

Study on the Sustainable Development of the Pearl River Delta Region

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Key words: sustainable development, problems, policy, Pearl River Delta Region

In 1992, the Chinese Premier attended the United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil and solemnly declared China's determination to pursue sustainable development. At the Fifth Plenary Session of the 14th Central Committee of the Communist Party of China in 1995, it was proposed that "sustainable development be considered a crucial strategy in the process of modernisation". In 1996, the Fourth Session of the Eighth National People's Congress approved the "Outline of the Ninth Five-year Plan for National Economic and Social Development and Long-range Objectives up to Year 2010", in which sustainable development was for the first time made a national strategy by the highest legal means alongside the strategy of "developing the country through science and education". In the same year, sustainable development was also declared one of the three major strategies of the Guangdong Province, the other two being "external-led" and "technology-oriented". It is against this background that sustainable development has gained momentum progressively in the Pearl River Delta (PRD) Region.

The PRD Region occupies an area of 41 700 km² and has a population of 40.77 million according to the 2000 census, accounting for 23.4% of the area and 47% of the population of the Guangdong Province. Boasting a GDP of 737.858 billion yuan, or 76.4% of the provincial GDP in 2000, the Region is playing a leading role in the economic development of the entire province.

I. THE CURRENT DEVELOPMENT STAGE OF THE PRD REGION

Since the reformation and opening-up of China, the PRD Region has achieved an economic takeoff by making full use of the shortages in the domestic market and outward transfer of industries of developed countries and regions in addition to its own competitive edge in terms of labour, land and framework. This has been followed by a dramatic transformation of the economic structure and significantly intensified urbanisation (See Table 1 and Diagrams 1, 2, 3 and 4). Its economic aggregate and regional telecommunication have reached relatively high levels within the whole nation, making it an important centre of foreign capital and new advanced technologies.

Note: The PRD Region embraces the following 14 municipalities and counties: Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, Dongguan, Zhongshan, Huizhou City, Huiyang City,

Huidong County, Boluo County, Zhaoqing City, Gaoyao City and Sihui City. In 2000, its registered population was 23.07 million or 30.8% of the population of the Guangdong Province.

Table 1 Major Indicators of PRD Region's Development

Indicator \ Year	1980	1985	1990	1995	2000
GDP (in 100M at current year's price)	110.28	276.69	872.18	3899.69	7378.58
Industrial Structure			14.8:46.4:38.8	8.1:50.2:41.7	5.8:49.6:44.6
Employment Structure	57.7:24.4:17.9		40.2:35.8:24.0		18.4:53.8:27.8
Total Investment in Fixed Assets (in 100M)	16.59	128.56	231.38	1491.02	2291.64
Value of Foreign Investment Used (in US\$ 100M)	1.01	7.36	17.03	85.79	125.41
Total Retail Sales of Consumer Goods (in 100M)	70.70	198.03	445.67	1544.66	2781.42
Urban and Rural Deposit Balance (in 100M)	21.01	111.96	552.71	2810.42	6641.02
GDP* per capita (in yuan, at current year's price)	627	1458	4524	18242	31990
GDP# per capita (in yuan, at current year's price)			4078		18096
Urbanisation (non-farming population, in %)	28.4	33.3	38.5	47.7	47.4 ^{##}
Urbanisation (census population, in %)	26.0		53.9		72.2

Note: 1. Sources : *Guangdong Statistical Yearbook* ; Guangdong's 4th and 5th population census;

2. * based on registered population; # based on census population; ## 1999 data;

3. The 1980 employment structure and urbanisation (census population) are data of the 3^d census in 1982;

4. The 1980 and 1985 GDPs denote national income.

Diagram 1 Major Indicators of PRD Region's Economic Development

in 100M (US\$)

GDP

Total Investment in Fixed Assets

Foreign Investment Used

Total Retail Sales of Consumer Goods

Urban and Rural Deposit Balance

Diagram 4 Change in Employment Structure in PRD Region

Diagram 3 Change in Industrial Structure in PRD Region

Primary Industry Secondary Industry Tertiary Industry

In 2000, the GDP per capita of the PRD Region was 31,990 yuan (or US\$3,864) based on the registered population, and 18,096 yuan (or US\$2,186) based on the census population. The ratio of primary, secondary and tertiary industries was 5.8:49.6:44.6. According to the adjusted Chenery Model, the PRD Region has entered the middle stage of industrialisation, and is moving towards the mature stage, with its industrial structure even approaching the level representing the mature stage of industrialisation.

Table 2 The Adjusted Chenery Model

Period	Per capita income range (US\$ in 1998)	Stage of industrialisation	Component (%)		
			Primary industry	Secondary industry	Tertiary industry
2	1,036~2,072	Early	37	26	37
3	2,072~4,144	Middle	19	36	45
4	4,144~7,770	Mature	6	42	52
	2,186~3,864 (PRD)		5.8	49.6	44.6

Source: *Guangdong 2002: Analysis and Forecasts on Economic Trends* (translation), LI Chao and LI Hongchang, Guangdong People's Publishing House, March 2002 (First Edition), p. 302 (Chinese version), Table 4

According to the classification of the World Bank, the GDP per capita of the PRD Region was between the upper-middle and lower-middle income levels of the world in 2000. The 5th census conducted in 2000 indicates that urbanisation of the

Region was 72.2%, which was quite close to the average level of a country in the upper-middle income group and that of developed countries like the USA (77%) and Japan (78%). However, the industrial structure of the Region is characterised by a prominent secondary industry but a rather sluggish tertiary industry. This is mainly due to the Region's special background to industrialisation, and forebodes that there is room for long-term development of the tertiary industry.

Table 3 Share of GDP Components (%) as Classified by the World Bank

Classification of countries	GDP per capita (US\$ in 1998)	Urbanisation (%) (in 1997)	Industrial structure (%)		
			Primary industry	Secondary industry	Tertiary industry
Low income	760 or below	28	21	41	38
Lower-middle income	761~3,030	42	12	36	52
Upper-middle income	3,031~9,360	74	7	35	57
High income	9,361 or above	76	2	33	65
	2,186~3,864 (PRD)	72	5.8	49.6	44.6

Source: The World Bank: *World Development Report 1999/2000: Entering the 21st Century*, China Financial & Economic Publishing House, 2000, p. 223, 248 (Chinese version), Table 12

II. MAIN ISSUES CONFRONTING THE SUSTAINABLE DEVELOPMENT OF THE PRD REGION

Given the changes in the domestic and international macro-scenarios and its own economic transformation since the mid-90s, the PRD Region faces a range of challenges in its sustainable development.

1. Marked decline of policy advantage; ever keener regional competition

In his book published in 1990, *The Competitive Advantage of Nations*, Michael E. Porter categorises the “Competitive Development Stages” of various nations into four stages, namely the “factor-driven stage” (“factor” referring to labour, land and other primary resources), “investment-driven stage”, “innovation-driven stage” and “wealth-driven stage”. In Porter's view, most nations are still at the first stage while industrialised nations, the United States and the former West Germany, and Britain have respectively entered the second, third and fourth stages.^[1]

In the early days of reformation and opening-up, the PRD Region fully utilised the factors of labour, land as well as its framework advantage, and succeeded in boosting its economy. After 20 years of speedy development, the Region has now

basically completed the transition from the “factor-driven stage” to the “investment-driven stage”.

As a result of the changes in the domestic and international economic environments, the favourable factors which have attributed to the rapid economic growth of the PRD Region are now waning. This is reflected in four areas: (1) The wage level, a deciding factor of production cost, has risen considerably; (2) With the preferential policy enjoyed exclusively by the PRD Region in the early days of opening-up extended across the country, the policy advantage of the Region has diminished; (3) The momentum created by the transfer of Hong Kong industries has weakened. On the one hand, since about 80 % of Hong Kong’s labour-intensive industries have moved to the Mainland, in particular the PRD Region, the scope for further transfer is drying up. On the other hand, while there is a need for the PRD Region to establish more technology-oriented and high-capital industries, Hong Kong, itself suffering the same deficiency, has failed to provide the Region with an ample supply of the required technological resources; and (4) Consequent to changes in the overall domestic demand and the increased output of inland industries, the market share of PRD Region products in China has shrunk.^[2]

Since the 90s, highlighted by the development and opening-up of the Pudong District in Shanghai, the Yangtze River Delta (YRD) Region has been riding on the fast track in terms of foreign capital utilisation and economic development. The Guangdong Statistics Bureau has evaluated the overall economic development of the PRD Region against that of the YRD Region, using 9 indicators: GDP per capita, growth of tertiary industry as a percentage of the GDP, the investment effect coefficient, proportion of state and collective enterprise employees who are scientists and engineers engaged in science and technology activities, number of invention patents acquired by state and collective enterprise employees, R&D funds as a percentage of the GDP, export reliance, proportion of foreign capital in fixed assets investment, and total volume of international lines taken up by state and collective enterprise employees through the “Five Networks” (CHINANET, CHINAGBN, UNINET, CNCNET and CMNET). Assuming a factor of 100 for the PRD Region, the composite index of economic development of the YRD Region stood at 88.3 and 100.1 respectively in 1995 and 2000^[3], showing that the gap between the PRD and YRD Regions narrowed during the “Ninth Five-year Plan” period, with the former losing its traditional superiority. Upon further analysis, it can be seen that the YRD Region is in a better position than the PRD Region in terms of technology, education promotion and innovation culture, regional image and radiating ability, economic hinterland, industrial structure and enterprise scale, and financial service development. Hence, the PRD Region is and will be facing serious challenges in its future development. There is an urgent need to move towards the “innovation-driven stage” and renew its competitiveness.

2. Development of technological advantages is hampered by the lack of quality human resources

The shift from the “investment-driven stage” to the “innovation-driven stage” is much more difficult than that from “factor-driven” to “investment-driven”, because while the needs for investment might be met by savings in the latter case, the needs for innovation might not be met by investment in the former case. Innovation depends not only on the accumulation of experience but also - more importantly - on the acquisition, development and application of new knowledge. These conditions, however, are not available locally in the PRD Region. The development and application of new knowledge is particularly difficult to achieve here given the relatively low-standard local workforce and the high income which has affected the drive for growth.

At present, the PRD Region suffers from an acute shortage of quality human resources, which are vital to its shift in the mode of growth. First, the overall size and average quality of the human resources are inadequate. As revealed in the 5th census, only 3.08 million of the PRD population (represented by the Guangdong Province) have received tertiary education or above, which is less than half of that in the YRD Region (represented by Jiangsu, Zhejiang and Shanghai). In every 100 000 population in the PRD Region (i.e. Guangdong), 3 560 have finished tertiary education or above. This figure, ranking merely 11th nationwide, compares unfavourably both with the 4 492 of the YRD Region (i.e. Jiangsu, Zhejiang and Shanghai) and the national average, and falls short of Guangdong’s reputation as China’s No. 1 economic province. Second, the PRD Region has too few top-notch talent and research bases at its disposal. There are only 22 fellows of the Chinese Academy of Sciences and the Chinese Academy of Engineering (the backbone of and pioneers in scientific and applied research), outnumbered by the YRD Region by more than 10 times, and even by Tsinghua University, which has 37. In terms of the key universities, which are institutes of the highest academic standard as well as the training ground for the best talent and research centres in China, there are only four in the PRD Region, less than one-fourth of YRD’s 17. As far as state-level curricula are concerned, the YRD Region offers a comprehensive curriculum of 48 disciplines while only five (less than one-ninth of the former) are available in the PRD Region. Specifically, the former offers five disciplines of studies which are closely related to modern electronic information technology such as electronic telecommunications, semiconductors and computer software engineering, but the latter offers only one such discipline, representing a very wide chasm between the two regions ^[4]. With a limited size of first-class talent and research bases, Guangdong will lack the stamina to sustain economic growth and take part in the intensified competition upon China’s accession to the WTO.

3. Increasingly acute environmental problems; ineffective coordination of infrastructure; rising production costs

In the wake of economic development and urbanisation, discharge of urban household sewage and the three industrial wastes in the PRD Region has increased drastically. In 2000, household sewage discharge of the province amounted to 3.335 billion tons, or 74.5% of the total sewage discharge, but only 26.84% of the urban household sewage of the province was treated, which was below the national average.

Within the province, 75% of the cities have not been provided with sewage treatment plants, resulting in poor water quality of the rivers passing through townships and shortage of quality water in certain districts. Frequency of acid rain in the PRD Region remains high, with 17 cities above the prefecture level being classified as acid rain control zones, accounting for 63% of the total area of the province. In some cities, serious air pollution is caused by exhaust emissions from motor vehicles, uncontrolled dumping and acute “white pollution”, subjecting production and the living environment^[5] to risks. Agrarian land is occupied for non-agrarian purposes, the ecology is jeopardised and resistance to natural disasters is reduced. Between 1980 and 1993, a total of about 4.16 million *mu* of agrarian land and nearly 2 million *mu* of forests were lost. Self-purification of the environment has decreased and the surroundings are deteriorating in quality and quantity. There is inadequate coordination between local infrastructure and urban development while the development of the various modes of transport has not been synchronised. Electricity layouts and structures are incompatible, with large power plants accounting for only 46% and clean energies, even less. Low efficiency and pollution are evident. Owing to the rising costs of land acquisition and labour, the capital outlay of infrastructure is escalating, hampering effective provision.

4. Under-development of cities; wider gap between urban and rural areas; increasing unfair distribution

There is the tendency for towns to expand in an unchecked manner, cities are not functionally differentiated, central cities enjoy no prominent advantages and the overall space structure is uncoordinated. No modernised, internationalised metropolises with collective and distributive functions have yet taken shape while “polarisation” and “diffusion” of city groups are insufficient. Administrative zoning has limited the development of some cities. The gap between urban and rural areas has widened. Assuming the factor of 1 for rural residents, the urban and rural income gap has widened from 1.72:1 in 1980 to 2.67:1 and the consumption gap, from 2.18:1 to 3.03:1. Regional differences have also increased. The ratio of disposable income per capita between the PRD Region and towns in mountainous areas has increased from 1.14:1 in 1980 to 1.74:1, with the difference between rural residents of the two places in net income per capita growing from 1.43:1 to 1.57:1. In 2000, the disposable income per capita in Shenzhen was four times that of Lianjiang^[6]. The problem of unfair distribution is aggravating.

5. The need for continuous promotion of awareness of sustainable development

Sustainable development is a new concept of development, which seeks to “satisfy modern needs without undermining our next generations’ ability to do the same”. It means not only a better environment, but also signifies increased competitiveness, sustainable use of natural resources, social justice and public participation. At present, the government’s main concerns are birth control and resource and environmental conservation. Coordination of regional developments has just been made a strategy and the issue of caring for the underprivileged has just

arrested its attention, indicating that further effort is needed to improve and perfect the concept of sustainable development.

The attitude of enterprises towards environmental issues is characterised by passiveness and low involvement. The role of their environmental protection units is insignificant, indicating again that further effort is warranted for the perfection of the concept of sustainable development.

Diagram 2 Business Objectives of Enterprises

- | | | |
|---|------------------------------------|--|
| Maximising output value | Maximising profit | Fulfilling social responsibility |
| <input type="checkbox"/> Most important | <input type="checkbox"/> Important | <input type="checkbox"/> Least important |

Diagram 3 Environmental Awareness of Enterprise Management

- Environmental pollution follows economic growth
- Appropriate financial compensation should be made when environmental pollution occurs
- Economic growth should be curbed to prevent environmental pollution
- Economic growth can be achieved without environmental pollution

Diagram 4 Extent of Willingness to Shoulder Environmental Protection Costs

- As much as possible Minimum Nil

Diagram 9 Role of Environmental Protection Units in Enterprises

- Inspect and advise on environmental protection measures
- Shoulder environmental protection costs
- Participate in long-term planning
- Organise public activities
- Determine the environmental protection budget
- Provide environmental education to staff
- Develop new products and technologies
- Others

Diagram 10 Stages at which Enterprises Introduce Environmental Protection Measures

- | | | |
|--|--|-------------------------------------|
| <input type="checkbox"/> Technological development | <input type="checkbox"/> Raw materials | <input type="checkbox"/> Production |
| <input type="checkbox"/> Disposal | <input type="checkbox"/> Distribution | <input type="checkbox"/> Others |

Diagram 7 Year of Establishment of Environmental Protection Units within Enterprises

- Before 1981 1980-85 1986-90
 1991-95 After 1995

Diagram 8 Number of Staff in Environmental Protection Units

- Less than 5 6-10 More than 10

III. STRATEGIES FOR SUSTAINABLE DEVELOPMENT OF THE PRD REGION

At the 8th Provincial Party Congress, the Guangdong Province proposed its development strategy for the century: implementing the three major strategies, namely external-led, technology-oriented and sustainable development; creating and promoting the four advantages, namely framework, industries, openness and technology; and taking the lead in achieving basic modernisation. Substantial adjustment has been made to the policy of development.

1. Applying the principle of sustainable development to the planning of PRD Economic Region to coordinate regional development

Based on the Guangdong Province's strategic plan to achieve basic modernisation within 20 years and its sustainable development strategy, the "Development Plan on the Modernisation of Pearl River Delta Economic Region (1996-2010)" has been drawn up. It systematically examines and addresses the problems of environment, infrastructure, industrial development, urban building and social development of the PRD Economic Region which are common to the entire province but cannot be solved or effectively tackled by individual cities. It also recommends policies and measures to modernise the PRD Economic Region.^[7]

2. Implementing human resource strategy; developing and enhancing advantages in technology; promoting advanced technology and information technology in industries

A system to nurture creative talent will be established to facilitate accelerated development of information technology in Guangdong^[8]. Reform on technological system will be intensified; enterprises will play a major role in technical innovation and scientific research institutions will join the main economic market; a technology trading market will be introduced^[9]. The three pillar industries, viz. electronic telecommunications, electrical engineering and petrochemical industry, will be developed. Through the application of new technology, the three traditional pillar industries, viz. textile and garment, food and beverage and building materials, will be revamped and reinforced. Concessions on tax, land, etc will be granted to designated high-tech enterprises^[10]. Active development will be made to the six major advanced technologies and relevant industries, i.e. electronic telecommunications, biotechnology, new materials, optical-mechanic-electronic integration, energy and environmental conservation, and exploitation of marine resource. New advanced technology will be employed to modernise and strengthen traditional, agricultural and

tertiary industries. Provision of facilities to the high-tech development zones and technology development areas of the PRD Region will be stepped up ^[11]. Support will be provided to the development of software industry ^[12].

3. Refining the policies on foreign trade, commerce and investment to further exploit the policy advantage

A “Greater Trade Arena” strategy will be implemented to encourage civic or private enterprises to utilise foreign investment and join the import/export trade, while the financial and tax policies for foreign investors will be revised to create a more conducive environment for the export business of foreign-invested enterprises. Active support will be provided to the processing industry and efforts will be made in promoting offshore processing trade. Additional tax concessions will be granted to recognised foreign-invested enterprises engaged in innovative technology. ^[13-15]

4. Supporting civilian business and developing new advantages

Restrictions on the scope of business and operational requirements will be relaxed for individual private enterprises to create a level playing field, provide effective support and safeguard their legitimate rights. Private technology enterprises will enjoy the same status as their state-owned counterparts. A “Greater Trade Arena” strategy is to be implemented to ensure fair competition for private enterprises engaged in foreign trade. Private enterprises will be allowed to merge with state-owned or collective enterprises dealing in foreign trade. ^[16-18]

5. Enhancing ecological facilities; developing urban landscaping; improving the setting for investment

Zoning of core agricultural protection areas and clearance of derelict land will be carried out with greater protection ensured for agrarian land. Environmental conservation management will be tightened up for all construction projects. Prevention against water and air pollution will be reinforced. Stricter control will be imposed on the importation of waste. Environmental functions of coastal waters will be delineated. Creation of natural environmental protection zones will be expedited. Development of mountainous regions will be subject to a stricter environmental protection regime. A “Plan for the Development of the Ecological Environment of Guangdong Province” will be devised. ^[19-26] The Guangzhou City has accorded high priority to the problem of traffic congestion, with more than 60 billion yuan already committed to its municipal development for four consecutive years since 1998. Four groups of 65 major municipal projects above the norm have been actively promoted to improve the infrastructure of the city. These include the Pearl River consolidation, waterway improvement, lighting, dredging, façade decoration/roofing and greening. ^[27]

6. Caring for the underprivileged; expediting the implementation of social security system

The implementation of a social security system will be further expedited with a view to placing laid-off workers of state-owned enterprises under a protection umbrella compatible with the unemployment insurance system. The coverage for old-age pension schemes and unemployment insurance schemes will continue to expand. By the end of 2001, the number of workers covered by old-age pension in the Guangdong Province reached 10 651 500, whilst the number of workers taking out unemployment insurance policies amounted to 8.19 million. Since income tax, wage and salary tax declared by individuals are used as the bases for calculating social security premiums, management of the social security system has been enhanced. Reform of the primary medical insurance system for town workers has shown remarkable progress. In the 21 cities above the prefecture level which have implemented the reform, there are a total of 5 299 200 insured workers. Through the establishment of a market-oriented employment system and a re-employment framework, the labour market of the Guangdong Province has stabilised. As at the end of 2001, the unemployed population was 345 500 with an unemployment rate of 2.9%, which was below the ceiling of 3% set by the provincial government. ^[28] Efforts will be intensified in redistributing wealth to the mountainous and poverty-stricken areas in Northern Guangdong to step up the pace for solving the poverty problem.

7. Strengthening cooperation among Guangdong, Hong Kong and Macao; developing regional advantages; enhancing regional competitiveness.

Guangdong's future position in local and international economic competitions depends to a great extent on the following three factors: the overall economic strength of the central city group in the PRD Region; rational distribution of industries within the city group; and the economic integration of the city group with Guangdong, Hong Kong and Macao. In 1998, a Hong Kong/Guangdong Cooperation Joint Conference was set up. Since then, five meetings have been held at which extensive discussions were conducted on the issues of tourism, border cooperation, the development of Nansha, coordination of airports, environmental protection, the water quality of Dongjiang and the linkage of government information networks. In 2001, a liaison group on cooperation between Guangdong and Macao was formed, following which the first Guangdong and Macao civic forum on economy was held on 7 September 2001 to discuss various hot and sensitive issues in the area of cooperation.

IV EFFECTIVENESS OF SUSTAINABLE DEVELOPMENT OF THE PRD REGION

All these policy initiatives have helped enhance the ability of the PRD Region and Guangdong Province to pursue sustainable development.

Greater economic development: Both the GDP of Guangdong and the urban and rural deposit balance have exceeded 1 000 billion yuan.

New progress on opening-up: In 2001, used foreign investment in Guangdong reached US\$ 12.97 billion and its foreign trade export was US\$ 95.42

billion, representing one-fourth and one-third of the respective figures in the country. Half of the top 500 world enterprises own investment in Guangdong.

Expeditious development of advanced technologies: In 2001, the PRD Region manufactured high-tech products worth 325.5 billion yuan and the value of its electronics and telecommunication equipment manufacturing industry was over 30% of the national output. Export of high-tech products amounted to about 130 billion yuan, or 40% of the national export. The PRD Region is home to high-tech industries with the greatest output value in the country.

Enhancement of technological strength: In 2001, the contribution rate of technological advancement reached 45%. Enterprises have become the main component of technological advancement and the base for nurturing top talent in technology. The PRD Region ranks fifth and sixth in the nation in terms of the number of doctorate holders and major disciplines respectively. Over the past five years, it has brought in 5 768 experts and overseas students, and 141 000 professionals and technicians from other provinces. The overall technological strength of Guangdong is just after Shanghai and Beijing, ranking third in the country for three consecutive years.

Strengthening of functions of central cities: Shenzhen has become one of the best 500 environmental protectors in the world. After the “moderate transformation” of the Guangzhou City, functions of the central cities have been strengthened and the PRD Region has been shortlisted for the Dubai International Award for Best Practices to Improve the Living Environment.

Speeding up of modernisation: According to estimates, the PRD Region scored 87.7 in the overall assessment of sustainable development in 2000. It is now heading for the modernisation target (a score of 100).

Diagram 5 Assessment of Sustainable Development of Guangdong

Score

Guangdong Province, PRD Region, Eastern Region, Western Region, Mountainous Region

Diagram 6 Overall Assessment of Sustainable Development of PRD Cities

Score

Shenzhen, Guangzhou, Zhuhai, Dongguan, Foshan, Zhongshan, Jiangmen, Huizhou, Zhaoqing

V. CONCLUSION

Following the opening-up and reformation of China, the PRD Region, stimulated by the transfer of Hong Kong manufacturing industries, achieved an

economic takeoff. From mid-90s onward, because of changes in the internal and external conditions and its own economic restructuring, the Region encountered a series of challenges in its sustainable development, but through the development and enhancement of its advantages in terms of framework, industries, openness and technology, the economy of the Region has been able to rise above various difficulties with remarkable achievements. It is expected that cooperation between the Region and Hong Kong in fields such as finance, services and logistics would bring about new regional advantages for the realisation of mutual development in the 21st century.

To further enhance the capability for sustainable development, the 9th Local Party Congress of the Guangdong Province proposed that with the modernisation of socialism as the general objective, its competitiveness in the international arena should be strengthened. The four major strategies of development, that is, external-led, technology-oriented, sustained and regionally coordinated, as well as the development and enhancement of the five advantages, that is, openness, industries, technology, framework and environment, would be employed in an effort to develop Guangdong into a strong economic province.

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