A City's Legend

How Shenzhen evolved from a fishing village into a pioneering metropolis

Evolving from a fishing village, Shenzhen, in south China's Guangdong Province, is now one of China's megacities. It has been the country's fastest growing economy over the past four decades.

Shenzhen was set up as a city in January 1979, right after China adopted its reform and opening-up policy in December of the previous year. In 1980, it was upgraded to a Special Economic Zone (SEZ) along with three other coastal cities in south China, with the aim of making it a pioneer in exploring ways to carry out reform and opening up.

Huge transformation

When Wu Jinqing arrived at the Shenzhen River in a rowing boat with his parents in the 1940s, it was a desolate place with few residents along the river. In the 1950s, with the support of the local government, many fishing families who had lived on the river were moved up to the bank and settled down.

After Shenzhen became an SEZ, Yumin Village, because of its unique location as the closest place in Shenzhen to Hong Kong, was set up as a trailblazer in the city.

In 1979, with the preferential policies of the Shenzhen SEZ, people in Yumin Village organized transportation teams of freight ships and opened for business. Some entrepreneurs from Hong Kong started renting houses in the village and converting them into factories. The rent went straight into the villagers' pockets.

In 1981, it built villa-style apartments for villagers—luxurious for Chinese people at that time. It quickly became the wealthiest village in China, placing it in the spotlight ever since.

In 1992, it set up a stock company with every villager as a stockholder, making it the first village stock company in China. In 2001, the village demolished old buildings and constructed new residential compounds, 90 percent of which were used for renting, whose proceeds went directly to the villagers. A property management office was set up to manage the rental apartments.

"Life now is far beyond what I could have imagined when I was young," said 80-year-old Wu, who now works as a volunteer in the village. As the "walking history book" of the village, he loves to share his story with visitors. "Without reform and opening up, it is hard to say what my life would be like now," he added.

Pioneering spirit

The development of the Shekou Industrial Zone is another microcosm of the rapid growth of Shenzhen. The industrial zone took the lead in breaking many shackles and tried every possible way to develop its economy.

"Every step the pioneers took in the reform and opening-up process was full of risks," said Liu Wei, Deputy General Manager of China Merchants Shekou Industrial Zone Holdings Co. Ltd.

In the Shekou Museum of Reform and Opening up, launched in December 2017, there are two exhibition halls. One is about the history of the Shekou Industrial Zone, while the other is about Yuan Geng, dubbed the "father of Shekou."

"Yuan is a legendary figure," Liu said. "He was a fearless explorer and played a key role in estab-

The Qianhai bay area in Shenzhen, south China's Guangdong Province, on July 31, 2017

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lishing the Shekou Industrial Zone."

At the age of 61, Yuan was dispatched to south China to do research on possible development plans in 1975. After thorough investigations, Yuan concluded that to develop the economy, foreign investment had to be injected into China's economy. His proposal got a go-ahead from the Central Government.

Yuan chose a piece of undeveloped land in west Shenzhen, which covered over 12 square km and bordered the New Territories in Hong Kong, for an industrial district. He helped build it from scratch to attract overseas investment, aiming to fuse the advantages of cheap land and labor from the mainland with Hong Kong's funds and technology.

On July 2, 1979, the groundbreaking explosion demolishing the hills in Shekou became known as the "first explosion of reform and opening up." It made way for land construction to begin. Shekou, the test tube of the project, set out on a new experimental road.

As the leader in the reform campaign, Yuan conducted a series of bold experiments in the industrial zone and made 24 institutional reforms, including distributing wages and housing based on performance and merit, rather than according to official rank, a method that was commonly used in state-owned enterprises in China at that time.

Overcoming a variety of difficulties, Yuan established the China Merchants Bank, China's first joint-stock commercial bank, and Ping An Insurance, the nation's first joint-stock insurer. He also engineered the revival of the state-owned China Merchants Group, a conglomerate founded in 1872.

In 1982, there were more than 100 companies settled in Shekou. Many shopping malls started to spring up, with the first bonded area and the first duty-free shop in China all emerging.

"Shekou is very efficient," Lin Xiaojing, who has been living there for almost 50 years, said. "If a person wanted to set up a company, the application process was normally three months in other regions of the mainland. But in Shekou, it only took 10 days." This has made Shekou a magnet for business starters.

By 1992, Shekou had become an industrial kingdom worth over 20 billion yuan ($3.13 billion), and per-capita GDP had climbed to 32,000 yuan ($5,000), on a par with the Four Asian Tigers at that time.

Greener pastures

Some 30 years after Shekou took the lead in reform, Qianhai, a neighboring area, took the baton to expand and deepen reform.

On April 27, 2015, the Qianhai-Shekou Free Trade Zone was set up. Spanning 15 square km of newly reclaimed land on the western edge of Shenzhen, Qianhai is slated to become a large Central Business District (CBD) with a cluster of high-end offices, hotels, apartments and civic institutions when its development is completed by approximately 2020.

"Yuan Geng explored a new pattern for reform," said Zheng Hongjie, Director of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration. "Now we will explore new systems and institutions for future development." Institutional reform is the major focus. By June 2012, the State Council had approved 22 policies for Qianhai that were even more preferential than those for Shenzhen.

"It is an SEZ within the Shenzhen SEZ, which is very innovative in terms of policy, technology and financial services," said Wang Jinxia, Deputy Director of the Qianhai Management Bureau.

Legal innovation and financial reform have become the key to the zone's international recognition, and it has attracted companies from home and abroad. Hong Kong laws can be applied to settle economic disputes in Qianhai, which has been highly appreciated by Hong Kong enterprises.

The Qianhai zone has also offered preferential tax policies to overseas talent since 2013. Foreign professionals only have to pay a 15-percent personal income tax rate, while in other areas on the mainland, the amount is 45 percent. In addition, it only takes three work days to register a company in Qianhai, with an average of seven companies from Hong Kong settling in Qianhai on a daily basis.

Chen Sheng, a Hong Kong local, started his company in Qianhai in 2015, as one of the first batch of businesses in the zone. Within a year, the companies got 50 million yuan ($7.85 million) worth of financing. By 2017, they started helping China's brand to go abroad with their international networks.

Statistics show that the total added value by firms registered reached 203 billion yuan ($31.8 billion) in 2017, with a year-on-year increase of over 40 percent. As of the end of March, the zone had had a total of 168,600 registered companies, or an average of 88 new enterprises per day.

Dapeng New District, on the other hand, has a different goal from Qianhai's big CBD objective. It aims for a milder and greener image as the city shifts from high-speed to high-quality development with more focus on environmental preservation.

With an area of 294 square km and a coastline of 133 km, Dapeng New District is rich in marine resources and is a destination for diving enthusiasts. This is the only area in Shenzhen that is not evaluated by its GDP.

In the 1990s, companies with intensified energy consumption and pollution emissions populated the area. To restore the ecological environment, 184 such companies were shut down. Ninety-seven companies renowned for research in biomedicine, gene technology and marine organisms were set up, including the China National Genebank, the largest genebank in the world.

The government is not alone in ecological protection. Dive4Love, a non-governmental organization (NGO) initiated by a few diving fans, aims to protect the sea's coral.

The organization, now with more than 1,600 registered volunteers, set up classes on marine ecology in every primary school, middle school and high school in the Dapeng New District. By December 2017, the group had cleaned up 115,000 square meters of ocean and collected over 200 kg of marine debris.

There are 112 volunteer organizations in Dapeng New District, including the largest coral conservation team in the country. The volunteers in the district are from many countries including Australia, Indonesia, Malaysia and Thailand.

"We believe that with the collective efforts of various parties, Dapeng and Shenzhen at large can be greener and prettier," said Shen Xiaoming, one of the founders of Dive4Love. ■

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