

# Keeping momentum going

Lujiazui has been tasked with implementing innovative policies and attracting financial institutions by tapping opportunities presented by Shanghai Free Trade Zone, reports **Yu Ran**.

**T**wenty-five years ago, Pudong in Shanghai was all farmland and villages that no one was willing to move to. Since then, the area has been transformed into China's powerhouse, a vibrant international financial, shipping and trade centre known around the world.

Located on the east bank of Huangpu River, the area is home to the China (Shanghai) Pilot Free Trade Zone, which has been leading the country's reform and innovation by implementing national strategies such as development of the Yangtze River Economic Zone, exploring new modes of regional economic co-operation and creating a business environment under the rule of law.

Pudong has followed the national strategy set by the central government and focused on opening-up and innovative reform, which has enabled it to become a powerful engine, said Shen Xiaoming, director of the Shanghai Free Trade Zone management committee and Party chief of Pudong.

In April, the zone was expanded from 11 square miles to 46 square miles. One of the new areas was Lujiazui Financial and Trade Zone, which is home to some of China's tallest and most iconic buildings. Lujiazui has been given the mission of becoming a global financial hub.

At a seminar with officials from the Lujiazui administration bureau on July 27, Mr Shen said Lujiazui had to keep the current development momentum going and strive to be one of the best central business districts in the world.

"Lujiazui should implement innovative policies and facilitate the amassing of financial institutions by taking advantage of the opportunities presented by the Shanghai FTZ and Shanghai's emerging status as a global financial centre," said Sun Jiwei, head of Pudong district government.

About 680 financial institutions have settled in Lujiazui in the first half of this year, bringing the number of financial establishments in the zone to more than 3,000. It has also attracted a large number of emerging companies in fields such as private securities, equity investment, financial leasing and commercial factoring, paving the way for the development of the cross-border financial service industry. Within six months of becoming part of the free trade zone, 1,663 domestic and global projects launched in

Lujiazui with registered capital of more than 116 billion yuan (£11.9 billion), 83 per cent higher than the value of the projects launched over the same period in 2014.

To follow the Shanghai government's guidelines on speeding up the expansion of the free trade zone and the impact of Lujiazui in the financial field, authorities have been trying to attract more financial institutions and important functional platforms to form a more comprehensive financial market system.

Trading platforms such as the Shanghai Petroleum and Natural Gas Exchange and Shanghai Lujiazui International Financial Asset Exchange and bulk commodity exchange platforms such as the Coffee Exchange have been put into operation. More licensed financial institutions have shown a willingness to set up subsidiary companies after government departments have simplified the policies on supervision and approval procedures for launching subsidiaries.

"The arrival of those

**1,663**  
projects  
with registered capital of more than £11.9 billion launched in Lujiazui during the first half this year

institutions will attract talent and capital, further promote the upgrading of the regional financial market system and boost its core competence as a global financial hub," said Wang Hua, deputy director of Lujiazui Finance and Trade Zone Management Committee.

Martyn Parker, chairman of global partnerships at Swiss Re, said at the 2015 Lujiazui Forum on June 26 and 27: "Shanghai has the potential to become an international financial centre by tapping the massive prospects of the free trade zone. The city also has plans to establish the world's first insurance exchange."

He added that Shanghai would create more financial derivatives for trading, help insurers invest in long-term infrastructure projects and continue to develop a bond market to offer liquidity.

Accelerating co-operation between online businesses and financial services will be another focus for Lujiazui.

Lenovo, Wanda, Haier, Xiaomi and other well-known companies in various industries have set up internet financial



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Lujiazui became a part of the China (Shanghai) Pilot Free Trade Zone in April.

platforms in Lujiazui. The Industrial and Commercial Bank of China has separated its internet financial services to introduce a cloud financial service. Internet financial companies under leading banks such as Everbright have also been launched in the area.

"We aim to encourage traditional enterprises to set up online financial platforms to support financial institutions to get online, boost the efficiency and capability of the services

and help internet companies to get involved with financial business," said Mr Wang.

The upgrading of headquarters and the growth of private enterprises to form a global resource configuration in the zone has also been put into the long-term plan for Pudong.

By the end of last year, 372 companies had global or regional headquarters in Pudong district, including 229 multinationals. Mr Wang said the district, especially Lujiazui, is keen to

attract more multinationals to set up headquarters and expand their businesses, bringing with them talent and resources.

To support the expansion of local private companies, more policies and measures would be established to attract more top 500 companies to settle in Lujiazui. "These previously small and medium-sized private enterprises have become key players, bringing innovation and financial development into the region," added Mr Shen.

# Wooing company HQs to improve competitiveness

By **LI YANG**

The Lujiazui administrative committee said it has attached great significance to the development of a headquarters economy in Lujiazui Financial and Trade Zone.

The area is one of the most important strategic points on Pudong's economic map. In recent years, under the Focus on Lujiazui strategy, the region's administrative committee has regarded the healthy development of a headquarters economy as an important means to transform Lujiazui's economic growth model and improve its international competitiveness.

Shanghai city government started encouraging transnational enterprises to set up regional headquarters in the city in 2002. Since then, with its unique advantage as a pioneer of China's reform in finance, economy and trade, the Pudong district government has piloted a series of measures to create a favourable business environment to attract corporate regional headquarters.

The corporate headquarters Lujiazui has welcomed include those of international companies, financial institutions, state-owned enterprises and domestic private enterprises.

The headquarters economy has been taking up an increasingly bigger proportion in Lujiazui's economy. According to the administrative committee, by the end of June Lujiazui had attracted more than 300 agencies with the functions and characteristics of corporate headquarters. Currently, the region contains 86 regional headquarters of trans-national companies, 39 of investment companies and 47 of management companies.

Lujiazui Financial and Trade Zone is still expanding rapidly, partially to seek enough space for the further development of its headquarters economy. There are 27 large infrastructure construction projects ongoing in Lujiazui, with a construction area of one million square miles, including the Shanghai Tower, Shanghai International Financial Center and Century Metropolis. These buildings, once completed, will be

available as regional headquarters of financial institutions, international companies and large-scale domestic enterprises.

In six meetings with representatives from enterprise early this year, the Lujiazui administrative committee showed its strong desire to gather suggestions from entrepreneurs on how to improve its work. The enterprises said they hoped the government would further simplify its procedures, improve efficiency and grant businesses more freedom and space.

"The government should transform its functions to better serve the development of the free trade zone," said Shen Xiaoming, the Party chief of Pudong district, after a recent inspection of the area. "Lujiazui should create an international and rule-of-law business environment and improve its financial services functions, so as to become an important point in the allocation of global resources."

A headquarters economy is an economic model that evolves along with the development of business areas and a central business district. The aggregation and scale effects of economic resources and factors in telecommunication, transport, finance and logistics in an area increase the efficiency of economic activities and innovation.

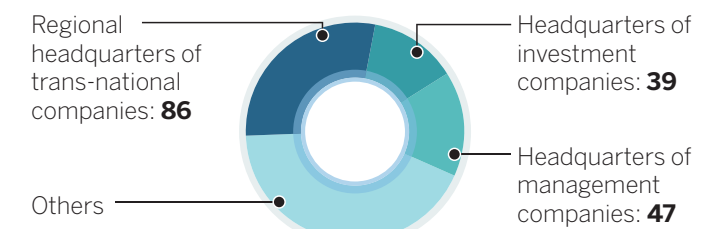
Shanghai started relocating advanced manufacturing industries that transferred from Japan and the other developed regions in Asia in the 1990s after the central government earmarked Pudong as a new district to experiment with reform and opening-up policies.

After Shanghai city government took the lead among cities across China in making a headquarters economy an important development strategy in 2002, foreign companies started transferring their regional headquarters as well as research and development centres to the city.

The Golden Corridor, from Lujiazui in the east to Xujiahui and Hongqiao in the west of Shanghai, accounts for more than 70 per cent of the city's headquarters economy.

## Headquarters economy

372 agencies with the functions and characteristics of corporate headquarters



Source: Lujiazui Administrative Committee

SU JINGBO / CHINA DAILY

# Developing culture and arts to attract more global talent

By **WANG HONGYI**

Lujiazui, a fast-moving financial hub in Shanghai, has identified a path for even more success. In addition to watching the rise of numerous new skyscrapers and encouraging a buoyant economy, the area's administrative committee has been actively working on the development of culture.

Home to more than 3,000 international and domestic financial institutions and companies, Lujiazui has about 470,000 white-collar workers concentrated in an area of 0.6 square miles.

How to create a rich cultural atmosphere and provide a varied cultural life for these workers, a well-educated group with decent incomes and refined tastes, has long weighed on the

minds of officials.

In recent years, the Lujiazui administrative committee has strengthened its efforts to improve the cultural environment, including introducing key projects to promote the development of the cultural industry and organising a series of cultural activities and events.

This year, the first singing contest for white-collar employees, Voice of Lujiazui, was held and attracted a large audience.

Administrators also worked with the Shanghai Symphony Orchestra and Shanghai Light Music Orchestra to stage performances in office buildings.

White-collar workers in Lujiazui can even enjoy concerts or art lectures by professional arts groups during their lunch breaks.

According to the administrative



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A concert in one of the office buildings in Lujiazui, held to enrich the cultural lives of local employees.

committee, more cultural spaces will be created. For example, a multifunctional hall with 1,000 seats will be built on the second floor of the 2,073ft Shanghai Tower, the tallest skyscraper in China. A 360-degree interactive video experience area will also be created in the Oriental Pearl Tower.

"Some small theatres, libraries and book corners will be established in parks and office buildings in Lujiazui. In addition, we also talked with surrounding commercial buildings and exhibition venues such as the Super Brand Mall and Shanghai International Convention Center to rent space to hold future cultural events that will enrich the lives of white collars in this area," said Tan Shu, an official responsible for large public events with the Shanghai Administration of Culture,

Radio, Film and Television.

The Lujiazui administrative committee said it would enhance support to arts groups and cultural projects in office buildings, including a reading club and Ernst and Young choir, with the aim of cultivating a collection of high-quality artists.

Another highlight of the second half of the year was the Lujiazui Financial Centre Cultural Festival, while a series of themed activities will be held, including a Lujiazui choral festival, outdoor arts festival and financial centre white-collar poetry party.

Lujiazui is the showcase of China's financial industry with the highest concentration of financial institutions. It is also a charming metropolis hub with prosperous culture that suits the Lujiazui financial centre, according to local officials.