<Source: 《廣東統計年鑒》中國統計出版社，2001年>

As seen above, one of the important parts that cannot be ignored in the development process of Zhujiang Model is the role of foreign capital. Township enterprises in the Pearl River Delta region could bring in foreign capital through the development of 'Sanlaiyibu' Enterprises and Foreign-funded Enterprises, and eventually, could achieve the economy of scale. Also with the inflow of foreign capital, the technical professionals and business management system flowed in together and caused the economic development, rise of industrial system and reformation of economic system in the region. Therefore, this important role of foreign capital could be seen as one of the major factors, with State-led outward-oriented economic development, characterizing the features of Zhujiang Model.

(3) Development of 'Sanlaiyibu' Labor-intensive

Collective Industries

The development of labor-intensive industries based on '*Sanlaiyibu*', which took an important role in the process of birth and development of Zhujiang Model, is also the important feature of this Model. After Reform and Open-up, the Pearl River Delta region had aggressively fostered the processing trade industries based on '*Sanlaiyibu*' through State-led outward-oriented economic development and the extensive inflow of foreign capital. Especially, it sought for a way to develop in balance for the diverse industries by accelerating the development of the industries which had high rate of foreign exchange earning, '*Sanlaiyibu*' Enterprises, Chinese-Foreign Joint Enterprises and Chinese-Foreign Co-operative Enterprises, as well as by positioning the industry as the main on the basis of the secondary industry.³⁶⁾ Also through the formation of industrial cluster that could mass produce the main products collectively, it formed the labor-intensive industrial structure based on '*Sanlaiyibu*'.

For example, Delta Electronics(台達電子工業股份有限公司), the biggest Taiwanese power supply manufacturer in the world, entered Dongguan(東莞) in 1992. At that time, various subcontractors related to the production progress and work for Delta Electronics moved to Dongguan(東莞) as well. In the meantime, the local industries in Dongguan(東莞) began to provide the services such as the simple

36) 盧獲, "珠江模式的形成·特色·作用", 『學術自述与反思』, 1996, p. 174.

packaging and product assembling to Taiwanese enterprises who moved into Dongguan(東莞), including Delta Electronics. From that time, the labor-intensive Electronic Communication Industries began to be formed in Shijie(石碣), Dongguan.³⁷⁾ The representative features of this industrial cluster in Dongguan, which was formed according to the above process are the below <Table.10>.

<Table.10> The Classification of Cluster's Industrial Structure in China

Case	Guangdong Dongguan (廣東省 東莞)	Shanghai Pudong (上海 浦東)	Zhejiang Wenzhou (浙江省 溫州)
Impetus	Outside	Outside	Inside
Central Body	Foreign companies (Hongkong/Taiwan)	Multinational Enterprises	Peasant Entrepreneurs
Cooperative Body	Chinese delivery enterprises and subcontractors	Multinational, Chinese and other related enterprises	Related enterprises
Associated Composition	Vertical	Vertical/Horizontal	Vertical
Supportive Factors	Preferring Foreign Capital	Preferring Foreign Capital	Specialized Market
Level of Innovation	Medium	High	Low
System	Delivery and Subcontract	The Core enterprises' leading	Division of labor
Type	Labor-Intensive	Technology-Intensive	Labor-Intensive
Function	Assembly/ Processing	Production and others	Production
Resource	The power of foreign capital	The power of foreign capital and technology	Local labors and entrepreneurship

<Source: 김혜진, “중국의 클러스터 유형 및 발전 특징에 관한 연구”, 국제

37) 陳恩黃, "珠三角外資主導型產業集群升級路徑和策略探析", 『廣東工業大學學報』, 第10卷 第2期, 2010, p. 2.

지역연구 제12권 제1호, 2008년, p. 120.>

This development of industrial clusterization in Dongguan(東莞) affected the move of Taiwanese traditional manufacturing to overseas and a lot of Taiwanese enterprises' expansion to Guangdong region. Since Dongju Electrical Industry Corporation(東聚電業有限公司), the Taiwanese computer manufacturer, entered for the first time, Dongguan(東莞) had actively promoted the investment and plant establishment of Taiwanese IT enterprises on the basis of dominant position, adjoining Guangzhou, Shenzhen and Hong Kong where were the most developed regions in the Pearl River Delta region. Accordingly, it had grown as the assembling and processing base for the manufacturing industry of IT related product, based on the export formation, promoting the R&D and sales in Taiwan, assembling and processing in Dongguan(東莞) and exporting to Hong Kong. In Dongguan(東莞), Taiwanese large IT enterprises began to enter in and form the business network with the local suppliers and subcontractors. Also well-known Chinese domestic IT enterprises entered in Dongguan and finally, in the late 1990s, IT manufacturing industrial cluster of Dongguan(東莞) centering in Foreign-funded Enterprises was formed.³⁸⁾

Meanwhile, the various types of industrial clusters were distributed in the Pearl River Delta region besides Dongguan(東莞). As shown in <Table.11>, the industrial cluster distribution by each province in China, Guangdong is where the most industrial clusters are in China. One

38) 김혜진, “중국의 클러스터 유형 및 발전 특징에 관한 연구”, 『국제지역연구』, 제12권 제1호, 2008, pp. 123~124.

hundred and thirty of industrial clusters are distributed within Guangdong Province and this is the highest proportion all over the country in China.

**<Table.11> Industrial Cluster Distribution by Each Province in China
(2005)**

Province/City	Number of Cluster	Province/City	Number of Cluster
Guangdong(廣東)	130	Chongqing(重慶)	10
Zhejiang(浙江)	118	Xinjiang(新疆)	10
Jiangsu(江蘇)	110	Sichuan(四川)	9
Shandong(山東)	79	Anhui(安徽)	8
Hebei(河北)	60	Shanghai(上海)	8
Henan(河南)	45	Beijing(北京)	7
Fujian(福建)	28	Neimenggu(內蒙古)	5
Hubei(湖北)	28	Tianjin(天津)	5
Shanxi(陝西)	20	Yunnan(云南)	5
Guizhou(貴州)	16	Jilin(吉林)	2
Jiangxi(江西)	15	Guangxi(广西)	1
Liaoning(遼寧)	15	Heilongjiang(黑龍江)	1
Hunan(湖南)	13	Total	748

<Source: 김혜진, “중국의 클러스터 유형 및 발전 특징에 관한 연구”, 국제지역연구 제12권 제1호, 2008년, p. 116.>

In addition, As shown in <Table.12>, Guangdong Province possesses four of National Economic and Technological Development Zones. These Economic and Technological Development Zones perform the important role in Chinese economic growth as well as development, and

even more important role in the regional economic development. The GDP of four National Economic and Technological Development Zones in Guangdong takes up 4.79% of the total amount in Guangdong Province, and the export takes up 3.38%. Considering all Special Economic Zones and the other types of Industrial Clusters besides these four National Economic and Technological Development Zones, this proportion would become much higher.³⁹⁾

<Table.12> Economic Indicators of National Economic and Technological Development Zones in Guangdong

The Name of National Economic and Technological Development Zones	Date of Establishment	GDP (100 Million RMB)	Export (100 Million USD)
Zhanjiang Development Zone (广东省湛江经济技术開發區)	1984.11	59.55	6.07
Guangzhou Development Zone (广东省广州经济技术開發區)	1984.12	947.66	84.39
Nansha Development Zone (广东省南沙经济技术開發區)	1993.05	305.68	21.35
Huizhou <i>Daya</i> Bay Development Zone (广东省惠州大亞湾经济技术開發區)	1993.05	156.79	12.87

<Source: Investment Promotion Agency of Ministry of Commerce Webpage (<http://www.fdi.gov.cn>), 《中國投資指南》, 《中國統計年鑒2008》 >

39) 김상욱, 『중국지역경제개론』, 서울: 신아사, 2011, p. 544.

III. Problems and Limitations of Zhujiang Model

In 17th January 2003, the representatives of Shenzhen participated in the Tenth National People's Congress(第十屆全國人民代表大會代表) and submitted a proposal titled as <The Proposal for Regional Economic Cooperation in the Pearl River Delta>(關於加強珠江三角洲區域經濟合作的議案).⁴⁰⁾ There was written five weaknesses of the Pearl River Delta in this proposal. The five weaknesses of the Pearl River Delta the proposal pointed out are: insufficient industrial system, weakened economic ripple effect, increased operating costs, lack of high-quality human resources and diffused system. Accordingly, from the mid-1990s, Zhujiang Model raised a variety of problems and limitations, even the local officials in the Pearl River Delta region started to aware of the various problems that Zhujiang Model is facing.

The problems of Zhujiang Model which are raised from the mid-1990s can be divided into three major analyzing targets: The first is excessive dependence on foreign trades which is the feature of Zhujiang Model, at the same time, the big risk. The second is intensified competition with other economic circles resulted from the decrease of national preferential policy. The third is chronic problems in industrial structure of the Pearl River Delta.

40) 何靜文, “深圳代表團提交議案 倡議打造大珠三角都市圈”, 南方网, 2003.01.17.
(<http://www.southcn.com/news/gdnews/hotspot/gdlh/lhytajx/200301170339.htm>)

1. Excessive Dependence on Foreign Trades

A large amount of merchandise exports for foreign market through the strategy of 'Sanlaiyibu' (三來一補), 'Qiandianhouchang' (前店后厂), 'Liangtouzaiwai' (兩頭在外), and Foreign-funded Enterprises (三資企業) was not only the most distinctive feature of Zhujiang Model, but also the most important power to accelerate the rapid development of enterprises around the Pearl River Delta region. However, at the same time, the export-dependent economy based on the manufacturing had the disadvantages that it is extremely vulnerable to the external influences. This feature is clearly distinctive from the Wenzhou Model (溫州模式) and Sunan Model (蘇南模式) which have lower dependence on foreign trades by developing inner (內源型) economy.

As shown in <Table.13>, the dependence on foreign trade of three provinces in Chinese coastal areas, which are representing Chinese 'Sanda' Model, has shown the differences. The dependence on foreign trade of Guangdong was 74.4% and this figure is higher than the sum of Jiangsu and Zhejiang. It means that the Pearl River Delta is much more vulnerable to the external shocks compared to other coastal areas.

<Table.13> Foreign Trade Volume of 3 Provinces in Costal Area(2001)

Area	Total Exports (100 Million RMB)	Proportion in Country(%)	Export Dependency Ratio(%)
Guangdong (廣東)	958.29	36	74.4
Jiangsu (江蘇)	293.88	11	25.5
Zhejiang	242.61	9.1	29.7

(浙江)			
------	--	--	--

<Source: 歐陽海虹, "我國兩大經濟開放區利用外資的現狀与比較", 《中小企業管理与科技》 第10期, 2011, p. 85.>

The excessive dependence on the foreign trade in the Pearl River Delta region means that it is seriously exposed to the global economy. For example, the global economic crisis such as the Asian Financial Crisis in 1997, 911 Terrorist Attacks in 2001 and the Global Financial Crisis in 2008 have caused serious crisis and threats to the Pearl River Delta region. Due to the global recession as above, the private economy in the Pearl River Delta region faced the situation that cannot avoid the risk in structure. In other words, as the product demand of foreign market is plunging, a lot of enterprises around the Pearl River Delta region started to put a large amount of product inventory in the warehouse, and this limited the liquidity of the funds, finally have a serious impact to the enterprises in the Pearl River Delta region where the export processing trade is the main industry.⁴¹⁾

Consequently, the uncertainty and complexity of the international environment gave the economy in the Pearl River Delta a variety of risks which is hard to predict, and made the economic development in the region unstable. Also, the management capabilities of enterprises in the Pearl River Delta faced a serious challenge.

41) 徐維·陳東平, 『珠江模式及其發展前景』, 北京: 中央編譯出版社, 2011, pp. 126~127.

2. Intensified Competition Resulted from the Decrease of the National Preferential Policies

After Reform and Open-up, the most important background that Zhujiang Model could be called as the most successful Regional Development Model among Chinese '*Sanda*' Models was the political factor by the state. On the basis of the various preferential policies given to Guangdong Province by the state, the Pearl River Delta region could accomplish the rapid economic development. Especially, as these policies of the central government was embodied as the tax reduction, financial support and the aggressive inducement for the foreign investment, the Pearl River Delta region could accelerate the economic development sharply.

However, since Chinese government began to expand the SEZ development model which had already achieved the remarkable success at coastal areas on a nationwide scale, those privileges that only the Pearl River Delta region used to enjoy was not effective any more and new competitors began to appear. As shown in <Table.14>, regarding the main details of Chinese Open-expansion Policy, the period during 1978 to 1983 is called as Point(点) Open Phase, when the Pearl River Delta region was authorized as the center of the Open-door Policies for Special Economic Zone. The economy of the Pearl River Delta region had experienced the rapid growth during this period. However, as entered the Line(線) Open Phase in 1984, the SEZ development model began to spread across fourteen economic development zones in coastal

areas. In particular, the Special Economic Zone was newly established at Shanghai in 1986, and the economic circle began to be formed in the Pearl River Delta, the Yangtze River Delta and the Xia-Zhang-Quan Triangle Region. And then, as entered the Surface(面) Open Phase in 1990s, Chinese government announced the comprehensive development plan of Pudong district in Shanghai. From this point, the Yangtze River Delta region became the center of the open-expansion policy for Special Economic Zone. Consequently, this re-illumination and rise of the Yangtze River Delta region stimulated the Pearl River Delta region and the competitive composition began to be formed between the economic circles.

**<Table.14> The Progress and Main Content of Chinese
'Point-Line-Plane Open Policy'**

Phase	Date	Contents	Type
Point(点) Open Phase (1978~1983)	1978.12	Officially announced Open-door policy at the Third Plenary Session of the 11th Central Committee(第十一届三中全会)	Special Economic Zone (SEZ)
	1980.5	'Sepcial Export Zone' was renamed as 'Special Economic Zone' by the State Council	
	1980.8	Established Four SEZs(Shenzhen, Zhuhai, Shantou, Xiamen)	
Line(線) Open Phase (1984~1987)	1984.9	Further opening of 11 Costal cities (Main port cities such as Dalian, Tianjin, Yantai, Qingdao, Guangzhou etc.)	Economic and Technological Development Zone(YRD·PRD·The Southern Fujian Delta Economic Circle)
	1986~1988	Newly designated 3 areas in Shanghai(Minhang, Hongjiao, Caohejing)	
Plane(面) Open Phase	1988.3	Established Open Economic Zone(OEZ) at Shandong Peninsula, Liaodong	Province-class Economic

(1988~1991)		Peninsula and Bohai Bay	Development Zone, Free Trade Zone, and Hybrid Zone
	1988.4	Upgraded Hainandao as Province and designated it as SEZ	
	1990.4	Announced Comprehensive Development Plan of Shanghai Pudong	
	1991.4	Announced and clarified '3 Yan(沿海·沿邊·沿江)' openness at the 4th meeting of the 7 session of NPC(第七屆全人大四次會議)	
Entire(全面) Open Phase (From 1992)	1991.6	Border Trade Zone is established by the State Council	Border Trade Zone, Border Economic Cooperation Zone, SEZ policies continued (特區更特)
	1992.1	Deng's enforcement of 'South Tour Speeches(南巡講話)'	
	1992.3	Establishment of Border Economic Cooperation Zone	
	1992.5	The CPC Central Committee document No. 4(4号文件) presented CCP's willingness of entire opening	

<Source: 최병훈, “홍콩과 주장삼각주간 협력관계 변화에 관한 연구”, 중소기업 통권 115호 2007년 가을, p. 84.>

Meanwhile, the National Development and Reform Commission(國家發展和改革委員會) of the State Council invoked Three Economic Circles - the Yangtze River Delta Economic Circle, the Pearl River Delta Economic Circle and the Beijing-Tianjin-Hebei Region(京津唐) Economic Circle - as the Chinese main economic circles, at a report announced in August 2005.⁴²⁾ Actually, three Economic Circles - the Yangtze River Delta, the Pearl River Delta and Beijing-Tianjin-Hebei Region - located in Eastern coastal areas have been performing the practical role of the main-army for Chinese economic development.⁴³⁾

42) "2005年上半年我國三大都市圈經濟運行情況", 國家發展和改革委員會, 2005/08/30, (http://www.sdpc.gov.cn/dqjj/zhdt/t20050830_48636.htm)

43) Currently, Three Economic Circles that are leading the Chinese economic development are; first, the Yangtze River Delta Economic Circle including Shanghai, Southern Jiangsu Province and Northeastern Zhejiang Province; the Pearl River Delta

Particularly in 1980s, the Pearl River Delta Economic Circle played a leading role of the growth among Three Economic Circles, combined with the preceding opening of four Special Economic Zones. However, since the Yangtze River Delta Economic Circle showed the much more active vitality thanks to the development and opening of Pudong(浦東) in Shanghai, it has steadily risen as the new center of Chinese economic growth.⁴⁴⁾ Especially, as showing the remarkable growth since 1990s, the Yangtze River Delta Economic Circle has accelerated the competitive composition with the Pearl River Delta.⁴⁵⁾

As shown in <Table.15>, the scale of the Yangtze River Delta surpasses the Pearl River Delta region. As of 2004, the GDP proportion of the Yangtze River Delta in the country is 21.1% and this figure is more than two times of the Pearl River Delta. Also, if look at foreign capital part which led the development of the Pearl River Delta region in the early stage of Reform and Open-up, the Yangtze River Delta accounts for 49.2%, more than double of the Pearl River Delta. In addition, total foreign trade of the Yangtze River Delta is 34.8% and this amount is outstripping the amount of the Pearl River Delta -

Economic Circle in Eastern Guangdong Province with Shenzhen and Guangzhou as the center; third, the Beijing-Tianjin-Hebei Region Economic Circle including Beijing, Tianjin and the other nearby cities.

44) 서석홍, “중국 장강삼각주 지역의 경제통합과 외자유치를 둘러싼 경쟁과 협력”, <비교경제연구>, the 14 volume No.2, 2007, p. 65.

45) The Yangtze River Delta Economic Circle located in the Eastern-coastal area of China is composed of 16 cities; Shanghai, 8 cities of Jiangsu Province including Nanjing(南京), Suzhou(蘇州) and Wuxi(无錫), and 7 cities of Zhejiang Province including Hangzhou(杭州) and Ningbo(宁波). This region occupies 1.14% of Chinese total land size, comprises 6.3% of total population and accounts for 21.1% of nationwide GDP in 2004. 서석홍, “중국 장강삼각주 지역의 경제통합과 외자유치를 둘러싼 경쟁과 협력”, <비교경제연구>, 제14권 제2호, 2007, p. 69.

29.6%. As seen from the table, in the situation that the government policy was not advantageous only to the Pearl River Delta any more, the Yangtze River Delta had grown rapidly and eventually, in the mid-2000s, it caught up with the Pearl River Delta.

**<Table.15> Economic Indicators and Proportion of
Three Economic Zones in China (2004)**

Area	Population (10 Thousand people)	GDP (100 Million RMB)	GDP Per Capita (RMB)	Total Investment in Fixed Assets (100 Million RMB)	Total Foreign Trade (100 Million USD)	Foreign Capital Inducement Execution Output (100 Million USD)
The Yangtze River Delta (長江三角洲)	8,212	28,775	35,040	13,638	4,013	298.2
The Pearl River Delta (珠江三角洲)	3,194	13,572	42,499	4,523	3,421	121.9
The Beijing-Tianjin- Hebei Region(京津唐)	6,968	14,119	20,263	6,370	1,502	71.8
Nationwide	129,988	136,515	10,502	70,073	11,548	606
Proportion (%)						
The Yangtze River Delta (長江三角洲)	6.3	21.1	33.4	19.5	34.8	49.2
The Pearl River Delta (珠江三角洲)	2.5	9.9	40.5	6.5	29.6	20.1
The Beijing-Tianjin- Hebei Region(京津唐)	5.4	10.3	19.3	9.1	13	11.9
Nationwide	100	100	100	100	100	100

<Source: 鄧麗姝, 魏書華, “我國三大經濟圈的發展狀況与趨勢分析”, 《中國區域經濟發展報告》, 社會科學文獻出版社, 2006年 3月>

At the same time, according to <The Report on Chinese Investment Environment and Risk Survey 2002>(2002年中國大陸地區投資环境与風險調查) announced by TEEMA(Taiwan Electrical and Electronic Manufacturers' Association), the Yangtze River Delta was also stated as the region where its investment environment was the most superb, while its investment risk was the lowest. Moreover, according to <The Most Recommended Eight Cities to Invest>, except Qingdao(青島), seven cities of the Yangtze River Delta were chosen.⁴⁶⁾ Under the competitive composition between the Pearl River Delta and the Yangtze River Delta, there happened a reversal only in four years on both economic circles by a preference of foreign investors for the Yangtze River Delta. This phenomenon can be easily seen in the below <Table.16> and <Table.17>.

46) 라오창, 『중국도시 현장보고서』, 서울: 한스미디어, 2004, pp. 270~271.

<Table.16> Comparison of Imports and Exports in the Yangtze River Delta and the Pearl River Delta (2000-2004)

(Unit: 100 Million USD, %)

Area	2000			2004		
	Total Trade Volume	Exports	Imports	Total Trade Volume	Exports	Imports
The Yangtze River Delta (長江三角洲)	1,235.8 (26.1)	671.0 (26.9)	564.8 (25.1)	4,012.3 (34.8)	2,083.0 (35.1)	1,929.3 (34.4)
The Pearl River Delta (珠江三角洲)	1,508.5 (31.8)	802.5 (32.2)	706.0 (31.4)	3,417.8 (29.6)	1,822.2 (30.7)	1,595.6 (28.4)
Nationwide	4,742.9 (100)	2,492.0 (100)	2250.9 (100)	1,1545.5 (100)	5,933.2 (100)	5,612.3 (100)

<Source: 《中國統計年鑒》 (each year)>

As shown in <Table.16>, the proportion of the Yangtze River Delta's total trade volume in 2000 was 26.1%, while the Pearl River Delta's volume was 31.8%, and as a result, the total trade volume of the Pearl River Delta was much higher. However as entered to 2004, the reversal was happened with the figures - 34.8% for the Yangtze River Delta and 29.6% for the Pearl River Delta. Only after four years, the proportion of the Yangtze River Delta increased from 26.1% to 34.8%, while the Pearl River Delta decreased from 31.8% to 29.6%.

**<Table.17> Comparison of FDI in the Yangtze River Delta and
the Pearl River Delta (2000-2004)**

(Unit: 100 Million USD, %)

Area	2000	2004	Annual Growth Rate (2000~2004)
The YRD (長江三角洲)	112.0 (27.5)	209.9 (34.6)	17.0
The PRD (珠江三角洲)	112.8 (27.7)	100.1 (16.5)	-2.9
Nationwide	407.2 (100)	606.3 (100)	10.5

<Source: 《中國統計年鑒》 (each year)>

According to <Table.17> for the proportion of FDI, the amounts of the Yangtze River Delta and the Pearl River Delta on a nationwide basis are shown as similar, each 27.5% and 27.7% in 2000. However, in 2004, the FDI amount of the Yangtze River Delta increased by 87.4% compared to 2000, and consequently the proportion in the nation increased from 27.5% to 34.6%. On the contrary, the FDI amount of the Pearl River Delta decreased by 11.3% compared to 2000, and the proportion in the nation went down from 27.7% to 16.5%. If look at the annual average growth rate for 4 years, the attracted amount of FDI to the Yangtze River Delta had grown by 17% per year, while the Pearl River Delta's amount had fallen by 2.9% per year. As a result, we could see that only after four years, there happened a reversal on both economic circles and a large scale of foreign capital moved from the Pearl River Delta to the Yangtze River Delta.

As seen above, there appeared a new competitor just like the Yangtze River Delta, as the privilege from State-led Open-door Policy became ineffective any more. In addition, as the production elements of the Pearl River Delta region moved to the Yangtze River Delta region, the Pearl River Delta lost a part of power for the economic development. In this way, the invisible competition between both economic circles intensified the dependence on the foreign capital more, and eventually, put a brake on the continuous development of Zhujiang Model.

3. Chronic Problems of Industrial Structure

The development of '*Sanlaiyibu*' labor-intensive industry is another important feature of Zhujiang Model. Since China's Reform and Open-up, the collective industry in the Pearl River Delta region, which was able to produce large quantities of cheap products collectively worked as a role of the source of competitive advantage to Zhujiang Model. However, as the economic development reached the certain level and the relation between the dependence on foreign trade and the global economy became more close, even the industrial structure moved into the tertiary industry and high-tech industry, the '*Sanlaiyibu*' labor-intensive industry around the Pearl River Delta region started to emerge as a chronic problem of industrial structure.

In accordance with the simple industrial structure of processing and manufacturing, also with the standardized development patterns,

Zhujiang Model has continued to develop as only borrowing the brains. This, naturally, has continued the vicious cycle of 'after the introduction, falling behind, after the reintroduction, falling behind again.'⁴⁷⁾ In the industrial structure of the Pearl River Delta region, the proportion of the labor-intensive industry is relatively high and the proportion of the high-tech industry is relatively low. The production technology is also significantly disadvantaged. In addition, the technology of manufacturing and assembling is still in the low-level, and the most of the equipment required for assembly are still heavily dependent on imports.

In particular, the trade form which occupies a leading position in the Pearl River Delta region is the processing-on-commission trade based on the low-skill and low-labor. Therefore, the trade form which was formalized and heavily concentrated in certain areas became the factors that hinder the development of various forms for enterprises in the Pearl River Delta region. As shown in <Table.18>, the characteristics of export structure in Guangdong is mainly centered on processing-on-commission trade, which is the trade form that receive raw materials and auxiliary materials from the Hong Kong and foreign enterprises, and then, process the quality, specifications, designs and trademarks that enterprises required for, finally export those products to the foreign market. In 2001, the trade form of the processing-on-commission took the proportion of 70.2% in the total

47) 陳德宁·劉豪興·張書琛, "費孝通珠江模式的轉型路向研究", 『廣東商學院學報』, 第3期, 2007年, p. 79.

exports of Guangdong, which is overwhelmingly high figure. On the other hand, the general trade only took the proportion of 27.3%.

<Table.18> The Exports Structure in Guangdong

(Unit: 100 Million USD)

Year	Processing-on-commission	General trade	Compensation trade	Barter Trade	Bonded Warehouse	Others	Total
1997	548.31	179.49	0.55	0.01	14.85	2.43	745.64
1998	583.61	152.47	0.60	0.03	16.86	2.61	756.18
1999	603.98	154.14	0.29	0.01	15.61	3.02	777.05
2000	665.53	206.23	0.41	0.02	16.42	4.21	919.20
2001	672.48	261.67	0.43	0.02	16.67	7.05	958.24

<Source: 《廣東統計年鑒》, 《中國統計摘要》 (each year)>

Meanwhile, the corporate structure is also concentrated in the certain types and the industrial output value of these certain types accounted for asymmetric high. As shown in <Table.19>, even though the number of foreign-invested enterprises is only 9.7% out of all, the industrial output value of it accounted for 22.5% in the whole Pearl River Delta region. In addition, the number of enterprises, which are from Hong Kong, Macau and Taiwan, accounted for more than 40% in the all types of enterprises around the Pearl River Delta region and accounted for 40% of industrial output value. On the other hand, the number of enterprises, which are the types of collective ownership, accounted for 18.8%, but the industrial output value took only 8% out of all.

**<Table.19> Types of Companies and Proportion of Industrial Output
Value in the Pearl River Delta (2000)**

Type	Number of Companies	Proportion (%)	Industrial Output Value (100 Million RMB)	Proportion (%)
State-owned and State-owned stock	1,691	11.4	2,378.6	22.5
State-owned	920	6.2	813.6	7.7
Collective ownership	2,805	18.8	845.4	8.0
Joint stock	216	1.5	80.6	0.8
Stock system	1,416	9.5	1,539.4	14.6
Foreign investment	1,451	9.7	2,380.9	22.5
Hongkong, Macau, Taiwan	6,000	40.3	4,354.6	41.2
Total	14,891	100	10,571.1	100

<Source: 《廣東統計年鑒2001》>

Consequently, the industrial structure based on the monolithic export-processing industry led the oversupply by producing the same products, at the same time, it caused the side effects that the industrial structure was largely overlapped and duplicated regardless of the size of regions.⁴⁸⁾ As this kind of industrial structure is spreading and rooted in the region, the development and investment for high value-added new technologies were difficult to be realized and consecutively, it caused the absence of the research activities on the development of technology and the lack of researchers.

As shown in <Table.20>, the technical competence indicators of

48) Huang Yanjie·Chen Shaofeng, "Crisis of Industrialization in The Pearl River Delta," EAI Background Brief No. 444, 2009, p. 1.

Guangdong are remarkably low compared to the other regions of three economic circles. The entire R&D personnel of Guangdong does not even reach the 1/14 of Beijing's R&D personnel. In particular, the proportion of the R&D personnel belonged to the enterprises accounted for 3.1%, which is the lowest figure among other four regions. The number of technology transfer contracts with foreign companies is also the lowest level as 668 cases among the other four regions.

**<Table.20> The Technical Competence Indicators in Chinese
Main Areas (2006)**

Area	R&D Personnel	R&D Expenditure (100 Million RMB)	Number of Patent Applications	Proportion of Company Have R&D Center (%)	Proportion of Research Staff in Companies (%)	Number of Technology Transfer Contracts with Foreign Companies
Beijing (北京)	58,717	870	751(281)	22.1	6.7	1857
Shanghai (上海)	17,223	490	2488(909)	14.5	4.9	2879
Jiangsu (江蘇)	12,633	710	1297(402)	26.8	5.1	843
Guangdong (廣東)	4,941	560	801(243)	16.8	3.1	668

<Source: China Technology Yearbook 2007>

As seen above, the industrial structure of processing-on-commission trade based on the low-skill and low-labor, the standardized development patterns based on the labor-intensive light industry and the enterprise structure based on the monolithic export-processing industry have been chronic problems of industrial structure in the Pearl River

Delta regions. In addition to that, the increasing labor costs, the rising rights of workers, and the rising costs of overall production factors, which were all started from the mid-1990s, coupled with the chronic problems of industrial structure in Zhujiang Model, developed into the more serious social problems such as shortage of migrant workers(民工慌), enterprises' escape tide(外遷潮), factory closures(倒閉潮). After all, the industrial structure in the Pearl River Delta region, which did not properly change and adapt to the global environment, became the serious challenge which limited the readjustment and development of Zhujiang Model.

IV. Transformation to the New Model

1. Definition and Scope of New-Zhujiang Model

From the mid-1990, Zhujiang Model faced with the problems on the development space and resource shortage. Accordingly, more extensive and overall improvement of industrial structure became required. Regarding this matter, Fei Xiaotong(費孝通) pointed out that 'One economic circle definitely involves an mouth and stomach'(一个經濟區域必須有口有腹).⁴⁹⁾ It means, as the mouth(口) of Zhujiang Model became bigger, its stomach(腹) should be bigger as well. Zhujiang Model facing with diverse challenges - such as too excessive dependence on the overseas, deepened competitive-relation resulted from the decreased preferential policy and the chronic problem in industrial structure - had to accept this inevitable changes. In this context, Guangdong Province suggested the new concept which could supplement the Original Zhujiang Model and eventually enhance the competitiveness of it.

In July 2003, the secretary of Guangdong Province, Zhang Dejiang(張德江) proposed the regional cooperation concept, 'the Pan-Pearl River Delta'(泛珠三角) for the first time. In December of the same year, each regional representative who belonged to the Pan-Pearl River Delta region established 'the Pan-Pearl River Delta Economic Cooperation

49) 費孝通,『農村,小城鎮,區域發展:我的社區研究歷程的再回顧』,費孝通文集 第13卷,北京:群言出版社,1999年,pp. 200~222.

Organization'(泛珠江區域經濟合作組織).⁵⁰⁾ In June 2004, the representatives from Hong Kong, Macau and nine of regional governments including Guangdong Province officially agreed on <The Pan-Pearl River Delta Regional Cooperation Framework Agreement>(泛珠三角區域合作框架協議) and ratified it. Through the ratification of agreement, the scale of Zhujiang Model which had already expanded from the Original Pearl River Delta to the Greater Pearl River Delta, expanded into the more extensive scale, the Pan-Pearl River Delta. And the economic circle of the Pan-Pearl River Delta which was born in this way began to form the symbiotic economic circle by establishing the members' cooperation mechanism in various fields.

The newly supplemented and adjusted New-Zhujiang Model can be defined as the biggest-scale economic circle development model in Chinese history, which is characterized by the expansion of scope and the change of industrial structure. In Particular, thanks to this New-Zhujiang Model which was born through the adjustment and change, it was positively expected to expand the economic hinterlands of the Greater Pearl River Delta region where was defined as the regional scale of the Original Zhujiang Model and to change the industrial structure within the Greater Pearl River Delta. In addition, the other Province-level regions around Guangdong, especially the Middle Western regions could achieve the radiating effect from the developed regions such as Guangdong Hong Kong and Macau.⁵¹⁾

50) Regarding this organization, refer to the official website of the Pan-Pearl River Delta Economic Cooperation Organization, <범주강삼각주협력정보망>(泛珠三角合作信息网) (<http://www.pprd.org.cn>)

Meanwhile, the birth of the New-Zhujiang Model implies several important strategic meanings to the development and economic circles themselves of each member in the Pan-Pearl River Delta region. First, it could have the strong economic radiating effect from the near provinces by expanding the hinterlands of the economic development for the Greater Pearl River Delta through the formation of the Pan-Pearl River Delta economic circle. Second, there's a significant meaning on pioneering a new route for the regional economic cooperation and a new regional development model which accords with the point in time at national level. Third, it would be also helpful to encourage the constructive competitions among the economies in domestic regions. Lastly, the overall inspection for the improvement of industrial structure within economic circle would be possible as well.⁵²⁾

As a result, the New-Zhujiang Model connotes the strategic meanings that it would lower the protectionist regional barrier among nine Provinces in Huanan(華南) area as much as possible through the more expanded scale than the Greater Pearl River Delta, change of industrial structure as well as the development of higher value-added industry in particular, and make the flow of capital, information, labor, product and source within the region smooth through the tax system and investment policy with Hong Kong and Macau. In addition, it can be regarded as a process of self-correction progress(自我修正) that tries to improve the

51) 尹虹潘, "泛珠三角區域的發展思路探索", 『開放研究』, 總第122期, 2006年, pp. 42~43.

52) 陳德寧·劉豪興·張書琛, "費孝通珠江模式的轉型路向研究", 『廣東商學院學報』, 第3期, 2007年, p. 80.

excessive dependence to the overseas as well as deepened competitive relation with the other economic circles, which were actually pointed out as the problems of Zhujiang Model, and to balance between overseas market and domestic market properly by encouraging the trade within the region.

The regional range of New-Zhujiang Model includes nine of adjoining Provinces including Guangdong, Hong Kong and Macau, as shown in <Figure.2>. Therefore, in other words, it is also called as '9+2' system, totally combining Guangdong(廣東), Fujian(福建), Hainan(海南), Guangxi(廣西), Guizhou(貴州), Hunan(湖南), Jiangxi(江西), Yunnan(雲南), Sichuan(四川) and Hong Kong and Macau.⁵³⁾ Geographically, as the Pan-Pearl River Delta region lies from Huanan(華南) to Xinan(西南) region and adjoins Southeast Asia, it has established the close connection with the Association of Southeast Asian Nations(ASEAN). These geographical advantages work as the important factors which accelerate the economic development of the Pan-Pearl River Delta region.

53) 張杜鵑, 陳忠暖, "泛珠江三角洲區域經濟開放的趨勢分析", 『熱帶地理』, 2007, p. 35.

<Figure.2> The Regional Scope of New-Zhujiang Model



<Source: 广东省环境保护廳(<http://www.gdep.gov.cn>)>

When Guangdong local government suggested the conception plan of the Pan-Pearl River Delta Economic Circle for the first time in 2003, the total amount of GDP in the Pan-Pearl River Delta region was 5.260 Trillion RMB and this was about 40% of China's total GDP, as illustrated in <Table.21>. The comprehensive economic power such as the total trade and the total attracted amount of foreign capital was similar level with the total added amount of ten countries of ASEAN. In addition, the land size of the Pan-Pearl River Delta region was 2,006,000 km², the 1/5 of China's total land size, and this was similar level with the size which added up the whole land sizes of European

five countries - the U.K, France, Germany, Italy and Spain. The total population in the Pan-Pearl River Delta region is estimated approximately 456 hundreds million people, and this is 1/3 of China's total population.⁵⁴⁾

**<Table.21> The Classification of the Pearl River Delta's
Economic Zones**

Classification	The Original Pearl River Delta (小珠三角)	The Greater Pearl River Delta (大珠三角)	The Pan-Pearl River Delta (泛珠三角)
Size (Km2)	45,000	181,000	2,006,000
Included main Areas	14 cities and counties: Guangzhou(廣州), Shenzhen(深圳), Zhuhai(珠海), Foshan(佛山), Jiangmen(江門), Dongguan(東莞), Zhongshan(中山), Huizhou(惠州), Zhaoqing(肇慶), Gaoyao(高要市), Sihui(四會市), Huaiyang(惠陽縣), Huigong(惠東縣), Boluo(博羅縣)	The Original Pearl River Delta (小珠三角) + 2 areas: Hongkong(香港), Macau(澳門)	The Greater Pearl River Delta (大珠三角) + 8 Provinces: Fujian(福建), Jiangxi(江西), Guangxi(廣西), Hainan(海南), Guizhou(貴州), Hunan(湖南), Yunnan(雲南), Sichuan(四川)
Economic Size (GDP)*	1.145 Trillion RMB (Approximately 10% of China's total GDP)	2.720 Trillion RMB (Similar to the sum of the YRD and Bohai Bay economic zone's GDP)	5.260 Trillion RMB (9 provinces' total GDP accounts for 40% of China's total GDP)

<Source: 譚剛, “深港合作目標的總体构思与可行性分析”, 《中國深圳發展報告》社會科學文獻出版社, 2007, p. 306.>

*Economic Size(GDP) is based on the year of 2003

54) 최병훈, “홍콩과 주강삼각주변 협력관계 변화에 관한 연구”, <中蘇研究>, Serial No. 115, 2007, p. 91.

2. Features of New-Zhujiang Model

Zhujiang Model which had been called as the most successful regional development model for a while faced with many problems from the mid-1990s. Especially, the Pearl River Delta region that had kept the leading position at Chinese Open-door policy in the beginning stage of China's Reform and Open-up began to lose its competitiveness as it could not adapt itself properly to the stream of time. However, as it entered into 2000s, China joined the WTO and at the same time, signed CAFTA with ASEAN. This decision in the country became the opportunity that promoted the change of Zhujiang Model by highlighting that the privilege of Open-door policy was not only for the SEZs any more, including the Pearl River Delta region. In addition, the China-Hong Kong and China-Macau CEPA agreement signed in 2003 provided the motivation which helped the Pearl River Delta region to overcome the previous problems and acquire the new power for development through the overall improvement on the industrial structure.

In summary, it can be seen that the transformation from the original Zhujiang Model to New-Zhujiang Model resulted from two backgrounds; the increased sense of crisis in the Pearl River Delta region in accordance with China's WTO entry and CAFTA signing, and the provision of new power for the development through the China-Hong Kong and China-Macau CEPA agreement. With these formation backgrounds, New-Zhujiang Model became characterized by two big features - the expansion of the scope and the changes of

industrial structure.

(1) Expansion of the Scope: 9+2

In 2002, as China succeeded in joining WTO, the open-door policy at the national level and relatively dominant position that only Guangdong could enjoy encountered the serious challenges. In Particular, as China implemented the overall opening of the domestic market through the WTO entry, the tax reduction policy and the inflow of the foreign capital which only Guangdong could exclusively enjoy became not effective any more.

From the point of the WTO entry, a lot of Foreign-funded Enterprises began to congregate around the Yangtze River Delta with Shanghai as the center to dominate Chinese domestic market. This decision of the Foreign-funded Enterprises seems because of the conclusion that the Yangtze River Delta region which could aim at the domestic market would be more advantageous to dominate Chinese domestic market than the Pearl River Delta region where '*Sanlaiyibu*' Enterprises were concentrating in and forming the export-oriented industrial complex based on the trade processing industry. And according to this, gradually Shanghai began to be regarded as the most preferred consideration, when Foreign-funded Enterprises established a local head-office in China. Futhermore, a dramatic change into a new system through WTO entry, from 'Non-market economy' to 'Global market economy', placed Chinese products and enterprises at very

disadvantageous position in international competitive market. Especially, the impact was much more serious for the enterprises which were based on '*Qiandianhouchang*' and '*Liangtouzaiwai*' in the Pearl River Delta region, having excessive dependence on the overseas as well as being powered mainly by the export-oriented economy.⁵⁵⁾ A series of these situations after China's WTO entry caused a serious challenge on the continuous development of the Greater Pearl River Delta region and made the supplement as well as adjustment on the original Zhujiang Model unavoidable.

With China's WTO entry, the conclusion of CAFTA between China and ASEAN also provided an opportunity which could be the development chance and at the same time, the crisis, to the Greater Pearl River Delta. In 2004, China entered CAFTA with ASEAN. This CAFTA was the biggest-scale FTA in the world, with 1.9 billion people when bringing all people from China and ASEAN's ten countries together, and 90% of trade items - about 7,000 items - among China and ASEAN's six countries were applied the customs-free. Besides, Among six member countries of ASEAN, Singapore, Malaysia, indonesia and Taiwan were where Overseas Chinese and Chinese merchants were concentrated in. Considering that most of Overseas Chinese and Chinese merchants in Southeast Asia were from Huanan(華南) region, CAFTA seemed to play a role of catalytic agent which could accelerate the regional development of the Greater Pearl River

55) 賴文鳳, "泛珠江三角洲合作:動力, 問題与前景", 『粵港澳經濟』, 第23卷第2期, 2007年, pp. 11~12.

Delta. However as many problems had coincided altogether since 2004, such as the increase of labor costs and serious labor shortage, especially in Guangdong Province, it could not be excluded that the special effects of CAFTA would possibly flow into the Yangtze River Delta region or the Beijing-Tianjin-Hebei Region(京津唐) that were forming the competitive compositions with the Pearl River Delta region. Consequently, recognizing the variables of opportunity and crisis, the Greater Pearl River Delta region had to find a way to utilize CAFTA more effectively, and this led to the expansion of the scope, the biggest feature of New-Zhujiang Model.

If look at the constitution of New-Zhujiang Model's range, we could know it is the constitution of 'Ultra(超)' regional range far beyond the administrative district. The economic circle of the Pan-Pearl River Delta lies from the eastern and central to western part, and includes nine Provinces of South China. In addition to this, as the special administrative regions, Hong Kong and Macau where 'One country, Two systems'(一國兩制) formula were in effect, were added as well, it took on the character of the new cooperation model - cooperation under the different systems. For the first time since the establishment of the People's Republic of China, this big scale and broad range of economic circle became realized. With nine Provinces and two special administrative regions which belonged to New-Zhujiang Model, '9+2' system was formed and it began to seek for the cooperation in a variety of many fields. Moreover, emphasizing the cooperation principle on the basis of 'Voluntary participation(自願參與), Market-driven(市場主

導), Open and Fair(開放公平), Mutual supplementation by Superiority (優勢互補), Mutual benefit and Win-win(互利共贏)', the mechanism of continuous economic development could be established through the expansion of the scope.

Main economic indicators composing '9+2' system in 11 areas of the Pan-Pearl River Delta are shown in <Table.22>. As shown in this table, there are the considerable differentials among all articles of the economic indicators. In terms of Population, the lowest area is Macau as 450,000 peoples, while the highest area is Guangdong as 79,540,000 peoples, and the population differential between two areas is fully 176 times. Also in terms of economic scale, Macau has the lowest GDP as 65.391 billion RMB, while Guangdong has the highest GDP as 1,362.587 billion RMB, and the GDP differential between two area is over 20 times. Especially, the GDP per capita differential between the lowest and highest is fully 52 times, and this is between Guizhou(貴州), the lowest, and Hong Kong, the highest. If look at the proportion of the industrial structure, two areas where have the highest proportion of the primary industry are Guangxi(廣西) and Hainan(海南), while two areas where have the highest proportion of the secondary industry are Guangdong and Fujian(福建). The areas where have the highest proportion of the tertiary industry are the special administrative areas, Hong Kong and Macau.

<Table.22> Economic Indicators in the 11 Areas of the Pan-Pearl River Delta (2003)

Area	Population (10 Thousand people)	GDP (100 Million RMB)	GDP Per Capita (RMB)	Proportion of Primary Industry (%)	Proportion of Secondary Industry (%)	Proportion of Tertiary Industry (%)
Guangdong (廣東)	7,954	13,625.87	17,213	8.0	53.6	38.4
Fujian (福建)	3,488	5,232.17	14,979	13.3	47.6	39.1
Jiangxi (江西)	4,254	2,830.46	6,678	19.8	43.4	36.8
Hunan (湖南)	6,663	4,638.73	7,554	19.1	38.7	42.2
Guangxi (廣西)	4,857	2,735.13	5,969	23.8	36.9	39.3
Hainan (海南)	811	670.93	8,316	37.0	22.5	40.5
Sichuan (四川)	8,700	5,456.32	6,418	20.7	41.5	37.8
Guizhou (貴州)	3,870	1,356.11	3,603	22.0	42.7	35.3
Yunnan (雲南)	4,376	2,465.29	5,662	20.4	43.4	36.2
Hongkong (香港)	680	12,913.32	189,818	0.1	11.8	88.1
Macau (澳門)	45	653.91	146,945	0	12.6	87.4

<Source: 《中國統計年鑒2004》, 《港澳統計年鑒2004》>

As above, there are economically considerable differentials among 11 areas of New-Zhujiang Model. We do not know yet whether this differential among the regions will lead to the common development through the mutual cooperation or will expand more and hinder the economic development of the Pan-Pearl River Delta region. Especially,

because there is no successful cooperation case so far which would lead the intensified cooperation and development, it is not easy to judge whether the expansion of the scope, the feature of New-Zhujiang Model, really achieves the practical effect or not. But, since each region has different strengths and weaknesses as well as the comparative advantages, it is expected that it would have a positive influence on the economic development of the Pan-Pearl River Delta region, if the complementary cooperation mechanism is properly settled down.

The possibility of mutual supplementation through the expansion of the scope, the important feature of New-Zhujiang Model, can be seen in <Table.23>. As shown in the table, each of 11 regions belonged to New-Zhujiang Model has different comparative advantages. For example, Fujian(福建), Jiangxi(江西) and Hunan(湖南) have abundant natural resources, and especially, Jiangxi(江西) has the absolutely comparative advantage in mining resources, as the Asia's largest copper production base. Besides, Guangxi(广西) has the comparative advantage in waterpower resources, as the one of three largest hydro-electric resource bases in China. On the contrary, Hong Kong and Macau have insufficient natural resources, while have the comparative advantage in Tourism resources.

**<Table.23> The Main Resources in the Areas of the Pan-Pearl
River Delta**

Area	The Land Area (10 Thousand Km ²)	Abundant Resources	Insufficient Resources
Fujian (福建)	12.14(陸) 13.6(海)	Water Resources, Mining Resources (for Construction Materials), Forest Resources, Marine Resources, Tourism resources and etc.	Land Resources, Mining Resources, Energy Resources
Jiangxi (江西)	16.69	Water Resources, Mining Resources (Asia's largest copper production base), Forest Resources, Tourism resources and etc.	-
Hunan (湖南)	21.18	Water Resources, Mining Resources, Forest Resources, Animal and plant resources, Agricultural Resources, Tourism resources and etc.	Sufficient Land Resources
Guangdong (廣東)	17.8	Forest Resources, Oil and natural gas resources, Marine Resources, Land Resources and etc.	Mining Resources, Power energy resources
Guangxi (廣西)	23.6	Waterpower Resources(one of three largest hydro-electric resource bases in China), Sub-sea oil and gas resources, Marine Living Resources, Mining Resources, Forest Resources, Animal and plant resources, Agricultural Resources, Marine Resources, Tourism resources and etc.	Sufficient Land Resources
Hainan (海南)	3.54(陸) 200(海)	Energy Resources such as oil, natural gas, solar power, bio-power, Tourism resources and etc.	Agricultural Resources, Land Resources, Industrial Resource Conditions
Sichuan (四川)	48.5	Living Resources, Water Resources, Waterpower Resources, Mining Resources, Energy Resources, Tourism resources and etc.	Sufficient Land Resources
Guizhou (貴州)	17.61	Water Resources, Living Resources, Mining Resources, Waterpower Resources, Coal resources, Tourism	Agricultural natural conditions

		resources and etc.	
Yunnan (云南)	39.4	Water Resources, Waterpower Resources, Tourism resources and etc.	-
Hongkong (香港)	0.1075	Tourism resources	Natural Resources
Macau (澳門)	0.00155	Tourism resources	Natural Resources

<Source: Cited from 《港澳經濟年鑒2004》 and 《南方网》 >

As looked through the above, the biggest feature of New-Zhujiang Model can be found in the expansion of the scope. Through the expansion of the scope, the Greater Pearl River Delta region created the new mechanism for the cooperative development in the new framework, widening the hinterlands to periphery areas.⁵⁶⁾ Although the derivations among regions are still wide and there is no successful cooperation mechanism or cooperation example yet, this expansion of the scope in New-Zhujiang Model could be regarded as the important feature of the new model which supplements the problems of previous Zhujiang Model and is powered for its development by China's WTO entry and conclusion of CAFTA.

(2) Changes of Industrial Structure: Development of High Value-added Industry

According to China's entry into WTO, China implemented the overall

56) 정중호, “중국 지역발전모델의 회고와 전망: 삼대모델을 중심으로”, <중국학연구>, 제63집, 2013, pp. 256~257.

opening to the world and consequently, the Greater Pearl River Delta region encountered the big challenge. And the core regions of the Greater Pearl River Delta, Guangdong, Hong Kong and Macau, began to lose its privilege come from the Open-door policy that they had been enjoying. Moreover, the stagnant economies of Hong Kong and Macau since the Asian Financial Crisis in 1997 went worse through this.⁵⁷⁾ Therefore, in order to revitalize the stagnant economies of Hong Kong and Macau and secure the development space in the Pearl River Delta region, Chinese government signed the CEPA agreements, between China-Hong Kong and China-Macau each in June and October 2003.⁵⁸⁾ The conclusion of CEPA performed the important work to solve the institutional obstacles in floating of production factors between Hong Kong, Macau and Chinese inland. And through this, the New-Zhujiang Model could expect the change of the industrial structure in addition to the expansion of the scope. In particular, as the service industry of Hong Kong and Macau entered into Chinese inland, it performed the accelerating work on the development of the higher value-added industry around the Pan-Pearl River Delta region. Every year, the CEPA Supplementation Agreement is being made on the basis of the opening and expansion of Chinese inland service market, and

57) 賴文鳳, "泛珠江三角洲合作:動力, 問題与前景", 『粵港澳經濟』, 第23卷 第2期, 2007年, pp. 11~12.

58) CEPA is the abbreviation for Closer Economic Partnership Arrangement. Although the title puts its weight on the economic cooperation rather than the market opening, the actual details, such as commodities, service trade and investment, are not very different with FTA(Free Trade Agreement). Regarding this, refer to 박기동·이상철, 『중국과 홍콩·마카오 CEPA의 이해』, 서울: 법무부, 2009, 여지나, "중·홍콩 CEPA의 주요내용과 시사점: 서비스협상을 중심으로", <대외경제정책연구원 지역경제 포커스>, 09-28호, 2009, pp. 1~13.

according to this, the Pan-Pearl River Delta region continues to improve the constitution of industrial structure, towards the development of the higher value-added industry including the service industry.

Above all, the process of progress and important details of CEPA between Hong Kong and China is shown in <Table.24>. China and Hong Kong had started the negotiation since January 2002 and concluded the CEPA for the first time in June 2003. Then, the CEPA between China and Hong Kong officially took effect in January 2004. The trade tariff elimination on this agreement was concluded in CEPA III and finally, the customs-free became realized for all products from Hong Kong. The opening for the service parts and trade investment facilitation measure has been also negotiated since the subsequent supplementing negotiation. Especially, China has assured Hong Kong of the wider service opening and manpower movement level. With this, CEPA has assured the higher level of service opening than any other trade liberalization agreements that China has signed.⁵⁹⁾ China and Hong Kong has opened total forty-four of service fields through seven times of supplementing negotiations, from the first effectuation of CEPA in 2004 to CEPAVII in 2011.

59) 여지나, “중·홍콩 CEPA의 주요내용과 시사점: 서비스협상을 중심으로”, <대외 경제정책연구원 지역경제 포커스>, No. 09-28, 2009, p. 3.

<Table.24> The Progress and Main Content of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

Progress		Main Contents
Date	Classification	
2002. 01.	Initiate negotiations	-
2003. 06.	CEPA concluded	※ Open 18 service areas ※ Service areas: Management advisory, Conference and Exhibition, Advertising, Accounting, Construction and Real Estate, Medical and dental , Circulation, Logistics, Cargo-handling Broking, Storage and archiving, Transit, Tourism, Audio-visual, Law, Bank, Securities, Insurance and value-added telecommunications services, etc.
2004. 01.	CEPA comes into effect	
2004. 10.	CEPA I concluded	※ Open additional 9 service areas ※ Additional open areas: Airline services, Cultural services and Entertainment, IT, Employment services, Patent Brokerage, Brand brokerage and professional qualification exam, Self-employed individuals services and etc.
2005. 01.	CEPA I comes into effect	
2005. 10.	CEPA II concluded	※ Open additional 10 service areas ※ Expansionary open areas: Law, Accounting, Audio-visual, Construction, Logistics, Bank, Securities, Tourism, Transit, Self-employed individuals services and etc.
2006. 01.	CEPA II comes into effect	
2006. 06.	CEPA III concluded	※ Expansionary open areas: Law, Construction, IT, Conference and Exhibition, Audio-visual, Circulation, Tourism, Airline Transport, Land Transport and Self-employed individuals services, etc.
2007. 01.	CEPA III comes into effect	
2007. 06.	CEPA IV concluded	※ 28 service areas: Previously opened 17 areas, Newly opened 11 areas ※ A total of 38 service areas opened by CEPA IV
2008. 01.	CEPA IV comes into effect	
2008. 07.	CEPA V concluded	※ 17 service areas: Previously opened 15 areas, Newly opened 2 areas ※ A total of 40 service areas opened by CEPA V
2009. 01.	CEPA V comes into effect	
2009. 05.	CEPA VI concluded	※ 20 service areas: Previously opened 18 areas, Newly opened 2 areas ※ A total of 42 service areas opened by CEPA VI
2009. 10.	CEPA VI comes into effect	
2010. 05.	CEPA VII	※ 14 service areas: Previously opened 12 areas

	concluded	Newly opened 2 areas
2011. 01.	CEPA VII comes into effect	※ A total of 44 service areas opened by CEPA VII

<Source: 《内地与香港關於建立更緊密經貿關係的安排》補充協議, 中國商務部 (each year), 서창배, “중-홍콩/마카오 CEPA의 경제적 효과”, 《中國學》, 제40집, 2011, pp. 389~414.>

The remarkable point in China-Hong Kong CEPA is that this agreement includes 'Prior Action'(先行先試) for Guangdong Province.⁶⁰⁾ This means, after testing the opening in Guangdong where adjoins Hong Kong first, it would take the Prior Action by expanding the regions through the supplementing negotiation, if that test is successful. And through CEPA VI in 2008, the Guangdong prior test actions were imposed on eight fields - law, exhibition & convention, utility, telegraph, bank, stock, shipping and railway transport. Then, through CEPA VII in 2009, the inspection and authentication services and professional design service have opened for the first time and expanded the opening of health care, bank and stock services. In particular, as broadly opening the fields which used to be careful to open, such as the health care and financial services, China has been aggressively accelerating the prior action which has been implemented in Guangdong.⁶¹⁾

Meanwhile, as shown in <Table.25>, China and Macau has also signed the CEPA in October 2003, only four months later, after the

60) This 'Prior Action' is also applied equally to China-Macau CEPA as well.

61) 여지나, “중-홍콩 CEPA의 주요내용과 시사점: 서비스협상을 중심으로”, <대외 경제정책연구원 지역경제 포커스>, No.09-28, 2009, p. 10.

China-Hong Kong CEPA conclusion. According to this, China and Macau applied the customs-free to 273 items and opened eighteen of service fields including logistics and finance for the first time.⁶²⁾ Then, through seven times of supplementing negotiations just like Hong Kong, from October 2004 to CEPAVII of January 2011, CEPA supplementing agreement has been signed on the basis of the service market opening. With this, China and Macau have agreed on the expansion of market access, opening of service market and deregulation for the commodities and service products.

<Table.25> The Progress and Main Content of the Mainland and Macau Closer Economic Partnership Arrangement (CEPA)

Progress		Main Contents
Date	Classification	
2003. 10.	CEPA concluded	※ Commodity Trading: Applied non-tariffs for 273 items ※ Applied non-tariffs for a total of 1,156 items of Macau products from Jan. 2006.
2004. 01.	CEPA comes into effect	
2004. 10.	CEPA I concluded	※ Open 18 service areas ※ Open areas: Law, Accounting, Medical, Audio-visual, Construction, Distributed supply, Bank, Securities, Transportation, Cargo-transportation agency, Patent agency, Trademark agency, Airport services, Cultural entertainment, IT, Employment agency, Workforce intermediaries, professional qualification exam and etc. ※ Construction, Some distributed supply, Insurance Services of bank branches will be in effect from Nov. 2004.
2005. 01.	CEPA I comes into effect	
2005. 10.	CEPA II concluded	※ Open additional 9 service areas ※ Open areas: Law, Accounting, Construction, Audio-visual, Distributed supply, Bank, Tourism,
2006. 01.	CEPA II	

62) 서창배, “중-홍콩/마카오 CEPA의 경제적 효과”, <中國學>, No.40, 2011, p. 398.

	comes into effect	Transportation, Self-employed individuals services and etc.
2006. 06.	CEPA III concluded	<ul style="list-style-type: none"> ※ Open additional 8 service areas ※ Open areas: Law, Construction, Convention, Audio-visual, Distributed supply, Tourism, Transportation, Self-employed individuals services and etc.
2007. 01.	CEPA III comes into effect	
2007. 07.	CEPA IV concluded	<ul style="list-style-type: none"> ※ Open additional 28 service areas ※ Open areas: Law, Medical, Computer and related services, Real estate, Market research, Management Advisory Services, Utilities Infrastructure, Workforce intermediaries, Building Cleaning, Photographing, Printing, Translation and Interpretation, Convention, Communication, Audio-visual, Distributed supply, Environment, Insurance, Bank, Securities, Social services, Tourism, Cultural entertainment, Sports, Shipping, Airline transportation, Land transportation, Self-employed individuals services and etc. ※ Allowed Macau banks to establish branches in Middle west, North west and Guangdong areas. ※ Encouraged establishment of branches in rural areas.
2008. 01.	CEPA IV comes into effect	
2008. 07.	CEPA V concluded	<ul style="list-style-type: none"> ※ Open additional 18 service areas ※ Open areas: Accounting, Construction, Medical, Computer and related services, Mining-related services, Manpower services, Science and Technology Advisory Services, Printing, Convention, Distributed supply, Environment, Bank, Social service, Tourism, Shipping, Airline transportation, Land transportation, Self-employed individuals services and etc.
2009. 01.	CEPA V comes into effect	
2009. 05.	CEPA VI concluded	<ul style="list-style-type: none"> ※ Open additional 19 service areas ※ Open areas: Law, Construction, Medical, R&D, Real estate, Manpower services, Printing, Convention, Utilities Infrastructure, Communication, Audio-visual, Distributed supply, Bank, Securities, Tourism, Cultral entertainment, Shipping, Airline transportation, Self-employed individuals services and etc.
2009. 10.	CEPA VI comes into effect	
2010. 05.	CEPA VII concluded	<ul style="list-style-type: none"> ※ Open additional 13 service areas ※ Open areas: Construction, Medical, Technology and Product Inspection Certificate, Professional Design, Audio-visual, Distributed supply, Bank, Social services, Tourism, Cultural entertainment, Airline transportation, Qualified professional engineer exam, Self-employed individuals services and etc. ※ A total of 44 service areas opened by CEPA VII
2011. 01.	CEPA VII comes into effect	

<Source: 《内地与澳門關於建立更緊密經貿關係的安排》補充協議, 中國商務部 (each year), 서창배, “중-홍콩/마카오 CEPA의 경제적 효과”, 《中國學》, 제40집, 2011, pp. 389~414.>

As seen above, another important feature of New-Zhujiang Model, the change of industrial structure, forms the close relation with China-Hong Kong and China-Macau CEPA. Chinese government has revitalized the stagnant economies of Hong Kong and Macau through the CEPA, and the Pan-Pearl River Delta has improved the chronic problems in industrial structure which previously emerged as the limitation of the Original Zhujiang Model. The industrial structure of Zhujiang Model which is changing gradually can be estimated through the changes progress of industrial structure in Shenzhen(深圳), as shown in <Table.26>

**<Table.26> The Changes of Industrial Structure in Shenzhen
(2001~2006)**

Year	Proportion of Labor-Intensive Industries (%)	Proportion of Technology-Intensive Industries (%)	Proportion of Capital-Intensive Industries (%)
2001	25.97	51.50	22.53
2002	23.69	54.31	22.00
2003	19.66	61.50	18.85
2004	18.01	62.24	19.75
2005	18.54	58.16	23.32
2006	16.54	60.59	22.87

<Source: 《深圳統計年鑒2001~2007》>

The proportion of labor-intensive industries in Shenzhen, which once had represented the Zhujiang Model as well as led the rapid economic development of the Pearl River Delta region since the early 1980s, remarkably lowered from 25.97% in 2001 to 16.54% in 2006. On the contrary, the proportion of technology-intensive industries which is essential for the development of the higher value-added industry increased ten times, from 51.50% in 2001 to 60.59% in 2006. Also the proportion of Shenzhen's capital-intensive industries slightly increased in 2006 compared to 2001.

Meanwhile, the change of industrial structure, which was made in the process of transformation from the Original Zhujiang Model to New-Zhujiang Model - in other words, the development of higher value-added industry in New-Zhujiang Model -, can be verified once again in <Table.27>. The point that need to pay attention to in the below table is, that 3rd place(Garment and textile products) and 10th place(Leather, fur, fluffy feather related Products) among 10 industries in the Pearl River Delta region in 1999 did not rank in 2006 and just fell behind. Also the representative product of the labor-intensive industry - the fabric products - fell down from 6th place in 1999 to 10th place in 2006.

**<Table.27> The Changes of 10 Industries in the Pearl
River Delta Region**

Ranking	Top 10 Industries in 1999	Top 10 Industries in 2006
1	Electronic communication equipment, computers and other related electronic products	Electronic communication equipment, computers and other related electronic products
2	Electrical facilities and equipment	Electrical facilities and equipment
3	Garment and textile products	Electricity and heating products
4	Metal products	Transportation equipment and facilities
5	Non-metallic mineral products	Chemical products
6	Fabric products	Metal products
7	Chemical products	Plastic products
8	Plastic products	Laboratory tools, meter, Culture and Office Equipment
9	Transportation equipment and facilities	Non-metallic mineral products
10	Leather, fur, fluffy feather related Products	Fabric products

<Source: “Creating a World-Class Pearl River Delta Metropolis: Accelerating Economic Integration between Guangdong and Hong Kong,” August 2008, 《智經研究中心》 p. 131 (Webpage: <http://www.bauhinia.org/publications.htm>)>

As a result, the industrial structure of the Pearl River Delta region has been steadily changed since the New-Zhujiang Model was formed in the mid-2000s. Namely, it shows that the industrial structure based on the processing trade with labor-intensive cheap products has been

developing into the higher value-added industry. In this way, the New-Zhujiang Model has gradually changed the industrial structure which was pointed out as the problem of the Original Zhujiang Model, through the improvement of the industrial structure, in particular, the development of the higher value-added industry.

V. Conclusion

This study has examined the process of transformation from Old(舊) Zhujiang Model to New(新) Zhujiang Model by focusing on the development process of Zhujiang Model - one of the Chinese representative Regional Development Models after Reform and Open-up. According to the result of this study, Zhujiang Model had developed into more distinctive regional development model through three formation backgrounds such as national policy factor, cultural and geographical factor, and industrial structural factor. In addition, Zhujiang Model developed with these formation backgrounds had three important features; State-led outward-oriented economic development, economic development through the inducement of foreign capital in large scale and development of '*Sanlaiyibu*' labor-intensive industry. With these, Zhujiang Model had taken an important role to lead Chinese economic development during the early 1980s to mid-1990s.

However, after the mid-1990s when Chinese economic development reached the certain level, the growth speed became noticeably slow and many problems - such as the excessive dependence on the foreign trade, deepened competitive relation resulted from the decrease of national preferential policy and the rise of chronic problems in industrial structure - began to come out. As a result, the attempts to overcome these problems and find a new development direction were made on the academic world and local government scale. Also, the

exploration for the new change began to be made through the way enhancing and supplementing the original model by utilizing the experience of previous development.

Definitely, three major problems of Zhujiang Model which were previously mentioned provided the absolute backgrounds to the birth of new development model. In addition to this, China's entry into WTO, the conclusion of CAFTA and CEPA Agreement among China, Hong Kong and Macau also provided the important motivation. New Zhujiang Model, which was created in this way, continues its effort to overcome Zhujiang Model's limitations in a variety of ways by expanding the scale and changing the industrial structure. Although the economic mechanism of the Pan-Pearl River Delta region is still vague, the proper management system is not established yet and there is even no successful cooperation case yet, it seems that two main features of New-Zhujiang Model - the expansion of scope and the change of industrial structure for higher value-added business - would be steadily intensified and expanded for many years to come.

References

1. Korean Materials

- 김상욱, 『중국지역경제개론』, 서울: 신아사, 2011
- 김혜진, “중국의 클러스터 유형 및 발전 특징에 관한 연구”, <국제 지역연구> 제12권 제1호, 2008, pp. 107~130.
- 권진택·최성일, “중국 광둥성 지역의 경제발전과 외자의 역할”, <經濟研究>, 제21권 제2호, 2003, pp. 117~144.
- 라오창, 『중국도시 현장보고서』, 서울: 한스미디어, 2004
- 박기동·이상철, 『중국과 홍콩·마카오 CEPA의 이해』, 서울: 법무부, 2009
- 신동윤, “중국의 민공황 현상과 전망”, <中國學論叢>, 제26집, 2008, pp. 248~267.
- 서석홍, “중국 장강삼각주 지역의 경제통합과 외자유치를 둘러싼 경쟁과 협력”, <비교경제연구>, 제14권 제2호, 2007, pp. 63~97.
- 서창배, “중-홍콩/마카오 CEPA의 경제적 효과”, <中國學>, 제40집, 2011, pp. 389~414.
- 이규택, “중국 광둥성 경제경쟁력 분석: 주강삼각주 경제권을 중심으로”, <중국학연구>, 제31권, 2005, pp. 373~397.
- 이말남, “광둥성의 경제성장 요인 분석”, <경제발전연구>, 제8권 제2호, 2002, pp. 31~55.
- 이희옥, “선전특구모델의 한계와 새로운 도시발전전략”, <중국학연구>, 제40집, 2007, pp. 115~140.

- 여지나, “중·홍콩 CEPA의 주요내용과 시사점: 서비스협상을 중심으로”, <대외경제정책연구원 지역경제 포커스>, 09-28호, 2009, pp. 1~13.
- _____, “중·홍콩 CEPAVIII 보충협정의 주요내용과 시사점”, <대외경제정책연구원 지역경제 포커스>, 10-37호, 2010, pp. 1~10.
- 정종호, “중국 지역발전모델의 회고와 전망: 삼대모델을 중심으로”, <중국학연구>, 제63집, 2013, pp. 241~266.
- _____, “온주모델에서 신온주모델로”, <중국학연구>, 제44집, 2008, pp. 193~221.
- 지성태·황경진, “중국 노동력 수급 불균형의 본질과 원인분석”, <中國研究>, 제52권, 2011, pp. 639~664.
- 조대우·이상빈, “중국 주강삼각주 유역경제의 형성 및 역사적 변천에 관한 연구: 경로의존의 역사적 접근”, <經營史學>, 제19집 제1호, 2004, pp. 155~184.
- 전가림, “홍콩-광둥성간 경제통합협력과 정치경제적 시사점”, <통일전략>, 제11권 제2호, 2011, pp. 207~236.
- 최병훈, “홍콩과 주강삼각주간 협력관계 변화에 관한 연구”, <中蘇研究>, 통권 115호, 2007, pp. 71~99.

2. Chinese Materials

- 蔡建娜, "從屬勞動力市場供求關係轉型下的勞動密集型經濟增長:珠江模式和溫州模式之比較", 『上海經濟研究』, 第3期, 2007年, pp. 43~51.
- 陳德宁·劉豪興·張書琛, "費孝通珠江模式的轉型路向研究", 『廣東商

- 學院學報』，第3期，2007年，pp. 77~81.
- 陳恩，"珠三角外資主導型產業集群升級路徑和策略探析"，『廣東工業大學學報』，第10卷 第2期，2010年，pp. 1~19.
- 費孝通，『學術自述与反思』，北京：生活讀書新知三聯書店，1996年
- 广西社科聯課題組，"主体功能區規劃框架下深化泛珠三角區域合作研究"，『改革与戰略』，第28卷，2012年，pp. 118~153.
- _____，"泛珠三角區域合作推進与對東盟開放合作的戰略构想及對策"，『广西社會科學』，總第161期，2008年，pp. 15~25.
- 蔣涌，"珠江三角洲外商投資：現狀，問題和發展趨勢"，『当代港澳』，第1期，2003年，pp. 22~25.
- 賴文鳳，"泛珠江三角洲合作：動力，問題与前景"，『粵港澳經濟』，第23卷 第2期，2007年，pp. 11~18.
- _____，"珠江模式的變遷及制度再創新"，『South China Review』，2007年，pp. 21~27.
- 劉國良，"蘇南模式与溫州模式，珠江模式的比較"，『浙江經濟』，2006年，pp. 36~37.
- 劉婷婷，"泛珠三角區域經濟協調發展机制的构建：以歐盟區域協調為啓示"，『特區經濟』，2011年，pp. 22~23.
- 李冬平·楊友孝，"泛珠江三角洲經濟圈發展戰略研究"，『經濟地理』，第25卷 第2期，2005年，pp. 169~172.
- 李子江·何琼雋·張成科，"泛珠江三角洲經濟區合作机制的設計研究：一种經濟聯邦主義的視角"，『產經評論』，第6卷，2010年，pp. 135~150.

- 雷強·林志錯, "大力發展現代重化工業, 從根本上提高大珠江三角洲的國際競爭力", 『特區經濟』, 2003年, p. 35~48.
- 盧獲, "珠江模式的形成, 特色, 作用", 『學術自述与反思』, 第3期, 2009年, pp. 167~176.
- 宋林飛, "中國經濟發展模式的理論探討:費孝通的一項重要學術貢獻", 『江海學刊』, 2006年, pp. 65~71.
- 王麗娟·董文婷, "泛珠三角与東盟地區的經貿合作發展戰略分析", 『特區經濟』, 2007年, pp. 30~32.
- 徐維·陳東平, 『珠江模式及其發展前景』, 北京: 中央編譯出版社, 2011年
- 徐慶, "珠江流域經濟合作發展模式探討", 『水利經濟』, 第28卷 第4期, 2010年, pp. 19~24.
- 薛鳳旋·揚春, "外資影響下的城市化:以珠江三角洲爲例", 『城市規劃』, 1995年, pp. 21~27.
- 謝濤, "珠三角企業面臨挑戰", 『中國國情國力』, 第10期, 2010年, pp. 62~64.
- 姚華松·許學強, "繼續推進改革, 開放和創新開創珠三角發展新局面", 『特區經濟』, 2009年, pp. 23~24.
- 俞梅珍, "珠江三角洲利用外資的戰略轉換", 『國際貿易』, 第6期, 1995年, pp. 38~40.
- 于蕾·仝德·鄧金杰, "從區位商視角論証构建城鎮群的意義:以珠三角, 大珠三角和泛珠三角區域爲例", 『城市發展研究』, 第17卷 第1期, 2010年, pp. 54~59.
- 尹虹潘, "泛珠三角區域的發展思路探索", 『開放研究』, 總第122期, 2006年, pp. 42~44.

- 張杜鵑·陳忠暖, "泛珠江三角洲區域經濟開放的趨勢分析", 『熱帶地理』, 第27卷 第1期, 2007年, pp. 35~39.
- 張珍花·劉安琪, "我國泛珠江三角洲內地九省區域經濟差異分析", 『經濟問題』, 第4期, 2011年, pp. 123~126.
- 周樹偉·周木亮, "泛珠江三角洲發展服務貿易的對策研究", 『國際服務貿易』, 總第4卷, 2010年, pp. 216~223.
- 左正, "珠江三角洲利用外資發展高薪產業的研究", 『南方經濟』, 第6期, 2002年, pp. 39~42.

3. English Materials

- Huang Yanjie·Chen Shaofeng, "Crisis of Industrialization in The Pearl River Delta," EAI Background Brief No. 444, 2009, pp. 1-14.
- Naughton, Barry, "Growing Out of the Plan," 1996, pp. 3-25.
- Pei, Minxin, "From Reform to Revolution: The Demise of Communism in China and the Soviet Union," Harvard University Press, 1994, pp. 11-42.
- Tsai Kellee S., "Capitalism without Democracy: The Private Sector in Contemporary China," Cornell University Press, 2007

국문 초록

주강모델의 형성, 발전, 그리고 변화

김태훈

중국은 개혁개방 이후 성공적인 시장사회로의 이행을 밟아오고 있다. 지난 30년간 중국이 성공적인 경제발전을 이루어냄에 따라, 중국 시장화의 성공요인에 대한 꾸준한 논의가 있어왔다. 특히 중국의 소유제에 대한 재해석과 각 지역의 다양하고 독특한 발전배경에 대한 논의는 학계의 주목을 받았다. 이러한 맥락 속에서 소위 ‘중국의 삼대모델’이 큰 주목을 받게 된다. 그리고 이러한 각각의 모델들은 중국의 3대 소유제 구조를 대표하며 중국의 대표적인 지방발전 모델로 수렴되어 갔다.

중국의 지방발전모델은 제도적 혁신의 중요한 실험장 역할을 하면서, 중국의 경제체제가 사회주의 시장경제체제로 이행하는데 있어 선도적인 역할을 수행하게 된다. 또한 독특한 도시 경쟁력 창출의 메커니즘과 더불어, 각 지역의 고유한 역사·문화적 배경에 기인한 상업 네트워크의 장점을 부각시키며, 중국 지방발전모델의 전형적인 모범사례들로 평가 받기에 이르렀다. 특히 그 중에서도 주강모델은 80년대 초부터 90년대 중반까지 중국의 성공적인 발전모델로 해석되며 학계의 큰 주목을 받게 된다.

주강삼각주 지역은 중국의 삼대 소유제 중에서 외자를 대표하며 독특하고 독창적인 중국의 지방발전모델을 성공적으로 정착시켰을 뿐만 아니라, 장강삼각주, 환발해만경제권과 더불어 중국의 3대 경제권에 속하는 중요한 지역으로 확실히 자리매김한다. 그러나 경제발전이 일정 수준에 도달한 후, 성장속도가 현저히 더뎌지면서 다양한 문제점들이 나타나기 시작했다. 이에 따라 주장모델의 새로운 발전방향을 모색하려는 시도가 학계 및 기업계에서 시작되었으며, 과거의 발전경험을 활용하여 원래의 모델을 보완 및 보충하는 방식으로 새로운 주장모델이 탄생하게 된다.

본 연구는 주장모델(珠江模式)의 발전과정에 초점을 맞추어, 주장모델의 형성배경과 특징, 그리고 한계점은 무엇인가라는 질문에 대한 답을 찾는다. 특히, 구(舊) 모델에서 새로운(新) 모델로의 이행과 그 특징을 분석하여 새로운 모델의 발전방향을 고찰하는 것을 목적으로 한다. 연구방법에 있어 본 연구는 자의적인 해석을 배제한 정확한 연구를 위해 1차 관방(官方)자료 및 방대한 1차 원문 자료를 근거로 한다. 또한 중국 중앙정부 및 지방정부가 발표한 공식적인 통계수치 및 데이터를 이용하여 본 논문의 주장을 뒷받침한다.

본 연구의 결과에 따르면, 주장모델은 국가 정책적 요인, 문화·지리적 요인, 그리고 산업 구조적 요인이라는 3대 형성 배경을 통해 점차 독특한 지방발전모델로 발전한다. 그리고 이러한 형성 배경을 통해 발전한 주장모델은 국가 주도형 외향형 경제발전, 대규모 외자유치를 통한 경제발전, 그리고 삼래일보 노동집약형 산업집체의 발

전이라는 세 가지 중요한 특징을 갖는다. 이를 통해 주장모델은 80년대 초반부터 90년대 중반까지 중국의 경제성장을 견인하는 중요한 역할을 맡는다. 그러나 90년대 중반부터, 중국의 경제발전이 일정 수준에 도달한 후 성장속도가 현저히 더뎠지면서 다양한 문제점들이 부각되기 시작했다. 이때 부각되기 시작한 주장모델의 문제점은 크게 지나치게 높은 대외 의존도, 국가의 특혜정책 감소로 인한 경쟁관계 심화, 그리고 고질적 산업구조 문제의 대두 등으로 나타났다. 그리고 이러한 문제점을 극복하고 새로운 발전방향을 모색하려는 시도가 학계 및 지방정부 차원에서 시작되었으며, 과거의 발전경험을 활용하여 원래의 모델을 보완 및 보충하는 방식으로 새로운 발전을 이루어 낸다. 이렇게 탄생한 신주강모델(新珠江模式)은 범위의 확대와 산업구조의 변화를 통해 새로운 발전방향을 모색하고 있으며, 앞으로도 이러한 추세는 꾸준히 심화 및 확대 될 것으로 보인다.

주제어: 주장모델, 중국지방발전모델, 중국삼대모델, 주장삼각주

학번: 2008-23456