

## **On the Legal Guarantee of Bohai Rim Regional Economic Integration**

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**Abstract:** At present, regionalization and even globalization of economic development have become the general trend of world economic development. As the development booster of China, Bohai Rim Region plays a vital role in national construction. The rapid development of the economic integration of the Bohai Rim Region cannot be separated from the excellent legal protection. A good legal system can not only provide a framework for the healthy and orderly development of regional economic integration in the Bohai Rim Region, but also effectively promote the development process of regional economic integration in the Bohai Rim Region. Based on the background of the necessity of legal protection of the regional economic integration, the paper at first analyzes the present situation of Bohai Rim Regional economic integration safeguard legal system and the existing problems. Then the paper puts forward the proposals on legal guarantees for Bohai Rim Regional economy integration, such as build regional common rules, formulate demonstrative regulations, strengthen administrative assistance and judicial assistance between regions and so on.

**Key Words:** Bohai Rim Region; Regional Economic Integration; Legal Guarantee

Since the reform and opening up in 1978, China's regional economy has made great progress. In May 2004, "cooperation and development of high-end BBS on Bohai rim economic circle" reached "Beijing initiative", which proposed to "establish a Bohai rim cooperation mechanism and promote economic integration in Bohai Rim Region". Therefore, relevant construction work of regional economic integration around Bohai rim was formally carried out<sup>[1]</sup>. Today's world needs to strengthen opening up, cooperation and reform, which points out the direction for the development of regional economic integration around the Bohai rim

In order to build regional economic integration in Bohai Rim Region, it is necessary to strengthen and improve the correlation of economic development among

different regions in the Bohai Rim Region under the guidance of national laws and policies. In this way, the economic distribution structure between regions is reasonable, the urban positioning is accurate and characteristic, and the political, economic, cultural and ecological environment of each city within the region are comprehensively coordinated and sustainable.

There are first-class geographical location advantage, high-quality education resources, developed infrastructure, strong scientific and technological level and perfect transportation infrastructure Bohai Rim Region<sup>[2]</sup>. These advantages make it become the rapid economic development booster of China and play an important role in China's economic development.

## **1. The necessity to guarantee regional economic integration by law**

### **1.1 Market economy system needs unified laws and regulations**

Socialist market economy requires fair development and orderly competition. The development of market economy advocates benign competition. To develop market economy in an orderly way, it needs fair and orderly competition order. Benign competition can arouse the production enthusiasm of the enterprise which can promote economic development. Therefore, the establishment of a fair competition environment is not only in line with the subjective needs of the market economy, but also in line with the objective needs of economic development.

Laws and regulations are a solid guarantee for orderly competition. Businessmen value profits, so lowering transaction costs is something everyone is happy to see. Generally speaking, the transaction cost of a market with reasonable and sound laws and regulations is relatively low because it does not need to consider objective factors such as "arrangement relationship" too much<sup>[3]</sup>. However, the lower transaction cost will make the transaction easier to complete which is conducive to economic development. The characteristics of market economy determine that market operation cannot be directly regulated by tough administrative means but by self-regulation under a sound legal system. In the market economy system, not only economic activities such as production and operation need to be carried out within the framework of laws and regulations, but also capital operation, market adjustment and macro-control need to be carried out within the scope of relevant laws and regulations. Therefore, a complete system of laws and regulations is the "umbrella" of the market economy. Sound laws and regulations are needed to establish a sound competitive

environment and to ensure sound and rapid economic development.

### **1.2 Developing regional market economy needs unified legal safeguard**

Under the market economy system, resources are allocated mainly through the market itself. The development speed and soundness of the market economy largely depend on the free flow of production factors. However, the regionalization of economic development needs to consider not only the economic development of a city but also the economic development of contiguous regions, so that the market can play the better role of resource allocation between regions. However, in the process of regional economic integration, in order to protect industries or enterprises in the region, each region often chooses to carry out regional trade protection and form trade barriers between regions<sup>[4]</sup>. The free flow of production factors in the region should be guaranteed by relevant laws and regulations. Only by establishing a unified legal system can the market play a better role in allocating resources.

At the same time, in order to promote the economic development, the provinces and cities with legislative power usually legislate according to the local economic development. However, the local laws and regulations are not uniform because each province and city makes local legislation according to its own situation, which often leads to the result that similar events are handled differently. To some extent, this will encourage businessmen to cluster in specific provinces and cities which will hinder the process of regional economic integration. The experience of 40 years of reform and opening up in China shows that regions with higher level of economic development and faster economic growth in the long run have relatively high degree of unification of legal systems<sup>[5]</sup>. Therefore, unified legal protection is particularly important for the development of regional economic integration. Perfect and unified legal guarantee becomes the precondition of regional economic integration.

## **2. Current situation of legal guarantee of regional economic integration in Bohai Rim Region**

### **2.1 Local protectionism is rife in the region**

At present, each province and city in the Bohai Rim Region has its own administrative division. The governments are not only the managers of the region, the promoters of economic development, but also the protectors of local interests. Without considering the overall situation and long-term interests their focus is often on how to maximize their own interests in the short term. Therefore local

protectionism will inevitably start to emerge in this region<sup>[6]</sup>. That greatly affected the process of regional economic integration in Bohai Rim Region. Therefore, each province and city in the Bohai Rim Region must put forward effective legal protection system, strengthen regional cooperation and coordination to deal with local protectionism. Based on the actual situation and the fundamental interests of each province and city in the Bohai Rim Region, a unified legal system should be established to minimize the possibility of regional protectionism and its impact on regional economic integration in the Bohai Rim Region.

## **2.2 The rights and obligations are not clear**

As regional economic integration is a government-driven model, the process of regional economic integration needs relevant legal systems to supervise and control the actions of regional governments to meet the needs of regional economic integration. There is no commanding the various regions of unified management and coordination agency in the Bohai Rim Region. It is far from enough to carry out regional economic integration only through existing institutions and to solve various problems such as existing inter-regional trade barriers and imbalance of economic policies and laws between regions. Existing rules and regulations are mostly documents and declarations lacking legal binding force such as consensus or agreement which do not clearly define the rights and obligations of each province and city in the region and do not indicate the corresponding legal responsibility.

## **2.3 Regional legislation is in legal conflicts**

As all provinces and cities have the right to formulate laws and regulations, they formulate policies and regulations with local characteristics according to their own conditions, regulate problems in local economic development from different perspectives, and guide local economic development in different ways, thus forming a situation of legal conflicts in which a hundred flowers bloom in the region<sup>[7]</sup>. Due to the lack of cooperation and coordination, communication and exchange in local legislation, the provinces and cities in the Bohai Rim Region not only repeat legislation resulting in legal conflicts, but also can not guarantee regional economic integration with a unified legal system. At the same time, legal conflicts also increase transaction costs and transaction risks which hinder regional cooperation and coordination in the Bohai Rim Region, thus affect the process of regional economic integration in the Bohai Rim Region.

### **3. Suggestions on improving the legal guarantee of regional economic integration in Bohai Rim Region**

#### **3.1 Establish regional common rules and regulations to clarify rights, obligations and responsibilities**

Regional common regulation is a new model of administrative legislation. It is mainly used in those provinces and cities with high similarity in such aspects as politics, economic development, cultural customs due to the geographical location adjacent. According to the characteristics of these similarities, establish local government regulations that can be applied in the region which not only can cross-regional administrative planning, protection of the trans-regional industries, but also clear the rights, obligations and responsibilities in the regional economic integration<sup>[8]</sup>. The rulemaking committee not only has the power to establish common rules, but also has the power to interpret the rules in order to resolve differences arising in the administration and implementation of the rules.

Such rules and regulations shall be formulated on the basis of mutual benefit, equal consultation and combining with the local characteristics. Among them, the principle of mutual benefit is the premise and foundation. In the process of regional economic integration, the integration at the legislative level should be coordinated and negotiated on the basis of the principle of mutual benefit, and the rights, obligations and responsibilities of provinces and cities in the region should be distributed in a balanced way. Only in this way, the purpose of resource allocation can be finally achieved, and all parties in the Bohai Rim Region can get what they need<sup>[9]</sup>. The principle of equal consultation is mainly manifested in equal opportunities and equal status for all parties in Bohai Rim Region in the process of regional economic integration. In Bohai Rim Region, the administrative status of all parties is equal without affiliation relationship. The common rules endow all parties with equal rights, obligations and legal responsibilities, and endow all parties in the region with equal rights to carry out economic integration without favoring any party<sup>[10]</sup>. Due to the differences of the parties in the region on economic structure, culture, custom, common rules must be built according to actual situation, seeking common ground while reserving differences, cover regional unity, accommodating regional differences, respecting regional differences, and converts such differences into highlights of the development of the region, so as to achieve better and faster development of the

region.

### **3.2 Develop exemplary texts to reduce legal conflicts in the region**

It is necessary to establish a sound unified legal system in the region to solve the current situation of regional legislative conflicts from the root, strengthen the coordination and management of the Bohai Rim Region and promote the regional economic integration process rapidly and healthily. On the basis of clarifying the rights, obligations and legal responsibilities of all units in the region, a long-term, effective, binding and supervisory mechanism should be established to make regional cooperation meet the needs of regional economic integration. Of course, the elimination of legislative conflicts in the region can be achieved not only by the establishment of common regulations, but also by the formulation of exemplary texts. Exemplary texts usually have the characteristics such as no coercive force, strong autonomy, flexibility, and emphasis on mutual benefit. The enactment of exemplary texts can also effectively fill the legislative gap. At the same time, in the process of regional economic integration, as there are many frictions among all parties, the soft demonstration text is chosen as the "lubricant" to solve and ease frictions and reach consensus.

### **3.3 Strengthening interregional administrative and judicial assistance**

Establish administrative assistance system. Administrative assistance system refers to the system of mutual assistance among local administrative bodies. Since a certain matter may involve many departments which are not affiliated to each other, it is necessary to provide administrative assistance to other departments so that the matter can be successfully completed and improve the effectiveness of administrative law enforcement. Establish cross-regional case transfer mechanism and information exchange platform. In the process of regional cooperation, there will always be some complicated cases at the junction of multiple regions. Who should be responsible for these cases has become a headache for all regions, and thus the phenomenon of mutual kicking has emerged<sup>[11]</sup>. Therefore, improving the case transfer mechanism, clearing the responsibility of each party, establishing information exchange platform which is helpful to enable all parties can timely access to relevant information and communication and coordination, thus law enforcement efficiency has been greatly improved.

Judicial assistance is a judicial approach commonly used between countries and

between countries and regions. In the present judicial assistance, between various areas for the service of judicial documents and execution, for different ground investigation, different legal services have many restrictions, it is necessary for us in the Bohai Rim Regional economy integration in the process of the legal system safeguard to break the regional restrictions, legal system to protect for regional economic integration to provide a good legal environment. Nowadays, China's judicial organs are subject to local governments in many aspects. Therefore, the judicial organs may be interfered by local government departments in the process of adjudicating cases, resulting in the phenomenon of local judicial protection. Therefore, in the Bohai Rim Region economic integration legal system safeguard we need to prevent the local protectionism phenomenon, each region judicial organ in the concrete work should achieve the equality to treat any party, does not engage in the discrimination. In cross-regional trials, cases should be dealt with strictly according to law to avoid mutual shielding.

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