Shenzhen: Model or Anomaly? China’s National-Level Special Economic Zone Programs in Comparative Context

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Abstract

Special economic zones (SEZs) in China have made an outsized contribution to China’s economic growth. China is the seminal example of successfully using SEZs but this masks China’s vast internal variation. In 2006, depending on the level of analysis, China had either five, 222, 1355 or 1577 economic development zones. To properly evaluate SEZs in China, we must examine their institutional layers. Thus, this paper outlines all national-level SEZ programs in China in order to compare and contrast with the “Shenzhen model,” China’s most famous SEZ. Systematic analysis of SEZs allows us to make more accurate comparisons to other countries which employ SEZs as a key facet of their economic development strategies.

1 Introduction

Institutional change emerges from exogenous shocks and transformation over time. China in the reform era has experienced both; the decision by Deng Xiaoping to “reform and open” could be considered a shock to the system in terms of the range, scope, and scale of change. Yet, at the same time, many institutions of the communist era remained in place and were tasked with transforming China from a planned to a market economy. Much of the institutionalist analysis in comparative

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politics focuses on long-standing regimes and how institutions within that context evolve over time or change because of shocks to the system. But what happens when new institutions are simultaneously created alongside a series of deeply-entrenched institutions and both are concurrently tasked with new, and often contradictory, responsibilities?

In this paper, I use institutional analysis to highlight how the role and purpose of SEZs in China has changed over time. China has over nine distinct SEZ programs and exhibits tremendous variation in the size, scope, and variety of SEZs. This paper relies primarily on qualitative and historical analysis to uncover the variation in zone programs. Recounting this history is necessary to establish an initial baseline and begin to address the following research questions. What are the origins of the Shenzhen SEZ and how did this particularly influential model come to fruition? Why does China have so many separate zone programs? Are China’s distinct zone programs truly comparable? If Shenzhen was the original model, do the follow-on zones and zone programs resemble this model or not? What are the origins and differences between the various national-level SEZs in China? How are these programs managed? How did the bureaucratic structure shape the origins and period of enactment?

Studying the origins and effects of SEZs in China faces two fundamental problems. The first challenge is the level of analysis. National zones need to be examined separately because national-level reform policies have grown out a different political logic. Local zones are about control of land whereas the early SEZs were about access to foreign exchange, capital, and technical expertise. Second, Landry (2003) notes that the proper level of analysis for adjudicating decentralization debates in China may be cities rather than provinces.¹ Municipal zones approved at the provincial-

¹ Landry (2003, 32).
level offer different level of incentives than national zones and thus should be analyzed separately. The third challenge to comprehensive understanding of China’s SEZ is the complex bureaucracy that has grown to manage this policy area. The legal regimes governing China’s zone programs are understudied in the interdisciplinary literature. Investment incentives are often lumped together but, in reality, zone programs have subtle differences in scope, focus, and goals.

To examine bureaucratic actors more directly, I break zone establishment patterns into three distinct periods. The reason for taking a institutional and bureaucratic politics approach is two-fold. First, the overlapping physical, legal, and programmatic realm of SEZ policy in China demands further explanation. Why are there so many distinct programs in addition to the myriad of individual zones that now exist nationwide? I argue that the explanation is to found in a theory of fragmented bureaucratic politics (Lieberthal and Oksenberg 1988). Since so many distinct government agencies have responsibility for and an interest in economic development zones in China, it has generated a complex legal and regulatory environment. To my knowledge, no one has attempted to disentangle this bureaucratic web in the context of special economic zones, at least not comprehensively. Second, analyzing one specific policy instrument allows us to examine change over time. The political context at the start of the Shenzhen SEZ is vastly different from the context that led to the creation of the Shanghai Pilot Free Trade Zone in 2013.

This article contributes to our knowledge of SEZs and political economy in several ways. First, I provide an overall political history of zones in China. Second, this paper contributes to our understanding of bureaucratic politics in China. Most of China’s SEZ programs are managed and overseen by different government agencies. Although there is some overlap in program control, different bureaucracies have distinct missions, areas of responsibility, and organizational cultures.
Moreover, the bureaucracies managing each program have changed over time. As the property rights regime for land has evolved so too management of SEZs. In particular, central government attempts to curb rural land conversion has collided with political and financial incentives for local leaders. Third, I argue that the political context in each period influenced why and how each subsequent zone program was enacted. Thus, we must begin with Shenzhen, even if this comparison is not perfect.

The next section will discuss the bureaucratic politics literature and use Shenzhen as an explicit model for three reasons. First, Shenzhen in nearly always the *implicit* model in the imaginations of development economists and policy makers seeking to replicate the “China model.” Despite ubiquitous references to Shenzhen, what exactly the Shenzhen model represents is rarely addressed. Second, as the first zone in China, it also holds a special place in the understanding of China’s political economy in the reform era. Thus, instead of relying on implicit assumptions, I make the comparison to Shenzhen explicit. Third, I argue that the history of Shenzhen is actually distinct from most of the subsequently-enacted SEZ programs in China. A brief recounting of Shenzhen is thus necessary to make the comparisons outlined in the empirical section of the paper. The empirical section analyzes the origins of subsequent SEZ programs in China and I focus on two aspects areas of analysis: bureaucratic actors responsible for managing these programs and the political and historic context at the time in which these zone programs arose.
2 Shenzhen and Bureaucratic Politics as the Base

Shenzhen was once a rural backwater that has now become known as the most innovative city in China, according to Western media outlets.\(^2\) While export-oriented manufacturing made Shenzhen rich and famous, the city has begun to shift from a traditional export manufacturing hub to an economy focused on services such as insurance, real estate, and IT and is now home to Chinese brand names such as Huawei, ZTE, Tencent, Vanke, and Ping’an insurance.\(^3\) A recent World Bank report on SEZs notes, “No other SEZ program has had as much impact, nationally and internationally, as the Chinese program”\(^4\) and when foreign observers conceptualize this model it is Shenzhen that serves as the basis.

In a recent volume dedicated entirely to Shenzhen, O’Donnell, Wong and Bach (2017) correctly note that Shenzhen is “a pivotal case study” for both domestic and international audiences. The authors also acknowledge that the actual reform process and the narrative now being told of reform are in conflict. The authors state, “While the official perspective lauds the [Shenzhen] model as the logical result of coherent policies and plans, we argue that nothing of the sort took place. In fact, the model emerged out of a period of illicit (and often outright politically unapproved) experimentation.”\(^5\) The Shenzhen Museum, which contains the modern history of the city, is consistent with the effort by city leaders to portray logical consistency in the process of reform. Rithmire (2013) notes that now, “Nearly every Chinese city has a museum devoted to urban planning”\(^6\) and

\(^2\) The original ranking was conducted by Forbes Magazine and was recounted in Zhang (N.d.).

\(^3\) Huang (2008) characterizes Guangdong as extremely “entrepreneurial,” partly because of the presence of firms such as these.

\(^4\) Farole (2011, 36).


\(^6\) Rithmire (2013, 873).
this shows how local officials are attempting to refine history with a story that puts both current and past leaders in the best possible light. The other reason to not assume that SEZ policies in China are logically coherent is because the overlapping legal and bureaucratic structure nearly guarantee turf wars. Finally, if we are to make an argument that these policies are in fact logical, we must specify who judges the policy to be “logical.” Is the policy outcome justifiable from a local or central government perspective? Which bureaucratic agencies benefit from the various programs and which are opposed? Have central government objectives been implemented or have local leaders strayed from the intent of the law in order to serve their own parochial interests?

Following historical institutionalist perspectives, I conceptualize institutions “as distributional instruments laden with power implications” noting that “any given set of rules or expectations . . . will have unequal implications for resource allocation.”7 Because of the complexity of the Chinese political system, China and other comparative politics (CP) scholars have challenges building upon one another’s theories. However, explicit comparisons of China to other economic systems has begun.8 In this article, I attempt to bring in both general CP theoretic perspectives as well as Lieberthal and Oksenberg (1988) theory of “fragmented bureaucratic politics.” Fragmented bureaucratic politics continues to explain many of the distributional elements of China’s system but theories of gradual institutional change also apply. In terms of China’s bureaucratic politics, center-local relations remain a key focal point for resource allocation and consensus decision-making is still a key facet of the Communist Party’s way of doing business. In their examination of the energy sector in China, Lieberthal and Oksenberg (1988) provide a detailed history of the leaders, government ministries, provincial organizations, and state-owned enterprises with responsibility for

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7 Mahoney and Thelen (2010, 8).
8 See Kennedy (2011).
devising, implementing and/or managing the energy sector. The authors note that most scholarship up to that point had focused exclusively on either a “rationality” model of politics or a “power” politics model resulting in the “neglect of bureaucratic structure [which] frequently leads to dubious assumptions about the policy process.”

I examine one specific policy area in China allows us to examine bureaucratic actors alongside gradual institutional change. Thus, we can utilize general CP concepts to see how they operate in the Chinese context. Specifically, Mahoney and Thelen (2010) delineate four types of gradual institutional change, namely displacement, layering, drift, and conversion. Displacement is when new rules replace existing ones. In the case of China, at the start of reforms in 1978, entirely new rules had to be created but later new rules had to be enacted to address the changing nature of the economy. Layering is when old rules remain but new rules are layered onto them such that the web of rules and regulations grows increasingly complex. Mahoney and Thelen describe drift as the situation when rules remain the same but external conditions are altered in a way that changes how the rules operate in practice. Conversion is when formal rules remain but are interpreted in new and distinct ways. At different times during the reform era, each of these types of change can be seen in the implementation of SEZs in China.

To my knowledge, no one has directly addressed the bureaucratic politics of SEZs nor compared and contrasted different types of zones to clarify the legal and financial policies therein. Thus, I outline the bureaucratic actors while also conceptualizing the kind of institutional change that occurred. In terms of assumptions, I do not assume that SEZ policies have an “underlying logical consistency.”

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9 Lieberthal and Oksenberg (1988, 17).
10 This discussion is derived from Mahoney and Thelen (2010, Chapter 1) but the theory is also based on Streeck and Thelen (2005).
ment for Shenzhen but do not assume logical consistency (or not) for the other zone programs. The second assumption is about economic efficiency. Most economic debates on SEZs center around the efficiency of outcomes but I set aside those questions to focus on program origins.

The main zone programs currently in existence in China are outlined in Table 1, along with their year of enactment. At the outset of reform, the SEZs in Guangdong and Fujian Province were approved by Beijing but the central government did not have revenue for massive investment so the management of the zones was left to the local and provincial government. The second wave of zones is more commonly known as the “coastal open cities.” The official program associated with these 14 cities is the Economic and Technological Development Zone (ETDZ). Coastal cities had considerable leeway to design their respective zones but all individual zones had to be approved by the State Council and the Customs Administration. In the late 1980s, Deng and others recognized the importance of acquiring new technology in order to foster economic growth. To direct resources to this effort, in 1988, the High-tech Industrial Development Zone (HIDZ) program was created under the purview of the Ministry of Science and Technology. In the 1990s, bonded zones and the Border Economic Cooperation Zones (BECZs) were created, albeit with much different programmatic goals as will be discussed further in section three. Other than the Export-Processing Program (EPZ) program, between 1992 and the mid-2000s, there was little impetus for new program types but the number of individual zones increased rapidly. By the early 2000s, approximately 6,866 zones had been created across China. In 2006, a three-year audit of all zones was completed reducing the number of approved zones to 1568. However, despite the

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12 Fu and Gao (2007).
13 Zhang (2011, 146).
14 State Council (2006).
crackdown on zones, the State Council approved two additional program types in the aftermath of the audit. Then, it was not until 2013 that the latest zone program was officially promulgated.

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Acronym</th>
<th>Year of Enactment</th>
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<tbody>
<tr>
<td>Special Economic Zone</td>
<td>SEZ</td>
<td>1979</td>
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<tr>
<td>Economic &amp; Technological Development Zone</td>
<td>ETDZ</td>
<td>1984</td>
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<tr>
<td>High-Tech Industrial Development Zone</td>
<td>HIDZ</td>
<td>1988</td>
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<td>Bonded Zones</td>
<td>BZ</td>
<td>1990</td>
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<tr>
<td>Border Economic Cooperation Zone</td>
<td>BECZ</td>
<td>1992</td>
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<tr>
<td>Export Processing Zone</td>
<td>EPZ</td>
<td>2000</td>
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<tr>
<td>Comprehensive Reform Testing District</td>
<td>CRTD</td>
<td>2005</td>
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<td>Free Trade Zone</td>
<td>FTZ</td>
<td>2006</td>
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<tr>
<td>Pilot Free Trade Zone</td>
<td>PFTZ</td>
<td>2013</td>
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Table 1: China’s Zone Programs and Enactment Dates

### 2.1 Shenzhen as the Explicit Model

The use of models is common in China. As O’Donnell, Wong and Bach (2017) note, “The production of policy through the production of ‘models’ - model people, model factories, model villages - is a classic feature of socialist governance.”\(^{15}\) Shenzhen is no different; it is now a model of the new China but this outcome was not pre-ordained. In 1985, Deng Xiaoping still characterized Shenzhen as only an experiment stating that “we hope to make it a success, but if it fails, we can learn from the experience.”\(^ {16}\) In the early period, Shenzhen was often characterized as the wild west for its hectic pace of life and lack of rules. In the absence of formal rules or regulations, business people often skirted the edge of what was legal because the ambiguity about what actually constituted legality made it difficult to know whether people were in compliance or not. This

\(^{16}\) Deng (1985).
perception of lawless is now a far cry from how local leaders describe Shenzhen’s development.

The Shenzhen Museum puts forward a simple and straightforward, albeit incomplete, narrative of the early period of enactment. Beijing approves various regulations, Guangdong leaders begin implementing those regulations, construction begins, and then development ensues. The narrative seems logical and coherent but does little to help us understand what the Shenzhen model truly is. Shenzhen also serves as an example of how neither origins nor implementation are a one-shot game. Over time, the nature of local-national bargaining, business relations, and rules and regulations have all changed dramatically. The jurisdiction has been growing, upgrading, and evolving. As such, the city’s stature within the Chinese political system has also changed over time. Shenzhen has grown in both physical size despite beginning as the largest SEZ in the world at its founding. Moreover, Shenzhen has seen an incredibly fast pace of urban development nearly unheard of in world history. For all of these reasons, Shenzhen is not only a city and an SEZ but an extremely powerful image of development within and outside China but one which is not easily replicated.

2.1.1 Initial Planning

Gradual institutional change helps explain the most recent period of SEZ policy, especially as it relates to land-use, but the initial period in Shenzhen was more like the big bang. Despite later success, zones were incredibly controversial at the outset. So controversial that Guangdong leaders were not even sure what to call these new enclaves. Initial terms included “foreign trade base,” “export special area,” and “pilot export commodity base.” Each of these names appeared too risky.

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17 Shenzhen Museum, July 2016.
to local leaders until the term “special economic zone” (*jingji tequ*) was agreed upon. Looking back on those early years, Deng recounts the controversy noting that, while Guangdong leaders were responsible for the idea, Deng “said they should be called special zones economic zones, not special political zones, because we didn’t like anything of that sort.”

Unlike some scholars, which have viewed SEZs as extra-territorial enclaves completely separate from the overarching political system, Shenzhen was fundamentally embedded into the political system. Carolyn Cartier and Hu De note that “the idea of zones as places in synchronization with global markets belies the reality of zones administrative divisions. . . . Understanding that *qu* is an area or district of the system of administrative divisions offers a corrective to notions about economic zones as if somehow separate from the political system.” SEZs are embedded within the political system even if zone regulations differ slightly.

The official regulations for establishing special economic zones in Guangdong were approved on August 26, 1980. While planning for the country’s first zone in Shenzhen could not have preceded the major national-level changes that accompanied Deng’s official return to power at the Third Plenum of the 11th Party Congress in December of 1978, Guangdong leaders wasted no time planning once the political winds had changed. In 1978, provincial leaders in Guangdong had already prepared a report on the “Planning of Foreign Trade Bases in Bao’an and Zhuhai Counties.” Thus, once the December Plenum was complete, the Guangdong Provincial Committee prepared reports on the “early trial period for an export special area” in April and May 1979.

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19 Sklair (1986) argues that early EPZs were extra-territorial because they were more in sync with the interests of foreign multi-national corporations (MNCs) than local interests.
20 Cartier and De (2015, 157).
21 *Regulations on Special Economic Zones in Guangdong Province* (1980).
22 Shenzhen Museum; Shenzhen, China; July 2016.
Many leaders were skeptical of the new “special areas,” especially Mao loyalists such as Deng Liqun. Deng Liqun served as head of the Political Research Office (PRO) and the Propaganda Department. Along with Chen Yun, the highly influential Chinese Communist Party (CCP) Vice Chairman who managed much of economic policy under Mao, feared that SEZs would simply re-enact the century of humiliation. The exploitation of China at the hands of foreigners was exactly what the Chinese Communist Party (CCP) had spent decades fighting before it finally rose to power in 1949. In fact, in the late 1970s and early 1980s, Deng Liqun lead a research office which “collected material that attempted to prove that the SEZs would degenerate into ‘foreign concession zones.’” Thus, even debates over naming were controversial. Given the range and scope of regulations that needed to be enacted this ensured that progress would remain slow and politically difficult.

Even after Shenzhen began operations and firms from Hong Kong began establishing operations therein, political conservatives were not convinced of Shenzhen’s success nor whether zones should be expanded. In fact, senior members of the Politburo were specifically concerned about expanding SEZs to coastal locations, most notably Shanghai and Zhejiang Province. Chen Yun was supposedly concerned about the region’s “concentration of opportunists who would, with their consummate skills, emerge from their cages if given the slightest chance.” Essentially, business leaders in Shanghai and Zhejiang cities such as Ningbo and Wenzhou had historic reputations as traders and merchants and thus were exactly the kind of capitalists that Communist Party stalwarts had against during the civil war.

23 Ignatius and MacFarquhar (2009).
24 Ignatius and MacFarquhar (2009, 102).
26 Ignatius and MacFarquhar (2009, 102).
2.1.2 Regulatory Environment

From today’s vantage point, it is difficult to fathom that when Shenzhen began, not only did the rules and regulations for the SEZ have to be created but China “literally had no legal system and no law in a Western sense as of 1977.” However, the central government could not start from scratch with all institution-building so many of the new rules were layered onto existing modes of operation. CCP ministries and central planners had to “start developing a legal infrastructure in order to attract the foreign investments it desired.” As Lieberthal’s volume on governance in The rules and regulations designed and enacted in Shenzhen, thus, had a unique impact on investment, joint ventures, and SEZs more generally would be managed. However, developing these early regulations did not happen either immediately and rarely dealt effectively with key issues. For example, in early legal analysis of Shenzhen, Fenwick (1984) notes that the 1980 Regulations on Special Economic Zones in Guangdong Province “compare poorly with terms offered by other countries export-processing zones” and lacked a long list of preferential policies common in other SEZs at the time.

The 1980 enacting regulations were relatively general as it pertains to business law but signaled massive change for China. Initial regulations focused on the registration of foreign enterprises and made clear that while foreign investors were certainly needed and wanted, all “land in the special zone is owned by the People’s Republic China.” Despite the effort of reformers, nearly all leaders in China remained concerned about foreign incursion into China and a repeat of

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29 Fenwick (1984, 384).
30 Regulations on Special Economic Zones in Guangdong Province (1980, Article 12).
the treaty ports era. Given the location of Shenzhen, across from Hong Kong, many immediately viewed the new zone as yet another example of giving foreigners free reign to exploit China. As such, the initial regulations set out to make clear that therein remained Chinese and all foreign businesses would be monitored and registered in order to ensure that the Chinese government and zone managers remained the final arbiter of all decisions within the special enclave.

Despite the need to clearly establish Chinese sovereignty in the Shenzhen, local leaders soon recognized deficiencies in the early regulations and altered policies in order to offer incentives, which would attract external firms. Corporate income tax rates were reduced to 15 percent, down from the 30 to 50 percent rates that applied to firms outside zones.\footnote{Fenwick (1984, 383) notes that joint ventures were typically taxed at approximately 33 percent but non-joint ventures could face up a 50 percent rate if you combined local and national-level taxes.} Initial regulations also claimed that “special preferential treatment” would be given to firms establishing within two years but the exact nature of these privileges, at least in the initial regulations, was essentially non-existent. However, early legal analysis of the zone notes that, “unlike the Joint Venture Law governing Sino-foreign joint ventures elsewhere in China or the earlier Shekou Investment Guidelines, both of which mandated twenty-five percent minimum foreign equity, the [1980 Guangdong] Regulations contained no minimum foreign-equity requirements.”\footnote{Fenwick (1984, 382).}

Shenzhen also created the first labor market in China, although initially there were concerns about the shift from the communist-era \textit{danwei} system to a free-market labor system. Thus, at the outset a labor service company was used to find workers that would be employed within the zone. In terms of management of the zone itself, the committee responsible for managing Shenzhen fell

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31 Fenwick (1984, 383) notes that joint ventures were typically taxed at approximately 33 percent but non-joint ventures could face up a 50 percent rate if you combined local and national-level taxes.

32 Fenwick (1984, 382).
\end{flushright}
directly under the Guangdong Provincial Committee\textsuperscript{33} and thus did not have to be mediated by a municipal government as would be the case with many subsequent zone programs. Local leaders soon realized that “no single committee could make a decision on every site” so a “consortia of outside developers were each assigned to develop huge industrial zones.”\textsuperscript{34} Shekou was one such site. China Merchants Steamship Navigation Company plan, ran, organized, and developed that particular zone but this area showed the initial potential for further reform in other parts of Shenzhen. In fact, Vogel (2011) argues that Shekou “became the model for and the envy of the other industrial zones established in the Shenzhen special economic zone.”\textsuperscript{35} Essentially, the early period of Shenzhen was much more tentative than some observers now realize. Political controversies were high, planning was tentative, rules and regulations were often absent or often contradictory. So what happened next?

### 3 SEZ Program Origins Over the Reform Era

In this section, I will examine three distinct time periods: 1) the early reform era from 1979 until 1989; 2) the time period from 1990 to 2003; and 3) 2003 to the present. I use these time periods for analytic and policy reasons. The initial reform period was one of major experimentation and considerable policy autonomy for the areas selected as SEZs. Not complete autonomy but there was an understanding that reform experiments could go wrong in the anointed zones because if reforms did not work there, those reforms would stop, be altered, and would not be extended further. However, if perceived as successful, than other jurisdictions could adopt those policies. I

\textsuperscript{33} Regulations on Special Economic Zones in Guangdong Province (1980, Article 24).

\textsuperscript{34} Vogel (2011, 138).

\textsuperscript{35} Vogel (2011, 135).
selected 1989 as the cut-point for this first period of study because the Tiananmen incident had a far reaching on all aspects of domestic policy. Moreover, despite the 1980s laying the groundwork for entire reform period, Huang (2008) notes, “The decade of the 1980s deserves far more analytical attention than it has received.” Not only is more analytic attention needed to studying the 1980s but we must not let later success color the way the events unfolded at that time.

While I use 1989 as the first endpoint, the period from 1989 to 1992 in many ways was one of transition. Conservative elements of the Party leadership re-asserted themselves but Deng Xiaoping’s Southern Tour in 1992, reinvigorated the reform effort. However, other fiscal realities created new demands on local governments. Thus, the period from 1990-2003 was qualitatively different from the 1990s. 2003 was selected as the start point for the third phase of SEZ development for three reasons. First, in 2003, the State Council called for a comprehensive audit of all of the country’s zones in response to concerns about rural-urban land conversion. In December of that year, the National Development and Reform Commission (NDRC), the Ministry of Land and Resources (MLR), Ministry of Housing and Urban-Rural Development (HUD), and the Ministry of Commerce (MOFCOM) jointly issues a series of policy circulars calling for the inspection and rectification (qingli zhengdun) of all zones in the country in order to set limits on zone expansion and promote coordinated development. Second, 2003 represents the beginning of the Hu Jintao and Wen Jiabao era, which ostensibly began an era when rural poverty became a main concern of these political leaders. Under the Hu-Wen administration, Liew and Wu (2007) make the case that “the National Development and Reform Commission (the former State Planning Commission), the Ministry of Finance, and the Ministry of Commerce were added to the core policy network” for

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36 Huang (2008, 51).

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economic and financial affairs. It is these organizations, along with the Ministry of Land and Resources, that became essential in culling down the rampant “development zone fever” of the 1990s. The elevation of these organizations in policymaking during this time period allowed them to shift policy focus. Third, in 2005, China shifted “from a pegged exchange rate to a quasi-floating regime” thereby shifting the country’s exchange rate policy. Along with the rapid accumulation for foreign currency reserves after 2001 and these domestic policy changes, the use of SEZs in China since 2003 has been substantively distinct from the two earlier periods.

3.1 Early Zones: The Original SEZs and Coastal Opening

The first four SEZs in China created in Shenzhen, Zhuhai, and Shantou (Guangzhou Province) and Xiamen in Fujian Province are the ones most often referenced in the collective imagination of economists. The legal regulations governing the original SEZ grew out of a series of decisions focused primarily on the zones in Guangdong and were officially promulgated in August 1980. The “Regulations on Special Economic Zones in Guangdong Province” were approved during the Fifth National People’s Congress and addressed labor management, administrative organization, and autonomy of the newly created zones. The zones were expressly intended to “encourage foreign citizens, overseas Chinese, compatriots from Hongkong and Macao . . . to open factories and set up enterprises.” Key provisions in the early zones were the ability for foreign investors to establish operations, more flexible labor market rules, and lower corporate taxes.

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38 Cited in Chin (2013, 524).
39 Chin (2013, 521).
40 Vogel (1989); Fenwick (1984); Ge (1999).
41 English translation of original regulations obtained from the Asian Legal Information Institute, http://www.asianlii.org.
42 For the latter, the corporate tax rates were 15 percent within SEZs whereas joint ventures elsewhere were taxed at 33 percent (Fenwick 1984, 383).
The average size of the original SEZs (at their outset) was approximately 85 square kilometers.\footnote{Author’s calculation based on data from Vogel (1989) and Naughton (2007).} This is enormous when compared to the average size of EPZs in the developing world at that time, which was approximately 2 square kilometers, as illustrated with Figure 1. However, the SEZ figure for China is heavily skewed because of Shenzhen. In 1980, Shenzhen was 327.5 square kilometers. The other three zones ranged from between 1.6 square kilometers (Shantou) and 6.8 square kilometers (Zhuhai), which is more consistent with the size of EPZs in the rest of the developing world, although larger than Taiwan’s early zones.\footnote{The Taichung EPZ was only 0.23 square kilometers (Fröbel, Heinrichs and Kreye 1980) and “Taiwan’s three export-processing zones . . . together constituted less than 3.0 square kilometers” (Vogel 1989, 127).} Prior to the creation of Shenzhen, the largest EPZ in the developing world was the Phividec Industrial Estate created in Mindanao in the Philippines in 1974, which was approximately 30 square kilometers.\footnote{Author’s “Early Adopters SEZ/EPZ Dataset.” See also Phividec Industrial Estate for further information, http://www.piamo.gov.ph/pia/, accessed 6 December 2015.} Five years later, Shenzhen remained the same size but each of the other original zones had grown so that the average size was now approximately 132 square kilometers. By 1990, that number had grown to 158 square kilometers not including Hainan Island.\footnote{The total area of Hainan is 33,900 square kilometers so this figure is not included in the size averages for the original zones. If Hainan was included, the average size would be approximately 6900 square kilometers.}

In the period from 1980 to 1984, there were also several bureaucratic changes in the central government that related to how policies inside SEZs would evolve. Most importantly, in March 1982, the Ministry of Foreign Economic Relations and Trade (MOFERT) was created in order to put “major components of China’s dealings with the international economy under one bureaucratic roof.”\footnote{Lieberthal and Oksenberg (1988, 113).} This new ministry consolidated a variety of previously distinct entities, such as the State Import and Export Control Commission and the Foreign Investment Commission, together under
one organizational structure. As such, MOFERT had a broad mandate with responsibility for all foreign trade, FDI, trade promotion, and foreign aid.\textsuperscript{48} In 1984, the People's Bank of China (PBOC) was restructured to better deal with “national financial planning; interest rate policy” and dealing with the variety of financial institutions that began to arise in the reform era.\textsuperscript{49} However, while “the bank as a financial institution is under the jurisdiction of the next higher level bank, the bank’s Communist Party committee is directly under the authority . . . of the locality in which the bank is located.”\textsuperscript{50}

The next major set of officially-designated development zones in China are the coastal open cities. In 1984 the first round of 14 cities were designated, although some did not become fully operational until the late 1980s.\textsuperscript{51} The policy guidance for the ETDZs was released in April 1988

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\textsuperscript{48} Lieberthal and Oksenberg (1988, 113).
\textsuperscript{49} Chin (2013, 526).
\textsuperscript{50} Lieberthal (1995, 270).
\textsuperscript{51} The original cities are referred to as “port,” “open,” or “coastal economic” cities and include Dalian, Tianjin, Qinhuangdao, Yantai, Qingdao, Lianyungang, Fuzhou, Guangzhou, Shanghai, Zhanjiang, Nantong, Ningbo,
by the Customs Administration.\footnote{General Customs Administration, “Provisions of the General Administration of Customs of the People’s Republic of China on the Administration of Inbound and Outbound Goods at the Economic and Technological Development Zones,” 26 April 1988.} While initially restricted to coastal open cities, eligibility for access to the ETDZ program was later expanded nationwide.\footnote{Rithmire (2015, Table 3.1).} Concurrently, moves to establish a separate SEZ program also begin. Deng was heavily committed to science and technology so he and other influential leaders believed that China had to devise a way to foster both science and its commercial and industrial applications. Lieberthal (1995) notes Zhao Ziyang convinced “Deng that the key to China’s development lay in rapid expansion of the country’s scientific base.”\footnote{Lieberthal (1995, 139).} Thus, in the mid-1980s, a key imperative in promoting the market transformation was scientific research fostered in High-Tech Industrial Development Zones (HIDZs). This program developed under the purview of the Ministry of Science and Technology and the first such zone was established in Beijing.\footnote{Zeng (2011).} Key leaders such as Zhao Ziyang were engrossed how to utilize scientific and technology in development and “persuaded Deng that the key to China’s development lay in rapid expansion of the country’s scientific base.”\footnote{Lieberthal (1995, 139).}

In 1984, Zhao “increased his control over urban economic policy and over science policy” and this paved the way for further reforms at the 1984 plenum,\footnote{Lieberthal (1995, 139).} including the creation of the coastal open cities-focused economic and technological development zones. Thus, once Zhao Ziyang “increased his control over urban economic policy and over science policy” it paved the way for adoption “of principles on urban economic reform that pointed the way toward Deng Xi-
aoping’s preference for radical reorganization of the urban economy along market lines.” However, the success was not complete and by 1988 Chen Yun and other anti-reformist elements pushed for a halt to the most aggressive reforms. Then, in 1989, when Zhao Ziyang was removed from power due to the Tiananmen incident, one of the lead architects of the coastal reform opening was no longer at the helm to push Deng and his reform agenda.

As of 2011, there were 54 HIDZs with zones in both coastal and inland provinces but the distinction between these zones and the ETDZs described above seems to have blurred over the years. Despite only representing 0.01 percent of China’s land area, HIDZs make an outsized contribution to the economy: “nearly 5 percent of China’s total industrial labor market” is within an HIDZ, the value of their exports increased over 12 percent in the period from 1995-2005, and HIDZs account for nearly 11 percent of China’s FDI stock (as of 2006). In terms of incentives, tax policies are somewhat similar to other zones but the comparative advantage for HIDZs appears to be research and development (R&D) expenditures. Corporate tax rates for foreign-invested enterprises range from 7.5 to 15 percent, depending on a variety of characteristics associated with the company. R&D expenditures in 2002 were over 31 billion RMB, nearly 25 percent of total R&D expenditures in China. Skilled workers are also an important attraction for foreign-invested firms to operate in these zones. Scientists and technicians represent 6.4 percent of China’s labor force but they are over 22 percent of the workforce in HIDZs.

58 Lieberthal (1995, 139).
60 Fu and Gao (2007, 20).
61 Fu and Gao (2007, 21).
63 Fu and Gao (2007, 28).
64 Fu and Gao (2007, 28).
3.2 From Transition to Development Zone Fever: 1990 to 2003

During Deng Xiaoping’s Southern Tour, the coastal south received the bulk of attention but the overarching message was broader reform and opening.\(^\text{65}\) For ETDZs, following the initial round of approvals, there were two additional waves of expansion, in period from 1992 to 1994 and from 2000 to 2002.\(^\text{66}\) The second wave includes additional coastal locations but also more inland locations while the third wave consists primarily of inland and western areas. The expansion in the early 1990s brought the total number of national-level ETDZs to 49.\(^\text{67}\) According to a 2012 report by Renmin University, the total number of ETDZs is now 128.\(^\text{68}\) Concurrently, 15 border economic cooperation zones (BECZs) were also established. BECZs were managed directly by the State Council until 2007 but are now under the purview of the Ministry of Commerce. Given the preferential coastal policies of the 1980s, Chung (1998) argues that inland provinces developed two strategies for their own economic development. The first strategy was to create their own set of incentive policies to attract investment while the second focused on “collective efforts to compete against their coastal counterparts by forming regionally-based organizations.”\(^\text{69}\) Chung notes that in 1994, party officials in Shaanxi, Gansu, Qinghai, Ningxia, and Xinjiang “held a ‘summit meeting’ where they agreed to join in efforts to obtain more preferential policies from Beijing.”\(^\text{70}\) These efforts continue today; in 2012, a joint meeting was held in Kunming to discuss

\(^{65}\) Zhao (1993).  
\(^{67}\) State Council (2006).  
\(^{68}\) Zeng et al. (2012, 4).  
\(^{69}\) Chung (1998, 434).  
\(^{70}\) Ibid.
measures to promote these areas.  

Changes to the land law and the tax system in the 1990s radically shifted the way land was utilized in China. The changes to the tax sharing system (TSS) meant that local governments saw revenues decline. However, since local leaders could now generate revenue from the land, through land-use fees and leasing to developers, the incentives to develop land increased dramatically. Double-digit growth rates, rural-to-urban migration, and the development of scarce land along China’s eastern coastal region boomed. One strategy used by local officials to guide development, and generate revenue, was the creation of economic development zones (kaifagu).  

By the end of the decade, over 6800 zones were active. “Development zone fever” (Zhang 2011) had gotten out of control. Complaints of land confiscation increased as did allegations of corruption. In his study of golf courses, Sun (2015) finds that enforcement of the land law is only selective. The outright “ban” on new golf course construction has been only marginally successful and local jurisdictions still have many methods for skirting national legal requirements. After the 1994 tax reforms, not only did provincial and municipal leaders have more incentives to make money from land, many local officials were also able to find “numerous loopholes in the credit control mechanism to finance local growth.”  

Other analysis of the early People’s Bank, mostly notably by Lardy (1998) and Yang (2004), argue that in its early phase the PBOC was a relatively weak organization noting that “until the early 1990s, the provincial branches of the central bank responded primarily

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72 For translations of the Chinese SEZ terminology, see Figure 1 in the Appendix.

73 Zhang (2011).

to provincial-level political leaders rather than central bank headquarters in Beijing.” The ability of local officials to pressure banks to provide funds for their preferred development projects is one facet that allowed development zone fever to rapidly gain momentum throughout the decade.

3.3 Dawn of a New Era: 2003 to the Present

In 2003, the State Council called for a comprehensive audit of all development zones nationwide in an effort to “rectify” zones and set limits on the size and scale of future zones. The audit took approximately three years and, in 2006, the State Council’s NDRC published the finalized list of all zones officially approved post-audit. This directory left 222 national-level zones and 1346 provincial-level zones in place across China, for a total of 1568 approved zones. Table 2 below provides the number of zones by program type for the period immediately following the audit. The audit occurred amidst other concerns about the falsification of government statistics in the early 2000s. At the spring 2000 meeting of the Standing Committee of the National People’s Congress one official, Zheng Jianling then an NPC deputy and “deputy director of the Shanghai Audit Bureau of the National Bureau of Statistics . . . proposed that criminal penalties be imposed on officials who falsify statistics.” In the 2003 guidelines for rectifying zone programs, there is one section devoted to how to deal “falsifying data by either over or under-reporting.”

In March 2004, the Ministry of Land and Resources (MLR) and the Ministry of Supervision jointly announced new regulations to curb land development associated with SEZs. According to Hsing (2010), if leasing fees were not fully paid and if local authorities did not receive the requisite

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75 Chin (2013, 527).
76 State Council (2006).
77 Lardy (2002, 12).
<table>
<thead>
<tr>
<th>Zone Type</th>
<th>Number (as of 2006)</th>
<th>Average Size</th>
<th>Total Land Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>National-Level Zones</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ETDZ</td>
<td>49</td>
<td>11.7</td>
<td>575</td>
</tr>
<tr>
<td>SEZ</td>
<td>5</td>
<td>158.1</td>
<td>632</td>
</tr>
<tr>
<td>HIDZ</td>
<td>53</td>
<td>18.2</td>
<td>964</td>
</tr>
<tr>
<td>BECZs</td>
<td>14</td>
<td>5.6</td>
<td>78</td>
</tr>
<tr>
<td>Bonded Zones</td>
<td>13</td>
<td>5.4</td>
<td>147</td>
</tr>
<tr>
<td>EPZ</td>
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<td>2.9</td>
<td>170</td>
</tr>
<tr>
<td>Bonded Port Areas</td>
<td>13</td>
<td>2.6</td>
<td>40</td>
</tr>
<tr>
<td>Pilot FTZs*</td>
<td>0</td>
<td>29</td>
<td>29</td>
</tr>
</tbody>
</table>

| Pro vincial Zones    |                     |              |                 |
| Zhejiang Province    | 103                 | 6.8          | 702             |

Table 2: Program Size, area in square kilometers

approvals from the central government by August 31, 2004, then the land parcels in question would be reclaimed by the state.\(^{79}\) During 2004, the MLR and six other central government agencies sent joint work teams to conduct audits and evaluate zones.\(^{80}\) Upon completion of the two-year audit, thousands of zones were cancelled and only those officially on the list could remain.\(^{81}\) This was a dramatic re-assertion of central government power in the effort to limit conversion of rural, agricultural land. Yet, the success of some of these efforts remains to be seen. Technically, “rural land cannot be employed for non-agricultural purposes without the permission of the state”\(^{82}\) Both national and provincial-level zones continue to be created and increased in size and, according to Sun (2015), large-scale violations of the current land regulations continue. Those local leaders that are politically-connected seem perfectly capable of ignoring the land moratoriums and building as they please. Moreover, the central government continues to create new program types,

\(^{79}\) Hsing (2010, 101).
\(^{80}\) Hsing (2010, 102).
\(^{81}\) State Council (2006).
\(^{82}\) Cai (2003, 665).
such as the Comprehensive Reform Testing Districts and Pilot Free Trade Zones, unhindered by
the increasingly complex and duplicative patchwork of overlapping zones.

At the same time that these land-use changes were being implemented, “the Chinese central
government decided to abolish the agricultural tax . . . [t]his goal was achieved earlier than antici-
pated, in 2006, bringing an end to land-based taxation in rural China.”83 Using central government
organizations remains key to China’s fragmented bureaucratic politics but Cai (2014) argues that
“‘fragmented authoritarianism’ has not captured the impact of new social changes on the decision-
making process” in China.84 The crux of this argument as it relates to the expansion, use, and
restrictions on SEZs is the role of two main groups of actors: business interests and rural farmers.
In the case of the former, business interests could consist of either state-owned enterprises (SOEs)
or private firms. Both have been utilized in the development of zones and have certainly played a
role in expansion. Conversely, rural farmers have pushed against the rampant land conversion but
with varying degrees of success.85

In addition to land-use changes, as the new century began, China’s economy faced two new
situations. First, in 2001, China officially joined the World Trade Organization prompting a myriad
of new changes to its import and export rules. Second, in the same year, the “State Council an-
nounced a national policy to set up Centers for Land Reserves” as part of the central government’s
effort to curb land conversion.86 These new law appeared with the express purpose of displacing
earlier rules for SEZs. However, incentives for development, especially for local leaders, remained

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84 Ibid, 112.
85 Cai (2003).
86 Hsing (2010, 48).
the same. Simultaneously, the external conditions were also altered leading to policy drift. This
tension between new imperatives and old policy tools can be seen in the creation of the Export
Processing Zone (EPZ) program. Despite efforts to limit the use of zones, trade officials also
needed to meet trade regulations under the purview of the WTO. EPZs initially began as a “pilot”
project and in the creation phase, instead of being placed primarily under the purview of a single
bureaucratic actor, the conference to establish the rules that would guide the use of EPZs included
representatives from the Customs Administration, Economic and Trade Commission, Ministry of
Foreign Trade, and State Taxation Administration.\textsuperscript{87} After the conference, which included at least
eight distinct ministries and commissions, EPZs were established “to regulate processing trade
from the existing scattered operation to a closed, centralized management.”\textsuperscript{88} Better management
of both imports and exports, consistent with WTO-related changes was a key facet of this new
program. However, while streamlining administrative procedures for processing trade was one im-
portant goal of the EPZs, another imperative was to manage land-use. As such, EPZs were only
allowed to be setup in “existing ETDZs that have been approved by the State Council, and must not
be established elsewhere.”\textsuperscript{89} EPZs could only be created within the confines of an already existing
zone. The enacting regulations explicitly state that the “construction of EPZs must not include new
construction land” and each individual EPZ could not exceed 2-3 square kilometers in size.\textsuperscript{90}

For these reasons, EPZs in China are much different than those used in other developing
countries. Unlike EPZs meant to leverage cheap labor and promote export-oriented growth. EPZs
are actually an indication of the state attempting to re-assert control rather than further promoting

\textsuperscript{87} Hong Kong Trade Development Council (2000).
\textsuperscript{88} Hong Kong Trade Development Council (2000).
\textsuperscript{89} Hong Kong Trade Development Council (2000).
\textsuperscript{90} General Office of the State Council (2000).
reform and opening. In various policy documents, the issue of smuggling and tax collection are raised as issues of concern and the desire to streamline administration and prevent smuggling may also be behind the origins of this particular program. The Hong Kong Trade and Development Council (HKTDC) notes that Customs supervision across localities had not been unified stating that “some use ‘registration handbooks’ as the official record, and some use ‘tax collection and exemption certificates,’ [and] there are yet others who simply put their comments on the approval document.”\textsuperscript{91} Despite the official program start date being legally recognized as 2000, there are a couple anomalies. For example, the Shanghai Caohejing EPZ began operations in 1992 but this zone is considered both an ETDZ and an EPZ (State Council 2006) and thus is eligible for incentives under both programs. An expansion of the program occurred in 2005 such that, as of 2006, the State Council had approved 58 EPZs throughout the country.\textsuperscript{92}

Despite new laws meant to curb illegal land confiscation and better manage land, the use of industrial zones continued unabated. Regardless of the economic efficiency of these periods of zone expansion, this episode provide a useful illustration of how the number of zones can quickly increase, as they did in the 1990s. In the second wave of development fever, in the early 2000s, local officials were once again rushing to create zones but this time, according to Hsing (2010), “the scale of the development zones was considerably larger, from 1 to 3 sq km [in average size] in the early 1990s to 10 to 20 sq km.”\textsuperscript{93} Hsing estimates that, “by 2003, the total area designated for development zones nationwide was . . . 36,000 sq km, compared with 15,000 sq km in 1993.”\textsuperscript{94} Thus, the total land area in zones had more than doubled in the time between the first and

\textsuperscript{92} State Council (2006).
\textsuperscript{93} Hsing (2010, 99).
\textsuperscript{94} Ibid.
second wave of development zone fever. In 1994, Premier Zhu Rongji initiated a series of austerity measures to cool the economy\textsuperscript{95} but the second wave of development zone fever prompted a more formal investigation and an eventual crackdown on the number and scope of approved zones.

3.4 Expanding Outward: The Top-down Push for Financial Reform

On September 29, 2013, the Shanghai PFTZ was officially launched. In concert with a range of other reforms proposed during the 12th Five-Year Plan, the Shanghai pilot zone was underway less than a year later. However, the idea began much earlier when the previous administration approved a request\textsuperscript{96} by the Shanghai government to create “an international financial and shipping center by 2020.”\textsuperscript{97} The proposal was hotly contested\textsuperscript{98} but before the trial period was even complete other jurisdictions began their own versions of this program. PFTZs have been approved for Guangdong, Tianjin, and Fujian\textsuperscript{99} and media reports indicate that Shanxi, Gansu, and Hubei provinces have all provided PFTZ proposals to the central government for approval.\textsuperscript{100}

This latest edition to the family of zone programs is yet another example of institutional layering. Instead of replacing earlier zone programs, the PFTZs are one large overarching structure placed over the top of a series of other zones. In the process, the other zones remain in tact but

\textsuperscript{95} The majority of these reforms were focused on local financial institutions (Tsai 2006) but the lack of loans and other sources of financing also slowed the ability of local governments to develop their development zones.


\textsuperscript{97} Quote is from Li (2009, 3); see also Zhang and Rogowsky (2015).


yet another layer of administration is added to an already complex bureaucratic structure. At the outset, “senior policymakers indicate[d] that there [would] be no other FTZs of the same type”\textsuperscript{101} but recently more have been announced. In 2015, eight additional PFTZs were approved, often encompassing areas previously established as other types of national-level zones. Three other provinces have also submit applications for approval to the central government.\textsuperscript{102} This policy reversal has made some observers question whether the latest zone program is “hope or hype”\textsuperscript{103} but is likely a facet of continuing debates about the pace and nature of reform.\textsuperscript{104}

4 \textbf{Comparisons and Conclusion}

In this article, I have argued that if we are to understand the myriad of zones and national-level zone programs, we need to begin by examining Shenzhen and then examine the bureaucratic actors now responsible for managing zones. In doing so, we are able to see where subsequent zone programs follow the same patterns and the areas in which the policy environment at the outset of reform and opening was unique. That unique time period of transition and change, meant that Shenzhen had no other domestic models to follow but in many ways that also freed up Shenzhen’s leaders to experiment, fail, and revise policies where necessary. Moreover, without Hong Kong right next door, it is not clear whether Shekou and Shenzhen would have had the operating capital to begin construction and lay the groundwork for that initial phase of development. Having a global financial center right next door is note something other zones, either in China or elsewhere in the

\textsuperscript{101} Huang (2013, 1).  
\textsuperscript{103} Pandit (2015).  
\textsuperscript{104} Or, as Naughton (2016) and others argue a stagnation of reform (see Kennedy (2016) for a recent debate).
world, have at that disposal. Thus, it is clear that the Shenzhen model is rather unique and does not necessarily serve as the best model for comparison.

As noted in Figure 1 above, China’s SEZs - most notably Shenzhen - began as an incredibly large enclave unlike most global zones during this same time period. Over time, the number of zones increased dramatically. After 2003, the size of individual zones decreased in an effort to control rural land conversion. This is distinct from global trends where traditional EPZs often started very small and then grew over time in size.

As China entered the next phase of economic development, in this case the period after 1989, the calculus changed. China still had much room to develop its economy but some of the problems particularly acute in the late 1970s and early 1980s, such as severe lack of foreign exchange and no laws guiding how to deal with foreign joint ventures, had been partially solved. Several zone programs were now in place with various incentives to promote not only investment but also the research and development for building high-tech industry. None of these were anywhere near completion at the start of the 1990s but what changed for many provincial and municipal leaders was the incentive structure. Local leaders needed to generate revenue and land was the way to do it. Thus, the “development zone fever” occurred partially because of the need for local leaders to generate revenue. In some ways, the later success or failure of zones in terms of industrial production was secondary to the need for local governments to commodify land. What had previously been a “free” resource, owned by all, became a vital tool for local governments to manage their own development and thus fostered one of the largest urban transformations in world history.

But as with any good idea, the use of zones to generate had its limits. Once leaders in Beijing realized that the conversation of rural land was occurring at an unprecedented rate and leading
to a level of dissatisfaction that could have implications for regime stability, it was necessary to step-in. In the post-2003 phase of SEZ development, some of the incentives facing local governments did not necessarily change, but the policy environment for managing land did. Land could no longer continue to be converted endlessly for the benefit of localities and a stricter system of land management was put in place to see that, even if not stopped or fully controlled, the central government made it clear that approvals would be required for most major changes to land-use or administrative restructuring within cities. This stricter policy environment has paved the way for the latest zone programs, the PFTZ. In the latest phase, it is no longer about converting land but creating a new overarching administrative structure with the purpose of consolidating and centralizing development. Whether this latest program will be successful at achieving its administrative or financial goals remains to be seen but it is indicative of yet another shift in how SEZs are used to manage development in China.

Thus, the variation in use and objectives within China is a lesson to other countries wishing to emulate this model. While this paper has focused only on China and national-level zone programs, the lessons learned from China’s use of zones is of special importance for global development. As such, the larger purpose of this analysis is to inform the international and comparative political economy literature. Finally, not only have SEZs become ubiquitous globally but China is using overseas zones as one method to achieve its latest foreign policy objectives. Xi Jinping’s One Belt, One Road (OBOR) strategy explicitly notes the role of SEZs along the Silk Road corridor. Moreover, many view the financial policies proposed in the PFTZs as one method for enhancing China’s outward FDI. Thus, SEZs provide a valuable window into Chinese bureaucratic politics

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105 Kennedy (2011).
and are increasingly a key component of China’s foreign economic policy. Further analysis of each aspect of zone policies will improve our understanding of both.

5 Appendix A: National-Level Zones

<table>
<thead>
<tr>
<th>Chinese</th>
<th>English</th>
<th>Acronym Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>经济特区</td>
<td>Special Economic Zone</td>
<td>SEZ</td>
</tr>
<tr>
<td>经济技术开发区</td>
<td>Economic and Technological Development Zone</td>
<td>ETDZ</td>
</tr>
<tr>
<td>高新技术产业开发区</td>
<td>High-Tech Industrial Development Zone</td>
<td>HIDZ</td>
</tr>
<tr>
<td>高科技园区</td>
<td>High-Tech Park</td>
<td>n/a</td>
</tr>
<tr>
<td>边境经济合作区</td>
<td>Border Economic Cooperation Zone</td>
<td>BECZ</td>
</tr>
<tr>
<td>出口加工区</td>
<td>Export Processing Zone</td>
<td>EPZ</td>
</tr>
<tr>
<td>自由贸易区</td>
<td>Free Trade Zone</td>
<td>FTZ</td>
</tr>
<tr>
<td>保税区</td>
<td>Bonded Zone</td>
<td>BZ</td>
</tr>
<tr>
<td>自由贸易试验区</td>
<td>Pilot Free Trade Zone</td>
<td>PFTZ</td>
</tr>
<tr>
<td>省级经济开发区</td>
<td>Provincial-Level Economic Development Zone</td>
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<td>Provincial-Level High-Tech Industrial Park</td>
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<td>Provincial-Level Special Industrial Park</td>
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<td>计划单列城市</td>
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Figure 2: China’s Development Zone Terminology

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