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China's Marine Economy: Opportunities for International Cooperation?

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Synopsis

China is upgrading more coastal provinces to be national-level marine economic development zones. What impact will Beijing's expanded marine economic strategy have on the neighbouring countries?

Commentary

ON 20 JULY 2011, the State Council -- China's central government -- approved Guangdong's plan to build a national-level marine economic development zone. This is the third plan approved so far this year, following those for Shandong and Zhejiang earlier. This trend is a clear indication of China's marine economic strategies as part of its 12th Five-Year Plan.

With the increasing competition for marine spaces and shipping lanes, there is bound to be some potential impact of China's marine economic strategies on the international community, especially the littoral states of the regional seas.

Drivers of Marine Economies

China's marine economy initiatives is an important part of its strategic reorientation from a traditional export-driven economy depending more on hinterland resources. The 2008 global financial crisis actually quickened this change in strategy.

The driving force has been China's stimulus packages to dampen the impact of the financial crisis. The sharp decrease in international demand for Chinese goods has been cushioned by the central government's rescue funding for the manufacturing sectors which have been affected most. Also, the rising inter-provincial competition for more coastal development spaces and preferential policies act as strong local forces driving the strategic upgrading.

In its 2,000-year history, China has seen gravitational centres of economic activity shift from the hinterland to coastal regions. Coastal economies also attained considerable prosperity, such as during the early Tang and Ming dynasties. The opening of the maritime silk route as well as the frequent maritime trade with Northeast and Southeast Asian countries over the centuries had brought about steady developments around the coastal regions.

The Tumen River Area Development Project (TRADP) is a typical example of multi-national cross-border and cross-sea cooperation centered round the Tumen River triangle in Northeast Asia since early 1990s. It involves

three countries linked by the Tumen River - Russia, China and North Korea - as well as South Korea and Mongolia. The experiences of TRADP are of great value for similar international cooperation, though it did not fully realise the initial goal conceived by UNDP.

The Guangxi Beibu Bay Economic Zone Development Plan is another on-going case of cooperation with South East Asian countries since late 1990s, namely Brunei, Indonesia, Malaysia, Singapore and the Philippines. Under the jurisdiction of the local government of Guangxi Zhuang Autonomous Region, this project is designed to create a regional hub for trade, logistics, processing and manufacturing activities aimed at promoting economic cooperation with surrounding areas.

Establishment of Partnerships

As China's first national-level marine economic development strategy, the Shandong Peninsula Blue Economic Zone has improved the cross-sea cooperation with the western coastal region of the Republic of Korea (ROK). The plan for the first phase of the project comprises the construction of the pilot region of China-ROK Free Trade Area and the train ferry programme.

Zhejiang Province, as the second-national level marine economic zone, takes pride in its worldwide human capital endowments and enjoys the privileges of its first national level oceanic economy district of Zhoushan Archipelago New Area too. With its competitive location adjacent to the Yangtze River Delta, Zhoushan has established steady relations with many overseas partners. For example, in early 2011, Singapore ranks as its second-largest investor with 17 projects in Zhoushan valued at US\$215 million. These projects involve marine engineering, ship repairs, ship industrial services, information consultation and tourism development.

With the implementation of the China-ASEAN Free Trade Agreement (CAFTA), Guangdong gains an edge in facilitating cross-sea cooperation with ASEAN, and is expected to achieve far greater success than Shandong and Zhejiang. Guangdong has prepared to set up a trade and economic office in Singapore to help its companies expand their businesses in Southeast Asia. The significance of Guangdong's marine economic strategy to ASEAN lies in bigger business opportunities ranging from processing industries, marine tourism to maritime logistics services.

Blue economy

China needs to revamp its traditional model which is characterised by extensive utilisation of marine resources and spaces; irrational competition among coastal provinces on developing traditional marine industries; and rampant establishment of container terminals. This demands a shift to a blue economy that values the management and conservation of marine resources: environment hospitality, resource sustainability and high-tech orientation.

The practice of attracting foreign direct investment (FDI) by means of extensive land reclamation in the coastal zones should be rectified. Marine and coastal projects should be carefully appraised on the basis of the capacity of the related ecosystem before being introduced to overseas investors. Greater international cooperation is needed among marine and maritime organisations or clusters, marine research parks, and the overseas coastal regions to employ marine economic strategies more effectively.

More attention should be paid to the harmful impact of offshore activities on the environment. Some experts from the neighbouring countries like ROK have expressed their worries regarding increasing contamination and deterioration in the Yellow Sea as a result of off-shore activities. Therefore, efforts in monitoring and tackling the potential threats in the regional seas should be reinforced.

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