

A Comparative Study on Policy Instruments in Inter-Provincial, Border Economic, and Overseas Trade Cooperation Zones

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Abstract

This paper conducts a comprehensive analysis of the policy instruments applicable to three distinct types of economic cooperation zones in China: inter-provincial municipal cooperation zones, border economic cooperation zones, and overseas economic and trade cooperation zones. By examining the specific policies, incentives, and regulatory frameworks in each zone, this study aims to identify commonalities and differences in policy approaches, and to assess their effectiveness in promoting economic development and regional integration.

Keywords : Economic Cooperation Zones , Policy Instruments , Comparative Analysis

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Introduction

In recent years, China has established a variety of economic cooperation zones to facilitate cross-regional economic integration and international trade. These zones, including inter-provincial municipal cooperation zones, border economic cooperation zones, and overseas economic and trade cooperation zones, each serve distinct purposes and operate under different policy frameworks. This study contributes to the field of regional integration theory from the perspective of policy instruments, endeavoring to provide a comparative analysis of the policy instruments employed within these zones, emphasizing their design, implementation, and impact.

By focusing on the three types of cooperation zones, this research meticulously examines the strategies and industrial policy instruments adopted in their governance. This process not only serves as a practical validation of regional integration theory but also adds new perspectives and empirical evidence to the theory. It particularly focuses on cross-border cooperation mechanisms and regional coordination strategies, providing the academic community with more detailed and specific analytical materials.

Furthermore, this study establishes theoretical foundations for regional coordinated development and enhances the understanding of cross-border regional cooperation theory. It highlights how different types of cooperation zones play various roles in this development and emphasizes the crucial role of the rational application of policy instruments in promoting factor flow, industrial coordination, and benefit sharing among regions. By exploring how to optimize the combination of policy instruments according to the characteristics of cooperation zones, it offers operational theoretical guidance for regional coordinated development.

Border economic cooperation zones and overseas economic and trade cooperation zones involve unique political, economic, and cultural factors. ¹This study's in-depth analysis of the effectiveness of policy instruments in these zones reveals the special laws and influencing factors of cross-border regional cooperation, enriching cross-border regional cooperation theory. It also provides

¹ Zhang, X. H. (2011). An exploration of the construction of cross-border economic cooperation zones and China's cross-border cooperation strategies. *Asia-Pacific Economic Review*, 4, 108-113.

theoretical support for addressing the challenges of regional economic integration in the context of globalization.

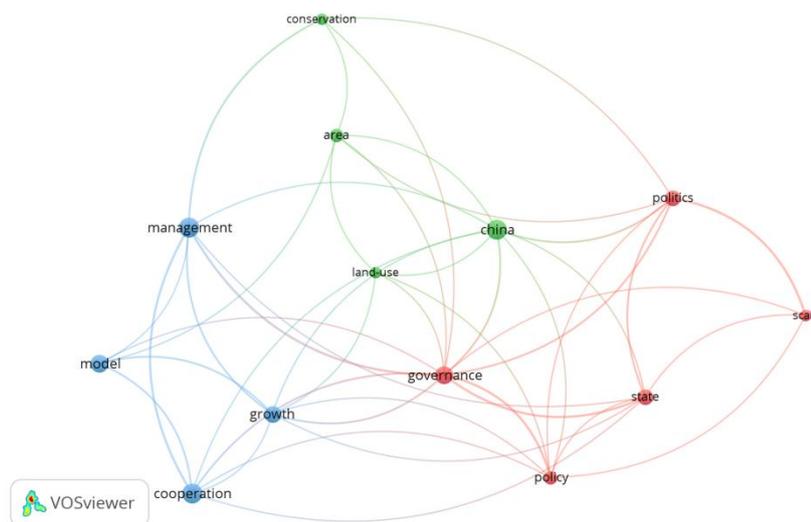
Additionally, this research aims to create a theory of "classification of policy instruments in cooperation zone systems," focusing on the cooperative regional theory of joint management by cross-administrative entities. This theory explores how to leverage the respective advantages of both or multiple parties in cooperation, enabling different systems to coordinate and adapt, different mechanisms to effectively connect, and reducing administrative friction among different participating administrative entities.

This study further provides a scientific basis for policy formulation by thoroughly comparing the effectiveness of policy instruments in different cooperation zones and clarifying the advantages and disadvantages of various policy instruments in promoting regional cooperation. It helps governments optimize the combination of policy instruments according to the characteristics and needs of different cooperation zones, improving the efficiency of policy resource allocation and enhancing the policy effects of regional cooperation.

Moreover, cooperation zones are important carriers for achieving regional coordinated development. Through this study, we can better understand the impact of different policy instruments on the development of cooperation zones, promoting the rational flow and optimal allocation of resources among regions. It helps break down administrative barriers, strengthen economic ties and coordinated development among regions, narrow the development gap between regions, and ultimately achieve coordinated and sustainable economic and social development in the region. Below is an elaboration on the research significance and research questions that this study addresses.

Literature Review

The existing literature on economic cooperation zones in China has primarily focused on individual zones or specific policy areas. However, there is a lack of comprehensive comparative analysis that examines the policy instruments across different types of zones. This paper contributes to the field by providing a systematic comparison of policy approaches in inter-provincial municipal cooperation zones, border economic cooperation zones, and overseas economic and trade cooperation zones.



This study selected 150 articles related to "Cooperation Zones" from the Science Citation Index Expanded (spanning from 2000 to the present) and the Social Sciences Citation Index (spanning from 2007 to the present), both part of the Web of Science Core Collection database, on the Web of Science website. The full records along with their cited references were exported. The data were then imported into VOSviewer to create this data visualization map. The purpose of this analysis is to explore the trends, patterns, and interconnections within the academic discourse surrounding this

topic. This literature review offers a holistic examination of the concept of collaborative zones, drawing upon a comprehensive visual analysis of existing scholarly works to synthesize key themes, methodologies, and findings. Collaborative zones have emerged as pivotal entities in fostering sustainable development, innovation, and addressing societal challenges, often serving as platforms for multi-stakeholder engagement, knowledge sharing, and resource mobilization. The visual analysis serves as a navigational tool through the extensive literature, identifying trends, gaps, and emerging research directions. The review underscores the importance of protecting these zones from external threats like environmental degradation, while highlighting the role of regional dynamics, such as geographical proximity and economic integration, in shaping their success. Political will and effective governance frameworks are identified as crucial for their establishment and sustainability, emphasizing the need for inclusive decision-making, transparent policies, and accountability mechanisms. Innovative management strategies and sustainable land use practices are critical to balancing economic growth with environmental conservation. The literature explores the impact of different scales on zone effectiveness, using modeling approaches to simulate scenarios and inform policy decisions. Collaborative zones exhibit diverse growth patterns, facilitated by cooperation mechanisms like public-private partnerships and intergovernmental agreements. The visual analysis reveals a complex network of interconnected themes, with collaboration at its center, and highlights gaps in empirical research validating theoretical models and understanding the nuanced impacts of collaboration on stakeholders. Future research should explore the role of technology in facilitating collaboration, cross-sectoral synergies for addressing complex challenges, and new perspectives to enhance our understanding of collaborative zones' potential to drive positive change.

Methodology

This paper employs a qualitative research approach, utilizing a combination of document analysis and expert interviews to gain a deep understanding of the policy instruments applicable to inter-provincial municipal cooperation zones, border economic cooperation zones, and overseas economic and trade cooperation zones. The research process is meticulously designed to ensure the comprehensiveness and reliability of the findings.

Data Collection

Policy Documents and Regulations: A thorough review of official policy documents, regulations, and white papers issued by national and local government agencies will be conducted. These documents provide the foundational framework for understanding the policy instruments in each type of zone.

Reports and Case Studies: Relevant reports, case studies, and evaluations conducted by think tanks, research institutions, and international organizations will be analyzed to gain insights into the practical implementation and outcomes of these policies.

Expert Interviews: Policymakers: Interviews with policymakers directly involved in the formulation and implementation of policies in these zones will provide firsthand accounts of the decision-making processes, challenges faced, and strategies employed. Experts and Scholars: Consultations with experts and scholars in the fields of regional economics, international trade, and urban planning will offer theoretical perspectives and analytical insights. Stakeholders: Interviews with representatives from businesses, non-governmental organizations, and local communities within the zones will gather data on the ground-level impact of these policies.

Data Analysis

Content Analysis: A systematic content analysis of the collected documents will be conducted to identify key themes, trends, and patterns in policy design across the different zones.

Thematic Coding: Expert interview transcripts will be analyzed using thematic coding to extract and categorize key insights and opinions related to policy effectiveness, challenges, and potential improvements.

Triangulation: The data from document analysis and expert interviews will be triangulated to cross-verify findings and ensure the robustness of the research.

Policy Instruments in Different Zones

Inter-Provincial Municipal Cooperation Zones

Inter-provincial municipal cooperation zones aim to foster economic integration and cooperation among geographically dispersed provinces. The policy instruments in these zones include:

Fiscal Incentives: Tax breaks, grants, and subsidies to encourage businesses to locate within the zones and stimulate economic activity.

Land Use Policies: Flexible land use regulations to facilitate industrial development, urban renewal, and infrastructure projects.

Infrastructure Investment: Government-funded projects to improve transportation networks, utilities, and communication systems to support economic growth.

Border Economic Cooperation Zones

Border economic cooperation zones are strategically positioned along China's borders with neighboring countries to enhance trade and investment ties. The policy instruments in these zones emphasize:

Tariff Reductions: Lower tariffs on goods traded between the zone and neighboring countries to increase trade volumes.

Customs Procedures Simplification: Streamlined customs clearance processes to expedite the movement of goods across borders.

Special Economic Zones: Designation of specific areas within the zones with additional benefits such as tax exemptions and regulatory flexibilities to attract foreign investment.

Overseas Economic and Trade Cooperation Zones

Overseas economic and trade cooperation zones established by Chinese enterprises abroad serve as platforms for international trade and investment. The policy instruments in these zones encompass:

Investment Protection: Legal frameworks and international agreements to safeguard Chinese investments from political and economic risks.

Tax Incentives: Tax holidays, reduced corporate tax rates, and duty-free imports to make the zones attractive for foreign businesses.

Legal Support: Legal services and dispute resolution mechanisms to ensure a fair and transparent business environment.

Comparative Analysis

The comparative analysis section delves into the similarities and differences in policy design, implementation, and impact across the three types of zones. Key areas of focus include:

Policy Design: Examination of the rationales behind policy choices, the specific instruments employed, and their alignment with broader economic and geopolitical objectives.

Implementation: Analysis of the administrative structures, funding mechanisms, and stakeholder engagement strategies used to implement these policies.

Impact: Assessment of the economic, social, and environmental outcomes resulting from these policies, including their effectiveness in achieving intended goals and any unintended consequences.

The analysis reveals that while fiscal incentives and infrastructure investment are common across zones, the specific details and focus of these instruments are tailored to the unique characteristics

and challenges of each zone. For instance, border economic cooperation zones prioritize trade facilitation, while overseas zones focus on investment protection and legal frameworks.

Conclusion

This paper presents a detailed and nuanced analysis of the policy instruments applicable to inter-provincial municipal cooperation zones, border economic cooperation zones, and overseas economic and trade cooperation zones in China. The findings underscore the diversity and complexity of policy approaches in these zones, emphasizing the need for policymakers to tailor their instruments to the specific context and challenges of each zone.

Future research should continue to explore the effectiveness and long-term impact of these policy instruments, incorporating quantitative data where possible to provide a more comprehensive understanding. Recommendations for policy improvement and innovation should be grounded in rigorous empirical analysis and informed by best practices from both domestic and international experiences.

Tab.Comparative Study on Policy Instruments in Inter-Provincial, Border Economic, and Overseas Trade Cooperation Zones

Policy Instrument	Inter-Provincial Municipal Cooperation Zones (IMCZs)	Border Economic Cooperation Zones (BECZs)	Overseas Economic and Trade Cooperation Zones (OETCZs)
Fiscal Incentives	Tax breaks, grants, and subsidies to encourage business investment and economic activity within the zones	Reduced tariffs and tax incentives for trade with neighboring countries	Tax holidays, reduced corporate tax rates, and duty-free imports to attract foreign businesses
Land Use Policies	Flexible land use regulations to facilitate industrial development, urban renewal, and infrastructure projects	Land allocation and utilization policies tailored to support cross-border trade and investment	Land acquisition and development policies to ensure sustainable growth of overseas operations
Infrastructure Investment	Government-funded projects to improve transportation, utilities, and communication systems	Infrastructure development focused on border crossings and trade facilitation	Investment in transportation, logistics, and utility infrastructure to support international trade
Tariff Reductions	Not applicable (focused on domestic integration)	Significant tariff reductions on traded goods to enhance trade volumes with neighboring countries	Not applicable (focused on international trade with multiple partners)
Customs Procedures Simplification	Not applicable (domestic customs processes)	Streamlined customs clearance processes to expedite the movement of goods across borders	Assistance with customs compliance and facilitation to ensure smooth international trade
Special Economic Zones	Designation of specific areas within the zones for additional benefits like tax exemptions and regulatory flexibilities	Creation of special economic zones within BECZs to attract foreign investment and promote economic growth	Establishment of overseas special economic zones or free trade zones to enhance international trade and investment
Investment Protection	Legal frameworks to protect domestic investments within the zones	Legal and institutional frameworks to safeguard investments from political and economic risks in neighboring countries	Legal frameworks and international agreements to protect Chinese investments from overseas risks

Appendix(Interview Outline)

I. Introduction

Greetings and introduction of the interviewer and the purpose of the interview.

Brief overview of the research topic and the importance of the expert's insights.

II. Background Information

Can you provide an overview of your experience and expertise in the field of economic cooperation zones?

What are the key challenges and opportunities facing inter-provincial, border economic, and overseas trade cooperation zones today?

III. Policy Instruments in Inter-Provincial Municipal Cooperation Zones

What policy instruments have been most effective in promoting economic cooperation between provinces in China?

How do these policy instruments differ from those used in border economic and overseas trade cooperation zones?

What are some of the challenges in implementing these policy instruments within inter-provincial municipal cooperation zones?

How do you think these policy instruments can be improved or adapted to better serve the needs of these zones?

IV. Policy Instruments in Border Economic Cooperation Zones

What are the primary policy instruments used to facilitate trade and investment with neighboring countries in border economic cooperation zones?

How do these policy instruments contribute to economic growth and regional integration?

What are some of the unique challenges faced in implementing these policy instruments in border areas?

How do you think international relations and geopolitical factors influence the effectiveness of these policy instruments?

V. Policy Instruments in Overseas Economic and Trade Cooperation Zones

What policy instruments are employed to attract and support foreign investment in overseas economic and trade cooperation zones?

How do these policy instruments differ from those used in domestic cooperation zones?

What are some of the cultural and legal challenges faced in implementing these policy instruments in overseas locations?

How do you think international trade agreements and regulations impact the design and implementation of these policy instruments?

VI. Comparative Analysis

How do you see the policy instruments used in inter-provincial, border economic, and overseas trade cooperation zones comparing and contrasting with each other?

What are some common themes or trends that emerge when analyzing these policy instruments across different types of cooperation zones?

Are there any best practices or lessons learned that can be shared among these zones to enhance their effectiveness?

VII. Future Directions

What are the potential future trends or developments in policy instruments for economic cooperation zones?

How do you think technology and innovation will shape the design and implementation of these policy instruments in the future?

What recommendations do you have for policymakers and stakeholders to improve the effectiveness of policy instruments in these cooperation zones?

VIII. Closing Remarks

Thank the expert for their time and insights.

Summarize the key points discussed and the potential implications for future research.

Offer any final thoughts or comments from the expert.

Acknowledgment

All contributions of the third parties can be acknowledged in this section.

Conflict of Interest

The authors declare no conflict of interest.

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