

**CHINA'S PUDONG NEW AREA TO  
PIONEER NEW REFORM  
INITIATIVES**

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## Executive Summary

1. The guidelines for building Pudong into a pioneer area for socialist modernisation (the Guidelines hereafter) show that China has earmarked Pudong as one of the most advanced pilot projects for future reforms and liberalisation. If successful, its model will be replicated nationwide for the country to become a “great modern socialist country” in 2035 and a medium-level developed country by 2050.
2. The success of Pudong’s 1990 liberalisation reforms and its strong demonstration effect nationwide have made Pudong a natural choice for exploring solutions to meet major challenges in China’s sustainable development. Pudong’s advancement in areas such as R&D capacity, income/consumption and financial service is perfect ground for such pilots.
3. The Guidelines propose seven major missions, at least three of which have been viewed as crucial for upgrading the Chinese national economy. The first is the strategy on high-tech development; the second is the goal to establish an international consumption centre; the third is the paths of financial reforms and RMB internationalisation.
4. Achieving an innovation-driven economy took top spot in the Guidelines, particularly in four fields of research: integrated circuits, biomedicines, artificial intelligence and engines for aviation, which have strong basis in Zhangjiang High Tech Park of Pudong, one of the most advanced high-tech parks in China.
5. Establishing an international consumption centre is for attaining a breakthrough in consumption service rather than narrowly defined consumption. The opening up of the Chinese service sector is in line with some China-led regional free trade agreements such as Regional Comprehensive Economic Partnership which requires China to adopt a negative service sector list in six years.

6. While potential risks and resistance from vested interest groups are common for countries in the midst of liberalisation reforms, ideological conflicts are unique to China. The difference in ideology between China and Western countries makes reform in some service sectors, especially in education and entertainment, difficult.
  
7. Three aspects of the financial reforms in Pudong are expected to have concrete progress: (i) expansion of offshore RMB business; (ii) development of offshore bond and trading centres on items that China has considerable shares of global demand or supply; and (iii) further liberalisation of the financial sector for international investors. The initiative to develop fintech is also noteworthy.