



# Transformation of cross-boundary governance in the Greater Pearl River Delta, China: Contested geopolitics and emerging conflicts



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## A B S T R A C T

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Drawing upon the perspective of state rescaling in city-region governance, this paper explores the transformation of cross-boundary governance in the Greater Pearl River Delta (GPRD), a cross-boundary region on the South China coast consisting of the PRD under the jurisdiction of Guangdong Province, and Hong Kong and Macao Special Administrative Regions (SARs). Based on updated field investigation and in-depth interviews between 2008 and 2012, the study argues that the Greater PRD has undergone dramatic restructuring of regional governance since mid 2000s, reflected by rescaling attempts initiated by Guangdong provincial government and bottom-up resistance from local residents in Hong Kong. The interaction of the rescaling dynamics has engendered the contested geopolitics of the cross-boundary governance as the regional integration intensified. Notably, the complexity of cross-boundary governance has been heightened by emerging conflicts, resulted from the increasing number of mainlanders as 'individual visitors' to Hong Kong since the implementation of the Closer Economic Partnership Arrangement (CEPA), the first bilateral free trade agreement between Hong Kong and China effective from 2004. By examining the Greater PRD as a salient mega city-region, the present study enriches the growing literature on state rescaling and cross-border governance in contemporary globalization.

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## Introduction

The contingent effects of globalization, regionalization and the end of the cold war have brought about the proliferation of cross-border regions (CBRs), i.e. territorial units that include contiguous national or subnational units from two or more nation states (Perkmann & Sum, 2002). National borders and the associated border regions have derived new meanings and presenting new opportunities. Nowadays, there are virtually no local or regional authorities in border areas that are not somehow involved in cross-border cooperation initiatives with their counterparts. CBRs have emerged in very different geopolitical settings, prominently within Europe, North America, and recently Southeast Asia. Most studies on CBRs have mainly concentrated on supranational paradigms or national-level analyses of specific regional groupings, such as the European Union (EU) (Brenner, 1999), where typical studies have focused on bilateral cooperation, such as developments in the border regions between Finland and Russia

(Paasi, 1999), and UK–France cross-border cooperation (Church & Reid, 1996). Outside Europe, studies have focused on the North American Free Trade Area (NAFTA) and the US–Mexico border region (Herzog, 1991), and the Growth Triangles in Southeast Asia among Malaysia, Indonesia and Singapore (Bunnell, Muzanini, & Sidaway, 2006). However, the conventional *national-based* perspectives of CBRs are scarcely applicable in the Chinese context (Breslin, 2000).

The 2000s has witnessed proliferated studies on city-region governance in post-reform China (Li & Wu, 2012; Wu & Zhang, 2010; Xu and Yeh, 2011; Yang, 2005, 2006a). Existing literature has primarily focused on mega city-regions in or between provinces in China, e.g. the Pearl River Delta (PRD) under the jurisdiction of Guangdong province (Cheung, 2012; Ma, 2012; Smart & Lin, 2007), and the Yangtze River Delta (YRD) across the jurisdictions of Shanghai, Jiangsu and Zhejiang provinces (Li & Wu, 2013; Luo & Shen, 2009; Zhang & Wu, 2006). Recent attention has been extended to cross-border governance in China, particularly the Greater PRD consisting the PRD, Hong Kong and Macao SARs in coastal South China (Enright, Scott, & Chang, 2005; Li, 2009; Hui, Wong, & Li, 2011; Shen, 2004; Yang, 2006a,b). The Greater PRD is identified as a salient mega city-region in China

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under the unique framework of “one country two systems” (OCTS),<sup>1</sup> in which cross-boundary<sup>2</sup> integration is a non-tension-free process (Shen, 2004; Yang, 2006b). Relatively little has however been conducted to examine the transformation of cross-boundary governance as the regional integration intensified, particularly after the implementation of the Closer Economic Partnership Arrangement (CEPA), the first bilateral free trade agreement between Mainland China and Hong Kong effective on 1st January 2004. This study argues that the Greater PRD has undergone dramatic restructuring of regional governance since mid 2000s, reflected by rescaling attempts initiated from Guangdong provincial government and bottom-up resistance from local residents in Hong Kong. The dynamic interaction of the two-way rescaling mechanisms has engendered the contested geopolitics of the cross-boundary integration and governance. Existing studies on cross-border integration in the Greater PRD has mainly focused on the northern-bound cross-boundary activities engaged by Hong Kong business and residents (Hui et al., 2011; Shen, 2008). This study argues that the CEPA-induced increasing number of mainlanders as “individual visitors” and their southern-bound activities in Hong Kong has turned into new dynamics of cross-boundary integration, the effects of which on cross-boundary governance of the region has however remained understudied.

This study considers the PRD, rather than Mainland China as a whole, in investigating the evolution of the cross-border region under OCTS. This is because Hong Kong's social–economic interaction with Mainland China has been mainly concentrated in the PRD, the territory's geographical and economic hinterlands. Macao, another SAR in the Greater PRD has been discussed in a lesser extent, taking into account its distinctive roles and relations with the PRD. While with well-recognition of different scenarios of cross-boundary interaction between the PRD and Hong Kong and that between the PRD and Macao in the Greater PRD region under the OCTS framework, this study puts more emphasis on the former mainly because of different roles of Hong Kong and Macao and distinctive relationships with the PRD. Since the late 1970s, Hong Kong has played a pivotal role and contributed to the rapid industrialization and urbanization in the PRD (Sit & Yang, 1997). Their economic relationships have been inextricably linked together, which has been described as ‘front shop, back factory’. Relatively insignificant roles have played by Macao in the PRD, because of its salient gambling industry-dominated economy. In respect of Macao's 500 years of history as a Portuguese outpost in East Asia, its relative lay back image and lack of economic vitality before the handover in 1999, its transformation to becoming the world's number one “games” industry attraction, and the Macao SAR's dependency on the central government in the control of the flow of people and money to its casinos as well as tinkling its relation with neighboring city Zhuhai. It is on a much firmer ground to argue that the relations of Macao with the PRD is quite different from that of Hong Kong and therefore deserves a separate treatment. The stark contrast between the interactions of the two SARs and the PRD under same institutional framework of ‘one country, two systems’ warrants for a comparative study on the research agenda.

The study is conducted mainly based on authors' intensive field investigation in the region for many years, particularly personal interviews with concerned stakeholders including government officials, business, local citizens and non-governmental organizations (NGOs), individuals in the major cities of the PRD and Hong Kong between 2008 and 2012. The remainder of the paper is organized as follows. Following this introductory section, it critically reviews the theoretical perspectives on the city-region governance and state rescaling in the process, as well as an overview of dynamic interaction among governance restructuring, state rescaling and regional planning in post-reform China. It then turns to examine the rescaling of regional integration and planning designated by Guangdong provincial government, with particular attention on its interaction with the bottom-up rescaling initiated by local residents in Hong Kong in recent years. The fourth section explores the changing dynamics of cross-boundary integration, particularly the CEPA-induced integration and subsequent impacts on cross-boundary governance since the mid 2000s. The paper concludes with a summary of main findings and discussion of policy implications for the concerned governments and stakeholders in the Greater PRD mega city-region.

## Transformation of cross-border city-region governance in the contemporary globalization

### *State rescaling and city-region governance*

Since the 1990s, global city-regions have increasingly turned into key nodes of global capital accumulation in both developed and developing countries. There emerge considerable academic and policy interests in the shifting structures and regulatory frameworks of regional development (Brenner, 2004). The new institutional architectures of regional governance appear to be associated with a rescaling process of economic activities (MacLeod & Goodwin, 1999). Regional governance as a tool to improve integration of city-regions has generated a range of new conceptual interpretations, such as the entrepreneurial governance (Harvey, 1989); varied forms of ‘multi-level governance’ (Hooghe & Marks, 2001), and ‘reterritorialization of the state’ (Brenner, 1999). The formation and governance of city-regions provide an illuminating analytical window through which exploration of contemporary rescaling of state spatiality and their ramifications can be made (Brenner, 2009). Notably, the re-introduction of regional level governance is a new ‘fix’ for the crisis produced by urban entrepreneurialism in the 1980s (Brenner, 2004). Regional scales, as a new spatial scale of state power, appear to offer a convincing theoretical explanation of recent and future regional economic development and the best approach of policy formation.

Since 2000, conventional issues such as decentralization, regionalism, localism and centralism are being re-examined through the lens of the debates on state rescaling and governance restructuring. After more than one-decade of proliferation of the literature on state rescaling in city-region governance, it is argued the research has entered into a “second wave” with more attention on three theoretical frontiers, namely the logics of explanation, the elaboration of comparative analyses, and the investigation of questions of periodization (Brenner, 2009: 130). The first round of work on state rescaling has been under way for at least a decade, which has been closely intertwined with discussions of state reterritorialization, rebordering and, to a lesser extent, the politics of place making. Traditional fields of administrative science and policy analysis, e.g. the study of intergovernmental relations, decentralization, regionalism, localism, and centralism are being re-examined through the lens of the rescaling debates. However, there has been little systematic work comparing pathways of state

<sup>1</sup> “Two systems” refer to socialist and capitalist economic systems have been implemented respectively in China and Hong Kong.

<sup>2</sup> The term ‘border’ (*bianjing*), widely used before 1997 to denote the frontier between Hong Kong and Guangdong Province, has been replaced by ‘boundary’ (*bianjie*) in official documents since Hong Kong's return to Chinese rule, as the former term was felt to imply an international frontier.

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