

Investment Law that took effect on January 1, 2020. It was also applied in the second-phase China-South Korea FTA talks last year, and negotiations of RCEP.

“Before Shanghai set up China’s first ‘negative list,’ for many years we followed a management mode of ‘positive list plus national treatment after-ward,’” Yin explained.

“Shanghai set up this mode of ‘national treatment before-hand plus negative list,’ which basically formed this new management concept that foreign entities are freely able to enter China’s market in the fields which are not prohibited or restricted by the ‘negative list.’”

The “negative list” was also shortened a few times, from the initial 190 in 2013 to the current 31 around the country and 27 inside the FTZ, with basically nothing banned in manufacturing industries.

Canadian businessman Tony Zheng, who set up two companies in Shanghai’s FTZ between 2015 and 2018, recently returned for a business trip that included the Lingang Special Area, the latest expansion added to the FTZ in 2019.

“You young kids don’t know how difficult and tedious it was back then. I heard about the free trade zone way back when some local government officials told us at one of those investment conferences that a lot of red tape would soon be cut,” Zheng, who specializes in matching Chinese manufacturers and North American machinery companies looking for specific or tailor-made parts, told Shanghai Daily.

Initially some of the products required complicated paperwork, which was gradually relaxed, and Zheng hopes it can be even easier.

“What I can clearly remember is the much shorter time to set up a company compared with before, and obviously fewer documents, and later partially going digital, to file for different products. My staff here had to run to a lot of different bureaus to get the files for one product, and rules were

not clear,” he recalled.

“I heard it’s faster and easier now, but I hope it gets even better, especially in a time of global economy downturn. You want trade and people to keep flowing both ways to reduce misunderstandings and help with relations.”

That is part of the reason the retiring businessman came back to China recently to experience the business environment of a few new investment hot spots, including Lingang, where American new-energy auto giant Tesla’s Shanghai Gigafactory is located, with a new megafactory to produce super-size commercial energy storage batteries under construction.

It shocked the world when Tesla started delivering locally produced Model 3 sedans less than a year after groundbreaking from scratch in 2019.

‘Shanghai Service, Lingang Speed’

Rather than an exception, it became a model case where the Lingang administration hoped to “systematically repeat the approval procedure of Tesla and build a better business environment through landmarking projects,” as stated in a file the administration released in 2020.

“Tesla is a very typical case of ‘Shanghai Service, Lingang Speed,’ or the continuously optimizing business environment in China,” Yin pointed out.

“Behind that record speed is a series of institutional innovation implemented by Shanghai to improve the business environment. For example, Tesla became the first foreign car company to have a wholly owned new-energy manufacturing operation in China, because the country previously removed ownership restrictions for foreign automakers.”

Yin added that service-focused special working groups were also set up to help companies with issues — from getting faster approval to matching their financing



The FTZ has largely cut red tape especially for foreign business and foreign talent.
— Jiang Xiaowei

needs with commercial banks, and sourcing for required specific machinery and human resource.

The experience was also integrated into Shanghai’s Plan 6.0 for a better business environment that was released in April 2023, intended to make the Tesla processing speed a regular feature.

“Though far from downtown, it (Lingang) has a kind of high-tech valley environment with a lot of entrepreneurship,” said Dr Bai Yunfei, deputy general manager of Shanghai H-Rise New Energy Technology located in Lingang.

“The administrators are quite helpful in providing services and to recommend us when possible, and we also try to help other smaller companies in the hydrogen energy industry.

“We are really excited about our own technology, which already has a rather mature commercialized model, and the overall hydrogen energy industry, which will greatly benefit from the new policies, breakthrough in technologies, enhanced safety and lowered price in the near future.”

The company was born out of a micro-manufacturing research group at Shanghai Jiao Tong University, specializing in research and development as well as manufacturing technology of core materials and core components for high-power stack with nearly 200 patents. The products are mainly used in the hydrogen energy and fuel cell industries.



The International Data Port explores new measures for international data cooperation.
— Ti Gong

“Sometimes you are amazed by the speed of Shanghai,” Bai said, recalling that the area was relatively new when he first visited in 2018 or 2019.

“But the administration already had a hydrogen tech valley in mind for a while, and provided many good policies and measures to reduce costs.”

About a 90-minute drive from downtown Shanghai, Lingang is often described as “the furthestmost away from Shanghai and closest to the world,” referring to its many attempts to integrate with international standards.

Shanghai’s International Data Port, set up in Lingang in August 2020, will soon move to the city’s global digital harbor, or the information “flying fish,” named so because the harbor currently under construction is shaped like fish.

Information ‘flying fish’

It is the city’s latest attempt to explore cooperation in international data and to boost digital trade. The International Data Port, a company specializing in tailor-made solutions for enhanced data flow, has been experimenting with measures that were not previously allowed or known.

“We really strive for a balance between security & controllable and convenient & highly efficient,” said Li Jing, general manager of the data port.

“Laws, rules and standards related to data flow still differ around the world, but at the same time it is highly in demand, which is why we have

been exploring and opening some doors in the free trade zone.”

That attempt also ties with the FTZ’s future plan to further open up and innovate on a more international level, serving national strategies like the Belt and Road Initiative and the integration of the Yangtze River Delta region while adhering to international benchmarks and “highest standards and the best level.”

“Shanghai is the most open city in China, with a cluster of international headquarters, organizations and platforms,” Yin noted.

“So the Shanghai FTZ also has the capacity and should have the intention to pioneer further institutional innovation in rules, regulations, management and standards.”

The Digital Economy Partnership Agreement (DEPA), according to Yin, is a good start. China has set up a working group to work with DEPA members to join the agreement.

“It is a rational and practical choice for the Shanghai FTZ to first adhere to DEPA,” Yin concluded.

“The Shanghai FTZ is one of the most advanced areas in China in terms of the digital economy, digital trade and digital innovation, with a well-rounded innovation chain and industry chain, as well as big players in this field. So it’s ideal for undertaking stress tests to accumulate effective experience, provide Chinese version of digital rules, etc.”