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# Comparative Research on the Economic Development of Xinjiang in the Perspective of Development of the West Regions

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**Abstract** In the context of Development of the West Regions, by using the annual data from 1999 to 2009 in whole China and 12 provinces of the western regions, we analyze the achievements of socio-economic development of Xinjiang Uygur Autonomous Region from 1999 to 2009 as follows: the economic aggregate has increased prominently and the growth rate is increasing ceaselessly; the primary industry, secondary industry and tertiary industry develop evenly, and the industrial structure is incessantly optimized; the quality of economic growth is promoted increasingly and the living standard of people is improved greatly; the primary industry, secondary industry and tertiary industry stride in tandem, and the momentum of growth is strong. We conduct horizontal comparison on the main economic indicators of Xinjiang, 12 provinces of the western regions and whole China, which include GDP and its growth rate, investment of fixed assets, structure of the primary industry, secondary industry and tertiary industry, the industrial added value, GDP per capita, gross retail sales of social consumption, export and import trade, net income per capita of peasants and herdsmen, and general budget revenue. The result shows that although the implementation of the strategy of Development of the West Regions and the economic development of Xinjiang have achieved some remarkable results, there is a conspicuous gap in comparison with the expected effect. The problems existing in the operation of Xinjiang's economy are analyzed as follows: the industrial level is low, and the economic growth mode is yet to be transformed; the disposable income per capita of urban residents grows slowly, and the increasing gap between the urban areas and rural areas has no trend of dwindling; the investment aggregate is very low, and the momentum of economic growth is short. In order to make the central government and 19 provinces and cities offer pointed aid for Xinjiang, promote the implementation of new strategic development of Western China, and promote the better economic development of Xinjiang in the period of the Twelfth Five-Year Plan, we put forward some feasible suggestions as follows: Xinjiang should grasp favorable opportunities and quicken the pace of industrial structural adjustment; continue to open up to the outside world unswervingly, and improve investment environment ceaselessly; strive to maintain the continuous and rapid development of economy, and improve the living standard of people.

**Key words** Development of the West Regions, Xinjiang, Economic development, Comparative analysis, China

The strategy of Development of the West Regions has been implemented for a decade. There are two antagonistic viewpoints regarding the implementation effect of the policy of Development of the West Regions as follows: the majority of the scholars hold that the strategy of Development of the West Regions has achieved some results and promoted the economic development of the western regions, but there are manifold problems<sup>[1]</sup>; on the basis of the increasing gap between the eastern regions and the western regions, some scholars hold that the effect of the strategy of Development of the West Regions is not prominent<sup>[2]</sup>. At the same time, with the implementation of regional economic balanced development strategy in China, actually there is a so-called phenomenon of "dilution" in the process of development of the western regions<sup>[3]</sup>. Amid the research literatures, few literatures comprehensively evaluate the effects of economic development in Xinjiang in the perspective of Development of the West Regions. On the basis of the new strategy of Development of the West Regions advanced by

China in 2010, and the opportunity of great-leap-forward development that the central government and 19 provinces and cities offer pointed aid for Xinjiang, we conduct vertical and horizontal comparison between Xinjiang and 12 western provinces in China, to analyze the achievements of economic development and the existing problems in Xinjiang, and provide direct and operable decision-making suggestions for the related departments based on this.

## 1 The achievements of socio-economic development of Xinjiang Uygur Autonomous Region from 1999 to 2009

### 1.1 The economic aggregate has increased prominently and the growth rate is increasing ceaselessly

Through 10 years of implementation of the strategy of Development of the West Regions, Xinjiang makes full use of the policy advantage offered by the government, exerts the potential advantage of it, and takes a good road of rapid development. Economic growth rate is 13.2% on average, 1.7 percentage points lower than the average economic growth rate of 14.9% in 12 provinces and autonomous regions in western China ( Fig. 1, 2 ).

The economic aggregate in Xinjiang has leaped over four stages of 100 billion yuan in succession. The economic aggregate in Xinjiang in the year 1999 was 116.317 billion yuan; the economic aggregate in Xinjiang in the year 2004 broke through 200 billion yuan, reaching 220.909 billion; the economic aggregate in Xinjiang in the year 2006 broke through 300 billion yuan, reaching 304.526 billion yuan; the economic aggregate in Xinjiang in the year 2008 broke 400 billion yuan, reaching 418.321 billion yuan; the economic aggregate in Xinjiang in the year 2009 was 427.705 billion yuan. GDP per capita in the year 2004 exceeded 10 thousand yuan, reaching 11.337 thousand yuan. In the year 2009, GDP per capita reached 1.994 2 trillion yuan, increasing by 3.09 times that of the year 1999, with the average annual growth rate of 10.8%, indicating that Xinjiang has entered a new stage of development.

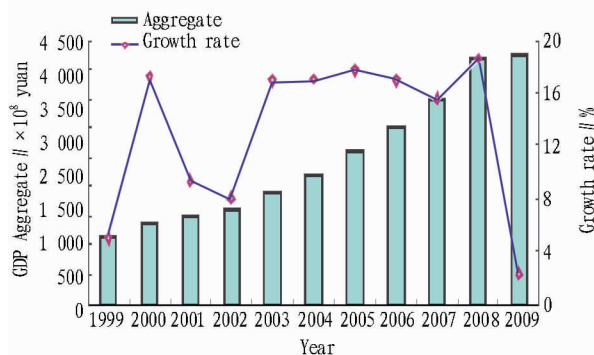


Fig. 1 The situation of GDP and growth in Xinjiang from 1999 to 2009

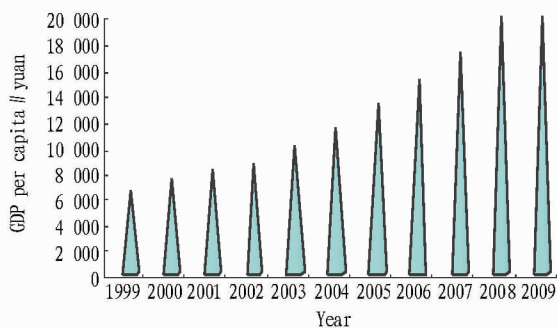


Fig. 2 Change of GDP per capita from 1999 to 2009

**1.2 The primary industry, secondary industry and tertiary industry develop evenly, and the industrial structure is incessantly optimized** Due to social needs and demands of economic development, the industrial structure is ceaselessly optimized. The structure of the primary industry, the secondary industry and the tertiary industry was optimized from 23.1:36.1:40.8 in the year 1999 to 17.7:45.1:37.2 in the year 2009. The proportion of the primary industry decreases prominently, and the proportion of the secondary industry increases prominently. The primary industry, the secondary industry and the tertiary industry show a pattern of coordinated development, in line with Petty Clark's law.

During 10 years of Development of the West Regions, the agriculture of Xinjiang is at the stage of rapid development, and

Xinjiang spares no efforts to develop domestic and foreign markets, in order to promote sustainable development of facility agriculture. The added value of the primary industry in Xinjiang increased from 2.254 billion yuan in the year 1999 to 6.867 billion yuan in the year 2009, with the average annual growth rate of 9.9%. The total planting area of agricultural crops increased from 3 379.89 thousand hm<sup>2</sup> in the year 1999 to 4 710.26 thousand hm<sup>2</sup> in the year 2009, increasing by 1.03 times that of the year 1999. Level of food production is promoted dramatically. The grain output increased from 8.387 8 million tons in the year 1999 to 11.52 million tons in the year 2009; the cotton output increased from 1.407 5 million tons in the year 1999 to 2.524 million tons in the year 2009; the beet output increased from 3.542 4 million tons in the year 1999 to 4.184 1 million tons in the year 2009. The breeding amount of various types of livestock increased from 6.1591 million in the year 1999 to 38.447 5 million; the meat output increased from 0.813 6 million tons to 1.153 1 million tons; the annual net income of farmers and herdsmen per capita increased from 1 473.17 yuan in the year 1999 to 3 883.1 yuan in the year 2009, with average annual growth rate of 9.21% (Fig. 3).

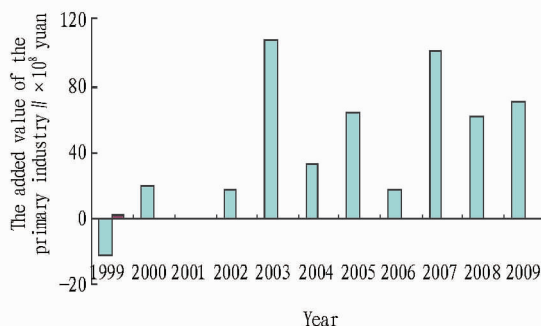
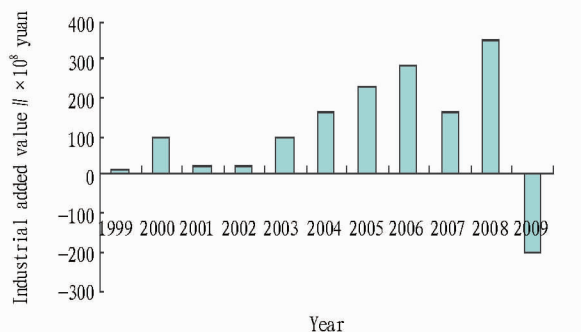


Fig. 3 The added value of the primary industry in Xinjiang from 1999 to 2009

The dominant role of the secondary industry becomes increasingly prominent, and the industrial economy has become the "engine" that dominates the speed of economic growth in Xinjiang. In 2009, there were 2 550 industrial enterprises with certain scale in the aggregate in Xinjiang, which obtained operating income of 546.044 billion yuan, with the profit of 82.181 billion yuan. As the production capacity of enterprises is ceaselessly strengthened, the output of main industrial products increased significantly. In 2009, the output of coal was 88.125 5 million tons, 210.3 times that of the year 1999; the output of coke reached 8.994 5 million tons, 14.2 times that of the year 1999; the output of cement reached 20.5 million tons, 2.54 times that of the year 1999; the output of wheat flour reached 6.307 million tons, 1.49 times that of the year 1999. Xinjiang has basically taken exploitation of oil and gas, petroleum processing and chemical industry as domination, and taken smelting of coal and ferrous metal, rolling processing, processing of agricultural products and byproducts, textile, and building materials as the pillar, including electricity, heat, gas, water production and supply, non-ferrous metal, pharmaceuticals, machinery, plastic products, furniture manufacturing and other in-

dustries. It has formed modern industrial system that takes resources-oriented structure as main body, in line with the actual situation of Xinjiang<sup>[4]</sup>. In 2009, the ratio of industrial added value and GDP was 27.3%, increasing by 9.3 percentage points in comparison with that of the year 1999. The dominant status of industry in the national economy was further strengthened, and the industrial economy entered a stage of rapid development. In the year 2000, it broke through 100 billion yuan, and in the year 2009, it reached 418.45 billion yuan, an average annual growth rate of 14.7%, higher than the growth rate of 3.8 percentage points of GDP in the same period (Fig. 4).



**Fig. 4 Change of the industrial added value in Xinjiang from 1999 to 2009**

The level of development of the tertiary industry increases significantly, and the modern service industries develop rapidly, such as transportation industry, warehousing industry, postal industry, real estate industry, scientific research, technical services, geological prospecting and so on. In 2009, the added value of the tertiary industry in Xinjiang was 16.634 billion yuan which was 3.3 times that of the year 1999, with average annual growth rate of 11.6%, lower than the GDP growth rate of 0.9 percentage point over the same period.

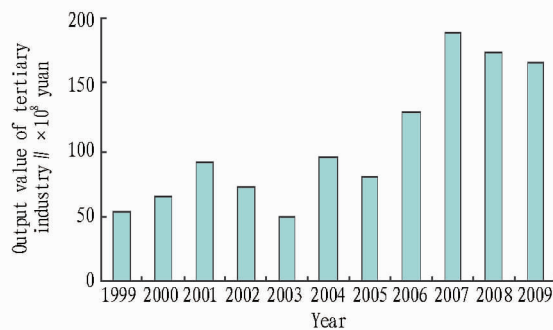
Transportation is an important guarantee for propelling the strategy of enriching people and making regions powerful. In 2009, the rural road construction investment in Xinjiang was 3.5 billion yuan, with 13 000 km newly reconstructed road. This year is the year with the most rural road construction investment, biggest construction scale and fastest speed of construction in the region amid recent years. In 2009, Xinjiang reconstructed 13 000 km rural road, and the mileage of rural road in the region has reached more than 0.12 million km. 95.5% of the towns have the tarred road, and 43.2% of administrative villages have tarred road. The transportation condition of 268 towns and 2 370 administrative villages has been improved, basically forming the rural road network which connects millions of households. The transport system in the autonomous region has completed 3.12 billion yuan of rural road investment. The rapid development of transport directly promotes the economic and social development in Xinjiang, enhances the capacity for sustainable development, and benefits the people of all nationalities in Xinjiang.

The real estate industry develops rapidly. In 2009, the investment of real estate development was 41.281 billion yuan, which was 17.6 times that of the year 1999, with average annu-

al growth rate of 29.7%. The proportion of the investment of real estate development in the investment of fixed assets in whole society increased from 4.3% in 1999 to 8.3% in 2009. The investment of real estate development has become an important part of the investment of fixed assets.

Post and telecommunications industry has developed rapidly. At the end of 2009, the business revenue of post and telecommunications was 1.349 billion yuan, increasing by 17.0%, compared to the same period of the previous year; the number of fixed phones ownership per 100 inhabitants was 26.9, decreasing by 9.7%, compared to the same period of the previous year; the number of mobile telephones ownership per 100 inhabitants was 52.6, increasing by 6.7%, compared to the same period of the previous year; the registered internet broadband subscribers reached 1.3 million households, decreasing by 6.3%. The rapid development of communication network has made people's life more colorful.

The output value of scientific research, technical services and geological prospecting industry increased from 483 million Yuan in the year 1999 to 4 324 million yuan in the year 2009, with average annual growth rate of 22.05%. Science and technology are primary productive forces, which provide impetus and intellectual support for technological upgrading, industrial transformation and economic development in Xinjiang (Fig. 5).

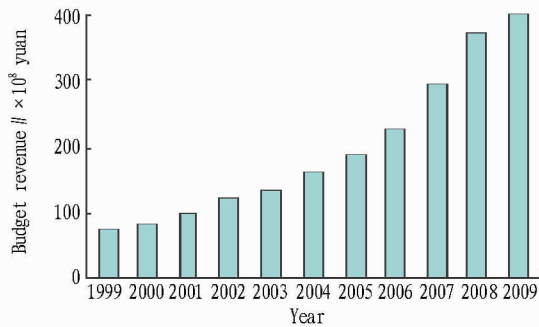


**Fig. 5 The change of output value of the tertiary industry in Xinjiang from 1999 to 2009**

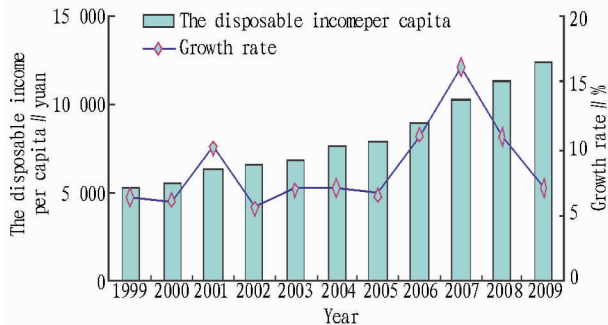
### 1.3 The quality of economic growth is promoted increasingly and the living standard of people is improved greatly

The financial revenue grows substantially. The local general budget revenue in Xinjiang increased from 7.13 billion yuan in the year 1999 to 38.88 billion yuan in the year 2009, an increase of 5.45 times, with the average annual growth rate of 16.6%, thus the year 2009 is the year with the most local financial revenue and the fastest growth rate of financial revenue since the reform and opening up.

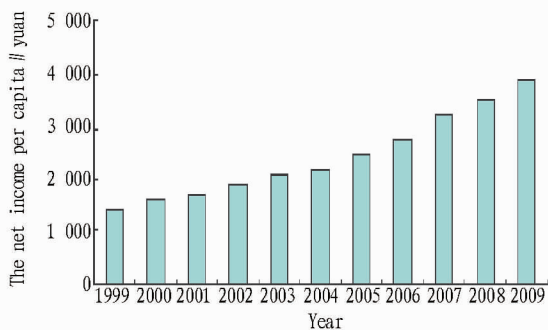
The living standards of residents are improved significantly. In 2009, the disposable income of urban residents per capita increased from 5 320 yuan in 1999 to 12 258 yuan in 2009, an average annual increase of 7.8%. The net income of rural residents per capita increased from 1473 yuan in the year 1999 to 3 883 yuan in the year 2009, with average annual growth rate of 9.2%, and the savings deposit of urban residents increased from 55.179 billion yuan in the year 1999 to 304.991 billion yuan in the year 2009, which can be seen in Fig. 6, 7, 8.



**Fig. 6** Change of general budget revenue in Xinjiang from 1999 to 2009



**Fig. 7** The total disposable income per capita and growth rate of urban residents in Xinjiang from 1999 to 2009



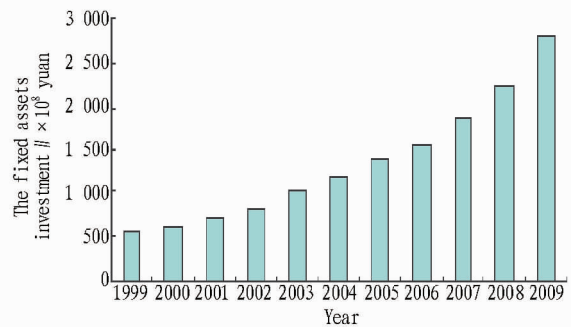
**Fig. 8** Rural residents' net income per capita in Xinjiang from 1999 to 2009

#### 1.4 The primary industry, secondary industry and tertiary industry stride in tandem, and the momentum of growth is strong

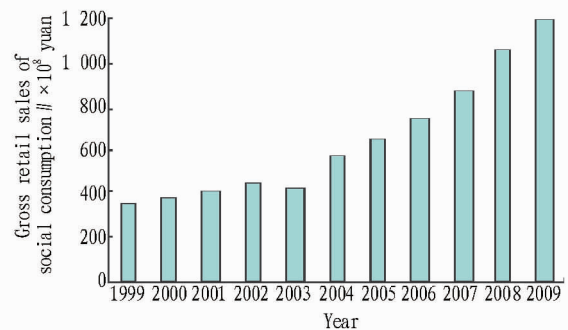
Since the implementation of Development of the West Regions, the scale of investment in Xinjiang has been expanding. The investment in Xinjiang broke through 50 billion in 1999; the investment in Xinjiang reached 282.724 billion yuan in 2009; the total investment over the decade is 1.185784 trillion yuan, with average annual growth rate of 16.3%, accounting for 1.4% of total investment in China (Fig. 9).

As income levels increase, the consumption level of urban-rural residents increases steadily. There are great changes in terms of clothing, food, housing, transportation, travel, shopping, and consumption of durable goods. The gap of consumption concept and propensity to consume between rural residents

and urban residents is gradually narrowing. The gross retail sales of social consumption in Xinjiang in 2009 were 117.753 billion yuan, increasing by 3.38 times, compared with 34.74 billion yuan in 1999, with the average annual growth rate of 11.7% (Fig. 10).



**Fig. 9** Change of fixed assets investment in Xinjiang from 1999 to 2009



**Fig. 10** Change of gross retail sales of social consumption in Xinjiang from 1999 to 2009

Since the implementation of Development of the West Regions, Xinjiang strengthens friendly relations with the neighboring countries, and the mainland provinces, municipalities, and districts. It focuses on the cooperation, thus the international trade has made great progress. The total volume of international trade of Xinjiang in 1999 was \$ 1.765 billion. The total volume of international trade of Xinjiang in 2009 was \$ 13.828 billion, which was 7.83 times that of the year 1999, with the average annual growth rate of 20.5%. In light of categories of the import and export commodity, the major export products are cotton woven fabrics, tomato sauce, carpets, medicines, and so on; the major import products are wool, cow leather and horse hide.

## 2 Comparison between the status quo of socio-economic development in Xinjiang and that of other western provinces

Throughout the process of economic development in Xinjiang since the implementation of Development of the West Regions, it can be said that the economic aggregate has achieved a historic leap from accelerated growth to rapid and stable growth; the operation quality gradually changes from low-level

extensive operation to high-efficiency intensive operation<sup>[5]</sup>. The development degrees of Xinjiang and other western provinces are all different. This paper selects 9 indices of economic development to conduct comparison, so as to highlight the economic development process of Xinjiang over the decade.

**2.1 GDP and the growth rate** GDP of Xinjiang in the year 2008 reached 418.321 billion yuan, increasing by 18.7%,

ranking No. 7 among western provinces and autonomous regions, accounting for 7.09% of total GDP in the western provinces. The contribution rate of GDP growth of Xinjiang to the growth of GDP of the western provinces reached 7.3%. Compared to 1999, the rank of GDP does not change, but the rank of growth rate lowers (Table 1).

**Table 1 GDP and its growth rate of 12 provinces in the western region**

12 provinces in the western region	1999				2008			
	GDP // $\times 10^8$ yuan	Rank	Growth rate // %	Rank	GDP // $\times 10^8$ yuan	Rank	Growth rate // %	Rank
Xinjiang	1 163.2	7	5	8	4 183.2	7	18.7	10
Inner Mongolia	1 379.3	6	9.2	6	7 761.8	2	27.4	1
Tibet	105.9	12	15.8	1	394.8	12	15.6	12
Gansu	956.3	8	10.1	3	2 703.9	9	17.5	11
Qinghai	239.4	11	8.4	7	961.5	11	22.7	5
Ningxia	264.6	10	11.5	2	1 098.5	10	23.5	4
Guizhou	937.5	9	9.9	4	3 333.4	8	21.6	6
Yunnan	1 899.8	3	3.7	11	5 700.1	6	20.2	8
Guangxi	1 971.4	2	3.1	12	7 171.5	4	20.4	7
Shaanxi	1 592.6	5	9.2	5	7 314.6	3	27.2	2
Sichuan	3 649.1	1	5.0	9	12 506.0	1	19	9
Chongqing	1 663.2	4	3.8	10	5 793.6	5	23.9	3

**2.2 Investment of fixed assets** In 2008, the rank of investment of fixed assets in Xinjiang fell from No. 6 in 1999 to No. 7 in 2008; the proportion of investment of fixed assets in Xinjiang in investment of fixed assets in western provinces fell from 9.4% in 1999 to 6.1% in 2008; in 2008, No. 1 is Sichuan Province (Table 2).

jiang rose by 1.2 percentage points and 6.6 percentage points respectively; the proportion of the secondary industry in Xinjiang rose by 1.1 percentage points and 1.4 percentage points respectively; the proportion of the tertiary industry in Xinjiang decreased by 2.5 percentage points and 8 percentage points respectively (Table 3).

**Table 2 The investment of fixed assets of 12 provinces in the western region**

12 provinces in the western region	1999		2008	
	Total investment $\times 10^8$ yuan	Rank	Total investment $\times 10^8$ yuan	Rank
Xinjiang	534.65	6	2 259.97	7
Inner Mongolia	383.37	8	5 604.67	2
Tibet	50.75	12	309.93	12
Gansu	384.08	7	1 735.78	9
Qinghai	128.13	11	582.85	11
Ningxia	130.61	10	858.84	10
Guizhou	333.90	9	1 864.45	8
Yunnan	717.28	2	3 526.60	6
Guangxi	620.20	3	3 778.09	5
Shaanxi	619.27	4	4 851.41	3
Sichuan	1 220.66	1	7 602.40	1
Chongqing	562.87	5	4 045.25	4

**Table 3 The structure of three industries of 12 provinces in the western region in 2008**

12 provinces in the western region and whole China	1999	2008
The national average	15.6:54.4:30.0	9.9:48.1:42.0
The average of the western regions	23.0:38.8:38.2	15.3:48.4:36.3
Xinjiang	23.1:36.1:40.8	16.5:49.5:34.0
Inner Mongolia	24.9:37.0:38.1	11.7:55.0:33.3
Tibet	32.3:22.5:45.2	15.4:29.3:55.3
Gansu	20.1:42.8:37.1	14.6:46.3:39.1
Qinghai	17.6:39.3:47.1	11.0:55.1:33.9
Ningxia	18.2:39.2:42.6	10.9:52.9:36.2
Guizhou	28.6:37.3:34.1	16.4:44.4:39.2
Yunnan	21.4:42.7:35.9	17.9:43.0:39.1
Guangxi	28.8:34.6:36.6	20.3:42.4:37.3
Shaanxi	16.0:42.8:41.2	10.3:52.8:36.9
Sichuan	25.4:37.0:37.6	18.9:46.3:34.8
Chongqing	17.2:42.0:40.8	9.9:52.8:37.3

**2.3 The structure of the primary industry, secondary industry and tertiary industry** In 2008, the structure of the primary industry, the secondary industry and the tertiary industry was 6.5:49.5:34.0. In comparison with 1999, the proportion of the primary industry decreased by 6.6 percentage points; the proportion of the secondary industry went up by 13.4 percentage points; the proportion of the tertiary industry rose by 6.8 percentage points. In comparison with the average of 15.3:48.4:36.3 in 12 western provinces and the national average of 9.9:48.1:42.0 in the year 2008, the proportion of the primary industry in Xin-

**2.4 Industrial added value** During the period of Development of the West Regions, the industry of Xinjiang has achieved rapid development. In the year 2008, it realized industrial added value of 1 16.751 billion yuan, ranking No.3 amid 12 western provinces. Compared to the rank in 1999, its rank has decreased by 1, but the ratio of industrial added value of Xinjiang and total industrial added value of western provinces decreased from 34.8% in the year 1999 to 13.9% in the year 2008 (Table 4).

**Table 4 Industrial added value of 12 provinces in the western region**

12 provinces in the western region	1999		2008	
	Industrial added value $\times 10^8$ yuan	Rank	Industrial added value $\times 10^8$ yuan	Rank
Xinjiang	208.66	2	1 167.51	3
Inner Mongolia	42.69	4	1 055.93	4
Tibet	3.27	10	15.22	12
Gansu	15.74	7	157.82	10
Qinghai	6.22	9	98.33	11
Ningxia	19.97	6	298.32	9
Guizhou	294.42	1	1 242.56	2
Yunnan	-19.46	11	345.17	8
Guangxi	-60.35	12	1678.88	1
Shaanxi	48.75	3	730.15	6
Sichuan	23.13	5	1 008.92	5
Chongqing	15.11	8	602.64	7

**2.5 GDP per capita** Compared with other western provinces, in the year 2008, GDP per capita in Xinjiang was at the high level, ranking No. 3. As against No. 1 in the year 1999, it has decreased by 2, and Inner Mongolia ranked first in the year 2008 (Table 5).

**Table 5 GDP per capita of 12 provinces in the western region**

12 provinces in the western region	1999		2008	
	GDP per capita //yuan	Rank	GDP per capita //yuan	Rank
Xinjiang	6 443	1	19 797	3
Inner Mongolia	5 861	2	32 214	1
Tibet	4 180	10	13 824	9
Gansu	3 778	11	12 110	11
Qinghai	4 728	5	17 389	6
Ningxia	4 900	4	17 892	5
Guizhou	2 545	12	8 824	12
Yunnan	4 558	6	12 587	10
Guangxi	4 444	12	14 966	1
Shaanxi	4 415	3	19 480	6
Sichuan	4 540	5	15 378	5
Chongqing	5 413	8	20 490	7

**2.6 The gross retail sales of social consumption** The gross retail sales of social consumption of Xinjiang in the year 1999 and 2008 ranked both No. 7, without change, but the ratio of gross retail sales of social consumption of Xinjiang and gross retail sales of social consumption of western provinces decreased from 6.4% in the year 1999 to 5.4% in the year 2008. In the year 2008, Sichuan ranked first (Table 6).

**2.7 Import and export trade** Since the implementation of policy of Development of the West Regions, the total trade volume of import and export is elevated significantly amid various economic indicators of Xinjiang. The rank rose from No. 3 in the year 1999 to No. 1 in the year 2008, and the ratio of total trade volume of import and export of Xinjiang and total trade volume of import and export of western provinces rose from 12.4% in the year 1999 to 20.9% in the year 2008, indicating that the international trade of Xinjiang has made great progress (Table 7).

**Table 6 The gross retail sales of social consumption of 12 provinces in the western region**

12 provinces in the western region	1999		2008	
	Gross retail sales of social consumption $\times 10^8$ yuan	Rank	Gross retail sales of social consumption $\times 10^8$ yuan	Rank
Xinjiang	347.41	7	1 041.50	7
Inner Mongolia	532.60	6	2 363.33	2
Tibet	37.63	12	129.08	12
Gansu	346.99	8	1 023.62	8
Qinghai	91.79	10	252.84	11
Ningxia	82.71	11	285.15	10
Guizhou	313.79	9	1 014.85	9
Yunnan	538.95	1	1 718.54	6
Guangxi	791.27	3	2 338.45	3
Shaanxi	657.8	5	2 317.11	4
Sichuan	1 516.65	2	4 800.80	1
Chongqing	667.01	4	2 147.12	5

**Table 7 Comparison of import and export trade of 12 provinces in the western region**

12 provinces in the western region	1999		2008	
	Import and export trade $\times 10^8$ US dollars	Rank	Import and export trade $\times 10^8$ US dollars	Rank
Xinjiang	17.653 4	3	222.168 0	1
Inner Mongolia	16.078 6	6	89.331 5	6
Tibet	1.662 2	11	4.020 2	12
Gansu	5.695 3	8	60.935 5	8
Qinghai	1.078 4	12	6.884 7	11
Ningxia	3.179 9	10	18.819 5	10
Guizhou	5.476 3	9	33.703 7	9
Yunnan	16.596 7	5	95.993 6	4
Guangxi	17.532 2	4	132.417 9	3
Shaanxi	20.083 4	2	83.286 7	7
Sichuan	24.706 9	1	220.382 8	2
Chongqing	12.104 4	7	95.212 1	5

**2.8 The net income of farmers and herdsmen** In 2008, the per capita net income of farmers and herdsmen in Xinjiang ranked No. 8, and the per capita net income of farmers and herdsmen in Sichuan Province ranked first.

**2.9 General budget revenue** In 2008, the rank of the local general budget revenue of Xinjiang rose from No. 9 in 1999 to No. 8 in 2008, and the proportion of the local general budget revenue of Xinjiang in the local general budget revenue of western provinces rose from 6.2% in 1999 to 6.6% in 2008. Sichuan Province ranked first and Inner Mongolia ranked second.

### 3 The problems existing in the process of implementing the strategy of Development of the West Regions in Xinjiang

#### 3.1 The industrial level is low and the economic growth mode is yet to be transformed

**3.1.1** The agricultural structure is simple. In 2008, the ratio

of the primary industry was 16.5% , 5.8 percentage points and 1.2 percentage points higher than the national average and the average of western provinces respectively. Xinjiang ranked fourth, at the upper level. In terms of analysis of structural index, there are 3 important international structural indices which measure whether one region completes industrialization, namely that the proportion of agricultural added value in GDP must be decreased to below 15% ; the ratio of people who are engaged in agriculture and total workers must be decreased to below 20% ; the ratio of urban population must be increased to above 60%<sup>[6]</sup>. In 2008, the proportion of agricultural added value in Xinjiang was 2.4% ; the change of employment structure lagged behind the change of industrial structure conspicuously; the quantity of people who are engaged in agriculture accounted for 49.7% of the quantity of total workers; people who are engaged in agriculture divert to the secondary and tertiary industries slowly; the ratio of urban population and total population falls short of international standard of industrialization.

**3.1.2** The scale of industrial enterprises is small and the problem of weak competitiveness is prominent. In the year 2008, in some industries of Xinjiang, such as industry, construction, real estate, transportation, postal services, wholesale and retail trade, and accommodation and catering industry, there were 4 893 enterprises in the aggregate, including 33 large enterprises, and 1985 small-and-medium-sized enterprises, which accounted for 40.5% of all enterprises. Moreover, in the process of the development of small-and-medium-sized enterprises in Xinjiang, resource-oriented enterprises and initial-processing-oriented enterprises still play the dominant role; the scale of enterprises is limited and the market share is not high, which greatly impair the competitiveness of enterprises. This small, weak, scattered structure of enterprises is not propitious to long-term industrial development in Xinjiang, and even the future economic development in Xinjiang. In addition, the structure of enterprises is irrational, there are plenty of decentralized small enterprises and there is a shortage of intensive large enterprises, indicating that the economic growth mode in Xinjiang is extensive mode, and the economic growth of Xinjiang, in a large measure, depends on the expansion of amount of multitudinous small-and-medium-sized enterprises, but not the reorganization of assets among enterprises and the improvement of factor use rate.

**3.1.3** The tertiary industry, namely the service industry, has small aggregate, imperfect structure and low level in the process of socio-economic development in Xinjiang. The proportion of total output value of services industry in Xinjiang in GDP decreased from 40.8% in the year 1999 to 33.9% in the year 2008, 6.6 percentage points lower than the national average of 40.5% , and 5.5 percentage points lower than the average of western provinces of 39.4% in 2008. In comparison with the developed countries and developed regions, the proportion of total output value of services industry in Xinjiang in GDP is significantly low. In 2008, the production services industry in Xinjiang realized added value of 6.104 billion yuan, which accounted for 0.88% of added value of all services industries in

China. In terms of internal structure of services industry, transportation, wholesale and retail trade, accommodation, and other traditional industries are still the dominant industries amid Xinjiang's services industries. Considerable emerging industries, such as tourism, information consulting services industry, computer application industry, technology services industry, community services industry, and so on, are still in the immature initial stage, with small scale and low level of development.

**3.2 The disposable income per capita of urban residents grows slowly and the increasing gap between the urban areas and rural areas has no trend of dwindling** In the year 2008, the disposable income of urban residents per capita in Xinjiang was 11 432 yuan, 1 310.48 yuan lower than the average of western regions, 4 348.76 yuan lower than the national average; the growth rate was 10.8% , 3.4 percentage points lower than the average growth rate of western regions and 3.7 percentage points lower than national average growth rate. From 1999 to 2008, GDP per capita in Xinjiang increased by 11.8% on the average, and the disposable income of urban residents per capita grew 7.7% annually. In light of vertical comparison, the income of urban-rural residents increases ceaselessly, and especially the per capita net income of farmers and herdsmen increases by 200 yuan annually under the propulsion of modern agricultural strategy. But the overall urban-rural income level is not high; the income gap between urban and rural residents is increasing; it is more difficult to increase the income of farmers continuously. The income gap between urban and rural residents in Xinjiang increases from 3 955.74 yuan in the year 1999 to 7 929 yuan in the year 2008.

**3.3 The investment aggregate is very low, and the momentum of economic growth is short.**

**3.3.1** Investment is the impetus of economic growth and the main driving force of rapid economic growth in one region. There is a great investment gap between Xinjiang, and whole China and western provinces. The investment aggregate is very low. In 2008, the investment of fixed assets per capita in Xinjiang was 10 696 yuan, 2 317.98 yuan lower than the national average and 209.96 yuan lower than the average of western provinces. In 2008, the investment of fixed assets per capita of Xinjiang only accounted for 6.1% of that of the western provinces.

**3.3.2** The growth rate is not high. From 1999 to 2008, the investment of Xinjiang grew by 15.5% annually on the average, 5.4 percentage points lower than the average growth rate of western provinces and 4.6 percentage points lower than the national average growth rate.

**3.3.3** The scale of attracting the foreign investments is always small. Since the implementation of Development of the West Regions, in practice, the total direct investment by using foreign investment is only 9.032 billion yuan.

## 4 Countermeasures and suggestions

**4.1 Grasp favorable opportunities and quicken the pace of industrial structural adjustment** It should seize various preferential policies that are formulated by the central government, and the favorable opportunity of 19 provinces and cities

offering pointed aid for Xinjiang; organically combine the support of the central government, the pointed aid of the provinces and cities, and the basic role of market in allocating resources; further strengthen the function of "self-creation", and form autonomous socio-economic growth mechanism<sup>[7]</sup>.

It should accelerate the development of modern agriculture, build new socialist countryside, vigorously promote the industrial management of agriculture, and vigorously develop farmers' specialized cooperative organizations. It should also unswervingly implement the strategy of transforming advantageous resources; accelerate and propel the new industrialization; focus on the development of 10 key pillar industries, namely oil and natural gas processing, coal chemical industry, electric power, agriculture and animal husbandry product processing, building materials, food processing, new materials development, textile and high technology; accelerate the development of modern service industry; guide healthy, orderly, coordinated and rapid development of the tertiary industry<sup>[8]</sup>. First, we must achieve a breakthrough on the key projects; find effective ways to gingerly select a batch of projects with certain scale and brand, great potential of market development, great employment capacity, and strong impetus, to promote the rapid development of service industry. Second, we must take the city as the key area to develop services industry; take small town as the important carrier to develop services industry in rural areas; accelerate the pace of construction of small towns; effectively promote various factors of production to concentrate in small towns<sup>[9]</sup>. Meanwhile, the small and medium cities and small towns with rapid development play an important role in absorbing rural surplus labor and coordinating urban and rural development. Third, we should play the guiding role of the government; seize a series of policies and measures formulated by the state, with an aim to expanding domestic demand, stimulating the economy and vigorously developing Xinjiang; actively give priority in terms of investment program and capital to services industry.

**4.2 Continue to open up to the outside world unswervingly, and improve investment environment ceaselessly** It should actively promote the construction of financial service system; attract various types of banks to set up branches in Xinjiang; encourage the establishment of village banks, small loan companies, and credit guarantee companies, and support their healthy development; strengthen the support of finance for the development of small-and-medium-sized enterprises, and private economy. In addition, it should actively support and foster foreign trade export enterprises, promote the development of international trade and build Xinjiang as the important processing zone and export distribution hub, exporting commodity westward. It should also make use of the mainland team advantage, further strengthen exchange and cooperation of economy and trade with mainland, take the initiative to undertake the transfer of mainland industries, and actively absorb capital, technology and talents from mainland to participate the development and construction of autonomous region.

**4.3 Strive to maintain the continuous and rapid development of economy and improve the living standard of people** We should focus on the income and especially the economic growth mode and employment relations. Whether the economic growth can bring about simultaneous increase in employment, hinges on the selection of economic growth mode. In the future, with the gradually realization of industrial modernization, the decrease of jobs, arising from capital-intensive and technology-intensive modes, is inevitable. We are in the special period of transformation of economic and social development, so we should guard against the low growth and zero growth of employment under the rapid economic growth<sup>[8]</sup>. Importantly, Xinjiang should support the development of local enterprises and a large number of small-and-medium-sized enterprises. The elasticity coefficient of small-and-medium-sized enterprises in absorbing employment is relatively high, that is, we should develop labor-intensive industries which focus on textile industry, and processing industry of agricultural products and byproducts.

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