



## Shenzhen

**Can China become an innovation-led, high income country? Shenzhen, a Prefecture-level city bordering Hong Kong SAR, provides some answers.**

1. In 2014 Shenzhen's per-capita income was RMB149,497, or \$US24,259.<sup>1</sup> In Nanshan district, described by Bloomberg as the technology heartland of Shenzhen, it was \$49,730.<sup>2</sup> This compares with:

- The World Bank threshold for classification as a high-income country in 2014 of \$12,735.<sup>3</sup>
- OECD countries such as Portugal: \$22,132 and Korea: \$27,971.<sup>4</sup>
- Hong Kong SAR: \$40,170 and Singapore: \$56,285.<sup>5</sup>

2. Previously known as a low value-added manufacturing hub, in 2014 the services sector accounted for 57.3 percent of Shenzhen's GDP.<sup>6</sup>

3. In 2014 Shenzhen displaced Hong Kong SAR to become ranked as Greater China's most competitive city. Hong Kong SAR had previously held the top spot since 2005.<sup>7</sup>

4. In 2015 Shenzhen was named as a global top five start-up hub for the future by US

magazine Inc., a publication focusing on small and medium fast-growing businesses.<sup>8</sup>

5. In 2014, research and development expenditure accounted for 4.02 percent of Shenzhen's GDP.<sup>9</sup> In Hong Kong SAR it was 0.74 percent.<sup>10</sup>

6. In Patent Cooperation Treaty applications, Shenzhen hosts five companies that rank in the top 50.<sup>11</sup>

7. Shenzhen now serves as the global headquarters of leading manufacturing and tech companies including:<sup>12</sup>

- Tencent, which has over one billion monthly active users across its desktop platform QQ and mobile instant message app Wechat.
- Huawei, the world's largest telecommunications equipment manufacturer.
- BGI, the supplier of 50 percent of the world's gene sequencing capacity.
- BYD, the world's largest supplier of rechargeable batteries.
- DJI, which produces 70 percent of the world's civilian drones.

<sup>1</sup> GDP in RMB is from CEIC database. This is converted to \$US using a period average exchange rate of 6.1625.

<sup>2</sup> <http://en.xinhuanet.com/html/Economies/Regional/2015/59099.shtml>

<sup>3</sup> <http://www.bloomberg.com/news/articles/2015-05-11/the-little-village-that-could-shenzhen-set-to-surpass-hong-kong>

<sup>4</sup> <http://data.worldbank.org/about/country-and-lending-groups>

<sup>5</sup> <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

<sup>6</sup> CEIC database

<sup>7</sup> <http://www.scmp.com/news/hong-kong/economy/article/1797971/shenzhen-knocks-down-hong-kong-take-top-spot-chinas-ranking?page=all>

<sup>8</sup> [www.inc.com/magazine/201503/greg-lindsay/pushing-the-boundaries-global-cities-photo-essay.html](http://www.inc.com/magazine/201503/greg-lindsay/pushing-the-boundaries-global-cities-photo-essay.html)

<sup>9</sup> [http://europe.chinadaily.com.cn/business/201508/31/content\\_21755380.htm](http://europe.chinadaily.com.cn/business/201508/31/content_21755380.htm)

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<sup>11</sup> <http://www.censtatd.gov.hk/hkstat/sub/sp120.jsp?tableID=207&ID=0&productType=8>

<sup>12</sup> [http://www.chinadaily.com.cn/regional/2015-07/25/content\\_21466054.htm](http://www.chinadaily.com.cn/regional/2015-07/25/content_21466054.htm)

<sup>13</sup> <http://www.scmp.com/lifestyle/technology/enterprises/article/1765430/top-5-tech-giants-who-shape-shenzhen-chinas-silicon>