

Research Report on Improving Regional Competitiveness of Shaoxing (Abstract)

Oct.2008

I. In fierce urban competition, Shaoxing needs new strategies

Since 1990s, science & technology changes with each passing day and economic integration make phenomenal progress. Science & technology information and economic globalization are changing the space-time concept and decision-making arrangement of the global economic, scientific & technological and social activities profoundly. With the formation, expansion and adjustment of the world city system, the status of a city in the international economy is more important, the urban trend of global competition improved remarkably, and the competition of cities at all levels becomes increasingly fierce. The improvement of competitiveness becomes a hot spot which attracts the general attention of the minister, mayors, entrepreneurs at home and abroad and the social public of each country. Each country and each region of the world are actively trying to inspect, foster and improve their urban competitiveness and the institutions and scholars of some countries are dedicated to the research of the competitiveness of the local cities. Participating in the economic globalization and international labor division and initially connected with the world city network system, many cities in China have felt the pressure from international city control. Asian cities, particularly on the Pacific West Bank from Seoul to Singapore, generally implement transnational positioning, and launch fierce competition in fighting for industry, technology, capital and trade. The direct competition of Yangtze River Delta Economic Circle and Pearl River Delta Economic Circle in attracting international industries and international capital is fierce. The competition of cities in different regions increasingly turns white hot.

Soon after the reform and open-up, Shaoxing's economic system and mechanism are kept deepened and reformed, the traditional handicraft industries appear in a rash, the mercantilist culture is integrated with some industry, and private economy is formed. From 1994 to 2002, Shaoxing determines to take textile, pharmaceutical, machinery and equipment as its pillar industries, initially forms the industrial chain in which the upstream and downstream industries are matched, its economy develops rapidly, and the leaping rise is realized. Since 2002, Shaoxing has started economic

transformation and new undertaking. However, due to the changes of the economic situations home and abroad in recent years, Shaoxing's urban competitiveness ranking has declined from No. 23 in 2003 to 53 in 2008, and it faces the unprecedented pressure. That's what we call "Pursuers chasing behind and pacesetters away". The following Table 1 shows the changes of the competitiveness trends of main cities in the Yangtze River Delta from 2003 to 2008. From the table we can see that the gap between Shaoxing and Hangzhou and between Ningbo and Wenzhou is bigger and bigger, and that between Jiaxing, Taizhou, Jinhua and other cities and Shaoxing is smaller and smaller.

Table 1 Urban Competitiveness Ranking of Some Cities in Yangtze River Delta (2003-2008)

Name of City	2003	2004	2005	2006	2007	2008
Shanghai	2	1	1	3	3	3
Suzhou	8	5	7	13	8	8
Wuxi	13	14	8	18	7	13
Nantong	36	32	48	57	37	47
Yangzhou	55	56	43	51	45	49
Hangzhou	11	6	5	11	13	9
Ningbo	10	8	6	12	16	18
Wenzhou	17	10	19	34	50	37
Shaoxing	23	25	29	54	40	53
Taizhou	28	35	38	42	49	55
Jiaxing	42	37	44	66	53	60

Based on the above reasons, Shaoxing must seriously research the status of its regional competitiveness, analyze its advantages, disadvantages, opportunities and challenges, prepare strategies for improving the urban competitiveness, so as to make sure Shaoxing can develop well and fast in the fierce competition currently and in the future.

II. Urban competitiveness: An analysis framework

Urban competitiveness is defined as ability of a city to attract, convert resources, control and occupy the market, achieve greater, faster, better and more economical results, sustainably create fortune, and providing welfare for urban citizens by combing the urban enterprise operation factors with the industry system compared with other cities in the world. Then how is urban competitiveness formed? In the background of global integration, the operation factor systems of different cities are distinguished, keep flowing and change dynamically, which the functional

systems of different cities are different, have different responsibilities, cooperate, keep transferring, upgrading and changing, and different cities keep competing. In such a background, the cities maintain the local factors by attracting foreign factors, foster the urban functional structure system and derivative urban functional systems, and decide the urban value system together with them.

In fact, in the background of globalization, every city competes and cooperates with other cities of the world in the factor environments, industries and urban functions, the factor environment system, industry system and value system react with one another, and the urban competitiveness of a city compared with other cities in the world is formed.

Urban competitiveness is also a kind of capability of a city of creating more fortune and value return faster, better and more economically in competition and development compared with other cities. The receipt of the urban value return and the amount of the value return depend on the capability of value creating capability of the city and its urban competitiveness. Urban competitiveness can be understood and mastered from two aspects, i.e. performance and interpretation.

Display framework and indicator system of urban competitiveness. This report presents the display framework of urban competitiveness according to the assumption that the urban value return is the performance of the urban competitiveness: comprehensive urban competitiveness=F (growth, scale, efficient, benefit, structure, quality). Main indicators include: GDP, growth rate, per capita GDP, per area GDP, unit GDP power consumption, unit GDP water consumption, pollution degree of three wastes, input of R&D, and proportion of input of R&D in sales income, per capita added value of tertiary industry, per capita disposable income and per capita revenue.

Interpretation framework and indicator system of urban competitiveness. According to the above mechanism analysis of urban competitiveness, the interpretation framework of urban competitiveness is as follows: urban competitiveness (UC)=F (environment competitiveness, ontology competitiveness)=F (human capital competitiveness, enterprise management competitiveness, industry development competitiveness, public sector competitiveness, living environment competitiveness, business environment competitiveness, innovation environment competitiveness, social environment competitiveness)

The indicator system of urban competitiveness is composed of 8 indicators, wherein every competitiveness indicator is composed of secondary indicators, and each secondary indicator is composed of tertiary indicators.

The indicator system of urban competitiveness is as shown in Table 2.

Table 2 Interpretation indicator system of urban competitiveness

Z1 Talent ontology competitiveness	Z3.4 Competitiveness of consumption service industry	Z6.3 Business infrastructure level
Z1.1 Talent health level	Z3.5 Competitiveness of social service industry	Z6.4 Market competition environment
Z1.2 Talent knowledge level	Z3.6 Competitiveness of productive service industry	Z6.5 Business environment
Z1.3 Talent technical level	Z4 Competitiveness of public sectors	Z6.6 Global connection
Z1.4 Human wealth level	Z4.1 Competitiveness of judicial organs	Z7 Innovation environment competitiveness
Z1.5 Talent ability level	Z4.2 Competitiveness of administrative organs	Z7.1 Degree of scientific & technological resources
Z1.6 Talent concept level	Z4.3 Competitiveness of cultural education	Z7.2 Information infrastructure
Z2 Enterprise ontology competitiveness	Z4.4 Competitiveness of medical treatment and public health	Z7.3 Scientific & technological service system
Z2.1 Enterprise growth capability	Z4.5 Competitiveness of scientific research institutions	Z7.4 Innovation atmosphere
Z2.2 Enterprise innovation capability	Z5 Living environment competitiveness	Z7.5 Incentive system
Z2.3 Enterprise marketing capability	Z5.1 Living environment	Z7.6 Environment beauty
Z2.4 Enterprise marketing capability	Z5.2 Shopping environment	Z8 Social environment competitiveness
Z2.5 enterprise management capability	Z5.3 Travel facilities	Z8.1 Social level
Z2.6 Enterprise cultural motive	Z5.4 Education environment	Z8.2 Social coordination
Z2.7 Enterprise system motive	Z5.5 Health care and entertainment environment	Z8.3 Urban-rural coordination
Z3 Ontology competitiveness of main industries	Z5.6 Geological environment	Z8.4 Social security
Z3.1 Competitiveness of construction industry	Z6 Business environment competitiveness	Z8.5 Social inclusion
Z3.2 Competitiveness of manufacturing industry	Z6.1. Basic factors of business operation	Z8.6 Social order
Z3.3 Competitiveness of distribution service industry	Z6.2. Market demand environment	

In order to research and compare the regional competitiveness of Shaoxing, the research group adopts the benchmarking method. The basic idea of the method is to help the research object to find out, confirm, track, learn from and surpasses its competition target by comparing and analyzing in a standard and continuous way. According to relevant principles, the benchmarked cities are selected from three levels: (1) Adjacent to Shaoxing: Ningbo, Hangzhou, Jiaxing, Shanghai and other developed cities around. Understand the opportunities of the partners, and development itself through the opportunities of the partners. (2) Yangtze River Delta Region: Yangzhou, Taizhou, Nantong, Suzhou and Wuxi. Understand the cities in the Yangtze River Delta Region, and find out the position of Shaoxing in the Yangtze River Delta Region. (3) Nation-wide: Weihai, Yantai, Zibo, Dongguan and Zhongshan. Understand domestic cities which are quite far, and find out the position of Shaoxing in China.

The data in this report is from *Annual Report on China's Urban Competitiveness 2005*, *Annual Report on China's Urban Competitiveness 2006*, *Global Urban Competitiveness Report 2005/2006* and *Global Urban Competitiveness Report 2007/2008*. The models and methods of the research group of the *Annual Report on China's Urban Competitiveness* are adopted for measuring.

III. Position and causes of Shaoxing in urban competitiveness in national vision and regional coordinates

The data from *Annual Report on China's Urban Competitiveness No.6* shows that Shaoxing ranks No. 53 among the selected 200 cities, and its ranking is 13 places lower than that (No. 40) in the previous year. The comprehensive competitiveness of Wenzhou which chases behind rapidly rises from No. 50 in the previous year to No. 37, which chases up with and surpasses Shaoxing. Based on the above analysis and according to the competitiveness analysis framework, this part respectively compares all performance indicators of Shaoxing and the reference cities. Shaoxing's performance in urban competitiveness is as follows: the total economic scale is small. From the economic scale we can see that Shaoxing's GDP in 2006 is 29.90216 billion Yuan, which is the lowest level of selected cities; the economic growth rate drops sharply. Shaoxing's economic growth (18.19%) in 2003-2004 is only second to that of

Suzhou in the Pearl River Delta Region, declines year by year afterwards, is lower than 15% in 2006, and drops quite fast together with that of Ningbo in the Yangtze River Delta Region; the per capita GDP is quite low, i.e. 39469.588 Yuan, which is lower than that (53270.595 Yuan and 50422.367 Yuan) of Ningbo and Hangzhou, and a little higher than that of Jiaxing and Wenzhou. The per area GDP is quite high, is only lower than that (8924 Yuan/km²) of Hangzhou in the province, and is higher than that of Ningbo and Jiaxing; the performance in resource saving and environmental protection is poor. Shaoxing's comprehensive benefit competitiveness is 0.466, which is second from bottom compared with the reference cities, and is only higher than that of Dongguan; the R&D input is relatively high, Shaoxing ranks after Hangzhou, Wuxi and Suzhou, i.e. No. 4 in the ranking of R&D expenses of industrial enterprises which are large-scale and above; the trans-regional distribution index of enterprise is quite small. That of Hangzhou and Ningbo which are adjacent to Shaoxing is far higher than that of Shaoxing, and that of Wenzhou, Zhongshan and Dongguan is a little higher than that of Shaoxing; residents' disposable income is quite high and ranks No. 4, which is lower than that of Ningbo, Taizhou and Wenzhou, and higher than that of other reference cities; the ranking of Shaoxing's per capita revenue indicator is too low.

Shaoxing's performance in urban competitiveness is decided by the following factors affecting the competitiveness.

Talent ontology competitiveness: It is lower than that of the reference cities. Among the six sub-indicators, the performance of the talent health level index is the best, and ranks No. 3; the performance of the talent ability level index is relatively very poor; the human wealth level is quite high, and the consumption is insufficient; the talent technical level is too low, and the enterprising spirit is relatively insufficient; the talent knowledge quality is quite low among that of cities in the Yangtze River Delta Region.

Enterprise ontology competitiveness: Shaoxing ranks No. 8, surpasses Wenzhou, has not much difference with Zhongshan, and has quite good performance among prefecture-level cities. That shows Shaoxing's enterprises have a certain competitiveness and quite good basis. The medium- and small-sized enterprises are in the majority, the growth motive is insufficient and ranks No. 11, and Ningbo and Hangzhou have the highest ranking places. The enterprise marketing capability ranks No. 12 among the 16 cities; the enterprise management personnel have low quality and scientific management level; entrepreneurs have a strong sense of wealth creation and are quite harmonious internally, which ranks No. 6 together with Wuxi. The

property right system is unclear, the score of enterprise system motive is 0.713, and ranks No. 14.

Industry ontology competitiveness: Shaoxing's industry ranks in the middle, i.e. No. 8. The competitiveness scale of the construction industry is large, and the quality is not high; the manufacturing industry has the weakest competitiveness and lowest professional level in the region ; the distribution service industry has high employment growth, too low employment proportion and low professional level; consumption service industry has the highest growth rate and lowest professional level; competitiveness of social service industry: high employment growth and low professional level; competitiveness of productive service industry: the industry shrinks. From all sub-indicators we can see that, the scores of the employment proportion, employment growth and professional level of productive service industry rank after No. 13, especially the employment growth rate in 2006 declines compared with that in 2005, and the productive service industry of Shaoxing gradually shrinks.

Public sector competitiveness: Shaoxing's public sector competitiveness index ranks No. 7, and the efficiency of its public sectors shall be improved. The medical treatment and public health level is moderate; the overall quality of the R&D talents is quite weak. Shaoxing's public sector competitiveness ranks in the middle place compared with 15 reference cities, lower than that of Hangzhou, Ningbo and other cities at the sub-provincial level and above and leads among the prefecture-level cities of the Yangtze River Delta, which shows Shaoxing has a certain competitiveness.

Living environment competitiveness: Shaoxing's score is lower than 0.6 and ranks in quite a low place. Wherein, living environment: the hardware indicators are quite good but the soft environment of service shall be improved; the shopping environment index ranks in a middle plate; the travel facilities are quite poor; the education environment is not competitive; the leisure and entertainment facilities are quite poor; and the ranking of the ecological environment is quite low.

Business environment competitiveness: The natural condition basis is good but the hardware infrastructure is a bottleneck problem. Shaoxing ranks in the third level, i.e. a middle and lower level. The competitiveness of the basic factors of business is at the middle and upper level; the consumption demand is low; the business infrastructure is quite poor; the market competition is quite fierce; the financial environment shall be improved; the foreign trade dependency is quite high.

Innovation environment competitiveness: Close to Zibo, Yantai and Nantong. The scientific research talents are the shortcoming which constrains the scientific

research development; the information infrastructure does not have any advantages, and ranks No. 7; the scientific & technological service system lacks technical support and ranks No. 9; the innovation atmosphere index is equal to that of Wenzhou and Zibo; the property right protection is quite weak; the natural environment potential is quite high, but currently it has no any comparison advantages in the region.

Social environment competitiveness: Shaoxing, Wenzhou and Taizhou need to improve compared with advanced cities. The basic system is sound, the social inclusion and urban-rural coordination need to be improved. The social security system is perfect; the inclusion spirit is lacked, and the score of the social inclusion ranks No.12. But Shaoxing's social order is good.

Shaoxing has six county-level districts, and its comprehensive urban competitiveness is composed of that of such districts from the regional perspective. The competitiveness of the downtown is also affected by other counties and cities, so to analyze Shaoxing's competitiveness must be carried out on the premise of the analysis to the competitiveness of the county-level districts and its growth. From the comprehensive analysis we find out that:

Comprehensive reality competitiveness: Among Shaoxing's six counties (cities), Shaoxing County has outstanding performance (ranks No. 1) in three single indicators, i.e. comprehensive market share, comprehensive economic growth and comprehensive revenue level. Although its performance is a little poorer in comprehensive employment growth, it does not affect its ranking in the comprehensive competitiveness. Yuecheng District is the downtown, has excellent infrastructure construction, and it ranks No. 1 in two indicators, i.e. comprehensive productivity and comprehensive employment growth. Its comprehensive competitiveness is also quite strong and only after that of Shaoxing. Apart from that the comprehensive productivity level is quite low, the index of other several single indicators of Zhuji is quite average and quite high, and its comprehensive competitive strength is quite strong. The economic comprehensive competitiveness level of Shangyu and Shengzhou is quite close, but all of their indicators, especially the comprehensive market share, comprehensive revenue level and comprehensive productivity still need to be improved. The comprehensive competitiveness of Xinchang is the lowest, all single indicators rank in the last places, and its economic development level needs to be greatly improved.

Comprehensive growth competitiveness: Shaoxing County has quite significant advantages. Except the comprehensive employment potential growth rate, other

indicators are above the average level of the whole city; Yuecheng District is developed early, its economic development is nearly saturated, so that the absolute values of many of its indicators are above the average level of the whole city, but the growth rate is below the average level, and the growth potential is not high; Zhuji has good performance in comprehensive market share growth rate, comprehensive revenue level growth rate and comprehensive productivity growth rate, but a little poorer performance in potential economic growth and potential employment growth; Shangyu and Shengzhou have quite close development level and are in the transition stage, the absolute quantity of their economic indicators shall be improved, but their growth aftereffect is sufficient; Xinchang is at the lowest level measured by the absolute quantity of the economic indicators in the whole city, but it shows quite a strong growth tendency in potential economic growth rate and potential employment growth rate.

IV. Opportunities and challenges concurrent, strengths and pressure coexist

To recognize the advantages, opportunities, conditions, challenges, pressure and bottleneck based on competitiveness analysis and comprehensively analyze them are the preconditions for preparing strategies.

Seven strengths and forever motive: Shaoxing has active private economy, powerful industry cluster, flexible market mechanism, excellent government service, brilliant history and culture, beautiful water ecology and many listing resources.

The active private economy is from Shaoxing's powerful private enterprises and an excellent entrepreneur group, the powerful industry cluster is supported by the professional market in a large scale, and the formation of the industry cluster and the development of the private economy cannot be realized without Shaoxing's flexible mechanism and excellent government service. As one of the first national famous historic and cultural cities and famous tourism cities, Shaoxing can be proud of its cultural deposits and ecological environment. Many listing resources are the basis for Shaoxing's capital operation and Shaoxing will surely develop itself to full.

Five opportunities must not be missed: the changing global industry, rapidly rising comprehensive national strength, most developed metropolitan circle, greatly improved infrastructure and most powerful market support.

The changing global industry brings opportunities for Shaoxing to undertake the industry and develop emerging industries. The rapidly rising national strength is good

for Shaoxing to transform the economic structure and the economic growth method. Located in the three metropolitan circles of the most developed Yangtze River Delta, Shaoxing can obtain more resources, dislocation development and develop the market with their help. The great improvement of the infrastructure can directly promote Shaoxing's economic development. By seizing the most powerful market demand, Shaoxing can make better use of the domestic demand and fuel the economic growth, and reduce the dependency on export.

Six conditions are the basis for Shaoxing to take off: convenient regional conditions, urban group integration, quite high development level, sufficient government financial resources, perfect infrastructure and good social environment.

The convenient regional conditions are an important reason for Shaoxing's rapid economic development in the past. In the planning of "one city and three sections, cluster development, one center and three wedges, livable model", Shaoxing's downtown scale is greatly expanded, which also helps all groups to be integrated and display the cluster role. Currently, quite high economic development level is the platform for the economic take-off, and the sufficient government financial resources of Shaoxing enable the government to provide better public services. Perfect protective, living and social infrastructure is public goods necessary for Shaoxing's development. Similarly, the good social environment can also promote the harmonious interaction of economy and society.

Four challenges should be faced **to make advance**, otherwise **it is to go back:** cities around develop faster, the city is going to rack and ruin, the local consumption flows out and many enterprises move out. The development speed of cities around Shaoxing is higher, and now Shaoxing is the dilemma of "pacesetters away and pursuers chasing behind". That the city is going to rack and ruin indicates that all counties of Shaoxing not only are not connected and do not have cluster effect with the downtown, but also do things in their own way and have scattered resources. Local consumption flows out: Through the relationship between the economic aggregate and total retail sales of consumer goods we find that Shaoxing's consumption is transferring to the metropolis around. Not only does its consumption flow out, many excellent enterprises in Shaoxing move out, which sounds an alarm to Shaoxing.

Five pressures cannot be ignored: difficult management of enterprises, increased government responsibilities, loss of industrial advantages, disorderly enterprise competition and great environmental pressure.

Currently, the enterprises face such pressure as higher cost, changed exchange rate, increased raw material cost, shortage of capital, etc. brought by the implementation of the "Labor Contract Law", so Shaoxing's enterprises, particularly the SMEs face the survival difficulty. The accelerated urbanization will also bring such pressure as management and the provision of public services to Shaoxing government. On the one hand, the low-end industries will transfer to places with lower cost; on the other hand, the high-end industries are difficult to be introduced; Shaoxing's original industrial advantages in the low-end field are gradually lost. The disorderly competition among the enterprises in talent and product seriously affects the normal development of the enterprises. In addition, due to the need of environmental protection, Shaoxing will face more and more pressure in its development in the future.

Eight bottleneck problems are serious constraints: restricted administrative system, backward concept, small downtown scale, restricted location conditions, poor human capital, weak scientific research innovation, single industrial structure and tense land resources.

Because scale of Shaoxing's downtown is small, it does not bring large-scale return, its public services are restricted and the traffic is heavy. Due to the restriction of the location conditions, the operation cost of Shaoxing's enterprises is increased and the enterprises are under control. Due to the poor human capital and weak scientific research innovation, Shaoxing's capability is not matched with its ambition in industrial structure upgrading, economic growth method changing and high-tech industry development. And for the single industrial structure, Shaoxing's economy may face the periodical fluctuation as of the pillar industries and the risk is quite high. In the past, Shaoxing's economy develops rapidly by relying on household industry and private enterprises, but its inherent defects also seriously constrain the better and stronger development of the micro economy subjects. Finally, the increasingly tense land resources and restricted economic development space are another bottleneck problem that Shaoxing must manage to solve.

V. Niche strategy: New thinking of Shaoxing's strategic concept

From the above analysis, the research group finds that Shaoxing, such a city with long history, not only accumulates the material and spiritual bases for new leap-forward but also has non-reproducible high-end rare resources, factors and

environments after thirty years of high-speed development since reform and open-up. However, Shaoxing also faces the great pressure and challenges of few resources, small scale, narrow region and survival in the gap, and the only way to resolve the paradox of “having advantages when in a favorable position, lacking resources when adjacent to strong cities” is to get stronger and better rapidly. Therefore, the research group suggests Shaoxing implementing the Niche strategy.

The Niche strategy originally means that in order to prevent the squeeze of large competitors and excessive vicious competition, an enterprise starts its strategy from a narrow business scope, sets foot in it by centralizing resources and power, first becomes the No. 1 of the local market, then keep expanding the regional market scope, build competition barriers through more than one approach, strive for and consolidate the global market champion status by the stage and by the level.

Shaoxing’s Niche strategy is as follows: In the future development, Shaoxing does not need to lead in every field and hit out comprehensively, but make full use its strength and external conditions, find out the direction which is most appropriate to its development, focus on doing things well, form the unique core advantages, strive to reach the most leading level in limited fields, and follow the leaping development path of first getting higher, then getting stronger and finally getting bigger. A systematic Niche strategy is formed by coupling urban vision, urban positioning, goal pursuing, step chasing, development path and supporting countermeasure system.

VI. Development vision: a perfect-quality city

The urban development vision is the future that a city looks forward to, and is the goal that the urban residents are willing to fight for in a long time and hope to accomplish. The research group presents the following suggestions on Shaoxing’s urban development vision by integrating the above analysis based on relevant government documents and planning documents of Zhejiang Province and Shaoxing City according to the development status and future trends of the whole world, the whole country, Yangtze River Delta, Hangzhou Bay and other regions around based on Shaoxing’s historical development, realistic basis and future trend, i.e. making unremitting efforts to build Shaoxing into:

An international city with perfect quality: This development vision can be decomposed into: **a city with perfect livable environment, a city with perfect business environment, and a city with perfect tourism environment.**

“An international city with perfect quality” means to build Shaoxing into one of the international and personalized cities with the best environment through years of

efforts. Wherein “international” means that when Shaoxing participates in the global labor division, its individual urban functions can affect and serve the whole world, and its individual industries, products or services occupy a certain share in the world and have a certain international influence; “perfect quality” means the personalized best, i.e. Shaoxing’s urban landscape, physical facilities and spiritual culture are personalized, its tourism environment, business environment and living environment quality is the best, its citizens, enterprises and government departments are kind and friendly, and the service quality is high. The perfect quality does not mean that it is good in every aspect and the best comprehensively but is the best in some aspects that others cannot simulate or copy.

“An international city with perfect living environment” means to build Shaoxing into one of the international cities with personalized and high-quality living environment through years of efforts. Wherein “international” means Shaoxing’s livable function can affect and serve the whole world, so that it can become an important city for the living and leisure of special people home and abroad. “Perfect environment” means to restore and promote Shaoxing’s unique urban Wuyue culture and the south of the lower reaches of the Yangze River, so that becomes the best livable city with unique nature and cultural characteristics.

“An international city with perfect business environment” means to build Shaoxing into one of the international cities with personalized and high-quality business environment through years of efforts. Wherein, “international” means Shaoxing’s business function can affect and serve the whole world, so that it can become an important city for the living and leisure of special people home and abroad. “Perfect business environment” means to build Shaoxing into a unique best business city which is suitable for a certain industries to develop in through its unique Wuyue culture, the south of the lower reaches of the Yangze River and favorable location conditions.

“An international city with perfect tourism environment” means to build Shaoxing into one of the international cities with personalized and high-quality tourism environment through years of efforts. Wherein, “international” means Shaoxing’s tourism function can affect and serve the whole world, so that it can become an important city for the living and leisure of special people home and abroad. “Perfect tourism environment” means to build Shaoxing into a best tourism city with unique charm through its unique Wuyue culture, the south of the lower reaches of the Yangze River and favorable location conditions.

VII. Goal and steps: Lead in key aspects, guarantee the fourth place and strive for the third

Overall development goal: Take the lead to accomplishing the goal of a well-off society in an all-round way by 2010, and lay solid foundation for basically realizing the socialist modernization. Main development goal: build the economically and culturally strong city, build the ecological Shaoxing, and construct the harmonious Shaoxing.

Chasing goal-Lead in key aspects, guarantee the fourth place and strive for the third: When competing and developing with cities around, mainly those of Zhejiang Province, Shaoxing tries to be the best, reach the world-class level and surpass such cities as Hangzhou, Ningbo, etc. in some important and special fields, meanwhile guarantees its fourth place and strives for the third in Zhejiang, surpass Wenzhou, and is not surpassed by Jiaxing, Taizhou and other cities.

Based on initially analyzing the pattern and status of urban competitiveness and estimating the future pattern and trend, the research group suggests accomplishing the chasing goal by implementing the “three-step” chasing scheme.

Step 1: Adjustment is the short-term development goal (2008 -2010). Through two years of adjustive investment construction, make sure Shaoxing’s comprehensive competitiveness stops declining. Mainly under the guidance of the Niche strategy, (1) resolved to eliminate a group of low-quality enterprises with the current tightening situation and opportunity. (2) Sequentially prepare and implement a series of preferential policies, encourage enterprises in and out of the city to carry out business investment in encourage fields. (3) Prepare and implement preferential policies, stimulate the consumption demand of local residents on education, housing, tourism, shopping and other aspects. (4) Focus on carrying out large-scale input in the hardware infrastructure which involves the future development direction of the city. Particularly the fourth point, economy will not decline due to the elimination of the enterprises, the economic growth is driven in a short time, the employment opportunities are increased, the revenue is increased, and the short-term competitiveness of the city is improved; the input of relevant infrastructure will create conditions for the functional upgrading and industrial structure adjustment of the city in the future.

Step 2: Recovery is the mid-term development goal (2010-2013). From 2010, start to recover Shaoxing’s competitiveness. Spend 3 years in laying foundation for the leap-forward in the future. In this stage, apart from carrying out relevant and

follow-up infrastructure construction continuously, (1) focus on the soft environment construction and business and innovation service system establishment, reduce the operation cost of the local enterprises, expand the market share of the enterprises, and improve the enterprise competitiveness; create the best business environment and beautiful living environment, and improve the consumption capability of local residents. (2) Actively attract key enterprises to settle in and investment, attract key talents to start business, attract high-end clients to travel, create and accumulate conditions for the next step of leap-forward.

Step 3: Leap-forward is the long-term development goal (2013-2020). From 2013, spend 7 years in accomplishing Shaoxing's goal of surpassing one regional center and three internationally famous cities. In this stage, center on the "one center and three famous cities" goal, follow 6 paths, provide 3 strategic supports, implement 36 strategic countermeasures, and fully implement the Niche strategy.

VIII. Functional positioning: one regional center and three internationally famous cities

Through the qualitative and quantitative research and discussion and by following the above-mentioned three important ideas or principles for Shaoxing's urban functional positioning, the research group positions Shaoxing's urban functions as "one center and three famous cities". Below are their meanings:

One center: Important center of Hangzhou Bay Area

With the construction of Shuangxing Bridge and the infrastructure in the Yangtze River Delta, Zhejiang Province and Hangzhou Bay, Shaoxing is on the south wing of the Yangtze River Delta, is connected with Hangzhou and Ningbo in the east-west direction and integrated with Shanghai, Jiaxing, Sunan and Wenzhou in the south-north direction, and its geographical position is more important. Plan and develop Shaoxing from the leaders of the tertiary cities of the Yangtze River Delta Region into the secondary city of the region, so that it becomes the important center of Hangzhou Bay Area. In the future, the Hangzhou Bay Rim is a metropolis region or continuous region in which Hangzhou, Ningbo, Jiaxing, Shaoxing and other cities are integrated, and the traffic and industries are connected. Shaoxing will be at the secondary level in the Yangtze River Delta Region. In the metropolis region, Hangzhou, Ningbo, Shaoxing and Jiaxing respectively focus on different urban functions. Shaoxing will be at the same functional level with Hangzhou and Ningbo in this metropolis region, and the three places will respectively undertake some functions of

the metropolis region. As the important center of the metropolis region, Shaoxing will jointly affect, radiate and drive the regional development of the south wing of the Yangtze River Delta together with Hangzhou and Ningbo. This center will become an international living, tourism & leisure and modern manufacturing base, and the important productive service base in the Yangtze River Delta. In the spatial coordinate system of the metropolitan circle of tze River Delta, Shaoxing is the hub city on the main axis of the south wing of the Yangtze River Delta.

Three famous cities: Guyue cultural city, the south city of the lower reaches of the Yangze River and modern industrial city

A Guyue culture international city: Shaoxing has long history and brilliant culture, and is a famous historical and culture city. In all the physical and spiritual cuture, Guyue culture is the most influential and the most characteristic, because Guyue not only leaves dazzling cultural relics, but also leaves the perseverance and unyielding spirit which is enough to affect the history of the whole China. Such valuable spirit is deeply rooted in such a land as Shaoxing, not only creates Shaoxing's cultural characteristics but also continues to development vitality of Shaoxing, so that it is long-lasting for thousands of years. Shaoxing shall well protect its historical and cultural relics, develop, explore and promote its historical, cultural and characteristic culture. Of course, it can also build itself into a famous cultural city which has Guyue local cultural characteristics, and is integrated with the modern and international culture.

The south city of the lower reaches of the Yangze River: the south of the lower reaches of the Yangze River-region with rivers in dream has been the paradise that the Chinese people dream of and look forward to for hundreds or thousands of years. The south of the lower reaches of the Yangze River is the best paradise for human beings which is quite different from the western waterside towns, and has unique eastern international charm. Shaoxing is the most outstanding and most typical representative of the south of the lower reaches of the Yangze River. Shaoxing shall restore the ecology, repair the water system, reshow the urban and regional landscape of the south of the lower reaches of the Yangze River, build itself into an internationally famous city which represents the south of the lower reaches of the Yangze River with cultural connotation, and becomes the first choice for the tourism, leisure and living of domestic and foreign residents.

Internationally famous modern industrial city: Shaoxing not only has the unique charm of the south of the lower reaches of the Yangze River and Guyue culture, but also has diligent, smart and practical people. Since the ancient times, Shaoxing people have developed sericulture, yarn knitting and handicraft industry and prosperous business, and Shaoxing has become an internationally famous light and textile industrial base after 30 years of efforts since the reform and open-up through these traditional advantages. On the one hand, it speeds up the extension of the industry chain and the industrial upgrading with the existing foundation; on the other hand, it develops high-end and emerging modern industries with the cultural and ecological advantages, develops them in an interactive way, and will surely be built into an internationally famous modern industrial city.

IX. Industry selection: three systems and twelve focuses

Industry selection: three modern industry systems. Modern urban industry: guided by urban demand, display the time and spatial advantages, develop the urban agriculture and foster the urban industry with the traditional foundation; modern service industry: take the development of the modern service industry as the new economic growth point and the strategic focus for industrial structure adjustment, and establish the new modern service industry system which not only promotes the local economic development but also drives the economic upgrading; modern manufacturing industry: follow the novel industrialization path, and construct the advanced manufacturing base with “one center, two bases and ten main producing areas”. **Twelve key industries (3+3+3+3):** transform and improve the three advantageous manufacturing industries: textile industry, fine chemical industry and machinery manufacturing; develop three high-tech industries in a leaping way: biological pharmacy, electronic information, energy saving and environmental protection; develop three advantageous service industries to be stronger and larger: tourism culture, the real estate industry, trade and logistics. Vigorously support three emerging service industries: business service, scientific & technological information and public service.

Spatial layout: three industrial bands: Mainly gather Shaoxing’s industries in three bands by relying on the location conditions, industrial base and environment capacity: industrial zone along Hangzhou Bay which focuses on textile, fine chemical industry, urban agriculture and modern service industry; industrial zone along Hangjinqi Expressway which focuses on environmental-friendly equipment,

copper processing, garment and accessories, export agriculture and tourism service industry; industrial zone along Cao'ejiang River which focuses on biological medicine, automobile accessories, spinner bearings, neckties and garment accessories, processing agriculture, business and tourism service industry. For the above industry selection and spatial layout, Shaoxing shall take 9 strategic countermeasures, and promote industrial transformation.

X. Strategic paths: four basic strategies

As a large city which has a certain advantages but few resources, small scale and narrow space and is in fierce competition, Shaoxing survives in the gap of Hangzhou, Ningbo and other large cities. The research group thinks Shaoxing must follow five basic paths.

1. Improve functions and enter the secondary city group and leave the tertiary city group. Build Shaoxing into a secondary city which can be directly connected with Shanghai, the top city in the region, is at the same level with Hangzhou and Ningbo, is an important part in the metropolis region of Hangzhou Bay and the important center of Hangzhou Bay Area, turns into a secondary city from a tertiary city of the Yangtze River Delta, serves Shanghai and large cities around in some functions, and meanwhile becomes the hinterland which serves and radiates to the south wing of the Yangtze River Delta.

2. Gather targets, first become stronger and then become larger. Gather advantageous resources and factors, choose one or more key fields for centralized development and key breakthrough, form the strategy of using tremendous force on the most important aspects, first lead in key fields, first become stronger, and then become larger. Specifically, Shaoxing shall first develop the high value-added tourism leisure, living and cultural creativity with its own ecological environment and cultural advantages, meanwhile build and sell the factors, attract the high-end talents, and then develop the high-tech, conference and exhibition, headquarters economy and other high-end industries.

3. Overall progressing and key leap-forward: It means Shaoxing follows a progressive improvement path when choosing development path. On the one hand, i.e. on the whole, develop the labor intensive industry, gather capital and then develop the capital intensive industry by utilizing the comparative advantages, so as to accumulate technologies and then develop the technical intensive path; during the economic transformation process, adhere to the original direction, follow in a proper

sequence, pay attention to strategies, and gradually improved. On the other hand, i.e. in some key aspects, break the outmoded practice, vigorously promote, don't dwell on the local resources and environment, make full use of the self-owned core resources and resources home and abroad, quickly construct the urban competition advantages, boldly develop the high-tech industry and advanced modern service industry in advance, and drive the leaping development of the whole city through the leaping development of key industries and key fields.

4. Perfect quality, assure success by quality: It means Shaoxing shall build the development idea of not pursuing the size and the quantity but pursuing the quality, value the quality of the soft and hard environment of the city, construct the internationally first-class soft and hard infrastructure environment, meanwhile pay attention to building the unique and irreplaceable personality of the city and building the "perfect living, business and tourism city" which is rich of competitiveness and attraction, and guarantee the leading development and competition winning of the city. Therefore, (1) establish the high-standard urban development assessment system. Based on the existing policies and work plans, Shaoxing shall further establish the high-standard urban development assessment standards and the corresponding assessment mechanism. (2) Carry out high-standard planning and construction for some important urban projects and basic services. To plan and manage with high standards surely shall breakthrough at key points, and use the experience of a selected spot to promote the work in the entire area. Shaoxing shall focus on carrying out high-standard pilot breakthrough by centering on the urban core characteristics, core value, strategic goal, etc. Wherein, for some urban products, projects or services, the nation-wide and even internationally highest standards can be prepared, so as to build Shaoxing's unique advantages and improve its urban image.

XI. Strategic focus: Four strategic breakthroughs

The fundamental reason for the weak competitiveness and slow industrial upgrading of Shaoxing is the insufficiency of factors and resources. The reason for the insufficiency of resources is the lack of integration. The reason for the lack of integration is the lack of platform capability. The reason for the lack of platform capability is the lack of corresponding urban functions. The reason for the lack of corresponding successful functions is the failure to make full use of conditions around. Therefore, the key breakthrough strategies for Shaoxing to get through the close siege are resource integration, platform construction, carrier extension and active connection.

1. Integrate resources and break through the bottleneck. Integrate the stock and increment resources in and out of the city through market and non-market approaches, optimize the allocation, make full use of them, so as to break through Shaoxing's bottleneck in land, scale, space, talent, technology, industry, environment, etc. during the urban development process, and realize the urban marginal incremental development. In the future, first, Shaoxing shall integrate and utilize the resources in different departments, areas and units by exchanging at equal values, mutual benefit and win-win through the market, particularly the financial market; create conditions for resource integration by improving the traffic system and logistics system; share the mutual resources by establishing the regional control mechanism and cooperation mechanism; integrate relevant resources by establishing and displaying the roles of the intermediary organizations. The above measures can be used for integrating and utilizing external resources. If so, Shaoxing's resource bottleneck can be resolved, and the city can continuously develop fast and better.

2. Construct platform and promote transformation. Create conditions for the urban industrial upgrading by constructing the facility, institution, network and other platforms of capital, technology, talent, information and service. The important reasons for the slow industrial upgrading of Shaoxing lead to the weak capability of the enterprises and their lack of technologies, talents, capital, information and services for developing high-end industries and being engaged in R&D design and brand marketing. Therefore, the construction of these platforms is a must for promoting the industrial upgrading.

3. Extend the carrier, and improve the functions. According to the requirements of one regional center and three internationally famous cities, expand the spatial area of large- and medium-sized cities so as to enhance their bearing capability and gathering capability on the one hand, construct and provide living, tourism, cultural and modern manufacturing public infrastructure and public services in function with high standards on the other hand. Improve Shaoxing's urban functions, construct the important center of Hangzhou Bay Area and the hub city on the main axis on the south wing of the Yangtze River Delta.

4. "Channel for diversion", seek help and take advantage. "Channel for diversion, seek help and take advantage" means to realize the barrier-free connection with cities around in soft and hard infrastructure, then fully enjoy the external economic effect of areas around, fully use the talents, capital, technologies, market, information, services,

airports, harbors, roads, etc. of areas around, borrow and share the most external income without input or the least input.

XII. Strategic implementation: Four strategic measures

In order to implement the above strategic concept, strategic goal and strategic breakthrough, the municipal party committee and government shall take effective guarantee measures in thought, organization and action. Therefore, it is suggested that the municipal party committee and government mainly take the following four measures.

1. Liberate the idea and challenge the status quo. In the future, Shaoxing shall expand the development thought and development idea while promoting the containing and diligent spirit, not be afraid to make mistakes, be generous, be adventurous, and realize a new round of liberation of thought and idea. Carry out crisis discussion, value typical publicity, “go out” and find the gap, “introduce” to make up for the defects, and carry out competition assessment.

2. Revise the plan and decompose the goal. It means that Shaoxing serves as the south of the lower reaches of the Yangze River with long history and developed economy, its urban planning in the future will surely absorb and refer to the experience and lessons of other cities, maximize favorable factors and minimize unfavorable ones, keep improving the scientificness and foresight of urban planning, prepare an internally first-class urban plan, decompose and implement the development goal on that basis.

3. Driven by project and promote steadily: It means to steadily and orderly promote the urban industrial upgrading, urban function improvement, environment and factor improvement step by step through the planning, investment, construction and management of the industrial projects, infrastructure projects and social undertaking projects. Project is the further embodiment of goal, and is also the key point for accomplishing the goal.

4. Performance management and high-efficiency government. “Performance management and high-efficiency government” means the sustainable circulating process of performance plan making, performance guidance implementation, performance assessment, performance feedback and face talk and performance goal improvement that managers at all levels carry out to the departments and employees at all levels in order to accomplish the organization goal, and the performance management aims to sustainably improve the performance of the organizations and individuals. It is a management method, the implementation of the above goal and

projects shall be managed, assessed and controlled. Performance management is an effective form, and has been adopted by many cities. It is suggested that the municipal party committee and government fully introduce performance management, and promote and improve the implementation of competitiveness strategies.

XIII. Strategic measures: three supports and thirty-six measures

In order to realize the strategic concept of the Niche strategy, it is suggested approving the following three strategic supports and 36 strategic countermeasures on the above bases.

(1) Industrial transformation: Nine countermeasures

The industrial structure adjustment and link improvement finally decide the urban function and status improvement. So no matter for finally improving the urban competitiveness or consuming the current pressure, it is a must to seize the opportunities to carry out industrial transformation and upgrading.

1. Resolve the old with the new, new and old interact. 2. Market elimination, “vacate cage to change bird”. 3. Give judicious guidance according to circumstances, directly leap forward.

4. Cluster and capital introduction, chain embedment. 5. Create conditions, encourage and induce. 6. Introduce high end with high end, large-scale import and large-scale export.

7. Explore characteristics, position differentially. 8. Protect property right, encourage innovation. 9. Combine the void and the solid, create brands.

(2) Regional competition and cooperation: eighteen countermeasures

Shaoxing shall overestimate its own strength, defeat a strong with a weak, use the few to defeat the many, stand out, lead the development, compete and cooperate, value both strength and strategies in the general situation of regional competition.

In regional bilateral competition and cooperation strategies and countermeasures,

10. Connect in east-west direction; integrate in south-north direction. 11. Make the first move, start winning. 12. Center on the benchmark, get closer and closer.

13. Take the shot, dislocation development.

In regional bilateral competition and cooperation strategies and countermeasures,

14. Connect with Shanghai, benefit Shanghai. 15. Take advantage of Hangzhou, carry out dislocation development with Hangzhou. 16. Seek help from Ningbo, link Ningbo.

17. Seek help from Jiaxing, collaborate with Jiaxing. 18. Radiate to Jinhua, serve Jinhua.

In municipal bilateral competition and cooperation strategies and countermeasures,

19. Strengthen the internal conditions and external conditions, support the superior and protect the subordinate. 20. Turn disadvantages into advantages; specialize in precision and frontier technologies. 12. Seamless connection, comprehensive gather-up.

22. Professional cluster, converging attack.

In municipal bilateral competition and cooperation strategies and countermeasures,

23. Jointly build the center, merge Yueshao. 24. Couple continuously, hold shares of Shangyu. 25. Take the lead to integration, unit Shengzhou.

26. Professional service, attract talents. 27. Do the best, affect Xinchang.

(3) Basic optimization: nine countermeasures

Shaoxing shall seize the opportunities, meet the challenges not only use strategies but also pay attention to laying solid foundation in the following key fields.

28. Create system, gather resources. 29. Universal education, flexible introduction. 30. Build the platform and establish the relational network, foster innovation.

31. Information and wireless city. 32. Develop rural areas through urban development, plan as a whole for both urban and rural areas. 33. Protect the ancient city, construct the livable city.

34. Use gentle and forceful means, innovate the culture. 35. Consolidate step by step, care for the weak and those with extreme difficulties. 36. Marketing city, improve the image.