

## СЕКЦІЯ ІІІ. СУЧАСНА МОДЕЛЬ СОЦІАЛЬНО-ЕКОНОМІЧНОГО РОЗВИТКУ КИТАЮ

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### ZONING AND INSTITUTION INNOVATION BACKUP OF SHANGHAI PUDONG SEZ CONSTRUCTION

**Key words:** reform and opening up policy, zoning, institution innovation, urban development.

The city of Shanghai has undergone a significant transformation in the aftermath of the economic reforms initiated in 1978. Nonetheless, the initial measures to establish the earliest SEZs were initiated back in the late 1970s in the period immediately preceding the economic reform. However, at that time, the economy was still operating within a non-market, command-administrative framework.

To fulfill the development objectives set by the central government and its own urban needs in early 1990s, Shanghai began to develop and construct the Pudong New Area SEZ there. As a comprehensive SEZ, the Pudong New Area consists of export processing, financial development, bonded zones, new and high-tech industrial parks, clusters, FTAs, free trade ports and the like. Thanks to its strategic location, good management, diversified industries and various preferential policies, the SEZ became the core zone of social and economic development and policy innovation in Shanghai from its establishment. However, at the beginning the construction of the Zone occurred in the absence of an adequate state-level legislative framework to

address the regulatory issues necessary for this purpose. These issues encompassed various domains, including foreign investment, currency and customs control, land use, stock market, real estate, and international transport, among others.

The establishment of such urban development transition mechanism was achieved through the zoning and integration process [1].

The concept of zones is an integral element of the transition Shanghai economy to market via zoning. The SEZ was considered one of the first economic innovations in Shanghai city's regional policy, with the help of which reform ideas of the Chinese leadership (primarily Deng Xiaoping) and the country's leading economists of the older generation (Sun Shangqing, Wu Jinlian, Ma Hong) were tested. In 1983, following the establishment of SEZs and open cities across China under reform and opening up policy the Shanghai municipal government officially set up the Minhang Development Corporation to initiate the establishment of the Minhang Development Zone and Hongqiao Development Zone. In 1984, the government established the Caohejing Electronic Industrial Zone, and in 1985, it founded the Shanghai Hongqiao United Development Company to oversee the structural transformation through free trade zones [2].

They were granted many preferential policies from both the central and the local government in matters of land and infrastructure utilization, as well as taxes and the like. Since the 1990s, these three zones named above not only maintained their economic growth and yielded fruits in institutional innovation, but also underwent transformation and diversified development in their spatial structure. It made them one of the pillars supporting the social and economic development and the reform and opening up of Shanghai. At that time, the location of reform and opening up in China formed a T-shaped pattern, along the coast from south to north and along the Yangtze River from east to west. Located in the center of this T-shaped pattern, Shanghai was in a strategic position to lead the whole country economically. More space was needed for its further development if it was to become an international metropolis and Yangtze River Delta urban agglomeration integrated with the world economy [3].

The Shanghai Hongqiao United Development Company (hereafter referred to as the 'Company') and the Minhang Development Group (hereafter referred to as the 'Group') are the institutional innovation leaders responsible for structural transformation through the three zones. Their performance has the following major practical applications for urban development in Shanghai.

*Table 1*

**Main practical applications for for Shanghai urban development  
via zoning**

<p>The first : the integration resources and streamlining assets</p>	<p>Since 1990s the Company and the Group were focused on integrating resources and streamlining assets, combining their strengths and embracing innovation in order to establish a robust platform for future development. They were seizing the opportunity presented by integration to actively reform and innovate. At the asset level, they are comprehensively streamlining the assets of each zone to maximise synergy and integration.</p> <p>At an industrial level, the Company and the Group are promoting integration and interaction, with a gradual concentration of headquarters-oriented enterprises in the Hongqiao Development Zone and production-oriented enterprises in the Minhang Development Zone. This provides companies with services across the entire industrial and value chains, effectively reducing internal operating costs.</p> <p>With regard to the attraction of investment, the Company and the Group facilitate the integration of resources, thereby effecting an expansion and enrichment of the development zone's product line. They offer integrated solutions that encompass R&amp;D and design, factory customisation, business offices, and corporate headquarters. Moreover, the utilisation of the real estate group's land resources has resulted in a substantial enhancement in investment opportunities. Since the Group's establishment, it has attracted several key projects, including the regional headquarters and sales centre of Italy's Perfetti Group, Axalta's R&amp;D centre of the United States, and the Internet of Things Centre of the Chinese Academy of Sciences.</p>
<p>The second: the implementation of strategy of "district-to-district cooperation and brand linkage"</p>	<p>The Company and the Group have implemented a strategy of "district-to-district cooperation and brand linkage" with a view to continuous expansion of development space and implementation of a "going global" strategy. They are pursuing a multifaceted approach to investment promotion, one that is characterised by a departure from the conventional, relatively insular and self-contained model. This strategic realignment is underpinned by a commitment to forge robust partnerships with internationally esteemed intermediary consulting firms. These collaborations are driven by a market-oriented and professional ethos, with a focus on initiatives such as the establishment of innovation centres, the promotion of high-end manufacturing, and the development of mobile internet. This will promote brand development on a global scale, leveraging its competitive advantages in branding, investment, management, and capital. The provision of brand</p>

	<p>rights, the sharing of management experience, capital operations, and human resources will facilitate collaboration with other regional developers in integrated development. For instance, the focus will be on the promotion of the Minhang Development Zone West District, a collaborative development project with the Minhang Maqiao District, and district-to-district cooperation with the Jinshan Zhujiang Industrial Park. Secondly, it is imperative to expand our global presence. The Company and the Group engage in a collaborative relationship with Singapore's Ascendas Group, adopting a complementary model of "resource and industrial community investment and management." This approach involves the innovation of a "fund + industry + base" industrial community development model. The establishment of a "smart industrial community" that integrates entrepreneurship and innovation, scientific and technological research and development, and commercial and residential facilities represents a concerted effort on the part of the Company and the Group to align with the prevailing development trends in the field of industrial intelligence. This initiative is underpinned by a five-pronged industrial development concept, encompassing the domains of government, industry, academia, research, and capital. The two programmes are designed to introduce industrial functions, promote industrial-urban integration, and comprehensively advance urban renewal.</p>
The third: boost science and technology innovation	<p>The Company and the Group were first centered and engaged in the construction of the Shanghai Science and Technology Innovation Centre, in response to the national call for "mass entrepreneurship and innovation". In collaboration with Shanghai Jiao Tong University and the Minhang District People's Government, the Company has established the "Bay Zero – Global Innovation and Entrepreneurship Cluster" (abbreviated as "Bay Zero"). It is evident that the two entities leverage the distinct advantages inherent in the concentration of intellectual, technological, information, and other resource capital. They seamlessly integrate the original Cangyuan Science and Technology Park within a market-oriented framework. This integration is achieved through park linkage, capital grafting, and operation management. The Minhang and Hongqiao Development Zones have been selected to oversee the implementation of high-growth and innovative projects and industries. The objective of this initiative is to establish a unified and integrated maker space for the Minhang Development Zone and the Hongqiao Development Zone. Zone [2].</p>

In a comprehensive spatial reform of the urban economy in terms of zoning and institutional backup is approaching completion. The most significant outcome of this transition is the shift from the labour and material-intensive traditional economy to a market-driven economy characterised by high-tech and knowledge-intensive production.

With the global economic slowdown and China's rebalancing of its economic development model, it was important to promote the high-end services sector through further economic reforms. Shanghai was again chosen as a test ground for this new development model. Establishing the Shanghai Pilot FTZ in 2014 was a necessity in order to face the new global economic challenges, deepen reform and opening up, gain experience for China's industrial upgrading, deal with the "new normality" and promote Shanghai to become an international economic, finance, trade and shipping center [3].

Since 2024, the Zone implemented a series of policies, pushing forward high-quality development and maintaining overall economic stability with progress, though facing multiple challenges.

According to unified GDP calculations, in 2024 Pudong achieved a regional GDP of 1.77 trillion yuan (\$245 billion), up 5.3 percent year-on-year. Industrially, Pudong's output value surged in sectors such as semiconductors, IT, new energy automation, AI R&D, key digital equipment manufacturing, and innovative pharmaceuticals all witnessed robust expansion. Investment turned more active, with total fixed asset investment up 5 percent. Notably, urban infrastructure investment soared 22.2 percent. [4,5].

Overall, Pudong's economy demonstrated resilience in 2024-2025, leading Shanghai's development. Looking ahead, Pudong New Area SEZ aims to deepen reforms, expand opening-up, and advance high-quality development, contributing to Shanghai's international metropolis status [4].

In the subsequent period up to 2035, the city will prioritise the consolidation of the foundational role of scientific and technological innovation, whilst concurrently promoting the profound integration of innovation in science, technology, and industry via suitable zoning and institution innovation measures.

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## **TRANSFORMATION OF THE CHINESE MODEL OF INNOVATIVE DEVELOPMENT: INSTITUTIONAL FOUNDATIONS AND GEOPOLITICAL IMPLICATIONS**

**Key words:** innovation system, state capitalism, economic transformation, technological sovereignty, global economic relations, geopolitics, international competitiveness, China, post-globalization.

The transformation of China's innovative development model represents one of the most significant phenomena of the post-globalization era, reshaping both the global balance of economic power and the institutional logic of modernization. Against the backdrop of the weakening of neoliberal globalization, the Chinese experience reveals the emergence of a new