Shenzhen: where the transformation of China began

8th Plenary Meeting, May 2017

The context

- In less than 30 years, Shenzhen experienced high-speed transformative development, which started when the city was set up as one of the country’s first special economic zones in 1980.
- Shenzhen’s industrial transformation and upgrading evolved in three phases:

Shenzhen in numbers

- Shenzhen transformed from a fishermen’s village of 30,000 inhabitants in 1970 to China’s third largest city with over 12 million inhabitants in less than 30 years.
- Shenzhen’s GDP grew by 9% in 2016, above the national average of 6.7%.
- Shenzhen’s population is very young, with over 90% averaging 34 years old.
- Shenzhen alone makes up over 10% of China’s exports.
- Shenzhen invests 4% of its GDP in R&D, while China invests 2.1% of its GDP in R&D and the OECD average is 2.4%.
- Most of the world’s consumer appliances are manufactured in Shenzhen and the surrounding Guangdong province.
- Over 200 of the world’s leading corporations are headquartered in Shenzhen.

www.oecd.org/dev/global-value-chains.htm
Shenzhen is bringing innovations to the market

From assembly to e-technologies

ZTE, founded in 1985 as a private company with state participation, started as an assembly factory of consumer electronics products. Today, it has grown into one of China’s telecom giants, employing 81,000 people and provides internet-based services and electronic devices. Through Big Data, it is helping Chinese municipalities better plan their infrastructure and public transport systems, and provides them with innovative real-time monitoring security services. ZTE invested more than 12% of its revenues in research and development in 2016, and is pointing to tap into the opportunities offered by 5G and artificial intelligence.

“Contact me on WeChat!”

This is what you hear most when in Shenzhen. Tencent was founded in Shenzhen in 1998 as a private company with 30 employees. Today it employs more than 30,000 people with an average age of 33 and provides web services and content — including emails and video games that actually account for 50% of the revenues of the company — to China, and increasingly abroad. The company’s popular WeChat messaging system, used by almost 1 billion people (73% of China’s population) has now been transformed into the world’s first one-stop platform, embedding multiple internet-based services ranging from mobility services, job searching, and bills payments to news reading. The company is looking forward, pointing to artificial intelligence as the main technology of the future, and is committed to increasing its penetration in foreign markets.

Foreign-trained talents are coming back to start innovative businesses

Appotronics was founded in 2004 by a Chinese engineer trained in Silicon Valley, with the idea of developing a new laser-based display technology. The company set up its operations in Shenzhen in 2008 thanks to incentives from the 1,000 Talent Programme, which offered incubation services to Chinese overseas wanting to start innovation-driven businesses, to Shenzhen’s pro-business and exports-oriented administration, and to the proximity with Hong Kong. The company started off with 10 employees and currently employs 1,000 people, 30% of whom are involved in research and development activities. The company is committed to lead in the laser light-source market, a technology with greater luminance, lifetime, cost and energy performance than traditional LED and bulb light source products. Leader of the Chinese market for laser displays, providing cinemas, homes and schools with frontier projector technology, the company sees exports as a key source of growth, and Africa is under their radar as a future potential market.