



Shenzhen

Shenzhen, situated just north of Hong Kong, ranks first in exports among all cities in the Chinese Mainland, and fourth in terms of GDP. Among the cities in the Greater Pearl River Delta region, Shenzhen ranks third in GDP and retail sales to Hong Kong and Guangzhou and second to Hong Kong in utilised foreign direct investment and total trade. It has the highest gross industrial output and growth in exports among the cities of the Greater Pearl River Delta region. Shenzhen has used its status as one of the first Special Economic Zones to develop a dynamic and vibrant economy that attracts workers, scientists, and engineers from throughout China. Shenzhen is the leading city in the Chinese Mainland for manufacturing in high technology industries and is emerging as a transportation and logistics centre. Its residents have the highest average educational achievement in the Chinese Mainland, and are highly concentrated in the wage-earning age bracket. Shenzhen's long-term residents are among the most affluent consumers in the Chinese Mainland.

Shenzhen in figures*

Total area (square kilometres)	1,953
Interim Census Population 2005 (million persons)	8.28
Registered Population 2005 (million persons)	1.82
Total GDP in 2005 (US\$ billion)	60.16
– GDP in primary sector (US\$ billion)	0.12
– GDP in secondary sector (US\$ billion)	31.51
– GDP in tertiary sector (US\$ billion)	28.53
Real GDP growth 2005 (percent)	15.0
Official per capita GDP in 2005 (US\$)	7,483
Gross industrial output in 2005 (US\$ billion)	116.82
Total trade in 2005 (US\$ billion)	182.82
Imports in 2005 (US\$ billion)	81.30
Exports in 2005 (US\$ billion)	101.52
Growth in exports 2005 (percent)	30.40
Utilised foreign direct investment in 2005 (US\$ billion)	2.97
Total retail sales of consumer goods in 2005 (US\$ billion)	17.55
Growth in consumer goods retail sales 2005 (percent)	15.0

* Note: Statistics reported for the jurisdictions in the Pearl River Delta are based on data from the jurisdictions' Statistical Yearbooks or statistics bureaux. Data for the year 2005 are preliminary. Interim Census Population 2005 is year-end figure.

Leading industries

Shenzhen is a leading city in the Chinese Mainland for high-tech industries and new business ventures. The telecommunications equipment, computers, and other electronics sector dominates the local manufacturing economy. Other leading sectors include electric equipment and machinery, office equipment, metal products, plastic products, food, printing and recorded media, other manufacturing including handicrafts, chemicals, and special purpose equipment. Shenzhen is a leading centre for watches, clocks, gifts, and souvenirs.

Software production and integrated circuit design and manufacture are also significant areas. The city accounts for more than 50 percent of the Chinese Mainland's software exports and 25 percent of its integrated circuit design business. Numerous foreign firms and leading firms from all over the Chinese Mainland have set up in Shenzhen to take advantage of the infrastructure, workforce, and links to Hong Kong.

Shenzhen – top manufacturing industries by gross industrial output (US\$ billion) 2004

1. Telecommunications equipment, computers, and other electronics	47.00
2. Electric equipment and machinery	4.49
3. Instruments, metres, and office equipment	3.69
4. Metal products	2.34
5. Plastic products	1.83
6. Processing of agricultural products and non-staple edible products	0.96
7. Printing and recorded media	0.96
8. Other manufacturing including handicrafts	0.93
9. Raw chemical materials and chemical products	0.87
10. Special purpose equipment	0.81

In the service sector, Shenzhen's leading sectors are transportation, storage, post, and telecommunications and finance and insurance.²⁹ Shenzhen's port and logistics industries are emerging as leaders within China. Shenzhen is home to one of two stock exchanges in the Chinese Mainland and has been a leader in the opening of China's finance and insurance sectors. Shenzhen is also home to a number of international trade fairs and exhibitions covering a wide range of industries from nuclear power to food. Shenzhen's China High-tech

²⁹ Based on service sector categories reported by the Guangdong Statistical Yearbook 2005.

Fair, the largest of its kind in China, attracts participants from around the globe. Shenzhen's real estate sector continues to grow steadily and strongly, whilst its tourist sector benefits from numerous world-class theme parks and golf courses. Numerous other service sectors have developed to serve local manufacturers and consumers.

Shenzhen – service sectors (US\$ billion) 2004

Transportation, storage, post and telecommunications	3.15
Finance and insurance	3.10
Wholesale and retail trade and catering services	2.95
Real estate trade	2.87
Others	3.64

Economic plans

In its 11th Five Year Programme, Shenzhen aims to develop high value-adding industry and services and to extend its international linkages. Shenzhen plans to build on its existing strengths as a leading base for high-tech R&D and commercialisation for China and to foster high-tech innovation. It also will work to grow its private sector, attract headquarters of international firms, and strengthen its position in finance and creative industries. Shenzhen aspires to become an international centre for logistics, exhibitions and conventions, tourism, and cultural and information exchange. To foster international linkages, Shenzhen also will push ahead for closer integration with Hong Kong. Shenzhen planners envision a 'Shenzhen-Hong Kong Metropolis Rim' that will benefit from closer cooperation between the two neighbouring jurisdictions in areas including customs, airports, and seaports. Flows of people and cargo will be facilitated by completion of the Hong Kong-Shenzhen Western Corridor, a major highway and bridge link between Hong Kong and Shenzhen, scheduled for completion in July 2007. Major infrastructure projects

planned for Shenzhen include the expansion of the city's mass transit system, container terminals, and airport, and the construction of high speed railways to Guangzhou and Xiamen, as well as several major highways and a new Bonded Logistics Park at Yantian Port.

Development zones and industrial parks

Shenzhen's designation as a Special Economic Zone, in 1980, triggered the city's rapid growth and development. Shenzhen's initial ETDZ, the Shenzhen Science and Industry Park, is now fully occupied with a number of big name enterprises such as Compaq, Great Wall, IBM, and TCL. The area is now being expanded to form a 'high-tech industry corridor'. Shenzhen is also developing a central business district that will provide the focal point for providers of finance, trade, information, and cultural services. In addition, three bonded zones, the Futian Free Trade Zone, Shatoujiao Industrial Bonded Zone, and Yantian Port Bonded Zone, provide warehousing and distribution facilities. Shenzhen offers a package of preferential policies and incentives to foreign investors, including reduced income tax rates, tax holidays for income and property taxes, reduced land use fees, and special VAT terms. As a Special Economic Zone bordering Hong Kong, Shenzhen has enjoyed greater flexibility than most Chinese Mainland cities in the scope of economic and political reforms. This role as 'an experimental ground' for wider reform in China has meant that the city has been able to offer a relatively liberal investment environment for foreign investors. Shenzhen is likely to continue to allow foreign investors greater access to a wider range of investment options earlier than other places in the Chinese Mainland.



Foreign investment

There are thousands of foreign-invested enterprises in Shenzhen. International firms are prominent in the high-tech sector, with Compaq, DuPont, Epson, IBM, Hitachi, Hon Hai Precision, Intel, Lucent, Olympus, Oracle, Ricoh, Samsung, Sanyo, Seagate, Siemens, and Sony all having operations in Shenzhen. IBM claims its PC factory in Shenzhen is among its best in the world. Both Intel and Oracle have chosen Shenzhen for their first design centres in China. In 2003, Elite Computer System (ECS), the Taiwanese computer mainboard producer, set up a US\$600 million production complex in Shenzhen. There is also significant international presence in service sectors such as: banking, finance, and insurance (AIG, ABN Amro, Bank of Tokyo, BNP Paribas, Dresdner Bank, HSBC, IDG, and Standard Chartered), shipping and logistics (Maersk and Federal Express), business services (Ernst & Young, KPMG, and PricewaterhouseCoopers), and retailers (B&Q, Carrefour, Jusco, McDonald's, and Wal-Mart). A number of companies base their sourcing centres in Shenzhen. Wal-Mart's home office for overseas procurement is in Shenzhen. In 2005, Wal-Mart bought approximately US\$20 billion in commodities in China (an amount equivalent to nearly 0.9 percent of China's GDP).



Transport linkages

Shenzhen's advanced transportation infrastructure links it to the rest of the Greater Pearl River Delta region and the rest of the Chinese Mainland. The border town of Lowu provides the main point of entry and exit for passengers to and from Hong Kong, while Huanggang is the main checkpoint for road traffic. As of July 2007, the Hong Kong-Shenzhen Western Corridor



will also be in operation. Shenzhen is linked by rail to Guangzhou (1 hour 30 minutes away) and Hong Kong (45 minutes away). Expressways connect the city to Guangzhou (2 hours away) and other major cities in the Delta region. Shenzhen's ports made it the world's fourth leading city in terms of container port throughput in 2005. The port facilities at Yantian, Shekou, Chiwan, and Mawan, among others, serve a large and growing number of international routes. Shenzhen's Bao'an airport offers an extensive network of flight connections to other Chinese Mainland cities and is extending its international reach.