

Province draws foreign projects

Shandong continues to attract investment, thanks to its ever-improving links with Fortune 500 companies

By HAONAN

haonan@chinadaily.com.cn

China's eastern coastal province of Shandong has achieved major progress in absorbing foreign investments in recent years, especially from Fortune Global 500 companies, thanks to both its strengthened cooperation with foreign multinationals and efforts to improve the local business environment.

In 2016, Shandong secured 128 projects funded by 62 Fortune Global 500 companies from 18 countries and regions, including Germany, the United States and Japan. Overall investment in these projects has reached \$16.1 billion.

The projects cover 28 industry sectors, including advanced manufacturing, emerging industries and modern agriculture. Of these projects, 63 already had full funding in place when they were agreed upon, with total contracts worth 10.34 billion yuan (\$1.5 billion).

One of the reasons for Shandong's success in attracting foreign investment is its strengthened strategic cooperation with some of the world's leading multinational corporations.

The provincial government and the State Council Development Research Center held a "Shandong Night" promotion during the 2016 China Development Forum in Beijing last March, attracting 58 global chairmen and CEOs from companies on the global top-500 list.

Local government officials and representatives of key Shandong enterprises that have overseas operations met these entrepreneurs and other industrial specialists to discuss future cooperation.

In June, as a follow-up to the promotional event, the provincial government organized inspection tours of Jinan, Qingdao, Weifang and Yantai for representatives from 39 Fortune Global 500 companies and industry leaders. As a result, agreements were reached for six new projects to settle in the province.



Sinotruk's business representatives introduce axles developed by the truck manufacturer and its German peer MAN to visitors at an industrial expo. WANG QIAN / FOR CHINA DAILY



Samsung employees work at a printer plant in Weihai, Shandong. PROVIDED TO CHINA DAILY

Statistics from the Shandong Department of Commerce show that the province had given approval for more than 200 Fortune Global 500 companies to locate projects in the province as of the end of 2016. Of them, many companies, including French electricity group EDF, the US' General Motors and Italy's

Pirelli established or invested in more than one project.

About two-thirds of all projects are located in the cities of Qingdao, Yantai and Jinan. Yu Dong, head of the Yantai bureau of commerce, said 99 Fortune Global 500 companies had invested in the city through 144 projects as of the end of last year. The projects

covered the communications, automobile, shipbuilding and aviation sectors.

"In 2016, Yantai gained 12 newly approved projects invested in by Fortune Global 500 companies. Five companies, including China State Construction Engineering Corp and China Datang Corp, invested in the city for the first time," Yu added.

Shandong witnessed average annual growth of 12.1 percent in foreign capital utilization during the 12th Five-Year Plan (2011-15) period, said She Chunming, director of the Department of Commerce of Shandong.

Cooperation with Fortune Global 500 companies has not only boosted the province's capital flow, but also brought benefits to local companies in terms of technology and management systems.

In 2009, China National Heavy Duty Truck Group, also known as Sinotruk, established a long-term partnership with German truck maker MAN, from which the

Shandong-based company obtained a range of advanced technologies and applied them to the process of producing light trucks, special vehicles and buses.

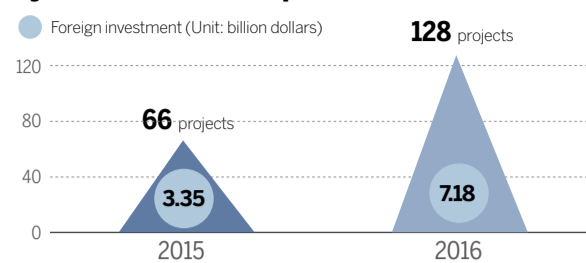
Sinotruk exported 25,000 complete vehicles in 2016, making it the largest exporter of heavy trucks in China for the 12th consecutive year.

"More importantly, we have also gained a better understanding of the standards and quality management that MAN is proud of," said Yun Qingtian, Sinotruk's general quality engineer.

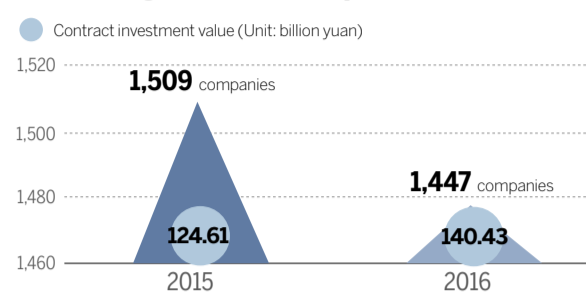
In a bid to attract more high-quality foreign talent, the provincial government said that Shandong will continue to deepen mutually beneficial cooperation with Fortune Global 500 companies in the coming years. It will also build more international schools, hospitals and communities, as well as cultural and sports facilities, to provide expats with a better residential and working environment.

STRONG ECONOMIC GROWTH

New investment projects signed by Fortune 500 companies

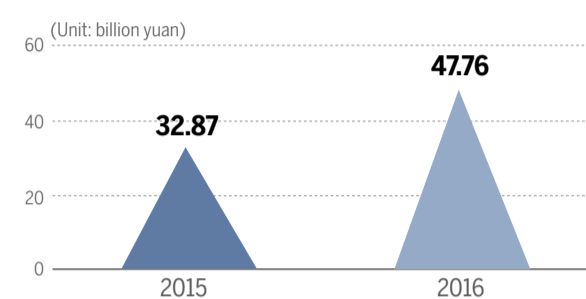


New foreign-funded companies

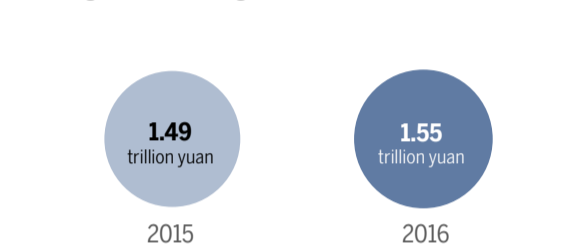


Year-on-year rise in new contract investment value: 12.7%

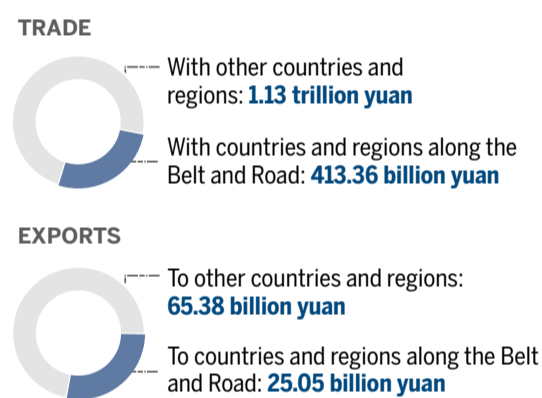
E-commerce exports



Foreign trade in goods



Cooperation with countries and regions involved in the Belt and Road Initiative in 2016



Source: Department of Commerce of Shandong province



Workers process ejiao, a traditional Chinese medicine tonic, at Dong'e Ejiao Co in Shandong province. PHOTOS PROVIDED TO CHINA DAILY



Employees work on an assembly line at German hydraulic system maker Linde Hydraulics, acquired by Weichai Power in 2012.

Building brands spurs output growth

By ZHANG ZHAO

zhangzhao@chinadaily.com.cn

Thirty-one Shandong-based companies and brands were highlighted in this year's provincial government work report announced in February, as the government is carrying out a strategy to build a number of internationally influential brands.

The mentioned brands and companies, including Tsingtao beer, Changyu wine, Haier home appliances and Inspur servers, are now collectively worth more than 587 billion yuan (\$85 billion). Among them, 17 listed companies had a total market value of more than 445 billion yuan as of Feb 10.

For two years the Shandong provincial government work report has called for higher product quality and more branding efforts.

"Many time-honored brands, such as Dong'e Ejiao, are invaluable assets for Shandong," said Qin Yufeng, chairman of the Shandong Association of Enterprises with Time-Honored Brands and CEO of Dong'e Ejiao Co Ltd.

The association was founded in January and its members include 150 Shandong-based companies that produce famous local specialties, including Dong'e Ejiao — donkey hide gelatin originating from Dong'e county — Dezhou braised chicken and Zhoucun sesame seed cake.

"All members should work hard as a team to promote the brands by inheriting their essence and innovating," Qin said.

As a national intangible cultural heritage item, ejiao is a traditional Chinese medicine tonic made by boiling and refining donkey skins. The brand's value stood at more than 34 billion yuan in 2016.

Led by Dong'e Ejiao Co Ltd, the ejiao industry with an annual output value of 15 billion yuan has been established in Dong'e county. The local government is planning to extend the business chain to skincare products, foods, drinks and tourism.

In addition to traditional products, Shandong-produced China Railway high-speed trains, Inspur servers and

Weichai engines have become some of the new export stars in China.

By the end of last year, companies in Shandong had 696,400 valid trademarks, including 1,666 international

31 brands highlighted in the provincial work report 2016

trademarks filed through the Madrid System for the International Registration of Marks.

The province is also home to 427 products with geographical indication titles.

Among the most valuable 500 Chinese brands unveiled by the World Brand Lab in December, 42 are from Shandong.

Some Shandong companies have launched international acquisitions in recent years to increase their brands' international influence. In 2012, diesel engine developer Weichai Power spent 2.7 million euros

(\$2.9 million) purchasing a 70 percent controlling stake in German hydraulic system specialist Linde Hydraulics, the largest acquisition by a Chinese company in Germany.

"Acquisitions are more about integration than elimination," said Weichai Chairman Tan Xuguang. "Cultural integration is one reason for Weichai's success."

When it acquired French ship-use engine manufacturer Baudouin in 2009, it offered 2.99 million euros while a US competitor offered 15 million euros. Weichai won the bid because it promised to keep all the Baudouin employees but the competitor said it would cut 30 percent of workforce.

Zhang Ningbo, director of the Shandong Bureau of Quality and Technical Supervision, said they will organize training campaigns for small and mid-sized companies in the province to help them to improve product quality and build their brands.

The authority plans to develop 350 products with famous Shandong brands and 200 services with famous brands this year.

International trade specialists promote SMEs' massive boom

By SONG MENGXING

songmengxing@chinadaily.com.cn

Shandong, a coastal province in eastern China, saw the most rapid increase in foreign trade of all provinces in the country last year, in contrast with decelerating economic growth worldwide.

Statistics from the Department of Commerce of Shandong show that the province's cargo imports and exports amounted to about 1.55 trillion yuan (\$224.19 billion) in 2016 for a year-on-year rise of 3.5 percent.

The province's exports reached 905.2 billion yuan last year, up 1.2 percent from the previous year. Imports totaled 641.4 billion yuan, a year-on-year increase of 6.8 percent. Shandong's imports and exports in January this year amounted to 149.5 billion yuan, a year-on-year increase of 36 percent.

She Chunming, head of the Shandong commercial department, said: "Despite difficulties such as sluggish foreign demand, rising costs and exchange rate fluctuations last year, Shandong saw its foreign trade increase."

The growth benefited from factors including fast development of emerging trade forms and consolidation of traditionally advantaged sectors, she said.

In 2016, Shandong fostered more than 30 comprehensive foreign trade companies. They offer services covering the whole industrial chain for small and medium-sized



We barely have to deal with the exporting so we can just focus on making our products well."

Meng Wei, general manager of the sales department at Shandong Aoqi

enterprises and have made SMEs with little foreign trade experience into major contributors to growth of foreign trade.

Among the SMEs is Shandong Aoqi Heavy Industrial Machinery. The company's exports reached 50 million yuan last year, up 50 percent over 2015. It exports truck cranes, primarily to the Philippines, the United Arab Emirates, Vietnam and Indonesia.

Shandong Aoqi has been engaged in foreign trade since 2012, but its exports were limited due to a lack of trained professionals. The company received help from a comprehensive foreign trade service enterprise, Qingong International Group, in 2016. Foreign trade accounted for more than 80 percent of the company's total sales that year.

Meng Wei, general manager of the sales department

at Shandong Aoqi, said: "We barely have to deal with the exporting so we can just focus on making our products well."

Shandong Aoqi now has little concern for finding clients, training professionals, export declarations, shipment and foreign exchange settlement, Meng said.

Qin Changling, president of Qingong International, said that comprehensive foreign trade companies are likened to butlers and help SMEs to use their resources more efficiently.

Efficiency mainly depends on new foreign trade forms in Shandong, including fostering comprehensive foreign trade companies and cross-border e-commerce businesses, Qin added.

Shandong also actively worked to integrate itself into the Belt and Road Initiative last year. The initiative refers to a strategy proposed by President Xi Jinping in 2013 for increased international cooperation via the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

The province's foreign trade with countries and regions along the Belt and Road was 413.36 billion yuan last year, accounting for 26.7 percent of Shandong's total volume.

The Department of Commerce of Shandong's head She said that the province will increase trade cooperation with countries along the Belt and Road, making its leading companies pillars of foreign trade while helping SMEs to become a new force behind increasing trade.