



Charming Binhai Square in Yantai, one of the most prosperous coastal cities in East China's Shandong province.

Yantai seeks closer ties with HK businesses

By WANG QIAN
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The coastal city of Yantai in Shandong province is seeking further business ties with Hong Kong, one of its most important trading partners, a senior local official said.

"Given different industrial advantages, there is huge potential for extensive cooperation between Yantai and Hong Kong, especially in areas such as advanced manufacturing, finance, tourism and property development," said Wang Liang, mayor of Yantai.

Located on the south bank of Bohai Bay and the Yellow Sea, Yantai is part of two national strategies for regional development — the Yellow River Delta High-Efficiency and Ecological Zone and the Marine Economic Zone on the Shandong Peninsula.

"National development



Wang Liang, mayor of Yantai.

strategies will bring fresh opportunities to the city and take the partnership with Hong Kong to new heights," Wang said.

Statistics from the Yantai Commerce Bureau show that the city had approved a total of 3,310 Hong Kong-funded projects by the first quarter of this year. They brought \$17 billion in contractual investment and \$7.03 billion in actually

utilized capital, making Hong Kong the largest overseas investor in the city.

In the first quarter alone, the utilized capital from Hong Kong was \$190 million, which is nearly seven times the amount seen in the same period last year and accounted for 67.4 percent of the city's total.

Yu Dong, director of the bureau, said most of Hong Kong's current investment in Yantai is mainly related to high-end manufacturing, including machinery, chemicals, electronics, textiles, garments, and food processing. There is also growing cooperation in modern services and emerging sectors, such as clean energy, electronic information, international logistics, finance, trade, real estate and coastal tourism.

Yu emphasized the service sector as one of the most

promising industries in the city. Development of the sector was identified as a top priority in this year's government work report, with a target of raising the service industry's contribution to GDP by 1.4 percent.

"The local government's plan to vigorously promote the service sector will offer Hong Kong great opportunities to further tap the local market because Hong Kong has accumulated much expertise in the area," Yu said.

Attracted by the city's favorable business environment, an increasing number of Hong Kong's leading companies have actively expanded their business and built branches to handle their investments in Yantai. They include China Resources, Shimao Group, Wing Lung Bank, as well as HSBC.

Most Hong Kong-invested companies in Yantai have been successful, with some becoming

big names in their sectors. One heavyweight is China Resources, which has invested billions of dollars in the city.

Last April, the group signed an agreement with the local government to form a closer economic partnership. According to the agreement, more investment and business ties will be formed in such sectors as advanced equipment manufacturing, urban construction, alternative energy and environmental protection during the next few years.

Trade with Hong Kong has also grown rapidly, topping \$1 billion last year, an increase of 25 percent over 2011. Yantai exported goods to Hong Kong worth \$870 million in 2012.

Imports and exports stretched across a wide range of sectors, including jewelry, textiles, garments, electrical products, machinery, plastic raw materials and leather goods.

Among the nation's first group of 14 cities to embrace opening-up policies in 1984, Yantai has developed into one of the most economically dynamic regions in East China and an important regional transportation hub connecting China, Japan and South Korea.

It is home to a State-level high-tech industrial park, a bonded port zone, as well as economic and technological development areas for advanced industries.

Funds sought to fuel development of new zone

By WANG QIAN
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The local government in Yantai, a port city in Shandong province, is seeking investment to drive the development of its Eastern New Zone through a series of trade and investment events in Hong Kong from May 25 to 30.

More than 500 projects in the zone in high-tech and marine industries will be presented for potential investors, and contracts worth \$6 billion are expected to be signed during the week.

"Hong Kong, rich in capital, talent and high technology, can play a big role in the development of the zone, which is expected to be a new economic powerhouse for the entire Shandong Peninsula," said Zhang Jiangting, Party secretary of Yantai.

Zhang said the 600-square-kilometer zone covers the most economically dynamic areas of the city, including its national Bonded Port Area, the High-Tech Industrial Zone, bases for marine economy and emerging industries, as well as the coastal areas of Laishan, Zhifu and Muping districts.

It has now established a competitive modern industrial system focused on advanced equipment manufacturing, biopharmaceuticals, aerospace science, marine engineering, software development and outsourcing, financial services, modern logistics, and coastal tourism.

Top priority is given to the marine industry because the local government has vowed to make the zone a leader in the development of Shandong Peninsula's Marine Economic Zone, the first of its kind to get the backing of the State Council.

With 150 km of coastline and 2,200 sq km of sea area, the zone features rich marine resources and great potential to develop a marine economy.

Its 7.26-sq-km bonded port area is now boosting the city's marine economy through export-oriented processing, international logistics, shipping and a cluster of high-

tech industries.

Enterprises in the area can enjoy a number of preferential policies, such as exemption of duties for foreign goods and tax refunds for domestic goods. Also, no value-added taxes or consumption taxes are required while trading within the area.

With huge geographic and economic advantages, the zone has become a new investment hotspot. More than 480 deals for projects, each worth at least 100 million yuan (\$16.3 million), have been signed with investors from more than 20 countries and regions. The total investment value has already surpassed 350 billion yuan.

Its high-tech industrial zone alone has attracted a total of 60 key projects involving a combined investment of 63 billion yuan.

A central business district with a total investment of 8 billion yuan is now under construction. It will feature a creative industrial park, an R&D center and office buildings.

Shenzhen Huaqiang Holdings Ltd invested 26 billion yuan to develop Yangma Island in Muping district into an international coastal holiday resort that incorporates hotels, ecological farming, an amusement park and holiday villages.

With a total investment of 40 billion yuan, an environmentally friendly high-end real estate project along the east coast of the zone will be completed next year.

Projects well under way also include a 600 million yuan marine engineering research institute by the China International Marine Containers Group, the 6-billion-yuan Shandong International Biotechnology Park, and the 1.6-billion-yuan Marine Property Right Trading Center.

"When all the projects are put into operation in the next few years, the zone will become a new business and administrative core for the city," said Yang Li, deputy mayor of Yantai.

Yang said that Hong Kong's numerous financial and professional services providers, will be able to find lots of opportunities in the development of the zone.



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A signing ceremony for cooperation projects was held in last year's Yantai-Hong Kong trade and investment promotion event.

Emerging high-tech zone draw advanced industries

By ZHAO RUIXUE
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The Yantai High-Tech Industrial Zone is poised to become a major base for emerging industries in five years, said Liu Hongbo, secretary of the working committee for the zone.

Liu said advanced industries in the zone cover such environmentally friendly fields as biomedicine, new materials, electronic information, aerospace science, research and development, software development and outsourcing, financial services, and creative sectors.

Currently there are 42 projects under construction at the 48.8-square-kilometer core area of the zone involving a combined investment of 38 billion yuan (\$6 billion).

Projects under construction include a park for biotechnology with an investment of 6 billion yuan, an industrial park with an investment of 6 billion yuan and a park for aerospace science, with 1.5 billion-yuan.

Another 13 projects will start construction in the next two years, Liu said.

Liu said the advanced industrial projects have already had a positive effect on the city's

economic development.

The Luye Pharmacological Science and Technology Park is a site for the development, manufacture and sale of natural medicines and biomedicine. The park projects its annual sales will reach 10 billion yuan in five years.

The Yantai International Pioneering and Creativity Park, with an investment of 6 billion yuan, is designed to accommodate 600 enterprises in emerging fields.

Annual turnover from these enterprises is expected to total 16 billion yuan when the park is fully developed.

These enterprises will also create jobs for 50,000 people and bring 1.2 billion yuan worth of tax revenue to the local government.

Liu said innovation is a major force that drives emerging industries, which is why the zone's leadership is building business incubators to provide advanced technological aid to startups.

So far, the zone has set up more than 500,000 square meters of business incubator facilities. A total of 20 research-centered organizations have signed contracts with the zone to build R&D centers here,



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This drilling platform, built by a company in Yantai, is now being exported to several countries in Northern Europe.

including the China Aerospace Science and Technology Corporation and the research institute of China International

Marine Containers Ltd. The zone plans to develop 1 million sq m of incubators by the end of 2015. When com-

plete, these incubators will help more than 500 small and medium-sized companies with research and development.

Hong Kong seen as key partner for service industry

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Partnerships with business leaders from Hong Kong in the field of modern services are crucial to helping Yantai grow, said Zhang Jiangting, Party chief of the coastal city in Shandong province.

At this year's promotion fair

in Hong Kong, Yantai will highlight its high-tech marine economic zone, a newly designed zone located in the eastern part of the city.

The focus this year is on attracting more investment to such sectors as financial services, tourism, real estate and logistics, according to the Yantai Bureau of Commerce.

"The modern service sectors in Yantai have the greatest potential for development. Last year, the foreign capital in the sectors accounted for 34 percent of the city's total foreign capital," Zhang said.

"Hong Kong-backed projects play an important role in Yantai's modern service sectors," Zhang noted.

Of the 30 contracts signed by the Yantai government or local companies at last year's promotional fair in Hong Kong, more than 20 focused on service sectors, according to statistics from the Yantai Bureau of Commerce.

Yu Dong, the head of the Yantai Commerce Bureau, said the municipal government will

offer preferential policies for companies in modern service sectors to attract investment.

The output value from the city's service sectors ranked third in the province last year, totaling nearly 192 billion yuan (\$31 billion), said Tian Xurun, director of the city's office for service industries.

Tourism accounted for a

large share of this revenue. More than 45 million tourists from China and abroad visited the coastal city last year, an annual increase of 14.9 percent. These tourists spent 47.55 billion yuan in Yantai, up 17.9 percent.

Logistics revenue totaled 27 billion yuan last year.

The ports in Yantai trans-

ported 270 million tons of cargo last year, an 11 percent growth over the previous year. And 1.85 million twenty-foot equivalent units of containers were shipped, up 8.3 percent.

This year, the Port of Yantai will open direct sea routes to Pyeongtaek in South Korea to strengthen its shipping capacity.