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## Focus

The Bank of Communications is a comprehensive national commercial bank parallel to the other specialized banks in China. It is different from the others in; its operation in a shareholding system; its setting up institutions beyond the administrative districts; and its businesses being developed both in financial and non-financial operations providing various financial services for enterprises. Thus, contacting with various enterprises, promoting economic cooperations, breeding enterprise blocs and supporting the economic development and opening of both big and medium cities to the outside world become the emphasis of our banking service.

That is why the development of Pudong already in a substantial starting stage will not only score positive effects to the development of economy and opening to the outside world of Shanghai, the Yangtze Valley and even the whole of China, but also bring about new possibilities of the Bank of Communications with its Head Office in Shanghai. Taking part and promoting the development of Pudong is the objective requirement of China's opening to the outside world, and it also meets the service aim of the Bank of Communications. The Bank of Communications should be and also is able to enjoy its special advantages in this new era of developmental construction.

Earnest efforts on real work is the service principle of the Bank of Communications. It goes without saying that the Bank will go all out in the development of Pudong. The setting up

of the Foreign and Taiwan Investment Consulting Service Department in the Shanghai Branch is just one of the examples. In recent months, a stream of investors from at home and abroad came to contact and talk with the Department on investment in Shanghai, and the Department has been playing an important role in attracting foreign investment. In order to meet the needs of foreign investors, this practical manual is edited with very rich contents. It could be said that it is a small encyclopedia about investment in the Shanghai area. All aspects concerning investment in Shanghai can be found in this manual.

In the end, we sincerely hope that investors at home and abroad will know the Bank of Communications through this manual and become our friends.

Dai Xianglong

Nov. 1990

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## CHAPTER I INTRODUCTION OF SHANGHAI

Dear friends, no matter whether you are already an investor or plan to be one, you may take the first step in Shanghai and find that the dream of being a successful investor will be realized on this piece of land when you open our book.

Today Shanghai is not only the biggest industrial and commercial city and foreign trade port in China, but also a financial center packed with businessmen and a science and technology center with a galaxy of talents. She is an open city full of vigor and eager for development. You will learn more when finished reading this first chapter — Introduction of Shanghai.

### **Geographical Position**

Shanghai is situated on the eastern edge of the Yangtze Delta and on the central coastline of East China. Bordering Jiangsu Province on the west, Shanghai faces the Pacific Ocean on the east and Hangzhou Bay on the south, with the estuary of the Yangtze River on the north.

Further, if we take a view of East Asia, it is not difficult to see that Shanghai is also situated on the key link of Asian-Pacific Economic Corridor, from Haisbenwai of the Soviet Union and South Korea in the north to Taiwan, Hongkong and the Philippines in the South.

With this favourable geographical location and economical situation, Shanghai was regarded as a center of industry,

trade, and science and technology, as well as of finance and culture early in the ancient times. It has long been a gate of the interior of China, especially the provinces in the Yangtze Valley to countries and regions all over the world, and is one of the most important collecting and distributing centers for import and export commodities in China.

### **History**

Shanghai belonged to the Wu State in the Spring-Autumn historic period.

In the period of the Warring States, it first belonged to the Yue State and later belonged to the Chu State. In Tianbao, year ten (A. D. 751) of the Tang Dynasty, it was called 'Hua Ting' County. In Xian Chun, year three (A. D. 1267) of the Song Dynasty, Shanghai Town was set up. By the end of the Ming Dynasty, Shanghai's commodity economy had already been very active. In the period of Qian Long and Jia Qian of the Qing Dynasty, Shanghai won its name as 'a communications hub of the south and a capital of the south-east' for its prosperity of commodity trade.

After the Opium War in November 1843, the imperialists forced the Qing Government to open Shanghai as a 'Trade Port'. From that time till May 27, 1949, Shanghai was called 'the Paradise of Adventurers'. Since the founding of the People's Republic of China, Shanghai's economical, social, cultural and all other undertakings have been developing stably.

Shanghai is named 'Hu' in short, and its other name is 'Shen'. Shanghai is one of the three biggest municipalities directly under the central government of our country.

### **Area and Population**

Shanghai embraced a total population of 12.83 million at

the end of 1990 and a total area of 6340.5 square kilometres. Among the major cities in the world, Shanghai is not as large as Mexico city and New York city, but bigger than Tokyo and Sindri. Shanghai consists of urban and suburban areas which are divided into 13 urban districts and 6 suburban counties. The 13 districts include Huangpu, Nanshi, Luwan, Xuhui, Changning, Jingan, Putuo, Zhabei, Hongkou, Yangpu, Baoshan, Jiading and Minhang. The 6 counties are Nanhui, Fengxian, Songjiang, Jinshan, Qingpu, and Chongming. The urban area covers about 6% of the city, but 7.78 million people are packed there taking up 60% of the total population and the population density is 19,000 persons/sq. km. . If Shanghai is compared with Japan in these respects, the area is the same with Kunma Ken, and the population density is equal to that of Maibashi Shi.

### **Natural Environment and Climate**

Shanghai is a part of the alluvial plains along the middle and lower reaches of the Yangtze River with rivers, creeks and streams spread densely like a spider's web. Shanghai is richly endowed with nearly 50 billion cubic metres of average annual water resources. The well-known Huangpu River, which is 114 kilometres long, 400 metres wide and 7—9 metres deep, offers free navigation for steamships of over 10,000 tonnage. Its main tributary is the Suzhou Creek, 125 kilometres long, 50—70 metres wide and 2 metres deep. It is an important waterway linking Shanghai with all the regions of the Taihu Lake Valley.

Situated in the west of Shanghai is Dianshan Lake with an area of 60 square kilometres, where one sees crystal—clear ripples and soft undulations of limpid water. Only a little over



2 metres deep on average, the lake is an ideal place for aquatic cultivation.

With a northern subtropical climate, Shanghai has four distinct seasons and a pleasant, mild and moist weather with comparatively short spring and autumn, and long summer and winter. Thanks to the mildness and humidness all year long, the annual mean temperature is about 16°C. The lowest mean monthly temperature is registered in January (3°C) while the highest occurs in July and August (28°C). There are nearly 230 frost free days in the year and average annual rainfall is 1200 millimetres. There is a summer rainy season during the period of June to July. and Shanghai is liable to get hit by typhoons and suffer from storm and high tide in summer and autumn.

### **Industry and Agriculture**

Maybe you have heard that the modern industry of Shanghai has a history of more than 140 years. By the end of 1990, it had comprised 33 categories, 184 sub-categories, 434 small categories the major ones being metallurgy, chemicals, machinery, shipbuilding, electronics, instruments and meters, textiles, light industry, medicine, handicrafts, etc.. In recent years, many new handicrafts industries have emerged. They include new metals, precision instruments, precision machines, tools and petrochemicals. Among those, maybe you are quite familiar with the famous products of Sangtana cars, MD-62 airplanes and No. 4 Longmarch rockets. According to the statistics at the end of 1990, there were 13220 enterprises in Shanghai, among which 937 were large and medium enterprises. The backbone enterprises are mainly scattered in the urban area and the 8 industrial areas of Gaogiao, Wu-