

Shanghai Office

Fact Sheet: Zhejiang

1. Introduction

Zhejiang with an area of 105,500 km², and population of 66.27 million, provincial GDP RMB 8.2553 trillion (approximately EUR 1060.7 billion) in 2023, up 6.0% from the previous year, GDP per capita RMB 125,043 (approximately EUR 16,067) is a seaside province in eastern China with its capital at Hangzhou. It is bordered by Jiangsu Province and Shanghai Municipality to the north, Anhui Province to the northwest, Jiangxi Province to the west, and Fujian Province to the south. Zhejiang has modern infrastructure, with 2,600 km of railroads, almost 120,000 km of highways and one of the five busiest ports in the world. These factors, along with a rapidly developing economic and entrepreneurial system, make Zhejiang one of China's most developed and diversified provincial economies. Zhejiang is known for its primary industries, particularly fishing, and the production of rice, tea, silk, citrus fruits, and bamboo. Zhejiang's main manufacturing sectors are electromechanical industries, textiles, chemical industries, food and construction materials.

2. Geography

Zhejiang is predominantly hilly, with hills covering approximately 70% of its total area. The highest elevations are found in the south and west, where the province's tallest peak, Huangmaojian Peak, reaches 1,929 meters. Other notable mountains include Yandang, Tianmu, Tiantai, and Mogan, which range in altitude from 700 to 1,500 meters. Valleys and plains are located along the coastline and rivers. The northern part of the province, situated

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just south of the Yangtze Delta, consists of plains around Hangzhou, Jiaxing, and Huzhou. Here, the Grand Canal of China enters from the northern border and terminates in Hangzhou. Another relatively flat area is found along the Qu River, around Quzhou and Jinhua. Major rivers in Zhejiang include the Qiantang and Ou Rivers, which typically form valleys in the highlands, characterized by numerous rapids and other related features. Prominent lakes in the province include West Lake in Hangzhou and South Lake in Jiaxing.

3. Economy

The provincial GDP was RMB 8.2553 trillion, approximately EUR 1060.7 billion in 2023, growing by 6.0% from the previous year. The services sector contributed 56.05% of the GDP, the secondary sector 41.13%, and the primary sector 2.82%. Zhejiang ranked 4th among province-level administrative units. In recent years, local governments at both the city and provincial levels have become more selective about the investments they seek to attract. Efforts to control pollution through stricter regulations have led Zhejiang to focus more on developing the service sector over manufacturing. The main pillars of the provincial economy include Hangzhou. 2023 GDP: RMB 2.0059 trillion approximately EUR 257.63 billion, it is home to major Chinese e-commerce companies like Alibaba and Net Ease and constitute one of the major tech clusters of China (the other major area is Shenzhen, located in the south). Ningbo, 2023 GDP: RMB 1.64528 trillion approximately EUR 211.4 billion, one of the most active cities in the provincial economy, with one of the busiest seaports in the world. Wenzhou, 2023 GDP RMB 0.87306 trillion approximately € 112.16 billion, the 3rd highest GDP in the province). Shaoxing (2023 GDP: RMB 0.7791 trillion approximately EUR 100 billion), 4th highest GDP in the province, and Jiaxing (2023 GDP: RMB 0.706245 trillion approximately € 90.73 billion), a city serving as a transportation hub between Shanghai, Suzhou, and Hangzhou, attracting interest from many foreign companies, including LEGO). In 2017, a free trade zone was inaugurated in the province. The Zhejiang Free Trade Zone (FTZ) is part of a national and regional strategy aimed at supporting the development of the New Silk Road and the Yangtze River Delta economic zone. The free trade zone aims to become a major hub for international trade and logistics. The existence of numerous economic development zones and industrial parks (around 20) in the province offers significant opportunities for Chinese and foreign companies looking to invest in China. These zones enjoy preferential trade policies or funding programs in the scientific and technological fields, for which Zhejiang has been always known to have good policies comparatively

speaking and a preference for boosting entrepreneurship and development of private enterprises.

4. Innovation

Between 2016 and 2020, research and development spending increased from 2.3% to 2.8% of the provincial GDP. Under the 14th Five-Year Plan (2021-2025), the provincial government plans to focus on promoting digital industrialization, accelerating the construction of a pilot innovation and digital economy development zone, and forming a series of internationally competitive digital industrial clusters. In 2018, Zhejiang had 108 incubators, primarily located in Hangzhou (47%). These incubators mainly support startups in the information technology sector. Other areas of interest include new materials and new energy. Zhejiang has 20 industrial parks, also including the ones established in collaboration with other parties. Notably, the Sino-Italy Ecological Park (SINEPARK) in Ningbo was born from the collaboration between the Chinese and Italian governments. The park aims to promote and facilitate the development of Italian businesses, startups, and university spinoffs in China in various fields: from life sciences to environmental sustainability, from aerospace engineering to artificial intelligence. Zhejiang also has an important talent pool. Among the most prestigious universities are Zhejiang University, Zhejiang University of Technology and Zhejiang University of Commerce and Industry. The main innovation funding agencies are Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Economics and Informatization, municipal governments in the province (e.g., Hangzhou Municipal Bureau of Science and Technology, Hangzhou Municipal Bureau of Economics and Informatization; Ningbo Municipal Bureau of Science and Technology, etc.), economic development zones and industrial parks.

5. Foreign Investment

Zhejiang is among the top destinations for foreign investment. In 2022, Zhejiang Province was the fourth largest province in China in terms of the number of new foreign-invested enterprises, accounting for 7.6% of the country's total and the fifth largest province in China in terms of the amount of foreign investment, accounting for 10.2% of the country's total. In 2019, 182 of the world's largest 500 companies had invested in the province. In 2023, following Zhejiang's investment promotion and new policies, which aims to attract a group of high-quality and innovative foreign investment projects and increase investments in the



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area, Saudi Aramco (one of the world largest oil company) signed a RMB 24.6 billion investment agreement with Rongsheng Petrochemical. Italian economic presence in the province is primarily concentrated in Hangzhou and Ningbo but spread out all across Zhejiang. Some Italian companies present specialized in the food sector (e.g., Ferrero, which has opened a production plant in Hangzhou and ISU Independent Salumi Union). The advanced mechanics and automotive sectors are also very significant, represented by companies such as Comer, UFI Filters, Sipa and Zoppas Industries. Other areas in which Italian companies operate include textiles, leather goods, and fashion (with the presence of companies such as Aquafil and Carpisa). According to provincial government data, a total of 1,863 foreign-funded companies were established in Zhejiang over the first half of 2024, up 64.4 percent year-on-year. Manufacturing sector saw an important increase of plus 42% year-on-year, in the first half of 2024.

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Sources

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