

A Review of Research on Coordinated Adjustment of Industrial Policies in Urban Agglomerations and Regional Economic Integration

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Abstract:

Based on the problems faced by China's urban agglomerations in their development, such as industrial isomorphism, administrative barriers, and unbalanced regional development, this paper focuses on the key role of industrial policy coordination in promoting regional economic integration. Using a research method that combines literature review with comparative case analysis, this paper systematically sorts out the practical models and evolutionary paths of industrial policy coordination in urban agglomerations in China and abroad. Research shows that the industrial policy coordination of China's urban agglomerations has undergone a phased evolution from starting, promoting to deepening, and its mechanism of action is mainly reflected in optimizing the division of labor structure and promoting innovation linkage. The study suggests that the policy coordination path should be optimized from the aspects of improving the institutional system, building an interest coordination mechanism, and promoting the market-oriented allocation of factors, so as to solve the current coordination dilemma of China's urban agglomerations and provide guidance for promoting the development of regional economic integration.

Keywords: urban agglomeration; Industrial policy coordination; Regional economic integration.

1. Introduction

Since 2001, with the acceleration of China's economic integration into the globalization process, regional economic integration has become an important strategy to enhance regional competitiveness. The status of urban agglomerations in regional development has

become increasingly prominent, gradually shifting from scale expansion to connotation development. At a time when urban agglomerations are the main determinant of regional integration, adjustments to their industrial policies are crucial for achieving the goal of coordinated regional economic development [1].

However, there are differences among cities in China's urban agglomerations in terms of economic development level, industrial structure and resource endowment. The coordination among cities is more of a verbal consensus, and in reality they are still operating independently [2]. The lack of effective coordination of industrial policies not only hinders the free flow of factors, but also restricts regional coordinated development.

From an international perspective, urban agglomerations in developed countries have accumulated rich experience in industrial policy coordination, which can provide useful reference for China in this regard. However, the domestic academic community still lacks research on the coordinated adjustment mechanism of urban agglomeration industrial policies, policy tool selection and policy effect evaluation. Therefore, this essay aims to systematically sort out the research results and practical experience of coordinated adjustment of industrial policies in urban agglomerations and regional economic integration, and provide practical guidance for the optimization of urban agglomeration industrial policies and the promotion of regional economic integration.

2. A Practical Example of Industrial Policy Coordination in International Urban Agglomerations

2.1 Government-Led Collaborative Model: The Practice of Urban Agglomerations in Britain

The British urban agglomeration is the main production base of the United Kingdom after the Industrial Revolution. It is the smallest and earliest developed urban agglomeration in the world. The core feature of the government-led collaborative model represented by the British city agglomeration is that the government uses an authoritative administrative system to coordinate the planning and adjustment of the industrial development of cities in the region to achieve efficient coordination of industrial policies.

The British central government has strong coordination capabilities and decision-making authority in regional development, and is able to break through the barriers of local interests and promote the diversified agglomeration of industries and the division of urban functions [3]. For example, the central government has formulated legally binding regional development plans to clarify the industrial positioning of different cities such as London, Birmingham, and Manchester. Through this differentiated positioning, it has established the development direction of key industries and formed an industrial gradient. In addition, the government uses financial means to guide London's resources and industries to radiate to the surrounding areas, and provides financial subsidies and pol-

icy support to surrounding cities that undertake industrial transfers, effectively alleviating problems such as the widening regional development gap caused by industrial division of labor.

However, this government-led industrial policy coordination model places high demands on the central government's planning capabilities and local governments' willingness to implement. Excessive central intervention may lead to local development path dependence and weaken the organic connections between cities and the market's self-organizing capabilities. This requires finding an appropriate balance between central coordination and local autonomy to ensure the sustainability of coordinated policies.

2.2 Market-Driven Collaborative Model: The Practice of Urban Coastal Agglomerations in the US Northeast

The urban agglomeration along the Atlantic coast of the northeastern United States is recognized as the world's most powerful urban agglomeration [4]. It radiates and expands outward from New York City as its core city. The core logic of the market-driven collaborative model is to achieve rational allocation of resources through developed market competition and cooperation mechanisms, helping cities to complement each other's strengths and develop in a staggered manner [5].

In this process, the government is more responsible for formulating rules and providing public services, creating a good environment for the market mechanism to play a role, rather than directly intervening in industrial layout. For instance, the federal government eliminates interstate trade barriers to ensure the free flow of goods, capital and labor. Within urban agglomerations, and at the same time builds a transportation system that runs through urban agglomerations by improving cross-regional infrastructure. Although the industrial division of this market-oriented industrial policy coordination model is more in line with market laws and has higher corporate vitality and innovation efficiency, its development may also be accompanied by problems such as widening regional development gaps due to the lack of government overall planning. It is necessary to actively consider the role of the government and balance the relationship between efficiency and fairness through moderate public policies.

2.3 International Experience: Implications for Industrial Policy Coordination in China's Urban Agglomerations

By comparing the two typical industrial policy coordination models mentioned above, it can be found that differences in institutional environment are the key factors that determine the choice of industrial policy coordination model. China is at a critical stage of economic transfor-

mation, and the coordinated development of industrial policies within urban agglomerations requires exploring a hybrid model that suits national conditions. The government's guiding role should be leveraged while respecting market principles, fostering a collaborative governance system characterized by an effective market and a proactive government.

3. The Phased Characteristics and Unfavorable Factors of Industrial Policy Coordination in China's Urban Agglomerations

The development process of industrial policy coordination in China's urban agglomerations is closely linked to the evolution of their regional development strategies and the deepening of market-oriented reforms, showing distinct phased characteristics and development contradictions.

3.1 Initial Stage (2001 to 2010)

Since China joined the World Trade Organization, local governments have begun to realize the limitations of going it alone. The government attempts to coordinate policies by signing cooperation agreements and holding coordination meetings. The core is to seek points of convergence of local interests without changing local autonomy. The Yangtze River Delta urban agglomeration took the lead in exploring coordination issues and held the first "Shanghai-Jiangsu-Zhejiang Economic Cooperation and Development Symposium" in 2001 to carry out preliminary policy coordination, focusing on issues such as transportation, ecological environment, energy, and communications. The Beijing-Tianjin-Hebei urban agglomeration reached the "Langfang Consensus" in 2004, emphasizing the importance and urgency of improving the overall competitiveness of the region. The integrated development of Beijing-Tianjin-Hebei has been put into practice from conception [6]. In 2009, the Pearl River Delta urban agglomeration released China's first regional industrial layout integration plan, the "Pearl River Delta Industrial Layout Integration Plan (2009-2020)". Industrial clusters have become a major feature of the Pearl River Delta's industrial development with competitive advantages [7]. However, at this stage, the coordination of industrial policies mostly remains at the framework level and has experimental characteristics. Its essence is the autonomous cooperation based on the consensus of interests between regions, and it has not yet been transformed into a stable coordination mechanism. At the same time, due to the lack of binding institutional guarantees and specific policy tools, cross-provincial industrial division of labor is weak, and the problems of duplicate construction and homogeneous competition are prominent.

3.2 Promotion Stage (2011 to 2020)

During this stage, the coordinated industrial policies of China's urban agglomerations are characterized by government-driven development and deepening in multiple fields. In 2014, the coordinated development of Beijing, Tianjin and Hebei was elevated to a national strategy, which clarified tasks such as industrial docking and cooperation, transportation integration and ecological governance. A leading group for the coordinated development of Beijing, Tianjin and Hebei was established to encourage Beijing's universities and enterprises to set up branches in Tianjin and Hebei to drive development vitality. Meanwhile, following the promulgation of the Outline Development Plan for the Yangtze River Economic Belt in 2016, the Yangtze River Delta urban agglomeration has actively innovated key reforms, moving toward its goal of becoming a world-class city agglomeration. To effectively promote integration, the central government has strengthened regional coordination, driving a shift in cross-regional cooperation from spontaneous coordination to institutionalized and systematic approaches.

However, despite the positive adjustments in industrial policy coordination during this phase, deep-seated obstacles still exist. For example, the three provinces in the Beijing-Tianjin-Hebei urban agglomeration have obvious differences in industrial structure and a huge development gap, which leads to a one-way flow of resources [8]. In the Yangtze River Delta region, due to the imbalance between interest coordination and policy coordination and the imperfect guarantee mechanism, the enthusiasm of various regions for integrated construction is still insufficient [9]. As for the urban agglomerations in central and western China, due to resource and environmental constraints, their integrated development relies on government promotion and lacks market participation. Overall, policy coordination during this stage has expanded from single-industry cooperation to multi-dimensional and institutionalized directions, but there is still a need to further improve the deficiencies in the system and mechanism.

3.3 Deepening Stage (2021 to Present)

In the stage of deepening development, the coordinated industrial policies of China's urban agglomerations have shown the significant characteristics of legal guidance and full integration of digitalization and greening. By building unified rules, it focuses on the high-quality development of regional industries and the deep integration of industrial chains. As the integration process progresses, the problem of unbalanced development arises.

On one hand, there is an imbalance in development among various urban agglomerations. Since the proposal and implementation of the integrated development strategy for the Yangtze River Delta urban agglomeration, its overall regional strength has taken a leading position in

China, and its comprehensive competitiveness currently ranks among the best in the world. China's eastern urban agglomerations, led by the Yangtze River Delta, have entered a phase of innovation collaboration and institutional integration. However, for the Beijing-Tianjin-Hebei urban agglomeration and the central and western urban agglomerations, urban-rural transportation and industrial gradient transfer remain obstacles to economic integration [10].

On the other hand, development imbalance and competition within urban agglomerations have intensified. Taking the Beijing-Tianjin-Hebei region as an example, its urban agglomeration is committed to the comprehensive and coordinated development of the industrial chain, but it still lacks a leading industry platform, resulting in insufficient development momentum. At the same time, the low degree of marketization and rigid institutional level in Tianjin and Hebei have limited Beijing's radiating and driving effect on these two regions^[11]. The Yangtze River Delta region shows the characteristics of local protectionism within the urban agglomeration, the industrial transfer gradient has intra-provincial stickiness, and the relationship between different urban areas is still more competition than cooperation. Therefore, at this stage, it is necessary to solve the problem of balanced and full development of various urban agglomerations and within them, optimize resource allocation, and maximize the interests of various regions.

4. Practical Optimization of Industrial Policy Coordination in China's Urban Agglomerations

The current industrial policy coordination has promoted the development of regional economic integration to a certain extent through different mechanisms. However, given the current real constraints faced by China's urban agglomerations, such as unbalanced development and administrative barriers that hinder the process of regional economic integration, industrial policy coordination urgently needs to be improved from multiple aspects.

4.1 Promote the Collaborative Governance System

Although China's various urban agglomerations have reached agreements through cooperation to strengthen the willingness of regional coordinated legislation, in fact the formal results achieved by the regions through coordinated legislation are very limited [12]. Therefore, the biggest obstacle to industrial policy coordination among China's urban agglomerations is not the lack of consensus or planning, but the lack of institutional capacity to ensure the implementation of consensus and planning. For industrial policies that can promote regional economic integration, their institutional framework should be improved. To start

with, a set of cross-regional governance institutional infrastructure should be established to clarify the rights and responsibilities of the coordinating parties. Furthermore, an assessment and evaluation system and incentive mechanism should be established, and indicators of regional coordinated development should be incorporated into the performance evaluation criteria.

4.2 Building a Benefit Coordination Mechanism

In the process of regional economic integration, imbalance of interests is the core obstacle that restricts the deepening of industrial policy coordination. Areas where industries are transferred out often set up invisible barriers and adopt local protection strategies due to concerns about tax loss and cost-benefit imbalance in ecological protection. Therefore, designing a scientific and transparent interest coordination mechanism is the key to stimulating the willingness of various urban agglomerations to cooperate. For example, a cross-regional tax sharing system can be established to distribute the incremental tax revenue generated by industrial transfer proportionally. Also, a coordinated development fund can be established to be used for the construction of major cross-regional projects and areas of weakness. Through this cost-sharing and benefit-sharing regulatory mechanism, the endogenous motivation of various urban agglomerations to participate in coordination can be enhanced, and a win-win cooperation can be achieved.

4.3 Improve the Market-Based Allocation of Factors of Production

The free flow of resource elements is the basic condition for industrial collaboration. Currently, talent, technology and other factors cannot flow freely between administrative regions in China due to restrictions imposed by policies and mechanisms. This has directly led to the disconnection of some industrial chains and seriously weakened the radiation-driven effect of core cities within urban agglomerations. Therefore, breaking through the bottlenecks in resource flow, improving the rational allocation of factors, and realizing the introduction of talents and sharing of scientific and technological achievements are basic projects to promote the deep integration of industries, and play a positive role in activating regional market vitality and enhancing the overall competitiveness of urban agglomerations.

5. Research Deficiencies and Future Prospects

5.1 Insufficient International Comparative Research

Most existing literature focuses on the experience of ur-

ban agglomerations in developed countries, lacks depth and breadth in comparative analysis, ignores the industrial policy coordination of urban agglomerations in developing countries, and fails to provide more differentiated references. At the same time, in the current context of globalization, there is a lack of international interactive research on the coordination of industrial policies among urban agglomerations, and some cutting-edge issues urgently need to be explored. Future research can focus on the connection with international rules and study how China's urban agglomeration industrial policies can promote the integrated development of its own regional economy while adapting to the reconstruction of the global industrial chain and high-standard international rules.

5.2 Insufficient Evaluation of Policy Effects

The implementation effect of industrial policy coordination lacks scientific and systematic evaluation and has the following limitations. First, evaluation indicators are relatively limited, mostly focusing on economic outputs such as GDP and industrial chains, without considering multidimensional benefits such as innovation and ecosystem development. Second, policy evaluations primarily focus on short-term effects, neglecting to continuously track their long-term impacts. Future research should further expand on these two aspects, integrating qualitative and quantitative methods, and widely applying methods such as social network analysis to promote the cross-disciplinary integration of knowledge and build a more comprehensive and scientific policy evaluation system.

6. Conclusion

The coordinated adjustment of industrial policies in urban agglomerations is an important means to promote regional economic integration and is also the key to solving the current problems of unbalanced and insufficient development in China. After going through the stages of evolution from starting up to advancing and deepening, China's industrial policy has accumulated rich practical experience, but it still faces many challenges in terms of institutional guarantees, interest coordination and the flow of resources and factors.

In the future, China should build a more scientific and effective collaborative governance system based on its own realities, drawing on extensive international experience. It should also improve the mechanism for assuming power and responsibility, and promote the market-based allocation of factors and the deep integration of industrial chains. Against the backdrop of economic globalization, the coordinated adjustment of industrial policies across China's urban agglomerations is not only crucial for coordinated regional development within China but will also play a vital role in international competition and cooperation. Through continued deepening of reform and innova-

tion-driven development, new industrial policies will undoubtedly inject new impetus into achieving high-quality, integrated regional economic development.

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