

Research Article

A SWOT-based Preliminary Study of the Shantou SEZ Development Strategy

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Abstract: Shantou Special Economic Zone development enjoys unique advantages, but there are also many problems. This study takes the Shantou SEZ Development Strategy as the research objective and use SWOT method to analyze the Shantou SEZ development from four aspects, namely, strengths, weaknesses, opportunities, challenges and then make a primary research on the development strategy of Shantou SEZ.

Keywords: Shantou SEZ, strategy, SWOT-based

INTRODUCTION

Approved by the State Council, Shantou Special Economic Zone was formally established in November, 1981 with an area of 1.6 km². Later it expanded to 52.6 km² in November 1984 and 234 km² in November, 1991. With a history of 34 years, Shantou SEZ, starting from a desolated beach, develops by emancipating thought and hard work, has made great achievements and its size has been growing day by day, radiating and promoting the development of the whole city. As a result, Shantou SEZ has been making significant results (Wang and Guo, 2010). By the end of 2013, Shantou's GDP reached 156.6 billion Yuan, with the per capita disposable income of urban residents being 20,023.54 Yuan. However, it is undeniable that when Shenzhen, Xiamen, Zhuhai and other SEZs gradually move towards domestic cities, the economic development level in Shantou lags far behind. Based on this, this study intends to study the Shantou SEZ development strategy with the SWOT method and therefore to provide scientific basis for the development of Shantou SEZ.

MATERIALS AND METHODS

SWOT analysis of Shantou SEZ:

Strength: Strength means the internal factors existing in Shantou which are favorable to its development. These are reflected in terms of advantages in location, transportation, climate and being overseas Chinese hometown.

Location advantage: Shantou SEZ is located in the important node in the "Greater Pearl River Delta" and "Pan-Pearl River Delta" economic circle and an important link among Yangtze River Delta, Pearl River Delta and the West Coast Economic Zone. So it enjoys

the unique geopolitical location advantage of being the Asia-Pacific Gateway. Shantou Port, which is near the western Pacific international gold waterway, is less than 200 sea miles away from Hong Kong and Kaohsiung, Taiwan. Shantou links to Raoping, Caozhou in the northeast; Caoan, Caozhou in the north; Jieyang and Puning in the west; Huilai, Jieyang in the southwest and nears the South Sea in its southeast. Downtown Shantou SEZ is only 187 sea miles away from Hong Kong and 180 sea miles away Kaohsiung, Taiwan, serving as the economic, financial, trade, tourism, culture, technology and information center is the eastern region.

Traffic advantage: Shantou SEZ has a highly developed traffic network and it is one of the 18 Chinese hubs. There are 18 berths with the capacity of more than 5,000 tons and 6 berths with the capacity of 10 thousand tons. The freighters has direct access to domestic coastal ports and 160 ports in more than 80 countries and regions. And the passenger ships have direct access to Guangzhou, Hainan, Hong Kong and there are also daily ships between Shantou and Hong Kong. Haiwan Bridge, Queshi Bridge and the Shenzhen-Shantou Expressway have all opened to traffic, linking the three SEZs, Shenzhen, Shantou and Xiamen. The whole SEZ has opened more than 170 passenger lines, offering direct access to the main cities in South China, East China and Southwest China (Peng, 2000) Shantou Airport has opened more than 40 international and domestic airlines.

Being the overseas Chinese hometown which offers rich overseas Chinese resources: Shantou is a famous Overseas Chinese Hometown in China, with more than 3.35 million overseas Chinese, Chinese with foreign nationality and Hong Kong, Macao and Taiwan compatriots spreading over 40 nations and districts.

Among Chaoshan people, especially those who have gone abroad, there are a lot of successful businessmen and social elites, having a huge impact at home and abroad. Overseas Chinese fund, Overseas Chinese human resources and Overseas Chinese technology are a great wealth as well as the most important resource for investment. Among the foreign investment directly absorbed by Shantou after the reform and opening up, 80% belongs to overseas Chinese fund.

Highly developed private economy: Private economy in Shantou has a relatively early start and a better development. Since the beginning of reform and opening up, Shantou has taken the lead in the development of private economy (Huang, 2010). Private investment in Shantou accounts for over 60% of the city's investment and the city's private enterprises accounted for more than 90% of the whole number of the enterprises and large-scale private industrial output value accounted for about 60% of the total industrial output of the large-scale enterprises. The enterprises are accelerating the pace of being listed and enhancing the independent innovation capability.

Weakness: Weakness refers to the internal factors existing in Shantou SEZ which may prevent the development of its economy. These are reflected in terms of energy shortages, lack of talent and lack of industrial planning.

Low proportion of talent and serious brain drain: Shenzhen SEZ has a small amount and low density of talent. According to the statistics of Shantou personnel department, as of the end of 2012, the city has about only 80,000 dedicated professionals with the talent density of 600 talents/million people, which is far below that in Beijing, Shanghai and Guangzhou. In addition, the personnel qualifications structure is irrational and the proportion of highly educated people is generally low. At present, the number of postgraduate accounts for only three percent of the whole population in the city and the number of undergraduate talents accounts for only 25% of the population. What's more, Shantou SME is facing difficulties of talent shortages, brain drain, resulting in the disadvantages of SMEs in their competitions of economic status and the strength.

Lack of industry development plan: Take the Real Estate Industry as an example, in the beginning of 1980s, the Shantou's per capita housing area ranked the last three place among the 116 countries in the 116 cities. After the massive construction projects, Shantou's per capita housing area jumped into the front in the country. In particular, after Comrade Deng Xiaoping's 1992 Southern talk, Shantou again focused the real estate industry, which formed the trend of building and living in villas and high rise buildings.

And insists on promoting the development of other industries by the concept of "Regard the real estate industry as the leader", upholding the thoughts of promoting the economic development of the SEZ. These resulted in a lot of houses being idled and resources being wasted (Chen, 2010).

The situation of marine resources environment is not optimistic: Located by the seaside, Shantou SEZ has a close relationship with ocean. However, in recent years, Shantou marine resources environment is facing problems such as marine fisheries resources decline, coral reefs and mangrove destruction, coastal erosion, etc. and the marine resources environment is not optimistic. What's more, the frequent red tide in Shenzhen SEZ adjacent waters is seriously affecting the development of fishing industry.

Rural economic development is not balanced in the Shantou SEZ: In 2013, Shantou SEZ rural residents per capita income was 10,390 Yuan and the per capita income of South County farmers was only 7,598 Yuan and the per capita income of Chenghai rural residents was 12,438 Yuan. Some rural areas still need "Poverty Reduction" and many farmers still can only meet the basic needs of food and clothes. This has a great contrast with the economic development in the urbanization in the SEZ.

Opportunity: Opportunity means the factors that exist in the external environment of Shantou SEZ development which will contribute to the development of the SEZ. The guidance of the national policy and the various decisions of the local government have offered favorable conditions for the development and growth of the SEZ.

The concept of building a maritime silk road of the 21st Century: In 2013, President Xi Jinping, during his visit to Kazakhstan, put forward the strategic concept of building a Maritime Silk Road of the 21st Century together. During the CPC and CPPCC in 2014, Premier Li Keqiang put forward the plan of building a "Silk Road economic belt" and "Maritime Silk Road of the 21st century" in the "Government Work Report", which will bring opportunities for the development of Shantou SEZ.

The plan to build an overseas Chinese economic and cultural cooperation experimental zone: In 2013, with the strong support of Guangdong provincial government and the support from overseas Chinese and Chaozhou folks, Shantou municipal government proposed that Shantou SEZ must build a brand new development strategy platform of being a pilot and be innovative and it also put forward the plan to build an Overseas Chinese Economic and Cultural Cooperation Experimental Zone, which will further offer more opportunities for the Shantou economy.

Table 1: Hierarchy table

A	B	C
Development strategy of Shantou special economic zone	Strength B1	Location (S1) traffic (S2) being the overseas Chinese hometown which offers rich overseas Chinese resources (S3) highly developed private economy (S4)
	Weakness B2	Low proportion of talent and serious brain drain (W1) lack of industry development plan (W2) the situation of marine resources environment is not optimistic (W3) rural economic development is not balanced in the Shantou SEZ (W4)
	Opportunity B3	The concept of building a maritime silk road of the 21 st century (O1) the plan to build an overseas Chinese economic and cultural cooperation experimental zone (O2) the decision to further promote the revitalization and development of east, north and west part of Guangdong province. (O3)
	Threat B4	Lack of credit building and legal system is disrupting the market order and social order (T1) the robust competition momentum has forced Shantou to face serious challenges in attracting investment (T2) preferential policies are gradually disappearing (T3)

The decision to further promote the revitalization and development of east, north and west part of Guangdong province: Lately, Guangdong provincial government issued a mobilization order of “Revitalization of the east, north and west part of Guangdong Province”. The decision put it clear that we should accelerate the construction of a featured urban agglomerations that Shantou, Chaozhou, Jieyang will share resources and integrate development. For Shantou, the decision proposed to speed up innovation of major economic zones, modern port city along the southeast coast and building the center of the eastern region of the city. This is a great historic opportunity for the economic development of Shantou.

Threats: Threats means the factors existing in the external environment for Shantou SEZ development that will harm its development. For example, lack of credit and lack of favorable policies:

- Lack of credit building and legal system is disrupting the market order and social order. From the end of 1990s to the beginning of 21st century, the lack of credit and deviation in economic guiding ideology have been resulting in a number of violations of socialist market economic laws-including tax evasion and tax fraud, foreign exchange evasion, smuggling, counterfeiting and selling fake goods, debts evasion, swindling, "lottery" gambling and so on. Credit problems has seriously disrupted the market order and social order, undermining the image of the Shantou SEZ.
- The robust competition momentum has forced Shantou to face serious challenges in attracting investment. In terms of international factors, many Southeast Asian countries have lower labor costs and they have introduced preferential policies to attract more foreign investment, giving great competition to Shantou in attracting investment (Wang, 2010). In terms of domestic factors, Shantou SEZ ranks the last place among the five SEZs. When Shenzhen is enjoying fast development, Xiamen, Zhuhai and Shantou are often not regarded as SEZs by people. In particular,

seeing from the economic data, Shantou is always the last one. In 2012, Shantou had a fiscal revenue of 6.8 billion Yuan and a total imports and exports of \$ 9.2 billion, while Zhuhai had a revenue of 22.135 billion Yuan and a total imports and exports of \$ 54.2 billion. The other four of the SEZs have been taking the lead and the rapid rise of the Yangtze River Delta have attracted a large number of domestic and foreign investors, forcing Shantou to face huge challenges in attracting investment.

- Preferential policies are gradually disappearing. During the process of the 30-year SEZ development, especially the first ten years of the start of SEZ, preferential policies have played a significant role in developing and building SEZ. However, with the expanding of opening up and deepening of reform, the role preferential policies have been fading. “SEZ is no longer special” will become the irresistible general trend and become a huge threat that SEZs will have to face (Table 1).

RESULTS AND DISCUSSION

SWOT strategic structure of Shantou SEZ development: Choose strengths, weaknesses, opportunities and threats from the “Shantou SEZ Developing Strategy”, which can be shown in Table 1.

Strategic choice of Shantou SEZ development:
SO strategy: Enlarge core strengths and make use of external opportunities: From the analysis above we can know that the main advantage of the development of Shantou SEZ lies in location, traffic, weather, the developed private economy, rich resources and rich overseas Chinese resources. At present, the main opportunities facing Shantou SEZ development are: the propose of Maritime Silk Road, the plan to build a Overseas Chinese Economic and Cultural Cooperation Experimental Zone and the “Revitalization of the east, north and west part of Guangdong Province” proposed by Guangdong Province. These provided huge policy support for the local economic development. Shantou should seize the opportunity to use regional advantages and strengthen ties with regional and abroad and play

its role as the central city in east Guangdong to play the leading role in economic development. What's more, Shantou SEZ should also make use of its advantages of overseas Chinese and try to expand the region of sources of foreign investment and overseas Chinese investment. In addition to consolidating and strengthening the investment from Hong Kong, Macao, Taiwan and overseas Chinese in Southeast Asia and other traditional areas, it should also make great efforts to absorb investment from North America, EU, Japan and other countries and regions.

ST strategy: Strengthen internal strengths and actively respond to external challenges: Energy shortages, lack of talent, the un-optimistic environmental situation of marine resources, unbalanced development within the rural economy, lack of credit, etc., have become the biggest challenges and threats that Shantou faces in their economic development.

To promote Shantou economic development, it should first greatly enhance the invest environment of Shantou. First, enhance legal construction. According to the state's authorization of Shantou SEZ, actively carry out local legislative activity and gradually improve regulations related to foreigners and overseas Chinese. In addition, enhance government administrative efficiency and feasibly administrate according to law. The government should establish the concept of service and provide investors with high quality and efficient service according to the law. It should further enhance the administrative examination and approval system reform and standardize approval procedures and work system principles. Third, further establish and improve investment advisory services and

seriously punish units and individuals who breaks law and discipline. Forth, enhance the comprehensive management of social security and protect the legal rights of overseas Chinese and foreign businessmen.

Second, build a favorable environment for talents. It should give full play to the comprehensive advantages of the SEZ. Attach importance to both attracting investment and introducing talent from overseas. Make great efforts on the redistribution mechanism and entrepreneurial environment and actively play the role of market mechanism in allocating human resources. Promote the introduction and utilization of human resources, accelerate the introduction and training of talents, build talent heights and therefore to proved favorable environment for attracting foreign investment.

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