Development Models of Resource-dependent Cities’ Transformations and Its Experience and Lessons—Take Baishan City’s Development of Transformations as an Example

Liang Shunaa, Jin Zhaohuab*

aSchool of Business Ludong University, Yantai, Shandong Province, 264000, China
bSchool of Economics, Northeast Normal University, Changchun, Jilin Province, 130117, China

Abstract

To transform the cities that have resource-dependent development into cities with diverse economic growths is a comprehensive and complex system project. Baishan City, as a typical example of the cities which rely on resources for economic developments, has made remarkable achievements in the economic, social and ecological transformations and urban functions upgrade, overall government administration improvements. The industrial transformation, new project introduction, technological innovation support, people life’s improvement and stabilization, urban development and social security improvement initiated by Baishan city cannot only provide a lesson for the transformations of other resource-based cities but also serve as a positive example for our country to carry out the national strategic change in the economy growth pattern.

Key Words: Resource-dependent city, Bashan city, Transformation mode Experience

1. Introduction

On June 2006, Baishan City is chosen as one of the pilot economy transformation cities whose growths are heavily relied on the coal, forestry and minerals. Since 2007, the central government issues the

* Corresponding author. Tel.: +86-535-6697530; fax: +86-535-6697530.
E-mail address: lshuna@126.com
transfer payment policy to give financial support to Baishan City. By August 2010, the Baishan city has received 549 million Yuan of financial transfer payment from the central government. During the past four years, Baishan City has been adhering to the guide line of "promote the people's life, resolve the remaining issues, maintain social stability and promote economic restructuring" and following the order of "promote people's life---promote stability ---restructure the economy---promote the economy growth" to effectively distribute the transferred funds and finance the government budget from multiple channels in order to promote the strategic transformation of Baishan City.

2. Baishan City Transformation Mode

In 2006, Baishan City, proposed to turn Baishan city into a famous "Green City" and "Specialty City", "China Baishan International Mineral Water City", "The Largest Clean Energy Production Base in Northeast China" and "China's Top Tourist City" with the development concepts of "transformation and development, innovation and development, green development, coordinated rural and urban development and harmonious development". It has actively pursued the strategic economy restructuring and the developments of alternative industries. The Baishan city transformation is a unique example that follows the general rules for the transformation of resource-dependent cities and the local practices.

2.1 Differential Competitive Strategy and Diversification of the Industries for the City Transformation

With the depletion of coal and the reduced logging timber volume, Baishan has put the economy restructuring as its top priority. It has promoted the differential competitive strategy, the market-oriented and technology-driven traditional industry expansion and new industry cultivation and the diversification of industries with the following activities: i. The Chisong nuclear power plant, Linjianghua wind power project, coal refuse power plant (renewable energy) and Songjianghe cascade hydro power plant have turned Baishan into a city with clean and renewable energy industries and an important energy base in Northeast China. ii. The timber imports from Russia and the forest base of the fast growing poplar forest bases facilitates the development of wood products industry in Baishan and turns it into an important wood plate production base in Jilin province. iii. The rich diatomaceous earth, dolomite and silica resources and production capacity facilitates the development of new mineral materials industry and turns Baishan into a mining and new material base near Changbai Mountain. iv. The tourist theme around Changbai Mountain and constant improvements of the tourism infrastructure, tourist and hospitality services and high-quality tourist routes have turned Baishan into an excellent tourism city in China with the features of “sightsee mountain flowers in spring, tour the Tianchi in summer, view red leaves in autumn and ski in winter” and “mountain, river and cross-border” tour. v. The rich animal and plant resources have created the opportunities for the development of large wild ginseng growing bases that can produce the precious traditional Chinese herbs that meet the GAP standard and the development of modern pharmaceutical industry which is an important one in Northern China. vi. The development of green food industry has turned Baishan into an International Mineral Water City and Green Food City in China.

Currently, the six alternative industries which are clean energy, wood products, new mineral materials, tourism, modern pharmaceutical industry and green food respectively have become a pillar in the economy of Baishan. The energy industry, wood industry, new mineral material, modern medicine and green food’s percentages in the overall GDP of Baishan have risen from 12.7%, 7.0%, 1.6%, 2.5%, 2.0% in 2005 to 18.1%, 7.6%, 3.2%, 3.6% and 4.7% respectively. In particular, the mineral water production capacity has reached 190 million tons which accounts for 20% of national mineral water production and 65% of mineral water production in Jilin province.
2.2 Attracting the Investments and Marketing the Projects to Potential Investors for the City Transformation

Baishan city has focused on to introduce the new projects and new companies to the city as a step toward to diversification of the industries. It has organized and marketed several forms of “Project Promotion” activities to attract the investments and projects in the city transformation phase. i. Based on the resource and industry advantage, Baishan has focused on introducing the Big Ten projects which are the important packaging projects, new energy construction projects, new mineral material projects, technological innovation projects, Changbai Mountain ginseng pharmaceutical projects, Changbai Mountain ecological tour project, Changbai Mountain green food project, Changbai Mountain land restoration project, recycle economic park project, infrastructure construction and social security project. ii. Baishan city also reaches out to the Fortune 500 companies and the industry leaders for potential investment and collaboration opportunities and use the approach “resource absorption, policy enticement and project hosting” to actively accept any domestic and foreign capital and industry relocations. iii. Baishan city has collaborated with the research institutes to strengthen the project proposals and actively seek out for national projects.

Since 2007, Baishan have implemented about 300 projects which included attracting amount of strategic investor such as COFCO and Taiwan Haohan Group to invest in Baishan, and implemented investment in the fixed assets for 108 billion yuan at the same time which was as five times as it was during the tenth Five Plan, and these projects forcefully promoted the sustained development of economy and society.

2.3 Sustainable Development Strategies and the “Transformation and Extension” mode for the City Transformation

As a comprehensive resource-based city, the coal, forestry, mining and other industries will remain a pillar in Baishan’s economy in the near future. To transform and upgrade traditional industries, accelerate the development of alternative industries and achieve sustainable development, Baishan city has strengthened its scientific and technological support and chosen the development path of "industrial transformation + industrial extension" to extend the industrial chain, enhance the added values in the products, promote the high quality resource development process that features low input cost, low consumption and high-tech, high-return and high-end market output. i. Baishan has increased the intellectual investment and strengthened the cooperation with universities and scientific research institutes to enhance the original innovation, integrated innovation and the re-innovation after the technology introduction and absorption; ii. The advanced and practical technologies are used to upgrade the coal, forestry, machinery, textile, construction materials and other traditional industries and develop new energy industries and traditional non-resource-based industries. A cluster of strong leading industries and alternative and rapid developing industries has been formed; iii. In addition, Baishan city has actively promotes the integration of technology and funds from investor and the wedding of market and brand to better coordinate the featured and leading industries, improve the management, extend the industrial chain, improve the market image and increase the overall production efficiency.

Since 2006, the amount of capital used in technology projects for 94.6 million yuan, which promoted the development of these projects such as Ecological Health Hi-tech district. And one of theses projects Si Huida Pharmaceutical company bring about 800 million income and hundreds million taxes.

2.4 Focusing on the People and Social Issues for the City Transformation
Baishan city has always been focusing on the people and the social issues in order to transform the city into a better and more harmonious one. 70% of the city’s annual budget increase is allocated to improve the people’s life and develop the social infrastructures. i. Baishan city has established a new type of labor security system that meets the free market demand and improves the basic public social services. The flexible employment mode “the market guides the employment, the government promotes the employment and the employees choose their own jobs” has been actively pursued to increase the overall employments. ii. The social security system in Baishan city has been standardized and improved. The reform on the social management and operation systems has deepened. A healthy service network that consists of the county, township, village clinics and hospitals has been established and a relatively extensive urban and rural health system is in shape. The basic medical insurance and new type of rural cooperative medical system for the urban and rural citizens have covered the whole city. All the citizens are covered under the medical insurance. The low-income families are covered as well. iii. The government’s investment on the social welfare in Baishan city is increased annually and steadily to promote the balanced development of basic education, culture industry, housing projects and the residents’ life quality in order to have a balanced social and economic development.

Until the end of the per capita disposable income came to 15,036 yuan in real terms for Baishan urban residents and the per capita net income of rural households was 5,313 yuan. Since transforming, the annual average growth rate which were higher than the whole country for 1.6% and 0.1%: urban and rural health system coverage for 95.16% areas, 86.9% of residents joined the new rural cooperative medical system; the unemployment rate on record in urban areas was a little lower than the arrearage rate of whole country and the shantytown’s transformation solve the housing problem of lower income families.

2.5 Expanding the City Capacity and Enhancing the Urban Functions for the City Transformation

Baishan City has been pursuing the economy restructuring and urban development with the mountain city planning guidelines of “visible mountain and water in the city, utilizing the mountain for unique urban planning, city in the forest and forest in the city” for the city expansion and enhancements. i. Baishan city has been working to develop the central city, towns and counties with same emphasis, coordinate the city and town layout, promote the environmental protection and layered development and guide the small town development with the help from the city. An ecological and spatially developed city has come into shape. The urban capacity has been increased to accommodate more people and production facilities, accelerate the integration of urban and rural areas and expand the city scale. ii. An overall planning system has been developed to actively plan the town and land use around the central villages. The rural house construction and dilapidated houses renovations are done in a way to create an ecological village. An ecological relocation scheme is used to promote the merging of small villages and concentration of rural people into the cities. The scattered households in rural natural villages are encouraged to move to the central villages for the formation of an eco town. iii. The prominent geographical features of Changbai Mountain are taken into account for a better urban ecology and living environment that is good for the human and industrial development and the urban functions enhancement. The interactions and relationships with the surrounding cities are strengthened to create an extensive people flow, logistics, and information flow platform to promote regional labor division and cooperation and the integrated development which can fully maximize the regional central city’s agglomeration and radiation functions.

By the end of 2009, Baishan city has reached the scale of medium-sized cities and has an area of 2,736 km² and a population of 59 million with the park and urban construction and expansion, reaching. At the same time, the urban infrastructure support is enhanced and the openness and visibility and the city is
substantially improved. The driving force of the city and the collaboration with the neighboring cities are strengthened. The integration of surrounding cities is improved.

3. Lessons from Baishan City Transformation

The transformation of resource-dependent cities is a comprehensive and complex systems engineering task. The successful transformation of the comprehensively resource-dependent Baishan city provides for other comprehensively resource-dependent cities with many positive lessons which are summarized below.

The economy restructuring shall be the strategic priority; The development of the new strategic industries shall be fostered as the leading industries to lead the overall industry restructuring; The strategy to support the technology and human talents shall be deployed to accelerate the independent innovations; The modern agriculture production system shall be established with the support for agricultural technology innovations; The ecological city concept shall be adhered to reverse the deterioration trend of ecological environment to an ecological friendly trend; The improvement of people’s life shall be a top priority in the social constructions in order to achieve the harmonious economic and social developments; The capital investment in the culture industry shall be increased to improve the public cultural and service system; The opening-up strategy shall be deployed for the constant improvements of our open economy.

4. Conclusions

The transformation of the resource-dependent cities is the inherent part to realize the scientific development and accelerate the transformation of national economic development. As a city that has comprehensive resources, Baishan City uses the scientific development concept to guide the economic and social development and adheres to the guidelines of “ecological development, diverse industries, featured industries, attracting investment and opening up” to actively pursue the economy restructuring and cultivate alternative industries. With its harmonious social and economic development, Baishan has achieved a unique development mode that combines the local practices and comprehensive resources for the city transformation and economic growth.

References

