

Guangdong province

Guangdong is situated on the Southern side of the People's Republic of China on the well known Pearl River Delta; Guangdong province is surrounded by the Province of Fujian at the northeast, Guangxi Province at the west, Hong Kong and Macau at the south, and Jiangxi and Hunan province at the north.

The development of this area started with the China's economic Reform and open-door policy in 1978. In 1985, during the second phase of the Reform era, the local governments of this Zone received more autonomy from the Central Government to accept foreign investment with tax preferences. The municipalities included in the Zone were Jiangmen, Dongguan, Zhongshan and Foshan, and the four counties of Panyu, Zengcheng, Doumen and Baoan; at the same time, Guangzhou, Shenzhen and Zhuhai were named Special Economic Zones due to their preferential policies.

Guangdong is one of the most important provinces in China due to its economic strength, in 2007 Guangdong's manufacturing output was 1.3 million Yuan; therefore, it contributed with almost the 12.5% of the total national economic yield. In the same year, the foreign trade increased 20% compared to 2006 and the exports were nearly 29% of China's export revenues.

Guangdong not only occupies one of the most important positions in the Chinese national economy, but also it is a bellwether in openness and economic reform, for instance three of the first four SEZs were in Guangdong and some of the economic reforms were tried in Guangdong before being applied to the whole nation. In January 1992, the Chinese leader Deng Xiaoping went to Guangdong and imposed a policy to raise productivity and openness; in addition, his target was to catch up with the four Asian tigers in 20 years. Some of the most important measures applied were developing national and international markets, to increase the construction of infrastructure facilities, pushing tertiary industries and rising economic efficiency through technological improvements. Yun wing et al. mentions that "Guangdong's success was undoubtedly a combination of good local policies, favorable external factors and luck". The external factors included the historical ties to overseas Chinese communities, the good connections of Zhao Ziyang with the central government and its proximity to Hong Kong; however, the local policies set the parameters through which external factors could affect local development (Yun wing et al., 1995).

On the other hand, the relationship of Guangdong with other provinces is extremely important as they form a big market for the Guangdong's light industries and they provide raw material, labor and capital to Guangdong's industries. In 1990's, 40% of the products were consumed in Guangdong, 30% were sold to other provinces and 30% of the goods were exported. In addition, according to the National Development and Reform Commission Guangdong is the most important province in the south China economic region. Besides, Shenzhen has become an important place for inland enterprises, which have established some brands in this city, generating an important raise in the investment. Finally, since 1984 according to some of the economic reforms, the horizontal links among provinces will be established through the local offices of Economic Development, allowing the local governments to promote the interprovincial investment.