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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

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...
under the unique framework of “one country two systems” (OCTS),\(^{1}\) in which cross-boundary 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

\(^{1}\) “Two systems” refer to socialist and capitalist economic systems have been implemented respectively in China and Hong Kong.

\(^{2}\) 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.
rescaling, whether with reference to particular state territories, institutional forms, policy arenas or regulatory problems (Brenner, 2009). More specifically, seldom has it been done on how the various phases of capitalist development are to be understood and differentiated from one another. Accompanying the turn into the second wave, research on state rescaling has been substantially enriched by the broader literature on the ‘new political economy of scale’, which has helped to orient research on state rescaling within the broad constellation of rescaling processes that are animating political—institutional change within contemporary capitalism (Brenner, 2009: 125). It is hoped that the next wave of research on state spatial restructuring will entail more systematic exploration of how rescaled, reterritorialized state institutions interact with relational and network forms of governance, and vice versa (Pike & Tomaney, 2009).

The study on the scale and the scope of planning are argued to be the two indispensable aspects of the current state restructuring process (Allemendinger & Haughton, 2007). Regional planning has since 2000 been identified as crucial rescaling projects of governance by individual states in both developed and developing countries. As Allemendinger and Haughton put it (2009: 631), “spatial planning is part of the states’ ‘restless search’ for governance”. The shifting scale of planning represents the renewed policy imagination at the state intervention in response to the changing context: “spatial planning is a contributor to and a reflection of a more fundamental reform of territorial management” (Allemendinger & Haughton, 2009: 620). Since the 1990s, western European countries have witnessed the revival of strategic spatial planning (Albrechts, 2006), particularly reflected by the fall and rise of regional planning in the UK. Different from previous regional planning for regulation and allocation, the new round of planning is found to be more strategic, proactive and developmental. Policy priorities are reoriented from reorganizing physical space to broader scopes including economic development and environmental sustainability. Nevertheless, dynamic interactions among state rescaling, city-regional governance and planning strategies are far from systematic investigations. In comparison with the voluminous literature on new state space in western advanced countries (Brenner, 2004), the emergence of a ‘new regional space’ as result of state rescaling in city-region governance, in China has been understudied.

Restructuring city-region governance in post-reform China: an overview

Over the past decade, empirical explorations of state rescaling in city-region governance have been extended from the EU (Brenner, 2004, 2009), the UK (Pike & Tomaney, 2009) and recently post-reform China (Ma, 2005; Su, 2012; Xu & Yeh, 2011; Yang, 2005; Wu & Zhang, 2006). Two directions of state rescaling process have been identified in the formation and development of city-regions. One is the top-down rescaling process, which was led by the central government, of endowing city-level governments with more administrative power. This is rescaling from the top, exemplified by administrative restructurings (Cartier, 2005; Ma, 2002, 2005) and recent spatial planning practices (Wu & Zhang, 2007). On the other hand, taking Dongguan, a promising city in the PRD as a case, Smart and Lin (2007) explained that China has experienced rescaling from below by three kinds of localism, i.e. local capitalism, local citizenship and translacility. Li and Wu (2012) postulate that there are two main actors leading to the current governance practice: the central government (top-down mechanism) and local government (bottom-up mechanism). They argue that the emerging regional practices in contemporary China represent another round of changing statehood after governance downscaling to the urban level, which to some extent echoes Brenner’s plea for a study of the second wave of rescaling in regional governance.

Compared with the numerous studies on state rescaling of urban governance from the “top” and the “below”, relatively little has been conducted to examine the rescaling from the ‘middle’, i.e. the provincial-level government in regional governance. As Donaldson (2010) put it, provincial government, occupying the ‘middle’ in the administrative hierarchy of China, is divided between a responsibility for representing local interests and that of implementing central directives that sometimes clash with local interests. After the 1980s, the administrative scale of provincial government is under challenge from the rising importance of city-level governments (Fitzgerald, 2002).

In the case of the PRD, Ma (2012) argued that in the 1990s, the decentralization of power has weakened the capacity of the provincial government to coordinate regional governance alone. Instead, the implementation of the regional plan mainly depends on actions of the cities in the region. As indicated in the following analysis, the scale shift of regional governance initiated by the Guangdong provincial government with the supports from the central government have fostered regional integration in the PRD, while have encountered resistance from local residents in Hong Kong in the cross-border context. The latter, as a SAR is equivalent to province in terms of administrative hierarchy, but is a de facto semi-state under the OCTS principle, reflected by the high degree of autonomy including border control (Hui et al., 2011; Li, 2006; Yang, 2006a). The changing geopolitics of cross-border governance in such a unique city-region tends to be more complicated than other city-regions in the Chinese context, which is hopeful to enrich the existing literature.

Since 2000, regional planning has turned to be an instrument for enhancing regional competitiveness and an effective mechanism of state governance in administrative-fragmented mega city-regions in China. City-region planning as a new mode of urban and regional governance in China has been formulated and implemented in the major city-regions, such as the Yangtze River Delta (YRD), the (Beijing—Tianjin—Jinji—Ji area and the PRD. Unfortunately, most grand city-region plans failed in subsequent implementation (Luo & Shen, 2008). Although provincial government was able to “dictate” a city-region plan, it lacked sufficient power to implement it (Luo & Shen, 2008: 214). The city-region plan cannot mitigate existing problems of inter-city competition. On the contrary, it spurred a new round of competition in the region. It is argued that these strategic plans, rather than conventional statutory plans, are commonly adopted by local governments to formulate a ‘strategic discourse’ to address their weakness, articulate policy aspirations, promote city making and mobilize support to sustain economic growth through the cultivation of a “competitive spirit” (Wu & Zhang, 2007). At the backdrops of the ineffectiveness of implementing regional plans and difficulties in forging regional integration in the region, the Central State has been invited by provincial governments to strategically involve in formulating and implementing the plans. Taking the PRD as an example, in 2008 the State Council promulgated the “Outline of the Plan of the Reform and Development of the PRD (2008–2020)” (hereafter “Outline Plan”), which empowers Guangdong much power in initiating new opening and reform policies and in enhancing economic cooperation with Hong Kong and Macao (The National Development and Reform Commission, 2008). The shifting scale of regional planning with the articulation of the central and provincial governments has exerted fundamental impacts on city-region governance in China, which warrants for comprehensive exploration. From this point of view, the intervention of the Guangdong provincial government in the new round of regional plan of the PRD which will be discussed in the following sections, could be understood as a small-
scale version of state governance from ‘above’. The notion of ‘rescaling from middle’ is proposed primarily to shed light on the changing roles of Guangdong provincial government, which has resurfaced since 2000s, compared with relative humble roles during the 1980s and 1990s when the lower level authorities at townships and villages were proactive players in the regional development and interaction with Hong Kong business (Yang, 2005). The ongoing “rescaling from above” could be better understood as the articulation of the ‘top-down’ initiatives from the central and from middle, i.e. Guangdong provincial government with joint attempts at restructuring the city-region governance of the PRD and Greater PRD.

Rescaling of regional integration and planning in the Greater PRD since 2000

Resurgence of Guangdong provincial government

The PRD under the jurisdiction of Guangdong province was designated as an “experiment field” by the Central government at the initial stage of opening and reform in the late 1970s. Numerous studies have demonstrated the ‘decentralization’ of central government to local governments has brought rapid industrialization and urbanization in the PRD (Lin, 1997). Existing literature on the PRD has illustrated the localism emphasizing the bottom-up spontaneous alliance between local authorities and foreign investors in the export-oriented processing industries during the 1980s and 1990s (Sit & Yang, 1997). Nevertheless, the 2000s has witnessed significant intervention from the ‘middle’, i.e. the Guangdong Provincial Government in restructuring economic governance. Notably, in 2008, Guangdong provincial government initiated an industrial upgrading strategy known as “Dual Relocation” (shuangzhuanyi) of labor-intensive industrial activities and labor in PRD region. On the one hand, the labor-intensive, low-value added, energy and resource-consuming, polluting industries have been ‘persuaded’ to relocate out of the PRD to the less developed northern, eastern, and western parts of Guangdong Province. On the other hand, high-value added manufacturing and service sectors are expected to be located in the PRD region, in conjunction with industrial upgrading (Yang, 2012). A total of thirty-five industrial relocation parks as the ‘new space’ created by the provincial government have been established as of the end of 2011, with total capital input of RMB 40 billion yuan (around USD 6.2 billion). However, the move has engendered the emerging state-firm tensions which has dramatically changed the prevailed coalition between foreign-invested particularly Hong Kong firms and local governments in the PRD. Difficulties in responding to the rescaling of regional economic governance could be reflected from the remark by a Hong Kong-based entrepreneur: “We used to collaborate with village and township officials, and really don’t know how to tackle with provincial authorities” (Interviews in Shenzhen, April 2011). The relationship between Hong Kong and the PRD has thus undergone dramatic transformation with significant impacts on regional governance, which will be discussed in the later sections.

Despite the resistance from Hong Kong firms and local authorities, the provincial state-designated restructuring of economic governance has been affirmed in the newly promulgated “Outline Plan” endorsed by the central government. The Outline Plan is the first regional plan conducted by the National Development and Reform Commission (NDRC) and endorsed by the State Council in December 2008 (The NDRC, 2008). The plan was at the request of the Guangdong Provincial Government in 2008 at the outbreak of the global financial crisis. When Premier Wen Jiabao visited Guangdong in summer of 2008, the Guangdong Provincial Government seized upon this opportunity to successfully persuade the Premier to approve NDRC to launch an investigation on the PRD region. After intensive investigation, NDRC promulgated the Outline Plan by the end of 2008. It only took five months to accomplish the entire research, preparation, consultation, drafting, and formulation process. In comparison, the regional plan in Yangtze River Delta took five years from initiating to its approval by the central government in June, 2010. Likewise, the Beijing—Tianjin—Hebei regional plan was initiated in 2004, but to date it still has not yet been approved. It is said the political influence of the then Party Secretary of Guangdong, Wang Yang, who previously held senior positions in the NDRC and State Council before moving to Guangdong, played a crucial role in accelerating the endorsement of the Outline Plan. Wang’s close relationship with high-level elites in the central government and familiarity with lobbying senior officials as well as his bargaining skills have facilitated the smooth endorsement of the Outline Plan.

The top-down involvement of the Central Government and the resurgence of provincial government in the governance of the PRD city-region could be reflected by the two recent provincial government-initiated regional plans since 2000. The first practice of upscaling regional planning was initiated by the previous Party Secretary Zhang Dejiang in 2003, entitled “The PRD Urban Clusters Coordination Development Plan” which was finally completed in 2004. While conferred with statutory status by the Guangdong Provincial People’s Congress, the implementation of this plan has proved to be difficult, especially with the transfer of the top leader, the Party Secretary, from Zhang Dejiang to Wang Yang in 2007. When Wang Yang came to take office in Guangdong in late 2007, the fragmentation and lack of coordination within the PRD and between the PRD and Hong Kong had not yet been resolved. The coalition between the central and provincial government in recent regional planning and governance demonstrates the efforts in pursuing regional restructuring and coordination, an emerging paradigm transition beyond the urban entrepreneurialism-led governance prevailed in the 1980s and 1990s (Wu & Zhang, 2010). As argued by Cheung (2012), the provincial government makes use of the central state’s endorsement to impose greater control over cities in the PRD to attain better coordination over economic and infrastructure development and to avoid vicious rivalry and duplication.

With the top-down supports from the central government, the rescaling of regional integration and governance attempts by the Guangdong Provincial Government could be reflected in two dimensions. The vertical dimension of rescaling involves in the rearticulation of different levels of government in the PRD region, which is underscored by the establishment of a series of region-level administrative institutions. The NDRC stands behind to provide close and intensive supervision and inspection. A ‘Provincial Leading Group’ organized by the Guangdong Provincial Government was created and occupied the top of the administrative hierarchy in regional governance. It is an over sixty-person group consisting of fifty top officials in crucial departments of the provincial government, and the nine mayors of municipalities in the PRD region. The Provincial Leading Group is led by the Provincial Governor of Guangdong, taking charge in the leading, commanding, coordination, supervision, inspection, and assessment of the implementation of the Outline Plan. Beneath the ‘Provincial Leading Group’, there are different ‘Working Groups’ organized to carry out specific plans granted by the Outline Plan. A vertical channel for task and responsibility distribution was established, through which the Guangdong Provincial Government can smoothly distribute...
tasks to the local governments. When there is conflict, the provincial government stands as a platform for negotiation and coordination. It also launched assessments every year on the results of local governments in carrying out the stipulated policies and plans. The assessment scores serve an influential factor for the evaluation and promotion of local officials.

In terms of the horizontal dimension of rescaling attempts, the Guangdong Provincial Government promulgated the Five Integration Plans of the PRD (Table 1) in August 2010. The Five Integration Plans are listed among the 22 plans generated from the Outline Plan, covering five crucial aspects of regional development, namely, industrial development, infrastructure, urban and rural development, environmental protection and public services (Table 1). The “Integration Plan Working Group” was built up under the “Provincial Leading Group”, which consists of deputy officials from crucial bureaus of the provincial government and the municipal governments. Each integration plan consists of relatively detailed implementation steps, job quota, planning maps and task distributing arrangements. As such, a new network is built in the PRD, which 'super-imposes' the established administrative hierarchy. During the process, mayors and other local government officials could find better ways to communicate and address problems with their counterparts. Despite positive progress in practice, it is still too early at this stage to tell how far this round of integration will go (Ma, 2012).

Bottom-up resistance from Hong Kong

The rescaling attempts initiated by the Guangdong provincial government have encountered bottom-up resistance from Hong Kong local society when it extended to the cross-boundary context. Since mid 2000s, Guangdong provincial government has attempted to lead regional integration in the Greater PRD. In early 2008, Wang Yang proposed to set up a ‘Guangdong—Hong Kong—Macao Special Co-operation Zone’, the aim of which was to promote further social and economic integration through smooth flow of capital, goods and people. Such integration is said to be of mutual benefits for Guangdong to upgrade its industries and for Hong Kong to consolidate its strategic position as an international financial and commercial center. Although the Guangdong Provincial Government maintains the leading position conducting regional governance in the PRD, it lacks authorized power to dictate Hong Kong and Macao in formulating and implementing cross-boundary regional plans under the ‘one country two systems’ framework.

Nevertheless, the Guangdong provincial government designated a ‘new regional space’ to foster cross-border governance in the Greater PRD, more specifically, the Bay Area of the Pearl River Estuary (Bay Area). The Bay Area was introduced in the Action Plan for the Bay Area of the Pearl River Estuary (Action Plan). The designated Bay Area consists of 17 districts of five cities in Guangdong Province, namely Guangzhou, Shenzhen, Zhu hai, Dongguan and Zhongshan, plus Hong Kong and Macao (Fig. 1). The Bay Area accounts for 12.6% of the Greater PRD’s land area, while dominating almost all population and GDP of the region (Table 2). The Bay Area is regarded strategically important because it is the “transportation hub, ecological core, economic center, and key area of Guangdong, Hong Kong and Macao cooperation” (HKPD, 2011). The Bureau of Housing and Urban—Rural Development (HURD) of Guangdong Province in collaboration of the Provincial Office on Hong Kong and Macao Affairs, the Provincial Port Office and the Municipal Government of Shenzhen worked out the Action Plan. The ultimate goal is to construct a “high quality living area” in the Bay Area of the Pearl River Estuary by the year 2020. Guangdong Provincial Government undertook detailed investigations and studies as well as several rounds of conferences with Hong Kong and Macao SAR government officials since the Action Plan’s initiation in 2009.

However, when it finally turned to public consultation in Hong Kong in January 2011, the Action Plan aroused a wide range of criticism, particularly from the so-called ‘post-80s’ young generation with stronger local consciousness of belonging and identity. For instance, a champion in Facebook is organized to protest this plan (http://www.facebook.com/PRDBayArea). The criticism includes arguments that the Action Plan renders Hong Kong “being planned” (beiguihua), a notion used to reflect limited consideration of Hong Kong’s interests and insufficient participation in the plan. Moreover, the Bay Area Plan is blamed for being too ambitious but lack of details, strong mainland-bias, and unusual short-term of public consultation in Hong Kong. Generally, it usually takes three months to conduct public consultation for a new planning scheme.

| Table 1 |
| Five integration plans initiated by Guangdong provincial government (2009). |

| Plans                        | Tasks                                                                 | Responsible unites                         |
|------------------------------|----------------------------------------------------------------------|-------------------------------------------|
| Integration plan of          | 1) Accomplish an efficient transportation network;                   | Provincial Development and Reform Commission |
| infrastructure building      | 2) Ensure energy and water supply;                                   |                                          |
|                              | 3) Accelerate the construction of telecommunication networks.       |                                          |
| Integration plan of          | 1) Promote the transformation of regional industry;                 | Provincial Economic and Information Commission |
| industrial deployment        | 2) Focus on the deployment and development of five sorts of industries, i.e. modern services, advanced manufacture, strategic emerging industries, Hi-tech industries, traditional industries with advantages, and modern agriculture. |                                          |
| Integration plan of          | 1) Transform into a low-carbon, high efficient, green developing model; | Provincial Department of Housing and Urban—rural Development |
| urban—rural development      | 2) Promote Guangzhou & Shenzhen as Global Cities;                   |                                          |
|                              | 3) Cooperate with Hong Kong and Macao to create a world-class high quality living region along Pearl River Estuary; |                                          |
|                              | 4) Construct regional green network on the basis of green space & greenways. |                                          |
| Integration plan of          | 1) Encourage Green economy and low-carbon industries, eliminating high-energy consuming and high polluting industries. | Provincial Bureau of Environment Protection |
| environmental protection     | 2) Go across administrative boundaries to protect natural resource and control water and air pollution. |                                          |
|                              | 3) Improve infrastructures and mechanism to protect environment. |                                          |
| Integration plan of public services | 1) Improve the general quality of regional public service. | Provincial Bureau of Finance |
|                              | 2) Ensure equally access to public service among urban/rural, native/migrant residents. |                                          |
|                              | 3) Establish regional recognizing and circulating system of public service. |                                          |

Source: Compiled based on the “Five Integration Plans” http://www.gd.gov.cn/ghgy/wjzl/default_t.htm.
in Hong Kong. However, the Action Plan assigned less than one month, from 19th January 2011 to 10th February 2011, for the purpose. Although both the Hong Kong SAR and Guangdong Provincial Government agreed to prolong the consultation period, consensus has not reached to address the main arguments. The unprecedented difficulties could be attributed to the complex geopolitics in the region and dynamic political development in Hong Kong, a SAR equivalent to provincial level while a de facto semi-state with higher autonomy under “one country two systems” (Hui et al., 2011). There is an absence of suitable institutions with the authority to formulate and implement the Action Plan, for the Greater PRD is a multi-level governed region (Yang, 2005). This Action Plan is a provincial level plan led by the HURD of Guangdong Province, without sufficient participation of concerned stakeholders, particularly those in Hong Kong. More importantly, the

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**Table 2**

Bay area, PRD, HK and Macao (2009).

| Region   | Land area (sq. km) | Population (10000 person) | GDP (100 million yuan) |
|----------|--------------------|---------------------------|------------------------|
| Bay area  | 6894               | 2520                      | 30000                  |
| PRD region  | 54733              | 2967.02                   | 32146.99               |
| Hong Kong  | 1104.4             | 703.35                    | 16225.16 (100 million HKD) |
| Macao      | 29.5               | 56.01                     | 1654.57 (100 million MOP) |

Source: 1. Study on the Action Plan for the Bay Area of the Pearl River Estuary; 2. Guangdong Statistic yearbook, 2010. 3. From website of Census and Statistics Department of Hong Kong SAR government: [http://www.censtatd.gov.hk/home/index.jsp](http://www.censtatd.gov.hk/home/index.jsp) 4. From website of Statistics and Census service of Macao SAR government: [http://www.dsec.gov.mo/Home.aspx?lang=en-US](http://www.dsec.gov.mo/Home.aspx?lang=en-US).

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**Fig. 1.** Bay area of the Pearl River Estuary. Source: Hong Kong Planning Department.
decision-making process in the two SARs especially the Hong Kong SAR is quite different from that in Guangdong Province. The carrying out of government plans and decisions in Hong Kong tends to involve more public participation. Second, the Action Plan is criticized for the Guangdong-biased in nature; as such it fails to promote mutual benefits. Although the goal of the Action Plan is to build a low-carbon, environmental friendly, high-living quality Bay Area; in practice, it is unlikely that such a promise can be realized. It is criticized that the construction of low-carbon community, new towns, and ‘city hallways’ may transformed this area into a hub of capitalism and rich people, people with lower income may be compelled to move to other places as they cannot afford the rising house price (Interview with an NGO in Hong Kong, April 2011). The Bay as a “new state space” initiated by Guangdong Provincial Government has thus encountered bottom-up opponents from Hong Kong and is difficult to be carried out so far.

Transformation of cross-boundary governance in the Greater PRD

Changing dynamics of regional integration since mid 2000s

The opening and reform policy initiated in China in 1978 has brought about a new mechanism for cross-border interaction between HK and Mainland in general and the PRD in particular. Since the late 1970s, the cross-boundary interaction between HK and the PRD was primarily driven by the transplantation of manufacturing activities from Hong Kong to the PRD (Yang, 2006a). Cross-boundary integration between Hong Kong and the PRD was hence characterized by a “bottom-up” mechanism initiated by entrepreneurs from Hong Kong and local governments of the PRD. Due to Hong Kong’s status as a former British colony, the official communications related to cross-border issues were conducted through diplomatic relations between the two sovereign countries, viz. China and Britain. Since 1997, the cross-boundary relationship has decentralized to two sub-national governments, i.e. the Hong Kong SAR and Guangdong provincial governments. Generally speaking, the post-1997 HK SAR government has been much more proactive in pursuing cross-boundary cooperation as compared with the pre-1997 period (Cheung, 2010). After taking office on July 1, 1997, the Chief Executive of HK SAR, Tung Chee Hwa actively attempted to foster inter-governmental cooperation and coordination in each of his policy addresses. Under his suggestion, the Guangdong–Hong Kong Cooperation Joint Conference (GDHKJC) was established to coordinate cross-boundary development, the first inter-governmental cooperation mechanism between Guangdong and Hong Kong.

Upon the outbreak of the 1997 Asian Financial Crisis, both Hong Kong and the PRD have gradually faced increasing regional and global competition. Both places have realized that their development depends more on cooperation rather than competition and its true competitors come from the rapid rise of the YRD and other similar regions around the world in a globalized economy, e.g. Singapore. Moreover, the outbreak of severe acute respiratory syndrome (SARS) in the first half of 2002 actually highlighted the realization that Hong Kong and Guangdong especially the PRD neighbor live and die together. Following China’s accession to the WTO in December 2001, the proposal of building up a free trade agreement between Hong Kong and Mainland China, which was first put forward by the Hong Kong General Chamber of Commerce in early 2000, was finally proposed by the HK SAR government to the Central Government. The original proposal changed to the “Closer Economic Partnership Arrangement” (CEPA), which is more suitable to the relationship between the Mainland and Hong Kong as two independent customs territories and WTO member under the OCTS principle. After extensive consultation over 18 months, the agreement was concluded and signed on 29 June 2003 and became effective from 1st January 2004, which was regarded a new milestone for the interrelationship between Hong Kong and Mainland. In fact, CEPA is a regional response to intensified global competition. Of all the provinces and cities, which are besieging Hong Kong with ideas to cooperate in order to take advantage of CEPA, the region, which will immediately reap benefits from CEPA is obviously the PRD. Under CEPA which consists of three parts, i.e. trade in goods, trade in services and trade and investment facilitation, the potential huge market of Mainland China has been opened in advance to Hong Kong investors with lower entrance thresholds. As an opening platform, CEPA has been updated with annual supplementary since 2004 with the latest Supplement VI concluded in June 2012. Obviously, the establishment of CEPA is resulted from the fact that the central government decided to assist Hong Kong to develop economically which is regarded as a necessary way to provide more stability and prosperity of Hong Kong and its relationship with the PRD and even the whole nation.

One of the proactive measures of CEPA is the individual visitor scheme (IVS), which allows mainland tourists to travel to Hong Kong on an individual basis, compared to in tour groups in pre-CEPA period. Since 2004, the coverage of IVS has been expanded from the initial four to forty-nine cities in Mainland China, making 270 million people eligible to visit Hong Kong. The measure was put in place to stimulate Hong Kong’s plummeting economy particularly tourism sector following the SARS outbreak in 2003. Mainland visitors have become the largest source of incoming visitors to Hong Kong since then. According to the statistics provided by Hong Kong Tourism Bureau, in 2002, Hong Kong received 16.6 million visitors, of whom 6.9 million or 41.6% were from the mainland. By 2011, the number soared to 41.9 million, or 67% of whom came from the mainland. Of those, 65% traveled to Hong Kong under IVS (Table 3). The implementation of CEPA has highly appreciated for its significant contribution to Hong Kong’s economy and employment (Shen, 2008; Yang, 2006a). It is worth for noting that the expenditure by mainland visitors has significantly contributed to Hong Kong’s retail sales, which has increased from 14.8% in 2005 to 28% in 2011 (Table 4). Nevertheless, there emerges tensions and conflicts resulted from the intensified integration induced by CEPA in recent years, particularly the growing number of mainlanders taking IVS and their relevant cross-border activities since 2010, which will be examined in the next section.

Contested geopolitics and emerging conflicts

The CEPA-induced cross-border integration, particularly the growing number of mainland visitors through IVS has engendered resistance from Hong Kong local residents. According to the series of surveys conducted by the Hong Kong Planning Department since 1999, mainlanders have contributed significantly to the growth of

| Year | IVS Visitors (million) | % of total mainland visitors | Non-IVS Visitors (million) |
|------|-----------------------|-----------------------------|---------------------------|
| 2003 | 0.67                  | 7.9%                        | 7.8%                      |
| 2004 | 4.26                  | 34.8%                       | 7.9%                      |
| 2005 | 5.56                  | 44.3%                       | 6.9%                      |
| 2006 | 6.67                  | 49.1%                       | 6.9%                      |
| 2007 | 8.59                  | 55.5%                       | 6.9%                      |
| 2008 | 9.61                  | 57.0%                       | 7.2%                      |
| 2009 | 10.39                 | 59.0%                       | 7.3%                      |
| 2010 | 12.42                 | 62.6%                       | 7.8%                      |
| 2011 | 18.3                  | 65.1%                       | 9.8%                      |

Source: Complied according to Hong Kong Tourism Bureau.
The restriction on IVS has been heightened by the increasing number of births given by mainland women in Hong Kong, growing number of mainlanders buying residential properties in the SAR, fueling the rise in home prices, and conspicuous shopping by mainland visitors who have jammed the prime shopping districts in Hong Kong. In 2010, 33,000 babies, almost 40% of the city’s total numbers of births, were born to Mainland women (Table 8). This put a severe strain on the capacity of Hong Kong’s medical services and education resources. Local hospitals are stretched to the limit as pregnant women from Mainland crossed the border to give birth with the hope to securing a Hong Kong passport for their offspring. Mainland buyers exhausted the Hong Kong baby milk formula market amidst food scandals in mainland China. Moreover, due to the mainland’s insatiable demand for Hong Kong necessities, the smuggling trade has thrived. In places near the Shenzhen—Hong Kong boundary such as Fanling and Sheungshui, smugglers pushing around trolleys loaded with parallel-market goods have turned into common sights. Prior to his inauguration, C. Y. Leung announced in April 2012 that zero quota would be applied to mainland mothers giving birth in Hong Kong in 2013; the pronouncement received positive response from Hong Kong people. Indeed, certain sectors, e.g. retail, finance and real estate, have benefited greatly from the mainlanders, but the inflation and housing bubbles created make the rest suffer. As remarked by a Hong Kong-based scholar, “in the past, the Mainland has been economically weaker than Hong Kong, but its rapid development has left Hong Kong people confused in repositioning. Mainland capital has pushed up property prices in Hong Kong; the influx of tourists has changed the nature of some quiet communities. Hong Kong’s policies are not ready to take in all these changes” (Interview, 2012). That the conflicts in cross-border integration has escalated was illustrated vividly in January 2012 when hundreds of Hong Kongers protested outside a luxury store Dolce & Gabbana, which allowed mainland Chinese tourists but not local residents to take photos in front of the store. In a separate incident, disputes broke out between Hong Kong passengers and mainland tourists who ate on the Mass Transit Railway (MTR) train linking Hong Kong and Shenzhen. A public fury erupted when Professor Kong Qingqong at Peking University added fuel by saying that Hong Kong people are ‘running dogs’ in early 2012. In contract to a view prevailed among mainlanders that ‘without China’s economic support, Hong Kong would have been dead long ago’, Hong Kong people now think that ‘mainland invasion’ has done more than harm than good to Hong Kong. How to balance the pace and extent of cross-border integration and internal social, economic and political development in Hong Kong has turned into one of the most difficult tasks confronting the new HKSAR administration which came to office in July 1, 2012.

The CEPA-induced integration has brought about significant economic benefits, while it has resulted in unexpected social and political conflicts between Hong Kong local residents and mainland visitors. According to Leung’s speech on 1st October 2012, the National Day, “integration with the mainland is inevitable and necessary”, because Hong Kong’s growth and prosperity depend on cross-boundary passenger trips between Hong Kong and the mainland. The proportion of visitors from the mainland surged from 5% in 1999 to 24% in 2011, while that of people living in Hong Kong decreased from 84.3% to 60.8% over the same period (Table 5). The purposes for mainland visitors to Hong Kong have changed dramatically, too. In particular, leisure has turned to the most cited purpose, which accounted for 69.2% of total cross-border passengers from mainland to Hong Kong in 2011, compared to 30.4% in 2009 (Table 6). However, since 2010, there have emerged public concerns and anxieties that increasing numbers of mainland visitors could overwhelm local facilities in Hong Kong. From 2009, when Shenzhen allowed its permanent residents to apply for multiple-entry visas, day-trippers have increasingly targeted at daily necessities rather than luxury goods. Allegedly this has pushed up the price of basic commodities, fueling conflicts between locals and mainland tourists. The recent survey on the attitudes of Hong Kong people toward IVS conducted by the Hong Kong Institute of Asia Pacific Studies at the Chinese University of Hong Kong in September 2012 indicated that Hong Kong people who hailed the IVS previously now call for the abolition of the multiple-entry permit arrangement. Although 60.3% of the surveyed people agreed that IVS has stimulated local consumption, 68.7%, 69.8% and 62.8%, respectively, blamed that IVS has brought inflation, commercial renting and severe safety concerns to the local society. Only 11% of the respondents agreed that IVS has increased mutual understanding between Hong Kongers and mainlanders, while 59.5% disagreed (Table 7). There have been voices among the public calling for a cap on the number of mainland tourists to Hong Kong. As such, in September 2012, Hong Kong SAR’s new Chief Executive Chun-Ying Leung pledged to keep the number of mainland visitors under control, before the scheduled inauguration of a new policy in October 2012, under which Shenzhen would issue multiple-entry visas to its 4.1 million non-permanent residents who did not hold the local household registration documents. Until then, non-permanent residents of Shenzhen were required to return to their home provinces to apply for multiple-entry permits, although they had been able to obtain single-entry passes since 2010.

### Table 4
Expenditure by mainland visitors in Hong Kong (HK$100 million).

| Year | Overnight mainland visitors | Same-day mainland visitors | Share of mainland visitors’ expenditure to Hong Kong’s retail sales (%) |
|------|-----------------------------|----------------------------|---------------------------------------------------------------|
|      | Expenditure | Annual growth (%) | Expenditure | Annual growth (%) | |
| 2005 | 239        | 3.6            | 57         | 22.9           | 14.5 |
| 2006 | 268        | 12.0           | 82         | 42.4           | 16.0 |
| 2007 | 343        | 27.9           | 117        | 43.8           | 18.6 |
| 2008 | 380        | 11.0           | 160        | 36.6           | 19.8 |
| 2009 | 488        | 28.3           | 201        | 25.0           | 25.1 |
| 2010 | 640        | 31.2           | 262        | 30.8           | 27.8 |
| 2011 | 788        | 23.1           | 347        | 32.3           | 28.0 |

Source: Compiled according to “Hong Kong Tourism Statistics”, various issues.

### Table 5
Average daily passenger trips between Hong Kong and the mainland.

| Year | People living in HK | Share (%) | HK residents living in the mainland | Share (%) | Visitors from mainland | Share (%) | People living in other places | Share (%) | Total |
|------|---------------------|-----------|------------------------------------|-----------|------------------------|-----------|-------------------------------|-----------|-------|
| 1999 | 2399000             | 84.3      | 189000                            | 6.6       | 14100                  | 5.5       | 11700                         | 4.1       | 284600 |
| 2001 | 2754000             | 82.7      | 33100                             | 9.9       | 17600                  | 5.3       | 7100                          | 2.1       | 333200 |
| 2003 | 2994000             | 78.2      | 36200                             | 9.5       | 39200                  | 10.2      | 8100                          | 2.1       | 382800 |
| 2005 | 3293000             | 73.5      | 38400                             | 8.6       | 65200                  | 14.6      | 15100                         | 3.4       | 448100 |
| 2007 | 3493000             | 71.2      | 45900                             | 10.1      | 76800                  | 15.6      | 15200                         | 3.1       | 490900 |
| 2009 | 3426000             | 67.9      | 53000                             | 10.5      | 94400                  | 18.7      | 14600                         | 2.9       | 504600 |
| 2011 | 3418000             | 60.8      | 70800                             | 12.6      | 136600                 | 24.3      | 13200                         | 2.3       | 562400 |

Source: Hong Kong Planning Department, 2012.
Leung declared his plan to help solve Hong Kong's problems like housing and poverty. He further promised that he would stand on Hong Kong side when conflicts emerged in the cross-boundary cooperation. For instance, the HKSAR government announced in September 2012 a policy entitled 'Hong Kong land for Hong Kong people' to help local homebuyers by barring non-residents from buying properties in Hong Kong. The resale of flats under the 'Hong Kong land for Hong Kong people' policy will be restricted to the SAR's permanent residents for 30 years, in response to mainlanders snapping up flats and driving up property prices. As such, the politics in cross-boundary integration and governance have linked together with the social, economic and political development in Hong Kong, which has makes the cross-boundary governance and planning of the Greater PRD much more complicated than other city-regions of the country. More attention has been paid to the emerging conflicts after the implementation of CEPA. Despite the well-recognized positive effects of CEPA on Hong Kong's economy in terms of tourism, retailing and real estates, the study sheds light on the emerging conflicts engendered by the CEPA-induced integration, particularly the increasing number of mainlanders as 'individual visitors' to Hong Kong, which has exerted unexpected burdens on health care, education, housing and even daily life of Hong Kong people. The Bay Area project, the construction of the Hong Kong–Zhuhai–Macao Bridge and recent resistance toward CEPA-induced activities, particularly the IVS, as prominent cases have demonstrated the increasing controversies in Hong Kong society toward further integration with the mainland China, particularly the PRD.

While in theory the Hong Kong SAR is a provincial-level unit in the Chinese administrative hierarchy, the same as Guangdong Province, Hong Kong's de facto semi-state status under the OCTS renders the cross-border integration in the Greater PRD much more complicated than other city-regions of the country. More attention should thus be paid to the emerging conflicts and complexities of regional governance and integration between Hong Kong and the PRD. This empirical analysis has particular policy implications for the concerned governments, especially the HKSAR government through collaboration in making the new regional plan of the PRD, i.e. the Outline Plan, has definitely changed the local entrepreneurship-initiated regional governance pattern in the PRD prevailed in the 1980s and 1990s. Nevertheless, the dynamic interaction between the escalating attempts of Guangdong provincial government and the bottom-up resistance from Hong Kong has engendered the contested geopolitics in the intensified cross-boundary integration, as illustrated by the case study of the Bay Area Action Plan and CEPA-induced cross-border activities by Mainland visitors. Furthermore, the complexity of cross-boundary governance has been heightened with the emerging conflicts after the implementation of CEPA. Despite the well-recognized positive effects of CEPA on Hong Kong's economy in terms of tourism, retailing and real estates, the study sheds light on the emerging conflicts engendered by the CEPA-induced integration, particularly the increasing number of mainlanders as 'individual visitors' to Hong Kong, which has exerted unexpected burdens on health care, education, housing and even daily life of Hong Kong people. The Bay Area project, the construction of the Hong Kong–Zhuhai–Macao Bridge and recent resistance toward CEPA-induced activities, particularly the IVS, as prominent cases have demonstrated the increasing controversies in Hong Kong society toward further integration with the mainland China, particularly the PRD.

Table 6
Average daily cross-boundary trips made by visitors from the mainland by trip purpose to Hong Kong (1999–2011).

| Year | Leisure Share (%) | Visiting relatives & friends Share (%) | Business Share (%) | Transit Share (%) | Work Share (%) | Other purposes Share (%) | Total Share (%) |
|------|------------------|-------------------------------------|-------------------|-----------------|--------------|------------------------|----------------|
| 1999 | 43.0             | 30.4                                | 19.5              | 52.0            | 36.7         | 900                    | 6.6            |
| 2001 | 64.0             | 36.5                                | 17.2              | 700             | 39.6         | 500                    | 2.7            |
| 2003 | 184.0            | 47.1                                | 16                | 8700            | 22.1         | 1900                   | 5.5            |
| 2006 | 32000            | 49                                  | 16.3              | 12800           | 19.7         | 1300                   | 2.3            |
| 2007 | 41200            | 53.6                                | 17.4              | 13700           | 17.8         | 2800                   | 3.7            |
| 2009 | 55400            | 58.6                                | 19.6              | 12500           | 13.3         | 1400                   | 1.5            |
| 2011 | 94600            | 69.2                                | 14.5              | 14200           | 10.4         | 2200                   | 1.6            |

Notes: Definition of leisure trips has been revised in 2011 and hence, 2011 figures may not be directly comparable with those of the previous years. Source: Hong Kong Planning Department, 2012.

Table 7
Hong Kongers’ attitudes toward the effects of IVS (% of total sample).

| Effect                     | Disagree | Neutral | Agree | No comments |
|----------------------------|----------|---------|-------|-------------|
| Stimulation of consumption | 10.1      | 28.7    | 60.3  | 0.9         |
| Cause of inflation         | 12.8      | 17.4    | 68.7  | 1.1         |
| Improvement of employment  | 37.0      | 32.3    | 29.1  | 1.6         |
| Upsurge of commercial renting | 14.3     | 13.6    | 69.8  | 2.3         |
| Increase of mutual understanding | 59.5   | 26.9    | 11.0  | 2.6         |
| Increase of social disorder | 15.0     | 20.7    | 62.8  | 1.6         |

Notes: Total sample = 755. Source: Hong Kong Institute of Asia Pacific Studies, The Chinese University of Hong Kong, 2012.

Table 8
Increase of birth given by non-Hong Kong resident parents, 2001–2010.

| Year | Total | Parents as HK residents | Father as HK residents | Parents as non-HK residents | Of total (%) |
|------|-------|-------------------------|------------------------|----------------------------|-------------|
| 2001 | 48400 | 40590                   | 7190                   | 620                        | 1.3         |
| 2002 | 48500 | 39994                   | 7256                   | 620                        | 1.3         |
| 2003 | 46200 | 36168                   | 7962                   | 2070                       | 4.5         |
| 2004 | 47900 | 34902                   | 8896                   | 4102                       | 8.6         |
| 2005 | 57300 | 38148                   | 9879                   | 9273                       | 16.2        |
| 2006 | 65800 | 40318                   | 9438                   | 16044                      | 24.4        |
| 2007 | 69600 | 42795                   | 7989                   | 18816                      | 27          |
| 2008 | 78700 | 46203                   | 7228                   | 25269                      | 32.1        |
| 2009 | 82100 | 46211                   | 6213                   | 29766                      | 36.3        |
| 2010 | 88500 | 49678                   | 6169                   | 32653                      | 36.9        |

Source: Hong Kong Statistics and Census Bureau, various issues.

Conclusions

By examining the evolving geopolitical economy in the Greater PRD as a salient cross-border region under the unique framework of “one country, two systems”, this paper has attempted to enrich the growing literature on the cross-border governance of city-regions, which has primarily focused on the Western countries. Based on the updated field investigation and in-depth interviews between 2008 and 2012, the study argues that the Greater PRD has undergone dramatic restructuring since mid 2000s, characterized by rescaling of regional governance designated by Guangdong provincial government in the PRD, and bottom-up resistance from local residents in Hong Kong. In the context of the PRD, the inter-vention of the central and provincial government through collaboration in making the new regional plan of the PRD, i.e. the Outline Plan, has definitely changed the local entrepreneurship-initiated regional governance pattern in the PRD prevailed in the 1980s and 1990s. Nevertheless, the dynamic interaction between the rescaling attempts of Guangdong provincial government and the bottom-up resistance from Hong Kong has engendered the contested geopolitics in the intensified cross-boundary integration, as illustrated by the case study of the Bay Area Action Plan and CEPA-induced cross-border activities by Mainland visitors. Furthermore, the complexity of cross-boundary governance has been heightened with the emerging conflicts after the implementation of CEPA. Despite the well-recognized positive effects of CEPA on Hong Kong's economy in terms of tourism, retailing and real estates, the study sheds light on the emerging conflicts engendered by the CEPA-induced integration, particularly the increasing number of mainlanders as 'individual visitors' to Hong Kong, which has exerted unexpected burdens on health care, education, housing and even daily life of Hong Kong people. The Bay Area project, the construction of the Hong Kong–Zhuhai–Macao Bridge and recent resistance toward CEPA-induced activities, particularly the IVS, as prominent cases have demonstrated the increasing controversies in Hong Kong society toward further integration with the mainland China, particularly the PRD.

While in theory the Hong Kong SAR is a provincial-level unit in the Chinese administrative hierarchy, the same as Guangdong Province, Hong Kong's de facto semi-state status under the OCTS renders the cross-border integration in the Greater PRD much more complicated than other city-regions of the country. More attention should thus be paid to the emerging conflicts and complexities of regional governance and integration between Hong Kong and the PRD. This empirical analysis has particular policy implications for the concerned governments, especially the HKSAR government which has encountered unprecedented challenges in balancing between internal development and cross-border cooperation with the mainland of China, particularly the PRD. As Cheung argues (2012: 34), whether the autonomy of Hong Kong in policy-making will be eroded as it has to coordinate with its northern neighbor and become increasingly enmeshed in the policy process in the mainland will constitute the biggest challenge for the HKSAR in the future.

The empirical experience of the restructuring of city-region governance in China, particularly the evolving geopolitics in...
boundary integration with the PRD under the contrast between the reactions of the two SARs toward the cross-boundary city-region under ‘one country, two systems’ framework, is an interesting topic worth for comparative investigation. Furthermore, considering the uniqueness of the Greater PRD cross-boundary city-region under ‘one country, two systems’, this paper urges more studies to compare and advance the literature to conceptualize the dynamic governance restructuring of various city-regions in contemporary globalization.

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