

China quietly releases 2017 provincial GDP figures

China's National Bureau of Statistics quietly released provincial GDP figures on Monday. Quietly, because the data don't quite add up. As in previous years, the national growth rate calculated by adding up all of the provincial figures — 8.1% — is higher than the actually reported national growth rate of 6.9%.

That longstanding problem may be on the way out. China's provinces have been told to quit chasing inflated targets, and several have in fact reduced their growth targets for 2018. Publicly acknowledged fabrications of GDP statistics in Inner Mongolia and Tianjin seem to have been reflected in their 2017 statistics.

Like a company writing down past accounting irregularities, Inner Mongolia posted a 15.7% decline in GDP last year. Tianjin, a booming advanced manufacturing hub, reported growth of just 1.4%, presumably to adjust for prior years' misreporting. It will be interesting to see if both provinces return to normal in 2018.

The rest of the country's figures seem broadly reasonable. Though China's provincial growth figures may be somewhat inflated, and some of them are seriously unreliable, most of them probably do reflect genuine differences in growth rates across regions. Take off a point or two across the board, but it still makes sense to compare provinces against each other.

Two provinces reported growth rates in excess of 12%: northern China's Shanxi province and southwest China's Guangxi province. Both are among China's poorest and most rural provinces, and both desperately need the growth. Even after posting those impressive figures, they are still hovering at around \$6,500 GDP per capita.

Eleven other provinces reported growth rates above 10%, including most of China's rich eastern coastal provinces. China's largest province, southeastern Guangdong, reported 10.2% growth to bring its GDP per capita to nearly \$13,000. That's still far below the level of neighboring Hong Kong (\$44,000), but parts of Guangdong are catching up fast.

However the poor Dongbei region, northeast of Beijing on the border with Russia and North Korea, is falling further behind. While the so-called Jing-Jin-Ji region surrounding the nation's capital surges ahead, the neighboring heavy industrial provinces of the Dongbei continue to struggle with difficult industrial restructuring.

The Dongbei's difficulties reflect the most striking thing about China's provincial GDP map: the huge gap between the eastern coastal provinces and the rest of the country. Shanghai and Beijing, with around \$20,000 per capita GDP, are starting to approach the levels of neighbors like Taiwan (\$24,000) and South Korea (\$30,000).

Per capita output in the Dongbei is less than half that level. North China (Huabei) and northwest China (Xibei) are doing even worse. Rural Gansu province in the heart of the Xibei has a GDP per capita less than one-fifth that of Beijing. And with an annual growth rate of less than 5%, it won't be catching up anytime soon.

China's massive regional disparities — more than twice as large as those between U.S. states — call out for central government policies to address them. In some ways China is working hard to knit the country more closely together, for example with its world-class high speed rail network. In other ways, China's rich eastern cities are pulling up the ladder behind them, as they declare themselves “full” and tell rural migrants to move elsewhere.

As GDP growth slows throughout China, it will become more and more difficult for people to enjoy President Xi Jinping's Chinese dream of a “moderately prosperous society.” Many of those lucky enough to hold legal residency in China's eastern provinces are already living the Chinese dream, or soon will be. Those unlucky (hundreds of) millions who live in the north and west may have much longer to wait.

Salvatore Babones

[Return Home](#)

Viewed using [Just Read](#)