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The importance of the growth of the service economy in China

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ABSTRACT

In the world, the service business is developing rapidly and focal point of the worldwide financial challenge is moving from merchandise exchange to service. The primary reason for this study is identifying the importance of the growth of the service industry during the period of 1990-2017 of the Chinese economy. This paper contrasts the macroeconomic data of China and the United States, United Kingdom, Germany, Japan, Russia and India, and analyses its evolution of the macroeconomic environment and the composition of GDP. In addition, this paper examines in detail the connection between the inside structures of China's tertiary industry and its improvement, particularly concentrating on the financial advantages of the travel industry. According to the regional division of China, there is a significant relationship between the growth of China's service industry and the regional economy in the tourism developed regions. In this way, the paper introduces the importance of the growth of the service economy in China from 3 aspects, which is very complete and comprehensive.

Key words: service sector, economic growth, service activities, geographical

1. INTRODUCTION

In most countries, there are three different stages of development: the dominant position of agriculture, the prosperity of manufacturing and the significant commitment of services to monetary activity. The process of changing economic structure determines the increase in per capita income (Abdulkarim K, 2014). After the Second World War, with the emergence of the third scientific and technological revolution, the emergence of multinational corporations and the globalization of the financial and information technology revolution, the world's service industry has developed rapidly. The worldwide financial framework likewise progressively moved from an industrial-based framework to a service-based framework. The service business has turned into a significant pillar industry of all countries and it is the inevitable result of the development of social productive forces. As per the World Development Indicators 2012 discharged by the World Bank, in 2010, the global tertiary industry's total output value represented 72% of the worldwide GDP. On average, the service economy accounts for 75% of the total national output of developed countries, 55% for developing countries and 50% for less developed countries. This information demonstrates that the service industry is vitally in the worldwide monetary framework as it has turned into a noteworthy piece of the financial structure of most nations (Francisco Urdinez & Gilmar Masiero, 2015).

Reform and Opening up for more than 40 years, China has maintained a high economic growth rate. In 2017, China has turned into the world's second-biggest economy. In this year, China's GDP achieved 827.12 billion Yuan, an expansion of 6.9% contrasted and 2016, representing about 15% of the world's absolute GDP. In the meantime, the improvement of China's tertiary industry has also developed rapidly. In 2015, China's service industry's GDP accounted for more than 50% of GDP. In 2017, the proportion reached 51.6% (Yuankun Wang, Jian Li. etc. 2018). So, are the service economy and the growth of the Chinese economy must closely relate?

According to the statistics of the National Bureau of Statistics of China, in 1991 and 2002, the specific weight of China's tertiary industry's GDP to overall GDP was 33% and 34% respectively. In 12 years, this proportion has only increased by 1%, and the contribution of China's service industry to monetary development has been about equal to 1/3. This is significantly lower than the similar dimension of advancement nations (Xiaojuan Zhang, Hui Li, 2004). However, in the 20 years from 1991 to 2010, China has almost maintained the fastest financial development rate in the world. Obviously, the lag in the growth of China's service industry has not become an obstacle to its economic growth. This shows that China's economic growth is not entirely identified with the advancement of the service business. The changes in China's three industrial structures and the growth of the tertiary industry are difficult to explain with the "general laws" of many countries in the world.

So, the paper provided the general hypothesis that the China's service industry development likewise assumes a significant job in the economic advancement of the huge industrial country. Under the general hypothesis, the study also provided three smaller hypotheses: first, in the services industry, the departments of wholesale and retail trades, transportation, post and storage services, real estate, financial services contribute most; second, tourism development is quite important in the development of tertiary industry of China; third, in the developed tourism regions, the development of tertiary industry has significant correlation with the Gross Regional Product (GRP).

This paper analyses the overall development trend of China's macro economy with the United States, United Kingdom, Germany, Japan, Russia and India, and under the macroeconomic evolution of China, the importance of tertiary industry in China. Besides, the paper also analyses the contribution of specific sectors in China's service economy, understands the role and influence of China's tourism industry on China's economy and discusses the geographical distribution on Chinese service industry. The paper aims to help more people understand the importance of the growth of China's service industry in the national economy from 2000 to 2017.

2. LITERATURE REVIEW

During the period from 1951 to 1999, the service industry has gradually emerged. So, the systematic research history of the development of the economic and industrial service industry is relatively short. Since the British economist Ellen Fitch first used the definition of “third industry” in 1935, the definition of service theory has been studied. Hill pointed out in 1987 that service production activities will improve the situation of other economic units. This improvement can be applied to changes in the goods or materials of certain goods owned by the consumer unit. Improvement can also affect the physical or mental state of a person or group of people.

2.1 Research on the tertiary industry and economic growth

As the service economy becomes more and more important in the economy, more and more scholars are committed to study the connection between service economy and financial development. When referring to research results of international scholars and Chinese scholars, the author found that international scholars' research on service industry and national economic growth can be divided into two categories. A few researchers think that the tertiary industry is negatively correlated with economic development. In the study of international scholars, Kaldor and Warnock are two typical representatives. Kaldor N (1967) trusted that manufacturing was the main driver of regional economic advancement (the first economic growth law). Although the law was implemented very early in 2012, many scholars have used this law to determine that the service industry is not as important as the manufacturing industry. They pointed out that the improvement of the tertiary industry will bring a lot of capital flow to the service business, prompting insufficient growth momentum in the manufacturing business and ultimately affecting economic growth. Warnock (2010) also believes that economic development is the result of manufacturing transfer. The improvement of the service economy will reduce the advancement space of the manufacturing business, thus affecting the further expansion of the manufacturing scale. Around Chinese scholars, based on the economic history of developing countries, Wu Shenggong (2012) said that service industry exports are not a shortcut to China's development. He believed that until 2012, the service industry's GDP occupancy rate was only about 40%, far lower than the United States, China was not ready to develop the tertiary industry, not only products, but also infrastructure. He Zili (2016) believed that one reason for the decrease in the speed of economic growth in the West is that the shrinking manufacturing industry has caused the service industry to lose its development goals and foundations and the work efficiency of the service industry was generally lower than that of the manufacturing industry.

However, as the dimension of improvement of the service economy continues to increase, other scholars recognize that the service business is a significant piece of the national economy. They argue that the rapid advancement of the service sector can promote the improvement of the dimension of financial improvement. Beyers (2010) believed that areas more elevated amounts of financial improvement will, in general, have larger amounts of service industry development. Scholars conducted empirical research based on data from the US service industry and US GDP, confirming that the evolution of the service economy would promote regional economic development; Amrita (2013) studied Kaldor's first law (manufacturing is the motor of financial development) and explored

the importance of services in India and developing countries. The study tested the causal relationship between industry and services and GDP growth. An important finding of this scholar is that for India, contrary to the overall trend of the industrial sector, the Service industry has the largest GDP growth and the service industry is more important than the industrial sector. With the fast improvement of China's tertiary industry, most Chinese researchers believe that the advancement of the service sector can advance regional economic growth. Wang Yaozhong (2017) called attention to in the study that the advancement of China's emerging service economy was of great significance to economic growth and structural adjustment of the national economy. Yang Zhenxin (2018) believed that the dimension of growth of the services economy is a significant indicator of the level of development of modern society. With the rapid improvement of the world economy and the arrangement of a global industrial chain, accelerating the adjustment of the industrial structure has become one of the key factors driving the rapid and sound development of the economy. The tertiary industry has gradually gained a dominant position in economic activities, directly affecting the direction and quality of a country's national economy. Huang Shaojun (2011) through the empirical analysis of China's GDP and service industry data showed that China's financial advancement degree was relatively low, and the service industry's role in promoting economic growth was weak. However, with the development of China's monetary advancement level, the impact of the service industry on China's economic growth has gradually increased. Scholars similar to his views are Jiang Xiaojuan (2004), Li Hui (2004) and so on.

2.2 Study on the internal structure of the tertiary industry

The service industry consists of an assortment of market and non-market departments, including transportation and retail, lodgings, restaurants, financial business, education, health and public management and so on. The inward structure of the service industry GVA and the employment situation of every economy plainly reflect this reality. In the meantime, it is clear that not all service industries are growing at a similar rate or showing the same vitality.

Worku R. Urgaia (2016) empirically analysed the commitment of financial sector development to East Africa's economic development during the period 1975-2014. Studies show that the fluctuations in the financial sector and monetary development are basically due to their long-term impact and the extent of fluctuation is marginally different. After some time, the cumulative reaction of economic development to the monetary sector has increased. This means that the financial sector accelerates and increases economic development and economic growth promotes the development of the financial sector. Filip NISTOR and Cătălin POPA (2014) believed that the diversification of transportation systems was promoting the expansion of the scope of production and circulation of goods. In addition, the multifaceted nature of the connection among transportation and economic improvement lies in various possible effects: the development of economic exchanges between economic entities, the establishment of trade relations with foreign trade regions and it has positive and indirect consequences for the advancement of other departments. In China, Peng Xuanzi and Yuan Ziyue (2018) used multiple regression analysis methods to derive the conclusion that in the tertiary industry, finance, real estate, education, medical, transportation, the travel industry significantly affected China's economic development. Lu Junsi (2017) comprehensively examined the general

effect of the real estate business on economic growth (national and regional), economic growth quality and short-term economic fluctuations and it concluded that the Chinese real estate significantly affects the economic development of an area. Li Xinxin (2017) believed that the financial industry was the leading industry of the services economy and has a significant contribution to the economic development of the tertiary industry.

In recent years, the rapid development of tourism has brought a lot of economic benefits and it has become a pillar industry that cannot be ignored in the services industry. Many scholars in the world have already made certain research results on the development of tourism. Chi-Ok Oh (2002) studied the causal relationship between travel industry development and economic extension in the Korean economy by utilizing the Engle and Granger two-stage method and the bivariate vector autoregressive (VAR) model. His research yielded two main outcomes: first, the consequences of a co-integration test showed that there is no long-term harmony between the tourism growth of the Korean economy and economic expansion. Second, the results of Granger causality test mean a one-way causal connection between economic drive and travel industry development. Ramesh Durbarry (2004) supported the argument that tourism promotes growth through co-ordination and causality testing and further evidence suggests that travel industry has a noteworthy positive effect on Mauritius's economic improvement. In terms of academic research in tourism, China has started to be much slower than the international one, but more and more scholars have already invested in tourism research. Guo Jianhua and Huang Liujun (2019) found that there is a long-term coordination connection between air transport, wholesale and retail, catering and economic development, while there is no long-term coordination between accommodation, rail transport and business services and economic growth; VAR model results show economic growth to a different extent, it is affected by tourism-related industries, especially air transportation and accommodation; there is a single direction causal between some tourism-related industries, which affect each other in the long run. Zou Weiyong, Zhang Liping, Xiong Yunjun and Li Wei (2018) in view of the board information of 2004-2016 and found that tourism development significantly promoted economic growth, but the promotion of economic growth was greater domestic tourism; in addition, tourism development not only promotes the local economic development, but also has a positive overflow effect on the financial development of the surrounding areas. However, there is a phenomenon of "tourism curse" and the advancement of the travel industry economy has produced a "crowding effect."

2.3 Geographical Distribution of the Development of the Tertiary Industry

As the services economy accounts for a higher proportion of the Chinese economy, more and more scholars recognized that the services economy assumes a significant job in the advancement of China's regional economy. The eastern region is several provinces with an abnormal state of economic growth in China, so the study of economic development is relatively earlier and richer than the other two regions. Zhu Jianfang (2017) used the statistical data from 1995 to 2014 to study the development status of the tertiary industry in Hainan Province and analysed in detail the proportion of output value, industry pull rate, employment contribution rate and internal structure of the services economy in Hainan Province. He also compared the development of the services industry in Hainan

District with the developed regions, pointed out the main problems in its development and proposed corresponding countermeasures. Wang Zheyi, Liu Qi and Wang Shuangjin (2017) also believed that the tertiary business assumes a significant job in economic development. They conducted relevant analysis and regression analysis based on the third industry added value and regional GDP value of Hebei Province from 2005 to 2016, fully verifying the importance of the services industry to Hebei's economic growth and proposing to promote the policy suggestion for the improvement of the tertiary industry. The central and western areas are China's economically underdeveloped regions. Many scholars hope to seek corresponding strategies to encourage economic improvement in the central and western regions by studying the relationship between industrial structure and economic development. Yan Housong, Li Chunzhong and Zhu Jiaming (2018) concluded that the services business plays an increasingly significant role in Anhui's economic development. Urban per capita disposable income is most affected by the services economy. Tourism and financial industry are growing the biggest contribution in Anhui. Zhou Fuhua (2018) believed that promoting the improvement of the tertiary industry is an inevitable requirement for improving productivity and improving individual's lives. As a western economic province, Sichuan's development level of the services industry is crucial to improving regional economic growth and people's living standards. He found that as of 2016, the proportion of the tertiary industry in 20 cities and municipalities in Sichuan Province did not reach 40%, far below the national average of 51.6%. The concentration of the services industry showed a downward trend and the concentration was not high. Therefore, the development of the services economy in Sichuan Province is relatively backward and lags behind the country.

Different from Chinese scholars who want to promote economy development in the region by analysing the improvement of the services economy in the region, many scholars in the world have discovered that the advancement of the tertiary business has regional and clustering characteristics. S. Illeris (1989) summarized probably the most conspicuous highlights service locations during the 1980s. As per this investigation: 1) service industry employment (already) is more concentrated in large urban areas than the entire populace; 2) financial services, commercial services and wholesale trade are too high in large urban communities; 3) retail trade and public services in population distribution more evenly distributed afterwards; 4) some activities show a special localization model; for example, the hotel/restaurant in the tourist area is logically excessive. These patterns demonstrated that numerous administrations tended, by and large, to be spatially thought, especially in enormous urban areas (Taylor, 2004; Taylor, Hoyler and Sanchez-Moral 2013). Juan R. Cuadrado-Roura (2016) found that administrations division exercises are not spatially homogeneous. A few areas can be unquestionably increasingly reliant on administrations, sometimes representing about 90% of their all-out GVA (for example New York, Brussels, Oslo, Ile de France, Attiki and Lazio). Interestingly, benefits in certain locales can represent short of what 33% of complete GVA and utilize under 45% of the workforce (for example Campeche and Tabasco in Mexico, Atacama and Bio-Bio in Chile, Gyeongbuk in South Korea and Central Transdanubia in Hungary).

By consulting the literature, the author found that scholars have two different voices on the role of the tertiary industry in economic growth. Some people believe that the current economic development trend in developed countries is slowed down by the excessive development of the service industry. They advocate re-industrialization. Some scholars believe that the service industry has little effect on the biological condition and it is an unavoidable choice for the country's feasible advancement. In China, scholars also hold different opinions. Some people believe that under the current development trend of economic globalization, China should be in line with the pace of international development and vigorously develop the service industry; others believe that China is a developing country. Its active basic development is not synchronized with developed countries and it should be developed. China should still focus on industrial development. However, there are no scholars in China who compare and analyse China's services economy and overall economic development with developed countries or neighbouring countries, so their remarks are not objective enough. In addition, many scholars have also analysed the economic contribution of the industry in the service industry, but the author found that most scholars only selected a single industry for analysis and did not conduct a complete analysis of the industry within the service industry. China's vast territory and economic development present an imbalance of regional economic development. Chinese scholars generally focus their research on a city or province and have not analysed the growth of the tertiary economy in different areas of China.

In summary, the author found that the previous scholars concerned about a country or region, or only focus on one aspect of the service industry on the research of the impact of China's services industry on China's economy. This kind of research ignores the macro economy situation of China which is the baseline of the research. The economic benefits brought by different service industry activities are also different. The differences in regional economic development between countries and regions may also have different impacts. Therefore, this paper combines international comparison, analyses in detail the economic benefits generated by various activities of the service industry and comparatively analyses the connection between service business and economic growth in different regions of China. Therefore, this paper analyses and demonstrates the importance of China's service industry to national economic development from a number of different perspectives, which is more complete and comprehensive. The author hopes that the research in this paper can help more people to better understand the importance of the growth of China's service industry.

3. METHODOLOGY

In the research, first, the paper needs to identify the macroeconomic evolution of Chinese through comparing with other 6 countries. So, the research needs the data of macroeconomic, including GDP of USA, UK, Germany, Japan, Russia, India and China with 4 parts, including 1990, 2000, 2010 and 2017. During the period of 1990 to now, the economic globalization is developing very fast. After identifying the macroeconomic situation of China in the international environment, the paper needs to analyse the composition of China's GDP and find out the position of services industry in China. Second, the research wants to identify which departments inside services sector have a great contribute to the economy and society. So, in this part, the research chooses the economic data and employees of each department in the third industry as the indicators. Besides, the research will identify how the tourism industry influences the economic society. So, it also needs more specific data of tourism industry, including the data of tourists (inbound, domestic and outbound), development of tourism related business (travel agencies, star hotels and so on) and the receipts of tourism (inbound and domestic). Third, the research will identify the correlation and relationship between the service economy and GRP in the tourism developed regions. So, it needs the number of foreign tourists in all regions of China to identify the top 6 popular regions among international tourists. Using this indicator to identify the 6 tourism developed regions. In addition, it also needs the economic data of service sector and GRP of the 6 regions.

In the whole research, the study mainly uses the quantitative analysis techniques to do the analysis. In the first and second part, the research uses Excel to sort and organize all data. It also makes some tables and figures to describe and show the macroeconomic evolution of countries, the contribution of all departments in the service industry, including the tourism development. In the third part, the paper will collect all data in Excel and put it into the SPSS. The study will use SPSS to do the correlation and regression analysis to find the economic relationship between the service industry and the GRP and also the influence of the service industry in the regional economy. So, in this part, this study will use the regression equation (1):

$$y = \beta_0 + \beta_1 x_1 + \dots + \beta_n x_n \quad (1)$$

Where β are the coefficients to be estimated and x represent the independent variable which is the Gross Regional Product of Tertiary industry in the research. And y represents the dependent variable which is the Gross Regional Product in the study.

4. RESULTS

4.1 The Macroeconomic and Service Industry Evolution of China

4.1.1 The macroeconomic evolution of China

During the period from 1990 to now, the process of globalization is developing very rapidly and the economic positions of many countries are changed in the world. Among the developing economies, the East and South Asia regions demonstrate a relatively solid development direction, amid robust domestic demand conditions (WESP, 2019). At the same time, some countries that already have excellent economic strength still demonstrate their economic status in the world. By reviewing World Bank data, the author selected India, China, and Russia as representatives of emerging economic forces to compare with the solid economic powers of Germany, the United Kingdom (UK), the United States (US) and Japan. Because in all international databases, the data of China is not including the data of Hong Kong, Macao and Taiwan, the paper also selected the data of Hong Kong and Macao as the complementary.

The research compared their GDP, GDP per capita (GDP pc) and annual growth rate to analyze their macroeconomic conditions. In addition to comparing the quantitative indicators of these countries' economies, the paper also selected the human development index (HDI), an economic quality indicator, to compare and analyze the quality of economic development in these countries. So, first, the paper will analyse the economic evolution through comparing the economic indexes of 7 countries.

Table 1. The Macroeconomic Situation of typical Countries

| 1990 | | | | | | |
|----------------------|--------------------------|--------------------------|--|---|-----------------------|-------|
| | GDP (current US\$) | GDP growth (annual %) | GDP per capita (current US\$) | GDP per capita growth (annual %) | % of the world GDP | HDI |
| United States | 5.98E+12 | 1.92 | 23954.48 | 0.77 | 26.45 | 0.86 |
| Japan | 3.13E+12 | 4.89 | 25359.35 | 4.54 | 13.86 | 0.816 |
| Germany | 1.76E+12 | 5.26 | 22219.57 | 4.35 | 7.81 | 0.801 |
| United Kingdom | 1.09E+12 | 0.73 | 19095.47 | 0.43 | 4.83 | 0.775 |
| Russian Federation | 5.17E+11 | -3.00 | 3485.11 | -3.37 | 2.29 | 0.734 |
| China | 3.61E+11 | 3.91 | 317.88 | 2.39 | 1.60 | 0.502 |
| India | 3.21E+11 | 5.53 | 368.88 | 3.37 | 1.42 | 0.427 |
| Hong Kong SAR, China | 7.69E+10 | 3.83 | 13485.54 | 3.50 | 0.34 | 0.781 |
| Macao SAR, China | 3.22E+09 | 7.98 | 9364.91 | 4.51 | 0.01 | |
| 2000 | | | | | | |
| | GDP (current US\$) | GDP growth (annual %) | GDP per capita (current US\$) | GDP per capita growth (annual %) | % of the world GDP | HDI |
| United States | 1.03E+13 | 4.09 | 36449.86 | 2.94 | 30.60 | 0.885 |
| Japan | 4.89E+12 | 2.78 | 38532.04 | 2.61 | 14.54 | 0.855 |
| Germany | 1.95E+12 | 2.96 | 23718.75 | 2.82 | 5.80 | 0.868 |
| United Kingdom | 1.65E+12 | 3.66 | 27982.36 | 3.29 | 4.90 | 0.867 |
| China | 1.21E+12 | 8.49 | 959.37 | 7.64 | 3.60 | 0.594 |
| India | 4.68E+11 | 3.84 | 444.80 | 2.02 | 1.39 | 0.493 |
| Russian Federation | 2.6E+11 | 10.00 | 1771.59 | 10.46 | 0.77 | 0.72 |
| Hong Kong SAR, China | 1.72E+11 | 7.66 | 25756.66 | 6.72 | 0.51 | 0.827 |
| Macao SAR, China | 6.72E+09 | 5.75 | 15702.86 | 3.43 | 0.02 | |

| 2010 | | | | | | |
|----------------------|--------------------------|--------------------------|--|---|-----------------------|-------|
| | GDP (current US\$) | GDP growth (annual %) | GDP per capita (current US\$) | GDP per capita growth (annual %) | % of the world GDP | HDI |
| United States | 1.5E+13 | 2.53 | 48375.41 | 1.68 | 22.66 | 0.914 |
| China | 6.1E+12 | 10.64 | 4560.51 | 10.10 | 9.24 | 0.706 |
| Japan | 5.7E+12 | 4.19 | 44507.68 | 4.17 | 8.63 | 0.885 |
| Germany | 3.42E+12 | 4.08 | 41785.56 | 4.24 | 5.17 | 0.921 |
| United Kingdom | 2.44E+12 | 1.69 | 38893.02 | 0.90 | 3.70 | 0.905 |
| India | 1.68E+12 | 8.50 | 1361.20 | 7.02 | 2.54 | 0.581 |
| Russian Federation | 1.52E+12 | 4.50 | 10674.99 | 4.46 | 2.31 | 0.78 |
| Hong Kong SAR, China | 2.29E+11 | 6.77 | 32550.00 | 5.99 | 0.35 | 0.901 |
| Macao SAR, China | 2.81E+10 | 25.26 | 52374.79 | 22.55 | 0.04 | |
| 2017 | | | | | | |
| | GDP (current US\$) | GDP growth (annual %) | GDP per capita (current US\$) | GDP per capita growth (annual %) | % of the world GDP | HDI |
| United States | 1.94E+13 | 2.27 | 59531.66 | 1.55 | 23.96 | 0.924 |
| China | 1.22E+13 | 6.90 | 8826.99 | 6.30 | 15.12 | 0.752 |
| Japan | 4.87E+12 | 1.71 | 38428.10 | 1.88 | 6.02 | 0.909 |
| Germany | 3.68E+12 | 2.22 | 44469.91 | 1.79 | 4.54 | 0.936 |
| India | 2.65E+12 | 7.17 | 1979.36 | 5.97 | 3.28 | 0.64 |
| United Kingdom | 2.62E+12 | 1.79 | 39720.44 | 1.13 | 3.24 | 0.922 |
| Russian Federation | 1.58E+12 | 1.55 | 10743.10 | 1.43 | 1.95 | 0.816 |
| Hong Kong SAR, China | 3.41E+11 | 3.79 | 46193.61 | 3.02 | 0.42 | 0.933 |
| Macao SAR, China | 5.04E+10 | 9.10 | 80892.82 | 7.27 | 0.06 | |

Source: World Bank and United Nations Development Programme

1990

From Table 1, in 1990, the US, Japan, Germany and the UK had higher GDP than Russia, China and India. The US's GDP was the highest among these countries, contributing 26.45% of the world's GDP. Followed by Japan, it accounted for 13.86% of the world's GDP. Although Germany and the UK have lower GDP than the United States and Japan, their GDP was much higher than Russia's, even though Russia's GDP was the highest among the three countries. China's GDP accounts for only 1.6% of world GDP. In 1990, India's economic situation was similar to that of China, accounting for only 1.42% of world GDP. Its GDP was the lowest of the seven countries, but its annual GDP growth rate (5.53%) was the highest except for China's Macau (7.98%). This shows that it showed the potential for GDP development in 1990. Japan and Germany have higher annual GDP growth rates than the United States, Britain, Russia, China and Hong Kong, which means they still maintain a good momentum of development. In contrast, Russia's annual growth rate was -3%, which means that compared with the previous year, Russia's GDP has shown a downward trend. The UK's GDP growth rate was 0.73%, which shows that the UK's economic development was relatively stable. China's annual growth rate in 1990 was 3.91%, indicating that China's economy was growing steadily.

In addition to GDP, GDP pc is likewise a significant indicator of a nation's macroeconomic circumstance. In 1990, unlike the GDP ranking, among the seven countries, Japan was the country with the highest GDP per capita, reaching \$25,359.35 per person. The GDP pc of the US and

Germany also exceeds \$20,000 per person. The UK's GDP pc was slightly lower than the previous three countries, reaching \$19,095.47 per person. Russia's GDP pc was much lower than the previous four countries, only \$3485.11 per person. China's Hong Kong and Macao are two regions where China's economic development is independent and mature. Their GDP pc was lower than that of the previous four countries but higher than China, India and Russia. Hong Kong's GDP pc has even reached \$13,485.54 per person. However, China's GDP pc was the lowest among the seven countries, with only \$317.88 per person. From the point of view of the annual growth rate of GDP pc, the GDP pc of Japan, Germany, India and China have shown an upward trend contrasted with the previous year. The GDP pc of the US and the UK has developed more steadily, a slight increase compared to the previous year. The development of Russia's GDP pc was in line with the trend of GDP, and both show a downward trend.

2000

After ten years of development, in addition to Russia, the GDP of the other six countries has increased. In 2000, the US GDP reached $1.03E+13$, accounting for 30.6% of the world's GDP, and it was also the country with the highest GDP in the world. Japan's GDP has also increased to $4.89E+12$ dollars, accounting for 14.54% of world GDP. Compared with 1990, Germany's GDP only increased by $0.19E+12$ US dollars, so the proportion in world GDP fell by 2.01%. The UK's GDP in world GDP was similar to that of 1990, with an increase of only 0.07%, which means that the UK's economic development was very stable. China's development has been relatively fast in this decade. Its GDP was already higher than India, Russia, which accounts for 3.6% of world GDP, more than double that of 1990. India's GDP growth has been relatively stable, increasing by $1.47E+11$ dollars, so its proportion of world GDP has dropped by 0.05%. Russia's GDP has experienced a significant decline in the past decade. Russia's GDP in 2000 was half that of 1990. Its share of world GDP was only 0.77%, or even slightly higher than the proportion of Hong Kong's GDP in the world (0.51%). But Russia's GDP growth rate reached 10% in 2000, the highest annual growth rate of GDP among the seven countries, which means that Russia's economy began to recover. China's annual GDP growth rate ranks second among the seven countries, reaching 8.49%, which means that the Chinese economy has entered the quick improvement stage. The yearly development rate of GDP in other countries has generally reached 3% or 4%, which indicates that the economic development of these countries was rising steadily.

As the country's GDP rises, GDP pc will also rise. From 1990 to 2000, only Russia's GDP fell by nearly half, so GDP pc also fell by about half, but the GDP pc growth rate reached 10.46%. This shows that compared with the previous year, Russia's GDP pc has increased by more than 10% annually, and the Russian economy was recovering rapidly. China's GDP pc was in the rapid growth period. Compared with 1990, China's GDP pc has increased by about three times. Compared with the previous year, the GDP pc growth rate reached 7.64%, which means that China's GDP pc still shows an upward trend. The GDP pc of Hong Kong and Macao in China were still very impressive, and from the point of view of the annual growth rate of GDP pc, these two regions are in line with China's economic development, showing an upward trend. India's GDP pc in 2000 was the lowest among the

seven countries. Although it was not growing fast, it was on the rise. The GDP pc of the US, Japan, Germany and the UK were still a lot higher than the other three nations, and their annual GDP development rate shows that they are rising steadily.

2010

From Table 1, we found that from 2000 to 2010, the economic status of some countries has undergone a very significant change. In 2010, the US GDP was still at the top of the seven countries, but compared with 2000, its share of world GDP fell by 7.94%. This means that more countries have emerged in the international economic situation, the most notable of which was China. Among the seven countries, China's GDP has reached second place, accounting for 9.24% of world GDP, nearly three times that of 2000. Surprisingly, its annual GDP growth rate reached 10.64% compared to 2009. This means that China still maintains a strong momentum of development and unlimited potential. China's Hong Kong and Macao's annual GDP growth rate shows that their two regions are also in a period of rapid development, especially in Macao, where its annual GDP growth rate was 25.26%. The table shows that India and Russia, like China, have shown strong and rapid development momentum. India's GDP reached 1.68E+12 dollars in 2010, more than three times that of 2000. Its share of world GDP has reached 2.54%, which was twice that of nearly 2000 years. India's annual GDP growth rate shows 8.5%, which means that India was in a period of rapid development. In 2010, Russia's GDP accounted for 2.31% of world GDP, three times that of 2000. Its annual GDP growth rate was 4.5%, which shows that Russia was in a steady upward phase. With the emergence of new economic forces, if the development rate of the original stable economic forces was inconsistent with them, their share of world GDP will be reduced, such as Japan, Germany and the United Kingdom. Even from 2000 to 2010, the GDP of these three countries has risen to a certain extent, and they are still in the ascending stage, and their GDP has a decline in the proportion of world GDP. Among them, Japan's decline was the most obvious, down 5.91%.

Among the seven countries, even though China's GDP has reached second place, its GDP pc was still in the penultimate position, reaching only \$4560.51 per person. This is mainly because China has a large population base. But its GDP pc growth rate reached 10.1%, which means it was in a period of rapid development. A similar situation with China was India. As we all know, India has a large population base, and in the future, it may exceed China's population and become the world's largest population. The table shows that in 2010, India's GDP pc was still in the last paragraph of seven countries, only 1361.2 US dollars per person. Its GDP pc growth rate reached 7.02%. With the recovery of the Russian economy, Russia's GDP pc has also risen rapidly, reaching \$10,674.99 per person, about six times that of 2000. The GDP pc of Japan and Germany was in a moderately steady rising stage, and the GDP pc growth rate exceeds 4%. GDP pc growth in the US and the UK was relatively slow. Compared with the previous year, the GDP pc development rate was lower, the United States reached 1.68%, less than 2%, and the UK only 0.9%. In contrast, in 2010, Hong Kong and Macao's GDP pc showed a rapid development trend, especially in Macao. Macao's GDP pc even exceeds that of Hong Kong. Its GDP pc growth rate reached 22.55%.

2017

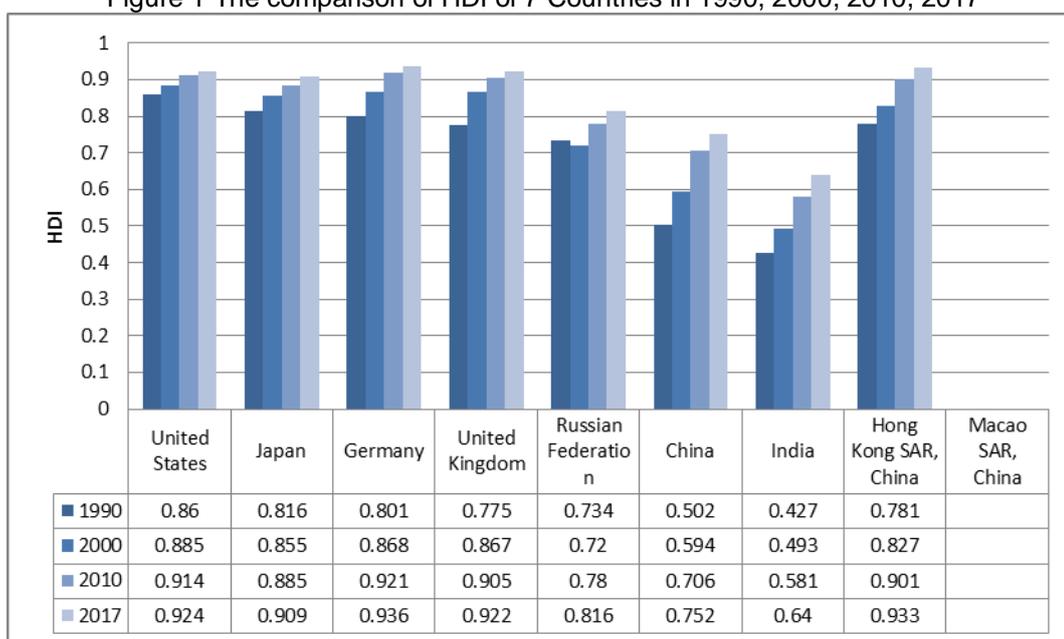
Compared with 2010, in addition to Japan in 2017, the GDP of the six countries has increased. The US's GDP was still at the top of the seven countries, accounting for 23.96% of world GDP, an increase of 1.3% compared to 2010. China's GDP was still in second place, but it has tripled from 2010. Its share of world GDP was 15.12%, an increase of 5.88% over 2010. Even though the UK, Germany and Russia have both increased their GDP, their share of world GDP has fallen. Among them, Germany fell the most, down by 0.63%. India's GDP has risen a lot, increasing by 0.97E+12 dollars, even exceeding the UK's GDP. Its share of world GDP was 3.28%, an increase of 0.74% over 2010. In contrast, Japan's GDP fell by 0.83E + 12 US dollars, accounting for 6.02% of world GDP. From the perspective of the annual GDP growth rate, India was in a phase of fast improvement, with an yearly GDP development rate of 7.17%. Followed by China, China's annual GDP growth rate achieved 6.9%. Compared with the decline in 2010, this means that China has entered a time of enduring ascent. In addition, the annual GDP growth rates of the US, Japan, Germany, the UK and Russia are all below 3%, indicating that these countries have experienced slower economic growth and entered a stage of stable development. Similar to 2010, China's Macao was still in a time of fast development, with an yearly GDP growth rate of 9.1%. Although this value was much lower than in 2010, this figure was still high compared to the prevailing value. The annual GDP growth rate of Hong Kong, China, shows that Hong Kong was in a stable development stage.

The GDP pc of the seven nations in 2017 showed a similar situation to that of 2010. The GDP pc of the US was the highest in seven countries, but Table 1 shows that the GDP pc of Macao in China was much higher than that of the United States. Germany's GDP pc ranks second in seven nations, followed by Britain and Japan. China and India are at the end of seven countries because of their large population. Russia's GDP pc was in fifth place. The yearly development rate of GDP pc in the seven nations shows the same trend as the yearly development rate of GDP. Except for China and India, the GDP pc growth rate was around 6%, and the GDP pc development rate of other countries was less than 2%. Hong Kong's GDP pc has grown at a yearly rate of 3.02%. China's Macao's GDP pc has developed at a yearly rate of 7.27%, which means that Macao's GDP pc still maintains a relatively fast growth rate.

Through the comparative analysis of the GDP, the annual growth rate of GDP, the GDP pc and the annual growth rate of GDP pc, the economics of the United States have been in the world's important position since 1990, and have been maintained. Steady growth. Japan, Germany's economy was also in a period of steady growth, but their GDP in the world's GDP was steadily decreasing. The UK economy was still in a steady upward trend as of 2010. But the table shows that its GDP in 2017 was lower than in 2010, which shows that from 2010 to 2017, the UK economy was slightly mobile. From 1990 to 2000, the Russian economy experienced relatively large fluctuations. But from 2000 to 2017, Russia's economy has evolved from a recovery to a stage of steady growth. China and India have shown a strong rate of development and become the most important new economic force to be ignored. From the perspective of the proportion of national GDP and world GDP, China's positive development has caused a very big change in the world's economic situation and as of 2017, China still shows a high growth rate. China assumes a significant role in the world economic situation.

After analysing the quantitative indexes of the economy, the paper will do the analysis of the qualitative index of economy. The HDI was made to underline that individual and their abilities ought to be a definitive criterion for surveying the improvement of a nation, not economic development alone (Human Development Report, 2019). So, the author chose this indicator to show the quality of economic growth of 7 countries. The value of this indicator is closer to 1, the higher the level of development of this country.

Figure 1 The comparison of HDI of 7 Countries in 1990, 2000, 2010, 2017



Source: United Nations Development Programme

In 1990, the Figure 1 shows that the DHI of United States was the highest among seven countries, the value was 0.86. And the values of the DHI of Japan and Germany were higher than 0.8, although they were lower than the DHI of United States. The values of DHI of Russian Federation, United Kingdom and Hong Kong were all in the range from 0.7 to 0.8. However, China only had 0.502 as the value of DHI and India was the lowest one among the 7 countries, only had 0.427.

In 2000, the value of United States was 0.885 which was the highest among 7 countries. Except Russia, the values of other 6 countries were all increased. The value of United Kingdom (0.867) even higher than the value of Japan (0.855) and very close to the value of Germany (0.868) and it occupied the third position among 7 countries. Although the value of Russian Federation was decreased 0.014, the values of China and India still were the lowest two.

In 2010, the values of all 7 countries were increased. And the value of China was increased the most which increased by 0.112. The value of Germany (0.921) was the highest one among 7 countries and US's (0.914) was the second one. Besides, the values of United Kingdom and Hong Kong also were higher than 0.9 which were 0.905 and 0.901. And India was still the lowest one and only had 0.581.

In 2017, the values of all seven countries were increased and the value of Germany still was the highest one. However, the value of Hong Kong was 0.933 which occupied the second position among 7 countries. The values of Japan, United States and United Kingdom were higher than 0.9 and the value of Russia was higher than 0.8. In addition, the value of China was 0.752 and the value of India was 0.64.

From 1990 to 2017, except Russian Federation suffered from fluctuations, the development of other 6 countries has been an upward trend. The Germany grew from the third position to the first position, which the value was increased 0.135. Although until 2017, the values of China and India were the lowest two, they were increased the most. From 1990 to 2017, the value of China was increased 0.25 and the Value of India was increased 0.213.

Above all, through the analyzing of the DHI of seven countries, we can draw a conclusion that the development of United States, Japan, Germany and United Kingdom was stable and they show an upward trend. However, the development of emerging countries was fast and high quality. It means that the development of China, India and Russia was powerful.

Combined with the macroeconomic variables analysis of appeals and the analysis of the quality of national development, we found that the emerging countries have developed not only the number of the monetary, but also the quality of human. And among the emerging countries, China assumes a significant role. In 2010, the GDP of China reached the second position in the world and the GDP per capita also increased very rapidly. In 2017, the DHI of China was 0.752 which was closer to 1. Although there still exist a gap between the China and developed countries, like United States, It showed its strong potential and great speed of development in the economic platform of the world.

4.1.2 The service industry of China

New Zealand economist A.B. Fisher (1935) and British economist C.G. Clark (1940) are the first economists to divide the national economy into three industries. After the Second World War, this method of division was widely adopted by the economics community. The scope of the three industries varies from country to country. According to the division of the three industries in China, the services industry includes transportation, warehousing and postal services, information transmission, wholesale and retail, hotel and catering, finance, real estate, leasing and business services, scientific research, technical services and geological exploration, environmental and public facilities management, residential services and other services, education, health, social security and welfare, culture, sports and entertainment, public administration and social organizations (National Bureau of Statistics, 2013).

By comparing and analyzing the new international economic forces and solid economic forces, we found that China's economic development is very quick and has a high quality of development. So, China play as an industrial power, what role does the services industry plays in China's economic growth?

The Table 2 shows that from 2000 to 2017, the occupation of the primary industry in the China's GDP was declined by 6.8% and it still shows a downward trend. As we all know, China is an industry country. The occupation of the second industry was suffered fluctuations from 2000 to 2009 and it kept 3 years stable. After 2011, although the secondary industry still occupied more than 40%, it shows the decline trend. By contrast, the occupation of the tertiary industry shows an upward trend in general from 2000 to 2017 and after 2011, the occupation of services industry even was higher than that of secondary industry. In 2017, the service industry accounted for 51.6% of GDP, higher than the primary

and secondary industries.

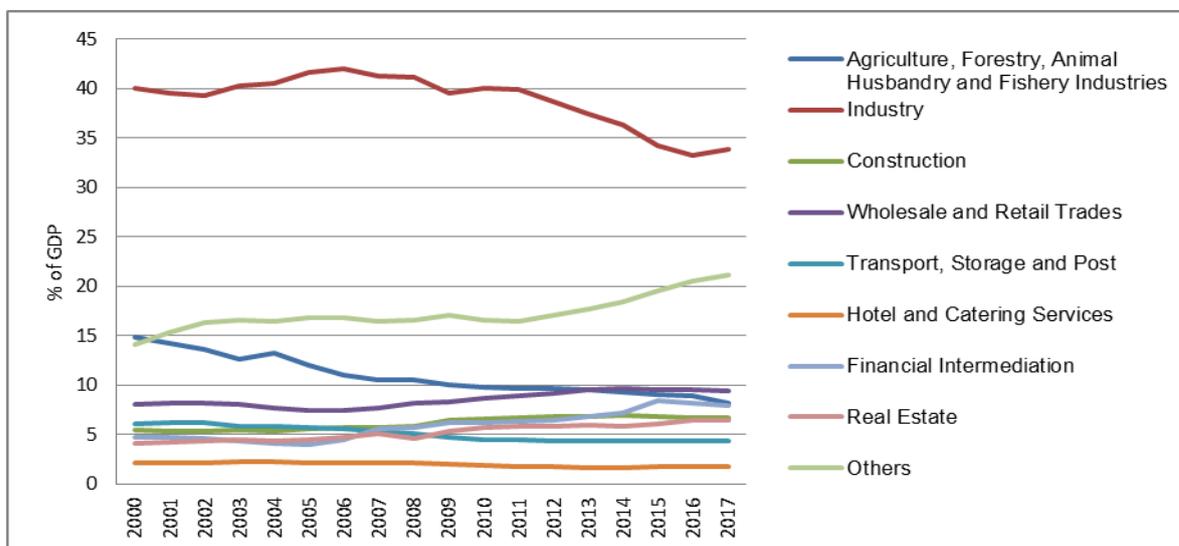
Table 2 The Composition of GDP from 2000 to 2017 (Unit: annual %)

| Year | Primary Industry | Secondary Industry | Tertiary Industry |
|------|------------------|--------------------|-------------------|
| 2000 | 14.7 | 45.5 | 39.8 |
| 2001 | 14 | 44.8 | 41.2 |
| 2002 | 13.3 | 44.5 | 42.2 |
| 2003 | 12.3 | 45.6 | 42 |
| 2004 | 12.9 | 45.9 | 41.2 |
| 2005 | 11.6 | 47 | 41.3 |
| 2006 | 10.6 | 47.6 | 41.8 |
| 2007 | 10.3 | 46.9 | 42.9 |
| 2008 | 10.3 | 46.9 | 42.8 |
| 2009 | 9.8 | 45.9 | 44.3 |
| 2010 | 9.5 | 46.4 | 44.1 |
| 2011 | 9.4 | 46.4 | 44.2 |
| 2012 | 9.4 | 45.3 | 45.3 |
| 2013 | 9.3 | 44 | 46.7 |
| 2014 | 9.1 | 43.1 | 47.8 |
| 2015 | 8.8 | 40.9 | 50.2 |
| 2016 | 8.6 | 39.9 | 51.6 |
| 2017 | 7.9 | 40.5 | 51.6 |

Source: China Statistics Bureau

Figure 2 demonstrates the composition of China's GDP by sectors from 2000 to 2017 which is more detailed. The composition of GDP by industry was the highest one, but the line shows that it was declined over time. It means that although the industry still is important in China, there are many sectors are developing and occupied more percentage in the China's GDP. The agriculture, forestry, animal husbandry and fishery industry also shows the same trend. It was always declining, which means that in China's economic development, it was becoming less and less important. In contrast, from 2000 to 2017, the lines of the wholesale and retail trades, the financial intermediation, the real estate and others show the upward trend. These sectors were becoming more and more important in the composition of China's GDP.

Figure 2 The composition of GDP by sectors from 2000 to 2017 (Unit: annual %)



Source: author organized from China Statistics Bureau

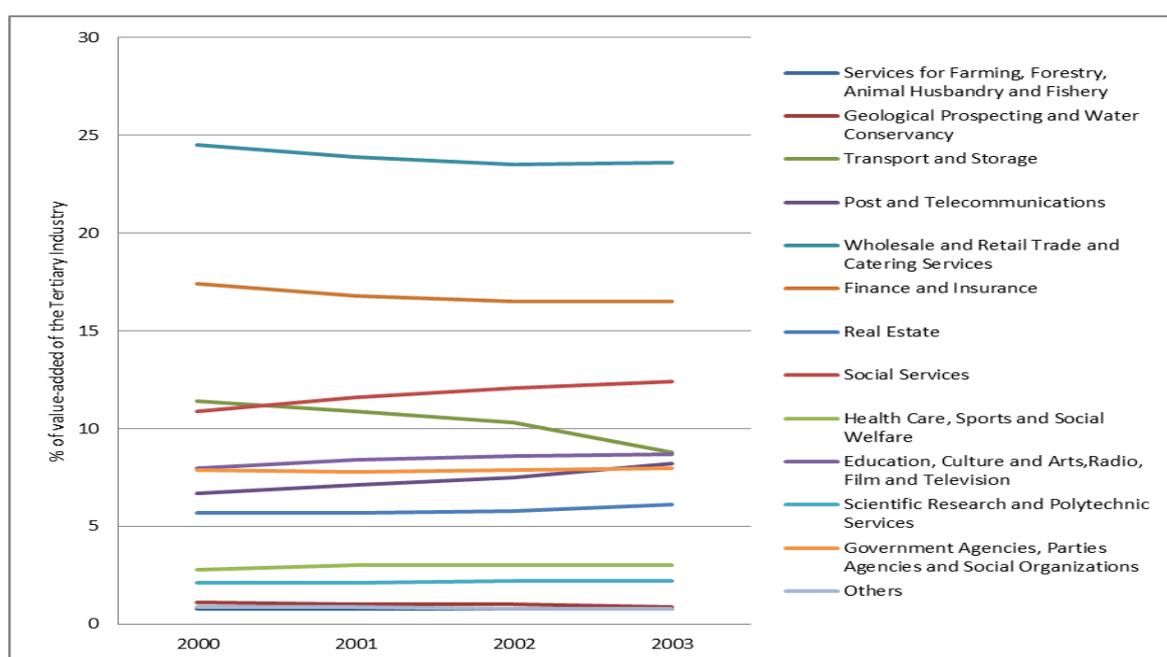
4.2 The importance of departments in the tertiary industry

Through the analysis of the macroeconomic of China, we found that the services economy is becoming increasingly more significant in China. As we all know, there are a lot of departments in the tertiary industry. So, there is a problem that which departments play the important roles in the services economy. The paper will use the indicator of the occupancy rates of departments in the tertiary industry to analyze the economic importance of these departments. Besides, the paper also used the indicator of the employment and from the social aspect to analyse the important departments in the services economy.

Since 2004, the sector classification of the services industry has been classified by the new national economic industry classification (GB/T 4754-2002) and the agriculture, forestry, animal husbandry and fishery services industry has been incorporated into the primary industry. Therefore, this paper divides the analysis of the composition of the added value of the tertiary industry into two parts, one from 2000 to 2003 and the other from 2004 to 2017.

From 2000 to 2003, based on the Figure 3, the occupation of the wholesale and retail trades of the composition of value-added of the services industry was the highest and that of the financial insurance took the second the position. However, the lines of both showed the downward trend. Besides, the occupation of the transport and storage was declined from the third position to the fourth position in the 4 years. In contrast, the occupation of social services was increased over 4 years and it occupied the third position in 2003. In addition, the lines of occupation of the post and telecommunications, real estate and education, culture and art, radio, film and television also showed the upward trend. Besides, the other departments have a stable development in the 4 years, for example, the health care, sports and social welfare, the scientific research and polytechnic services, government agencies, parties' agencies and social organizations, services for farming, forestry, animal husbandry and fishery and so on.

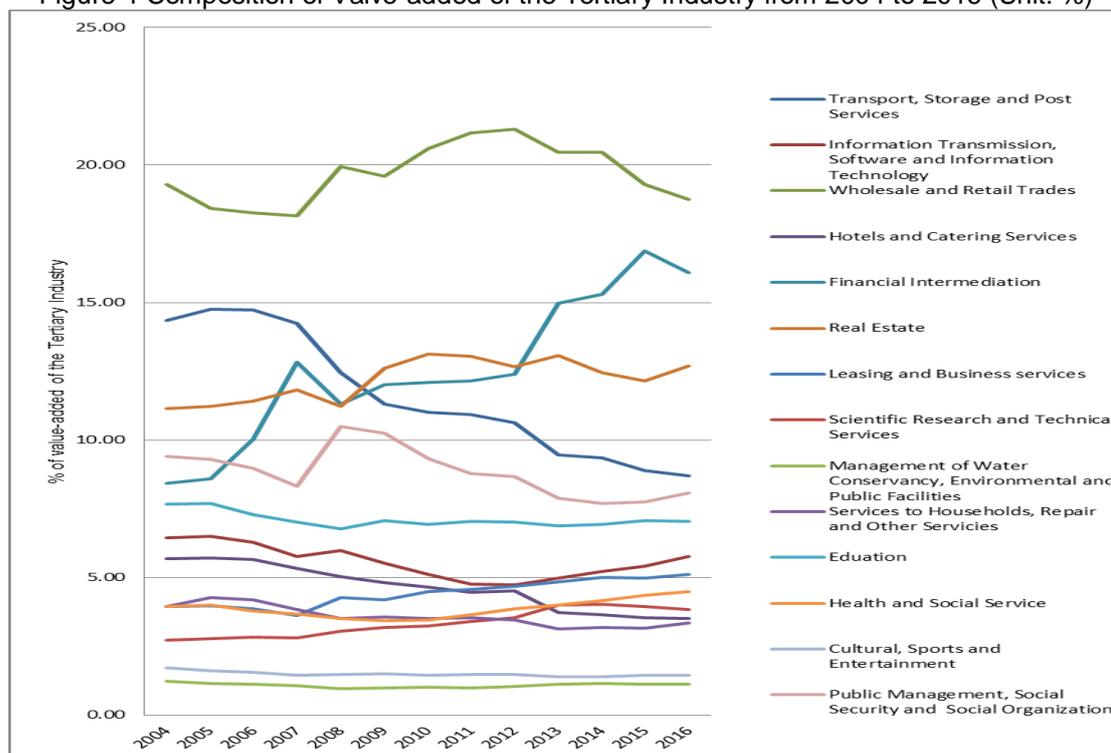
Figure 3 Composition of Value-added of the Tertiary Industry from 2000 to 2003 (Unit: %)



Source: author organized from China Statistics Bureau

Based on the Figure 4, the development of most departments was suffered fluctuations, especially the wholesale and retail trades, the real estate, public management, social security and social organization and the financial intermediation. The wholesale and retail trades was declined from 2004 to 2007, but from 2007 to 2012, the occupation rate of this department was increased and even higher than the rate in 2004. Unfortunately, it was declined again from 2012 to 2016 and the occupation rate of wholesale and retail trades in 2016 was lower than that in 2004. The development of financial intermediation was increased from 2004 to 2007, but from 2007 to 2008, it also suffered a sudden drop. Fortunately, it kept the rising trend from 2008 to 2015. But from 2015 to 2016, it was declined again. In general, the line of the financial intermediation shows the upward trend and it occupied the second position in 2016. The occupancy curve of the real estate is also fluctuating. In general, it kept the upward trend, but during 2004 to 2016, it suffered 3 drops and 4 rises. Three declines were developed between 2007 and 2008, 2010 to 2012 and 2013 to 2015. From 2004 to 2007, the curve of public management, social security and social organization was declined, but from 2007 to 2008, it was increased suddenly. However, from 2008 to 2015, it kept the downward trend and from 2015 to 2016, it has the slight rise. The trend of other curves is much clear. The curve of the transport, storage and post services was declined over 13 years. It dropped from the second position to the fourth position in the services economy and it still kept the downward trend. Besides, the curves of the education and services to the households, repair and other services were also declined in 13 years. In contrast, the curves of leasing, health and social services and business services and scientific research and technical services were increased over time. Otherwise, the curves of culture, sports and entertainment and management of water conservancy, environmental and public facilities were stable development.

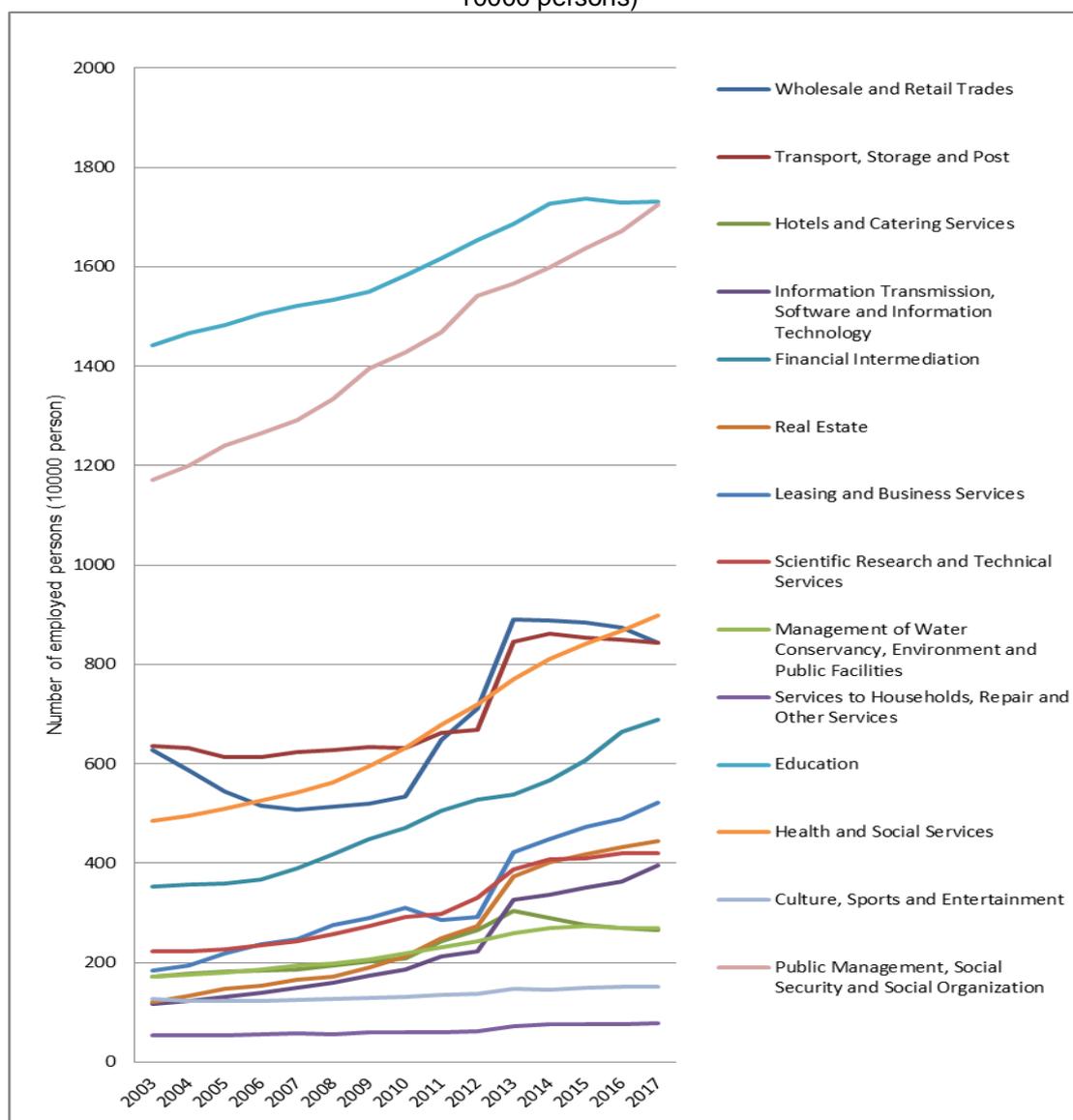
Figure 4 Composition of Value-added of the Tertiary Industry from 2004 to 2016 (Unit: %)



Source: author organized from China Statistics Bureau

When the economists try to analyze the importance of the departments in the industry, they will not only analyze the economic contribution, but also concern about the contribution in the society. The employment rate is a pointer that reflects the labour employment level. It reflects the proportion of the actual employed population of labour that may participate in social labor. Calculating and studying the employment rate is essentially to improve the economic advantages. The more employees work in an industry, the more jobs the industry can provide. Then the contribution of this industry in society will be more significant. Since 2003, the National Bureau of Statistics has adjusted the division of employment by industry. From 2000 to 2002, the National Bureau of Statistics conducted statistics according to the number of employed persons at the year-end of the department (regardless of three industries). Since 2003, the National Bureau of Statistics of China has divided the number of employed people by the year-end of the urban unit by industry (the three industries are clearly divided). Therefore, this paper mainly uses the data from 2003 to 2017 for analysis.

Figure 5 Number of employed persons in urban units by industry (year-end) from 2003 to 2017 (Unit: 10000 persons)



Source: author organized from China Statistics Bureau

Based on the Figure 5, nearly all the curves show the upward trend. The curves of the education, public management, social security and social organization, health and social services, financial intermediation and scientific research and technical services always show the smooth rising trend. The number of the employees in the urban unit of the education was always higher than other departments and that of the public management, social security and social organization take the second position. In the end of 2017, the number of employees of public management was very closer to that of education. And the number of employees of the health and social services was increased from the fifth position to the third position in the tertiary industry. The curves of transport, storage and post services, wholesale and retail trades, leasing and business services, real estate and information transmission, software and information technology show the fluctuating upward trend. They have a common wave that from 2012 to 2013, they all increased rapidly and in other years, they all developed smoothly, except the wholesale and retail trades. The curve of the wholesale and retail trades declined from 2003 to 2007 and from 2013 to 2017, it also shows the downward trend. The curve of the hotels and catering services also has the drop trend from 2013 to 2017, but from 2003 to 2013, it always shows the rise trend. In addition, the curves of management of water conservation, environment and public facilities, culture, sports and entertainment and public management, social security and social organization show that the employees in these department were increased slightly, compare to other departments.

Through the economic analysis, we found that in Chinese service industry, the wholesale and retail trades, the financial intermediation, the real estate and the transport, storage and post services are the most important departments. But for the social contributions, the education, public management, social security and social organization, health and social services, transport, storage and post services and wholesale and retail trades provided more jobs and there were more employees in these departments. Combining the analysis of the economic aspect and social aspect, the wholesale and retail trades and the transport, storage and post services contributed a lot to the services economy. But in these years, the financial intermediation, the real estate and scientific research and technical services are becoming more and more important.

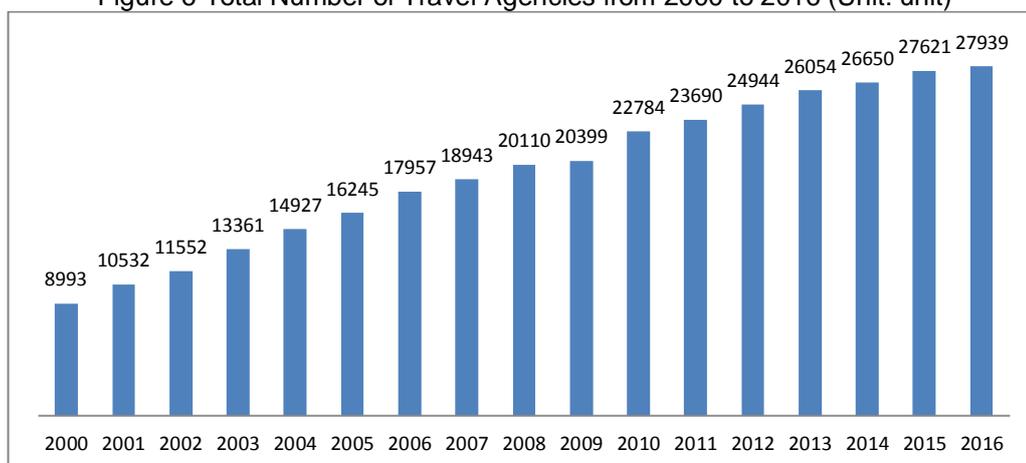
4.3 The tourism industry

Tourism is a significant piece in the services economy and one of the quickest developing rising industries in the world. It is known as the “sunrise industry”. Unlike other industries in the services economy, the tourism industry is certifiably not a solitary industry, a modern gathering made out of multiple industries with assorted variety and scattering. Travel industry includes attractions, travel agencies and hotel services, food and beverage services, transportation, entertainment and numerous different businesses (Luo Mingyi, 2008). So, firstly, the paper chooses the travel agencies, the hotels and the catering industry as the representative tourism businesses to do the development analysis. Through the analysis of the tourism business, we can find the speed and pattern of travel industry improvement.

From 2000 to 2016, the quantity of travel agencies was increased over time. In 2000, there were only 8993 travel agencies in China and only 1268 travel agencies can provide the international services.

Until 2016, there were 27939 travel agencies which were more than three times as many as in 2000.

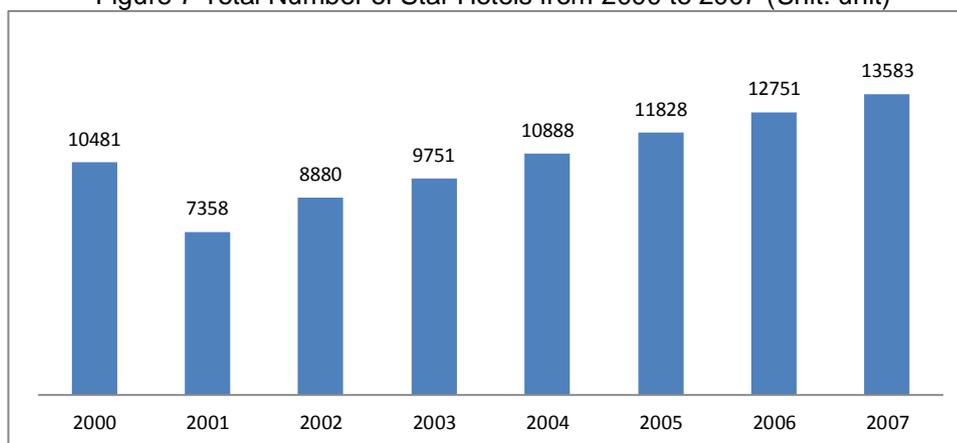
Figure 6 Total Number of Travel Agencies from 2000 to 2016 (Unit: unit)



Source: author organized from China Statistics Bureau

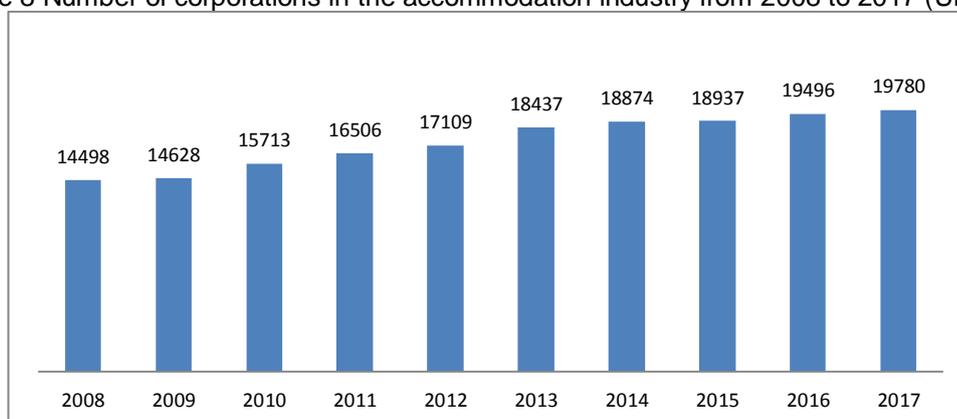
In 2007 and before, the number of legal person companies in the lodging industry was star-rated accommodation. In 2007, the statistical scope was for corporate enterprises and industrial activity units above designated size. In 2008 and beyond, they were corporate enterprises above designated size. So, this paper divided the accommodation industry into two different parts based on the different statistical methods.

Figure 7 Total Number of Star Hotels from 2000 to 2007 (Unit: unit)



Source: author organized from China Statistics Bureau

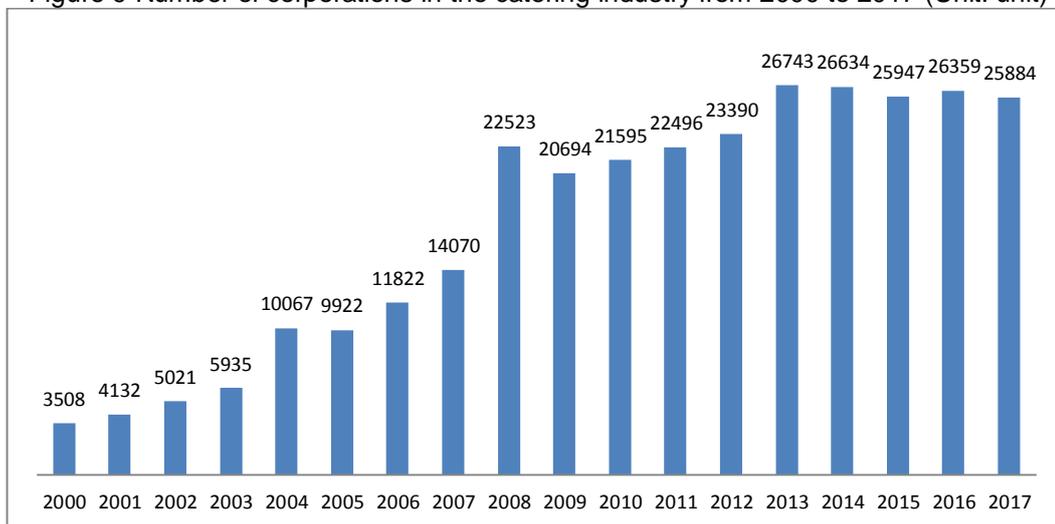
Figure 8 Number of corporations in the accommodation industry from 2008 to 2017 (Unit: unit)



Source: author organized from China Statistics Bureau

During 2000 to 2001, the quantity of star-hotels was declined by 3124 which was one-third of all star hotels in 2000. But from 2001 to 2007, the number of star hotels was increased. And when the China Statistics Bureau changed the statistical scope, the trend of the number of corporations in the accommodation industry was rising from 2008 to 2017.

Figure 9 Number of corporations in the catering industry from 2000 to 2017 (Unit: unit)

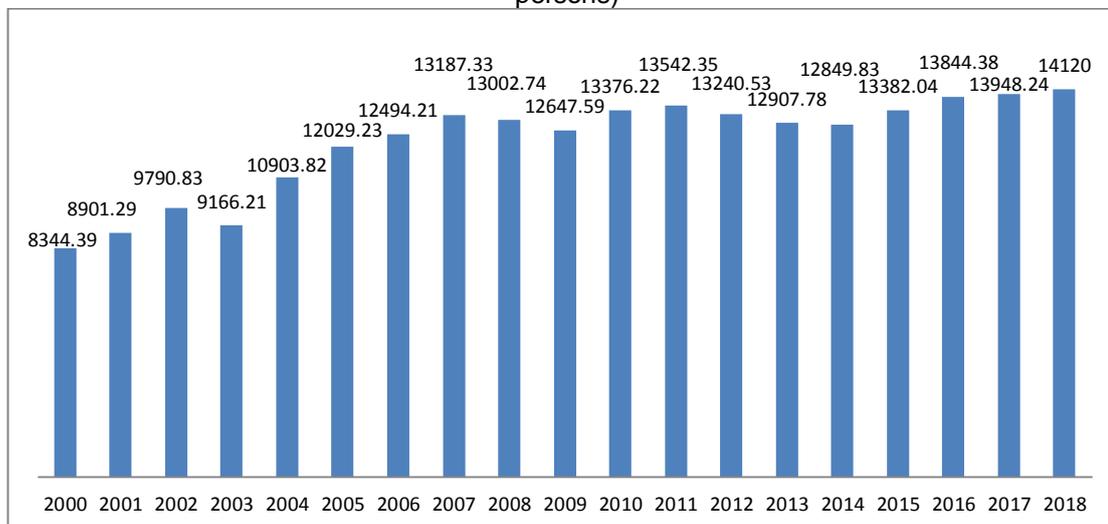


Source: author organized from China Statistics Bureau

Based on the Figure 9, the number of corporations in the catering industry was not always increased among the 18 years. From 2004 to 2005, the number of the corporations was decreased by 144 units. From 2000 to 2004, from 2005 to 2008 and from 2008 to 2013, it was all increased and the number of increased was higher than that of decreased. However, from 2013 to 2017, the trend of the number was downward. In general, the trend was rising.

After the analysis of the tourism business, we can find that the development trend is rising in general. Besides, the tourists are the core of developing the tourism industry. So, the paper not only analyses the development of tourism businesses, but also the trends of tourists, including the inbound, outbound and domestic tourists growing.

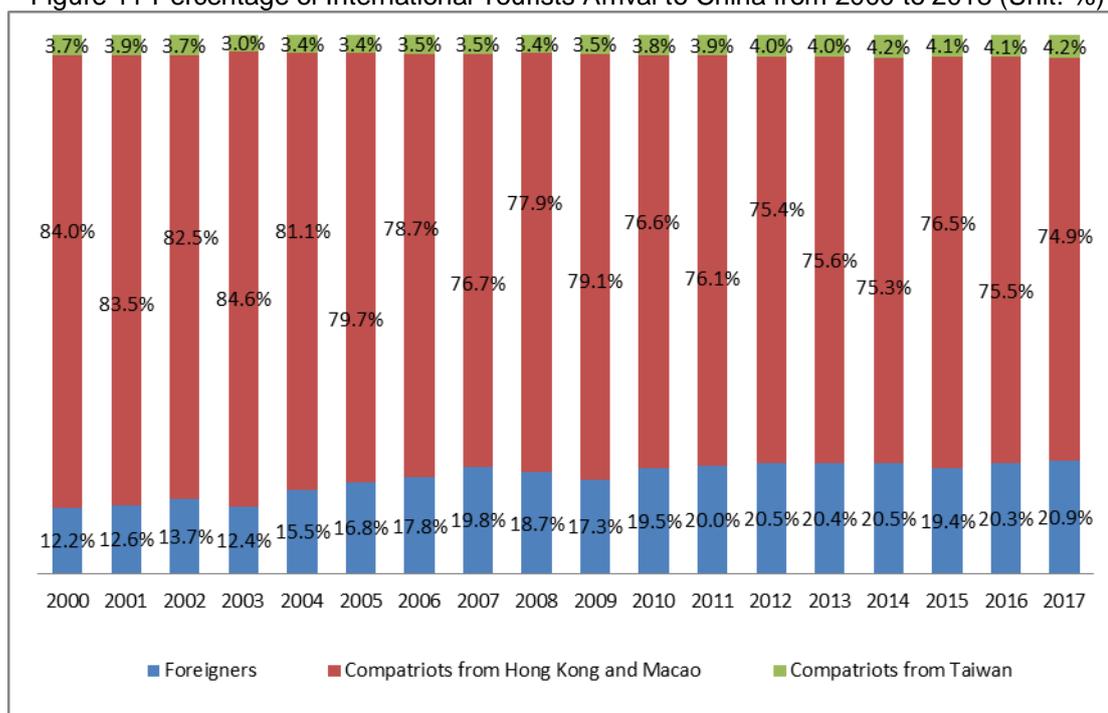
Figure 10 Total Number of International Tourists Arrival to China from 2000 to 2018 (Unit: 10000 persons)



Source: author organized from China Statistics Bureau

Figure 10 shows the total number of global tourists who arrival to China which is including the foreigners, the abroad Chinese, the compatriots from Hong Kong, Macao and Taiwan. The general pattern of the number of worldwide tourists is rising. However, the number of international tourists was declined from 2002 to 2003, from 2007 to 2009 and from 2011 to 2014. Until 2018, the number of international tourists was 141.2 million persons which was similar to the second twice as many as in 2000.

Figure 11 Percentage of International Tourists Arrival to China from 2000 to 2018 (Unit: %)

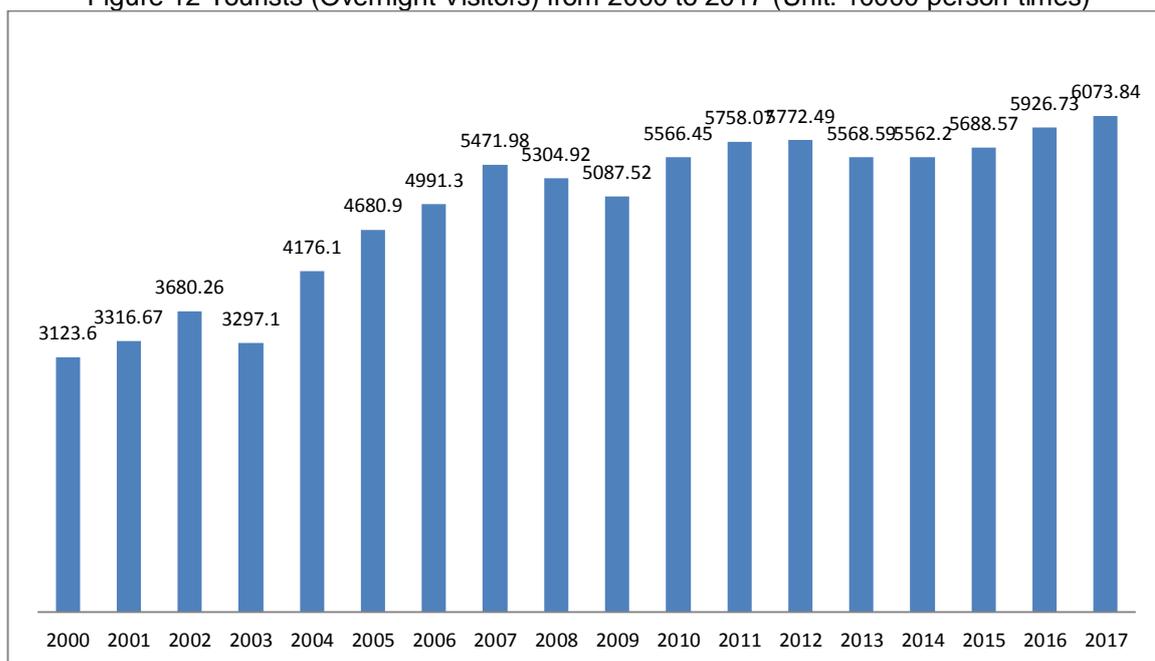


Source: author organized from China Statistics Bureau

As the author mentioned before, the international tourists include the compatriots from Hong Kong, Macao and Taiwan. Figure 11 shows the composition of the international tourists. From 2000 to 2003, the percentage of compatriots from Taiwan was decreased by 0.7%. But from 2004 to 2017, the percentage of compatriots from Taiwan was increased by 1.2%. For the percentage of compatriots from Hong Kong and Macao, this kind of tourists occupied the most share of the international tourists who arrival to China. But in general, the trend of the percentage of compatriots from Hong Kong and Macao was downward and it was decreased by 9.1% in 18 years. In contrast, the percentage of foreigners was increased by 8.7% in 18 years. It means that more and more foreigners who arrival to China for travelling and the occupation in the international tourists is rising.

The international tourists arrival to China is not so objective, because many scholars think only the visitors who live in the destination can be called tourists. So, the paper also shows the data of overnight tourists in China from 2000 to 2017. Comparing with the data of the international tourists arrival to China, we found that they have the same trend. For example, when the trend of the international arrivals was rising from 2003 to 2007, the trend of overnight tourist was also rising. Because the overnight tourists are also the international arrivals to China and they choose to stay one or more nights in China.

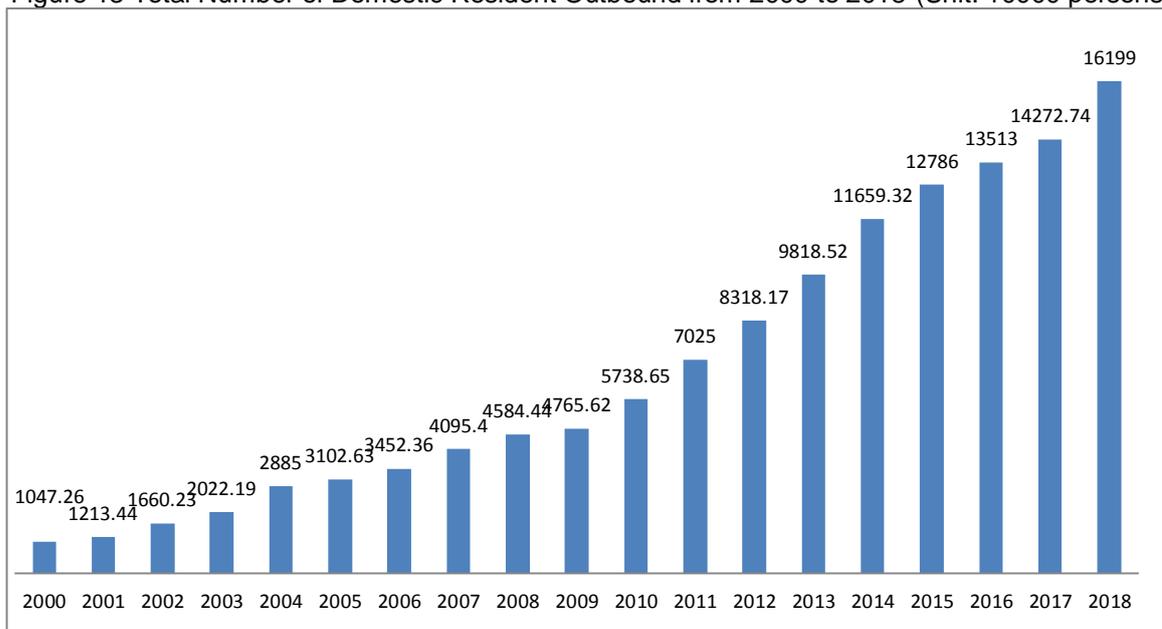
Figure 12 Tourists (Overnight Visitors) from 2000 to 2017 (Unit: 10000 person-times)



Source: author organized from China Statistics Bureau

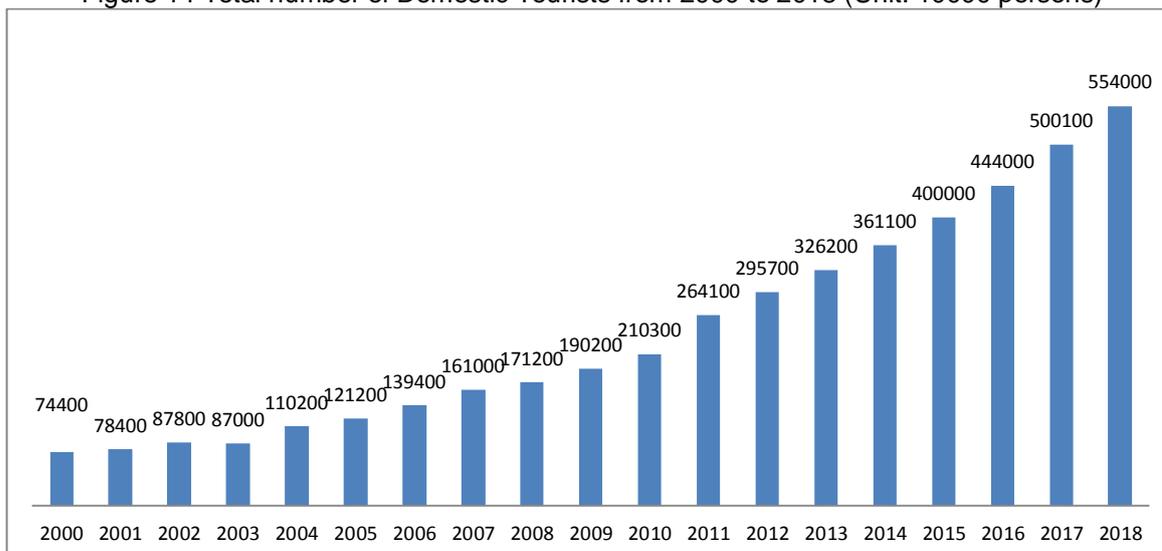
For the Chinese outbound market, it was expanding very rapidly. In 2000, there were only 10472.6 thousand persons outbound and there were 161990 thousand persons outbound in 2018 which was 15 times as many as in 2000 (Figure 13). The domestic tourism of China has the same situation. The domestic tourism market also kept growing quickly. Based on Figure 14, in 2000, the total number of domestic tourists was 744 million persons and that in 2018 was 5540 million persons which was more than 7 times as many as in 2000. The main reason is the fast developing of Chinese economy that the living of Chinese residents is becoming better. And more people like to have a holiday by travelling.

Figure 13 Total Number of Domestic Resident Outbound from 2000 to 2018 (Unit: 10000 persons)



Source: author organized from China Statistics Bureau

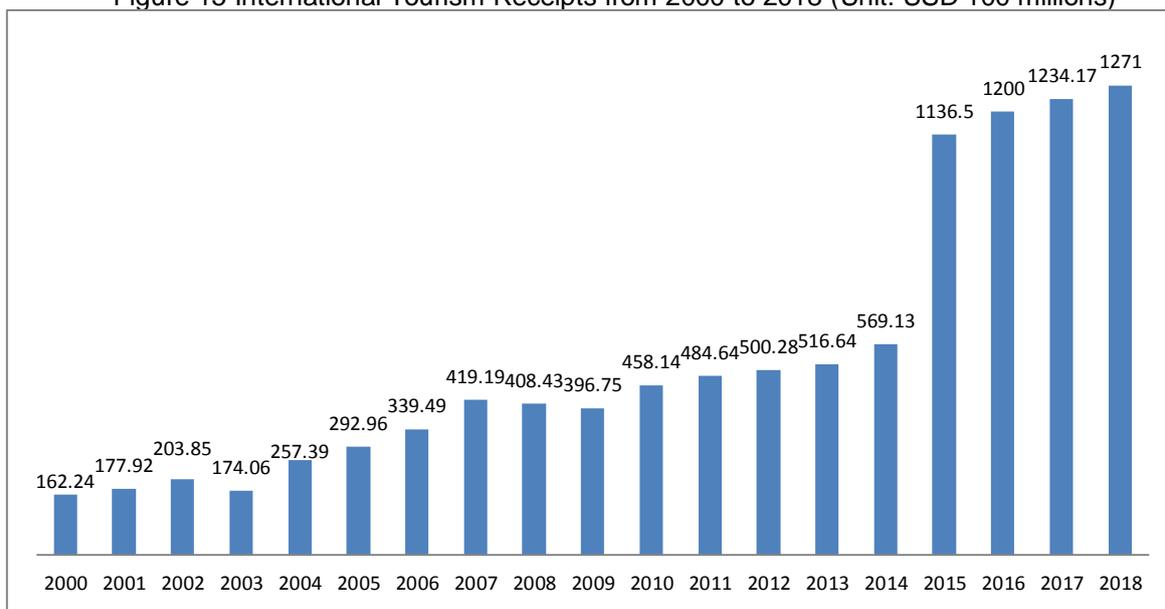
Figure 14 Total number of Domestic Tourists from 2000 to 2018 (Unit: 10000 persons)



Source: author organized from China Statistics Bureau

Except the number of tourists, the paper also uses the receipts of tourism to quantify the dimension of advancement of tourism industry. Figure 15 demonstrates the foreign exchange earnings from international tourism from 2000 to 2018. In general, more overnight international tourists, the more foreign exchange income. So, the trend of the international tourism receipts was similar to the trend of the overnight tourists. For example, Figure 15 shows that the pattern of the international tourism receipts was downward from 2000 to 2003 and also from 2007 to 2009 which is the same as the trend of overnight tourists. But there is a great difference that the number of overnight tourists from 2014 to 2018 was raising smoothly, but the international tourism receipts was rising suddenly from 2014 to 2015 and after 2015, it kept the smoothly increasing. The reason is that after 2015, “International Tourism Income” supplemented the cost of inbound tourists staying for 3-12 months and the short-term travel expenses of tourists in China, which is incomparable with previous years.

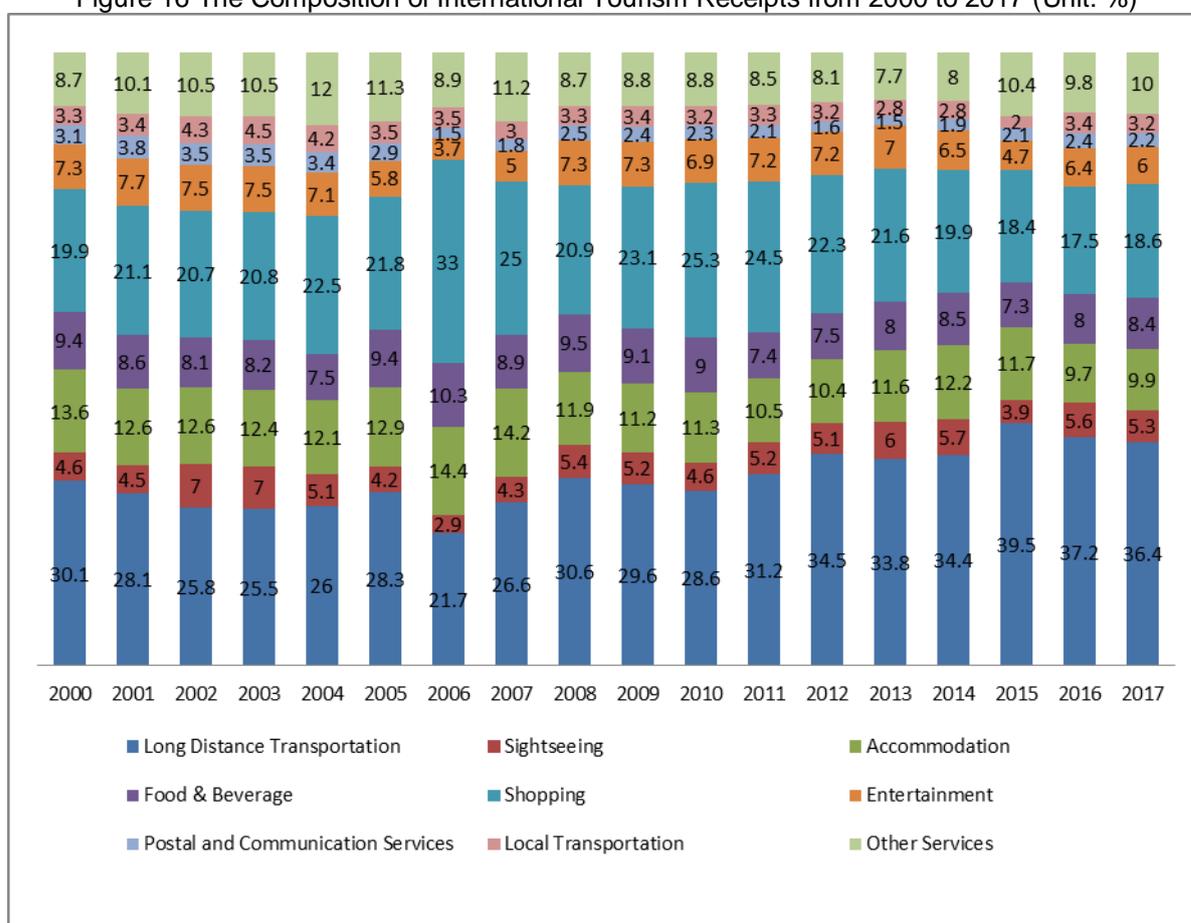
Figure 15 International Tourism Receipts from 2000 to 2018 (Unit: USD 100 millions)



Source: author organized from China Statistics Bureau

Figure 16 demonstrates the composition of the international tourism receipts from 2000 to 2017. The occupation rate of the long distance transportation was always the highest, except in 2006. From 2000 to 2003, the occupation rate of the long distance transportation was decreased by 4.6%. Although it was increased by 2.8% from 2003 to 2005, there was a sudden drop from the 28.3% to 21.7% during 2005 to 2006. And in 2006, the occupation of shopping was increased by 11.2% from 2005 to 2006 and it occupied the first position. But from 2006 to 2017, the occupation of the long distance transportation was increased in general and always kept the first position in the international tourism receipts. In contrast, the occupation rate of the shopping decreased in general at the same period, although it has a slight rising from 2008 to 2010. The occupation of accommodation was also declined by 3.7% in general and it only has the slight increasing from 2004 to 2006 by 2.3% and from 2012 to 2014 by 1.8%. And the occupation rates of sightseeing, postal and communication services and local transportation was quite small when comparing with other sectors.

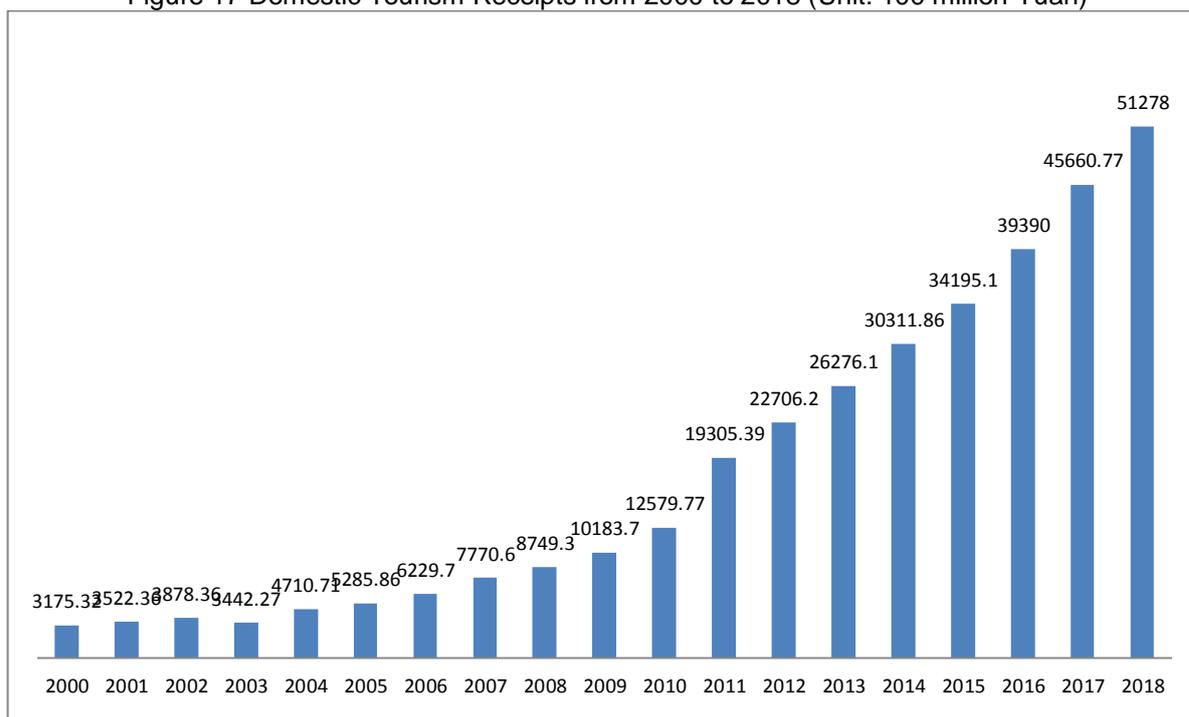
Figure 16 The Composition of International Tourism Receipts from 2000 to 2017 (Unit: %)



Source: author organized from China Statistics Bureau

The Figure 17 shows the domestic tourism receipts from 2000 to 2018. As more and more tourists choose the domestic tourism, the receipts of domestic travel will also increase. So, the trend of the domestic tourism receipts was upward, which was the same as that of the number of domestic tourists from 2000 to 2018.

Figure 17 Domestic Tourism Receipts from 2000 to 2018 (Unit: 100 million Yuan)



Source: author organized from China Statistics Bureau

The tourism industry involves a number of industrial clusters. Through the examination of the growth of China's travel agencies, accommodation industry and catering industry, China's tourism industry has brought a lot of financial advantages to the tertiary business. Lately, China's tourism industry has developed rapidly, and the proportion of foreign tourists' inbound tourism has increased. The number of Chinese tourists' outbound and domestic tourists has increased rapidly, which has brought a large amount of foreign exchange income and economic income from domestic tourism. Therefore, the development of tourism is crucial to the services economy.

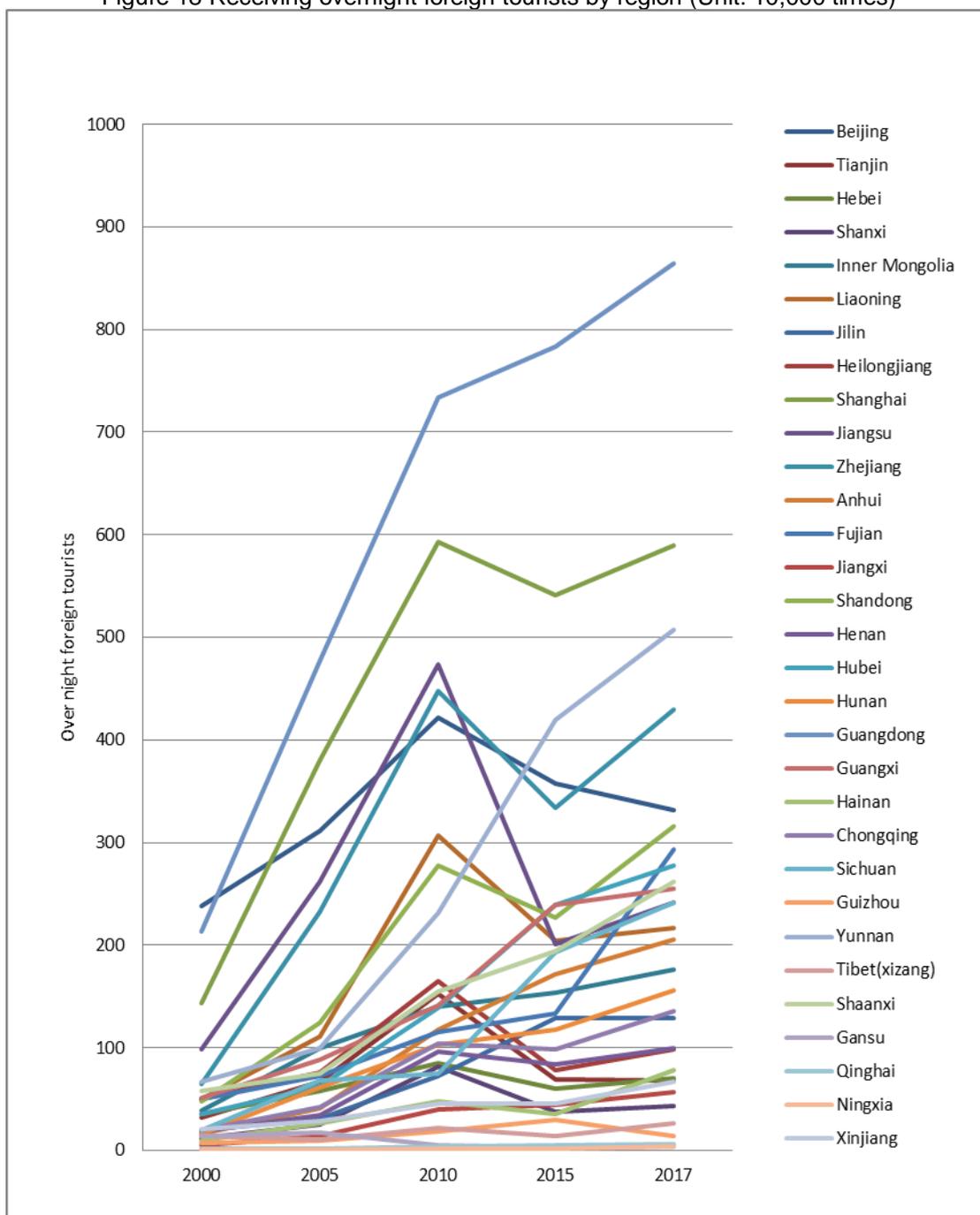
4.4 The correlation between the tertiary industry and geographical location

In China, the area of the country is big and there are many regions in the country. The development of each region is different, also including the tourism and service industry. Thus, what is the connection between the services industry and Gross Regional Product in the developed tourism regions?

The author collected the data of receiving overnight foreign tourists by region in 2000, 2005, 2010, 2015 and 2017 to find out the most popular destinations among the foreign tourists where the developed tourism industry has. Based on Figure 18, in 2000, the top 5 destinations for foreign were Beijing, Guangdong, Shanghai, Jiangsu and Yunnan. The number of receiving foreign tourists of Zhejiang Province was very close to the number of Yunnan Province, which only less 18.4 thousand times. From 2000 to 2010, the number of receiving overnight foreign tourists in most of regions was increased, especially the Guangdong, Shanghai, Jiangsu and Zhejiang which occupied the top 4 positions in 2010. And the increasing speed of Beijing was lower than these four regions and Beijing occupied the fifth position in 2010. However, from 2010 to 2015, half of regions had suffered the drop of the number of receiving overnight foreign tourists, including Shanghai, Zhejiang, Beijing and

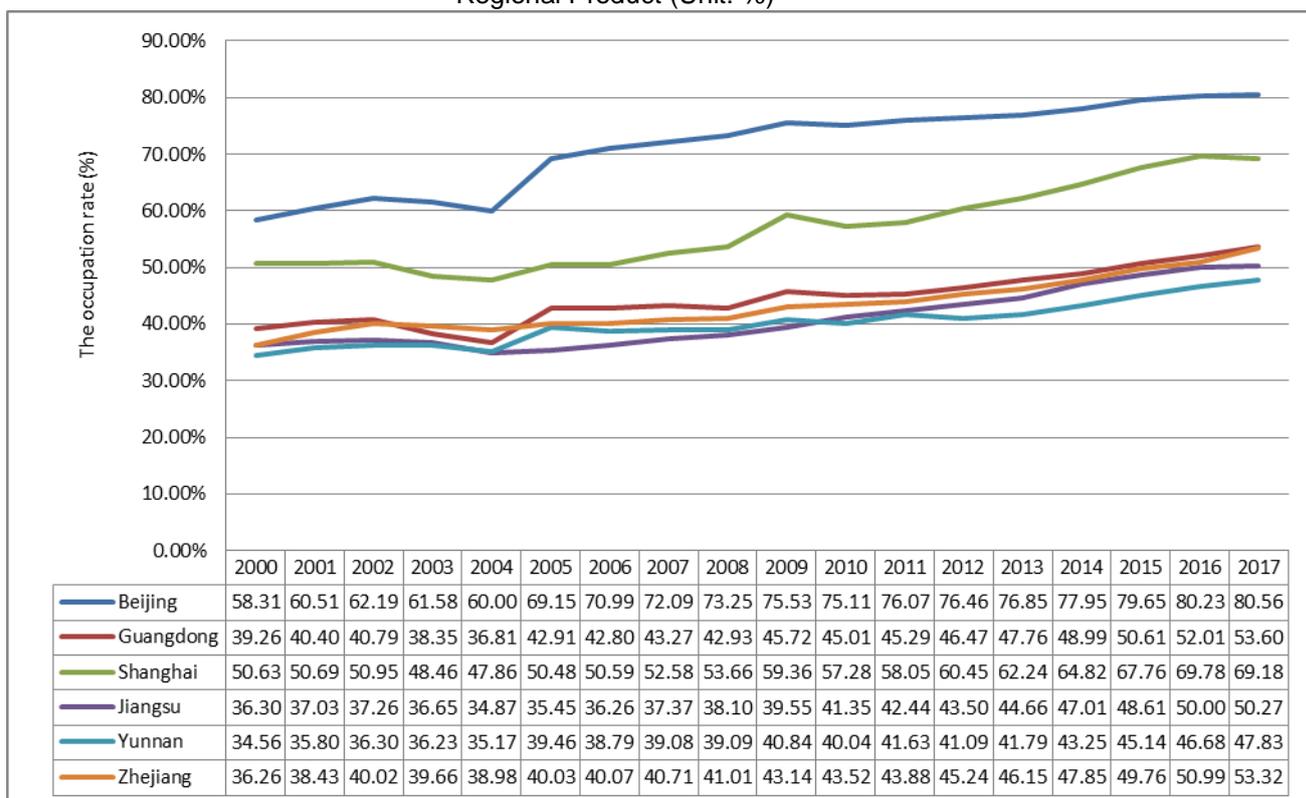
Jiangsu. The number of overnight foreign tourists in Jiangsu has dropped the most. In contrast, the number of overnight tourists in Guangdong, Yunnan and so on was always increased. Fortunately, from 2015 to 2017, except Beijing, the number of receiving overnight foreign tourists in others regions were all increased. And until 2017, the top 5 regions for the foreign tourists were Guangdong, Shanghai, Yunnan, Zhejiang and Beijing. So, combining the top 5 destinations of foreign tourists in the five years, the research chose Guangdong, Shanghai, Yunnan, Zhejiang, Beijing and Jiangsu as the developed tourism regions to do the relationship analysis between the regional tertiary industry development and Gross Regional Product.

Figure 18 Receiving overnight foreign tourists by region (Unit: 10,000 times)



Source: author organized from China Statistics Bureau

Figure 19 The occupation rate of the Gross Regional Product of Tertiary Industry in the Gross Regional Product (Unit: %)



Source: author organized from China Statistics Bureau

The author collected the data of the Gross Regional Product of tertiary industry (GRP_3) and Gross Regional Product (GRP) and calculated the occupation rate of the GRP_3 in the total GRP. The Figure 19 shows the results.

Based on the Figure 19, the services industry occupation rate in the GRP of Beijing was always the highest one and it kept the growing trend in 18 years, except the time from 2003 to 2004. It has increased by 22.2% from 2000 to 2017 and the tertiary industry even occupied 80.5% in the GRP of Beijing. The services industry occupation rate in the GRP of Shanghai took the second position. In general, it was increased by 18.5% over the 18 years. However, it also suffered the decline from 2003 to 2004 and from 2009 to 2010. The tertiary industry occupation rate in the GRP of Guangdong occupied the third position in the six regions, which is quite different from the position in the Figure 19. Because it is not conflict between the development of services industry and other industries, which means that in Guangdong, although it is a developed tourism region, the other industries are also important in the composition of the GRP. But general the trend of the tertiary industry of Guangdong was upward, except the year from 2002 to 2004. And from 2015, the services industry occupation rates in GRP were all higher than 50%. It means that the services economy of Guangdong is becoming more and more important in the GRP of Guangdong. Besides, the trends of the tertiary industry occupation rate of Jiangsu, Yunnan and Zhejiang were the same as that of Guangdong. Until 2017, except Yunnan, the occupation rate of the GRP of tertiary industry in total GRP of the other 5 regions were all higher than 50%.

Through the analysis of the services industry occupation rate in the GRP of the six regions, the tertiary

industry in Beijing and Shanghai is the most important industry until 2017 and the importance of the services industry in Guangdong, Jiangsu, Zhejiang and Yunnan is becoming more and more obvious. Except the economic occupation rate analysis, the author also used the SPSS to do the correlation analysis and regression analysis to find out the relationship between the tertiary industry and GRP of the six regions. Table 3 is the results of the correlation analysis of GRP_3 and GRP and the study organized the six regions' results in the Table 3.

Based on the Pearson Correlation test, the results show that the correlations of The GRP_3 and GRP of 6 regions are all significant at the 0.01 level (2-tailed). And the Pearson correlation of Beijing was 1.000 which means the correlation of the GRP_3 and GRP in Beijing is perfect significant. Besides, the sig values of six regions are all equal to 0.000 which are less than 0.05 and it means there is the significant relationship between the Gross Regional Product of Tertiary industry and Gross Regional Product of 6 regions.

Table 3. Correlations of Tertiary Industry and GRP by 6 regions

| | | The Gross Regional Product of tertiary industry (Unit: 100 million Yuan) | | | | | |
|--|-----------------|--|-----------|---------|----------|--------|----------|
| | | Beijing | Guangdong | Jiangsu | Shanghai | Yunnan | Zhejiang |
| Gross Regional Product (100 million Yuan) | Pearson | 1.000** | .996** | .996** | .994** | .997** | .995** |
| | Correlation | | | | | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |
| | N | 18 | 18 | 18 | 18 | 18 | 18 |

** . Correlation is significant at the 0.01 level (2-tailed).

Source: author organized from China Statistics Bureau

Table 4. Regression Analysis of The Gross Regional Product of Tertiary industry and The Gross Regional Product

| Region | | Unstandardized | | Standardized | | Model Summary | | | |
|-----------|-----------|----------------|------------|--------------|---------|---------------|----------|-------------------|----------------------------|
| | | B | Std. Error | Beta | t | Sig. | R Square | Adjusted R Square | Std. Error of the Estimate |
| Beijing | β_0 | 1037.386 | 98.346 | | 10.548 | .000 | .999 | .999 | 238.19163 |
| | β_b | 1.211 | .008 | 1.000 | 144.711 | .000 | | | |
| Guangdong | β_0 | 5137.028 | 942.683 | | 5.449 | .000 | .993 | .992 | 2271.9980 |
| | β_b | 1.853 | .040 | .996 | 46.812 | .000 | | | |
| Jiangsu | β_0 | 5674.377 | 970.583 | | 5.846 | .000 | .991 | .990 | 2473.8560 |
| | β_b | 1.931 | .046 | .996 | 42.039 | .000 | | | |
| Shanghai | β_0 | 2681.652 | 400.114 | | 6.702 | .000 | .989 | .988 | 916.76192 |
| | β_b | 1.360 | .036 | .994 | 37.358 | .000 | | | |
| Yunnan | β_0 | 821.376 | 159.987 | | 5.134 | .000 | .994 | .993 | 398.22959 |
| | β_b | 2.090 | .042 | .997 | 50.047 | .000 | | | |
| Zhejiang | β_0 | 3563.234 | 673.683 | | 5.289 | .000 | .989 | .988 | 1598.9346 |
| | β_b | 1.867 | .049 | .995 | 38.191 | .000 | | | |

a:Dependent Variable: The Gross Regional Product (Unit: 100 million Yuan)a

| |
|---|
| b: The Gross Regional Product of Tertiary industry (Unit: 100 million Yuan) |
|---|

Source: author organized from China Statistics Bureau

Through the correlation analysis, we found there are significant relationships between the GRP and the GRP₃ in 6 regions. In that way, how does the development of the services industry of 6 regions influence the GRP of these regions? For solving this problem, the author collected the data of the GRP₃ and the GRP from 2000 to 2017 and chose the Gross Regional Product of Tertiary industry as the independent variable (x) and the Gross Regional Product as the dependent variable (y) to do the regression analysis. The regression equation can be:

$$y = \beta_0 + \beta_b * x$$

Table 4 demonstrates the summary of the regression analysis results of 6 regions. For 6 regions, the results of regression show that the R-Square and Adjust R-Square are all higher than 0.9 which very close to 1. It means that more than 90% dependent variables can be explained by the equation of independent variable and the model has a good goodness of fit. And the sig values of 6 regions are all equal to 0.000 which means the relationship between the GRP₃ and the GRP is significant, which is the same as the correlation analysis.

Otherwise, the regression equation of Beijing is: $y = 1037.386 + 1.211 * x$. The meaning of the regression equation is that when the Gross Regional Product of Tertiary industry increases 1 unit (100 million Yuan), the GRP of Beijing will increase 1038.597 units (100 million Yuan). In the same way, we can get the regression equations of other 5 regions and we can find that in 17 years, the development of Tertiary industry of Jiangsu will influence the GRP most and the development of services industry in Yunnan has the minimal influence among 6 regions. And the regression equation illustrates that the growth of service industry of Guangdong also has the great impact on the GRP. As we analysed before, the occupation rate of services industry in the GRP in each year was not as high as Beijing. However, the regression equations show that the influence of the tertiary in Guangdong on the GRP is greater than the influence of the development of tertiary industry in Beijing. It can be explained that in the short-term (each year), the development of the tertiary business and the GRP has their own regular pattern and not stable, but in the long-term time period, the increasing of the services economy has a great effect on the economic growth.

Therefore, through the regression analysis of the GRP₃ and the GRP in 6 regions, we can draw the conclusion that the development of services economy in 6 regions all has the positive influence on the GRP. Otherwise, in the long-term, the influence of the tertiary in Jiangsu, Guangdong and Zhejiang on the GRP was greater than other three regions.

5. CONCLUSION

Under the fast growth of global economy, China adapts to and follows the trend of the international economic environment and rapidly develops China's macro economy. From 1990 to 2017, China's GDP grew from the penultimate of the seven countries to the second most positive in 2010, and in 2017, it accounted for 15.12% of world GDP. In addition to quantitative indicators, China's HDI has also been growing, and it has grown by 0.25 in 28 years. China's economic power has become a force that cannot be ignored in the international arena. In the rapid improvement of China, apart from the contribution of the secondary industry to China's GDP, the tertiary industry also played a very important role. By 2017, the tertiary industry's share of China's GDP even reached 61.6%. This demonstrates with regards to the present vigorous development of the service economy, China's service industry has also developed quickly and has turned into a pillar industry of the Chinese economy.

In the tertiary industry, every department plays an indispensable role. Among them, from the perspective of economic contribution, Wholesale and Retail Trades, Financial Intermediation, Real Estate play a very important roles, which occupied the Top 3 positions in the Figure 4 in 2017. Besides, Transport, Storage and Post Services, Public Management, Social Security and Social Organization and Education also are crucial for the tertiary industry. From the social contribution view, Education, Public Management, Social Security and Social Organization, Health and Social Services, Wholesale and Retail Trades and Transport, Storage and Post Services provide a lot of jobs. So, Education and Public Management, Social Security and Social Organization, Wholesale and Retail Trades and Transport, Storage and Post Services assume the most significant jobs in the service industry, not only in the economy but also in the society.

As a vital sector of the service industry, China's tourism industry is developing very fast and contributing a lot to the service economy. From 2000 to 2016, the number of Chinese travel agencies has more than tripled. From 2000 to 2017, star-rated hotels nearly doubled, and the restaurant industry developed the fastest, growing about seven times. From the perspective of tourists, from 2000 to 2018, the quantity of inbound tourists generally showed an upward trend, and the percentage of foreign tourists continued to rise. The number of outbound tourists is the fastest growing among the three types of tourists. By 2018, the number of tourists visiting abroad has achieved 161990 thousand persons, which is more than 15 times that of 2000. The number of domestic tourists is also showing steady growth. In 2018, the number of tourists visiting China was more than seven times that of 2000. With the increasing of the number of inbound tourists, the foreign exchange earning of the tourism industry has also increased rapidly. Tourism foreign exchange income in 2018 was more than ten times that of 2000. Among them, long-distance transportation, shopping and accommodation are the main components. The growth of domestic tourists is very stable, so domestic tourism income has also grown steadily. Domestic tourism revenue in 2018 was more than 16 times that of 2000.

According the number of overnight foreign tourists in different regions of China, the paper chose the top 6 developed tourism area. The results of correlation and regression analysis show that the tertiary industry has significant relationship with the GRP in 6 regions. Besides, the results of regression analysis also show that the service economy's advancement has the greatest influence on the GRP in

Jiangsu and Guangdong. But the occupation rates of tertiary industry in the GRP of Guangdong and Jiangsu were not the highest in each year among 6 regions. It can be explained that in the short-term (every year), the improvement of the tertiary industry and the GRP has their own regular pattern and not stable, but in the long-term time period, the increasing of the services industry has a great effect on the economic improvement.

The paper has the comparison analysis of the macroeconomic environment among China, US, UK, Germany, Japan, Russia and India, which not only including the developed countries but also the emerging countries. And then only focus on the advancement of China and do the depth analysis of the tertiary industry, including the department contribution on the economy and society, the tourism development and the tertiary industry in the developed tourism area. The whole research is very detail and comprehensive to show the growing importance of service economy in China. The researching results can be used by other scholars as a reference of Chinese service industry development. And it also can help the people who want to realize the importance of the growth of service economy in China.

In addition, there are some limitations of this research. For example, in the first part of the macroeconomic environment evolution of China, the author only compared and analysed the economic indicators of GDP and GDP pc of seven countries. In the second part of the tourism contribution of China, the author did not find the data of the employment of tourism industry that the paper could not analyse the social influence of it. And in the final part, the research used the number of overnight foreign tourists as the indicator to choose the developed tourism regions. Actually, there are many other elements to measure the level of developing of tourism in regions, such as the infrastructure, the transportation, the accommodation, the safety and so on. So, for the depth analysis, the researchers can identify the importance of service economy in different economic background countries, especially the developed countries and emerging countries. And as the paper has identified that the service industry is real important in China's economy, but some economists think the reason of the decline of the economic developing speed of developed countries is that these countries mainly focus on developing tertiary industry. So, how to develop the service economy to make sure the stable developing of the general economy in China is an interesting topic. Besides, as we all know, although the occupation rate of industry is decreasing, China is an industry country, how to balance the developing of industry and service economy is also a study point. Overall, there are many meaningful topics for the researcher to have a depth study of China based on the rapidly changing international environment.

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