

# Contemporary Planning Issues in a Pioneering City: The Governance of Urban Redevelopment in Shenzhen, China

Christian Wuttke / Friederike Schröder / Liu Xiao

As the People's Republic of China celebrates the 30th anniversary of reform and opening its borders to the global economy, the birthplace of reform, Shenzhen, again faces challenges concerning its pioneering role and position in the urban hierarchy.

Shenzhen is home to China's first and most successful Special Economic Zone (SEZ), established in 1980 and has since then evolved into a modern metropolis. The city consists of two administrative districts (Bao'an and Longgang) which are outside the SEZ and the SEZ itself which consists of four administrative districts (Nanshang, Futian, Luohu, and Yantian) (see map). Shenzhen is characterized by its diversity – it is not one but many places with different economic, social, and administrative spaces (Clark, 1998) which present a whole set of challenges to urban planning processes.

As China's primary experimental area and role model at the forefront of transition, it enjoyed considerable discretion and autonomy. Experiments with market mechanisms or administrative innovations have been frequently backed or at least tolerated by the central state. A newly set-up administration, no pre-existing local business or political networks, and the influx of millions of migrants as well as foreign direct investment (mainly from or through Hong Kong) allowed for breaking new ground without much of the constraints of political or economic heritage of communist China that other cities were struggling with (and still do). With its modern city center, the skyline and wide green park areas, Shenzhen today looks like any other modern capitalist city in the world (Ng, 2003).

However, three decades of break-neck growth produced new challenges. Much of Shenzhen's once vast land resources have been consumed to pave way for its phenomenal economic development and the building of an "overnight city". Since land resources have become scarce, existing built-up areas need to be renewed. Yet, the renovation of existing quarters automatically reveals dif-



Administrative Division of Shenzhen

ferent, often contradictory interests within and between administrations, as well as with the population and companies which need to be conciliated. Thus, new approaches to urban development and renewal are needed to maintain Shenzhen's role as a pioneer and major economic hub.

## Shenzhen's New Agenda

So far, urban development basically followed a logic of spatial expansion. High national and international demand for investment space led to an extensive land-consuming pattern. Urban development was more often than not determined by informal processes rather than state planning, which was – due to the decades-long timeframes common in master planning – generally outpaced by the speed of economic development (Ng and Tang, 2002, Zacharias and

Blick, 2008). Scattered manufacturing, warehouses, and industrial parks pose serious structural challenges to the future of Shenzhen. Upgrading the urban economy and the clearance or modernization of older residential, industrial, and mixed-use areas are main issues of contemporary urban development processes in Shenzhen. For the first time in its short history, urban renewal and redevelopment have become a major issue and theme.

The governance of urban renewal and redevelopment in Shenzhen is complicated by a multitude of different interests that the once all-encompassing party state is not well equipped to deal with. The responsibilities of the city's administrative units are often overlapping, fragmented and lack coordinating bodies or mechanisms. Legal issues arise as different policies still apply to the city

Cartography: P. Konopacka 2009; Conceptualization: F. Schröder

districts within and outside of the SEZ; the spatial structure of the built-from-scratch SEZ is also very different from the more organically grown areas outside of it.

### **Multi-Stakeholder Environment**

The hierarchically organized party-state suggests a top-down approach in planning and implementation. In reality, however, China's political and administrative system is highly fragmented with complex linkages between vertical and horizontal chains of command (Lieberthal, 1995). Moreover, private interests penetrated the state domain of urban land and property development in Shenzhen as early as the 1980s (Zhu, 1996). Urban renewal in particular involves the interests of the government, developers, land owners and the public that differ with regard to planning, land pricing, compensation for demolition and ownership.

A number of urban state agencies are involved in policy-making and planning with regard to urban renewal and redevelopment. For example, the Bureau of Trade and Industry is responsible for industrial policies and the overall industrial strategy. The Bureau of Urban Planning drafts/designs/prepares the spatial layout and is carrying out the reconstruction planning of the older industrial areas within the SEZ. The Bureau of Land Resources creates policies for the restructuring of former industrial zones with the creation of favorable policies for areas outside of SEZ but not within. These different bureaus create different urban redevelopment and renewal policies.

As a result, urban development is a long and complicated process of negotiation without any institutionalized coordination mechanism. Urban planners have therefore proposed to establish a Reconstruction Bureau in charge of the renewal of former or older industrial, residential, and commercial areas. Moreover, the bureau should be responsible for information exchanges and conflict resolution. For these purposes, the Re-

construction Bureau should organize a round table involving the Bureaus of Planning, Land Resources, Commerce and Industry, Communications, Environmental Protection, Development and Reform, and Fire Control (UDPIS 2008). An initial step in this direction is made by a joint effort of the Shenzhen Urban Planning Bureau and the Bureau of Trade and Industry by commissioning the first "Shenzhen Industrial Distribution Research and Plan" after four municipal and 31 executive meetings in 2006. For the first time, spatial and general industrial planning has been integrated into a single plan.

Nevertheless, local officials in charge of urban renewal have to deal with more than administrative fragmentation. A number of different interests beyond the state is involved in urban renewal and redevelopment particularly developers, land owners and the public more generally. Conflicts revolve around planning, land and housing prices, compensation of demolition and ownership transfer. Moreover, the (local) party state struggles assessing the needs and wants of its constituents. In democratic Western countries, the development of public space is mostly contested by a multitude of different actors and interests, be it NGOs, business associations, political parties, powerful individuals or voters. These political processes also serve as an important source of information for governing coalitions and public management organizations. In China, however, there is no such mechanism. Interest groups are generally incorporated into the party state and private interests are generally pursued through the informal channels of personal networks (*guanxi*). Even the much wooed and seemingly powerful large international companies have to maintain a personal hotline to high-level officials in order to keep their businesses operating smoothly.

### **Stubborn Districts**

Another prevalent issue in urban China are conflicts between municipal and district governments. Lower levels of-

ten try to bypass higher-order governments, while higher-level governments try to expand their administrative capacities into the fields of subordinate units. Municipal governments often cannot stop their formally subordinated district governments from pursuing their own development agenda, even if it is in direct competition with municipal projects. This is mainly due to a certain degree of financial autonomy as well as differences in land ownership of districts located outside the SEZ. Municipal governments may only choose to deny them their support for district projects, which usually is an important factor of success. In Shenzhen, such conflicts arose between the municipal government and the districts outside of the SEZ.

An illustrative example of this issue is the invention of a "special district" in Shenzhen. As the Bao'an District proved to resist municipal urban redevelopment initiatives, the municipal government applied to central government to set up the Guangming "special district." The scheme was as follows: Development districts or zones, a common economic development instrument throughout China, are usually governed by municipal-level governments (although there are district-level development districts as well). Officials generally are either appointed by municipal governments or municipal officials assume additional posts within the district administration. Development districts, if approved by provincial and/or national government, then enjoy substantial preferential policy treatment designed to guarantee a favorable and secure investment environment as well as to achieve stipulated development goals by attracting foreign investments. In effect, the area of a development district is no longer within the scope of the formerly responsible district-level government – a circumstance the Shenzhen municipal government made use of. It was allowed to create "functional" districts for "special reasons." In doing so, a new opportunity emerged to expand and execute its power over "stubborn" district govern-

### **New City Centre of Shenzhen**



ments and their territories.

The Guangming New District was created in 2007. Almost 90 square kilometers were taken out of Bao'an District and are now governed by an administration set-up directly by the municipal government. The district officials were also appointed by the municipal government. Unlike traditional development districts, its functions are not purely economic. Rather, it can be understood as a special purpose area. It is meant to serve as an innovative experimental area administratively, economically and ecologically.

Shenzhen officials envisaged the transformation of the Shenzhen Special Economic Zone into a Special Political Zone – that would have allowed for local political experiments. Such plans, however, were highly controversial and in the end vetoed by national authorities. Wen Jiabao, China's Premier, encouraged Shenzhen officials during a visit to the city to pursue administrative reforms instead. The Guangming New District is one such example. Economically, "[t]he new district shall become a model district of circular economy and independent innovation, an experiment district to build a regional innovation system, an ecological district of resource saving and environment-friendliness, a concentration district of knowledge-intensive and technology-intensive industries" (Shenzhen Municipal Government 2007). The new district administration is encouraged to experiment with new and more efficient public management mechanisms.

### Statutory Planning & Public Participation

Since democratic decision-making is politically unfeasible in China, planners are looking for tools to close information gaps. A first attempt to increase trans-

parency and legitimacy in the planning processes already started with the introduction of statutory planning in Shenzhen, a mechanism imported from Hongkong in 1998. It was established to complement the traditional master- and detail planning (for an overview of the Chinese urban planning system, see e.g. Yeh and Wu, 1999). In addition to technical documents and plans, statutory plans include regulations and policies to base and support the planning and approval process on legal procedures. Annually produced statutory plans are publicly announced and legally binding, covering planning details such as land use, development intensity, infrastructure and transportation. Within 30 days following the announcement, the public is invited to participate in planning; the Shenzhen Municipal Planning Board (SMPB) accepts, reviews and decides over "suggestions" from the public. For the purpose of statutory planning, legislative authority is delegated to the 29 members of the SMPB by the Shenzhen People's Committee to issue planning bylaws to control urban development.

Public Participation is an additional instrument recently introduced by urban planners in Shenzhen. It is used to be better able to assess and consider the needs and wants of the public – which have been largely ignored in the past – during the planning process. The variety and supply of public service facilities is too small. Living and housing are comparatively expensive. In addition, the real estate market has proven vulnerable to speculation and is frequently overheating. Infrastructure and transport faci-



Source: Allrock, 2009

Urban renewal in the city centre of Shenzhen: Demolition of Gangxia Village in Futian District

ilities are convenient for car-owners but inadequate for a majority without cars in the spacious city structure. As a local scholar complained, "Shenzhen is a city for business and not a place for living." The ignorance of urban planning of the needs of the public also threatens the social stability in the city.

Public participation is meant to address these issues. The term is misleading, however. Public participation should not be understood as active participation of the public such as citizens' initiatives, civil society dialogue, voting or other mechanisms familiar to the Western observer. Rather, public participation means that planners distribute questionnaires among the public in order to find out about necessary public service provisions such as transport facilities, schools, and the like. It is social research rather than public participation as understood in democratic countries.

However, Shenzhen again serves as a pioneer in China's urban develop-



ment putting emphasis on the promotion and implementation of public participation in its urban development processes. In the context of the new master plan (2007 to 2012), a company named "Public Power" was established in 2007 to organize public participation in Shenzhen. In search of innovation and inspiration to better manage the city in the course of transition, the municipal government decided to spin-off a private company to collect public opinions on urban developmental issues and the current master plan using questionnaire survey, telephone consultation, randomized interviewing, SMS platform, etc. In this way, diverse groups of local citizens, academics, and different associations should be given the opportunity to discuss merits, limits, and effects of current urban development programs. This was the first time in China to do public investigation during a planning process. Since then, the company has been involved in different urban development events to organize public participation in Shenzhen but also in other cities of China.

## Outlook

Over the past three decades, Shenzhen has clearly been a beneficiary of both China's reform and opening-up process as well as the reorganization in the global economy. But therein lay many challenges to the future of the city's development as bygone industrial transitions in many locations around the world serve as a reminder. The (over-)dependence on labor and resource intensive manufacturing and export-oriented industries, however, most likely cannot be sustained in the future. Other countries in East and

South East Asia as well as China's vast hinterlands are also developing quickly. Moreover, labor prices have been rising steadily and steeply over the past years, towering above competing domestic and foreign regions and thereby challenging the transitional development model of Shenzhen and the Pearl River Delta more generally. Unsurprisingly, the region has suffered heavily as the current global financial and economic crisis struck China – in spite of earlier upgrading initiatives (Wuttke, 2009).

These dangers have well been recognized by local leaders and scholars. The logic of expansion in economic development is no longer applicable. Restructuring developed areas automatically involves the interests of current stakeholders. Therefore, new mechanisms to involve and mediate among different interests are an important part of any development and upgrading strategy. However, new approaches in urban redevelopment are limited by political constraints and governance capacities. Shenzhen needs to continue to innovate and pioneer reform initiatives despite such limitations. Moreover, it is even expected to maintain its status as an exemplar by the national government. Local initiatives as outlined above may serve as an important contribution for the future of Shenzhen in an increasingly competitive environment. More importantly, the (perceived) success of urban regeneration in Shenzhen will have important implications for urban governance in China more generally.

**Christian Wuttke [cwuttke@uni-osnabrueck.de]** is a PhD student and Junior Lecturer at the Institute of Geography, University of Osnabrück. His thesis investigates "Urban Governance and Institutional Change in China's Pearl River Delta".

**Friederike Schröder [schroeder@geowiss.uni-hamburg.de]** is a Research Associate and PhD student at the Department of Economic Geography, University of Hamburg. She is currently working in the research project "Governance over Time" funded by the German Research Foundation (DFG) within the Priority Program 1233 "Megacities-Megachallenge - Informal Dynamics of Global Change".

**Liu Xiao [laurie-liu@163.com]** is an Associate Professor at the College of Management, Shenzhen University, China. She is currently leading the research project "Governance of Urban Service Industries during the Transition Period – A Geographical Perspective" funded by the National Natural Science Foundation of China.

## Endnote

1) For the purpose of this paper, urban renewal is defined as the sum of renewal measures for the improvement of living conditions in deteriorated housing and old industry districts. Urban redevelopment in contrast to urban renewal involves reorganization of the structure of a city, e.g. the mixing or separation of places of employment and residential areas, or the transformation of central areas into residential zones (Evert, 2001).

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