

**TIANJIN BINHAI NEW AREA:
PROCESS, PROBLEMS, AND PROSPECTS**

ZHU Xufeng & SUN Bing

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TIANJIN BINHAI NEW AREA: PROCESS, PROBLEMS, AND PROSPECTS

ZHU Xufeng & SUN Bing^{*}

The Tianjin Binhai New Area (天津滨海新区, TBNA) has caught world attention. Since 2005, China has embarked on a development plan to upgrade the TBNA to regional economic zone status. For the first time, the Chinese Communist Party (CCP) in its 5th Plenary Session of the 16th CCP Central Committee held in October 2005 formally emphasized that “China will continue to give full scope to the special economic zones and Shanghai Pudong New Area and promote the development and opening of regions with favorable conditions such as the TBNA to drive regional economic growth.”¹ The 11th Five-Year Program and the Government Work Report approved by the 4th Session of the 10th National People’s Congress in 2006 further stated, “China will promote the development and construction of the TBNA to drive regional economic growth.”² Furthermore, in 2006, the State Council of China approved the TBNA to build itself into a “national experimental zone for comprehensive reforms” (国家综合配套改革试验区). In October 2007, at the 17th National Congress of the CCP, the development and opening up of the TBNA was for the first time included in the report delivered by General Secretary Hu Jintao to the general assembly. This meant, in the Party-state of China, the development and opening up of the TBNA is now a strategic task of the CCP.

Scholars place the TBNA in the same league as the Shenzhen Special Economic zone of the 1980s and the Shanghai Pudong New Area (PDNA) of the 1990s, and anticipate that the TBNA will be “the Third China’s Economic Engine”³ and “New Growth Pole” of North China.⁴ However, some scholars have reservations about the prospect of the development of the TBNA and believe that a number of factors will hamper its development. The first of such factors is the TBNA administrative system of

^{*} Dr. Zhu Xufeng is associate professor at Zhou Enlai School of Government, Nankai University. Dr. Sun Bing is assistant professor at Zhou Enlai School of Government, Nankai University. They are grateful to Professor John Wong, Dr. Yang Mu, and Dr. Crison Shiuh-Shen Chien for their helpful comments.

¹ http://news.xinhuanet.com/politics/2005-10/18/content_3640318_2.htm.

² http://www.gov.cn/ztl/2006-03/15/content_227782.htm.

³ HuanTing man, Zhang tao: “Tianjin Binhai new area interprets the new layout of the China’s reform”, *Economic Reference Newspaper*, June 12, 2006.

⁴ Chien Shiuh-shen and Yang Mu, *The Tianjin Binhai New Area as China’s next Growth Pole*, EAI Background Brief, 2007.

economic development. “In an interview on the TBNA, almost all of the people see the administration system as the most significant dilemma for the development of the TBNA.”⁵ Apparently, the State Council was aware of such a problem and in its *State Council’s Advice on Related Issues to Promote Reform and Opening-up of the TBNA*, one of the main tasks for the development and opening up of the TBNA was “promoting innovation in management, and establishing a unified, coordinated, simplified and highly effective administrative system.”⁶

To evaluate the development potential of TBNA, a series of questions need to be answered. First, the TBNA is not the only location that possesses a strategic status in North China. Why was it chosen by the central government as one significant carrier of the nation’s development strategy? How was the development and opening up of the TBNA upgraded to national level? What are some of the administrative problems of the TBNA within and outside the TBNA, and what are their negative impacts on the economic development of the TBNA. Finally and administratively, what has been done to solve these problems and what is the future direction of development and reform for the TBNA?

The answers to these questions constitute the five parts of this paper. Part 1 introduces the development history and status of Tianjin city where the TBNA is located. It mainly analyzes why Tianjin declined gradually from the second largest city in the early period of the People’s Republic of China. Part 2 delineates the central government’s decision-making process when upgrading the TBNA to the national level, and focuses on the interactions between central leaders and leaders of Tianjin city and various social elites. Part 3 analyzes the administrative conflicts in TBNA’s economic development. On policy making issues, there are disagreement and conflict of ideas and interest between different districts in the TBNA, between Tianjin and the central government as well as between Tianjin and provinces or other cities in the Circum-Bohai region. Part 4 analyzes efforts by leaders of Tianjin government to seek solutions to the problem. During 2007, Tianjin had preliminarily made administrative changes to TBNA’s economic development to partly solve the administrative problems between Tianjin and the central government as well as between TBNA districts. Part 5 evaluates some of the potential administrative reform directions of TBNA’s economic development. The authors concluded on an optimistic note: reform is progressing and the administrative problems in TBNA’s economic development will be solved one by one.

⁵ Jingcheng, Mahui: “The three dilemmas facing the development of the TBNA” *21st Century Economic Report(er shi yi shi ji jingji baodao)*, November 22, 2007.

⁶ http://www.tj.gov.cn/bhxq/zldw/200710/t20071012_28298.htm.

The Decline of Tianjin

The TBNA is one of Tianjin's major contributors of GDP. In 2006, the GDP (Gross Domestic Product) of the TBNA was 196.05 billion Yuan, accounting for 45.2% of Tianjin's total GDP. Its contribution to the whole city's economic growth was 51.4%.⁷ Promoting the development and opening up of the TBNA will increase the international competitiveness of the "Jing-Jin-Ji" Area (Beijing-Tianjin-Hebei) and Circum-Bohai Region, among which Tianjin is the most direct beneficiary. Tianjin's national status in politics and economy has a large part to play in TBNA's rise. To have a comprehensive understanding of the development and opening up of the TBNA, the authors will first trace the development history of Tianjin.

Tianjin city is located in the northeast of the North China Plain, the lower reaches of the Haihe River Basin, and 120 kilometers from Beijing. Tianjin made rapid progress during the second year of rule under Emperor Yong Le of the Ming dynasty (明朝永乐二年, 1404) when it was established as "Tianjin Wei" ("天津卫"), a key location and military gateway to the capital. In 1860, Tianjin was officially declared a trading port, and its economy began to grow rapidly. Up till 1949, Tianjin's industrial production and volume of port trade were secondary to that of Shanghai. During that period, Tianjin became China's second largest industrial and commercial city and the largest financial and commercial centre in North China.

Tianjin, however, became an underdeveloped city, lagging behind her neighbor, Beijing, capital of China, during China's 30 years of planned economy. Two important incidents contributed to Tianjin's lack luster development. In February 1958, Tianjin was incorporated into Hebei Province as its capital city by the central government until Tianjin became a municipality again in 1967. During this period, Tianjin not only did not receive any state projects from the central government but had some of its industries and state enterprises moved to other parts of Hebei.

In 1976, Tianjin was also badly affected by the Tangshan earthquake. Almost 60% of Tianjin's constructions were destroyed. But because Tangshan was the worst hit area, aid went to Tangshan instead of to Tianjin. The priority of Tianjin years after the earthquake was only recovery. In 1952, the industrial added value of Tianjin accounted for 5.1% of the country's total; the figure declined to 3.38% over the years until 1978.⁸

After reform and opening up, although Tianjin was listed as one of the 14 open coastal cities by the central government in 1984, the central government did not give enough support to Tianjin. For a long time, Tianjin's reform and opening up as well as economic development could not keep pace with the whole nation's economic growth.

⁷ "The 2006 statistical bulletin of national economy and social development of Tianjin city" <http://www.stats-tj.gov.cn/Article/tjgb/stjgb/200703/6943.html>.

⁸ Fu, Tao: "The view on the issue of Tianjin economic status", "Tianjin economy", 2003 (2).

In 2005, Tianjin's GDP ranking in all cities slipped to the sixth. Table 1 shows that since 1980, the proportion of Tianjin's economy in the country's total has declined continuously. Although Tianjin's economy had showed signs of recovery from 2000 to 2005, it had yet to reach the level of 1980.

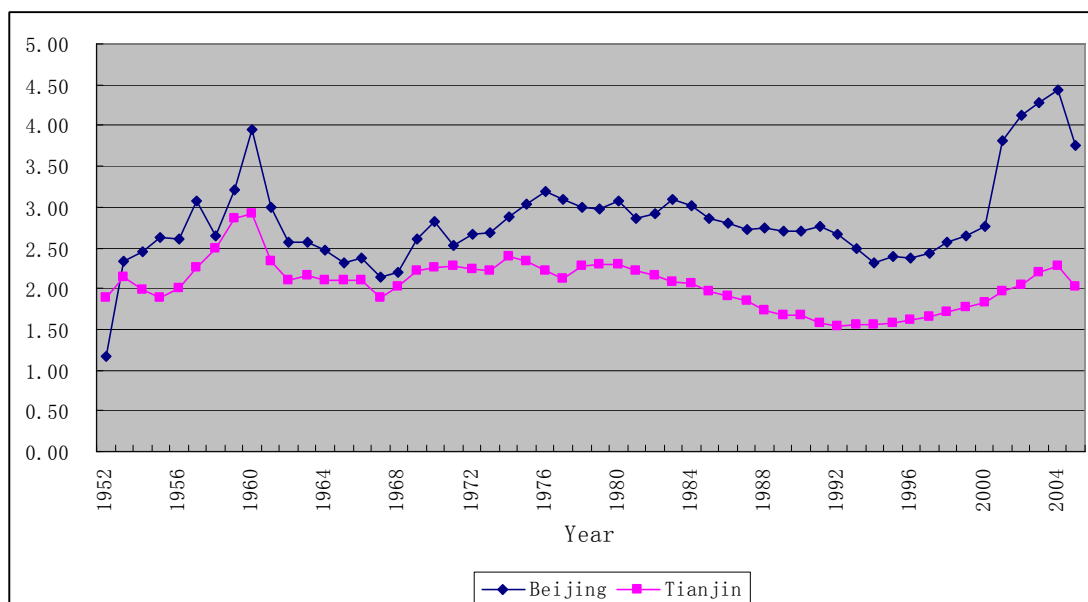
Table 1 Tianjin's GDP contribution to the country's total GDP

Unit: 100 Million Yuan						
Year	1980	1985	1990	1995	2000	2005
Tianjin	103.5	175.7	310.9	917.6	1639.3	3663.8
Country	4545.6	9040.7	18718.3	59810.5	98000.4	183956.1
Ratio	2.28%	1.94%	1.66%	1.53%	1.67%	1.99%

Data source: "Tianjin Yearbook". National data are from "China Statistical Yearbook"

The development gap between Tianjin and China's developed areas has enlarged. Figure 1 shows the Tianjin's and Beijing's contribution to GDP for the country's GDP from 1952 to 2005; it shows a decline in Tianjin's economic status compared with Beijing.

Figure 1 Tianjin's and Beijing's GDP contribution to the country's GDP from 1952 to 2005 (%)



Note: Data before 1991 are from *Collection of 55-Year Statistics of New China (1949-1991)*. Beijing city data was not available in the database between 1949 and 1951. Data between 1992 and 2005 are from the website of National Bureau of Statistics of China (<http://www.stats.gov.cn/>)

Over the years, there are various interpretations to the relative declining economic status of Tianjin city, of which the representative ones are as follows.⁹

- There is an imbalance in national development strategies. This view points out that after the reform and opening up, national development was from the south to the north, implying that there is no national support in policy and resources for Tianjin city. The relative backwardness of Tianjin city is attributed to this lack of country's support.
- Officials in Tianjin municipal government are less capable. After the reform and opening up, two of the most influential officials in Tianjin were Li Ruihuan (李瑞环) and Zhang Lichang (张立昌), both of whom have never received higher education. The tendency to elevate government officials of similar background led them to appoint officials of lower educational level than themselves; these officials thus lack the foresight to fully explore Tianjin's development.
- Beijing's development has negatively affected Tianjin. All resources flow to Beijing rather than Tianjin, which is not conducive to the growth of some important industries and some high-end industries such as the financial industry. In a word, Beijing's development inhibits the development of Tianjin.
- Tianjin's culture is also not conducive to trade. Tianjin people tend to be conservative unlike Shanghai and Guangdong people, who have strong business acumen. This conservatism impedes Tianjin's development.

Among the above explanations, the national development strategy has decisive influence over Tianjin, and even consequently affects the relationship between Beijing and Tianjin. The less capable Tianjin officials and the conservative culture of its people mean that the Tianjin people are unable to change their own status by themselves. In any case, the decline of Tianjin brought Tianjin municipal officials great pressure, and forced them to adopt measures to improve Tianjin's performance. Of those measures, the development and construction of the Binhai New Area is of greatest strategic importance.

Upgrading the TBNA

Generally speaking, the decision making process to upgrade TBNA to the national level was a relatively rational choice because of TBNA strategic status. The development of the TBNA will drive the economic growth of North China. On the other hand, why the TBNA and not other development areas? Why make the decision only in 2005 when evidence shows that central leaders had been aware of the potential

⁹ Those explanations are concluded from the interviews and discussions between the authors and officials of Tianjin local government.

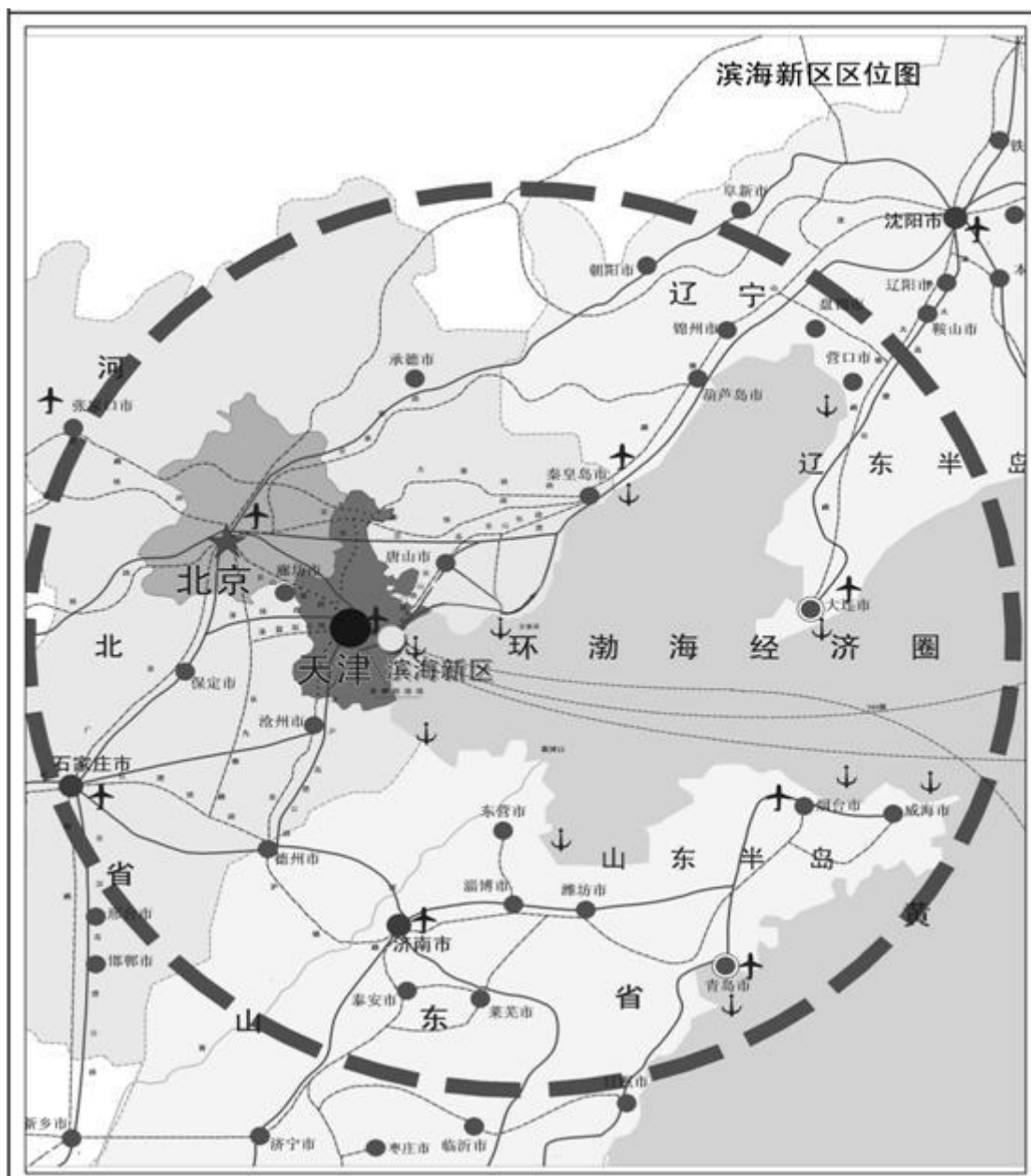
of the TBNA for the last 20 years? Explanations can be summarized in a series of political processes of interaction between central leaders and key officials and social elites from Tianjin.

The Strategic Status of the TBNA

Located east of Tianjin, the TBNA comprises three functional zones, the TEDA, Tianjin Port Free Trade Zone and Tianjin Port and three administrative regions; Tanggu District, Hangu District and Dagang District, and as well as parts of Dongli District and Jinnan District. The TBNA boasts a planning area of 2,270 km², a coastline of 153 km and a permanent population of 1.4 million.

The TBNA's potential for development is huge. Geographically, the TBNA, with a vast hinterland, lies at the center of the Circum-Bohai economic region, and is the meeting point of the Jing-Jin-Ji urban agglomeration. The gateway to 'the Three Northern Regions' (Northeast China, Northwest China, and North China), the TBNA is a key hub for connecting domestic and foreign, south and north, and east and west; it is the eastern terminus of the Eurasian Continental Bridge, which provides access to the neighboring inland countries. Functionally, the TBNA integrates the functions of a port, an economic-technological development area, high-tech industrial parks, an export processing zone and a free trade zone. In a word, it has perfect service functions. Industrially and technically, the TBNA has fostered such leading industries as electronic and information, petroleum and marine chemical, automobile and equipment manufacturing, petroleum steel pipe and high quality steel, biological technology and modern metallurgy, new energy and new materials as well as green industries. It has fostered high technical and technology-intensive industry group. Land and resource wise, with 1,214 km² of deserted salt pans, the TBNA has some highly saline alkaline land which is not suitable for farming but enjoys great potential for ecological conservation and construction. The TBNA is also abundant in natural gas and geothermal resources. Ecologically, the wetland, together with the water area, accounts for 29% of the total area.

Figure 2 The Strategic location of the TBNA at the Center of the Circum-Bohai Region



Tianjin Binhai New Area is at the center of the Circum-Bohai Region and the eastern seaboard of Tianjin.

Downloaded from en.investteda.org/download/powerpoint/xqqkjs20060525.ppt.

Long Wait for a National Development Strategy for the TBNA

The Tianjin government had been waiting for a preferential developmental policy for the TBNA from the central government for a long time before 2005. In 1984, when the central government listed Tianjin as one of the 14 open coastal cities, the

Tianjin government set up the TEDA. Deng Xiaoping, the top leader and the chief designer of China's reform visited the TEDA in 1986; he saw the potential of the TEDA, and wrote an epigraph "Development Area is Promising!"

However, since the development strategy at that time was centered on South China, insufficient support was given to Tianjin by the central government. The central government only provided a total of 2.2 billion RMB in development loans to TEDA during its first three years of establishment and no other development loans thereafter.¹⁰ Six years later, in October 1992, Jiang Zemin, then General Secretary of Central Committee of the CCP, affirmed "accelerating the development of the Circum-Bohai Region" in the reports of the 14th CCP Congress.

In April 1990, the State Council decided to develop and open the PDNA. This was strongly supported by the central government in terms of policy and finance. In order to obtain the same support, the Tianjin government was determined to establish the Development Area and Free Trade Zone; it applied to the State Council for a special zone status. Unfortunately the application was rejected. Tianjin then decided to build the TBNA by itself.

In March 1994, the Second Session of the 12th People's Congress of Tianjin municipality decided to construct the TBNA within ten years. The target was for the GDP in TBNA to reach 40% of Tianjin's total, and the export to account for 50% or more.

To become a highly open and modernized economic new area, the TBNA development should have the following basic infrastructure: a regional Tianjin port, a development area and free trade zone, and a group of modern industries dominated by an export-oriented economy and supported by the rivalry development of commerce, finance and tourism. The TBNA aims to establish a highly modernized economic new area that provides all the necessary functions and infrastructure. After ten years, the TBNA has achieved the goals in general. Now, more than 70 of the world's top 500 enterprises have invested in the TBNA which has become one of the regions with the highest foreign investment.

Between 1994 and 2002, Chinese leaders like Jiang Zemin (1999), Li Peng (2000), Hu Jintao (2000) and Wen Jiabao (2001) visited and inspected the TBNA successively. Though they were all impressed with the TBNA and its potential, no concrete moves or substantial policies have been made or adopted to further develop the TBNA because the development strategy at that time was not centered on north China. Since the end of the 1990s, China has launched a series of regional programs such as the launch of "Western Development" (西部大开发) in 1999, "Revival of the Northeast of China" (振兴东北), and "Rise of Central China" (中部崛起) in 2004. In

¹⁰ In comparison, Pudong New Area received 28 times more in loan than TEDA in its first five years of development. (Li Beifang, Tianjin Guilai [Tianjin Returns], Nanfeng Chuang, Jan, 16, 2006.)

all these programs, Tianjin is not included. It was not until 2005 that the central government officially took steps to promote the TBNA as part of a new regional program.

TBNA Strongly Recommended by Key Officials

The Tianjin local government leaders started to push the central government for preferential policies for Tianjin and the TBNA on the grounds of unbalanced regional development; this finally prompted the central government to launch the new regional program.

The decision to promote the TBNA policy involved interactions between high level leaders in the central government and in the Tianjin government, and the formal or public advocacy of intellectuals and social elites.

Interactions between high level leaders in the center and in the Tianjin government were the most important driver behind the TBNA policy. In 2002, Zhang Lichang, Party Secretary of Tianjin, was elected as a Political Bureau member at the 16th Party Congress, one of the top 24 leaders in China. His Political Bureau appointment gave Zhang the opportunity and influence to push the TBNA policy to decision makers in the central government. Between 2002 and 2006, Zhang invited many top leaders to the TBNA, including 7 Standing Committee of Political Bureau members and many Political Bureau members, and actively lobbying for the development of the TBNA. Among the leaders who visited the TBNA after 2002, Hu Jintao and Wen Jiabao were the most influential in the decision making process of the TBNA policy.

In this period, Premier Wen Jiabao was the key person behind the decision-making of the regional program of the TBNA. Wen was born in Tianjin and had been living in Tianjin before he graduated from Tianjin Nankai High School. In 2004, Premier Wen gave an important postscript (*pishi*, will be introduced in following text) on the joint report made by the Chinese People's Political Consultative Conference (CPPCC) members. On March 6, 2005 and at the third plenary session of the Tenth National People's Congress, when in discussion with Tianjin delegates, Wen said that he had carefully considered the possibility and that "our government is ready to do something".¹¹

¹¹ Pi, Qiansheng, The TBNA Walks toward a National Strategy. <http://www.people.com.cn/GB/32306/32313/32330/3236790.html>.

Wen visited the TBNA in June 2005, together with major leaders of 15 central ministries.¹² He also presided over two executive meetings of the State Council in March and April 2006 successively. The meeting in March approved *The Overall Urban Development Program of Tianjin (2004-2020)* while the meeting in April was to research and discuss about the development of the TBNA.

TBNA Strongly Advocated by Social Elites

Intellectuals and social elites' advocacy was important too. As early as 1995, Feng Zhijun (冯之浚), Member of Standing Committee of the National People's Congress (NPC) and Vice-president of China Democracy Leaguer (中国民主同盟), made a series of policy suggestions to the central government to upgrade the status of the TBNA and allot the TBNA preference policies similar to those of Shanghai Pudong.¹³

Members of the CPPCC from Tianjin have always pushed for preferential policies for the TBNA. In March 2004, at the second plenary session of the tenth CPPCC, 52 members from Tianjin jointly submitted to the general assembly the "Proposal for the State Council Approving the Overall Development Planning of Tianjin Binhai New Area". At a conference on March 7, 2004, a member named Zhang Daning (张大宁) from Tianjin reported on "Accelerating the Building of the Circum-Bohai Economic Circle, Creating New Economic Growth Pole", requesting support for the TBNA from the central government. This report was ranked second of ten key research results of the 2004 CPPCC. In November 2004, Premier Wen Jiabao gave postil on the report, saying "good planning and construction of the Tianjin Binhai New Area not only contribute to Tianjin's long-term development, but also play a significant role in revitalizing the economy of the Circum-Bohai region".¹⁴

Public Administrative Problems of the TBNA

Past Administrative Conflict within the TBNA

The TBNA has never been an integrated area since it was established. It includes three function zones, Tianjin Port, Tianjin Economic-Technological Development Area (TEDA), and Tianjin Port Free Trade Zone, and three administrative

¹² <http://news.enorth.com.cn/system/2005/06/28/001055220.shtml>

¹³ Feng, Zhijun, Consideration of Rebuilding Economic Center of North China [Guanyu Chongsu Beifang Jingji Zhongxin de Ruogan Sikao], Circum-Bohai Economic Outlook [Huanbohai Jingji Liaowang], 1995, no. 5, 21-25; Feng Zhijun, Accelerating Economic Development of Tianjin, Rebuilding Economic Center of North China [Jiakuai Tianjin Jingji Fazhan, Chongsu Beifang Jingji Zhongxin], Tianjin Social Science, 1996, no. 03, 5-9; Feng Zhijun, The Circum-Bohai Region Need Substantial Start [Huanbohai Diqu Xuyao Jinxin Shizhixing Qidong], Circum-Bohai Economic Outlook [Huanbohai Jingji Liaowang], 1997, no. 01, 20-21.

¹⁴ Shi, Peiquan, The TBNA Sought High Start of Promotion. http://www.bh.gov.cn/news/2005-03/18/content_3898308.htm.

districts, Tanggu District, Hangu District, and Dagang District, and is part of the Dongli District and Jinnan District. All these administrative units are at the bureau level in Chinese administrative rank.

The Tianjin government was aware of the potential conflicts among administrative units and has established several institutions successively to coordinate affairs regarding the TBNA.¹⁵ The Tianjin Municipal Government first established the TBNA Small Leading Group (天津滨海新区领导小组), a temporary institution, in 1994, under the leadership of Li Shenglin (李盛霖), then Executive Vice-Mayor.¹⁶ In 1995, the Tianjin Municipal Government set up the Office of TBNA (天津滨海新区办公室) led by Chen Zhifeng (陈质枫).¹⁷

In September 2000, the Office of TBNA was replaced by the Administration Committee of TBNA, directed by Pi Qiansheng (皮黔生), former director of the Office of TBNA. Pi was appointed member of Standing Committee of the CCP Tianjin Committee¹⁸, which means that the leadership of the coordinating organization of the TBNA has been upgraded from Chen Zhifeng at the bureau level to Pi Qiansheng at deputy-ministerial level in 2000. The Administration Committee of TBNA is still in operation.

The administrative system of the TBNA has some inherent problems that tend to result in conflicts within the TBNA. Firstly, while Shanghai repealed and rezoned the territories of all the administrative districts within the PDNA at the beginning of its development, Tianjin maintained the old administrative districts. All administrative districts have direct administrative channel to Tianjin municipal government, skipping the Administration Committee of TBNA. This structure weakens the coordinative ability of the Administration Committee of TBNA.

Secondly, it is difficult for the Administration Committee of TBNA to coordinate all affairs within the TBNA when it holds the same organization rank as other districts and administrative areas in the TBNA. Up to now, the TBNA is still not a formal administrative area. The work committee and administration committee are “dispatching agencies” (派出机关)¹⁹ and coordinators belonging to the Tianjin municipal committee and Tianjin municipal government. Therefore, the Administration

¹⁵ Interview with an expert on regional development in Tianjin.

¹⁶ Li Shenglin was Mayor of Tianjin between 1998 to 2002; he has been serving as Minister of Ministry of Communications of China from 2005. <http://news.sina.com.cn/c/2006-03-05/17079270322.shtml>

¹⁷ http://www.tj.xinhuanet.com/zfwq/2006-03/22/content_6542985.htm

¹⁸ http://www.tj.xinhuanet.com/zfwq/2006-02/24/content_6314286.htm

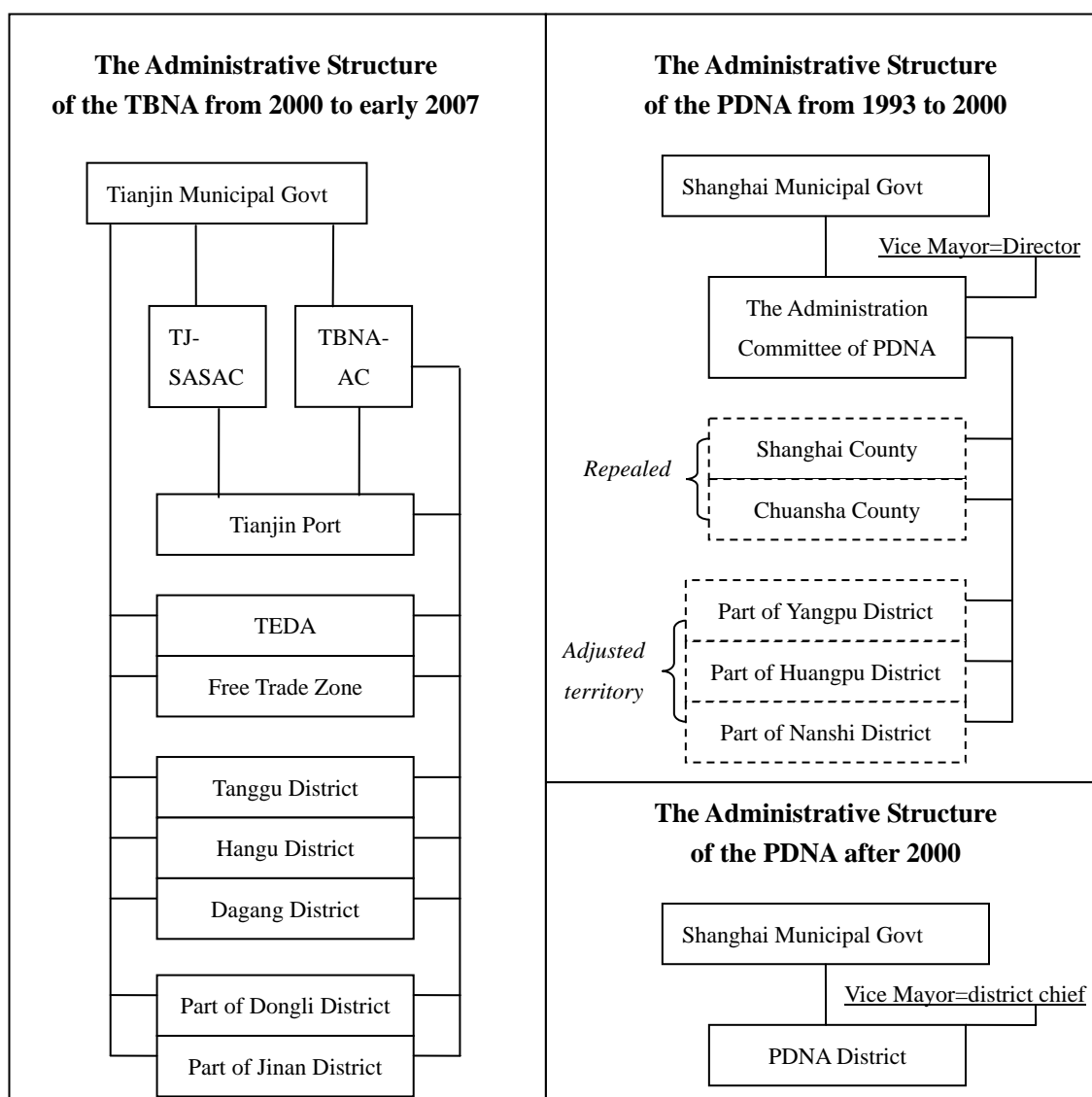
¹⁹ “Dispatching agencies” of the government are the administrative organizations set up by local government to manage one certain administrative affair in several administrative districts or all affairs in one certain administrative district. They have no people’s congress and political consultative conference.

Committee of TBNA has no economic resources to redistribute and districts and administrative areas in the TBNA need not follow the direction of the Committee. The TBNA makes use of its higher-level cadres to perform its coordination function. The TBNA is a bureau level unit even though its secretary of work committee and the director of administration committee (up to now, one person serves two position concurrently) is a member of the Standing Committee of Tianjin Municipal Committee (at the vice ministerial level), and the deputy director is the cadre at the bureau level. Relying on higher-level cadres to perform its coordination function will not help the TBNA to resolve all its problems.

Thirdly, the internal components of the TBNA are very different in organizational structure and system, thus hampering the smooth operation of TBNA's administrative system. In the TBNA, there are functional zones (such as development area, free trade zone and Tianjin port), and administrative districts (such as Tanggu, Hangu and Dagou), as well as parts of Dongli District and Jinnan District. Administrative districts are local governments; development area and free trade zone are dispatching agencies of Tianjin municipality, while Tianjin port operates like a state-owned enterprise with its business controlled by the Tianjin State-owned Assets Supervision and Administration Commission (SASAC). In addition, only the Development Area and Free Trade Zone enjoy special preferential policies. These differences seriously inhibit the smooth running of TBNA's administrative system.

Fourthly, TBNA affairs are often directly dealt with by the Tianjin Municipal Government, bypassing the TBNA Administration Committee. The deep involvement of the Tianjin Municipal Committee and Municipal Government in the affairs of the TBNA further weakens the authority of the Administration Committee, further marginalizing it. Former secretary of Municipal Committee Zhang Lichang and former mayor Dai Xianglong (戴相龙) always personally participate in the discussions on specific affairs of the TBNA. Furthermore, executive vice mayor in specific affairs is also the vice mayor in charge of the development and opening up of the TBNA.

Figure 3 Comparison of the TBNA and PDNA Administrative Systems



TJ-SASAC: Tianjin State-owned Assets Supervision and Administration Commission
 TBNA-AC: The Administration Committee of TBNA; its Director is Member of Standing Committee of Tianjin.

In a word, the administrative structure was restricting the economic development of the TBNA. Because of overlapping functions and geographical isolation of these districts and administrative areas, officials often dispute over trifles and are uncooperative toward each other. Unfortunately, the Administration Committee of TBNA does not have the authority to take charge and resolve conflicts among administrative units within the TBNA. Therefore, it is difficult to make and implement any policy that is related to more than one administrative unit.

Disagreement between the Central government and Tianjin regarding the TBNA

The central government and Tianjin local government could not agree on who the TBNA should report to. While Tianjin conceives that the TBNA should develop under the lead of the Tianjin government, the central government emphasizes that the TBNA should principally be a part of the Jing-Jin-Ji area. In January 2006, the *Tianjin 11th Five-year Program* stated that the TBNA should “be based on Tianjin, rely on Jing-Ji, serve the Circum-Bohai Region, radiate ‘the Three Northern Regions’, target Northeast Asia.....” But in May 2006, the State Council argue in *State Council’s Advice on Related Issues to Promote Reform and Opening-up of the TBNA* (Guofa [2006] 20) that the TBNA should “rely on Jing-Jin-Ji, serve the Circum-Bohai Region, radiate ‘Three-North’, target Northeast Asia.....” The same could be predicted for the status of the TBNA in the Circum-Bohai Region which could bring new disagreement between the central government and the Tianjin local government.

Disagreement on the status of the TBNA led to a divergence in how to develop it. The central government views the development and opening up of the TBNA as a regional development strategy of the country. It positions the Circum-Bohai region as an internationally renowned region equivalent to the world’s five City-Belts with the TBNA playing an important role. The central government has high expectations of the TBNA being the “gateway” to the Circum-Bohai region. It hopes the TBNA will have a great start and be the driving force behind industries. In the document, *Suggestion of the State Council of the People’s Republic of China On the Related Issues of Promoting the Development and Opening-up of the Tianjin Bihai New Area*, the central government focuses on establishing a financial service industry and a Tianjin port free trade zone.

For the Tianjin municipal government, promoting the development and opening up of the TBNA as the national strategy is to accelerate the development of the Tianjin municipality. Therefore, some major projects built in the TBNA will directly benefit the economy of Tianjin. As the TBNA is experienced in the processing and manufacturing industry, it prefers to increase output by developing the high-end processing and manufacturing industry. Nevertheless, the development of the high-end service industries requires substantial inputs, and in the short term, they may not be able to achieve much. This fails to meet the expectations of the central government.

In terms of the reform of administrative system of the TBNA, the Tianjin government is always afraid to lose control of the TBNA to the central government. Therefore, Tianjin leaders are in a dilemma. On the one hand, every Tianjin leader knows very well that Tianjin’s administrative framework limits the development of the TBNA. On the other hand, if the organizational rank of the Administration Committee of TBNA or other newly established coordinating agency has been upgraded to as high as the deputy-ministerial level, the Tianjin government might lose control of the TBNA as the central government will be appointing a leader directly to the TBNA.

In fact, there indeed have been political signals that the Tianjin government's worries are not unwarranted. In 2006, a high level official of the National Development and Reform Commission (SDPC) once disclosed that the central government is considering an innovative reform project to establish a new coordinating agency based on the Administration Committee of TBNA. The new agency will be directly affiliated to the State Council and its administrative rank will be at the deputy-ministerial level.²⁰

In a word, the quest for actual control is the major reason why Tianjin government did not upgrade the organizational rank of the coordinating agency to settle all these administrative problems within the TBNA.

Conflict within the Circum-Bohai Region

Though the economic integration of the Circum-Bohai Region has been conceived for a long time, it has not progressed much compared to that of the Yangtze River Delta Region and the Zhujiang River Delta Region. The "Regional Economy of Bohai Rim" is now in three parts: Jing-Jin-Ji, Liaodong Peninsula, and Shandong Peninsula, each becoming an independent economic entity.

The difficulty of integrating the economy of the Circum-Bohai Region could be attributed to four factors.

First, coastal economic integration involves a leading city and a wide hinterland. In the Yangtze River Delta Region, Shanghai is the indubitable leading city and Jiangsu, Zhejiang, and Anhui are hinterland provinces to Shanghai. In the Zhujiang River Delta Region, three close cities, Hongkong, Guangzhou, and Shenzhen are leading cities, while the hinterland is the 8 provinces surrounding the three cities.

Nevertheless, in the Circum-Bohai Region, it is difficult to single out a leading city. Beijing, Tianjin, Dalian, and Qingdao are all big cities which are located far away from each other in the region, and none is big enough to dominate and lead the whole Circum-Bohai Region. In the end, Beijing and Tianjin become the leading cities of the Jing-Jin-Ji area, while Dalian and Qingdao become the economically leading cities of Liaodong Peninsula and Shandong Peninsula, respectively.

Second, industrial structures in the Circum-Bohai Region are similar. Because of the planned economy before reform, industry projects located in this region are homogeneous. Almost all provinces and municipalities have similar traditional industries, such as steel, coal, chemistry, structural material, electric power, heavy machinery, and automobile. They are also competitors in some new industries, including telecom, bio-pharmacy, and new materials. Therefore, it is quite difficult to integrate the economy in the Circum-Bohai Region due to the lack of an industrial chain and economic complementarity.

²⁰ <http://chinaref.cn/Article/goufangxuetaang/fangchanbaoxian/200610/216856.html>.

Third, the existence of competitors in the Circum-Bohai Region: the Dalian Economic and Technological Development Zone (大连经济技术开发区), Liaoning Province, and the Qinghuangdao Economic and Technological Development Zone (秦皇岛经济技术开发区), Hebei Province, are traditional competitors to the TBNA for preferential policies from the central government since they came under the National Level Development Zones in 1984.²¹

Fourth, the cities in the Circum-Bohai region regard the ports as their strategic resources and the development and building of the ports are deemed as one of the important means for competition. The Ministry of Communication is planning to build 25 main ports in the coastal regions, among which are Dalian Port, Yingkou Port, Qianhuangdao Port, Tianjin Port, Yantai Port, and Qingdao Port. With the exception of Yantai port, all these ports are big ports with capacity of hundreds of millions of tons. In the Yangtze River Delta, the main ports are Shanghai Port, Nantong Port, Ningbo Port and Zhoushan Port with Shanghai Port the undisputed leader. The cities in the Circum-Bohai region are now making great efforts to strengthen the capacity and upgrade the service level of their ports to keep pace with competition.

Of the port cities in the Circum-Bohai region, the biggest competitor to Tianjin's development is Caofeidian (曹妃甸) Port, located offshore to the south of Tangshan, Hebei Province. With a water depth of 20 meters, Caofeidian Port is a natural port with conditions that are far more superior to Tianjin port. In Bohai Bay, it is the only natural port that can be built into a large-scale deepwater port that requires no fairway, basin, dredging and maintenance. It is nearer to the main channel than Tianjin and it is not far from Beijing; if there is a need to construct rapid transport corridors, it would be done in combination with Beijing. The union with Beijing economy coupled with the oilfield discovered in the eastern area of Hebei Province, would empower Caofeidian Port to be the major port in the Circum-Bohai region. As a result, it would threaten the position of Tianjin port and Tianjin's economic status.

Recently, Hebei Province also proposed including Caofeidian Industry Zone and Demonstrative Area of Cyclical Economy (曹妃甸港区和循环经济示范区) in the national policy agenda.²² Shougang Group (首钢集团), one of biggest steel groups in China located in Beijing, will establish a new steel base and move to Caofeidian.²³

The rise of Caofeidian Port is likely to be an event of strategic importance to the development and opening up of the TBNA. Currently, apart from mutual visits among key leaders of Tianjin City and Hebei province, there is no formal regional administrative system to coordinate the development of Tianjin and Caofeidian. What

²¹ Interview with an expert who used to be a researcher of an official policy research institute of Dalian.

²² <http://www.chinanews.com.cn/news/2006/2006-03-06/8/699070.shtml>.

²³ <http://politics.people.com.cn/GB/1024/5464132.html>.

is crucially needed now is a way to coordinate the development of different parts of the Circum-Bohai region through institutional innovation of the regional administrative system.

Although the TBNA has been called the “New Growth Pole of North China” and “the Economic Center of North China” by the central government, local governments in the Circum-Bohai Region do not see themselves as followers of the TBNA.

Seeking a Solution

The central government and the Tianjin government are now coordinating the relationship among local governments within the Circum-Bohai Region and within the TBNA through structural reform and personnel reshuffling.

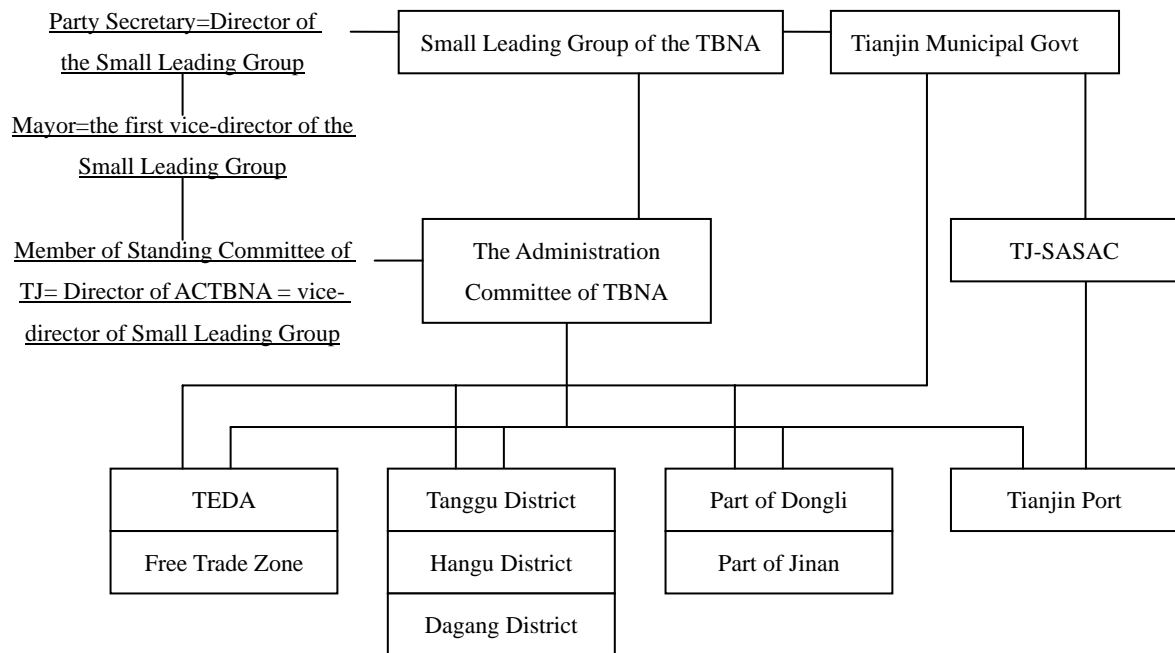
In early 2007, the center appointed Zhang Gaoli (张高丽) and Li Jianguo (李建国) as secretaries of Tianjin and Shandong Province Committee of the CCP respectively. Zhang Gaoli is formerly the secretary of Shandong Province Committee of the CCP.²⁴ Li Jianguo was a deputy secretary of Tianjin Committee of the CCP between 1993 and 1997.²⁵ This cross-region appointment shows that the central government has the intention of building a good co-operational relationship within the Circum-Bohai Region.

In addition, two important institutional and personnel changes took place at the TBNA in June 2007. First, Tianjin decided to set up a new Small Leading Group of Promote Reform and Opening-up of the TBNA (加快滨海新区开发开放领导小组). The new Small Leading Group has Secretary Zhang Gaoli at the helm, and with Tianjin Mayor Dai Xianglong as the first vice-director. Second, deposing Pi Qiansheng, Tianjin government appointed Gou Lijun (苟利军) to succeed as director of the Administration Committee of TBNA, and also appoint him as the vice-director of the Small Leading Group. Gou Lijun is also a newly elected member of the Standing Committee of the CCP Tianjin Committee.

²⁴ http://news.xinhuanet.com/ziliao/2002-02/25/content_288791.htm.

²⁵ http://news.xinhuanet.com/ziliao/2002-03/05/content_300918.htm.

Figure 4 The Administrative Structure of the TBNA now



Note: Figure constructed from inputs derived from interviews with some officials of Tianjin local government.

TJ-SASAC: Tianjin State-owned Assets Supervision and Administration Commission

Although these two institutional and personnel arrangements have been elaborately designed, they are not without their organizational problems.²⁶ With Tianjin upgrading to the administrative rank of the coordinating agency, (Zhang Gaoli was elected to be a member of Political Bureau of the CCP at the 17th Congress of the Party, at the corresponding level as Vice Prime Minister in China,) all districts and administrative areas within the TBNA come under the jurisdiction of the Small Leading Group. Therefore, it is expected that the Small Leading Group will successfully deal with the administrative conflicts within the TBNA.

With the new Small Leading Group, the Tianjin government will consolidate its control over the TBNA. There is no worry that the central government would take over the TBNA by setting up a new agency or appointing a new leader directly to the Administration Committee of TBNA because Tianjin has all the reasons to say that the new Small Leading Group has sufficient ability to coordinate without the direct intervention of the central government and the Administration Committee of TBNA has actually become only a subordinate part of the new Small Leading Group.

²⁶ For example, these structural reform and personnel arrangement have yet to solve the problem. The TBNA still have administrative channels to Tianjin municipal government skipping the leadership of the Administration Committee of TBNA.

Prospects and Conclusion

Although Tianjin leaders have made some major attempts in institutional innovation of administrative system, there is still ample room for growth. After contacts with Tianjin officials, the authors predict several potential directions for the reform of the TBNA's administrative system.

1. Set up the TBNA District government

The TBNA's administration committee is not a formal government agency so it lacks the authority to coordinate the economic and social affairs in the TBNA. Therefore, it is helpful to set up a TBNA District government that will oversee all administrative districts under the TBNA.

2. Set up functional zones: an idea from the experience of Pudong

Somewhat similar to the establishment of the TBNA District government, the suggestion requires the changing of the original administrative districts of the TBNA into functional zones, which are analogous to those in Pudong New Area. The functional zones have no administrative organs, and are under the purview of development companies. In this administrative framework, the TBNA District government will only exercise functions of administrative governance.

3. Autonomous administrative districts

The administrative districts, like the countries in the European Union, are autonomous with the TBNA Administration Committee as the coordinator of policies related to all the districts in the TBNA. In order to achieve such a model, the Administration Committee should be given more power, and have clearly defined areas of responsibilities.

4. Setting up of Binhai City

Set up the TBNA as a city under the direct jurisdiction of the central government or Tianjin city.

According to the author's understanding, the first and second possibilities have been accepted broadly. The third one was once taken seriously, but its support has been decreasing. The fourth has already been shelved because of opposition from the Tianjin government. In addition, since all administrative reforms will reduce the number of officials at the district level, how to rearrange and relocate surplus government officials is a question that hampers the progress of the administrative reform. This question needs to be deliberated by Tianjin leaders.

In summary, although there are still many administrative problems within and outside the TBNA, the authors are optimistic about the development of the TBNA. Regardless of the direction of administrative reform, or other new administrative frameworks, a better TBNA administrative system is clearly evolving. With the establishment of appropriate administrative frameworks within the TBNA and within the Circum-Bohai Region, the TBNA is progressing on a healthy economic reform path. After the “national experimental zone for comprehensive reforms” has been established along with the implementation of a series of innovative policies, the TBNA is expected to live up to its expectation of being the “Third Growth Pole” of China.

Appendix

Table A The CCP and Government Leaders in the Circum-Bohai Region

		Current Position Holders		Predecessors
		Name	Former Position	
Beijing	Secretary	Liu Qi	Mayor of Beijing	Jia Qinglin
	Mayor	Wang Qishan	Secretary of Hainan (2002.11-2003.4)	Meng Xuenong
Tianjin	Secretary	Zhang Gaoli	Secretary of Shandong	Zhang Lichang
	Mayor	Dai Xianglong	Governor of the People's Bank of China	Li Shenglin
Hebei	Secretary	Zhang Yunchuan	Director of Commission of Science Technology and Industry For National Defense	Bai Keming
	Governor	Guo Gengmao	Deputy governor of Hebei	Ji Yunshi
Shandong	Secretary	Li Jianguo	Secretary of Shaanxi	Zhang Gaoli
	Executive Governor	Jiang Daming	Deputy Secretary of Shandong, Secretary of Jinan City	Han Yuqun
Liaoning	Secretary	Zhang Wenyue	Governor	Li Keqiang
	Governor	Zhang Wenyue	Deputy governor of Liaoning	Bo Xilai

Data up to November 2007.

Sources: Summarized by the authors. (<http://www.xinhuanet.net>)