International Journal of Global Economics and Management
ISSN: 3005-9690 (Print), ISSN: 3005-8090 (Online) | Volume 5, Number 3, Year 2024
DOI: https://doi.org/10.62051/ijgem.v5n3.18
Journal homepage: https://wepub.org/index.php/IJGEM/index

Analysis of the Current Situation of Economic Development in Shandong Province from 2004 to 2021

Mengdi Wang *

College of Economics and Management, Guangxi Normal University, Guilin, China
*Corresponding Author: Mengdi Wang

ABSTRACT

As one of China's major economic provinces, Shandong Province has experienced significant economic growth from 2004 to 2021, and its total GDP ranks among the top in the country. In 2021, Shandong's GDP increased by 8.3% year-on-year, with the service sector contributing particularly prominently to GDP, accounting for 52.8% of GDP, while foreign trade also showed a rapid growth trend. Despite the challenges of unbalanced urban-rural development and the need to optimize the industrial structure, Shandong Province has laid a solid foundation for the sustained and healthy development of the economy by adjusting its industrial layout and actively expanding its opening up to the outside world. Since the beginning of the new century, especially in the period of rapid development of heavy chemical industry, Shandong Province has successfully grasped the development opportunity and vigorously developed heavy industries such as petrochemical and oil refining through an investment-driven strategy, further strengthening its important position in the national and global economy.

KEYWORDS

Economic growth; Real economy; Innovation-driven

1. INTRODUCTION

The importance of finance to economic development is self-evident. In China's "12th Five-Year Plan" and "13th Five-Year Plan", a clear direction for the development of the financial industry and financial reform has been proposed, which reflects the country's policy orientation for the development of the financial industry at the macro level. Since the 12th Five-Year Plan, financial issues have been one of the priorities of regional economic development. Regional financial centers have become an important force in promoting economic development due to their advantages of concentrating financial institutions, promoting financial information exchange, and absorbing a large amount of financial capital and production factors. Promoting the construction of regional financial centers centered on provincial capitals will not only help enhance the capacity of financial services, but also be one of the key points of the provinces to transform their development mode and promote economic restructuring.

As an important economic province in China, Shandong Province's economic development is characterized by large but not strong aggregate, rapid but uneven development, and obvious regional differentiation. Jinan and Qingdao have significant advantages in financial development. Jinan has taken advantage of the advantages of the provincial capital city to become a regional financial center in Shandong Province, relying on financial institutions such as Jinan Branch of the People's Bank of China, Shandong Banking Regulatory Bureau, Shandong Securities Regulatory Bureau, and Shandong Insurance Regulatory Bureau to gradually expand the influence of the regional financial management center. Qingdao, on the other hand, is positioned as the wealth management center of Shandong Province by virtue of its significant economic and financial strength, and the construction of a pilot zone for comprehensive reform of wealth management finance is being accelerated. This paper analyzes the current situation of economic development in Shandong Province from 2004 to 2021, and puts forward relevant suggestions on this basis.

2. LITERATURE REVIEW

Based on China's domestic economic challenges and global economic development trends, Anthony Marchese and Freda Zhang (2020) proposed that China's economic slowdown and demand for industrial upgrading are the main driving forces for the construction of a new development pattern in China, while the increase in geopolitical uncertainty is the driving factor at the international level [1]. On the other hand, Andrew Cainey (2021) argues that the new development pattern of dual circulation proposed by China is a strategic deployment after weighing economic development and national security, and marks a major reconstruction of the global economic development model from the perspective of the interaction between China's "dual circulation" strategy and global economic integration [2].

According to the research of domestic scholars, Xu Zexiang and Zhang Long (2023) pointed out that the improvement of the level of financial development has a significant effect on the economic growth of the eastern, central, and western regions, and the promotion effect is more significant in the central region, which may be due to the driving effect of the higher level of financial development in the eastern region [3]. Fan Xiaoli (2023) emphasized that regional infrastructure construction is a key factor to promote economic growth, especially the positive impact of information infrastructure is the most prominent, while the role of transportation infrastructure on economic growth is different in different regions, with the eastern region having the most significant impact, the western region lagging behind, and the central region not yet having a significant positive effect [4]. Dai et al. (2023) proposed that the differences in human capital accumulation in different regions are the main reasons for the regional differences in the performance of financial development on economic growth, and the specific impact of financial development on economic growth in different regions depends on the local human capital accumulation status [5]. Zhao Xindong and Shen Chengfang (2024) show that financial development can effectively reduce the negative impact of urban-rural income inequality on economic growth [6].

3. ANALYSIS OF THE CURRENT SITUATION OF ECONOMIC GROWTH AND THE DEVELOPMENT OF THE FINANCIAL INDUSTRY IN SHANDONG PROVINCE

3.1. Analysis of the Economic Development of Shandong Province

3.1.1. Overall analysis of economic development in Shandong Province

As a major economic province on the eastern coast of China, Shandong Province has always ranked among the top in the country in terms of economic development, which has played an important supporting role in the country's overall economic growth. In recent years, Shandong Province has actively promoted the comprehensive promotion and quality improvement of economic development, with supply-side structural reform as the main line, and promoted the transformation of new and old kinetic energy and the comprehensive promotion of reform and opening up in the new era. Shandong Province actively responds to the national development policy, serves and integrates into the major national development strategies, and connects with the highlands of the national development strategy, such as the coordinated development of Beijing-Tianjin-Hebei, the integrated development of the

Yangtze River Delta, and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, so as to achieve the coordinated development of the regional economy.

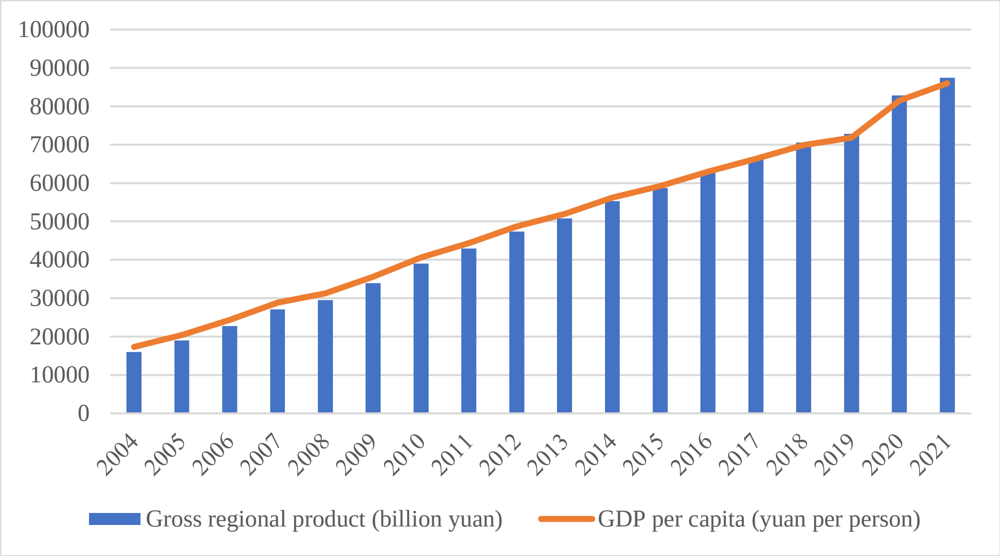

Figure 1. GDP and GDP per capita in Shandong Province, 2004-2021

As can be seen from Figure 1, since 2004, the economic development of Shandong Province has generally shown a steady upward trend. From 2004 to 2021, both GDP and per capita GDP in Shandong Province increased year by year. At the same time, affected by the new normal of global economic growth and the increasing downward pressure on the economy, the economic growth rate of Shandong Province has shown a slowdown trend, and the GDP growth rate has declined slowly. In 2021, the economic operation of Shandong Province will show a development trend of stability and improvement, and the province's GDP will reach 8.3 trillion yuan, a year-on-year increase of 8.3%, and a two-year average growth of 5.9%, which is 0.2 and 0.8 percentage points higher than the national level, respectively. Investment has risen steadily, consumption recovery has accelerated, imports and exports have grown rapidly, the three industries have been stable and improving, the price level is moderate and controllable, the employment situation is better than expected, the growth rate of fiscal revenue and expenditure has increased, support for key areas has been increased, and the coordinated development of regional integration has taken off in an all-round way.

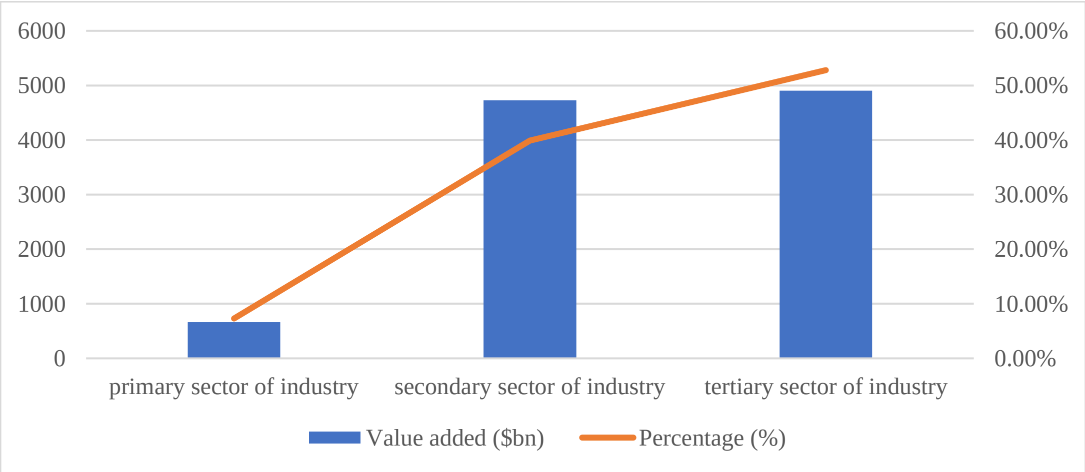

Figure 2. Structure of industries in Shandong Province, 2021

As shown in Figure 2, in 2021, the added value of the primary, secondary and tertiary industries in the province will increase by 7.5%, 7.2% and 9.2% year-on-year respectively, and the structure of the three industries will be adjusted from 7.4:39.1:53.5 in the previous year to 7.3:39.9:52.8. Agricultural production has increased steadily, and rural revitalization has continued to advance. Industrial production has picked up at an accelerated pace, and the development of private industries has become more vigorous. The service industry has recovered steadily, and the high-end service industry has grown rapidly. The supply-side structural reform continued to deepen, and the impetus for innovation was significantly enhanced. The quality and efficiency of green development have been improved, and the ecological environment has been significantly improved.

3.1.2. Analysis of the economic development level of cities in the province

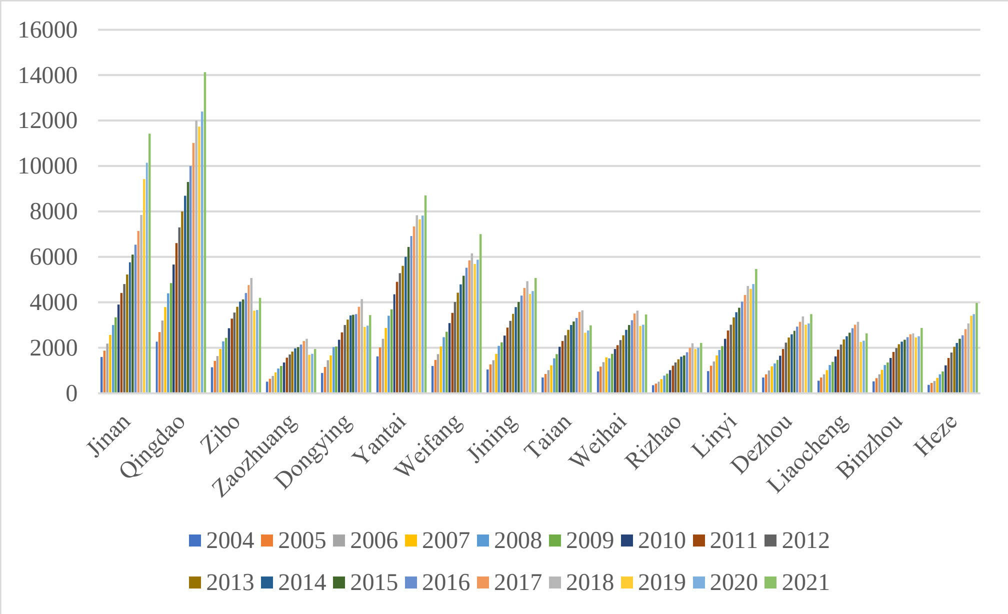

Figure 3. Gross Municipal Product of 16 Cities, 2004-2021

As shown in Figure 3, between 2004 and 2021, cities in Shandong Province achieved solid economic growth. Qingdao's total GDP has always occupied the first place in the province, becoming the first city in Shandong Province with a GDP exceeding one trillion yuan, with a total GDP of 1,413.646 billion yuan in 2021, accounting for 16.95% of the province's total GDP. It is followed by Jinan City and Yantai City, with a total GDP of 1,143.222 billion yuan and 871.175 billion yuan in 2021, respectively. In contrast, the total GDP of Liaocheng, Rizhao and Zaozhuang is relatively small, with 264.252 billion yuan, 221.196 billion yuan and 195.157 billion yuan in 2021, respectively. During this period, the economic development level of cities in Shandong Province showed significant differences and characteristics. As the twin engines of the province's economy, Qingdao and Jinan continue to maintain a leading position in terms of economic aggregate, and Yantai is not far behind, becoming the third city in Shandong Province to join the trillion yuan. As economically developed cities, Weifang and Linyi have a total GDP of more than 300 billion yuan, making significant contributions to the economic development of the province. Shandong Province has also developed rapidly in the field of digital economy, with the total digital economy of the province growing to 4.3 trillion yuan, accounting for more than 47% of GDP, and the added value of core industries accounting for 8.6%. In the list of the top 100 cities in the digital economy, 11 cities in Shandong Province were selected, highlighting the strong development momentum of Shandong Province in the field of digital economy. From the perspective of per capita GDP, the cities in Shandong Province rank Dongying, Qingdao, Yantai, Jinan, Weihai, etc., and the per capita GDP of Dongying ranks first, which is 3.56 times that of Liaocheng. This reflects the regional differences in the level of economic development in Shandong Province, with the eastern coastal cities such as Qingdao, Yantai and Weihai having a relatively high level of economic development, while the central and western cities such as Liaocheng are relatively slow to develop.

3.2. Analysis of the Development of the Financial Industry in Shandong Province

3.2.1. The strength of the financial industry continues to be consolidated

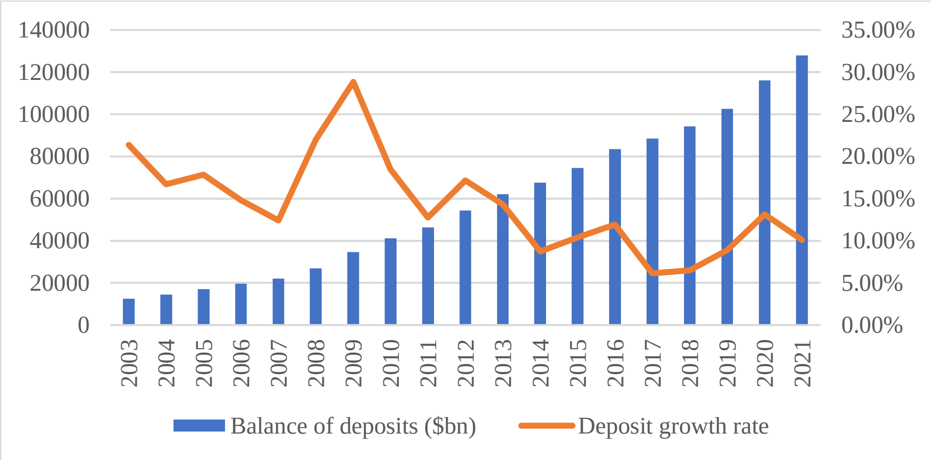

Figure 4. Deposit Balance, Deposit Growth Rate, Shandong Province, 2003-2021

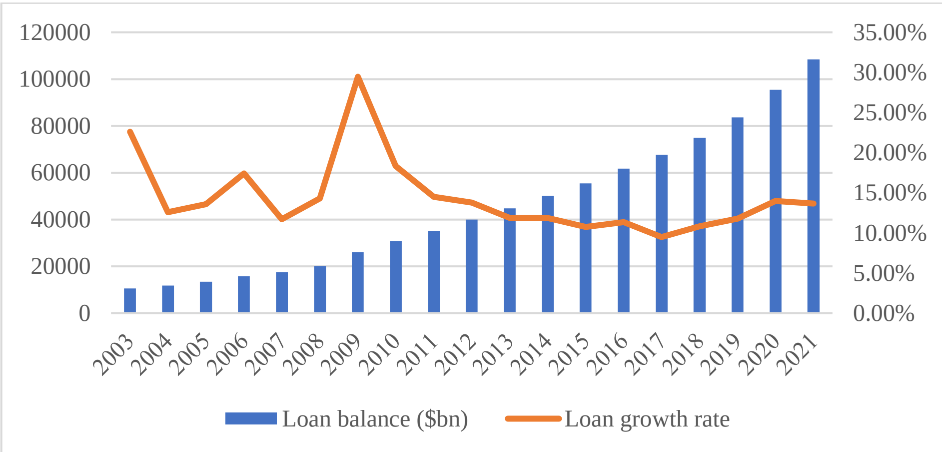

Figure 5. Loan Balance, Loan Growth Rate, Shandong Province, 2003-2021

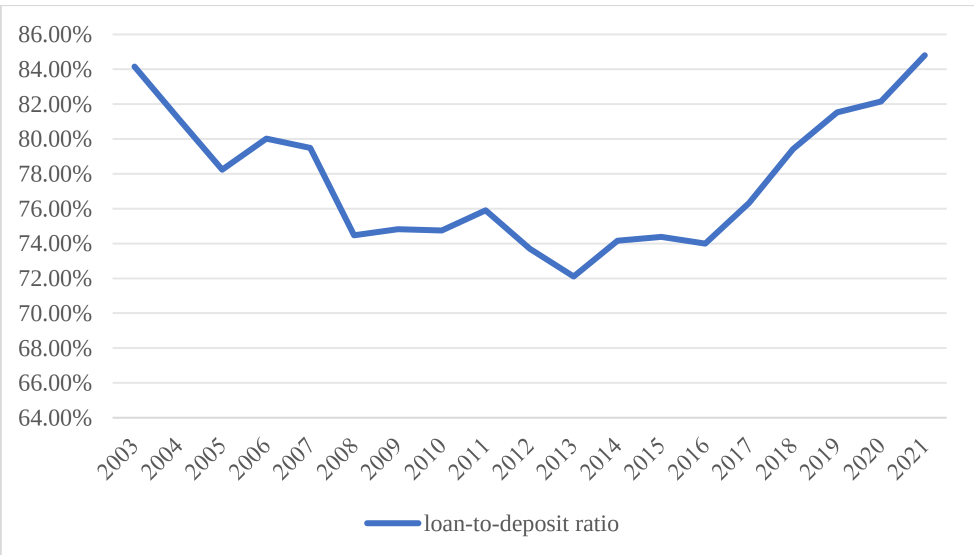

Figure 6. Deposit-to-Loan Ratio in Shandong Province, 2003-2021

At the end of 2021, financial data in Shandong Province showed solid growth. The balance of deposits in local and foreign currencies in the province reached 13.05 trillion yuan, a year-on-year increase of 10.3%, although the growth rate fell by 2.7 percentage points compared with the previous year, but the growth momentum is still strong. The increase in deposits for the whole year was 1,213.27 billion yuan, a decrease of 147.78 billion yuan compared with the previous year. Specifically, the deposits of households and non-financial enterprises increased by 104.58 billion yuan and 105.47 billion yuan respectively year-on-year, while the deposits of government agencies and organizations and financial deposits increased by 36.13 billion yuan and 26.87 billion yuan respectively year-on-year, reflecting the changes in the demand for funds in different departments. In terms of loans, Shandong Province has performed more prominently. At the end of 2021, the balance of loans in local and foreign currencies in the province was 11.1 trillion yuan, a year-on-year increase of 13.4%, which was 2.1 percentage points higher than the national average. The annual increase in loans was 1,315.48 billion yuan, an increase of 160 billion yuan year-on-year, and the increase hit a record high for four consecutive years, ranking fourth in the country in terms of loan balance and increment. This data shows the activity of Shandong Province in the field of lending, as well as the increase in financial support for the real economy. From the perspective of the loan-to-deposit ratio, Shandong Province had the lowest loan-to-deposit ratio of 72.11% in 2013, reflecting the efficiency and economic vitality of financial funds in Shandong Province. Overall, Shandong Province has shown a positive growth trend in terms of deposits and loans, and finance has played a significant role in supporting economic development, providing strong financial support for the stable growth of the province's economy.

3.2.2. The financial organization system is becoming more and more sound

Shandong Province has initially built a diversified financial system dominated by banking, securities and insurance, and inclusive of a variety of emerging financial forms. As of 2021, the number of outlets of large commercial banks in Shandong Province, the number of institutions of China Development Bank and policy banks, joint-stock commercial banks and city commercial banks were 4,227, 128, 1,115 and 1,510, respectively. In addition, there are 11 private banks, auto finance companies, consumer finance companies and financial leasing companies. By the end of 2021, Shandong Province has 3 corporate securities companies, 133 securities branches, and 561 securities business departments; There are 4 corporate futures companies and 1 corporate fund company. In the field of insurance, the number of insurance companies in Shandong Province is 5, 97 and 7,214 respectively.

With the transformation of China's economy to high-quality development and the deepening of financial reform, the marketization and internationalization of China's financial market are accelerating. The financial industry in Shandong Province is facing unprecedented development opportunities. However, there are also some challenges in financial development: the overall financial strength needs to be strengthened, the scale of local financial institutions is relatively small, there is still room for improvement in the scale strength and brand influence of local corporate financial institutions, there is an imbalance in the structure of the financial industry, and the development level of the securities, insurance, funds and futures industries needs to be further improved.

4. CONCLUSIONS AND COUNTERMEASURES

4.1. Main Conclusions

Based on the overall data of Shandong Province from 2003 to 2021 and the relevant data of 16 cities, this paper analyzes the economic growth status and the development status of the financial industry in Shandong Province, and draws the following conclusions: from 2004 to 2021, the economic development level of Shandong Province has been significantly improved, the GDP growth rate has reached a new high since 1995, the added value of the three industries has increased in an all-round way, industry, especially high-tech manufacturing has become the main driving force of economic growth, and the contribution rate of the service industry to economic growth is significant. The consumer market and foreign trade have shown strong growth, the province's economic structure has been continuously optimized, the quality and efficiency of development have been continuously improved, and the overall economic strength has jumped to a new level. During this period, the 16 prefecture-level cities under the jurisdiction of Shandong Province, including Jinan, Qingdao and Zibo, all showed different economic characteristics and development trends. Qingdao and Jinan, as sub-provincial cities, have a leading economic aggregate, and Qingdao, with its strong industrial base and open port advantages, has a GDP scale of 700 billion yuan. Yantai and Weifang are at the level of 800 billion and 700 billion respectively, while Linyi and Jining, as cities of 500 billion yuan, have also shown strong economic vitality. Zibo is a 400 billion-level city, and Heze, Dezhou, Weihai, and Dongying are 300 billion-level cities. The economic development of these cities has not only promoted the economic prosperity of Shandong Province, but also reflected the achievements of Shandong Province in regional coordinated development. Cities have played an important role in industrial upgrading and transformation, and the transformation of old and new kinetic energy, especially Qingdao and Jinan, which have a relatively high proportion of service industries, which have made significant contributions to economic growth. At the same time, coastal cities such as Dongying, Yantai and Weihai in Shandong Province have performed better in terms of per capita GDP, while inland cities such as Liaocheng and Heze are relatively lagging behind. The economic conditions of these cities together constitute a rich and colorful economic picture of Shandong Province, reflecting the overall progress of Shandong Province in economic development and the balance of regional development.

4.2. Recommendations

4.2.1. Promote the coordination of financial development strategies with regional development strategies

The "Implementation Plan for Implementing the Opinions and > of <the CPC Central Committee and the State Council on Establishing a More Effective New Mechanism for Regional Coordinated Development" issued by the Shandong Provincial Party Committee and the Provincial Government has built a regional strategic coordination mechanism based on the geographical advantages of 16 cities in Shandong Province and their respective development characteristics, and implemented the regional development strategy of the three major economic circles with the provincial capital, Lunan and Jiaodong as the core, aiming to promote the development of regional integration in the province. However, at present, Shandong Province has not formulated a specific financial development strategy for these three economic circles in terms of financial development, which makes the positioning of the financial industry in regional development unclear, and the coordinated development of regional development strategy and financial industry is facing certain challenges. To this end, Shandong Province needs to put the development of the financial industry at the core of the regional development strategy, and formulate the corresponding financial development strategy according to the actual needs of regional economic development. Under the guidance of the overall development layout of Shandong Province, financial reform should be promoted in a targeted manner and a financial development path suitable for regional economic development should be found. At the same time, it is necessary to actively promote financial innovation that matches the characteristics of economic development, cultivate leading cities in financial development in various economic circles, and effectively enhance the ability of financial services for regional economic development.

4.2.2. Enhance the industrial cluster effect of financial hub cities

It is important to enhance the competitiveness of cities and promote regional economic growth, and strengthen the role of financial hub cities as industrial clusters. To this end, it is necessary to create an efficient and transparent financial regulatory framework to improve the efficiency of financial services, attract financial institutions to gather, and build a cluster effect of financial services. At the same time, enterprises should be encouraged to use direct financing methods such as the stock market and bond market to enrich financial products and services to meet the needs of various enterprises. In terms of financial technology innovation, it is necessary to actively promote the application of cutting-edge technologies such as blockchain and big data in the financial industry, stimulate the innovation vitality of financial products and services, and enhance the popularity and convenience of financial services. Deepen the integration of the financial industry and the real economy, and support the real economy through financial means, especially to help the development of small and medium-sized enterprises and innovative enterprises. We will further improve the financial infrastructure such as payment, clearing and settlement, reduce transaction costs, improve the efficiency of capital flow, and lay a solid foundation for the construction and expansion of financial industry clusters. At the same time, it will strengthen cooperation with neighboring cities in the financial field, realize resource exchange, complement each other's advantages, jointly build a regional financial cooperation platform, and enhance regional financial competitiveness. Finally, preferential policies should be formulated to provide incentives such as tax exemption and financial support for financial industry clusters to attract more financial resources and projects to be put into operation.

4.3.3. Improve the level of financial development and promote financial development and innovation

In the modern economic system, improving the level of financial development and stimulating financial innovation are the core tasks. To this end, it is necessary to establish a robust financial regulatory system that guarantees market transparency and fairness, while providing space for financial innovation. Regulators should work with fintech companies to develop regulatory frameworks that adapt to emerging financial products and protect consumer rights. Financial institutions should adopt cutting-edge technologies such as blockchain, artificial intelligence, and big data analytics to improve service efficiency and risk management capabilities, gain insight into market trends, reduce transaction costs, and provide personalized financial solutions. At the same time, investment in green and sustainable finance should be increased, environmental protection and social responsibility projects should be supported, and multi-level capital markets should be developed to provide financing channels for small and medium-sized enterprises. Financial institutions need to invest more in fintech and improve digital services to meet consumers' needs for convenient financial services, such as mobile payments and online banking. Financial education and talent training are also crucial, and it is necessary to cultivate financial talents with an international perspective, improve the financial literacy of the public, and promote social financial health. Through these measures, a stronger, more efficient, and more inclusive financial system can be built.

REFERENCES

[1] Anthony Marchese, Freda Zhang, What to expect from Chinas dual circulation strategy, November 11, 2020.

[2] Andrew Cainey, Xi's ‘dual circulation’ strategy: reframing globalisation, March 09, 2021.

[3] Xu Zexiang, Zhang Long. Analysis of the "nonlinear" migration characteristics of the impact mechanism of regional financial development on economic growth [J]. Exploration of Economic Issues, 2023, (05):113-125.)

[4] Fan Xiaoli. Digital finance development, regional infrastructure and regional economic growth: An analysis based on the perspective of new economic geography [J]. Journal of Southwest University for Nationalities (Humanities and Social Sciences), 2023, 44(09):94-103.)

[5] Dai Shugeng, Hu Wentao, Li Hui. Statistical Research, 2023, 40(10):83-95.)

[6] Zhao Xindong, Shen Chengfang. The role of financial development in the relationship between income inequality and economic growth [J]. Social Science Front, 2024, (03):68-81.)