

Do peri-urban industrial parks reconfigure the geography of township and village enterprises in China? Evidence from three small towns in the Liaozhongnan City-region

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Introduction

Originating from commune and brigade enterprises, China's township and village enterprises (TVEs) played a pivotal role in absorbing agricultural surplus labour and contributed to rapid rural industrialization (Han, 2004). More importantly, TVEs are deeply embedded with local institutions, culture, and networks because of their rooted collective ownership and production (Tang et al., 2013). After the surge of privatization during the 1990s, local governments retained strong influence on the development of privatized TVEs either by holding a certain portion of shares or by maintaining a close relationship with TVE managers (Jin, 2017). Thus, TVEs are still a special component of the Chinese economy, compared with state owned enterprises and private businesses (Naughton, 2018).

The strong tie between TVEs and local governments is also manifested in industrial land use. Specifically, under China's dual-track land ownership system, local governments have the authority to transfer collective land for non-agricultural use (Huang et al., 2015), and the benefits of developing TVEs made the price of rural industrial land depend largely on the negotiations with local officials (He et al., 2019; Huang et al., 2019).

As a result, industrial land used by TVEs was very low cost, which significantly sped up industrial land expansion (Zhu et al., 2018). The rapid urban land expansion is not only the result of TVE's development but also a common method taken by small towns to boost the local economy and China's economic liberalization and devolution (Han, 2010; He et al., 2016).

Since the 1990s, urban land expansion of small towns in China saw a geographical change from rural hinterlands to peri-urban areas in order to accept urban industrial capital and share better infrastructure (Leaf, 2002). In cities, industrial upgrading, extensive land use, and limited quotas of new construction land have driven massive enterprises to relocate in urban peripheries (Guo, 2006). Therefore, peri-urban areas became a centre where cities and towns can find what they need (Zhu et al., 2018). However, the spatial pattern shaped by TVEs in peri-urban areas has not changed over the past several decades — fragmentation of industrial land is still one of the most serious problems in peri-urban China nowadays (Tian, 2015; Tian et al., 2017).

Furthermore, developing peri-urban areas is not only an autonomously bottom-up movement but a result of government intervention for economic growth by providing potential investors with essential and established infrastructure (Yang et al., 2015). Industrial parks, for instance, are common products under government planning, which carry government's aspirations for economic development and for regulating chaotic land uses in peri-urban areas (Cheng et al., 2003; Deng & Huang, 2004). More importantly, China's new industrial parks tend to be established at the edge of metropolitan areas (Zheng et al., 2017). However, existing studies generally focus on the hierarchical complexity of industrial parks in China (Cheng et al., 2014; Walcott, 2020; Wang et al., 2019). The literature investigating the features of industrial parks with different spatial contexts is fairly scarce.

In terms of the relationship between industrial parks and firm locations, existing studies generally quantify the determinants of manufacturing firms' locations and examine the effects of industrial parks on industrial agglomeration (Jiang et al., 2017; Yang et al., 2016; Zheng et al., 2017). Such studies generally explain a broad mechanism, but the underlying mechanism explaining TVEs' locational decisions on whether to relocate to an industrial park is still vague. Nevertheless, existing studies pave a way for further research that identifies the specific nature of a particular group of firms (e.g., TVEs) in order to investigate how they make locational decisions and the corresponding geographical implications. All the problems mentioned above lead to a question as to whether TVEs have taken the opportunity of peri-urban development under the industrial park policy to grow and evolve?

Research Questions and Significance

Based on the problems in the existing studies mentioned above, my proposed study aims to address the following questions: 1) Why (and why not) do TVEs choose to locate in peri-urban industrial parks? 2) Which types of TVEs have entered peri-urban industrial parks? 3) What are the costs and benefits associated with (re)locating TVEs into peri-urban industrial parks?

Theoretically, my proposed study may bring new insights to industrial location theory and thus contribute insights to peri-urban industrial locations in fast-urbanising places, especially with institutional complexities in China. Practically, it may provide policymakers with references to plan a productive peri-urban industrial park by understanding the nature of TVEs. Also, it may provide TVEs with locational advice in terms of whether to locate in peri-urban industrial parks. For local officials, it may help them evaluate the risks and benefits associated with developing peri-urban industrial parks as a means of economic development.

Methodology

The theoretical framework of my proposed study is based on new institutional economics and new economic geography. The industrial location theory in economic geography is used to analyse how firms make locational decisions and corresponding geographical implications (Fujita et al., 1999; Krugman, 1991; Venables, 1996). Institutional thoughts are used to analyse the impacts of government interventions on firm locations. For example, government intervention as an important method of carrying out institutions, a number of practical measures such as taxes, property rights, planning, and industrial policies have been proven to be the determinants of firms' locational choices (Blair & Premus, 1987; Markusen, 2000; Newman & Sullivan, 1988). Together with the evidence from empirical studies, a conceptual framework was established to analyse TVEs response to peri-urban industrial park policy (Fig.1).

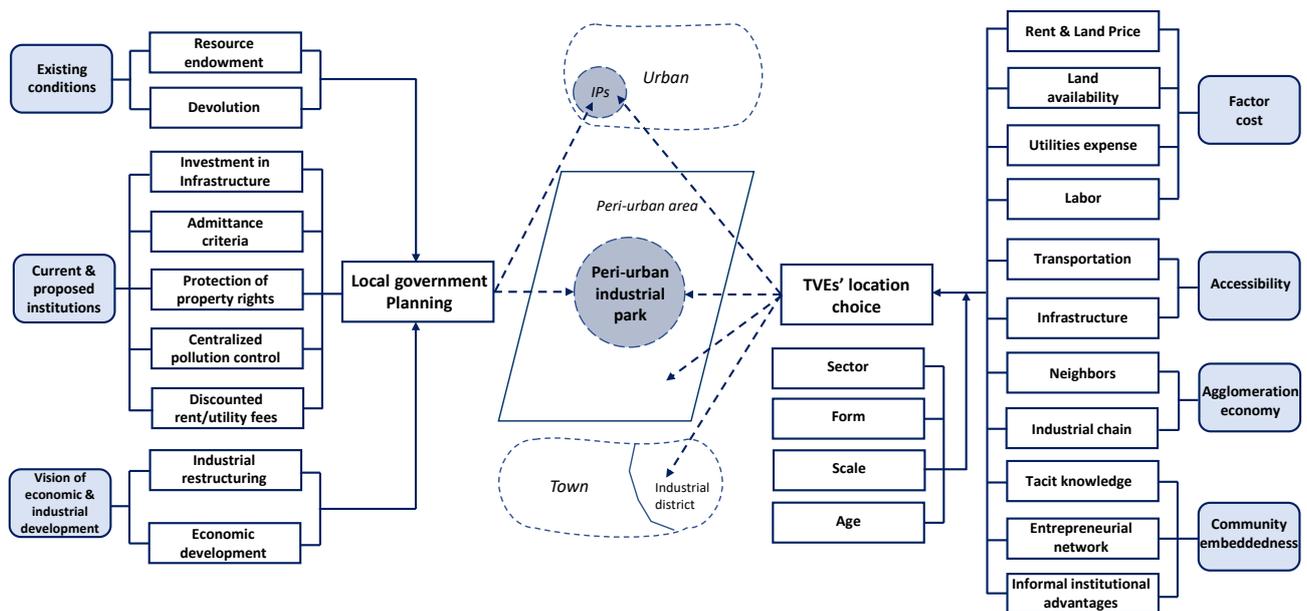


Fig.1. Conceptual framework

In terms of data collection, the primary method is semi-structured interviews with TVE managers, TVE employees, managerial team of peri-urban industrial parks, local officials in charge of planning, of land resource, and of industrial development (at least 5 key informants in each group). Also, field observations were conducted to realize TVEs' geographical changes and to collect relevant data on the TVEs in peri-urban industrial parks and the data on parks themselves (e.g., scale, age and sector of TVEs; rent and infrastructure of industrial parks). Documents including TVE yearbooks, local chronicles, and gazetteers were used as the primary resources of secondary data. The research questions also require some experimental investigations, which means that it is essential to compare the TVEs within peri-urban industrial parks and those outside peri-urban industrial parks.

Preliminary Findings

The preliminary findings are based on two field trips in Wulongbei town (Fig.2) (one of the three case study towns) and several conversations with local residents and government officials. Fig.2 shows the proposed study area, Liaozhongnan city-region in Northeast China. Wulongbei town is a small town in Dandong city.

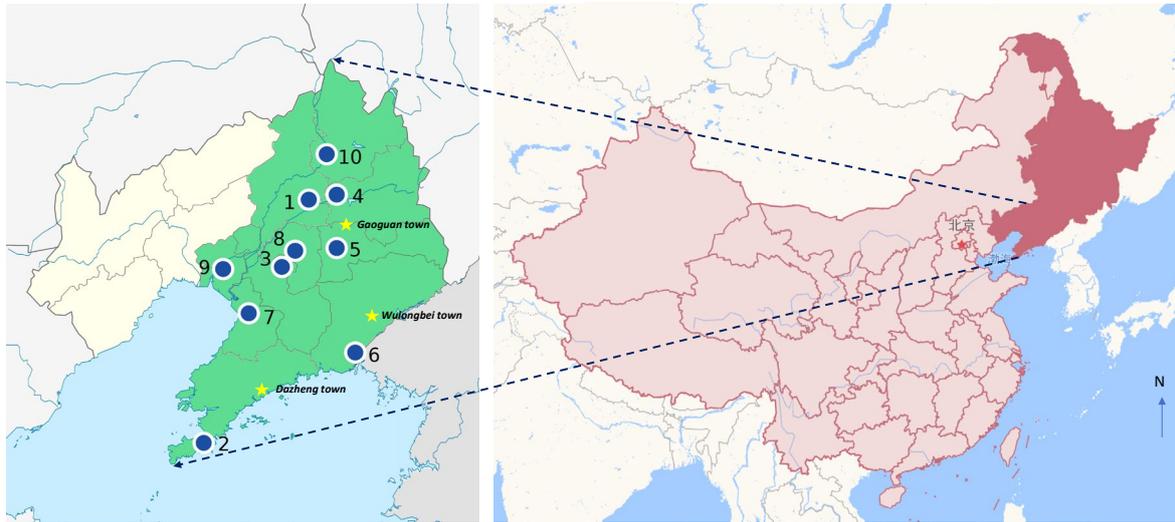


Fig. 2. Northeast China & Cities (with numbers) in the Liaozhongnan city-region (area mapped with green), as well as three case study towns (marked with stars)

Note: 1. Shenyang 2. Dalian 3. Anshan 4. Fushun 5. Benxi 6. Dandong 7. Yingkou 8. Liaoyang 9. Panjin 10. Tieling



Fig.3. Sunjia Industrial Park & old sites of three TVEs in the town

According to the preliminary observations and the information collected during several conversations, three main TVEs in the town have gradually moved into Sunjia Industrial Park after its establishment (see Fig.3). The red dots show their previous locations. As shown in Fig.3, three TVEs located to different areas of the town: TVE#2, the town's largest TVE located to the town centre nearby the town government. TVE#3 located near the Wulongbei East Railway Station. TVE#1 located in Yingsheng Village. These TVEs are now located closer to the city and show a more agglomerated pattern. However, after their relocations, a common issue is that their previous factory buildings have not been redeveloped for a long time. As shown in Fig.4, a local said that the TVE (left side) moved to Southern China, and there has been no redevelopment or demolition for more than 10 years. The right side of Fig.4 shows the old site of the town's largest TVE,

which has been idle for several years. Also, several residents living near the old site of TVE#2 said that the enterprise assists the town government in providing public services for nearby residents. However, after they relocated to Sunjia Industrial Park, the “roads are always full of dust and water supply is quite unstable” (Fig.5).

As to the motivations that drive the TVEs’ relocation to the industrial park, one informant said that “The former town mayor had several talks with the founder of our enterprise, encouraging us to relocate our enterprises to Sunjia Industrial Park.....The rent of Sunjia Industrial Park is much lower than that of our old premises.....and the park is not very far from the town centre...”. As described by the informant who is working for TVE#2, the town government still seems to have an influence on the spatial distribution of TVEs. Also, land rent and the proximity to town centre are the two endogenous factors that impact the locational decision-making of TVEs on (re)locating to peri-urban industrial parks. This research is still ongoing, further analysis will be conducted after data collection.



Fig.4. Dilapidated factory buildings after the relocation of TVEs



Fig.5. New site of TVE#2 in Sunjia Industrial Park & Unsurfaced road in the town

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