

ABSTRACT

In this paper, I want to describe the changing role of Shenzhen in the framework of China's "Open Door" policy from the aspect of foreign direct investment (FDI).

Firstly, socialist market economy is the background of the launch of Shenzhen SEZ; Shenzhen has its important roles in the beginning of China's Opening, including its roles of window function, pioneer & laboratory function and divergence function.

Secondly, Shenzhen has largely attracted foreign investment from the world. Its FDI shows its own characteristics, though FDI in 1998 has significantly declined because of the Asia Crisis. Its amount of FDI depends largely on its foreign investment environment and so Shenzhen's environment is evaluated.

Thirdly, Shenzhen faces many challengers now, especially challenge from Shanghai. Shenzhen's advantages do attenuate, but I can conclude that they will not completely disappear after I compared Shenzhen with Shanghai and studied three foreign-invested companies in Shenzhen. I give suggestions for Shenzhen to maintain its high FDI, including focusing on Shenzhen's soft environment attraction and improving Shenzhen's regional advantage.

Fourthly, three conclusions can be drawn after the analysis.

1. Shenzhen is still the hot spot for foreign investment;
2. Shenzhen still enjoys the rights for reformation experiment in advance;
3. The links between Shenzhen and Hong Kong are unique.

The three conclusions will be Shenzhen's further advantages compared with other cities in China.