

# On the Special Feature : Challenges Confronting Regional Development in China

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This special feature examines the issues of economic development in China's northeastern and northern regions. China covers a vast area and thus different industry structure and stages of development characterize each region. Among those economic regions, although Northeast China once served as a chief industrial area, its share in China's gross domestic product (GDP) has been declining since China's reform and opening-up, revealing its importance has somewhat waned, especially in recent years. Accordingly, in 2007, the Chinese government promulgated the Northeast Revitalization Strategy, aiming to promote former industrial zones, transform industrial structures in resource-depleted cities, and further strengthen innovation capabilities within the region. Moreover, the northeast is traditionally a key source of agricultural production in China. Since 2003, the share of primary industries in the three northeastern provinces (Liaoning, Jilin, Heilongjiang province) has exceeded the ratio of the whole country, reaching 11% in 2018. With the official signing of the Regional Comprehensive Economic Partnership (RCEP) Agreement in 2020, it appears that an opportunity to export agricultural products from the northeastern region has presented itself even though accompanied by many challenges. However, the promotion of ports in the northern region is essential for the further development of its trade. In this special feature, three papers analyze the obstacles confronting present-day northeastern and northern China.

The first titled "Institutional Constraints and Reforms of Agricultural Insurance in Northeast China under the Framework of RCEP" is from ZHANG Jiashu, Associate Professor at the Graduate School of Humanities and Social Sciences, Beijing University of Aeronautics and Astronautics. RCEP member countries account for around one-third of the world's population, economic size, and trade scale, resulting in the world's largest free trade zone. Her paper points out the problems with China's current agricultural insurance system and attempts to propose rational suggestions of China's agricultural insurance system reforms, by examining the current state of agricultural trade and the evolution of the agricultural insurance system in China's three northeastern provinces. With the resources and varieties of agricultur-

al products in China's three northeastern provinces abundant, and the development of the region's agricultural product processing and food manufacturing industries comparatively good, the region is an important food warehouse in China. Under the background of the "One Belt, One Road" initiative in recent years, Japan and the ROK have become major export markets for agricultural products from the three northeastern provinces, and the scale of agricultural trade is still rising. Therefore, the establishment of a sound agricultural insurance system is paramount to reducing farmers' agricultural production risks and promoting international trade of agricultural products.

The second paper titled "Regional Innovation Gap in China" is my own submission. The northeastern region has played a central role in China's industrial development, but economic growth has declined at a rate faster than in other regions in recent years. As China's annual GDP growth rate has continued to decline from 7.9% in 2012, the shift to growth through innovation has become an urgent undertaking to sustain economic growth. The basic question behind this paper is whether the slower economic growth witnessed in northeastern China in fact stems from its innovation capabilities. Moreover, it confirms the existence of an innovation gap between China's regions by comparing the innovation input and innovation output in the northeastern region with those in other regions using provincial-level and individual corporate-level data.

The final piece titled "Status Quo and Prospects of Major Ports on China's Shandong Peninsula" is the work of ZHU Yonghao, professor at the Faculty of Economics and Business Administration, Fukushima University, and LIU Xubin, post-graduate student at the Graduate School of Economics, Fukushima University. As China's largest peninsula, the Shandong Peninsula and its ports play a key role in trade for northern China. This paper investigates recent changes in China's port management authority and confirms features of the four major ports on the Shandong Peninsula, while analyzing relevant issues for improving horizontal port competitiveness.

We hope this special feature will help you deepen your understanding of the northeastern and northern regions of China.