

Shandong discusses future cooperations

Talks held with global investors on sides of forum, **Li Yang** reports.

The Shandong government welcomed companies in the global top 500 to invest in the coastal province at a "Shandong Night" promotion on Sunday during the 2016 China Development Forum in Beijing.

The province has more than 3,000 kilometers of coastline, accounting for one-sixth of China's total coastline, and is the third-largest economy among China's provincial regions with about \$1 trillion in gross domestic product last year, roughly the size of Indonesia's GDP.

Shandong Night was co-organized by the Shandong government and China's State Council Development Research Center.

Shandong Governor Guo Shuqing, 17 mayors from the province and representatives of key Shandong enterprises that have overseas operations met a number of entrepreneurs of the world top 500 enterprises and many other industrialists at the event, and discussed future cooperation.

"Shandong is an important birthplace of the Chinese civilization, and more than 30 years of development have seen it grow into a robust economic engine in China," Guo said.

"Shandong has some competitive enterprises and expects to strengthen strategic and industrial cooperation with corporations at home and abroad, especially the world top 500 enter-



Shandong Governor Guo Shuqing

prises." Since Henkel Loctite set up its branch in Yantai, Shandong, in 1987, becoming the first foreign company to do so since the late 1970s, the Shandong government has approved 642 projects funded by 203 of the world's top 500 corporations.

Of those, 485 projects are still operating, with overall investment of \$15.3 billion.

The main international companies investing in Shandong include Electricite de France, the Man Group of Germany, General Motors from the United States, Kia Motor Group and LG Electronics from South Korea, Royal P&O Nedlloyd of the United Kingdom, Pirelli SPA of Italy and Volvo from Sweden.

Their projects are mainly located in the cities of Jinan, Qingdao, Yantai, Rizhao, Jining and Linyi.

Citizen (Zibo) Precision Machinery was set up in 2005 in Zibo, in the center of Shandong. Vice-general Manager Yang Bing said the company expanded from 11 employees to more than 300 over 10 years, and its registered capital volume has increased from \$1.85 million to nearly \$30 million.

Citizen Watch of Japan closed its branch in Shanghai and upgraded the Zibo company to its headquarters in China in 2011, because of the robust



Workers oversee a printer production line for Samsung in Weihai, Shandong province. PHOTOS PROVIDED TO CHINA DAILY

development of the latter.

Zhang Weike, foreign investment division director of the Shandong commerce bureau said: "Supplementary investment and projects have become an important channel for Shandong to attract foreign funds. Last year, 25 of the world's top 500 corporations increased their investment in the province, along with some newcomers from South Korea, Australia, Israel and France." According to the bureau, two-thirds of the projects funded by foreign companies are in Qingdao, Yantai and Jinan, and more than half of them are manufacturing industries.

Ericsson Chairman Leif Johansson is optimistic about Shandong's high and new technology industries.

He said Shandong has a market full of vitality and the prospects of bilateral cooperation between Shandong and Ericsson are "exciting" as the Shan-

dong government aims to build a 5G network infrastructure and improve its service abilities.

Li Guangjie, a researcher of economics with the Shandong Academy of Social Sciences, said the province's main focus on the world's top 500 enterprises shows its strong intentions to upgrade its industries and restructure its economy through the spillover effects of high and new technologies and advanced management.

Toni Hagelberg, president of Volvo's construction equipment company in China, said the company has invested \$256 million in Jinan since it set up in the provincial city in 2010.

The company was Volvo's only research and development center in the field in China and serves Volvo's global operations.

The Jinan-based China National Heavy Duty Truck Group makes its

trucks more fuel-efficient through cooperation with the Man Group.

It exported 27,800 trucks last year, and has been the largest heavy-duty truck exporter in China for 11 consecutive years.

"We have learned not only technology, but also experiment methods, manufacturing techniques and, more importantly, the standards system and quality management concept in which Man takes great pride," said Yun Qingtian, chief engineer of the truck group.

The Shandong governor sees more progress in the province's future. "Shandong will deepen its involvement in international competition and cooperation through the implementation of China's Belt and Road Initiative, and free trade agreements between China and South Korea, and with Australia," Guo said.

Yantai looks to lure more world-leading companies

By **TANG ZHIHAO**
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Yantai is one of many cities in Shandong province seeking to attract more Fortune 500 companies to build the region into a foreign trade hub.

"Yantai has established strong relationships with many world-leading companies. There are almost 100 Fortune 500 companies already in Yantai," said Zhang Yongxia, mayor of Yantai.

Loctite was the first Fortune 500 listed company to set up in Yantai, establishing a joint venture named Henke Loctite China Co with the Yantai Machinery Research Institute in 1987.

Zhang said Yantai has successfully attracted 97 Fortune 500 companies during the past three decades, including Mitsubishi, LG, General Motor (GM) and Total. She said those businesses invested \$2.5 billion of foreign capital in 138 projects.

Foreign companies are mainly engaged in areas such as automotive and components manufacturing, ship building, business services, electronic information technology, new energy and culture development.

Zhang said the GM production base in Yantai is one of GM's largest in China, with total investment having

reached \$3.5 billion. The production base attracted more than 200 supporting companies to Yantai.

"The presence of these leading companies not only brings economic benefits and capital to Yantai, but also brings advanced management and production experience," Zhang said. "It will boost awareness of Yantai on the world stage."

Zhang said Yantai would continue to support key foreign invested projects launched by companies such as China Resources Co, Heraeus Group and Jurong International in the coming years.

Going global

Opening-up has been the key development principle of Yantai in recent years.

Figures from the Yantai Bureau of Commerce show that Yantai's incoming overseas capital in place reached \$1.92 billion and total foreign trade volume was \$49.39 billion in 2015. Yantai contributed 20 percent to the overall foreign trade volume in Shandong in 2015.

The latest figures from the Yantai government show there are more than 3,000 companies from over 90 countries and regions in the city.

Those companies have brought in



GM's production base in Yantai is one of the company's largest in China.

13,500 investment projects, some of which play a significant role in the country.

For instance, Foxconn's largest console production base in the world is in Yantai. Langchao LG Digital Mobile Communications Co has the largest CDMA mobile phone manufacturing base in China located in the city, and CIMC Raffles has the largest semi-submersible platform manufacturer in the nation.

Companies in Yantai have also made breakthroughs in overseas expansion in the past few years, during which 274 domestic companies have invested in 428 projects in 66 countries and

regions. The total investment is \$3.36 billion. The Sino-Russia Tomsk Wood Trading Cooperation Zone in Russia is the second national-level Chinese-invested trade zone with investment from Shandong companies.

Yantai has also built many economic parks in the city to support its foreign trade.

The Yantai Economic and Technological Development Zone ranked sixth among 219 national-level economic zones China in a recent comprehensive development evaluation. The trading volume of the Yantai Bonded Zone ranked first among 14 bonded zones in China.

The China-South Korea (Yantai) Industrial Park went into operation in 2015.

"The industrial park is a free trade zone that was jointly built by China and South Korea at the suggestions of President Xi Jinping and President Park Geun-hye. The zone will strengthen cooperation between China and South Korea," Zhang said.

Zhang said many companies showed great interest in investing in the China-South Korea Industrial Park. "Many South Korean companies in healthcare, commercial logistics, cultural and aged care are keen to run businesses in Yantai. Some existing South Korea investors have confirmed their expansion plans," she said.

In 2015, Yantai's exports to South Korea were valued at \$11.08 billion, accounting for one-third of those from Shandong.

Officials said that investment projects initiated by South Korea companies such as Hyundai Motor Co and Hyundai Heavy Industries Co are progressing rapidly.

The construction of a Sino-South Korea New Energy Vehicle Industrial Park, Sino-South Korea Medical Equipment Industrial Park and South Korea Goods Trading Centers are also advancing well.