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# Study on the Current Situation and Countermeasures of Undertaking Industrial Transfer in Western China

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#### Abstract:

Industrial transfer has become a major trend of contemporary world economic development. China's industrial transfer is gradually developed from the eastern coastal agglomeration to the central and western regions. The cost of factors in the east keeps rising, while the western region is in the early stage of development, rich in natural resources, low cost of factors of production and large market potential, which will inevitably become an important bargaining chip for the western region to attract the industrial transfer of developed regions. Under such background, this paper analyzes the current situation of undertaking industrial transfer in western China from the aspects of scale, source of industry, level of industry, mode of industry transfer and construction of demonstration area of industry transfer. Through literature analysis and data analysis, it is found that in the process of undertaking industrial transfer in western China, the ecological environment has been destroyed, the state of "high growth, low development", the acceleration of disorderly competition, and the passive economic growth. Based on this, this paper also puts forward a series of corresponding countermeasures to these problems, in order to promote the western regions to undertake high-quality industrial transfer for reference.

**Keywords**: Industrial transfer, Western Region, Countermeasure analysis

#### I. INTRODUCTION

Industrial transfer is due to the fact that the demand for resources and products in developed regions has exceeded the acceptance capacity of an industry, while the regional comparative advantages in developing regions have become prominent, so the industry will be transferred from developed regions to developing regions in accordance with the regional advantages. China's industrial transfer generally begins with resource processing, processing and manufacturing industries and labor-intensive industries, and gradually develops from the eastern coastal areas to the central and western regions. Now, the international and domestic division of labor is becoming increasingly profound, while the cost of factors is constantly rising, so China's eastern coastal areas also begin to speed up the process of industrial transfer to the central and western regions. The western region is still in the early stage of development, rich in natural resources, low cost of production factors and great market potential, which also become an important

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bargaining chip to attract investment in the western region.

Xiang Linglin believes that the current situation of undertaking industrial transfer in western China is mainly manifested as follows: First, China has issued a series of industrial policies and measures to promote the undertaking of industrial transfer in western China; Second, the current industrial transfer in western China is of a single type, which not only promotes regional economic growth but also has a negative impact on the local ecological environment [1]. According to Guo Lijuan and Deng Ling, the achievements of undertaking industrial transfer in western China are as follows: first, the scale of undertaking industry grows rapidly and the growth rate keeps accelerating; Second, the level of undertaking industry has been significantly improved, and the industrial structure has been constantly upgraded. Thirdly, undertaking industrial transfer has promoted industrialization and urbanization in western China. Fourthly, undertaking industrial transfer is conducive to narrowing the gap between western China and eastern China [2]. The undertaking of industrial transfer in the western region has greatly promoted the economic development of the western region, and at the same time, we should also pay attention to the accompanying many negative effects. According to Gong, the problems of undertaking industrial transfer in western China include: first, taking economic index growth as the main goal of undertaking industrial transfer makes western China fall into the abnormal shape of "high growth and low development"; Second, the dependence on resources is too strong, which is not conducive to sustainable development; Thirdly, the way of undertaking industrial transfer is extensive and passive. Fourthly, the disorderly competition to undertake industrial transfer has intensified the imbalance of internal development in western China [3]. In view of the negative impact of undertaking industrial transfer in western China, Wang Bei put forward the following countermeasures and suggestions: First, abandon the traditional undertaking mode and take the ecological undertaking road; Second, adjust the industrial structure and rationally choose the industries to undertake; Third, strengthen industry guidance, strengthen environmental protection laws and regulations; Fourthly, build industrial park and undertake platform; Fifth, build a logistics network to save logistics costs [4].

The purpose of this study is to organically combine the undertaking of industrial transfer with the optimization and upgrading of industrial structure in the western region, prevent the exhaustion of resource-based cities and the fixed line of regional industrial structure, and enhance the power of independent development and innovation of the industry in the western region.

# II. THE CURRENT SITUATION OF UNDERTAKING INDUSTRIAL TRANSFER IN WESTERN CHINA

2.1 The Scale of Undertaking Continues to Expand, and the Structure is Gradually Optimized

With the gradual acceleration of industrial division of labor at home and abroad, various policies to promote industrial transfer in western China, such as western Development, have been introduced and implemented successively, and the speed of undertaking industrial transfer in western China has been accelerating year by year [5]. In the first half of 2018, fixed asset investment in the western region reached

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4,417 billion yuan, up 22.7 percent year on year, higher than 18.7 percent in the eastern region, showing a rapid development momentum.

According to the 2018 Yearbook of the National Bureau of Statistics, the GDP of the western region reached 11.3915 trillion yuan, an increase of 12.5 percent, and its share in the country's GDP increased from 19.2 percent in the previous year to 19.8 percent. Investment in fixed assets (excluding rural households) reached 8.615 trillion yuan, up 24.7%. Total retail sales of consumer goods reached 3.661.4 trillion yuan, up 15.8%. Total imports and exports reached us \$236.4 billion, up 28.5%. Local government revenue is expected to reach 1.2765 trillion yuan, up 18.0%. Greatly increased the income of urban and rural residents, the growth rate of basic keep pace with economic development, the western region of outstanding loans 12.1 trillion yuan, the growth rate of 2.7% higher than the national, chongqing, sichuan and other provinces the actual use of foreign capital have reached double-digit increase [6], a group of electronics, automobile, home appliances, and other large equipment manufacturing enterprises located in the west. The demonstration zones in the east of Guangxi, along the Yangtze River in Chongqing and Yinchuan in the Ningxia Hui Autonomous Region for undertaking industrial transfer are showing good results.

In the initial stage of undertaking industrial transfer in western China, most of the undertaking industries are resource and energy and labor intensive industries. With the deepening of industrial transfer, although the industrial main body remains unchanged, the industrial transfer in western China is gradually showing a trend of industrial scale extension and structure optimization, and the number of "three high" enterprises is also decreasing year by year. In the past, the industries transferred from other regions in western China were mainly represented by natural resources. For example, from 1999 to 2016, the total oil and gas extraction industry in western China accounted for 12.7% of the national output value, and increased by 16.72%. The proportion of the total output value of non-metallic mining and selection industry in the national total output value increased from 12.44% to 24.28%, an increase of 11.84%; The proportion of total output value of petroleum and coking industry in national output value increased from 8.55% to 18.32%, increasing by 9.77% [7]. With the acceleration of industrial transfer in recent years, the industrial structure in central and western China has been upgraded. First, the injection of funds from outside the province into new investment fields has accelerated the upgrading of the industrial structure transferred to real estate. Second, industrial transfer promotes industrial upgrading by promoting the independent innovation of the real estate industry.

#### 2.2 Relatively Concentrated Sources of Undertaking Industries

Compared with foreign enterprises, location, resources and other conditions make western China more attractive to eastern China. Due to the rising cost of labor, resources and land in the eastern regions, especially in the Pearl River Delta, Yangtze River Delta, Fujian Delta and Beijing and Tianjin, the economic benefits of some labor-intensive industries have been decreasing year after year. At the same time, attracted by various preferential policies in the western region, these enterprises begin to accelerate the transfer to the western region. Correspondingly, the funds received by the western regions also mainly

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come from the eastern coastal provinces.

Since 2009, inter-regional industrial cooperation and industrial transfer in China have been more active. From the perspective of typical provinces in western China, Sichuan introduced 3.3 trillion yuan of capital from home and abroad from 2009 to 2013. The investment covers energy and electric power, equipment manufacturing, electronic information, oil and gas chemical industry, transportation and logistics, building materials, environmental protection, communications, agriculture and food processing and many other fields [8]. In the past five years, Chongqing has introduced a total of 2.1 trillion yuan of domestic and foreign funds, more than 10 times the sum of the previous five years, and achieved remarkable results in undertaking industrial transfer. In the past five years, Shaanxi province has introduced 1.44 trillion yuan of domestic and foreign capital, and gradually formed a trend of undertaking the overall transfer of industrial chain or industrial cluster in the form of professional industrial parks. More than 60% of the non-provincial funds utilized by the central and western regions come from the eastern developed regions [9]. As shown in TABLE I, Beijing, Shanghai, Zhejiang, Jiangsu and Guangdong accounted for about 50 per cent of the out-of-province funds undertaken by Anhui, Chongqing and Shaanxi provinces in 2018.

TABLE I. Sources of capital outside the province of typical provinces in 2018

	Top three provinces and cities in terms of capital	Top three Provincial and municipal funds (100 million Yuan)	The proportion of capital of the top three provinces and cities
Anhui	Zhejiang, Jiangsu, Shanghai	1275	52.2
ChongQing	Beijing, Guangdong, Zhejiang	1301	48.3
ShanXi	Beijing, Guangdong, Shanghai	1275	52.8

Data source: Data collated from the websites of provincial and municipal departments of Commerce in 2018

#### 2.3 The Level of Undertaking Industry Keeps Improving

With eastern and western region the profound adjustment of the economic structure, the level of the eastern region to the western region industry transfer has obvious changes, gradually by the textile and clothing is given priority to the low level of labor-intensive industries to give priority to with mechanical, electronic and information of capital-intensive and technology-intensive industry shift, relying mainly on energy and mining of mineral resources by pretreating to deep processing of resources. A large number of large enterprises, such as Intel, Foxconn, Lenovo, FAW-Volkswagen, Gree Electric Appliances, Shanghai Heavy Industry, CNR Group, have settled in Chongqing, Sichuan, Shaanxi and other provinces and cities. From January to May 2018, the total output value of high-tech industries in the western region grew by 40

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percent, 9 and 31 percentage points higher than the central and eastern regions, cnR.cn reported.

At present, manufacturing is still the main industry to undertake industrial transfer in western China. From 2005 to 2017, the actual foreign direct investment in manufacturing accounted for more than 50% of the total foreign direct investment in that year, and the proportion is increasing year by year. From 2015 to 2016, among the top 500 foreign-invested enterprises in China, 363 were manufacturing enterprises, accounting for more than 70 percent. With the transfer to the western region processing manufacturing, multinational companies have begun to more efforts to implement the strategy of local spare parts supply, the whole industry chain transfer to China, some large multinational companies and even set up r&d center, service center in China, high and new technology industry and producer services is becoming a new hot spot in the western region to undertake industry transfer. In 2018, foreign direct investment in the service sector in the western region reached us \$67.9 billion, accounting for 31.1 percent of the total.

#### 2.4 Innovative Industrial Transfer Methods

In the process of undertaking industrial transfer from eastern and central China, the way of undertaking has changed fundamentally and innovated constantly. In practice, local governments have gradually presented a variety of new organized and planned ways, such as industrial chain, industrial cluster and park construction, from the previous spontaneous, sporadic, scattered and small-scale industrial transfer [10]. Such as the wuhou district of chengdu in sichuan province CuQiao Township leather shoes and furniture, heavy equipment machinery industry area of deyang city of sichuan province, the electronic information industry cluster of sichuan and shaanxi, chongqing automobile motorcycle manufacturing, liupanshui, panzhihua coal, metallurgical industrial base, yunnan's xishuangbanna, stone forest, the old town of lijiang tourism industry cluster, Karamay - petrochemical base of Urumqi, etc.

At present, to build industrial clusters to promote economic upgrading to become the consensus of western provinces. According to the plan of Gansu Province, during the 12th Five-Year Plan period, the province focuses on jiayuguan metallurgy and new materials, Jiuquan new energy and new energy equipment manufacturing industry, Jinchang non-ferrous metals and new materials industry and other 10 billion circular economic industry chain to undertake the industrial transfer in the eastern and central regions, promote the leap-forward development of industrial economic transformation; Since the establishment of a demonstration zone along the Yangtze River to undertake industrial transfer, Chongqing has cultivated industrial clusters such as electronic information parts, auto parts, fine chemicals, textile and clothing, and consumer goods manufacturing, with a manufacturing capacity of about 800 billion yuan.

## 2.5 Steady Progress was Made in the Construction of Industrial Transfer Demonstration Zones

In addition to the fundamental change in the way of industrial transfer, the support of the national policy for industrial transfer has been constantly strengthened. To undertake the construction of industrial transfer demonstration area is a new approach of industrial transfer jointly created by the state and local governments. The meaning of "demonstration zone for undertaking industrial transfer" is that the western

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region undertakes the industrial transfer from the east and outside China on the basis of improving infrastructure and public services. The key point of demonstration area construction is to build a platform to undertake transfer in the western region to attract domestic and foreign industries to seek development space in the western region.

The State Council clearly points out in the Guiding Opinions on Undertaking industrial transfer in the Central and western Regions that demonstration areas for undertaking industrial transfer should be set up in places with better conditions in the central and western regions to give full play to their typical demonstration and radiating and leading role. By April 2013, the National Development and Reform Commission had approved the establishment of eight state-level industrial transfer demonstration zones in central and western China. Through the construction of industrial transfer demonstration areas, we can explore new mechanisms, new models and new ways of industrial transfer, and take the lead in the central and western regions in undertaking industrial transfer.

# III. PROBLEMS IN THE PROCESS OF UNDERTAKING INDUSTRIAL TRANSFER IN WESTERN CHINA

## 3.1 Ecological Environment is Destroyed

The ecological environment in western China is very fragile, and it is easier to be destroyed because of the fragility of the environment. Little unreasonable human activities will cause a considerable impact on the environment in western China. Desertification area in western China continues to expand every year, resulting in continuous deterioration of the quality of land and grassland, and frequent sandstorms. Such unstable ecological carrying capacity has seriously restricted the undertaking of industrial transfer in western China and threatened the lives of local residents [11].

By comparing the current situation of environmental pollution caused by industry in the eastern, central and western regions, it can be found that: first, in terms of industrial wastewater discharge, the eastern region has always been much higher than the central and western regions. Even so, the annual per capita emissions of the three regions are at the same level. Considering the water carrying capacity of each region, therefore, the low discharge of wastewater in the western region does not mean that the western region has less water pollution. Second, in terms of solid waste discharge, the annual discharge of solid waste in western China is more than 4 million tons, far more than that in eastern and central China, which is very harmful to soil, air and water in western China. Third, in terms of sulfur dioxide emissions, the western region ranks second in terms of total emissions, but is higher than the other two regions in terms of per capita emissions. Different from the declining trend in the eastern region, the emissions in the western region are not falling but rising, and the air quality in the western region is worrying. All kinds of comparisons show that, for example, energy and resource industries, heavy industry and other industries that consume a lot of energy, resources and environment must be rectified and optimized to reduce the contradiction between industry and environment, so that the sustainable development of industrial transfer can be achieved.

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# 3.2 Fall into the Mode of "High Growth and Low Development"

In undertaking industrial transfer in the process, the western region to region economic indicators as the main target, too low to high energy consumption industry, the output of blindly only focuses on the role of its economic growth, the experience in other parts of the industry transfer copy imitate, don't pay attention to the protection of environment and resource saving, do not focus on how to reduce energy consumption and technological innovation, It is common in practice to simply use resources and markets for short-term economic benefits. However, this approach is not conducive to long-term economic development and is contrary to sustainable development strategies.

According to the statistics of the Ministry of Land and Resources, the proportion of illegal land in western China is on the rise, which is caused by the unreasonable use of land resources in western China caused by the blind undertaking of industrial transfer in western China. This shows that although the economic growth trend of the western region is strong, it ignores the long-term goal of economic development, and the fact that the gap between the east and the west is too large still exists. By comparing the economic nature and structure of the eastern and western regions, we can see that the economic growth of the western region relies more on the promotion of state-owned economy with lower economic efficiency and less flexibility in employment absorption.

## 3.3 Disordered Competition Accelerates the Unbalanced Development

The undertaking of industrial transfer will promote the adjustment and optimization of industrial structure in western China to a certain extent. However, there will also be "crowding out effect", that is, if there is similar industrial development in the local area, the local undertaking of industrial transfer will have impact on the local industry, and even be squeezed out by the foreign industry. Its performance is as follows:

First, to still have development space of the industry, the eastern region in the process of industry transfer will transfer in the lower part of the production process to the western region, the development mode is mainly in the western region energy resources elements such as advantage, so could make into the industry and the industry in the west local resources for a phenomenon, Weaken the development momentum of local original industry, affect its future development. For a long time, because of the lack of macroscopic guidance to industrial transfer, there is irrational competition for investment attraction in western China. Every year, sichuan, Chongqing, Inner Mongolia, Shaanxi and Guangxi rank top five in the total amount of undertaking industrial transfer in the western region, with little change in ranking. The total amount of foreign investment attracted by these five provinces and cities has always accounted for more than 80% or even close to 90% of the total amount of foreign investment in the western region. From the perspective of the spatial distribution of undertaking industrial transfer, investment is mainly attracted in the regional central cities with top comprehensive strength, such as Chengdu and Chongqing. Industry transfer from the various provinces and cities to encourage city preferential policies, encourage to undertake by the industry and industry transfer source has a lot of similarities, manufacturing,

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labor-intensive industries, resource development and high technology industry has become the various provinces and cities to undertake the focus of the industry, and undertake the main sources of industrial transfer is the pearl river delta and the Yangtze river delta region.

Second, if the western region pays attention to the introduction of advanced technology and scientific and technological innovation in the process of undertaking industrial transfer, it will become stronger and bigger. However, the technology of enterprises in this region is relatively backward, and the transferred enterprises take their own corporate strategy into consideration, so they seldom communicate with enterprises on technical experience. Therefore, accepting some enterprises cannot contribute to the improvement of industrial technology in western China. In this case, the local enterprises may be gradually eliminated due to technical reasons.

#### 3.4 Economic Growth is in a Passive State

In the process of undertaking industrial transfer, the western region learns from the experience of other regions, blindly caters to the domestic and foreign industrial transfer, and becomes the ideal undertaking place. The form of industrial transfer can only be conservative and passive to undertake [12].

When formulating preferential policies, the local governments in western China will also unilaterally consider the demands of the enterprises they undertake for resources and energy, and formulate preferential policies that are not conducive to sustainable development regardless of the local ecological environment and the development of local enterprises. As the economic development strength of the eastern region increases, although some enterprises move to the central and western regions due to the rise of factor costs and the competitive pressure of foreign markets, once the policy advantages of the western region no longer appear or new development opportunities appear in the eastern region, these enterprises will not move back.

# IV. TO PROMOTE THE STUDY OF COUNTERMEASURES FOR THE TRANSFER OF HIGH-QUALITY UNDERTAKING INDUSTRIES IN WESTERN CHINA

### 4.1 Vigorously Promote Sustainable Development and Protect the Ecological Environment

When undertaking industrial transfer, it is also necessary to properly handle the relationship between undertaking industrial transfer, protecting the ecological environment, economic growth and rational use of resources, so as to ensure rapid economic growth and avoid ecological environment damage [13].

First, environmental protection should be taken into account in economic development. In the western region in undertaking industrial transfer must take the development of economic and social and ecological concept, combining in undertaking industrial transfer in the process, should always adhere to the introduction and ecological environment protection does not conflict with the industries and projects, local governments should also be clear of ban, eliminate class industry and products, the construction of

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ecological environmental protection industry park, In the planning and construction of the park, the full and circular utilization of resources in the park should be emphasized, and the selection of projects should be more strict, and the projects with serious ecological environment pollution should be treated with caution. At the same time, we will actively undertake and introduce emerging industries with low energy consumption, energy conservation and environmental protection to achieve rapid and sound economic development.

Second, in the process of industrial transfer, we should pay attention to the implementation of energy conservation and emission reduction. The western region should strictly follow the national standards for environmental protection, actively promote energy conservation and emission reduction, protect the ecological environment, and reduce the amount of pollutants discharged in the region. For the project that does not conform to the national environmental protection standard, it should be refused to transfer to the western region; Introduce new energy-saving equipment and technology with low energy consumption and eliminate corresponding backward equipment and technology; We will focus on treating enterprises that are heavily polluting and highly dependent on energy consumption of resources, reduce the discharge of pollution and control pollution at its source.

Third, we should attach importance to technological innovation. Based on the actual situation of the region, we should combine technological innovation with industrial transfer, build a new type of industrialization and urbanization, make up for the future, give full play to our own advantages, reduce resource consumption and create reasonable economic benefits. On the basis of compatible industrial supporting facilities and considering the ecological environment, the development of local characteristics, to find their own way.

Fourthly, we should learn to make rational use of land resources, change the way of land use and save land resources. In terms of land use planning, it is necessary to guide enterprises to concentrate in industrial transfer parks, make scientific planning for enterprise undertaking parks, divide transferred enterprises into industries, and improve the utilization rate of land.

### 4.2 Optimize the Form of Development and Build Industrial Transfer Parks

Undertaking industrial transfer in western China is a long-term and complicated work, such as the optimization and upgrading of ecological environment, industrial structure and construction of ecological industrial transfer park. These problems constrain and influence each other. If these problems are not handled properly, they will give rise to new problems. Under the restriction of the western region's own conditions, in the process of undertaking industrial transfer, the best way is to follow the local natural law and the development of market economy, with the concept of modern ecological civilization construction, to guide the construction of industrial transfer park.

The western region should combine the local undertaking and transfer with the modern industrial system to change the unreasonable industrial structure. Therefore, in the detailed formulation of industrial

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transfer planning, it is necessary to enhance the optimization and upgrading of industrial structure together, targeted to undertake industrial transfer to carry out reasonable practice. When the western region has developed the chemical industry, metallurgy, agricultural and animal products, energy and other pillar industries with local characteristics, but these industries still have deep processing capacity to be strengthened and other problems, we should pay attention to the introduction of resource-based deep processing industry. Based on these characteristic industries with advantages, the introduction of supporting high-tech extension enterprises to achieve the goal of promoting industrial upgrading and undertaking industrial transfer for common development.

In undertaking industrial transfer in western China, the construction of industrial parks and industrial clusters should be guided by the concept of ecological civilization. In the process of undertaking industrial transfer, each region in the west should strengthen the construction of infrastructure and supporting facilities inside the industrial park, make scientific planning from the industrial layout and positioning, and make the construction of the industrial transfer park, an important platform, towards the direction of green and intensive development, and combine with the construction of ecological civilization.

# 4.3 Regulate Industrial Order and Build a Harmonious West

Practical experience shows that the regional industry transfer will accompany the whole process of regional economic development, at the same time of have a profound impact on economic growth, to be a regional spatial layout optimization, promote the reform of the system of labor productivity, the most useful way to also gradually became to speed up the transformation of the pattern of economic development and industrial structure optimization and upgrading of the necessary conditions. In order to make the western region more successful in undertaking the industrial transfer, we should devote ourselves to regulating the industrial order within the industry and take targeted measures to make the industry present healthy competition and promote the development of the western region together.

First of all, to standardize the industrial order in the western region, the government of the western region should strengthen the standard guidance to the industry. As for the key cities in the western region, such as Chongqing and Chengdu, they should devote themselves to undertaking high-tech industries, take the key cities as the driving force, radiate to other small and medium-sized cities, and enhance the technological innovation level of the cities in the western region. The secondary cities in the region should be encouraged to undertake industries that can be combined with local characteristics and become the secondary force of economic growth in western China. At the same time, industrial transfer industrial parks should be established reasonably to form industrial clusters, and infrastructure and service facilities should be improved in the clusters, so that local labor can choose nearby employment, but also promote the development of related supporting industries and related services.

Secondly, enterprises should communicate more with government departments and reflect their needs to the government. Enterprises can put forward their own ideas to the government in accordance with the issued government industrial transfer policies and the actual situation of their own enterprises. In this way,

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the government can not only understand the needs of enterprises, but also grasp the overall situation of local industrial transfer, so as to avoid the phenomenon of resource waste caused by policy mistakes.

#### 4.4 Break the Passive State and Develop Characteristic Industries

The implementation of the western development strategy is conducive to the development of undertaking industrial transfer, which also makes the western development better. As the new round of development of the western region is launched, the western region will display its advantages and take over the energy, equipment manufacturing and resource deep processing industries from the east. In the process of undertaking industrial transfer, the western region should not passively "accept industrial transfer", but should have more forward-looking thinking on the evolution of environment, technology and policy by relying on its own resources and geographical advantages. As long as we focus on the persistent cluster strategic orientation, we can gradually form a transfer industrial park with common characteristics of leading industries and advantages of scale economy.

The western development strategy and to undertake industrial transfer process of practice should be comprehensive considered factors such as energy resources, environmental capacity, market space, actively promote the common development of industrialization and urbanization in western China, promote industrial concentration distribution and intensive utilization of land, population is concentrated, radiation and driving the development of surrounding areas. At the same time, we should take measures in accordance with local conditions, select industries suitable for local development, and build industries with unique advantages in the western region. According to the existing regional foundation and resources, energy and other advantages, and to build a modern industrial system to speed up the adjustment and upgrading of industrial structure, discover and develop their own new advantages. And according to the existing advantages of the western region, actively undertake labor-intensive industries, energy and mineral resources development and processing industry, modern service industry, equipment manufacturing, agricultural products processing industry, high-tech industry, processing trade and other industries.

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