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ECONOMY

Shanghai targeting 6pc GDP growth, mayor says

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Shanghai is aiming for 6 per cent growth this year, its mayor told the local legislature yesterday as the business hub looks to tap foreign investment and bolster exports following the signing of a phase one trade deal between Beijing and Washington.

"We will allow high-end industries to play a leading role in driving the local economy as we make efforts to sustain growth," Ying Yong told the Shanghai People's Congress, adding that the municipality would promote investment and boost exports to reach its target.

He also vowed to create 500,000 jobs this year to keep the city's unemployment rate below 4.3 per cent.

Shanghai barely met its target for last year amid the US-China trade war.

The municipality expected its gross domestic product to grow at up to 6.5 per cent, but Ying said its economic output was estimated to have increased by just 6 per cent.

That would make it the slowest pace of economic growth that Shanghai has posted since 1990, with the trade war taking a toll on its export-oriented companies.

Ying did not reveal the export and import figures for 2019, but said foreign direct investment had risen by 7.1 per cent to US$19 billion. The previous year, the city attracted US$17.8 billion.

Ying stressed that Shanghai would facilitate foreign investment, particularly in the vast, newly expanded free-trade zone at Lingang, home to electric car maker Tesla's first manufacturing facility outside the United States.

But even as the US$2 billion Gigafactory 3 starts delivering its first Model 3 cars, Shanghai's ambitions of transforming itself into a global financial centre by this year remain unfulfilled.

Tesla Model 3 cars at the US firm's factory in Shanghai. Photo: Xinhua

The European Union Chamber of Commerce in China said late last year that strict capital controls, lack of convertibility for the yuan and continuing regulatory issues remained a major stumbling block to Shanghai's rise as an international finance hub.

Last month, Beijing approved the setting up of a duty-free area at Lingang, taking the biggest step yet to bypass Hong Kong as a middleman.

"Lingang is designed to be an investment magnet on par with Hong Kong," said Gao Shen, a Shanghai-based independent manufacturing sector analyst.

"But foreign investors have yet to show their keen interest in setting up branches or production there."