Study On Policy Effect Evaluation and Optimization Path of Foreign Investment Introduction in Shenzhen

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Abstract： his paper deeply discusses the implementation effect of Shenzhen's foreign investment introduction policy, and makes a comprehensive evaluation of its policy effect. Through the systematic analysis of the historical background, current situation of the foreign investment introduction policy and its economic, social, scientific and technological influences in Shenzhen, the positive effects of the policy on promoting economic growth, optimizing industrial structure, enhancing scientific and technological innovation ability and improving social welfare are revealed. At the same time, this paper also points out the existing problems and challenges in the implementation process of the current foreign investment introduction policy, such as the lack of adaptability of some foreign enterprises to the local environment, the attractiveness of the policy needs to be improved, and the insufficient efforts to promote industrial upgrading and scientific and technological innovation. Based on the above analysis, this paper puts forward the optimization path of Shenzhen's foreign investment introduction policy, including strengthening the formulation and implementation of localization strategy, improving the pertinency and attractiveness of the policy, promoting industrial upgrading and scientific and technological innovation, etc. These optimization paths aim to further play the role of foreign investment introduction policy and promote the sustainable and healthy development of Shenzhen's economy.

1. Introduction

With the deepening of the process of global economic integration, international economic cooperation and investment have become one of the key factors to promote the sustainable development of the world economy. In the past 30 years and more, Shenzhen, with its geographical advantages adjacent to Hong Kong and Macao and the policy effect of the Special Zone, has grown from a border fishing village to the fastest growing city in China, and is also one of the cities with the highest concentration and fastest growth of foreign direct investment [1].

FDI (Foreign direct investment) refers to the investment that obtains or owns the right to operate and control a foreign enterprise [2]. Foreign direct investment is one of the basic forms of international capital flow. After World War II, due to the increasing internationalization of production and the rapid development of transnational corporations, foreign direct investment has become the most striking modern international economic relations. There are many forms of foreign direct investment, such as the establishment of a new enterprise or a new factory or company in a foreign country, sole proprietorship, cooperation or joint venture with a local country, or the purchase of a certain proportion of foreign company stocks.

Blomstrom,Kokko and Zejan [3] found that the more developed the economy of the host country, the more obvious the technology spillover effect of FDI, which is more conducive to the optimization and upgrading of the industrial structure of the host country. Markusen and Venables [4] believe that enterprises in host countries can learn from transnational corporations, actively develop supporting industries of transnational corporations, establish industrial relations with transnational corporations, and become part of the industrial chain of transnational corporations. After continuous learning, when the production factors and technical level have gradually matured, the host country enterprises can compete with transnational corporations. Therefore, in the long run, foreign direct investment has positive significance in promoting the optimization and upgrading of the industrial structure of the host country. Hunya [5] studied the inflow of foreign direct investment (FDI) in Romania's manufacturing industry, and found that the FDI industry of multinational companies was consistent with the export industry, and the foreign direct investment did not impact the traditional advantageous industry of the country, and its traditional advantageous industry did not change. WSalvador,Gorg,Strobl [6] took the Irish market as the research object to explore the impact of foreign direct investment on the industrial development of Ireland, and found that foreign direct investment can bring positive externalities, greatly promote the development of local industries and

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optimize the industrial structure. Petr,Domanski and Guzik [7] analyzed the impact of foreign direct investment on the automobile industry by studying the automobile industry of four countries. The research results show that foreign direct investment has a positive impact on the automobile industry and can promote the development of the automobile industry and national economic growth. By collecting the data of provincial cities in Turkey, Yavan [8] established a negative binomial model to study the impact of foreign direct investment on education in Turkey. The empirical analysis results show that the impact is positive, that is, foreign direct investment promotes the development of national education [9].

As a pilot zone and special economic zone of China's reform and opening up, Shenzhen has been carrying the important mission of attracting foreign investment and promoting economic development since its establishment. Over the years, Shenzhen has attracted a large number of foreign enterprises to settle in by implementing a series of foreign investment introduction policies, laying a solid foundation for the rapid development of Shenzhen's economy. Shenzhen's foreign investment introduction policy is not only unique and innovative, but also exemplary and leading, providing valuable experience and reference for the introduction of foreign investment in the country and even the world.

The introduction of foreign capital has not only brought capital, technology and management experience to Shenzhen, but also promoted the optimization and upgrading of Shenzhen's industrial structure and enhanced Shenzhen's international competitiveness. At the same time, the introduction of foreign capital has also promoted the diversification and international development of Shenzhen's economy, and provided strong support for Shenzhen to build an international metropolis. Therefore, it is of great practical significance and theoretical value to evaluate the effect of Shenzhen's foreign investment introduction policy and study the optimization path. At present, the research on Shenzhen's foreign investment introduction policy has some defects and deficiencies in data update, research perspective, policy analysis, countermeasures and suggestions, interdisciplinary research and attention to specific industries or enterprises, which is also needed to be improved in the follow-up research.

2. The Historical Evolution and Present Situation of Shenzhen's Foreign Capital Introduction Policy

2.1. Historical Evolution

Shenzhen, as a special economic zone in China, has been at the forefront of foreign investment introduction since the reform and opening up. The historical evolution and current situation of its foreign investment introduction policy can be summarized into three stages: the early stage, the vigorous development stage and the high-quality development stage.

2.1.1. Early stage (1979-1990)

In the early days of China's reform and opening up, Shenzhen adopted special policies and flexible measures and successfully attracted a number of domestic and foreign funds and advanced technologies. The government has initially established an industrial system with electronics, electrical appliances, communications and other industries as the core, and foreign-funded enterprises have expanded employment opportunities, solved the problem of unemployed youth and surplus rural labor force in Shenzhen, and initially formed an export-oriented economic pattern, laying the foundation for Shenzhen's economic development.

2.1.2. Period of vigorous development (1990-2000)

With the increase of foreign investment in the Shenzhen Special Zone, the investment has grown rapidly, and the opening-up degree and quality of Shenzhen have achieved qualitative improvement, becoming a leading city in the economy of southern China. Foreign investment and factory construction measures have significantly accelerated the economic development of the special Zone and promoted a substantial increase in exports. By absorbing foreign capital and technology, Shenzhen has cultivated a large number of domestic leading technical and management talents, driven the development of related industrial chains, and laid a good foundation for the rapid development of private enterprises in the later period.

2.1.3. High quality development stage (2000 to present)

Since the beginning of the 21st century, Shenzhen has opened a higher-quality all-round foreign investment introduction model. It will make greater efforts to attract and utilize foreign investment, strengthen market access, deepen the opening up of modern service industries, and ensure that foreign-funded enterprises enjoy national treatment. At the same time, Shenzhen has been exploring joining high-standard economic and trade agreements, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Shenzhen continues to optimize the business environment, and foreign-funded enterprises continue to strengthen the establishment of research and development centers in Shenzhen. By 2023, Shenzhen has gathered 15 of the world's top foreign-funded scientific research and technology service enterprises, involving a number of advanced and sophisticated fields. At the same time, a number of major foreign investment projects accelerated the landing, such as Valeo Intelligent Manufacturing Center, Capella Hotel and so on.

2.2. Summary of Current Situation

In terms of policy environment, Shenzhen continues to optimize the business environment, ensure that foreign-invested enterprises can participate in government procurement activities according to law, support their equal participation in the formulation of standards, and strengthen the administrative protection of intellectual property rights. In terms of industrial structure, Shenzhen is gradually shifting to emerging industries, advanced manufacturing and modern service industries, in which foreign-funded enterprises play an important role. On the development trend, Shenzhen will further increase fiscal and tax support, strengthen the fund guarantee for foreign investment promotion, encourage foreign-invested enterprises to reinvest in Shenzhen, and deeply implement the domestic investment pilot of qualified foreign Limited partner (QFLP) to promote a higher level of QFLP economic development.

3. Evaluation On the Effect Of Foreign Investment Introduction Policy in Shenzhen

3.1. Economic Effect Evaluation

3.1.1. Number and growth of foreign-funded enterprises

As a special economic zone in China, Shenzhen has been at the forefront of foreign investment introduction. According to Ji Xiaofeng, head of the foreign investment management department of the Ministry of Commerce, Shenzhen played an important role in the establishment of 12,000 new foreign-funded enterprises in China in the first quarter, an increase of 20.7 percent year-on-year. This figure shows the strong charm of Shenzhen in attracting foreign investment. In particular, it is worth noting that the investment of high-tech manufacturing industry grew rapidly, such as the investment of medical equipment manufacturing industry increased significantly by 169.7%, which fully demonstrates the positive role of Shenzhen's foreign investment introduction policy in promoting industrial upgrading and scientific and technological innovation.

3.1.2. Actual use of foreign capital

According to the data of China's Ministry of Commerce, from January to May 2024, China absorbed 412.51 billion yuan of foreign investment [10], and the actual use of foreign investment in the manufacturing industry reached 81.06 billion yuan, among which Shenzhen, as an important special economic zone, also showed a steady growth in the scale of actual use of foreign investment. This shows that Shenzhen's foreign investment introduction policy has achieved remarkable results in attracting foreign investment and promoting economic growth.

3.1.3. Industrial structure optimization

The settlement of foreign enterprises, especially investment in high-tech manufacturing and biomedicine, has promoted the optimization and upgrading of Shenzhen's industrial structure. These foreign-funded enterprises set up research and development centers and production bases in Shenzhen, which not only improves the stability and competitiveness of the industrial chain and supply chain, but also drives the development of related industries.

3.2. Social Effect Evaluation

3.2.1. Job creation

The settlement of foreign-funded enterprises has created a large number of employment opportunities for Shenzhen, and improved the income level and quality of life of residents. The management and culture of foreign-funded enterprises also have a positive impact on the local area, promoting social and cultural diversity and inclusion.

3.2.2. Participation in social welfare undertakings.

Foreign-funded enterprises actively participate in social welfare undertakings in Shenzhen and make contributions to the harmonious development of society. Through donations, material donations and voluntary services, foreign-funded enterprises have provided important support for Shenzhen's charitable and educational undertakings.

3.3. Technology Effect Evaluation

3.3.1. Technological innovation and R&D

The settlement of foreign enterprises has brought advanced technology and management experience, and promoted Shenzhen's technological innovation and research and development capabilities. Through cooperation and exchanges with foreign enterprises, Shenzhen enterprises have access to international advanced technology and management experience, so as to improve their competitiveness. At the same time, foreign-funded enterprises have also set up a number of research and development centers and innovation platforms in Shenzhen, providing important support for scientific and technological innovation in Shenzhen.

3.3.2. Talent training and introduction

Foreign-funded enterprises have provided important talent support for Shenzhen's scientific and technological development. By setting up research and development centers and conducting training, foreign-funded enterprises have cultivated a large number of high-quality talents for Shenzhen, and also attracted a large number of overseas talents to Shenzhen for development.

4. Problems Existing in Shenzhen's Foreign Investment Introduction Policy

Shenzhen, as a pioneer city in China's reform and opening up, has played a crucial role in promoting rapid economic development through its foreign investment introduction policy. However, with the change of the global economic situation and the continuous adjustment of the domestic and foreign environment, Shenzhen's foreign investment introduction policy is also facing some new problems and challenges.

First, policy flexibility needs to be enhanced. In the past, Shenzhen's foreign investment introduction policy mainly focused on the scale and quantity of attracting foreign investment, while the flexibility and innovation of the policy were slightly insufficient. With the profound adjustment of the global economic structure, the investment needs and preferences of foreign enterprises are also changing, and Shenzhen needs to adjust its policies in a timely manner to better meet the needs of foreign enterprises.

Second, the degree of integration of foreign enterprises in the local market needs to be improved. Although Shenzhen has attracted a large number of foreign enterprises to settle in, but some enterprises in the local market integration is not high, and the connection with the local enterprises and the market is not close enough. This not only affects the competitiveness of foreign enterprises in the local market, but also limits their long-term development in the local market.

At the same time, policy publicity and implementation should be strengthened. There are still some deficiencies in the publicity and implementation of Shenzhen's foreign investment introduction policy, and some policies cannot be timely and accurately communicated to foreign enterprises, resulting in some enterprises' insufficient understanding and grasp of the policies. At the same time, in the process of policy implementation, there are also some weak implementation, implementation is not in place, affecting the actual effect of the policy.

Finally, the role of policies in promoting industrial upgrading and sustainable development needs to be strengthened. Shenzhen's foreign investment introduction policy in the past mainly focused on promoting rapid economic development, and played a relatively small role in promoting industrial upgrading and sustainable development. With the profound changes in the global economic structure and the deepening of the concept of sustainable development, Shenzhen needs to pay more attention to the role of foreign investment introduction policies in promoting industrial upgrading and sustainable development.

5. The Optimization Path of Shenzhen's Foreign Investment Introduction Policy

As a frontier city of reform and opening up, Shenzhen's foreign investment introduction policy has played an important role in promoting economic development, industrial upgrading and scientific and technological innovation. However, in the face of the new situation and new challenges of the global economy, Shenzhen's foreign investment introduction policy needs to be further optimized to better adapt to the changes in the domestic and foreign environment and enhance the city's international competitiveness.

5.1. Make Policies More Targeted and Attractive

Shenzhen should, according to its own development characteristics and advantages, clarify the key areas of foreign investment introduction, such as high-tech industry, modern service industry, biomedicine, etc., and formulate corresponding preferential policies, accurately locate target industries, and attract more high-quality foreign investment. For foreign-funded enterprises in line with the industrial development direction of Shenzhen, more preferential efforts should be made to increase tax incentives, financial support, land supply and other aspects of preferential efforts to reduce the operating costs of enterprises and improve their return on investment. At the same time, to strengthen cooperation with international advanced areas, Shenzhen can actively establish cooperative relations with international advanced areas, learn from their successful experience in foreign investment introduction, and enhance the internationalization level and attractiveness of Shenzhen's foreign investment introduction policy.

5.2. Strengthen Policy Publicity and Implementation

Shenzhen should publicize the policy of foreign investment introduction to foreign enterprises in a timely manner through various channels such as government websites, media and social platforms, so as to improve the awareness rate and influence of the policy. In response to the doubts and confusion of foreign enterprises on the policy, Shenzhen should establish a policy interpretation mechanism to answer the consultation of foreign enterprises in a timely manner to ensure that the policy can be effectively communicated and implemented. For the problems and difficulties in the process of policy implementation, Shenzhen should promptly solve and adjust to ensure that the policy can be implemented and play a practical effect.

5.3. Promoting Industrial Upgrading and Sustainable Development

Shenzhen need to encourage foreign-funded enterprises to increase investment in research and development, promote technological innovation and industrial upgrading, and enhance the core competitiveness of industries. At the same time, foreign enterprises are guided to adopt advanced technologies and management models such as environmental protection and energy conservation to achieve green and sustainable development. Strengthen the supervision and evaluation of foreign-funded enterprises in environmental protection and social responsibility. Strengthen cooperation with universities and scientific research institutions, establish industry-university-research cooperation mechanisms, provide more technical support and talent support for foreign-funded enterprises, and promote sustainable innovation and development of the industry.

5.4. Strengthen Localization Strategy Formulation and Implementation

Strengthen communication and cooperation with foreign-funded enterprises, deeply understand their needs and difficulties, and provide them with more accurate and personalized services. In response to the low integration of foreign enterprises in the local market, Shenzhen can provide local support such as market information, talent training and legal services to help them better adapt to the local market environment and culture. At the same time, we will actively promote the cooperation and exchanges between local enterprises and foreign-funded enterprises, and promote the complementarity and integration of both sides in technology, market and talent.

6. Conclusions

Through in-depth research and comprehensive analysis of Shenzhen's foreign investment introduction policy, it can be known that Shenzhen's foreign investment introduction policy plays a vital role in promoting urban economic development, industrial upgrading and technological innovation. The entry of foreign enterprises has not only brought abundant capital and advanced technology to Shenzhen, but also formed benign interaction and competition with local enterprises through its market activities and technical exchanges, which jointly promoted the rapid growth of Shenzhen's economy.

However, Shenzhen's foreign investment introduction policy also faces a series of challenges in the process of implementation. Some foreign-funded enterprises have difficulties in adapting to the local environment and integrating into the local market, which may be related to factors such as insufficient publicity and enforcement of policies. These problems not only affect the operational efficiency of foreign-funded enterprises, but also may have a negative impact on the overall effect of Shenzhen's foreign investment introduction policy.

In view of the above problems, this paper puts forward some optimization suggestions. First of all, it is necessary to enhance the pertinence and attractiveness of foreign investment introduction policies, clarify the key areas and priority directions of foreign investment introduction through in-depth research and scientific planning, and formulate more accurate and attractive policy measures accordingly. Secondly, strengthen policy publicity and implementation, and timely convey policy information to foreign-funded enterprises through multiple channels and forms to ensure that policies can be effectively implemented. At the same time, strengthen the cooperation and exchanges with the international advanced areas, learn from their successful experience of foreign investment introduction, and inject new vitality into the foreign investment introduction policy of Shenzhen.

In addition, the formulation and implementation of localization strategy is of great significance to optimize Shenzhen's foreign investment introduction policy. Localization strategy can help foreign-funded enterprises better adapt to the local environment and integrate into the local market, so as to improve their operational efficiency and market competitiveness. Therefore, the government should deeply understand the actual needs of foreign-funded enterprises, formulate more accurate and personalized localization strategies, and provide more comprehensive and detailed services for foreign-funded enterprises.

To sum up, the optimization of Shenzhen's foreign investment policy is a systematic project, which requires the joint efforts of the government, enterprises and all sectors of society. It will make our policies more effective and targeted through scientific planning and precise policies. Ensuring policy implementation through enhanced advocacy and implementation; Through the formulation and implementation of localization strategy, improve the integration degree and competitiveness of foreign enterprises. Only in this way can Shenzhen further consolidate its position as a city at the forefront of reform and opening up, attract more high-quality foreign investment, and inject new vitality into the sustainable and healthy development of the city.

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