



From the 'Workshop of the World' to an Emerging Global City-Region.  
Restructuring of the Pearl River Delta in the Advanced Services Economy  
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# **From the ‘Workshop of the World’ to an Emerging Global City-Region: Restructuring of the Pearl River Delta in the Advanced Services Economy**

## **Summary**

For a long time, China’s economic growth and urbanization are recognized as a development outcome of its astonishing manufacturing industries. However, this conventional wisdom is increasingly challenged by the rapid growth of services, especially advanced services, in the country in recent years. Although still lagging behind the average of its peers, the service sector in China has demonstrated a great potential of growth over the past one or two decades. Many cities and regions, especially those located along the coastal area, have already started to transform from the traditional ‘workshop of the world’ into the centres for the production of advanced service activities. This emerging advanced services-led economic and urban transition has posed new challenges for both urban researchers and policymakers in China.

What are the development implications of the rise of the advanced services economy for Chinese cities and regions? This dissertation attempts to explore this question using one of the most archetypal manufacturing city-regions in China- the Pearl River Delta (PRD). Through an in-depth case study of the PRD, the dissertation aims to understand how this predominantly manufacturing region is being restructured by advanced service activities under the conditions of contemporary globalization, and how this process is shaped by the region’s special economic, political, institutional and cultural contexts that formed along its unique development history. Five articles, all published in or currently under review with international peer-reviewed journals or books, constitute the key building blocks of the dissertation.

## **Research questions**

This dissertation focuses on three key issues (debates) that revolve around the development implications of advanced services in the urban and regional context: 1) the impacts of advanced services on the spatial transformations of city-regions; 2) the global and local dynamics that contribute to urban transitions in the new economy; and 3) the policy and planning challenges presented by such transitions. Each of these issues is addressed by a specific, corresponding sub research question:

*RQ1: How do advanced services restructure the PRD’s urban system and reshape its inter-city connections in the regional, national and global urban networks?*

*RQ2: What are the impacts of the PRD’s specific local contexts on its urban transitions in the new economy under the conditions of contemporary globalization?*

*RQ3: To what extent advanced services can provide a viable substitution to manufacturing as the leading sector of economic growth, and what services development strategies could possibly fit different cities in the PRD context?*

## **Theoretical framework and methodology**

This research draws on insights from a number of existing theories, including the literature on Services Geography, Global/World City and City-Region, Path Dependency, City Governance and Management, and Chinese Political Economy. Together, they constitute the theoretical framework of the dissertation.

The dissertation contains an in-depth study into one of China's most archetypical transnational city-regions- the PRD. In methodological terms, it has the features of a single case study. The PRD is selected as the research area because, on the one hand, it is widely recognized a *typical* (low-end manufacturing-based, export-oriented) 'workshop of the world', which is currently experiencing a new trend of industrial upgrading and economic transition led by advanced service activities; and on the other hand, it is a much studied and well-documented region as such it could service as an *influential* case to inform extensive theoretical debates and to provide useful lessons for other regions that have (or ready to follow) similar economic development experiences.

A variety of data and methods, including both quantitative (network analysis) and qualitative (interview, policy analysis) ones, are employed to answer the research questions. As such, the dissertation bears the features of a mixed methods research.

## **Research results**

### ***The spatial transformations of city-regions in the advanced services economy***

There are two main findings with regard to this issue: Firstly, advanced services are generating a profound spatial restructuring in the PRD in terms of both its internal urban system and its external connections with major national and global cities (Chapter 2 and 3). Internally, unlike the PRD's (low-end) manufacturing-based, decentralized patterns of industrialization and urbanization in the 1980s and 1990s, advanced services are leading to a new uneven development with a strong bias towards the two core cities- Guangzhou and Shenzhen- in the region. The more complex service functions are, the higher the degree of concentration they tend to display. Externally, the dominance of Hong Kong in linking the PRD with the global economy in the 'front shop- back factory' era is now challenged by other leading global cities, primarily London and New York, which reflects the development of domestic producer service sectors in the PRD, especially in Guangzhou and Shenzhen. These new patterns of advanced services-led spatial development are rather different from the conventional understanding of the 'workshop of the world'.

Secondly, the formation of advanced services-based urban networks at different geographical

scales is partly determined by the origins of firms (Chapter 4). While cities in the PRD are connected with each other and with other Chinese cities primarily through local and national advanced producer services (APS) firms' business networks, the region's linkages with overseas service centres are, up till now, shaped predominantly by those major international APS firms from the advanced economic world. Moreover, different types of firms have created quite diverse service geographies both within the PRD, in China and at the global scale. The patterns of this nested city-service network reflect a simultaneous, rather than sequential, development of both regional, national and international service operators in the PRD.

### ***The global and local dynamics of urban transitions in the new economy***

The results of this research support the idea that economic and spatial transformations of cities and city-regions are affected jointly by both global and local factors. On the one hand, the development of the PRD has been constantly shaped and reshaped by the political-economic changes at supraregional scales, including, above all, the continuing global capitalist restructuring and the transformation of the state (Chapter 2). The transfer of different types of economic activities (beginning with low-end manufacturing, later shifting to relatively capital- and technology-intensive industries, then to more knowledge-intensive advanced services) from developed countries/regions to the PRD at various stages has provided an important impetus for the continuous restructuring of the urban economies and spaces in the region, especially in its two leading cities, after 1978 (Chapter 5). In this sense, the ceaseless restructuring of the global economic system, as emphasized in the world city theory, is also fundamental in understanding contemporary urban transformations in the Chinese context.

On the other hand, however, such economic and spatial transitions of the PRD are also deeply embedded in its specific regional and urban contexts, and are regulated by its local leading actors. For instance, the complex service geographies and inter-city networks created by different types of APS firms both within and outside the PRD not only reflect firms' different development histories, client orientations in specific markets and home regions' economic conditions, but also are significantly affected by China's unique regulatory environment and complex state-market relations, as well as the PRD's special geographical and socio-cultural conditions (Chapter 3 and 4). Specific to individual cities, the divergence of Guangzhou and Shenzhen in the advanced services economy is largely resulted from their different economic structures and local assets that formed along distinct development paths, and the different strategic measures adopted by two cities' local political authorities (Chapter 5). These unique local 'filters' provide a powerful counterweight to the general trends that are played out at higher scales, and, therefore, may lead to varied patterns of urban and regional development in an even highly globalized world.

### ***Challenges to urban policy and planning with the rise of the advanced services economy***

In contrast to the currently widespread enthusiastic belief among policymakers that advanced

services will be a more promising choice (than manufacturing) to achieve socio-economic development in various kinds of cities in China, the findings from this research (Chapter 3 and 6) reveal that these activities have more strict requirements for the qualities of places and very selective choices on their locations. The unique (and also diverse) features of advanced services imply that many cities' service development strategies and programmes, which still rely heavily on their experience accumulated in the former industrialization period, may have little effect while involving very high cost. Therefore, local policy makers should develop a better understanding of the characteristics of business service activities as well as the strengths and constraints of their individual cities, and formulate more targeted policies to promote the development of specific type(s) of business services that fits their local economic profiles. In addition to that, a long-term understanding of socio-economic progress and a more cooperative development ideology will also be crucial for urban and regional success in the service age (Chapter 5).