

Fruitful partnership with HK

By **JU CHUANJIANG** and **ZHAO RUIXUE**

A delegation from Yantai is hosting a trade and investment promotion in Hong Kong from Sunday to Wednesday. They are seeking investors for 10 projects in sectors such as marine engineering, high-end services, advanced manufacturing and e-commerce.

"The new round of development brought by the transformation of the economic structure creates more opportunities for cooperation between Hong Kong and Yantai," said Yang Li, the vice mayor of Yantai.

Hong Kong has been the largest source of overseas investment for Yantai, according to statistics from the city commerce bureau. By the end of May, 3,253 Hong Kong-invested projects had

been approved by the Yantai authorities, bringing in \$14.9 billion in contracted investment.

Hong Kong's current investment in Yantai covers machinery, electronics, chemicals, food processing, logistics, finance, real estate and tourism, said Yu Dong, director of the city commerce bureau.

Big Hong Kong-invested companies in Yantai include the China Resources Group and Shimao Group.

"Most Hong Kong-invested companies have been successful in Yantai, with some developing into leading companies in their sectors," said Yu.

The Yantai government signed a cooperation agreement with the China Resources Group, enhancing their collaborative initiatives in advanced manufacturing, city infrastructure construction,

real estate, new energy and energy conservation, environmental protection and financial services within the five years from 2011 to 2015.

Trade with Hong Kong has grown rapidly, to more than \$2.25 billion last year, a year-on-year increase of 31.5 percent.

The trade is in jewelry, textiles, garments, electrical products, machinery, plastic raw materials and leather goods.

Business goes both ways. To date, Yantai-located companies have set up 44 branches in Hong Kong, with a total investment of \$97.43 million.

Located on the east of the Shandong Peninsula and neighboring Bohai Bay and the Yellow Sea, Yantai is one of the most dynamic cities in East China. In 1984, it was one of China's first coastal cities

to embrace opening-up policies and now one of the most attractive destinations for overseas investment.

A State-level economic and technological development zone, bonded ports, high-tech industrial parks, and a pilot e-commerce service platform for cross-border trade, support the city's dynamic economy.

More than 50 Fortune 500 firms including LG, GM, Henkel, NEC, Toshiba, Hitachi and Mitsui have set facilities in the zones.

"The room for cooperation between Yantai and Hong Kong is still large as the industrial structures of the two cities are complementary," Yu said.

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A waterfront promenade in Yantai.

PHOTOS BY JU CHUANJIANG / CHINA DAILY

Investing in a new wave of growth

By **WANG QIAN**
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The local government in Yantai, a coastal city in Shandong province, is hosting a trade and investment drive in Hong Kong from Sunday to Wednesday to seek further economic cooperation for development of a new economic zone for marine and high-tech industries on the east coast of the city.

"The Eastern High-tech and Marine Industrial Zone will be a new and strong growth driver for the city's economy," Meng Fanli, the city's mayor, told China Daily.

"With huge geographical and natural advantages, Yantai has enormous economic potential," Meng said. "Hong Kong is rich in capital, talent and high technology. We hope it can play a bigger role in the

development of the zone."

The zone includes a bonded port area, a national high-tech industrial zone, an economic and technological development zone as well as the coastal areas of Laishan, Zhifu and Muping districts.

"With a total area of 600 square kilometers and a combined coastline that is 150-kilometers long coastline, the Eastern High-tech and Marine Industrial Zone includes the most economically dynamic areas of the city," said Yu Dong, head of Yantai Bureau of Commerce.

It is designed to integrate modern business, marine technology research and coastal tourism as well as a cluster of high-tech and environmental protection industries, such as marine equipment manufacturing, clean energy, bio-medicine, soft-



Equipment built by Yantai Jerah Oilfield Services Group ready for work overseas.

ware and information technology.

A number of the world's top research institutions and universities have branches in the zone, including the Chinese Academy of Sciences, the Chinese Academy of Engineering, Yantai University and a Sino-Russian scientific and technological cooperation center.

The research and education institutions form a solid foundation that ensures promising growth among local businesses, said Yu.

Located in East China's Shandong Peninsula, Yantai bonded port area alone is home to almost 100 international brands from more than 30 countries and regions, including wines, dairy and healthcare products and electronic goods. Its foreign trade volume reached \$15.7 billion last year, ranking first among the country's bonded trade zones.

The city has established a competitive marine industrial system focused on aquaculture, fishing, marine equipment manufacturing,

modern logistics and ocean energy and minerals.

The mayor said annual revenue from Yantai's marine sectors exceeded 200 billion yuan (\$32.04 billion) in 2013, a year-on-year increase of 20 percent.

Investor attractor

The zone has become a new investment hotspot. More than 560 deals for projects, each worth at least 100 million yuan, have been signed with investors from more than 20 countries and regions.

The 55-square-kilometer bonded port area alone is home to almost 100 international brands from more than 30 countries and regions, including wines, dairy and healthcare products and electronic goods. Its foreign trade volume reached \$15.7 billion last year, ranking first among the country's bonded trade zones.

Foxconn Group, a Taiwan-based electronics manufacturing giant, has a branch in the area. The plant produces more than

400 million games consoles annually, which accounts for 90 percent of the nation's total output and 70 percent of the world's.

Backed by more than 50 billion yuan in investment from the Longfor Group, an international conference center and a high-end real estate project are under construction along the east coast of the zone.

Other projects underway include the 6-billion-yuan Shandong International Biotechnology Park, and the 600-million-yuan marine engineering research institute by the China International Marine Containers Group and a cross-border e-commerce industrial park.

"When all the projects are put into operation in the next few years, the zone's GDP is expected to reach 30 billion yuan, making it a new business and administrative core for the city and a pilot for regional economic cooperation among China, Japan and South Korea," Yu predicted.

Outsourced services sector hits new heights

By **ZHAO RUIXUE**
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Located in East China's Shandong province, the coastal city Yantai is building an outsourcing base for services that targets markets in the Asian-Pacific region.

"We expect more companies from Hong Kong to join us in developing the outsourcing industry," said Yang Li, the vice-mayor of Yantai, at the city's trade and investment promotion in Hong Kong.

Yang emphasized that Yantai's geographical advantages make it part of two national strategies for regional development — the Yellow River Delta High Efficiency Ecological Economic Zone and the Marine Economic Zone on the Shandong Peninsula — which gives the city great potential to develop its outsourcing industry.

The city now has more than 260 companies involved in outsourced software services, which have created jobs for around 50,000 people.

Last year, the output generated from software development reached 14 billion yuan (\$2.4 billion).

Yantai has more than 1,500 companies, and these companies have great demand for the support of software services, said Yang. To promote the out-

sourced services industry, the Yantai government has built six industrial parks, as well as one national-class animation base and three provincial-level demonstration bases.

The city has 15 colleges and universities, providing abundant human resources.

Every year, authorities in Yantai allocate special funds to help build research and development platforms and train workers for the industry.

Yantai's sound environment for developing outsourced services has attracted a number of big companies and organizations; among them, IBM Corporation, Inspur and the Institute of Computing Technology under the Chinese Academy of Science.

These companies provide support services for a wide range of sectors including shipments management, online office systems, financial services, education and training, data backup and animation.

According to the city's plan for developing its outsourced services industry, by the end of 2016, there will be at least 300 firms involved in providing outsourced services, creating jobs for 70,000 people.

The value of contracts to undertake outsourced services is expected to reach \$1.6 billion by 2016.



An residential area built by Longfor Properties in Yantai

E-commerce powers up foreign trade

By **WANG QIAN**
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Yantai, a port city in Shandong province, is enhancing the development of cross-border e-commerce to boost its economic and trade ties with other countries, especially neighboring Japan and South Korea.

"As more foreign trade companies are using e-commerce to develop their overseas business, Yantai's cross-border e-commerce services have entered the fast lane and become a new driver for the growth of its foreign trade," said Yu Dong, head of the Yantai Bureau of Commerce.

In March, Yantai was approved by the General Administration of Customs to be one of 14 pilot cities for cross-border e-commerce services in China, the province's second after Qingdao.

Among the first batch of coastal cities to open up to the world in 1984, Yantai has a strong competitive edge in developing cross-border business, Yu said.

Its total import and export volumes rose to \$49.3 billion in 2013 from \$24.2 million 30 years ago, statistics from the local commerce bureau show.

The foreign trade volume from its State-level comprehensive bonded trade zone

alone reached \$15.74 billion last year, ranked first among the country's bonded trade zones.

The World Bank acknowledged Yantai as one of China's Gold Medal Cities in terms of its investment environment back in 2006, and it has continued to its efforts to ensure the city is appealing to investors.

Currently, more than 93 Fortune 500 and multinational enterprises have facilities in Yantai, contributing to its competitiveness in sectors including automobiles, computers, cellphones, wines, ship-building and new materials.

As cross-border e-commerce grows rapidly, the local authority will prioritize development of more trade service companies and cross-border e-commerce platforms, Yu said.

The city now has 37,000 e-commerce companies, generating more than 100 billion yuan (\$16 billion) in sales revenue last year.

A cross-border e-commerce industrial park is under construction in the comprehensive bonded trade zone. With a range of preferential policies being offered, the park is expected to attract some of the world's leading e-com-

merce enterprises, as well as their cross-border logistics and online payment service providers.

A multilingual online cross-border trade platform is also being established to provide local companies with complete-package services such as customs clearance, trade financing, storage and distribution.

"The advantages of cross-border e-commerce lie in its lower costs, higher efficiency and less intermediate links. It will help more local exporters, especially those small and medium-sized companies, to better tap the overseas market," Yu said.



The deepwater semi-submersible crane and accommodation vessel delivered to Petrobras by Yantai CIMC Raffles Offshore Ltd Co