

# High-tech giants reach world markets from industrial hub

Emerging sectors welcomed to contribute to Yantai's recently accelerated economic development

By YANG CHENG  
yangcheng@chinadaily.com.cn

Blue Whale 1 — the ultra-deep-water semisubmersible drilling rig built by the nation's largest semisubmersible platform manufacturer, China Yantai CIMC Raffles Offshore — conducted successful tests in the South China Sea in May.

Blue Whale 1 is the world's most advanced ocean drilling platform design. It provides important experience for CIMC to further enhance China's high-end energy exploration equipment, company executives told reporters from Asian Media's Discover Yantai Trip.

Residents of Yantai, Shandong province, take pride in the Blue Whale 1 being manufactured in the city's ocean area.

Government officials share that pride, saying that the semisubmersible drilling rig is a prime example of the city's industrial upgrade work.

Last year, industrial output generated from the city's high-tech sector hit 70 billion yuan (\$10.3 billion).

This accounted for 42 percent of all local companies with annual industrial output above 20 million yuan in Yantai, meaning Yantai ranked No 2 in the province in terms of high-tech sector revenue as a proportion of enterprises with annual industrial output above 20 million yuan for each.

Industrial revenue generated by enterprises with industrial output above 20 million yuan reached 1.63 trillion yuan, ranking No 1 in the province.

Last year, emerging sectors contributed 50.6 percent to the city's high-tech sector, with revenue of 355 billion yuan.

While China has a strong presence in the highest levels of the global ocean equipment manufacturing sector, the nation still lags behind developed countries in the high-end chemical materials industry.

However, Yantai-based Wanhua Chemical Group has broken the global monopoly in MDI — Methylene diphenyl diisocyanate — core technological competence.

According to Liao Zengtai, the company's chairman, Wanhua currently has an annual industrial capacity of 10,000 metric tons of MDI, as a world leader in the polyurethane industry.

Jereh Group provides integrated solutions for the oil and gas drilling industry. Supplying more than 600 sets of large-scale oilfield equipment and four series of related products, Jereh has become the world's largest manufacturer of oilfield production equipment.

It is involved in oil well construction, gas services, transportation, compressed natural gas and liquefied natural gas filling equipment, oilfield engineering technology, and the general design of oil and gas engineering services.



**Clockwise from top: The coastal city of Yantai** boasts an ideal living environment. PROVIDED TO CHINA DAILY **Asian reporters** interview the CIMC Raffles, based in Yantai, which has taken the lead in ocean drilling equipment manufacturing in the world, during a Discover Shandong trip. It is their third time to visit the economic power house. WANG QIAN / CHINA DAILY **Changyu's state-of-the-art filling bottling unit** aids Changyu's global presence. WANG QIAN / CHINA DAILY **A view of Yantai**, a popular investment destination with picturesque vistas. PROVIDED TO CHINA DAILY



Jereh also has the world's largest cement manufacturing center, and its sales of fracturing equipment, coiled tubing equipment and liquid nitrogen pump equipment rank No 1 across China.

Serik Korzhumbayev, editor-in-chief of Kazakhstan's Delovoy, a Kazakhstan newspaper,

said that cooperation between Jereh and countries involved in the Belt and Road Initiative has become a highlight of international production collaboration.

In 2014, Jereh launched its first 4500 pattern fracturing truck — the world's largest stand-alone power fracturing truck. The vehicle is regarded in the industry as having redefined fracturing equipment. Its release not only marked a new era for Chinese oilfield turbines, but also made China the third country to produce turbine equipment after the United States and Russia.

**Intl cooperation**  
Cutting-edge technology is a

signature brand for Yantai, as well as how it embraces partners around the world.

The Sino-Russian High-tech Industrialization Cooperative Demonstration Base in Yantai is embracing global researchers.

Eyeing the city's strong competence in technological research, some 180 research institutes have established partnerships with the base, said Zhang Renzhong, the director of the base.

Its partners now include the Institute of Far Eastern Studies of Russian Academy of Sciences, the Russian Academy of Science's Siberia and Ural branches, the South Ural State University and the National Academy of Sci-

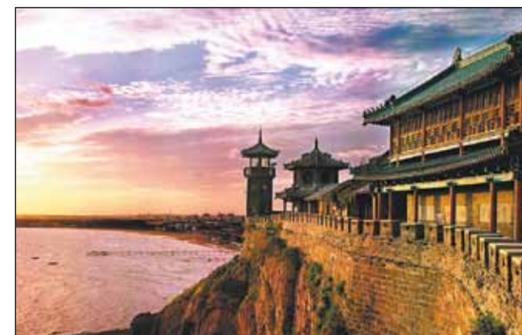
ences of Ukraine.

Yantai-based Changyu Pioneer Wine is one of the world's largest wine producers. The international wine town based in Yantai can fill up to 25,000 bottles of wine per hour, thanks to its 10 world-level imported automatic production lines.

The company has been continually involved in overseas mergers and acquisitions.

In a recent move, Changyu purchased Chile's seventh-largest winemaker, Indomita, for \$40 million with an 85 percent stake in the company, said Sun Jian, a board member of Changyu.

*Yang Min contributed to the story.*



**Penglai Pavilion**, built in 1061, is one of the nation's leading well preserved ancient architecture.

## Making the most of Chinese wine

The cavernous cellar at Chateau Junding in Penglai is chilled to a cool 15 C with a sticky humidity of 75 percent. Row after row of aged oak barrels, imported from Europe and the United States, are stacked on top of one another filled with slowly maturing wines waiting for the perfect moment to be decanted and accompanied with a nice soft brie.

"This is the largest multi-functional wine cellar in all of Asia," my tour guide boasts. The Nava Valley in Penglai, Shandong province, has been making a name for itself in recent years and is now home to 30 chateaus producing wine for the domestic and international market. Through the dim light I see that many of the barrels have actually already been sold.

Penglai lies on a latitude of 37 degrees — the coastline's ideal sand, sun and sea make for ideal wine producing conditions, or as the French might say, "terroir".

So big has Penglai's wine industry become that paired with Yantai it is China's largest wine region, producing 40 percent of the entire country's wine. Granted, much of that is made by Changyu, China's largest and oldest wine producer, whose Yantai wine town is the size of 800 football fields and can produce a mere 25,000 bottles of wine per hour.

The popularity of wine in China has been on the increase since the 1980s and it is predicted to become the world's second-largest wine market by 2020.

Chateaus, such as Junding

along the coastal line of Penglai, have a great opportunity to make gains in such a growing market.

Compared to Changyu, Chateau Junding is small fry, and so has diversified its business to offer consumers something a little different. Not only does the vineyard produce its own wines, but it is also one of the largest seedling growing bases in China, a golf course and a resort hotel.

Despite the chateau's European iconography, Zhang Zhengwen, general manager of the vineyard at Junding, tells me that they are very much focused on producing wines for the domestic market and Chinese tastes.

"In the beginning, our wine had a lot of influences from Europe... but now we use local grapes to produce local wine suitable for our consumers," Zhang says.

"You know in Europe they eat a lot of meat but in China we eat more vegetables, so we need to make our wines with less tannins, less acidity, more elegant, more fruity and easier to drink, especially for the 'ganbei'."

Climbing the stairs out of the cellar and returning to ground level, a golden shaft of midday sun glitters through French windows of Junding's grand chateau. Across the horizon, rolling hills are combed with canopies of green grapevines. It's about lunch time. Time for a drink, methinks.

*The author is an editor of China Daily and his email is owenfishwick@chinadaily.com.cn*



Scan it! See more on chinadaily.com.cn



**Asian reporters** are attracted by an exhibition at the Ancient Boat Museum in Penglai. WANG QIAN / CHINA DAILY

# Coastal city in Shandong set to unleash potential of Belt and Road Initiative

By YANG MIN and WANG WEI

Yantai in Shandong province has made significant efforts in recent years to improve its infrastructure, in order to build the city into an important trade and economic center with the backing of the Belt and Road Initiative.

As a key city along the route of the ancient Silk Road, Yantai has many advantages to complement the Belt and Road Initiative, including its advanced transportation system, and advanced state of reforms and opening-up.

"Yantai is a city full of vigor along the route of the Belt and Road. As one of the first batch of 14 coastal cities to implement the policy of reform and opening-up, Yantai must

now continuously expand its industry abroad," said Li Ming, administrative deputy director of Yantai's publicity department.

"Yantai has now established relationships with 64 countries along the route of the Belt and Road," Li said.

"By the end of 2016, Yantai had invested in 139 projects in 28 countries in the areas of infrastructure, energy and food processing. The total investment value amounted to 1.1 billion yuan (\$162.4 million)," he added.

In the first quarter of this year, the city expanded the number of cooperation projects it had agreed with countries along the route of the Belt and Road to five, two more compared with the same period last year.



**Asian reporters** pay a visit to Jereh Group, a Yantai-based leader in the Belt and Road Initiative. WANG QIAN / CHINA DAILY

In terms of opening-up, Yantai has made every effort to build overseas economic and trade cooperation zones, and encourages local companies

to expand their businesses in countries with rich resources and bright prospects. In these overseas economic and trade cooperation zones,

Yantai will build industrial parks and economic and trade platforms. So far, China has 20 national-level overseas economic and trade cooperation zones, of which two are headed by Yantai-based firms.

The two overseas economic and trade cooperation zones are the China-Hungary trade and economic zone, which received investment from Wanhua Chemical Group, and the China-Russia timber trade cooperation zone, which received investment from Avic Forestry.

### Opportunities

Yantai's government has always encouraged local businesses to attach great importance to innovation and cooperation. Local firms are urged

to develop innovation platforms, set up sales networks abroad and cooperate in energy and project contracting.

The Belt and Road Initiative will strongly promote the development of Yantai's local businesses, especially energy firms.

"Our company's main growth point lies in the longest economic corridor in the world," said Shi Haijiao, international business promotion manager of Jereh Group.

"Jereh has developed energy projects in 63 countries and regions and established institutions and offices in more than 50 cities," he added.

"We have businesses in countries along the route of the Belt and Road, including Russia and Pakistan. We have

also set up sub companies in Kazakhstan and signed strategic cooperation agreements with the Kazakhstan Oil Geological Prospecting Institute," he said.

Yantai now has strong trade connections with countries along the Belt and Road routes.

In 2016, the city's import and export value totaled 52.6 billion yuan with 64 countries involved in the Belt and Road. In the first quarter of 2017, its import and export value with countries along the Belt and Road hit 11.9 billion yuan, an increase of 18.4 percent.

*Contact the writers at yangmin@chinadaily.com.cn and wangwei@chinadaily.com.cn*