

SHANDONG AND BAVARIA MARK 30 YEARS OF RELATIONS

Collaboration between two regions focuses on Industry 4.0 and Made in China 2025 strategies

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Shandong province and Bavaria, a state in southeastern Germany, will strengthen their cooperation in various fields, aiming to explore the new opportunities brought about by the latest stage of industrial revolution.

Shandong and Bavaria signed a statement in May promising to strengthen long-term strategic partnerships during celebrations for the 30th anniversary of their sister relationship. The two regions agreed to support Germany's Industry 4.0 and China's Made in China 2025 strategies, and to promote communication and cooperation in fields such as new energy, digitization and aviation and aerospace.

"I hope Shandong and Bavaria see this joint statement as a new starting point of our relationship. We will strengthen our strategic partnership, expand investment in terms of scale and fields involved, and support matchmaking for projects," said Gong Zheng, governor of Shandong province. "We will cooperate and collaborate in fields such as equipment manufacturing, information and healthcare to achieve mutual benefits."

Shandong, known for its strong economic power and culture resources, has entered a new phase of economic development with renewed driving forces.

"Bavaria achieved outstanding results in promoting the Industry 4.0 and digital transformation strategies. There is strong cooperation potential between Shandong and Bavaria in the advanced manufacturing sector," Gong said.

Bavaria, one of the largest states in Germany, is home to many of the world's top companies, such as Audi, Adidas and Siemens.

Statistics provided by the Shandong government show that businesses and institutions from Bavaria have invested in more than 20 projects in the East China province over the past three decades. Actual investment reached \$1 billion, accounting for one-third of the total investment from Germany.

Leading enterprises such as Siemens, Man and Diehl Metering have launched operations in Shandong.

Siemens started operation in Jinan, capital of Shandong, in 1994. It has launched two production plants and one research and development center in Shandong.

The company also established partnerships with leading local companies, such as medical solutions provider Qilu Pharmaceutical and



Gong Zheng, governor of Shandong province, exchanges gifts with Horst Seehofer, state premier of Bavaria, in May. PROVIDED TO CHINA DAILY



Weichai Power purchased a 70 percent controlling stake in Linde Hydraulics in 2012. PROVIDED TO CHINA DAILY

machine developer Jier Machine-Tool Group to support their development in infrastructure, new energy, emissions reduction, professional training and finance leasing.

Man became a key strategic partner of Sinotruk by acquiring a 25 percent plus one share stake in Sinotruk (Hong Kong) Limited in 2009. Man has promised to transfer technologies and management expertise to support Sinotruk's production and technology development.

In 2011, Man and Sinotruk unveiled a new truck brand SITRAK, which combined Man's technology and Sinotruk's components.

"The partnership allows us to learn and gain new technologies from international giants. We have strengthened our research and development capabilities," said Ma Chunji, chairman of Sinotruk.

Ergo, a major insurance service provider in Germany, has also been expanding its footprint in Shandong over the past few years.

Close ties between Shandong and Bavaria also strongly supported leading local businesses seeking opportunities in overseas markets.

The Shandong government has approved 20 companies' and institutions' plans to launch operations in Bavaria by the end of March. The registered total investment has reached \$510 million. Among the 20 companies, five obtained approvals in 2016.

Weichai Power purchased a 25 percent stake in Germany's forklift maker Kion for 467 million euros (\$534.18 million) and a 70 percent controlling stake in Kion's subsidiary Linde Hydraulics for 271 million euros in 2012.

Linde Hydraulics' new plant in

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GONG ZHENG
governor of Shandong province

Bavaria, with total investment of 58 million euros, was put into operation in July 2016. The factory, one of the largest investment projects in Bavaria in the past 10 years, provides 700 jobs for local people.

The new factory boosted Linde Hydraulics' annual production capacity from 150,000 units to 250,000 units.

"Weichai Power invested 1.5 billion euros in Germany after it established strategic partnerships with Kion and Linde Hydraulics," said Tan Xuguang, chairman of Weichai Power. "The Germany division has played a key role in Weichai Power's global strategy."

Looking ahead, Shandong and Bavaria are optimistic about future cooperation. They believe the well-developed friendship between Shandong and Bavaria will continue to support both parties' development.

Partnerships see strong growth in various sectors

Bavaria, a German state known for its strong industrial foundations, has become one of Shandong province's most important partners over the past three decades.

The state not only established close economic ties with Shandong, but also maintained a strong relationship in fields such as education, urbanization, high technology and finance over the past three decades.

Statistics from Shandong province show that Bavaria has supported construction of at least four professional training and education centers via the Hanns Seidel Foundation since 1989. Its overall contribution totals more than 10 million euros (\$11.44 million).

Shandong and Bavaria also have strong cooperation in the higher education sector. Leading universities - Shandong University, Ocean University of China, Shandong University of Science and Technology, among others - have established partnerships with major universities in Bavaria, launching several cooperative projects.

Shandong has spared no efforts to support technology-focused cooperation and communication with its partner.

The province has developed 25 Sino-German technology cooperation platforms to support the region's high-tech industry's development, relating to the pharmaceutical, photovoltaic and aviation port equipment industries.

Some companies have reported breakthroughs in key technology development thanks to support from German partners. Weichai Power has developed a high-power diesel engine by partnering with several leading German diesel engine solutions providers, including Man and Deutz.

In the financial area, the Shandong government signed a memorandum of understanding with Deutsche Börse Group in 2010 to support Shandong's businesses raising capital in Germany. Six companies had raised a combined 515 million yuan (\$75.75 million) in Germany by the end of June.

Significant moments in the past 30 years between Shandong and Bavaria

1987: Shandong province established a sister-state relationship with Bavaria.

2002: Shandong and Bavaria decided to launch the Regional Leaders' Conference to promote communication.

2010: Shandong and Bavaria signed a strategic partnership agreement to strengthen their sister-state relationship.

2017: Officials from Shandong and Bavaria signed an agreement to strengthen the friendship between the two regions.