



## City profile

## Nanning – Perils and promise of a frontier city

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## 1. Introduction

Located at 22°38'N latitude and 108°13'E longitude some 130 km from the China–Vietnam border, Nanning, capital of Guangxi Autonomous region, is a city located in one of China's frontier provinces. Although many cities in China, such as Qingdao (Zhang & Rasiah, 2013), Quanzhou (Li, Wang, & Cheong, 2016a, b), Yiwu (Li et al., 2016a, b) have been profiled, Nanning has been little researched. It is the largest city in Guangxi and on the China side of the highway from Hanoi, Vietnam's capital, almost equidistant from the border. An ancient town, Nanning has seen its fortunes shaped by China's centuries of relations with its southern neighbor Vietnam.

These relations have not always been amicable. China conquered Vietnam in the second century BCE during the expansionist Han dynasty and ruled until 967 CE when the Vietnamese reasserted their independence as Dai Viet (Forbes, 2007; Suryanarayan, 2016). This period of Chinese rule was punctuated by uprisings by the nationalistic Vietnamese, followed by reprisals by the Chinese armies with considerable casualties. Even after Vietnamese independence, Chinese control over Vietnam waxed and waned, an example being the Ming reassertion of control in 1407, only to be ejected again in 1428 (Forbes, 2007). Yet through forced sinicization or otherwise, many Vietnamese cultural traditions, the education system, and the mandarin system of government came from China. And until its Romanization in the 17th century, the Vietnamese language was written using the Chinese script. This complex relationship is aptly summed up by Forbes (2007) thus: “The relationship between the two countries is in many ways a family affair, with all the closeness of shared values and bitterness of close rivalries.”

Situated amidst these contested territories, Nanning has seen its ownership change hands several times. And yet today, it is not only a provincial capital but also earned international recognition. A Brookings Institution ranking of the world's 10 best performers since the Global Financial Crisis in 2008 had Nanning second, behind Xiamen in Fujian province (Smialek, 2015). This ranking was based on employment gains and economic growth per capita. In a PWC listing of China's “cities of promise”, based on the availability of intellectual capital, importance as a regional city, technological readiness, and healthcare, safety and security, Nanning was in the top 20 cities, albeit

at number 19 (PWC & CDRF, 2015).

Explaining how a frontier city becomes a “city of promise” with “key opportunities and development potential arising from deep economic and social transformations” (PWC & CDRF, 2015: 2) is the overarching objective of this paper. In profiling Nanning, this paper argues that despite its unsettled history, the city's current promise stems from its geography and strategic significance that have motivated strong state support.

In the next section, a brief review of the city's history highlights its changing fortunes that preceded today's boom. Section 3 looks at the city's administration that anchors a strong government role. Spatial planning is taken up in Section 4. Factors facilitating the city economy's transformation as well as the city's economic structure today are the themes of Section 5. This paper concludes by touching upon the city's prospects and challenges in a changing environment of geopolitical contests through regional agreements and maritime disputes.

## 2. History

Dating from the Stone Age, Nanning has seen repeated changes in control during its long history. Ferguson (2000: 2–3) citing various sources argued that it was under early Vietnamese kingdoms (Au Lac, mid-3rd century BCE), unified Chinese control (from the Qin Dynasty about 210 BCE) although interrupted by brief periods of autonomous rule (under a Chinese general and his descendants, and briefly under a Zhuang minority leader during China's Song dynasty). Beginning with an invasion by Vietnamese king Ly Thuong Kiet and until the 18th century, Guangxi and Nanning experienced repeated battles between Chinese and Vietnamese armies that exacted a heavy toll, both in human and material costs, on both sides. Periodic changes in control and rule by various leaders far removed from the Chinese imperial court speak to the geographical remoteness of the town from the seat of Chinese power in the north.

Relations between China and Vietnam after 1949 proved no more stable than during the historical period before, to the detriment of Nanning's economic growth. China was Vietnam's ally during its fight for independence, the first country to recognize the Democratic Republic of Vietnam. This alliance continued through the Vietnam War, with Nanning used as a conduit for arms to Vietnam in the 1960s and

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1970s (Ferguson, 2000). But relations deteriorated after the US departure from Vietnam in 1975, coming to a head when Vietnam ousted the China-supported brutal Pol Pot regime in Cambodia, installing its own candidate, Hun Sen, to head Cambodia. A brief invasion by Chinese forces to “punish” Vietnam produced significant casualties on both sides, thanks to stiff Vietnamese resistance using paramilitary forces employing guerrilla tactics (Chanda, 1986). More significantly, Guangxi, and with it Nanning, was regarded as a front line area with borders closed, a situation that continued into the 1980s.

Vietnamese troop withdrawal from Cambodia in 1988 helped improve Vietnam-China bilateral relations, while the reduction of trade and aid from the Soviet Union several years before its collapse rendered improved ties more pressing for Vietnam. Vietnam itself had also begun its reform called *doi moi* (renewal), and could not have missed China's experience as it opened up almost a decade earlier, in 1978. Thus the land border, with Nanning linked by road to Lang Son and further to Hanoi in Vietnam, was reopened in 1989. Cross-border trade then grew rapidly, made easier by the fact that the minority Nung Dao community straddling both sides of the border were engaged in trade (Womack, 1994).

Thus, Nanning's development had been constrained by its geography and political history. Geographically, the town's location on the southern borderlands of China renders its wellbeing and prospects dependent on China's relations with its neighbor Vietnam. Historically, these relations have been tense, and on occasions hostile. There was therefore little border trade – even at the best of times, as during the 1950s and 1960s, the town was more a conduit for aid than for trade (Womack, 1994: 498), while in times of hostilities, the border was actually closed.

Nanning's current phase of growth dates from 1990 but accelerated during the late 1990s when its promise as a dynamic border region that serves as a gateway to the primarily landlocked southwestern region of China from Southeast Asia finally overcame its earlier perils as a frontier region with security problems (Ferguson, 2000: 10). Its subsequent growth and the major contributors to this growth are taken up next.

### 3. Administrative structure and the role of government

Originally named ‘Junxing’, Nanning first appeared as a county in Jin Dynasty (317–420 CE) and upgraded to a city in the Tang Dynasty (618–907 CE). Renamed Nanning in the Yuan Dynasty (1271–1368 CE), it became the capital city of Guangxi Province in the Qing Dynasty (1644–1912 CE). After the establishment of PRC, Nanning was made the capital city of Guangxi Zhuang Autonomous Region.

A provincial-level city,<sup>1</sup> Nanning has a jurisdiction of 22,189 km<sup>2</sup> with a total population of 6.69 million. It has a 4-tier administration hierarchy – the Nanning municipal government, 7 districts and 4 counties at the second administrative level, the township governments the third, and volunteer village cadres the fourth (Table 1).

Nanning also hosts three national level development zones, two provincial level industrial and economic zones and one city-level economic zone (Table 2). These benefit from the spatial agglomeration effects and low labour mobility costs (Baldwin & Martin, 2004; Chen & Lu, 2016). These three national development zones host 13,322 companies with a combined GDP of RMB 184.5 billion, 54% of Nanning's GDP in 2015 (Nanning Municipal Bureau of Statistics, 2015).

Nanning's current development relies heavily on national, provincial and municipal government support. National and provincial governments emphasize China and ASEAN economic integration; the municipal government promotes Nanning's prosperity through city

<sup>1</sup> A provincial city is a second level city of China's urban system. It is more powerful than the prefectural-level cities and county-level cities and counties, but under administration of province (Zhang & Wu, 2006).

**Table 1**  
Nanning administration structure, 2011.

District/county	Area (m <sup>2</sup> )	Population (10,000)	No. of townships	No. of villages
Qingxiu District	872	55	4	46
Xingning District	751	31	3	37
Jiangnan District	1154	40	4	68
Xixiangtang District	1118	66	3	69
Liangqing District	1369	29	5	57
Yining District	1295	32	3	65
Wuming District	3367	65	13	198
Heng County	3464	115	14	276
Binyang County	2314	102	15	193
Shanglin County	1876	46	7	131
Longan County	2264	37	7	145
Mashan County	2345	51	6	118

Source: Ministry of Civil Affairs of China (2011). China administrative districts brochure. China Society Press.

spatial plans.

#### 3.1. National level

Normalization of relations with Vietnam in 1991 spurred China to develop Nanning. In 1992, Nanning was designated an open border city and a direct air route from Nanning to Vietnam was approved. In 1993, mine clearing activities were carried out to boost border trading. Trading volume rose an average of 57.5% per year (Table 3) until the onset of the Asian Financial Crisis in 1998. Although not the only city designated by the state to promote relations with Vietnam, its historical role and proximity gave Nanning an edge.

A decade after normalization, China moved to play a central role in ASEAN through its proposal of the China-ASEAN Free Trade Agreement (CAFTA) under which 90% of traded commodities were to be tariff exempt (Wong, 2010). Signed in 2002, it went into force in 2010. As a result, Guangxi's total trading volume to ASEAN grew by \$92 billion from 2011 to 2015 (Xinhua, 2016), with raw materials flowing from ASEAN to China and manufactured goods flowing the other way.<sup>2</sup> China now is the largest trading partner to ASEAN with bilateral trading volume totaled USD 400 billion in 2014 (Kyaw, 2015).

As will be discussed later, an even grander strategy was to materialize. In October 2013, President Xi Jinping announced the launch of the “Belt and Road” (B & R) initiative under which even deeper connectivity with ASEAN was contemplated (Lim, 2015). Financial and institutional infrastructure is being put in place to translate this strategy into reality. On May 14–15, 2017, the Belt and Road Forum for International Cooperation released the B & R achievement list. Out of a total of 76 categories, more than 270 projects in 5 major categories, policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond were undergoing implementation (Ministry of Foreign Affairs, 2017).

The central government promotes knowledge intensification in Nanning. It developed human capital through universities and university towns (Wei, 2015). According to a PWC report (2015), Nanning is one of three cities (the others being Guangzhou and Hangzhou) scoring highest in innovation activities. Nanning has 31 universities and colleges, with Guangxi University having among the largest student enrollment among universities in China (China Knowledge, 2013). In addition to nurturing human capital development, Nanning enjoys tax privileges from the central government. For instance, foreign knowledge-intensive industries, foreign-invested companies with capital above \$30 million, and foreign-invested energy, transportation and port

<sup>2</sup> For instance, Vietnam is the destination of half of Chinese machinery and automobiles (Yan & Dingding, 2015).

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