



Shandong unveils project 'shopping list' for HK talks

By Ju Chuanjiang
AND Zhao Ruixue

Jiang Yikang, secretary of the Shandong Committee of the Communist Party of China (CPC), has a very direct message for business leaders in Hong Kong: "We would like to join hands with Hong Kong (HK) and develop more extensive business cooperation."

Jiang's bid to woo HK businesses came as he prepared to lead a delegation from Shandong, one of China's eastern coastal provinces, to attend high-level business talks in the Hong Kong Special Administrative Region (SAR). The delegation will include 17 secretaries of the province's municipal committees and will head off to Hong Kong on July 15. During their visit they will meet with many of HK's leading official and businessmen with a view to bolstering trade ties between the two regions.

Commenting on the initiative, Jiang said: "Hong Kong is a globally-acknowledged finance, trade and transportation center and is one of the most important trade partners for Shandong. There is the potential for huge cooperation between the two sides."

Sponsored by the Shandong provincial government, the business initiative has been warmly welcomed by HK.

Meetings have already been arranged with 10 of the region's leading economic organizations, including the Hong Kong Trade Development Council, the Hong Kong General Chamber of Commerce and the Chinese General Chamber of Commerce.

Cooperative plan

The Shandong delegation have identified a "shopping list" of pressing issues they wish to highlight during this coming session of the Key Cooperation Projects of 2009 (Hong Kong) Shandong Regional Development Strategies Presentation and Business Cooperation Conference, set to commence on July 17. These include development strategies for the Blue Oceanic Economic Zone, set to be introduced around the Shandong peninsula, the high-end industrial cluster on the tip of the Shandong peninsula, the eco-economic zone on the Yellow River delta and revitalization plans for 10 of the province's economic sectors.

Jiang said: "These regional development strategies are expected to become powerful new economic engines, set to drive economic development in Shandong - and throughout China - for the foreseeable future. We hope Hong Kong will seize the opportunity to join us in these endeavors."

Outlining the opportunities open to HK in greater detail,

he said the key cooperation projects for developing the Blue Oceanic Economic Zone were in the sectors of marine chemical industry, oceanic equipment manufacturing, oceanic high technology and science, offshore oil exploration, marine new energy, marine biological medicine, logistics and coastal tourism.

Turning to the high-end industrial cluster on the tip of the Shandong peninsula, Jiang said this will mainly focus on the development of advanced manufacturing, high-tech and modern service industries.

The strategy for the development of the eco-friendly economic zone on the Yellow River Delta is soon to be endorsed as a national one, Jiang said. Shandong is currently planning to invest 20 percent out of the province's total investment - or 1,500 billion yuan - in the zone during the 11th Five-year Plan period (2006-10).

Endorsing Jiang's words, Shandong's deputy governor, Cai Limin, said: "Strategic cooperation between Shandong and HK has a firm base and covers a wide-range of sectors. This conference in HK aims to promote bilateral cooperation to a higher level."

According to Cai, the province will introduce 300 key cooperation projects and more than 3,000 competitive products to HK. The key projects cover a range of industries, including port construction, home appliances, automobiles and auto parts, shipbuilding, engineering machinery, innovative energy sources, real estate, tourism and contemporary urban services.

Solid relationship

Speaking of the deep understanding between the two

regions, Jiang said: "Many businesses in HK have had a long and cooperative relationship with Shandong. I believe these companies may play a greater role in Shandong's new round of economic development."

The current raft of HK-Shandong business relationships are led by eight of the SAR's entrepreneurial companies, including China Resources (Holdings) Co Ltd, Hutchison Whampoa Limited and China Travel International Ltd. Between them, these eight companies have already invested in 106 projects in Shandong, with accumulated financial backing exceeding \$2 billion.

Despite a decline in investment and trade volume between Shandong and HK during the first five months this year as a result of the financial downturn, HK businessmen still seem confident in investing in Shandong. Many of them have already showed considerable interest in the province's new strategies for developing its regional economy.

These strategies have included the launch of 21 new initiatives as part of a far-reaching program aimed at stimulating companies in the steel, automotive, shipbuilding, light industry, textiles, equipment manufacturing, nonferrous metals, electronic information and modern logistics sectors. As part of the program, considerable efforts will go into developing 15 high-tech industrial clusters and 20 production bases by 2011.

These initiatives form part of a bid to rekindle the growth in trade between the two regions that had blossomed the years prior to the economic downturn.

Previously Shandong had been exporting increas-



Jiang Yikang (center), secretary of the Shandong Committee of the Communist Party of China, heading up a high-profile factfinding delegation to Jinan Qingqi Peugeot Motorcycle Co Ltd.

Zi Binghui

ing volumes of machinery, electrical items, high-tech equipment, textiles and agricultural products to HK each year. In 2008, Shandong sold \$630 million worth of high-tech products, \$280 million worth of machinery and equipment, as well as \$180 million worth of transportation vehicles to HK, an increase of 78.7 percent, 57.7 percent, and 71.4 percent respectively over 2007.

With an eye on the future, Lu Zaimo, director of the Department of Shandong Commerce said: "With the high-end industrial cluster maturing and the world economy recovering, trade between Shandong and HK should now start to regain momentum."

The relationship between the areas has always been mutually supportive with HK being the largest recipient of investment



Marine manufacturing: A 10,000-ton ocean-going ship currently under construction by Samjin Shipbuilding Industries Co Ltd.

from Shandong-based companies. The province's investment in HK mainly focuses in the areas of commercial service, scientific research, technical services, wholesale and retail industries and the transportation sector.

Jiang said: "We have long encouraged appropriately-structured companies to invest

in HK, as a means of upgrading their scale and competitive edge."

A key tenet of future cooperation with HK will be in the marine transportation sector, as Shandong seeks to develop its capability in port construction, opening international trade routes and exporting a skilled marine labor force.

2009 (Hong Kong) Shandong Regional Development Strategies Presentation & Business Cooperation Conference

Time: 10:00 am on July 17

Address: Room N201,
Hong Kong Convention and Exhibition Center



A riverside view of the revitalized urban space of Jinan, Shandong's bustling capital.

Delta scheme set for State approval

By Wang Qian

Development plans for the Yellow River Delta (YRD) Eco-economic Zone are now in place and are tipped to rapidly receive State approval. Once this national-level strategy is implemented, it is expected to see the YRD emerging as one of China's most dynamic new manufacturing and production centers.

Obviously enthused by the prospect, Jiang Daming, governor of Shandong, the home province for the initiative, said: "The YRD is set to become the economic heart of Shandong. It will fully integrate into the Bohai Sea zone, one of China's pivotal development areas."

In 2008 Shandong unveiled ambitious development plans for the YRD. Under the terms of its proposals, an unprecedented 34 new policies were introduced, each aimed at giving a significant boost to the future prospects of the YRD. Aside from the supportive legislation, the YRD will also benefit from an investment of more 1,500 billion yuan as part of the province's strategy for the 11th Five-Year Plan Period (2006-10).

The vast development potential of the river delta makes the YRD initiative hugely important to the future prosperity of the area's coastal region, a region that covers one sixth of the total area of Shandong and is home to six major cities, as well as 19 counties.

The significance of the program has seen it gain international recognition. The United Nations Development Program has listed "supporting the sustainable development of the YRD" as its first priority for aid among its "China Agenda 21" program.

The development of highly efficient eco-friendly economy in the YRD has also been listed as a priority in both the 10th and 11th Five-Year Plan.

Advantages of the YRD

The YRD stretches over 530,000 hectares of unexploited land, including 287,000 hectares surrounding the city of Dongying. Such a swathe of undeveloped terrain is now a rare and valued resource in China's coastal areas. Its value is further enhanced by the 20 billion cubic meters water that flow through the Yellow River every year, of which 1.6 billion cubic meters are stored in the delta.

The delta also boasts China's second largest oil field, giving Dongying oil reserves estimated to be in the region of 4.7 billion tons, as well as a natural gas reserve of 221.2 billion cubic meters.

At present, Dongying, the central city of the Yellow River Delta, has committed to the construction of a harbor industrial district, an eco-tourism area, an eco-fishery zone and a number of dedicated livestock areas. It is also set to develop a high-end industrial area of about 1,000 sq km.

Expanding on the city's plans, Zhang Jianhua, mayor of Dongying said: "Our vision of a highly-efficient eco-friendly economic zone within a modern industrial system will avoid the discredited policy of "polluting first and then treating", a problem which afflicted previous developments along the Yellow River delta, the Pearl River delta and the Yangtze River delta."

To achieve its dream of clean, environmentally-responsible industrial development, Dongying has invested 110 billion yuan in appropriate technology for its nascent petrochemical, oil equipment manufacturing and modern animal husbandry industries.

This year Dongying city and the China National Offshore Oil Corporation, signed a comprehensive cooperation agreement. This will see the construction of a harbor industrial area backed by total investment of 45 billion yuan.

Alongside this, the necessary tourism resources for the Yellow River's development have also been allocated. The area has now been designated as a national 4A class tourist attraction and has seen 267,000 acres reserved for the fishing industry.

Ready to take off

As part of the series of trade talks taking place between the business and government representatives of both Hong Kong and Shandong province, senior officials from Dongying will be outlining a number of

potential joint venture projects earmarked for the YRD area. Representatives from two other cities in the delta region, Zibo and Yantai, will also participate in the July 17 session of talks.

Prior to the formal opening of talks, work has already begun on a number of infrastructure projects in the region. These initiatives, said to involve an investment in excess of 30 billion yuan, involve work on the region's highways, ports, railways and airport facilities.

In Dongying port, four berths - two suitable for accommodating 30,000 ton vessels and two capable of handling another two 50,000 ton liquid chemical cargo vessels - are already under construction.

With an investment of 900 million yuan, Dongying's airport is also being enlarged with an aim of achieving an annual throughput of some 10 million passengers. Two international routes - to the Republic of Korea and Japan - are also scheduled to be introduced. On the rail front, two new lines are under construction and will eventually link the YRD with the national high-speed rail network.

Mayor Zhang said: "By 2015, Dongying will have developed a modern eco-efficient industrial system, a significant manufacturing base, a high-tech chemical industry, a regional transport hub and a logistics center, as well as having established itself as a major tourism zone."

President gives blessing to new 'blue' marine economy initiative

By Chen Weihong

During his inspection tour of Shandong province earlier this year, President Hu Jintao underlined the commitment to the economic development of the region.

Addressing officials during his visit, he said: "We will vigorously develop the marine economy, scientifically develop marine resources, cultivate competitive marine industries and build a 'blue' Shandong Peninsula Economic Zone."

This strategic goal represents an enormous development opportunity for Shandong. Over recent months, a number of senior government officials, including Jiang Yikang, secretary of the CPC Shandong Provincial Committee, and Jiang Daming, governor of Shandong, have visited the Shandong Peninsula and conferred with economic experts over plans for its development.

With regard to the Peninsula's future, Jiang Yikang said: "Shandong is uniquely positioned to develop a 'blue' economy and will not hesitate to seize this historic opportunity to boost its marine capabilities."

Facing the Korean Peninsula and the Japanese islands across the sea, and situated at the key junction of the Bohai Rim region and the Northeast Asia Economic Circle, the Shandong Peninsula offers the most convenient access to the sea along the Yellow River. Its coastline, bay area, and marine resources are all among the most highly regarded China has to offer. It also has access to some of the country's leading marine technology experts.



Qingdao Port: the largest container port in the world.

Its strong economic ties with Japan, the Republic of Korea, Russia and the Far East area also put it in an ideal position to ensure international economic cooperation.

Blueprint According to local government plans, the economic zone will benefit from a total investment of 1.4 trillion yuan by 2020 and result in the formation of nine individual industrial districts. These nine core districts will include the Dingzi Bay New City, the Weifang New City and the Dongying Cluster of Petroleum Industries.

Considerable importance will be attached to nurturing industries with unique advantages or particular competitiveness. These will include industrial clusters such as shipping, shipbuilding, marine chemicals, heavy chemical equipment manufacturing, marine tourism, marine biology, high-tech marine industries, offshore oil and gas exploration, and new marine energy.

Cai Limin, vice-governor of Shandong, said: "The implementation of this important strategy will make Shandong a vital access point between northeast China and the Yangtze River Delta Economic Zone."

"Shandong will also play a more important role in the Bohai Rim Economic Circle and a pilot free trade zone between China, Japan and South Korea."

The significance of the development was echoed by Hou Yingmin, director-general of the provincial Department of Oceans and Fisheries: "The zone will make Shandong a high-end marine manufacturing industrial center, a high-tech marine research and development center and the internal shipping center for northeast Asia."

As a coastal province, Shandong has a coastline of more than 3,000 km, one sixth of the nation's total, and features some 200 harbors. Its marine industry is listed as the number one in China, with its marine production value standing at 534.6 billion yuan, accounting for 18 percent of nationwide total last year.

According to government statistics, more than 100 ocean-going ships have now been manufactured in Shandong for both domestic and global customers. Ship-building factories in the province are currently in receipt of more than 60 billion yuan worth of orders. It is anticipated that every shipyard in the province will be operating at full capacity by the end of 2010.