

Innovative Cities: Shanghai, China

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Over the past decade, Shanghai has evolved drastically into a city of innovation, talent and a success in attracting the members of the creative class and human capital to together develop for higher productivity and economic growth.



This emerging innovative city utilizes methods controlled by the municipal government to attract foreign ventures to particular development districts in clusters. A city able to attract and retain creative and knowledge workers and form regional agglomerations through a successful city structure is the key to Shanghai's global economic success. Shanghai's large group of talented and educated work force and excellent transportation facilities have also contributed to the city's renowned reputation for China's leading industrial center. Due to Shanghai's history of foreign establishment during their city development boom in the late 19th century, the city undergoes an inconsistent metropolis that still lasts today. The political separation caused diversity in the city's urban styles and development levels, especially between Chinese districts and foreign settlements, thus, recreating the city through toleration towards foreign investments and infrastructures that attract innovative people.

Since 1845, Shanghai was separated into three parts, International settlement, France Concession and Chinese District and 200 development zones were established. Each of these parts consisted of its own cultural background/ethnicity, administrative system and city development policies which were dependant only on its district's developing demands. In 1945, all foreign settlements were returned to China and the city began their "Great Shanghai Scheme" to redevelop the city's transportation system, development zones and city structure. (Lim, 2007) In 2000, the new Shanghai City Planning Scheme was passed. In order to become an international economic information and cultural center,

Shanghai's goal was to develop into a multi-center metropolis, a city having multiple patterns, cores and axes from central city, new sub center, center town to village. The ideas of sustainable development, environment protection and heritage conservation are emphasized in the Scheme. (DRIC, 2007)

Modern Shanghai was developed through an integration of both the Eastern and Western cultures thus creating a diverse and innovative economic environment of amenities and tolerance. The city provided a vast opportunity for foreign development investments (FDI) in manufacturing, service, real estate, hotels and entertainment to the global economy. (SSB, 2007) Within the last decade, Shanghai has managed to obtain 52.4 % of their FDI in manufacturing ventures. A significant number of major manufacturing companies such as NEC (NEC, 1999) , GM, IBM and Volkswagen contributed to Shanghai as key production and Research & Development centers for global production. Another cumulative amount of the city's FDI is dedicated to service, banking and financial vectors. During this period, 45 foreign banks including Citibank, Standard Chartered, Bank of America and HSBC are major sources of diverse inflow of investments from Japan, United States, France, Germany, Singapore and Hong Kong. (SSB, 2007) These banks provide important financial services to foreign firms in Shanghai. Most global marketers, fast food chains and foreign specialty stores such as McDonalds, KFC, Starbucks, Omega, and Haagen Daz have also established ventures in the city. (SSB, 2007) Their development brought about a rise in the real estate sector for the city's FDI. These major names create a diversity of FDI inflow and great potential for regional headquarters thus becoming the focus of regional agglomeration in the city.

Shanghai redeveloped its city structure with districts categorized by locational advantages with different investment emphasis to create clusters of companies, firms and creative people in their specialties. Attributable to determining the districts also include the physical proximity to main city areas, transportation access, revenue retention, project approval limits by the city's authority, as well as regional development and build-up. (SSB, 2007) While the Lujiazui finance and trade zone is intended for major financial institutions and regional headquarters for foreign firms, the rest of Pudong is the central manufacturing zone for major industries. The remaining suburban districts still contain the heart and soul of Shanghai's Chinese culture.



These areas are less developed, don't consist of large sources of energy, and preserve the cultural amenities of many years of history. In Yu Yuan and the Longtang houses (DG, 2007), a diverse level of professionals still value the culture that exists and these cultural and historic areas are landmarks for attracting tourists and creative people to experience the oriental culture within the vast city. Concentration of over 60 higher learning, research, and educational institutions are located in Puxi. Recently, IBM is working with the Shanghai Information Tech College (SITC) to strengthen the city's ability to attract high-tech businesses to the region, creating more jobs for the local workforce and facilitating the development of a world-class high-tech industry in Shanghai. The city has not only developed a foreign development investment capital but an accommodation of educational resource to attract knowledge and creative workers. (DG, 2007)

Shanghai is a city designed to create clusters of development zones, companies and innovative people. The active economic districts are under the central government's control. Deliberate policies such as project approval limits are higher in the Pudong district. (DRIC, 2007)



These special development districts are situated along the three major inter-provincial highway and railroads and land leasing, as well as local revenue are cheaper and favorable to foreign investors. Therefore, Shanghai consists of uneven economic growth and globalization amongst the districts and areas of agglomeration are determined by the government. The city was rebuilt as a project for innovation and economic growth utilizing the city's structure to maintain the environmental quality, enhance amenity, education, diversity and the interaction between clusters of creative people within the environment to work to produce higher productivity and economic growth.

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