

Business park seeks industry/ecology balance

By Dai Yan

A rare blend of commerce and conservation, the Qingdao Tonghe Ecological Industrial Park is set to blur the boundaries between economic imperatives and environmental responsibility. Located in the eastern province of Shandong, the park seeks to combine apparently contradictory concerns.

On one hand it is looking to develop an integrated transport system and a number of conventional commercial concerns, whilst on the other it is committed to the pursuing a far greener agenda – including several ecological projects, an environmental protection industry, eco-tourism and a range of energy-efficient accommodation.

Wang Fujun, director of the Tonghe Park's Management Committee, which oversees the park, cheerfully acknowledges these apparent contradictions: "This eco-industrial park is a mixture of eco-industry and ecotourism. It has been designed to promote the co-importance of industry, commerce and the need to live a sustainable lifestyle."

Currently covering an area of 4.26 sq km, with a planned expansion to 20 sq km, the development of an integrated transport system is at the very heart of the project. This initiative will see the strengths of the areas existing road network – including the Qingdao-Yinchuan highway, the Gaomi-Pingdu highway, and the Pingdu-Dongyin road link – seamlessly integrated with the facilities of the planned Pingdu-Beijing rail link.

Upon its completion, this program will boost the area's speed of access to China's major international sea and air terminals, including Beijing, Shanghai, Tianjin, and Shandong. It will also greatly reduce the transit time to a number of vital domestic markets, notably the cities of Qingdao, Yantai, Jinan and Dongying.

This improved infrastructure will be one of the key prerequisites for developing the park's industrial and commercial base. It is hoped that the fiscal input of the park's business community will have a huge economic knock-on effect to the well-being of the adjacent city of Qingdao. When completed, the park will form

a vital link in the development of a commercial belt along the nearby Zehe River.

The park's proximity to the river and other areas of natural beauty has prompted the park's management to take a strict ecologically-aware overview of its development. This has seen the adoption of a number of green policies, including tough guidelines on recycling and sustainable development. These initiatives have been designed to permit the harmonious co-existence of the area's natural ecosystem alongside its emerging commercial landscape.

One of the benefits of maintaining an environmental balance in the park is the scope it leaves open for building the area's leisure and tourism industry. By fully utilizing the appeal of the natural environment through promoting lesser-known aspects of the landscape in the park, its management hopes to firmly establish the area on the local tourist trail.

The area currently features 1,000 acres of woodland, a golf course and a series of "eco-villas", environmentally-friendly short-stay apartments. It is hoped to boost its tourist ap-

peal through a raft of new initiatives, including an eco-hotel, an aerobics leisure centre and a sightseeing bridge straddling the Zehe.

For those looking for longer-term accommodation in the area, a series of environmentally-friendly residential areas are also a firm part of the proposition. These will offer comfortable living conditions for a substantial number of businessmen and office workers, complete with all the requisite services and with the added bonus of a beautiful setting.

The park will be constructed in line with sound environmental guidelines, highlighting the importance of recycling and maintaining an ecological/industrial balance.

This will see it adopt an emerging focus on a number of cutting-edge industries, including energy-saving, environmental protection, new energy sources, innovative materials, computing and information technologies, automotive electronics, finished automobile production, investment casting, biotechnology development, as well as marine and fine chemical production.

These industries, together

with the automotive spare parts industry and a series of eco-tourism initiatives, will form a close industrial chain. In light of this, any project seeking approval for development in the park needs to meet a strict range of criteria, particularly with regards to environmental protection.

The park's planners have specified the development of an effective intelligent traffic management system, connecting all the highways, railways and airports. A green belt zone will also be included on each side of the main roads running through the park, in a bid to maintain an afforestation rate in excess of 40 percent.

At present, this park is seeking to attract investments from home and abroad. Many investors from a number of different countries and regions, including Korea, Japan, Hong Kong, Germany, Russia, America and India, have already completed inspection tours of its facilities. So far, more than 50 businesses have signed up for premises in the park, including companies in the electronics, environmental protection, engineering, software and chemical industries.



Business and botany: Chinese and Korean delegates meet to mark the success of Qingdao's "green" industrial development.



Production line of Qingdao Daedong System Co Ltd

Ju Chuanjiang

Tonghe in chic: industrial base makes overseas investments fashionable

By Zhao Ruixue

The successful development of its adjoining industrial park has had a huge "knock-on" benefit for Tonghe, a small town in Qingdao in the eastern province of Shandong. Thanks to the success of the park, it is now the fashionable place for foreign companies to invest.

As a result, the town is now a modern residential area, complete with a developed industrial base, contemporary infrastructure and a sound ecological environment.

Explaining the reasons for the town's renaissance, Wang Fujun, director of the Management Committee of the Tonghe Industrial Park, said: "The reasons that investors choose this place are not only because of its excellent investment environment and advantageous geographical position, but also its customized and specialized support services, which never fail to impress would-be backers."

"As a result, as well as population of 38,000 natives, the town is home to some 50,000 workers from across China. All of them are employed at one of the 320 or more domestic and overseas businesses based in the park."

To date, the 16 sq km park has a registered foreign capital of \$1.8 billion, with \$1.2 billion of it already in use. It also has a utilized domestic capital of 3.2 billion yuan.

Foreign investors from more than 10 countries and regions, including South Korea, Japan and India, have now established

premises in the park. Topping the league is Korea, which now has more than 130 businesses registered in the area.

Wang attributed the growing number of businesses based in the park to a "ripple effect" generated by a few core companies on the site. This has seen manufacturers, such as South Korea's Qingdao Asia Woosung Enterprise Co Ltd, which boasts an annual production of 2 million sets of electronic parts, spawn a raft of ancillary and supply businesses.

Addressing the needs for comprehensive IT support for the park's growing number of businesses, its management team has invested 20 million yuan in jumpstarting a nearby computer technician college. In recent years, more than 6,000 of its graduates have contributed to the development of the park.

To further boost business, the local government has provided "credit guarantees" for certain companies, aimed at ensuring businesses in the park have ready access to financial support should they need it. It has also provided a range of apartments for visiting overseas businessmen and employees within the park, as well as making provision for both a cultural activity center and a dedicated business service center.

Despite the financial downturn, many of the existing business in the park have made an increased investment and expanded their local facilities. Over the last two years an additional \$80 million has

been generated from some 30 existing foreign enterprises in the park.

Commenting on future plans for the commercial center, Wang said: "We aim to develop the park into a national-level industrial cluster as well as a leading export base for automobiles and auto industrial parts."

With a total investment of 300 million euros, Qingdao Daedong Syetem Co Ltd was the first company to move into the park. Its presence there triggered the growth of an entire auto parts industrial production chain, now a key part of the park's economic base.

In the wake of a \$10 million auto parts order from a client in France, businesses in the park are now actively wooing investment from both the European and American markets. To date, a number of large purchasers from Germany, France, Hungary, Switzerland and America have undertaken fact-finding visits to the park, resulting in a wide array of new projects being discussed.

The park's largest project to date came about last year, when an American corporation secured a \$60-million deal to produce sunshades for the US market.

Wang said: "We are now giving priority to attracting American and European investment over the next three to five years. We are currently in negotiations with regard to 50 such deals. These will undoubtedly optimize the park's industrial structure and enhance its future competitiveness."

By Wang Qian

Over the last eight years, the Qingdao Tonghe Automobile Parts Industrial Park (TACIP) has developed into the destination of choice for overseas investment in the lucrative field of auto parts manufacturing.

According to Tang Yunli, deputy secretary of the Tonghe Industrial Estate Administration Committee, the Tonghe industrial park is currently home to more 100 auto parts businesses, representing a total investment of \$320 million. This has seen the park producing more than 300 different automotive components, including engine parts, vehicle electronics and driving mechanisms. As a result, the annual sales revenue of the park has reached 3.6 billion yuan, with annual foreign currency earnings of \$250 million.

Its success is due, in part, to the park's considerable geographical advantages. To its east, the park, situated in the Shandong province, has easy access to South Korea and Japan, both major automotive manufacturing nations.

It is also within 400 km of a number of domestic car manufacturing plants, including the FAW

Group Qingdao Auto Works, the Yantai Dongyue Auto Works, the Jinan Heavy-Duty Truck Factory as well as the Korean Hyundai Motor Corp.

TACIP was set up in 2007 to accelerate the development of the region's auto parts industry. The construction of its 4 sq km infrastructure was backed by an initial total spend of 1.15 billion yuan.

A number of high-profile contracts have now been successfully completed in the park, including a \$375 million Daedong coach project and a \$65 million Donghwa casting project. The latter was carried out by Qingdao Donghwa Casting Co Ltd, Asia's largest auto enterprise and a specialist in producing aluminum wheels. It is currently ranked as number two in the world in terms of production capacity.

Tang said: "By 2010, the TACIP is scheduled to have attracted an additional 60 auto parts suppliers, taking its on-site total to more than 180, giving it an annual production value in excess of 5 billion yuan."

"At the same time, our development focus is switching to large city-buses. Over a period of five years, we will strive to become the top production base for auto parts and the leading auto

industrial cluster in the East of China or even across the whole country."

Between January and July of this year, the total industrial output value of TACIP reached 2.46 billion yuan, an increase of 14 percent year-on-year. Its industrial added value amounted to 740 million yuan, up 8 percent, among which auto parts output value accounted for 1.52 billion yuan, two thirds of the economic aggregate.

Aside from its geographical and human resources advantages, the TACIP has also seen shifts in the structures of overseas industries as an opportunity to attract foreign investment.

The 2001 arrival of the Daedong Syetem Co Ltd, a key supplier to the Korea Hyundai Motor Corp, also proved a turning point for the park. Since Daedong first opened its doors, the number of ancillary and support companies working alongside it has grown by 40 per cent every year.

With a large number of leading automotive businesses now committed to the park, auto parts manufacturers have been quick to follow suit. Six related business and five auto component companies were set up in the immediate wake of Daedong Corp's arrival. Another such arrival is the

Qingdao Yushin Auto Fittings Co Ltd, a major specialized auto parts company, launched following a total investment of \$20 million and now achieving a total annual output value of 100 million yuan.

The export of auto parts has become the key element of the park's foreign trade. Its specialist suppliers of vehicle cables and capacitors, for instance, now supply some 60 per cent of the entire Korean market.

The TACIP's 40-strong group of automotive companies now provides auto parts for more than 30 leading auto enterprises at home and abroad, including Korea's Hyundai, Kia and Daewoo, Toyota in Japan, America's GM and HI-LEX, Canada's INTIER, as well as Beijing Hyndai, Dongfeng and Yueda Kia.

同和一家親
Tonghe Industrial Estate Administration Committee, Qingdao, Shandong province
Tel: 86-532-87311026
86-13906483320 (Mr Jin)
Fax: 86-532-87311027
Zip Code: 266706
http://www.tonghe.gov.cn
Email: tonghe2222@163.com
tonghe001@163.com

No shock at electronics park's current success

By Wang Xiantao

The Tonghe Electronics Industrial Park (TEIP) of Qingdao is now set to become one of the key economic drivers in Shandong province. It now accounts for more than 2.5 billion yuan (\$350 million) of annual sales revenue and attracts a substantial in-flow of foreign capital.

Following a 400 million yuan (\$58 million) injection for infrastructure enhancement and the arrival of a raft of overseas-backed-funded electronics businesses – including Chengnan

Electric and Wencheng Electric – the development of the TEIP has stepped up by several gears.

Its on-site businesses are currently capable of manufacturing across eight sectors of internationally in-demand hi-tech products, including communications equipment, home appliances and computer accessories, according to Qi Changzheng, deputy director of the administrative committee of the TEIP.

It was designated as an electronic information industrial park by the Shandong Provin-

cial Department of Information Industry back in June 2007. By the end of 2008, with a cumulative investment totaling \$300 million, 80 companies had been approved to operate in the park.

The TEIP is now seeking innovative ways to attract investment, with the aim of establishing a multi-faceted cluster in the electronic spare parts industry. To this end, several large projects, each individually worth more than \$10 million, have now been carried out in quick succession.

More than 20 of the resident

enterprises have opted to increase their investment capital by a total of \$30 million in recognition of the site's success. South Korea's Qingdao Asia Woosung Enterprise Co Ltd, for instance, now produces and exports two million sets of TV parts per annum, generating some \$100 million worth of sales revenue.

Ten countries and regions including Japan, South Korea and Hong Kong have already invested in TEIP, quickly establishing it as one of the lead suppliers for 30 of the world's electronics giants including Haier, Hisense, Siemens and Nokia.



Tonghe: enjoying an economic renaissance thanks to the success of its industrial development zones.