

Beijing Launches Plans for Shenzhen to Become World Hub, in Apparent Bid to Replace Hong Kong

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Beijing has released a new policy laying out its ambitions for [Shenzhen](#) City—located in Guangdong Province just across the border from [Hong Kong](#)—to become a world-class tech innovation city.

Media in Hong Kong are theorizing that it signals the Chinese regime’s intention to replace the city as a major financial hub.

The timing coincides with Chinese state media and the Hong Kong government’s recent statements [admonishing Hong Kong protesters](#), and accusing them of disrupting the city’s economy as they stage mass demonstrations calling for a controversial extradition bill to be withdrawn.

New Policy

[China](#)’s cabinet-like State Council [released](#) the policy on Aug. 18, in which it set the target for building Shenzhen into an “international innovation city” by 2025, a “model for the modernization of socialism” by 2035, and a “global benchmark city with competitiveness, innovation, and influence” by 2050.

To reach these targets, Beijing plans for Shenzhen to become the center for research and development in 5G telecommunications, artificial intelligence (AI), biomedical laboratories, and more, according to the document. Specifically, authorities will set up a new state-run institute for biomedical research called the Academy of Medical Sciences.

Beijing also plans to integrate the financial markets in Shenzhen, Hong Kong, and Macau. The Chinese city will then “open up foreign currency management” and lift some barriers to foreign investment. Currently, China has strict allowances on how much Chinese and foreign companies can exchange into foreign currency, and limits the percentage of foreign ownership at joint-venture firms.

Finally, Shenzhen will seek to attract foreign experts and talents by making it easier for foreigners to obtain residency visas, which would, in turn, allow them to become legal representatives of companies in China.

The document includes a section on the social credit system, explaining that the city would establish a “center for big data for the Guangdong Province, Hong Kong, and Macau area.”

Since 2014, Chinese authorities have begun rolling out a [social credit system](#) to monitor citizens’ activities, including online purchases and daily behaviors in public spaces, and

assign them a “trustworthiness” score. Individuals with bad credit scores are banned from public services, such as boarding a plane or buying a train ticket.

Similar to Guangdong provincial government [policy guidelines](#) released in July, the Shenzhen plan alludes to a social credit system for Hong Kong and Macau, although Hong Kong officials have [denied](#) that such plans exist.

The new policy hints at Beijing’s desire to turn Shenzhen into a financial center capable of replacing Hong Kong, but an [analysis](#) by the Hong Kong Economic Times noted that would be difficult to accomplish, owing to Hong Kong’s flexible financial system and more complete legal and regulatory systems.

Analysis

David Xia, a Chinese economist and visiting researcher at the U.S. think tank Cato Institute, holds a similar view.

“Whether it’s Shenzhen or [Shanghai](#), a precondition to replacing Hong Kong is that the city must have a free and open society that can protect human rights, rule of law, and does not have any controls on foreign capital and speech,” Xia said in an Aug. 19 interview with The Epoch Times. “Without this precondition, any plan will not succeed.”

He added that Hong Kong’s guaranteed freedoms make the city a favorable investment environment, unlike mainland Chinese cities, where businesses must toe the Chinese Communist Party’s line.

Xia added that should the Party wish to achieve a Hong Kong-like free market system in Shenzhen, it would have to implement “one country, two systems,” the framework by which Hong Kong retains its autonomy despite Chinese sovereignty.

Meanwhile, U.S.-based commentator Jie Sen noted that this policy is a rare declaration from the Party that it wants to “demonstrate to the world that socialism can build the best city in the world,” Jie told The Epoch Times. “This is an ambition it has not displayed before.”

He believes that the timeline outlined in the Shenzhen policy is an indication of China’s greater plan for its socialist economic system to dominate the world.

On Aug. 20, the Shanghai government [published](#) a similar policy to Shenzhen’s, announcing a new “free trade zone” in the Lingang area, with easing of restrictions on residency visas, favorable tax policies, and more.

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