

Chengdu Special

High-tech zone magnet for inv

City's industrial cluster strategy pays dividends

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Premier Li Keqiang and South Korean President Park Geun-hye reached a consensus during Li's visit to South Korea in October last year that the two sides will increase cooperation in innovation, intelligent manufacturing and R&D in high-end technology.

And the two sides made a major step forward a month later with the announcement that a Sino-South Korean Innovation Park is to be formally established in Chengdu, capital of Sichuan province, the major economic center in China's western region.

Comprising an innovation venture incubation platform and an industrial park, the new innovation park will be located in the Chengdu High-tech Industrial Development Zone.

The project aims to become a major innovation venture center with a global reputation through coordinated R&D activities and industrial cooperation between enterprises of the two countries.

A number of major South Korean companies, such as Hyundai Motor Co, SK Group and Lotte Department Store, already have a presence in Chengdu. Woori Bank, South Korea's second-largest commercial bank, has a branch in Chengdu.

To further facilitate trade and investment, a direct flight from Chengdu to Seoul, capital of South Korea, was opened in July last year by Air China. It is the third direct air route between the two cities and there are 10 flights a week, the busiest among China's western cities.

By August last year, statistics indicated that 243 South Korean companies have invested in Sichuan, with automaking, food, pharmaceutical, culture and finance the main industries for investment.

Among the Global 500 enterprises that have investments in Sichuan, 11 are from South Korea.

Enterprises from other countries have also invested heavily in Chengdu, and the city has industrial zones for German and French corporate clusters.

Chengdu is home to the Sino-German Small and Medium-sized Enterprise Cooperation Park, and Sino-French Ecological Park.

In April last year, the German state of Nordrhein-Westfalen launched a major investment project, valued at 2 billion yuan (\$310 million), in Chengdu. It will become the head-



Rendering of the Sino-French Chengdu Ecological Park.
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12
billion yuan

The registered investment from new foreign businesses in Chengdu in the first 11 months in 2014

17.4
percent
surge from the previous year

268
global top 500 enterprises that have invested in Chengdu

quarters for German enterprises in western China and serve as a major platform for economic and cultural exchanges between German enterprises and southwestern China.

The Singapore-Sichuan High-tech Innovation Park is also under construction in the city and construction of investment projects by Singaporean enterprises, such as the Hong Leong Group, will be launched in the city this year.

Having attracted heavyweight investors from South Korean, Singapore and European countries, Chengdu has become a major platform for economic opening-up and an important link in the country's Belt and Road Initiative, analysts said.

Industry clusters

Chengdu attaches great importance to the introduction of investor clusters instead of individual enterprises. For example, after its Sino-French Ecological Park inked a deal with Dongfeng Peugeot Citroen Automobile Co Ltd to establish a production base, about 30 companies engaged in related industries, such as France-based

Faurecia, Dongfeng Motor Die and Mould Co Ltd and Fengshen Logistics, established investments in the park.

Moreover, the park has introduced high-end manufacturing, environmental protection and energy saving companies, commercial services, culture and corporate incubation projects to enrich the industrial landscape of the park and provide more growth engines for the regional economy.

Such a strategy, which focuses on establishing industrial parks for clusters of enterprises in the same industrial chain, has made Chengdu more attractive to investors, analysts said.

In Pujiang county, for example, 40 enterprises that engage in precision machines and related industries have established investment projects in the Sino-German (Pujiang) SME Cooperation Park, including Bosch Power Tools and Bosch Packaging Technology.

"The establishment of the SME cooperation park opened a door for Pujiang's foreign cooperation," said a spokesman of the county's investment promotion bureau. "Cooperation in the training of workers and managers has greatly improved the level of our technology in the hardware industry."

Such a business cluster-oriented strategy has also contributed enormously to local coffers. The Dongfeng Peugeot Citroen project is expected to contribute about 7 billion yuan a year in tax revenues to Chengdu.

Top investment destination

Investors have chosen Chengdu because of the city's brisk economic growth, favorable investment environment and convenient transport facilities, analysts said.

Chengdu ranked first in the annual most attractive cities for investors list compiled by Global Times this year.

It has also been listed by For-



Hannelore Kraft (center, first row), governor of the German state of Nordrhein-Westfalen, visits the Sino-German Small and Medium-sized Enterprise Cooperation Park (Deutschland), which will become the headquarters for German enterprises in Chengdu. WANG JICHUAN / FOR CHINA DAILY



The Bosch plant in the Sino-German (Pujiang) SME Cooperation Park.

tune magazine as one of the top 10 cities for starting a business in China.

In terms of transport network, Chengdu has 85 international and regional air routes, and Chengdu Shaungliu International Airport has a passenger throughput of 40 million, making the city an international transport hub in the region.

The registered investment of new foreign businesses in Chengdu

reached 12 billion yuan in the first 11 months last year, up by 17.4 percent year-on-year.

Now 268 Global 500 enterprises have invested in Chengdu, and it has become a major base for the auto and electronics industries.

About 80 percent of the world's iPads, 50 percent of the world's notebook chips and 20 percent of the world's notebooks are made in Chengdu.

Investment



en, pays a visit to Chengdu in April and attends the signing ceremony for the NRW-western China and serve as a major platform for economic and cultural exchanges



An illustration of Singapore-Sichuan High-tech Innovation Park, which is also under construction in the city.

Chengdu plans to seize strategic opportunities over next five years

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Chengdu, a mega-city in west China, is further opening-up to domestic and foreign investors with special government departments set up to improve the planning and building of international industrial parks in the city.

The decision was made at the sixth plenary session of the 12th Municipal Party Committee last December, when a key document on the drafting of the 13th Five-Year Plan (2016-20) for the city was approved.

The municipal leadership vowed at the meeting to further the internationalization of the city to establish Chengdu as a major hub for China's westward opening-up.

Analysts said that as China implements its Belt and Road Initiative over the next few years and Chengdu pushes forward its opening-up policy, the city will establish itself as an international hub in the region and play a larger role in the global industrial system.

To that end, Chengdu is advancing its economic development blueprint, upgrading its transportation and logistics network, and hosting high-profile investment fairs to promote its image among potential foreign investors.

Chengdu also plans to further cooperate with major cities in neighboring provinces, such as Chongqing, Xi'an, Kunming and Guiyang — all key western cities — to form a regional economic growth engine that will not only benefit from the Belt and Road Initiative but also become a dynamic driver of it.

"The Belt and Road Initiative and the Yangtze River Economic Belt programs bring major strategic opportunities for Chengdu," said Yan Xing, deputy head of Chengdu Federation of Social Sciences Circle. "The five-city economic circle plan will further bring out the role of



Artistic rendering of the Dongfeng Peugeot Citroen Automobile Co Ltd's fourth plant in the Sino-French Chengdu Ecological Park. PHOTOS PROVIDED TO CHINA DAILY

Chengdu as a major pillar supporting China's coordinated regional development."

Transportation network

Chengdu's mature transportation network is a strong supporting factor for its investor-attracting initiatives. It has 85 international air routes, with five direct flight routes to Europe.

The city is also accelerating the construction of a new airport — Chengdu Tianfu International Airport.

Moreover, the city is preparing to open more international flights to connect it with Europe, Asia, North America, Oceania and Africa to build a close international flight network to make it an ideal transit hub for global travelers.

Chengdu boasts a convenient railway network. It opened the Chengdu-Europe Express Railway to allow China's IT products, apparel and equipment to be freighted to Kazakhstan, Russia, Belarus and Poland. At the end of August, return trains were launched so that European products can be exported to China via Chengdu. So far this year, the railway has freighted goods with a total value of \$700 million.

Chengdu has put forward the idea

of "Chengdu-Europe Plus", meaning the railway will be connected to more domestic and European cities.

In September, Chengdu's Western Railway Logistics Center was renamed Chengdu International Railway Port. Chengdu plans to build it into the largest international railway port in China. Meanwhile, the city will make the operation of the Chengdu-Europe Express Railway more market-oriented to make it the most stable, efficient and competitive line connecting China and Europe.

To promote its international accessibility, Chengdu has hosted international investment fairs to promote the city.

In November 2015, it held the 10th annual China-EU Investment, Trade and Sci-tech Cooperation Fair, which has become an important expo for Chinese and European enterprises to conduct business exchanges and serves as a major platform for cooperation between China's western regions and Europe.

Altogether more than 100 senior European Union officials have participated in the expo over the past 10 years and 1,465 deals have been signed. Moreover, the Western China International Fair will be held in Chengdu this year.



The NRW-Centers (Deutschland) will be homed in the Jinjiang River area in the Tianfu New Area, Chengdu.