

The best city in western China ——Chongqing or Chengdu ?

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“Rival” cities

If there is no other city to compete with provincial capital in a province which is strong in economy, resources will lean to the capital city. While there are several pairs of rival cities in China, they are similar in location, resources and even population, such as Guangzhou and Shenzhen, Fuzhou and Xiamen, Nanjing and Suzhou, are similar in geographical position, natural resources, and the size of population. The competitions between the rival cities are magnified. In order to get more resources for its development from the central government, rival cities have to make their own status integrated into the national strategy, thus get more support from central government.

The Competition between Chengdu and Chongqing has long existed before Chongqing became the direct-controlled municipality. In Tang Dynasty, Chengdu, with superior natural conditions, Chengdu was one of the four major cities in China. Since 1949, Chengdu, the capital of Sichuan province and after 1989, upgraded as the sub-provincial city, enjoying the economic authority of provincial's level.

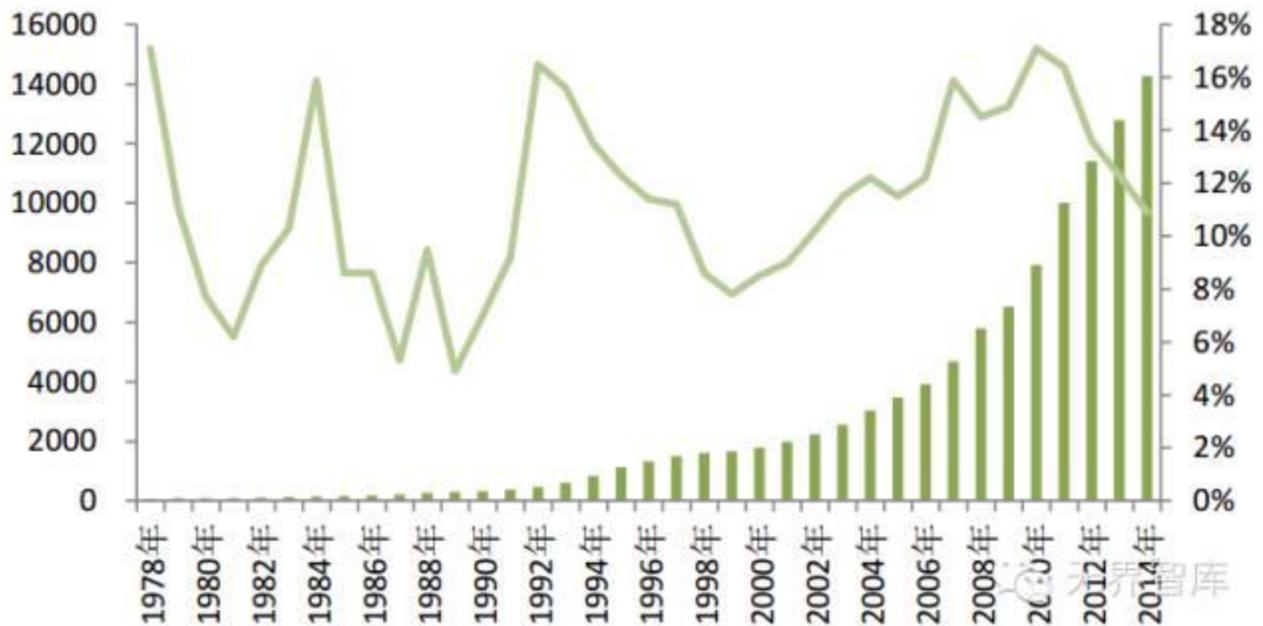
Compared with smooth development of Chengdu, Chongqing has undergone many changes in history. In 1891, Chongqing became the first port city in western China; During the Resistance War against Japan, it was the capital city. Since 1949, Chongqing once became the municipality directly under the central government. However, in 1954, Chongqing was reduced to be a part of Sichuan. In 1997, finally Chongqing became the direct-controlled municipality city. Does this mean that the competition between two cities comes to an end? Not yet.

In 1997, in the nine-year five plan, Chongqing designated itself as the “economic center of Yangtze river’s upstream and southwest area”, and then “growth pole of the west”. Similar designation also appears in the thirteen –five year plan of Chengdu--central growth pole of the west”. At the year of becoming as the municipality directly under the central government, Chongqing positioned itself as the economic center in the upper of Changjiang River and southwest area in “the ninth Five-year plan”, and later changed into the important growth pole in western region. At the same time, Chengdu had a similar expression to position itself-- core growth pole. The conflict between Chengdu and Chongqing in positioning themselves became more and more intense. Competition naturally extended to the west development strategy. Chongqing claimed it as the leading role in this strategy, while Chengdu named itself as the heart of the west development. When comes to “the Changjiang River Economic Belt “and “the Belt and Road”, in order to take the first opportunity in the national strategic plan, Chongqing

positioned itself as the center of “the Changjiang River Economic Belt in western China“, while Chengdu was the strategy point.

Has the policy dividend really benefited economic growth?

Figure1: Chongqing economic growth and growth rate (1978-2014) Unit: Yuan

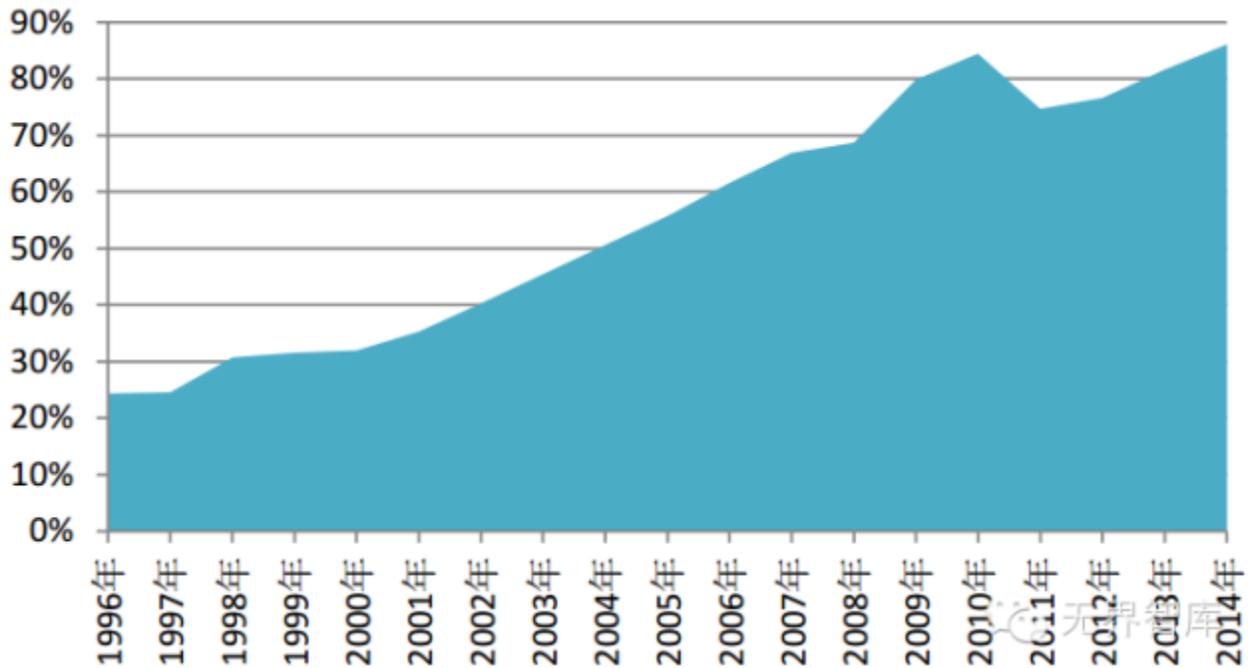


数据来源：国家统计局（折线代表经济增速）

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The expansion of GDP in the third quarter of 2015 was 11%. Relying on the development of automotive, electronics, materials, equipment manufacturing and energy industries, Chongqing has had the first economic expansion in China for 7 times in a row. The GDP of Chongqing always keeps at double-digit percentage gains. After the GDP broke through trillion in 2011, it's very possible for Chongqing to catch up with another municipality – Tianjin. In 2104, the GOP of Chongqing has reached 1.42654 trillion.

Figure2: The share of fixed assets investment in GDP of Chongqing (1996-2014)

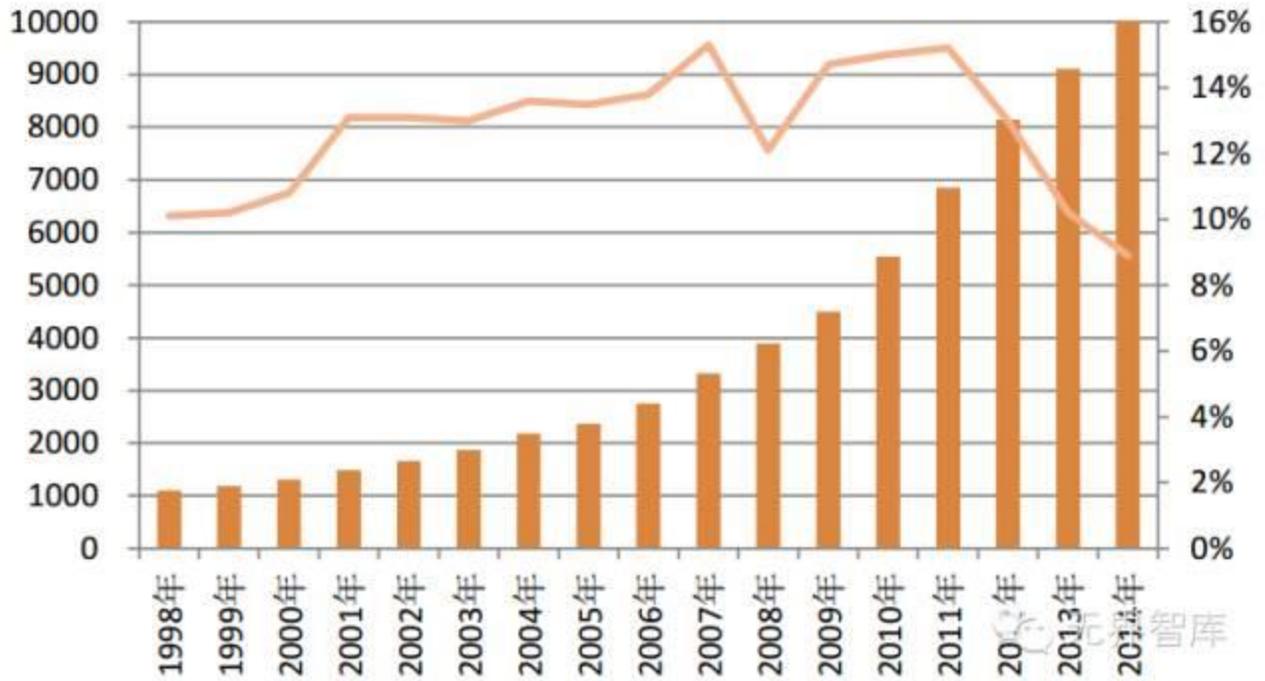


数据来源：国家统计局

Through the economic data of Chongqing, we can see that the share of assets investment in GDP increased along with the growth of economic. The proportion was high at 84% both in 2009 and 2010 after launching the "four trillion" fiscal stimulus program. Though it dropped later, it was 86.1% in 2014. The total fixed assets investment of Chongqing reached 1.2281 trillion in 2014, which was almost 4 times the scale of fixed assets investment of Shenzhen, and 2 times that of Chengdu.

What's the reward of such large scale of fixed assets investment? For example, according to 《the 2014 Chongqing City toll road Statistical Bulletin》, the total income of toll from 2327 km highway was 8.8 billion. But annual expenditure on toll roads was nearly 11.4 billion, in which 8.9 billion for repaying capital with interest, 9 hundred million for road maintenance, 5.5 hundred million for operating, 2 hundred million for administration, 8 hundred million for tax, and 50 million for others, and each of occupied respectively 78.1%、7.9%、4.8%、1.8%、7.0% and 0.4% of the total annual expenditure on toll.

Figure3: Chengdu economic growth and growth rate (1978-2014) Unit: Yuan

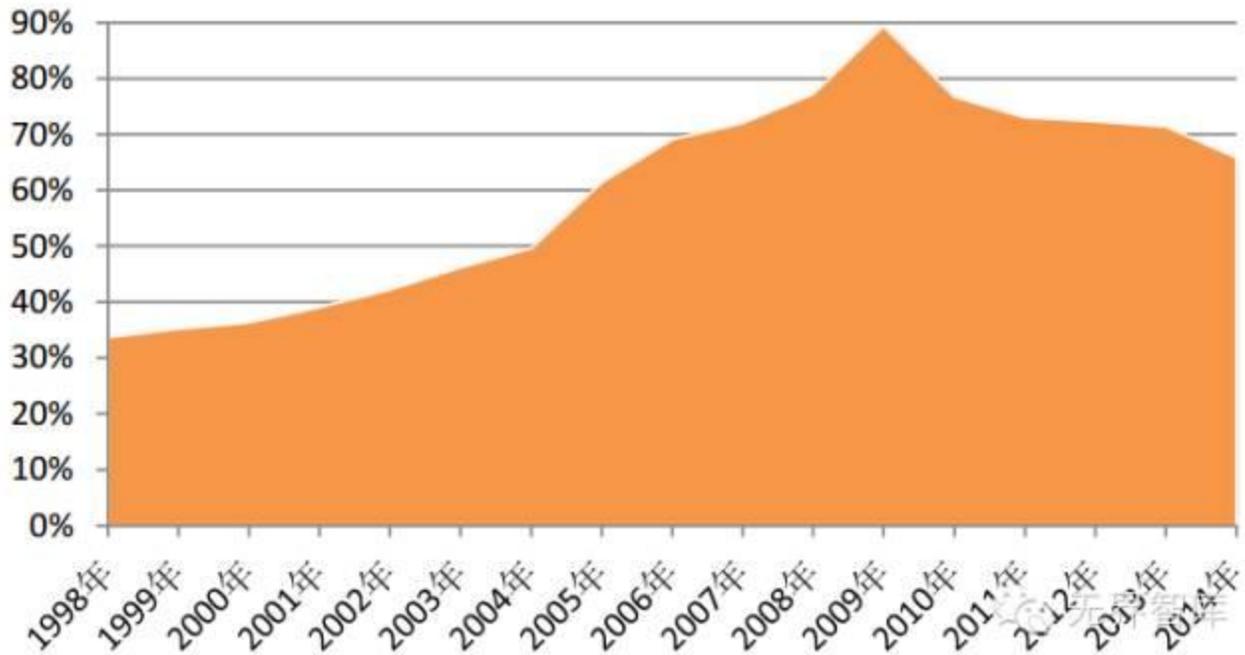


数据来源：成都市统计局（折线代表经济增速）

Chengdu has only 1/6 geographical area and half population of Chongqing, but its economic aggregate has broken through trillion in 2014. Economic growth in the first half of this year was 8%.

From data of the share of fixed assets investment in GDP of Chengdu, the quality of economic growth in Chengdu was also increasing. The data decreased to 65.8% because of a large scale of fiscal incentives in 2009.

Figure4: The share of fixed assets investment in GDP of Chengdu (1998-2014)

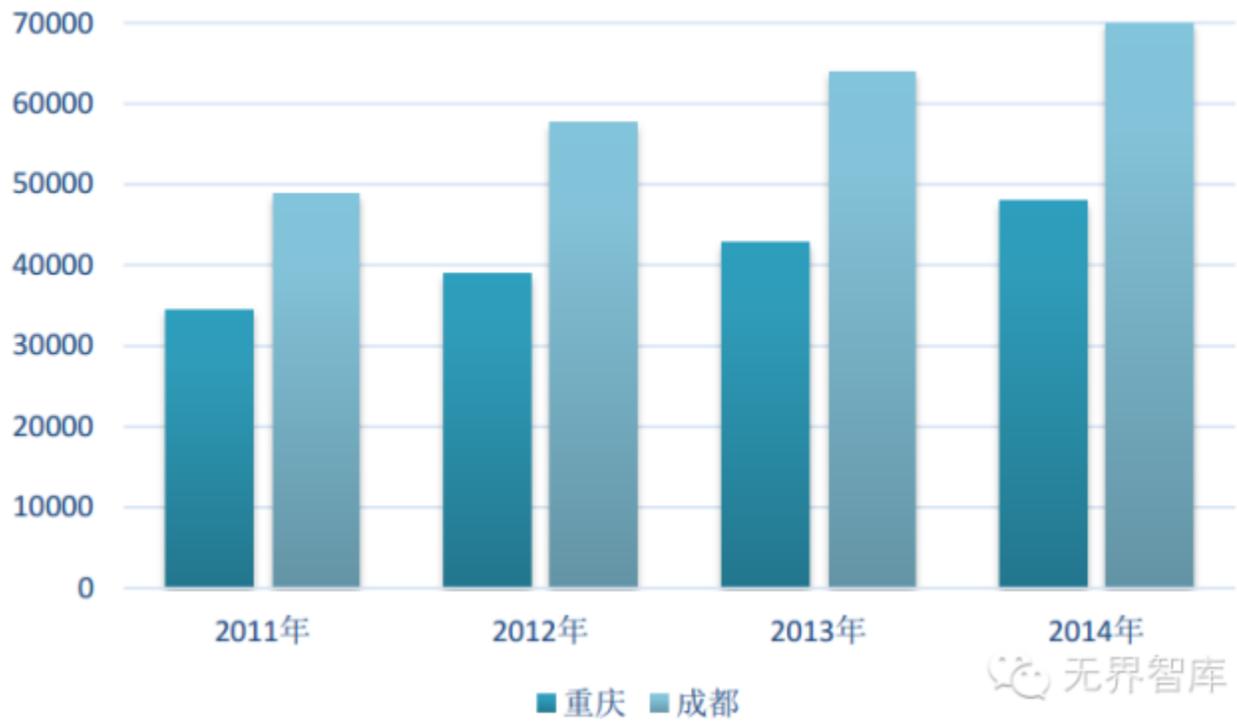


数据来源：成都市统计局

The data of retail sale of consumer goods in Chongqing was 57.107 billion which was only 27.8% more than Chengdu's, though the population in Chongqing was twice larger than that in Chengdu. So we could see that consumption to economic growth in Chongqing was not quite helpful.

Though Chongqing was ahead of Chengdu in economic aggregate, Chengdu was more outstanding in per capita data. Compared with Coastal city like Guangzhou and Shenzhen, per capita GDP of Chengdu was not high, but it's gradually catch up with Dongguan. Chongqing had a large population and the current resident population was close to 30 million people. Per capita GDP of Chongqing was 47859 yuan which was less than 70% of that in Chengdu. And the rate of per capita GDP increased slowly. When came to per capita disposable income, Chengdu was obviously ahead of Chongqing.

Figure5: Chongqing, Chengdu per capita GDP (2011-2014) Unit: Yuan



数据来源：重庆市统计局、成都市统计局

Comparison of per capita disposable income in Chongqing and Chengdu (2011-2014) Unit: Yuan



数据来源：重庆市统计局、成都市统计局

Comparing industrial structure in both city, we could see that the proportion of primary industry dropped significantly in both city, and Second and third industries maintained a relatively balanced growth. The proportion of third industry of Chongqing and Chengdu in 2014 was respectively 46.8% and 51.0%. Hence, the improvement and adjustment of Chengdu industry was earlier and the current transformation was much more successful.

Table 1: comparison of industrial structure between Chongqing and Chengdu

	重庆			成都		
	第一产业 (%)	第二产业 (%)	第三产业 (%)	第一产业 (%)	第二产业 (%)	第三产业 (%)
2000 年	17.8	41.3	40.9	9.5	44.9	45.6
2005 年	15.1	41	43.9	7.7	42.5	49.8
2010 年	8.7	55.2	36.1	5.1	44.7	50.2
2014 年	7.4	45.8	46.8	3.7	45.3	51

数据来源：重庆市统计局、成都市统计局

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From the table, in recent years, Chongqing's economic growth is relatively fast which is mainly because of fixed assets investment. This is strongly supported by Central policy. After Chongqing became the municipality directly under the Central Government, Liangjiang New District and Cheng-Yu Economic Zone of Chongqing were strongly supported by central government. On November, 2015, the third cooperation project between China and Singapore settled in Chongqing. Chongqing has benefited a lot from Central policy.

Who is more influential?

We have compared macroeconomic development level of both cities via the traditional economic data, but which city is more influential? What are the ability to attract the talent, international level and the charm of business in Chengdu and Chongqing?

If we compared the permanent resident population to Registered Permanent Residence population, we can find out that Chongqing experienced a net outflow of population in 2014, while the situation in Chengdu was just the opposite. That means Chengdu was more attractive for incomers.

Why Chengdu has more non-domicile population? The simplest explain maybe that Chengdu is a city full of opportunities. But there's something more we need to take into consideration. The proportion of non-agricultural population in Chongqing is always lower than Chengdu's. The area of jurisdiction of Chongqing could compare to a province, and it's even larger than the area of jurisdiction of Ningxia Hui Autonomous Region and Hainan Province at the provincial level administrative region. While most of the counties and districts of Chengdu, are near downtown and have a very suitable geographical condition.

Table 2: A comparison of Chongqing and Chengdu in population and internationalization

	重庆	成都
常住人口 (万人)	2991.4	1442.8
户籍人口 (万人)	3375.2	1210.7
机场吞吐量 (万人次)	2926	3750
国际航线	58	88
外国领事馆	10	16
五星级酒店	24	15
大型购物中心	30	52
世界 500 强企业	236	268

数据来源于网络

According to the data of airport throughput, international routes quantity and the number of foreign consulate both in Chengdu and Chongqing, we could tell that Chengdu is much more international.

Currently, Chengdu has 88 international air routes, Chongqing 58; number of foreign consulates in Chengdu is 16, Chongqing is 10.

The attraction to non-native and internationalization are a reflection of confidence in urban economic development. Confidence also plays an important role in business prosperity. Now, Chengdu has 15 five-star hotels, 52 shopping malls, 268 enterprises of fortune global 500. Chongqing has 24 five-star hotels, 30 shopping malls, 236 enterprises of fortune global 500.

Innovation industry development in Chengdu, such as Mobile gam and cloud platform, quick expansion of Alibaba, Jindong, and Amazon in Chengdu will make its economy more active, this dynamic is more important than the investment boosted by fixed asset investment.

Chengdu has more influence than Chongqing when we primarily compare two cities in the attraction to the talent, international level and the charm of business, and has a higher quality of economic growth as well.