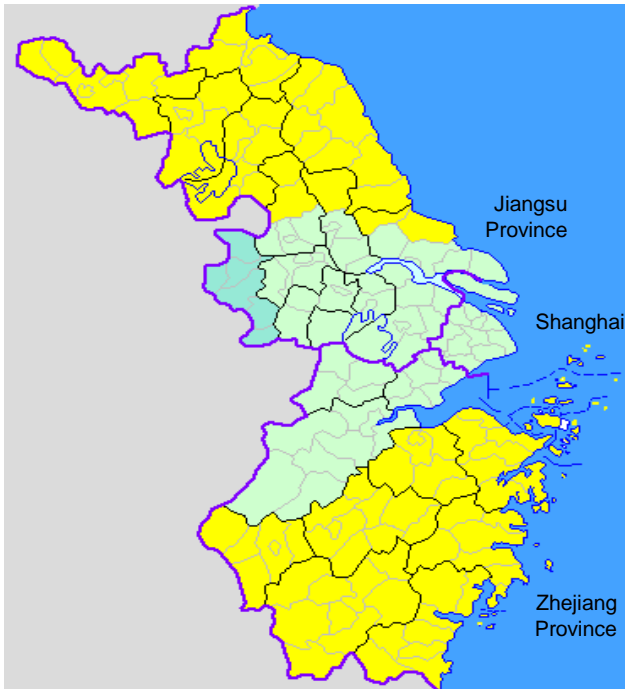


Shanghai Insight

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Shanghai Profile

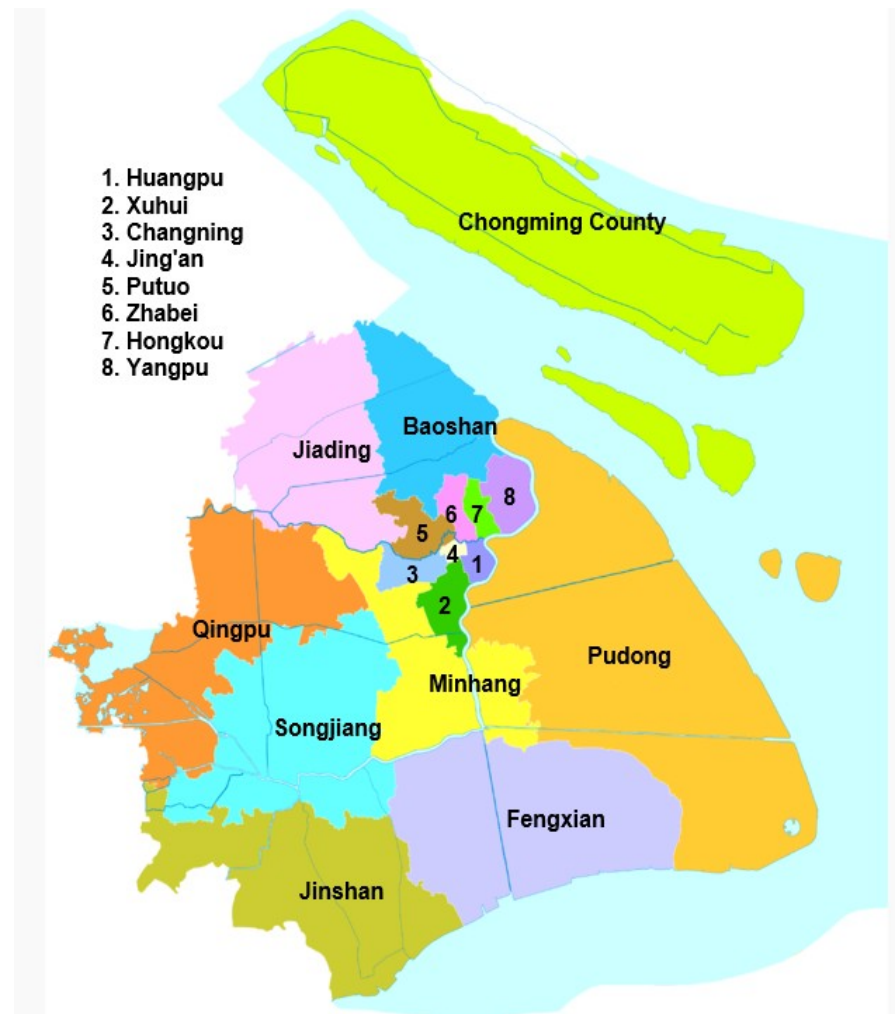
- Based on the Huangpu river, Shanghai first developed as a fishing village in the 5th century.
- In the 12th century the village developed into a small market town before gradually developing into an international trading settlement before the arrival of the British East India Company in the 19th Century. This led to European trade and the eventual establishment of British, American and French “Concessions” during the 1840s.
- Although the rise of old Shanghai was a gradual process, since the 1990s Shanghai has developed into China’s largest and greatest commercial and industrial city with the world’s greatest.



- Roughly equidistant from Beijing and Hong Kong, Shanghai is China’s largest city with a population of 23 million, is the busiest container port in the world, and is the major financial centre for China.
- The Yangtze River Delta is shown in green in this map (left) of Shanghai alongside the neighboring provinces of Jiangsu and Zhejiang. Parts of Jiangsu and Zhejiang which are outside the Yangtze River Delta are shown in yellow.
- Shanghai has a humid subtropical climate and experiences four distinct seasons. Winters are chilly and damp. Summers are hot and humid, with an average of 10 days exceeding 35 °C (95 °F).
- The most pleasant seasons are Spring, although changeable and often rainy, and Autumn, which is generally sunny and dry.

Administrative divisions of Shanghai

- Shanghai is administratively equal to a province and is divided into 17 county-level divisions: 16 districts and one county.
- Eight of the districts govern Puxi (lit. "The West Bank"), the older part of urban Shanghai on the west bank of the Huangpu River. These eight districts are collectively referred to as Shanghai Proper or the core city: Huangpu, Xuhui, Changning, Jing'an, Putuo, Zhabei, Hongkou, Yangpu
- Pudong (lit. "The East Bank"), the newer part of urban and suburban Shanghai on the east bank of the Huangpu River, is governed by Pudong New Area
- Seven of the districts govern suburbs, satellite towns, and rural areas further away from the urban core: Baoshan, Minhang, Jiading, Jinshan, Songjiang, Qingpu, Fengxian.
- The islands of Changxing and Hengsha and most (but not all) of Chongming Island form: Chongming County

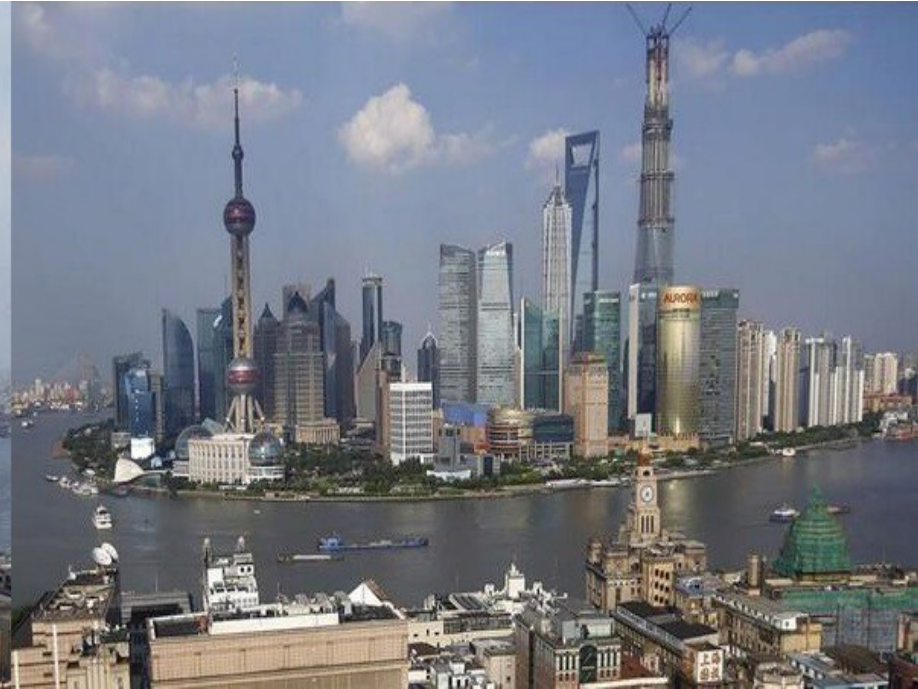


A Deep Dive into China

Shanghai Skyline



1990

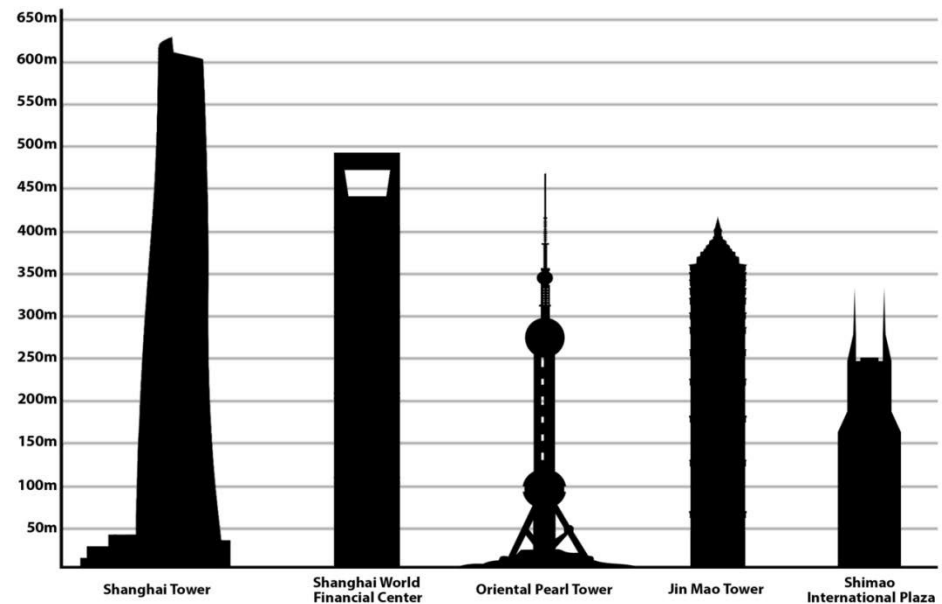


2015

- Shanghai was permitted to initiate economic reforms in 1991, starting the massive development still seen today and the birth of Lujiazui in Pudong.

Architectures in Shanghai

- The Pudong district of Shanghai displays a wide range of skyscrapers, many of which rank among the tallest in the world. The most prominent examples include the Jin Mao Tower and the taller Shanghai World Financial Center, which at 492 metres tall is the tallest skyscraper in mainland China and ranks third in the world. The distinctive Oriental Pearl Tower, at 468 metres, is located nearby, and its lower sphere is now available for living quarters. The Shanghai Tower, under construction since 2008 and slated for completion in 2015, is the tallest building in China. With a height of 632 metres (2,073 ft), the building will have 127 floors and a total floor area of 380,000 square metres (4,100,000 sq ft).



Architectures in Shanghai



- Shanghai has a rich collection of buildings and structures of various architectural styles.
- The Bund, located by the bank of the Huangpu River, contains a rich collection of early 20th-century architecture.
- In recent years, a large number of architecturally distinctive and even eccentric buildings have sprung up throughout Shanghai. Notable examples of contemporary architecture include the Shanghai Museum, Shanghai Grand Theatre in the People's Square precinct and Shanghai Oriental Art Center. Despite rampant redevelopment, the old city still retains some buildings of a traditional style, such as the Yuyuan Garden.
- One uniquely Shanghaiese cultural element is the *shikumen* residences, which are two- or three-story townhouses, with the front yard protected by a high brick wall. Each residence is connected and arranged in straight alleys, known as a *longtang*, pronounced *longdang* in Shanghaiese. The entrance to each alley is usually surmounted by a stylistic stone arch. The whole resembles terrace houses or townhouses commonly seen in Anglo-American countries, but distinguished by the tall, heavy brick wall in front of each house. The name "shikumen" means "stone storage door", referring to the strong gateway to each house.
- The shikumen is a cultural blend of elements found in Western architecture with traditional Lower Yangtze (Jiangnan) Chinese architecture and social behavior. All traditional Chinese dwellings had a courtyard, and the shikumen was no exception. Yet, to compromise with its urban nature, it was much smaller and provided an "interior haven" to the commotions in the streets, allowing for raindrops to fall and vegetation to grow freely within a residence. The courtyard also allowed sunlight and adequate ventilation into the rooms.

Shanghai Transport

Public transport

- Shanghai has an extensive public transport system, largely based on metros, buses and taxis. Payment of all these public transportation tools can be made by using the Shanghai Public Transportation Card.
- Shanghai's rapid transit system, the Shanghai Metro, incorporates both subway and light railway lines and extends to every core urban district as well as neighboring suburban districts.
- Shanghai also has the world's most extensive network of urban bus routes, with nearly one thousand bus lines, operated by numerous transportation companies. The system includes the world's oldest trolleybus system. Bus fare normally costs 2 RMB.
- Taxis are plentiful in Shanghai.



Roads

- Shanghai is a major hub of China's expressway network. Many national expressways (prefixed with G) pass through or terminate in Shanghai, including G2 Beijing–Shanghai Expressway (overlapping G42 Shanghai–Chengdu), G15 Shenyang–Haikou, G40 Shanghai–Xi'an, G50 Shanghai–Chongqing, etc. In addition, there are also numerous municipal expressways prefixed with S (S1, S2, S20, etc.). Shanghai has one bridge-tunnel crossing spanning the mouth of the Yangtze to the north of the city.

Railway

- Shanghai has four major railway stations: Shanghai Railway Station, Shanghai South Railway Station, Shanghai West Railway Station, and Shanghai Hongqiao Railway Station. Three are connected to the metro network and serve as hubs in the railway network of China. Two main railways terminate in Shanghai: Jinghu Railway from Beijing, and Huhang Railway from Hangzhou. Hongqiao Station also serves as the main Shanghai terminus of three high-speed rail lines: the Shanghai–Hangzhou High-Speed Railway, the Shanghai–Nanjing High-Speed Railway, and the Beijing–Shanghai High-Speed Railway.

Air

- Shanghai is one of the leading air transport gateways in Asia. The city has two commercial airports: Shanghai Pudong International Airport and Shanghai Hongqiao International Airport. Pudong Airport is the main international airport, while Hongqiao Airport mainly operates domestic flights with limited short-haul international flights.

Shanghai Metro

- The **Shanghai Metro** is a rapid transit system in Shanghai, China, operating urban and suburban rail transit services to 14 of its 17 municipal districts and to Huaqiao Township, Kunshan, Jiangsu Province. Opening in 1993 with full-scale construction extending back to 1986, Shanghai Metro is the third oldest rapid transit system in mainland China. It is the largest component of the notional **Shanghai metropolitan rail transit network**, together with the Shanghai Maglev Train, the Zhangjiang Tram and the China Railway-operated commuter rail services to Jinshan and to Lingang New City in Pudong.
- Currently, the Shanghai Metro system is the world's largest rapid transit system by route length and second largest by number of stations, with 14 lines and 337 stations totaling 548 kilometres (341 mi). It also ranks second in the world by annual ridership after Beijing, with 2.5 billion rides delivered in 2013. The newest daily ridership record was set at 10.286 million on December 31, 2014, while over 8 million people use the system on an average weekday.

Future expansion

- The Shanghai Metro system is one of the fastest growing metro systems in the world. Four lines were under construction at the end of 2014, and nine other lines or sections will begin construction in 2015. By the end of 2020, the network will comprise 18 lines spanning 800 kilometres (497 mi). In addition, there are long-term plans to connect the Shanghai Metro with the Suzhou Rail Transit and Wuxi Metro in neighbouring Jiangsu province.

Cuisine in Shanghai

- Shanghai boasts one of China's best and most distinctive cuisines. Influenced by its position just south of the Yangtze and at the mouth of the Huangpu, the region abounds in a selection of freshwater fish and shellfish. Dishes from this area are delicately seasoned.
- Shanghai's people have a 'sweet tooth', and more sugar is used in Shanghai than in any other part of China.

Steamed Crab: Da Zha Xie

- Shanghai's steamed crab uses a special type of crab found in rivers, and is normally consumed in the winter. The crabs are tied with ropes or strings, placed in bamboo containers, steamed and served. There few other artificial ingredients added to the dish yet it tastes fantastically good. Da Zha Xie is usually consumed with vinegar. Locals are also quite fussy about when to consume male crabs and when to consume female crabs.

Yangchun Noodles

- The story of the name: The tenth Chinese lunar month is called little *yangchun*, and it is a local custom to call the number "ten" *yangchun*. When these noodles first appeared in Shanghai, their price was ten cents, so people called them yangchun noodles and that name is still used.

Vegetarian Dongpo Meat

- The main ingredient is winter melon. The melon is peeled, the seeds are scraped out, and then the melon is sliced into meat-shaped slices and fried. A vegetarian soup is added with condiments, and it is stewed over low flames until the gravy is thickened. It's bright in color, rich but not greasy, and looks similar to dongpo meat (stewed pork in dark sauce).

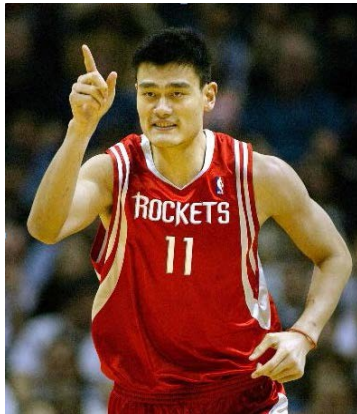
Nanxiang Steamed Buns

- Nanxiang Steamed Pork Dumplings are a traditional snack in Shanghai These dumplings are made with a thin skin of dough and stuffed with a seasoned minced pork. The dumplings are then steamed in a bamboo steamer. Note that these dumplings are wrapped and sealed differently than other dumplings like jiaozi. You should better take a bite to let the juices cool. Otherwise, the juices could burn your tongue or spilt out on you. Then one can dip the dumpling into the dark Chinese vinegar provided to cool the dumpling to an appropriate temperature.



Sports

- Shanghai is home to several professional soccer teams, including Shanghai Shenhua of the Chinese Super League, one of China's most popular and successful. China's top tier The Shanghai Sharks of the Chinese Basketball Association developed Yao Ming before he entered the NBA. Shanghai also has an ice hockey team, China Dragon, and a baseball team, the Shanghai Golden Eagles, which plays in the China Baseball League.
- Shanghai is the hometown of many outstanding and well-known Chinese professional athletes, such as Yao Ming, the 110-meter hurdler Liu Xiang, the table-tennis player Wang Liqin and the former world women's single champion and current Olympic silver medalist badminton player Wang Yihan.
- Beginning in 2004, Shanghai started hosting the Chinese Grand Prix, one round of the Formula One World Championship. The race was staged at the Shanghai International Circuit. In 2010, Shanghai also became the host city of German Touring Car Masters (DTM), which raced in a street circuit in Pudong.
- Shanghai also holds the Shanghai Masters tennis tournament which is part of ATP World Tour Masters 1000, and the BMW Masters and WGC-HSBC Champions golf tournaments.



Fashion

- Shanghainese cultural artifacts include the cheongsam (Shanghainese: zansae), a modernization of the traditional Manchurian qipao. This contrasts sharply with the traditional qipao, which was designed to conceal the figure and be worn regardless of age. The cheongsam went along well with the western overcoat and the scarf, and portrayed a unique East Asian modernity, epitomizing the Shanghainese population in general. As Western fashions changed, the basic cheongsam design changed, too, introducing high-neck sleeveless dresses, bell-like sleeves, and the black lace frothing at the hem of a ball gown. Now, the Shanghainese styles have seen a recent revival as stylish party dresses. The fashion industry has been rapidly revitalizing in the past decade. Like Shanghai's architecture, local fashion designers strive to create a fusion of western and traditional designs, often with innovative if controversial results.



- In recent times Shanghai has established its own fashion week called Shanghai Fashion Week. It is held twice every year in October and April. The April session is a part of Shanghai International Fashion Culture Festival which usually lasts for a month, while Shanghai Fashion Week lasts for seven days, and the main venue is in Fuxing Park, Shanghai, while the opening and closing ceremony is in Shanghai Fashion Center. Supported by the Ministry of Commerce, Shanghai Fashion Week is a major business and culture event of national significance hosted by the Shanghai Municipal Government. Shanghai Fashion Week is aiming to build up an international and professional platform, gathering all of the top design talents of Asia. The event features international designers but the primary purpose is to showcase Chinese designers.

Universities in Shanghai

- Shanghai is a major center of higher education in China with over 30 universities and colleges. A number of China's most prestigious universities are based in Shanghai, including Fudan University, Shanghai Jiao Tong University, Tongji University, East China Normal University (these universities are selected as "985 universities" by the Chinese Government in order to build world-class universities).

Members of the Project 985 and Project 211

- East China Normal University (founded in 1951)
- Fudan University (founded in 1905 as *Fudan Public School*)
 - Shanghai Medical University (founded in 1927, merged into Fudan University in 2000, as Fudan University Shanghai Medical College)
- Shanghai Jiao Tong University (founded in 1896 as *Nanyang Public School*)
 - Shanghai Second Medical University (founded in 1952, merged into Shanghai Jiao Tong University in 2005, as School of Medicine, Shanghai Jiao Tong University)
- Tongji University (founded in 1907 as *Tongji German Medical School*)

Members of the Project 211

























- Donghua University (founded in 1951 as *East China Textile Institute of Science and Technology*)
- East China University of Science and Technology (founded in 1952 as *East China Institute of Chemical Technology*)
- Shanghai International Studies University (founded in 1949 as *Shanghai Russian School*)
- Shanghai University of Finance and Economics (founded in Nanjing in 1917, relocated to Shanghai and became the Shanghai College of Commerce in 1921)

Project 985 is a project that was first announced by Communist Party of China General secretary and Chinese President Jiang Zemin at the 100th anniversary of Peking University on May 4, 1998 to promote the development and reputation of the Chinese higher education system by founding world-class universities in the 21st century and eponymous after the date of the announcement,










Project 211 is a project of National Key Universities and colleges initiated in 1995 by the Ministry of Education of the People's Republic of China, with the intent of raising the research standards of high-level universities and cultivating strategies for socio-economic development.

International Relations

Shanghai is twinned with

-  **Yokohama**, Japan - since 1973
-  **Osaka**, Japan - 1974
-  **Milan**, Italy - 1979
-  **Rotterdam**, Netherlands - 1979
-  **San Francisco**, United States - 1979
-  **Osaka Prefecture**, Japan - 1980
-  **Zagreb**, Croatia - 1980
-  **Hamhung**, North Korea - 1982
-  **Manila**, Philippines - 1983
-  **Antwerp**, Belgium - 1984
-  **Karachi**, Pakistan - 1984
-  **Chicago**, United States - 1985
-  **Montreal**, Canada - 1985
-  **Piraeus**, Greece - 1985
-  **Gdańsk Voivodeship**, Poland - 1985
-  **Nagasaki Prefecture**, Japan - 1986
-  **Hamburg**, Germany - 1986
-  **Casablanca**, Morocco - 1986
-  **Gothenburg**, Sweden - 1986
-  **Marseille**, France - 1987
-  **São Paulo**, Brazil - 1988
-  **Saint Petersburg**, Russia - 1988
-  **Istanbul**, Turkey - 1989
-  **Ho Chi Minh City**, Vietnam - 1990

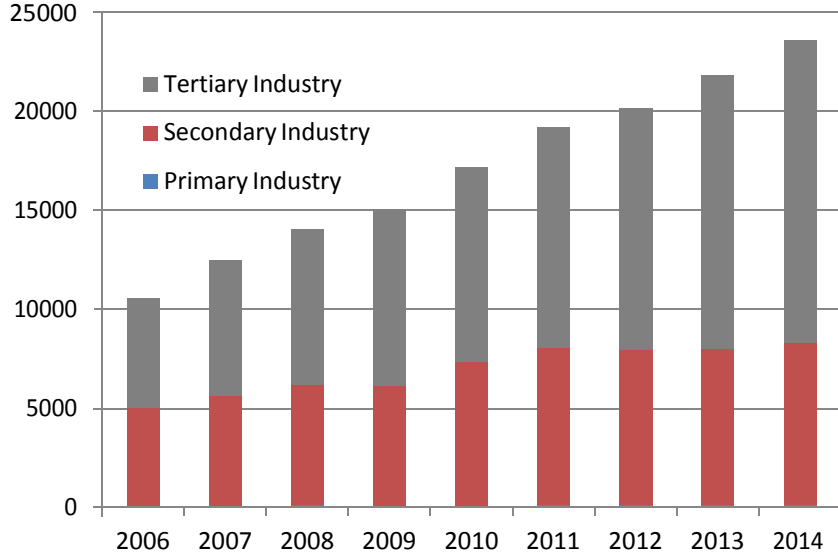
-  **Alexandria**, Egypt - 1992
-  **Busan**, South Korea - 1993
-  **Port Vila**, Vanuatu - 1994
-  **Dunedin**, New Zealand - 1994
-  **Haifa**, Israel - 1994
-  **Tashkent**, Uzbekistan - 1994
-  **Porto**, Portugal - 1995
-  **Prague**, Czech Republic [126]
-  **Aden**, Yemen - 1995
-  **Windhoek**, Namibia - 1995
-  **City of London**, United Kingdom - 1996
-  **Santiago de Cuba**, Cuba - 1996
-  **Rosario**, Argentina - 1997 [127]
-  **Espoo**, Finland - 1998
-  **Jalisco State**, Mexico - 1998
-  **Liverpool**, United Kingdom - 1999

-  **Maputo**, Mozambique - 1999
-  **Dubai**, United Arab Emirates - 2000
-  **Chiang Mai**, Thailand - 2000
-  **KwaZulu-Natal**, South Africa - 2001
-  **Guayaquil**, Ecuador - 2001
-  **Valparaiso**, Chile - 2001
-  **Barcelona**, Spain - 2001
-  **Oslo**, Norway - 2001
-  **Constanța**, Romania - 2002
-  **Algiers**, Algeria - 2003
-  **Colombo**, Sri Lanka - 2003
-  **Aarhus County**, Denmark - 2003
-  **Bratislava Region**, Slovakia - 2003
-  **Hauraki District**, New Zealand - 2003

-  **Salzburg**, Austria - 2004
-  **Nicosia**, Cyprus - 2004
-  **Cork**, Ireland - 2005^[128]
-  **Winston-Salem**, United States - 2006
-  **New York**, United States - 2007
-  **Basel**, Switzerland - 2007
-  **Borås**, Sweden - 2007
-  **Sarajevo**, Bosnia and Herzegovina - 2008
-  **London**, United Kingdom - 2009
-  **Manaus**, Brazil - 2009
-  **Phnom Penh**, Cambodia - 2009
-  **Kuopio**, Finland - 2012
-  **Budapest**, Hungary - 2013 [129]
-  **Sofia**, Bulgaria - 2014^[130]
-  **Mumbai**, India - 2014
-  **Seoul**, South Korea - 2014
-  **Bangkok**, Thailand - 2014
-  **Houston**, United States - 2015

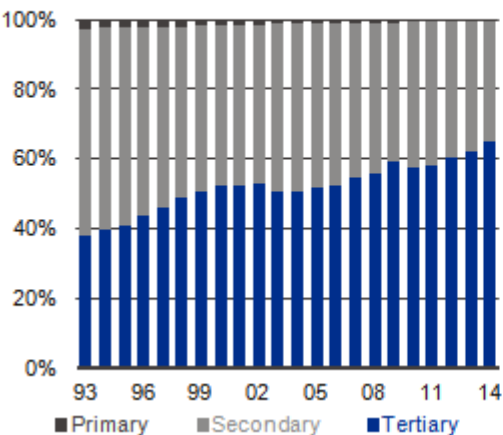
Shanghai GDP

Shanghai GDP (RMB 100m)

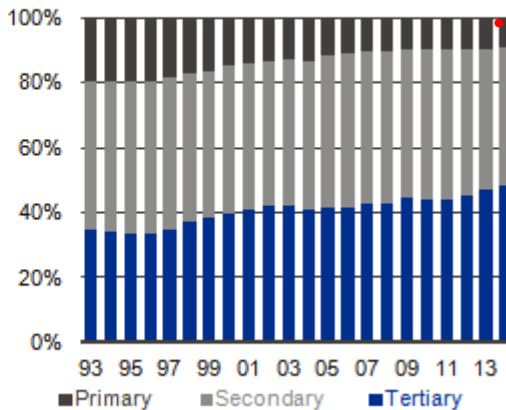


- Shanghai's GDP grew 7 % during the first half of 2015 to exceed USD188.68 billion.
- In 2014, 62.2% of Shanghai's GDP was attributed to services industries. The top 3 largest industries were retail and wholesale, financial services and real estates. Shanghai will focus on the development of financial services, logistics and cultural industries.
- Shanghai plays a key role in China's heavy industries. Heavy industries accounted for 78% of the gross industrial output in 2013. Baosteel Group, China's largest steelmaker, and Fosun Group, one of China's largest private steelmakers, are both located in Shanghai.

Sectoral composition of GDP Shanghai



Sectoral composition of GDP National total



Auto manufacture is another important industry and there are 4 directions for its auto industry: to develop its own car brands, to cooperate with Japan and Korea car companies, to accelerate the development of business use cars and to promote the auto parts and car service industries. Shanghai is also a leading producer of ethylene, plastics, microcomputers, ICs and mobile phones.

Shanghai GDP

- Shanghai is the commercial and financial center of mainland China.
- In 2013, GDP of Pudong New Area reached RMB 644.87 billion, comprising 29.85% of Shanghai's GDP. The utilized FDI in the area hit US\$5.03 billion, accounting for 30% of Shanghai's total. Pudong New Area has become an important financial and economic center in Shanghai.
- In 2014 GDP of the city grew by 8.0% from the previous year to RMB 2.36 trillion, ranking first among all the cities on the mainland China.
- Due to the high base level of GDP in Shanghai, the future GDP growth levels will likely drop below the national GDP growth average.

GDP by Regions

Region/100 m RMB	2014	2013	2012	2011	2010
Beijing	21,330.83	19,800.81	17,879.40	16,251.93	14,113.58
Shanghai	23,560.94	21,818.15	20,181.72	19,195.69	17,165.98
Tianjin	15,722.47	14,442.01	12,893.88	11,307.28	9,224.48
Guangdong	67,792.24	62,474.79	57,067.92	53,210.28	46,013.06
Jiangsu	65,088.32	59,753.37	54,058.22	49,110.27	41,425.48
Zhejiang	40,153.50	37,758.59	34,665.33	32,318.85	27,722.31
Sichuan	28,536.66	26,392.07	23,872.80	21,026.68	17,185.48

Shanghai, Beijing, Tianjin are municipal cities, others are provinces.

GDP Forecast

	2015	2016
GDP		
Nominal GDP (RMB bn)	2,941.2	3,283.4
Real GDP growth (%)	7.4	7.4
Expenditure on GDP (RMB bn)		
Private consumption	1,513.8	1,731.5
Government consumption	430.1	493.2
Gross fixed investment	806.8	855.1
Stockbuilding	171.4	185.4
Foreign balance	19.0	18.3
Population and income		
Population (m)	27.0	27.8
GDP per head (RMB)	109,040.0	118,232.0
Real wages (% change, y-o-y)	7.5	7.0
Prices		
Consumer prices (av; % change)	3.9	4.1
Producer prices (av; % change)	4.4	4.5
Foreign investment (USD bn)		
FDI utilised	20.4	22.5
External trade (USD bn)		
Exports (by location of producer)	284.4	307.5
Imports (by location of consumer)	348.5	382.6

Shanghai – a commercial capital

- Shanghai is the largest consumer market among all mainland cities, supported by the rising income level and large inflow of tourists. Shanghai consumers are also being viewed as trend-setters for fashion and lifestyle products among the whole country.
- Major foreign retail enterprises have established themselves including hypermarkets like Carrefour, Walmart, & Metro. Supermarkets and convenience stores are mainly local enterprises.
- Shanghai has strong distribution power in China, especially in the Eastern region and Yangtze River Delta.
- It is common for foreign brands to choose Shanghai as a point of entry into the China market before considering further expansion avenues.
- As of September 2013, Shanghai is also home to the largest free-trade zone in mainland China, the China (Shanghai) Pilot Free-Trade Zone. Because the Zone is not technically considered PRC territory for tax purposes, commodities entering the zone are not subject to duty and customs clearance as would otherwise be the case.

Economic Indicators	2013		Jan-Oct 2014	
	Value	Growth (% y-o-y)	Value	Growth (% y-o-y)
Gross Domestic Product (RMB bn)	2,160.2	7.7 ¹	1,660.7 ³	7.0 ¹
Per capita GDP (RMB)	90,092	6.1 ¹		
Added Value Output				
- Primary industry (RMB bn)	12.9	-2.9 ¹	7.2 ³	3.5 ¹
- Secondary industry (RMB bn)	802.8	6.1 ¹	610.2 ³	4.6 ¹
- Tertiary industry (RMB bn)	1,344.5	8.8 ¹	1,043.3 ³	8.5 ¹
Value-added Industrial Output ² (RMB bn)	677.0	6.6 ¹	597.6	4.7 ¹
Fixed-assets Investment (RMB bn)	564.8	7.5	451.2	4.9
Retail Sales (RMB bn)	805.2	8.6	720.4	8.7
Inflation (Consumer Price Index, %)		2.3		2.7
Exports (US\$ bn)	204.2	-1.2	172.2	2.8
- By foreign invested enterprises (US\$ bn)	136.7	-1.4	115.0	3.7
Imports (US\$ bn)	237.0	3.1	210.5	8.5
- By foreign invested enterprises (US\$ bn)	151.8	0.4	138.4	10.5
Utilized Foreign Direct Investment (US\$ bn)	16.8	10.5	16.4	10.0

Notes: ¹ In real terms ² For all state-owned enterprises and other forms with annual sales over RMB20 million
³ Jan-Sep 2014

Sources: Shanghai Statistical Yearbook 2014, Shanghai Statistical Bureau,
 China's Customs Statistics 12.2013, 10.2014

- A large number of secondary industrial zones:
 - Shanghai Hongqiao Economic and Technological Development Zone
 - Jinqiao Export Economic Processing Zone
 - Minhang Economic and Technological Development Zone
 - Shanghai Caohejing High-Tech Development Zone

Shanghai Trade & Cross-Border

Total Value of Foreign Trade Imports and Exports of Shanghai

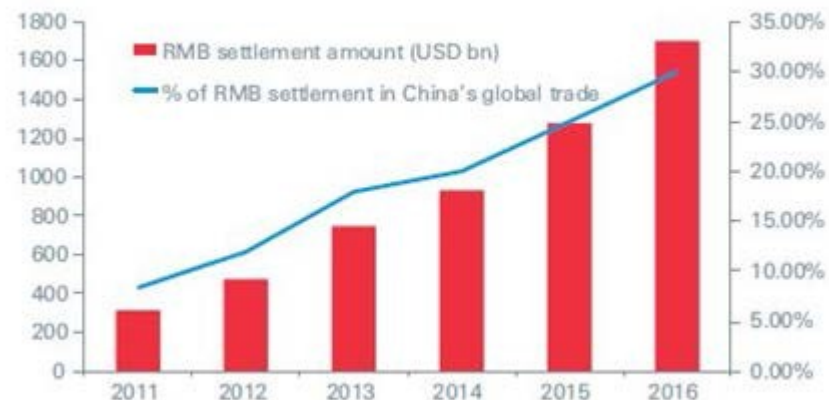
(2013)

USD 100 million

	Total Imports & Exports	Exports	Imports
Total	4413.98	2042.44	2 371.54
United States	733.84	506.50	227.34
Japan	550.79	249.09	301.70
Germany	275.70	67.09	208.61
Republic of Korea	239.02	62.12	176.90
Taiwan, China	220.16	57.91	162.25
Hong Kong, China	174.94	167.70	7.24
Malaysia	179.61	41.94	137.67
Netherlands	101.79	84.95	16.84
Australia	142.52	58.22	84.30
Italy	80.91	28.70	52.21

■ Since the beginning of 2013, the China FX option market has seen sizeable growth in three dimensions – turnover, option products' sophistication, and market participation.

RMB trade settlement volumes (forecast)



Source: PBOC

Total Value of imports and exports by regions (1,000 US Dollars)

Region	2014	2013	2012
Beijing	415,654,308	428,995,812	408,107,320
Shanghai	466,408,559	441,268,216	436,586,950
Tianjin	133,912,314	128,501,788	115,634,270
Guangdong	1,078,734,026	1,091,581,437	984,020,460
Jiangsu	563,761,399	550,802,269	547,961,490
Zhejiang	355,147,449	335,788,705	312,401,360
Sichuan	70,252,233	64,574,658	59,143,600

Shanghai Free Trade Zone

- **Shanghai Free-Trade Zone** (Shanghai FTZ or SFTZ), officially **China (Shanghai) Pilot Free-Trade Zone** is a free-trade zone in Shanghai, China. On 22 August 2013, the State Council approved the establishment of SFTZ. Officially launched on 29 September 2013 with the backing of Chinese Premier Li Keqiang, it is the first free-trade zone in mainland China. The zone covers an area of 120.72 square kilometres (46.61 sq mi) and integrates four existing bonded zones in the district of Pudong — Waigaoqiao Free Trade Zone, Waigaoqiao Free Trade Logistics Park, Yangshan Free Trade Port Area and Pudong Airport Comprehensive Free Trade Zone. Since 21 April 2015, Shanghai FTZ's areas are expanded, including Lujiazui Financial and Trade Zone, Shanghai Jinqiao Economic and Technological Development Zone (former Jinqiao Export Processing Zone) and Zhangjiang Hi-Tech Park.



- As announced by the State Administration of Foreign Exchange (SAFE) Shanghai branch on 28 February 2014, the Free Trade Zone will permit yuan convertibility and unrestricted foreign currency exchange, and a tax-free period of 10 years for the businesses in the area as a means to simplify the process of foreign direct investment (FDI) and facilitate the management of capital accounts.
- Under the new regulations, foreign invested enterprises (FIEs) registered in the FTZ may now make foreign exchange capital account settlements at their own discretion, as opposed to under the previous rules, where settlements were restricted to those deemed to be "actual needs" by SAFE. FIEs in the FTZ may also now open RMB special deposit accounts to hold RMB funds obtained from foreign exchange settlements, which may then be used to make payments for real transactions. However, restrictions still apply for using RMB funds for certain types of transactions.

Shanghai Free Trade Zone

- The zone cancels out a number of financial requirements for setting up a company in China, including the minimum registration capital of RMB30,000 for limited liability companies, the RMB100,000 minimum for single shareholder companies, and the RMB5 million minimum for joint stock companies. Moreover, under the FTZ's new capital registration system, foreign investors are no longer required to contribute 15-percent capital within three months and full capital within two years of the establishment of a foreign invested enterprise (FIE).
- Instead, shareholders of companies established in the zone may agree upon the contribution amount, form, and period of contribution at their own discretion. However, shareholders are still liable for the authenticity and legality of capital contributions and will be held accountable to the company within the limits of their respective subscribed capital or shares.
- In addition to these financial reforms, the FTZ also introduces a simplified procedure for foreign investors to establish a company in China. The "one-stop application processing platform" unique to the zone requires that all application materials be submitted to and handled by the Industry and Commerce Authority (AIC) in the zone. The relevant approval and filing procedures are then conducted via inter-departmental circulation, after which the various licenses and certificates (including the business license, enterprise code certificate, and tax registration certificate) are issued to the applicant(s) by the AIC.
- This means that applicants may obtain all the necessary documents for company establishment in one place, in contrast with outside the zone where applicants must run around between different authorities for the issuance of various certificates.
- According to the Shanghai Statistics Bureau, close to 10,000 businesses had registered within the FTZ as of June 2014. Among which, 661 were foreign-invested enterprises.



Yangshan Port



Zhangjiang Hi-Tech Park



Pudong Airport

Development of Shanghai international financial center

— Highlights in 2014

SHANGHAI has embraced a new era in building itself into an international financial center in 2014. Xinhua-Dow Jones International Financial Centers Development Index (IFCD Index) shows that Shanghai has ranked in the leading group of financial centers for the first time, under the same ranking of No. 5 with Hong Kong.

Launch of Free Trade Account (FTA) and regulations on financial reforms within China (Shanghai) Pilot Free Trade Zone (FTZ)

In 2014, the national financial administrative authorities have formulated 13 detailed guidelines, including the launch of FTA, to support financial reforms in the FTZ. By the end of October, around 6, 000 FTA accounts had been established, and the cross-border RMB two-way capital pool had witnessed as much as 49.9 billion yuan (US\$8.0 billion) of incoming and outgoing flows, including a 19 billion yuan in overseas loans. The RMB convertibility under capital account, RMB interest rate liberalization, RMB cross-border use, and foreign exchange administration have all been posing challenges to China's reforms and opening up of financial sector, and tackling with such challenges will be strategically essential to the construction of Shanghai International Financial Center, which has been driven vigorously by a series of reforms within FTZ.

Founding of New Development Bank in Shanghai

The Sixth BRICS Summit decided to establish the New Development Bank (NDB) with Shanghai as its headquarters in July, 2014, and NDB is the first international financial institution locating its headquarters in Shanghai.

The inauguration of NDB in Shanghai is likely to enhance the city's global influence as a financial center, further improve the internationalization of Shanghai finance, and provide precious experience and reference to other international institutions with plans to set up organizations in Shanghai. NDB will serve as a platform for Shanghai to interact with the international financial system, allowing Shanghai to play an increasingly important role within the system.

Shanghai Gold Exchange's Launch of International Board

The first overseas investors-targeted International Board for gold exchange within FTZ started operation on September 18, and the businesses with regard to transactions, delivery, and clearance have run smoothly so far. By December 25, the International Board has witnessed a transaction volume of 165 tons of gold, totaling 39.3 billion yuan (US\$6.3 billion). The operation of International Board is the first step to build Shanghai into a gold transit center in Asia, which will drive the RMB internationalization, support RMB convertibility under capital account, and enable China to compete for the gold pricing power globally. "Shanghai Gold" will stand as one of the three poles in global gold market along with "London Gold" and "New York Gold."

Direct trade between RMB and Euro, Pound, New Zealand Dollar, and Singapore Dollar

In 2014, China Foreign Exchange Trade System (CFETS) began to conduct direct trade between RMB and other key currencies in a row, following the suit of Japanese yen and Australian dollar. The business will facilitate the trade and investment of China and related parties by lowering exchange costs, and RMB cross-border use and internationalization will also be greatly propelled.

Kickoff of Shanghai-Hong Kong Stock Connect

Shanghai-Hong Kong Stock Connect came into operation on November 17, an iconic event in China's reforms and opening up of its capital market. The mechanism is to bridge China's inland market with global markets, inject growth momentum to the capital markets on both sides, and enhance the international influence of China's capital market. Thanks to the mechanism, RMB internationalization and convertibility under capital account and RMB onshore and offshore operations will be facilitated, promoting the construction of Shanghai International Financial Center.

Development of Shanghai international financial center

— Highlights in 2014

Inspired by the “New Normal” campaign of further reforms and transformation of economic growth pattern, Shanghai takes the leading role in financial reforms and innovations. Xinhua News Agency Shanghai Branch, China Financial Information Center, Xinhua 08 Shanghai Head Office, and China Business News have jointly released the Top 10 events in building Shanghai International Financial Center.

Trade of crude oil futures in Shanghai International Energy Exchange Limited approved

Shanghai International Energy Exchange Limited got approval from the China Securities Regulation Commission to conduct business of crude oil futures. Since China stands as the fourth largest oil producing country and the second largest one in oil consumption and import, maintaining a stable oil markets is essential to China’s energy and economy security. The kickoff of crude oil futures marks an important move in China’s internationalization of its capital market, and China will be a strong player in competing for the pricing power of crude oil within Asia-Pacific time zone.

Shanghai Clearing House starting centralized clearing business of RMB interest rate swap

Shanghai Clearing House started centralized clearing business of RMB interest rate swap in January. As an essential factor of the infrastructure in financial market, centralized clearing mechanism performed by central counter party will improve the efficiency and transparency of over-the-counter derivative market and mitigate systematic risks. The operation of centralized clearing business suggests that China has enhanced its intensive risk management capability in over-the-counter markets, and it is helpful to accelerate the liberalization of RMB interest rate.

Fast development of private financial business

In August, China Minsheng Investment Co., Ltd was founded in Shanghai, a milestone in the development of China’s private economy. The same year also witnessed that Shanghai Huarui Bank, the first private bank in Shanghai, and Shanghai Life Insurance Co., Ltd, the first private insurance company registered within FTZ, acquired approval for establishment.

The emergence of private financial institutions will motivate the momentum and vigor of private capital, strengthen China’s multi-level financial system, improve the efficiency of financial market, better serve the medium, small and micro-sized enterprises, and benefit China’s real economy.



Optimization of state-owned assets in financial sector

State-owned assets and enterprises in financial sector have embraced accelerating reforms in 2014, optimizing the integrated layout in financial industry, and international groups have taken a leading role in starting new operations. For instance, the city-owned insurance business, with China Pacific Insurance (Group) Co., Ltd. (CPIC) as a core player, has been wonderfully integrated. Anxin Agricultural Insurance Co., Ltd and Changjiang Pension Insurance Co., Ltd have been transferred to the CPIC's management system, and state-owned equity has been withdrawn from Dazhong Insurance Co., Ltd. The reallocation of state-owned capital in such business has shown that the government is trying to optimize its management of business and allow the state-owned enterprises to grow more vigorously under market mechanism.



Formulation of policies and measures encouraging capital market, modern insurance business and internet finance industry

In 2014, Shanghai government fostered an array of policies to encourage the development of internet finance, capital market, modern insurance business and cultural finance. The municipality has made relentless efforts in optimizing policies, constructing credit system, and improving supporting services to create a financial environment featuring internationalization, market-driven mechanism and rule of law. Thanks to such efforts, Shanghai has laid a solid foundation to achieve the goal of developing the economy with financial services and improving the quality and efficiency of economic growth by shifting development approach, enjoying the highest reputation of a open financial market, standard market operations, and perfect credit system.