



Yantai: One of China's most prosperous coastal cities and one heavily backed by many of Hong Kong's most insightful investors is now ready to embark on its most ambitious and far-reaching economic expansion initiative.

## Yantai party chief urges closer ties with HK

**Editors' note:** On the eve of Yantai-Hong Kong trade talks aimed at future economic co-operation, Sun Yongchun, Party secretary of the Yantai city committee, made a keynote speech urging greater collaboration between the two cities. This is a transcript of his call for action.

It is July, hot yet full of passion, and I'm glad to be in Hong Kong, the famous and beautiful "oriental pearl" at this time. On behalf of all of the members of the Yantai trade delegation and the city's 6.5 million population, I'd like to send my sincere regards and best wishes to all the people of Hong Kong.

Set in the east of the Shandong Peninsula, Yantai was among the first tranche of coastal Chinese cities designated as part of the country's opening up process. It has now been listed as one of the "China Gold Medal Cities for Environmental Investment", as evaluated by the World Bank. It is truly a jewel on the southern bank of Bohai Bay.

Recent years have seen this dynamic city make substantial progress on the road to becoming more cultured, open and prosperous. Taking a scientific outlook on development as a guiding principle and the opening-up policy as its key strategy, we have achieved

remarkable success in terms of securing investment. This investment has focused on a cluster of projects centered around the Yantai Economic and Technological Development Zone, the Export-oriented Processing Zone, the APEC Technological Industrial Park and the recently-established Yantai Hi-tech Technological Industrial Park.

By the end of last year, the number of overseas-backed projects had exceeded 11,900, whilst employed overseas capital stood at around \$19.75 billion.

Among the investors in the city are more than 70 Fortune 500 companies, including GM, Timken, Henkel, Total, Mitsubishi, Toyota, LG, Dayu, Hyundai and China Resources, all of whom see Yantai as a key partner in their long-term plans for global strategic cooperation.

Through capitalizing on its levels of overseas investment, Yantai has restructured and reinvigorated more than 80 percent of its existing core businesses and sought to develop a number of emerging businesses. Currently, overseas-backed companies have contributed some 84 percent of the city's total foreign trade and nearly a half of its tax revenues.

As two of the three most important driving engines for

economic development, foreign trade and overseas investment have contributed more than 30 percent to the growth of the local economy.

To date, Yantai has forged economic and trade cooperative ties with more than 180 countries and regions and established sister city relationships with 16 cities in 11 countries, including San Diego in the United States, Beppu in Japan and Ulsan in South Korea.

Famed as the one of the world's leading financial, shipping and trade hubs, Hong Kong is one of most important partners for Yantai in the development of its trade and investment projects.

At present, the number of HK-funded projects in Yantai is 2,853, representing some \$9.56 billion in contractual investment and \$4.84 billion in used capital, making Hong Kong the largest source of investment for the city.

Hong Kong's investment in Yantai stretches across a wide range of sectors, including mechanicals, electronics, chemicals, textiles, construction materials, metallurgy, light industry, food, agriculture, aquatic products, infrastructure facilities, energy and real estate.

The existing well-established, solid and collaborative

foundation for ongoing Yantai-HK cooperation, together with the substantial revenues already achieved, indicates excellent prospects for a future partnership, across a broad range of projects, between the two parties.

With Yantai now on the cusp of a major economic initiative, this trading relationship is more important than ever. The coming months will see the city focus on the development of its "Blue Economic Zone". This will see Yantai boosting its maritime resources and looking to develop its high-end industrial cluster on the Shandong Peninsula. This is expected to usher in a golden period of growth for the city and mark the beginning of a crucial new stage in its economic history.

To ensure we fully grasp this opportunity, we are accelerating our industrial revitalization plan. This will involve major investment in our eight key sectors - automotive, electronic information, ships, chemicals, light industry, textiles, equipment manufacturing and gold processing.

We are also looking to extend industrial chains in 10 of our most important sectors - automotive, cell phones, computers, food, good, wine, shipping, chemicals, special chemical fibers and nuclear power fa-

ilities. This will see the city seeking to accelerate the speed of development for its modern and high-end services, as part of a bid to increase efficiency through restructuring its industrial base and optimizing its growth patterns.

In light of this, the forthcoming Yantai-HK talks, addressing "Investment Cooperation for Key Service Projects", have a particular resonance. They form part of a strategic initiative in line with the national drive towards industrial restructuring and could, potentially, provide a huge boost for Yantai's entire service sector.

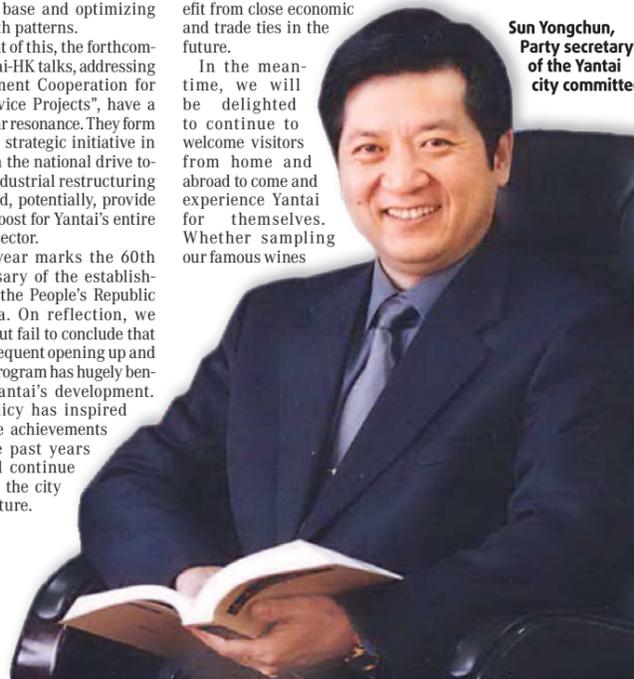
This year marks the 60th anniversary of the establishment of the People's Republic of China. On reflection, we cannot but fail to conclude that the subsequent opening up and reform program has hugely benefited Yantai's development. This policy has inspired our huge achievements over the past years and will continue to shape the city in the future.

With complementary resources, Yantai and Hong Kong have enormous scope for mutually beneficial cooperation. I genuinely hope that our two sides will continue to benefit from close economic and trade ties in the future.

In the meantime, we will be delighted to continue to welcome visitors from home and abroad to come and experience Yantai for themselves. Whether sampling our famous wines

or viewing our excellent port facilities, we believe any visit to the city will convince tourists and investors of the fantastic potential of Yantai and of the bright future that awaits it.

Sun Yongchun,  
Party secretary  
of the Yantai  
city committee



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### Wanted: 20 key project backers...

The Yantai-HK Talks on Investment Cooperation for Key Service Projects will kick off in the Grand Hyatt Hong Kong at 10:00 am on July 15. The event will highlight the following 20 projects in the city, all awaiting potential investors:

- Docks designed for bulk cargoes, petroleum products and liquefied chemicals in the western area of Yantai Port
- The Santudi container terminal of Yantai Port
- Yantai Chaoshui international airport
- A renovation project in Baishi sub-district area
- The renovation and development of the Yantai Zhifu Bay region
- A Yantai service outsourcing base
- A Yantai animation industrial park
- A technical park backed by Peking University, Tsinghua University and Yantai University
- Overall development of the islands in Changdao county
- Tourism development in Kongtong Island
- A comprehensive development of the linking area between the Southern Changshan Island and the Northern Changshan Island
- A tourism and recreation zone on the east bank of Jiaye River
- The Yantai Polaris Timepiece Amusement Park
- The Aishan National Forest Park
- The Auto Industrial Cultural Town
- The comprehensive development of nearby areas to the Qinshui River in the Muping district
- The Xin'anhe technological and cultural-themed park in Yantai Hi-tech Development Zone
- A coastal holiday resort in Longkou
- The financial and business zone of Yingchun Avenue in the Laishan district
- Hotels and business buildings in the Muping district

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## Coastal city celebrates 25 years of growth

By Wang Yi

Set to the east of the Shandong Peninsula and bordered by Bohai Bay and the Yellow Sea, the city of Yantai enjoys distinct advantages both geographically and economically - not least from its pivotal role in linking the two peninsulas of Liaodong and Shandong.

This coastal city, the largest fishing seaport in China's eastern Shandong province, has long been targeted by shrewd investors, keen to capitalize on its status as one of the first Chinese cities to "open up" for business back in 1984, a quarter of a century ago.

Yantai's amicable environment and welcoming atmosphere have been widely recognized at home and abroad. The World Bank acknowledged it as one of China's Gold Medal Cities in terms of its investment environment back in 2006.

To date, more than 10,000 companies from some 80 countries and regions have established facilities in the

city, with the accelerated investment capital in place registered at \$19.75 billion by the end of 2008.

Yantai has always been at the forefront of China's coastal cities in terms of economic growth, with a gross domestic product of 343.4 billion yuan last year.

### Rich resources

Yantai is set in an area rich with mineral resources. To date, more than 70 different kinds of minerals have been discovered in the area, with some 40 of them currently actively being mined and utilized by the city and its industrial base.

The area has particularly strong reserves of three valuable minerals, frequently used in industrial and commercial processes. These include - magnetite, a substance with a number of similar qualities to magnesium, molybdenum, a metal with a substantial resistance to high temperatures, and soapstone, a valuable source of both talc and magnesium. It is in the national top five locations

as a source for all three of these substances.

Perhaps more impressively, it also has the top slot as China's premier source of gold. Its moderate climate has also seen Yantai emerge as a primary supplier of both marine and agricultural resources.

The bay around the city is home to more than 200 aquatic species and has been designated as one of the most important centers for fish farming in the country.

As a key vegetable and fruit export center, the city also generates around 4.4 million tons annually in fruit output and nearly 2.7 million tons of vegetable output. The city's apples, cherries and grapes have all become established brands and enjoy wide popularity at home and abroad.

As one of the world's top seven coastal grape planting areas and one of China's top three vineyard centers, Yantai is now home to more than 14 domestic and international winemakers, including the three leading Chinese brands - Changyu, Great

Wall and Dynasty.

With nearly half of the nation's total wine output produced in the coastal city, the International Office of Vine and Wine (IOV) has acknowledged Yantai as a "fine vine planting center", making it the only Asian city to have been accorded this signal honor.

Amid other plaudits, the Yantai International Wine Festival, a biennial event, has now become a platform for worldwide winemakers to showcase their latest products and exchange views on the latest happening and innovations on the global wine scene. The event's third iteration will take place in the autumn of this year.

Other exhibitions and shows have also highlighted Yantai's growing overseas influence. Since 1977, the city has hosted a vast range of economic exchange events related to Asia-Pacific Economic Cooperation (APEC).

These have included an international trade expo, a technology fair targeting small and medium-sized enterprises, an international food, vegetable and fruit fair, an investment fair, an E-commerce fair and an Asian-European tourism cooperation symposium.

### Charming city

Yantai's natural beauty and cultural heritage has long seen it as one of the country's leading tourism destinations. In recent years, its allure has been accentuated by the addition of an array of hot springs, forest parks, high-quality golf courts and holiday facilities.

In classical times, the city was steeped in myths and legends, many of which depicting it as an earthly paradise frequently visited by gods and goddesses. This heritage and the lingering tales of fantastic happening and

the miracles once wrought here, together with its abiding Taoist traditions, add still further to the beguiling charm of this singularly fascinating city.

According to the region's legends, Qinshihuang, the first emperor of the Qin Dynasty (221-206 BC), whose accession to the throne marked a new era for the freshly unified nation, was a regular visitor to Yantai during his many sojourns to the east of his kingdom.

The city's significance continued long after. During the Tang Dynasty (Ad 618-907), Dengzhou, a suburb of Yantai was one of the nation's top four seaports and the starting point for China's ancient "maritime silk road". As late as 1861, the city was still a seat of considerable influence and was home to the consulates of 17 different countries.

In recent years, the city has won a series of honors for the quality of its environment. These have included the National Garden City award, a Popular Tourist City award and a UN Habitat Scroll.

The city government is committed to maintaining its excellent environment, despite a number of major infrastructure projects scheduled to take place in the city, including a substantial expansion to the urban transport network, involving its expressways, railways, and sea routes.

Currently, the city boasts 10 harbors with the Yantai Port established as one of the 10 key commercial harbors in China. At present it services direct routes to more than 100 ports in some 70 different countries and regions. Its sea-going connections are complemented by the city's international airport that currently has scheduled flights to 60 domestic and international destinations.



Yantai's rich coastal resources provide ideal conditions to develop its maritime industries.