



Government officials and representatives from local companies signed investment agreements in Foshan, Guangdong province. PHOTOS PROVIDED TO CHINA DAILY

Reform and opening-up policy yields top results

In the wake of decades of rapid development, Foshan is playing a leading role in the economic and social landscape of Guangdong province.

Since the implementation of a reform and opening-up policy, the GDP of Foshan has maintained an annual growth rate of 16 percent on average over the last four decades.

That makes it one of the Chinese cities with the most rapid economic development.

In 2016, Foshan's GDP was 86.3 billion yuan (\$13.04 billion), ranking it 15th among Chinese cities and the 3rd among the cities in the Pearl River Delta.

As one of the economic hubs in Guangdong, the city now is home to three major high-tech platforms.

These are the Foshan National Hi-tech Industrial Zone, the Sino-German Industrial Services Zone and the Guangdong Hi-tech Service Zone for Financial Institutions, which is a backup for developing advanced industries.

In recent years, it has actively implemented a strategy of innovation-driven development. It has integrated advanced industries in science, technology and finance, and has emphasized bringing in highly-skilled employees in targeted areas — with preferential policies and convenient transportation.

Located at the heart of the Pearl River Delta, Foshan is adjacent to Hong Kong and Macao.

Since the start of operations of the Guangzhou-Shenzhen high-speed railway and the Guangzhou-Zhuhai intercity railway, it has joined a regional transportation network.

Following the outline of the Plan for the Reform and Development of the Pearl River Delta (2008-20), Foshan's government has made great efforts to promote regional integration.

Foshan's real economy to fulfill its promise

Local companies encouraged to be more dynamic and innovative in looking abroad

By YUAN SHENGGAO

Foshan in southern China's Guangdong province is pushing its real economy to go global, on the way to constructing an intelligent international manufacturing center, local officials said.

"Local companies should transform from participants in the industrial chain to leaders, from followers of standards in technologies to become pioneers, and from manufacturers to innovators of self-owned and international brands," said Lu Yi, Party chief of Foshan.

From January to June, total overseas direct investments in Foshan reached about \$8.5 billion, flowing from about 310 companies or institutes, statistics from the city government show.

That represents a huge increase from investment levels of \$3.45 billion from 2012 to 2016.

More local companies followed different paths in working with international investors including mergers and acquisitions, exploration of international markets, as well as construction and operation of overseas industrial parks, Lu said.

Foshan-based home appliances giant Midea, home building materials producer China Lesso Group and Guangdong Yizumi Precision Machinery, an injection molding and die casting machine maker, have all made big moves to go global in recent years.

Their experiences have provided an example for others to learn from, Lu added.

Yizumi's German research

863
billion yuan
GDP of Foshan last year

center was set up last month, where engineers and experts will be hired to help to explore manufacturing of light auto parts, said General Manager Zhen Ronghui.

The company bought the intellectual property of the United States-based HPM and established technical service centers in more than 60 countries and regions in the world.

Its Indian factory went into operation in June and another new factory started in October, he said.

Foshan-based China Lesso, with a history spanning more than 30 years, was listed in Hong Kong as a major plastics piping producer.

It established a global online-to-offline sales platform in November last year, based on its production facilities, storage and logistics systems and shops in about 50 countries, said Zuo Manlun, president of the company.

Chinese home building materials companies can link with foreign purchasers through the platform with inspections, translations, legal and financial services provided by Lesso, he said.

The project could point the way forward for local companies to enter countries taking part in the Belt and Road Initiative, said Zhang Kajji, former director

of the bureau of commerce in Foshan.

Zuo added that his company also planned to build 13 building materials shopping centers in countries, including Australia, the US and Canada in five years, as part of its large-scale global chain project.

Foshan Party chief Lu said some private companies had made full use of the technologies and resources of others through mergers and acquisitions, and in return begun producing in the local market to cut costs, which was very efficient.

The GDP of Foshan grew from 670.9 billion yuan (\$103.4 billion) in 2012 to 863 billion yuan in 2016, achieving an average annual growth rate of 8.6 percent, and ranking it 15th among middle and small sized Chinese cities, according to the Foshan government.

Midea and real estate company Country Garden were enrolled in the Fortune Global 500 list of the biggest companies in 2016. And five local enterprises were among China's top 500 private companies, the government said.

To encourage local companies to go global, it allocated development funds.

In addition, official red tape was relaxed and companies can now complete applications for international trade at one office. An online channel for customs clearance is also accessible, the government said.

Zhu Wei, mayor of Foshan, said promoting the real economy to go global can

help to promote the development of local brands, transform and upgrade the manufacturing industry, and lead to the construction of an open economy.

However challenges, Zhu said, still remained and M&A of advanced technologies and high-end brands was not enough.

"The related legal and management systems needed to be further improved."

Foshan Party chief Lu Yi said plans were being formulated.

"In the future, the city will focus on introducing more technological innovative teams, high-level professionals, advanced technologies and modern management philosophy, to conform to the country's policies," Lu added.

In addition, more breakthroughs in core technology were expected to play a role in setting standards and forming a flexible business environment, he added.

In 2017, Foshan is expected to reduce costs for local companies by 10 billion yuan.

It will also pour more than 500 million yuan next year into attracting high-skilled staff, he said.

"We will make Foshan manufacturing stronger through exporting local brands, technologies and services and enlarging their operations in the global market," he said.

Design, logistics services, quality detection, marketing and supply chain management also needed to be improved to develop made-in-Foshan brands, he added.

Tech, innovation centers help propel internationalization

By HAONAN
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We plan to allocate resources worldwide and invest more in the invisible areas..."

Fang Hongbo, chairman and president of Midea Group

Companies in Foshan's Shunde district are accelerating their internationalization process by building technology and innovation centers overseas.

The Californian city of San Jose, known as the "heart of Silicon Valley", is home to a renowned group of high-tech giants including Apple, Intel and Google.

Midea Group, the leading electrical appliance manufacturer founded in Shunde in 1968, joined them this year by establishing a technology center there.

The inaugural ceremony of the Midea Emerging Technology Center was held in April.

The new facility, which has more than 930 square meters of floor space, will mainly focus on artificial intelligence, robotics, chips, sensors and other cutting-edge technologies. Midea plans to invest \$250 million to support its innovation center in the next five years.

The facility currently has a team of 30 researchers led by Wang Dongyan, the first senior executive hired by Midea in Silicon Valley.

Wang, general manager of the center, is a Silicon Valley veteran with nearly 20 years of work experience at a number of international technology companies. Midea is the first Chinese company he has ever worked for.

Wang said the center had a rich choice of AI applications to explore, including computer vision, voice and natural language processing and analysis systems.

"It applies them to the fields of intelligent home appliances, manufacturing and robotics, as well as in business operations such as advertising, retail and supply chains," Wang said.

"It is a historic mission and opportunity, and I can contribute my years of AI-related work experience to the research and development of millions of smart devices and robots."

To date, the center has developed two types of intelligent household appliances and made several technological breakthroughs in the field.

The center is the second of its kind for Midea in the United States, after the Midea America Research Center was launched in January in

Louisville, Kentucky.

Midea has established 17 research and development centers across the world.

"We plan to allocate resources worldwide and invest more in the invisible areas — emerging sectors with potential markets — in the future," said Fang Hongbo, chairman and president of Midea Group.

Midea's acquisition of Germany's Kuka early this year is expected to inject new impetus into the Chinese company's innovation system.

A leading supplier of intelligent robotics and automation solutions, Kuka is working directly with Midea in two areas. One is to provide industrial robots to Midea to increase its manufacturing efficiency, and the other is to develop robots for households and medical services together with Midea.

Another Shunde firm, Yizumi Precision Machinery, said it plans to establish a research center at the Institute of Plastics Processing at RWTH Aachen University in Germany.

The institute is the world's leading research and training institute in the field of plastics technology. Locating projects there, Yizumi expects to follow the latest development trends and learn more about cutting-edge technologies.

Hans Wobbe, Yizumi's chief strategy officer, said the first reform he planned to make was to improve the company's product quality, as internationally recognized quality was of great significance for the company's internationalization process.

Wobbe added that the company also needed to convince its international customers that it was capable of carrying out innovations in the new research center.



The headquarters of Midea Group.

Strengthened ties with German businesses boost innovation, modernization

By LIANG KAIYAN
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As a strong manufacturing base in Guangdong province, Foshan has joined hands with German business to boost the promotion of bilateral industrial service companies.

The Sino-German Industrial Services Zone was set up in Foshan to serve as a platform to promote German industrial services and improve international exchanges.

In 2012, the Guangdong provincial government listed the services zone as one of six major cooperation platforms and a collaboration project between China and Germany.

"The services zone is a crucial window for the exchange

between companies both in China and Germany," said Guo Wenhui, Party secretary of Shunde district in Foshan.

An important economic hub, he said Foshan provided a huge space for cooperation between companies from the two countries.

In recent years, Foshan has forged key business links with German companies.

These include the Guangdong Tanzhou International Convention and Exhibition Center set up by Hannover Milano Fairs China Ltd and Shunde district.

Elsewhere, the Robotation Academy in Foshan was founded with its counterpart in Hannover. The industry 4.0 technology research

center was also set up with RWTH Aachen University and has established an intelligent manufacturing industrial park.

In 2016, the services zone took a lead in establishing the Sino-German Industrial City Alliance, which has the aim of enhancing trade communications and business deals between cities in the two countries.

"The alliance plays a role in the dialogue between the Made in China 2025 strategy and the Germany's Industry 4.0 industrial strategy," said Ou Bangmin, deputy secretary of the Foshan city Party committee.

He said the alliance would help to create more oppor-



Businesspeople and Foshan Investment Promotion Agency officials attend a business promotion forum in Hong Kong.

tunities for the industrial development and strengthen cooperation between China and Germany.

Since 2016, the two parties have launched activities under the alliance.

These have involved mutual visits to companies, exhibitions by the alliance and groups, and the staging of forums and conferences — achieving improved levels of cooperation in the process.

In addition, the alliance has implemented measures to improve information about services and guide companies in their moves to expand into international markets.

It has established a comprehensive information service platform to meet the needs of companies regarding investment, cooperation and purchasing.

It has set up a specialized collaboration council to integrate industry resources and collect information. The council has visited more than 80 German companies.

To date, the services zone has attracted a total of 14 German companies, including Osram, Allianz and Remondis.

"There is huge potential for deals between middle and small-sized companies from China and Germany," said Zhu Xixiong, deputy director of the management office of the service zone.

"The services zone is expected to realize a win-win outcome for all parties," Zhu added.



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