



From left: The Eden Garden Cultural and Entertainment Plaza in the Shanxi-Africa Economic and Trade Cooperation Zone is a new landmark in Mauritius. PROVIDED TO CHINA DAILY Workers sort daylily flowers at a plant of Bocheng in Tianzhen county. LIU ZHENHUA / FOR CHINA DAILY Commodities are loaded in the Zhongding Logistics Park before their delivery to Europe. SUN RONGXIANG / FOR CHINA DAILY

# Shanxi's booming economy spans the world



From agricultural and high-tech products to new energy vehicles, exports from the province flourish

By YUAN SHENGGAO

When asked what is the character of a people in a particular region, the answer can usually be found in its past and present, and possibly even the future.

That is exactly the case of Shanxi, a province in North China, which is said to have a history going back more than 5,000 years.

As one of the cradles of Chinese civilization, Shanxi is known for its long history in agriculture. Archaeological discoveries show that farming in the region might have started in the late Neolithic Age, which is some 3,500 years ago.

It was during that period that the renowned Red Emperor, or Shennong, who was regarded as the common ancestor of the Chinese nation along with the Yellow Emperor, taught people in Shanxi how to farm.

Irrigated by water from the Yellow River and its tributaries, Shanxi maintained its position as an important region for agriculture throughout the past five millennia, forming a farming-related culture featuring a remarkable hardworking spirit among its people, especially its farmers.

About 600 years ago during the Ming Dynasty (1368-1644), Shanxi began to attract worldwide attention for its famed Shanxi merchants, or Jinshang.

It is said Jinshang merchants dominated the commercial circles in North China for about 500 years before the fall of the Qing Dynasty (1644-1911), the last dynasty in China.

Many of these successful merchants started out as small vendors who traveled on horses or camels to regions as far as Russia.

Locals in Shanxi agree that Jinshang merchants made their fortunes through hard work and entrepreneurship, and the enterprising and inclusive spirits of Jinshang are still highly valued and inherited by the people of Shanxi.

## Modern example

One modern example that showcases the hardworking spirit of the farming culture and the enterprising and inclusive spirits of Jinshang are the farmers and produce traders in Tianzhen, a county in the northern Shanxi city of Datong.

Adjacent to Hebei province and the Inner Mongolia autonomous region, Tianzhen is the northernmost county of Shanxi province.

The county has been a major producer of such crops as corn, sorghum, millet and potatoes, as well as other vegetables. The crops feature both high output and high quality, thanks to the sufficient sunshine and the large temperature difference between day and night in the area.

Despite their hard work, local farmers had been obsessed with the fact for many years that they could not increase their income significantly even with a bumper harvest.



Cars are assembled at Geely Shanxi's plant in the city of Jinzhong. PROVIDED TO CHINA DAILY

Then a young man named Wen Jun found the problem was that revenue by farmers was limited by the scale of farming due to the lack of processing facilities and sales channels.

Wen, who had worked in a government institution on economic affairs in Beijing after graduating from university, thought he could change the situation by using his knowledge and connections in various industries.

He quit his job in Beijing and founded a vegetable farming, processing and sales company called Bocheng in Tianzhen in 2016.

At the beginning of operations, he had a clear recognition that building a complete industrial chain was the key to solving the problems in Tianzhen.

"Farmers worked hard to grow more vegetables and they expected more revenue if their produce could be sold," Wen said. "But sometimes, their expectations would be in vain if market demand fell. They could see their crops rot on the fields if there were no dealers coming to buy."

Wen's solution to the problem was to develop modern storage and processing methods for harvested vegetables.

"Cold-chain operation is the traditional way for storing and transporting vegetables," Wen said. "But this is not enough."

His company uses deep processing techniques to turn freshly harvested vegetables into finished products, making it possible for the products to be delivered at any time and to any place.

One technique used by Bocheng is vegetable dehydration.

"Dehydrated vegetables can retain their nutrition to the maximum compared with traditional processing techniques like drying, salting and pickling," Wen said. "So they are well received in both domestic and overseas markets."

Daylily, a major cash crop in Tianzhen as well as the rest of Datong, takes the lion's share in Bocheng's vegetable growing, processing and sales operations, according to Wen.

The flower of the plant is a popular food ingredient nationwide. It

is also favored by consumers in East Asia and Southeast Asia, as well as overseas Chinese in North America and Europe.

Bocheng's dried daylily flowers, worth about \$168,000, were delivered on April 24 to Japan. This marked the first time that Shanxi's daylily products were exported to Japan.

## Going global

When talking about his efforts in developing overseas markets, Wen said the enterprising and hardworking values of Jinshang should be inspiring to every businessperson.

"Although there are many digital and online tools you can use for doing business nowadays, traveling to targeted markets, whether at home or abroad, for research and marketing is crucial for business success," Wen said.

Before the outbreak of the COVID-19 pandemic, Wen traveled overseas dozens of times a year to study foreign markets and establish ties with dealers.

"The experience of overseas development is quite similar with that of the Jinshang merchants, who started from a humble beginning as vendors.

"The first time I attended a trade show in Japan, I didn't know what CIF means. Later I was told that it is a popular trade term involving cost, insurance and freight," Wen said.

He said that it was during his overseas trips that he was able to show his products to dealers and got familiar with international markets and trade norms.

He added that when he made overseas tours, he brought with him bags of product samples to show to the dealers, just like what the vending Jinshang merchants did hundreds of years ago.

"During our contact with overseas traders, we knew that a recognized product accreditation system is crucial for entering targeted foreign markets," Wen said. Based on such recognition, the company immediately established an operational system based on international practices.

One such move is the digital

tracking system for its agricultural products, from plantation and processing to sales. Bocheng sold 2,100 metric tons of dehydrated vegetables in 2021 to the overseas market, growing about 30 percent from 2020. Its revenue from overseas sales reached \$6 million, up 33 percent year-on-year.

The success in exports of farm produce by Wen's company as well as other companies in Datong is just one example of Shanxi's rapid growth in foreign trade.

## Opening-up highland

Over the past 10 years, Shanxi province has set itself a goal to become a highland for opening-up in inland China, aiming to revive the prosperity of its foreign trade and international business cooperation that were once at the center stage of the nation because of its renowned Jinshang merchants.

This ambition has been witnessed by the rapidly growing foreign trade volume of the area year by year.

Statistics from the Shanxi Provincial Department of Commerce show that the province's foreign trade volume has increased 135 percent from 94.89 billion yuan (\$13.2 billion) in 2012 to 223.03 billion yuan in 2021.

High-tech products are among the fastest-growing segments in Shanxi's exports. The ratio of high-tech products in Shanxi's total export volume increased from 22.1 percent in 2012 to 64.6 percent in 2021. Shanxi's major high-tech exports include smartphones, photovoltaic batteries, automobiles, semiconductors and integrated circuits.

The boom in high-tech trade shows Shanxi's growing strength in advanced manufacturing and the frontier technology sector.

One company representing Shanxi's advanced manufacturing is the automobile facility in the city of Jinzhong that was established by renowned domestic automaker Geely.

After its operations were launched in 2016, Geely Shanxi has developed into an advanced manufacturer in the province with

fully automated and digitalized production, said Liu Yudong, board chairman of Geely Shanxi.

"With automatic production lines, a car can be assembled from 10,000-plus components like a transformer toy," Liu said. "A complete car can roll off our production line every two minutes."

Geely Shanxi is now a major production base, especially in the new energy vehicle segment, for Geely Group, whose products are sold in more than 30 countries worldwide.

Geely's cars and components, as well as manufactured commodities made by other Shanxi producers, are now exported through Shanxi's multiple transport channels, including railways, sea-rail transmodal shipment, highways and airplanes.

## Linking to Europe

The emerging China-Europe freight train service is playing an increasingly important role in boosting Shanxi's exports and imports.

Lei Lei, an executive of Jin'ou Logistics, the operator of China-Europe freight train service in Shanxi, saw a freight train depart from Zhongding Logistics Park in the city of Jinzhong on Sept 23. The train, loaded with machines and components, was bound for Volsino in Russia.

"We saw the departure of freight trains to Europe or Central Asia more than once in two days," Lei said. "We are witness to the steady growth of international freight trains."

She said that when the service started in 2017, the number of freight trains to overseas destinations was only 10 that year. In 2021, the number reached 190. The trains are now carrying commodities to 28 cities in 13 countries.

In addition to the China-Europe freight train service, Shanxi opened its freight train service to Laos and other Southeast Asian countries in March, adding another railway channel for its international trade.

Thanks to increasing international trade in Shanxi, consumers now have better access to foreign commodities.

Their options for consumption have been diversified as they can buy all kinds of foreign goods through various cross-border e-commerce platforms, duty-free shops in airports and bonded zones and other outlets for foreign brands throughout the province.

Shanxi's opening-up is also showing up in ever-increasing foreign investment, whether it is inbound or outbound.

The provincial department of commerce's statistics indicate that Shanxi has seen an inflow of foreign investment totaling \$8.17 billion during the period of 2012-21. The foreign investments were from 48 countries and regions worldwide. There are 103 projects in Shanxi funded by the Fortune Global 500 companies.

## Outbound investment

Shanxi's outbound investment has also been on the rise over the past few years.

One of the major overseas investment projects launched by Shanxi is the Shanxi-Africa Economic and Trade Cooperation Zone in the African island country of Mauritius.

Located in the nation's capital of Port Louis and founded in 2006, the zone was initially used for introducing Chinese tourists to the African destination. The Eden Garden Cultural and Entertainment Plaza in the zone, invested in by Shanxi Culture and Tourism Group, is a new landmark in Mauritius featuring such functions for exhibition, weddings and entertainment.

Over the past 16 years, the zone has also attracted investors from a range of industries such as logistics, trade, construction, finance, education, manufacturing and new energy. It is now home to 70-plus investment projects funded by businesses from countries and regions including the United Kingdom, the United States, South Africa and India. The diverse sources of investment make the Mauritius zone one of the most internationalized cooperation zones funded by China.

As this year marks the 50 anniversary of diplomatic ties between China and Mauritius, Shanxi has renewed its development plan for the zone.

Liu Xin, deputy general manager of the zone, said the new plan proposes developing the zone into a hub for trade and logistics, backed by the two industries of tourism and financial services.

"We are also inviting Shanxi's high-tech companies to the zone, helping with the country's digitalized and intelligent transformation with Shanxi's solutions," Liu said.

Apart from Mauritius, Shanxi has seen its outbound investments increase in many regions in the world. Data show that Shanxi's businesses have invested in 262 overseas enterprises over the past decade. The number represented a 73.5 percent increase from the level in 2012.

The outbound investment value in the 10 years reached \$2.43 billion, growing 129 percent from the period before 2012.

Shanxi's outbound investment projects are distributed in 49 countries and regions including Australia, Malaysia, Mauritius, Singapore, the US and Canada. In addition, Shanxi's construction companies have contracted to work on infrastructure projects in 55 countries in Asia and Africa.

Yan Jie contributed to this story.