



Company executives and Chinese officials at the groundbreaking ceremony for the BASF project on Nov 23. LANG SHUCHENG / FOR CHINA DAILY

# THREE PILLARS FOR ECONOMIC PROGRESS

Big-name domestic and foreign industrial investors in the petrochemicals, steel and papermaking industries have staked their claims to be part of city's future

By YUAN SHENGGAO

The BASF integrated petrochemical production site broke ground in Zhanjiang, Guangdong province on Nov 23, marking a new milestone in the city's industrial development.

Stephan Kothrade, president and chairman of BASF China, said Zhanjiang is a perfect location for BASF to further strengthen its local production in China.

The new Verbund petrochemical production site is BASF's third-largest site globally, following sites in Ludwigshafen, Germany and Antwerp, Belgium. By 2022, the new engineering plastics compounding plant will supply an additional capacity of 60,000 metric tons per year in China, bringing BASF's total capacity of these products in the Asia-Pacific region to 290,000 tons a year.

Zheng Renhao, Party secretary of Zhanjiang, said this \$10 billion smart project is the first solely foreign-invested project in the chemicals sector in China, adding that leaders from China and Germany paid close attention to it.

"It's the duty of the Party committee and the government of Zhanjiang to better serve the project and ensure its smooth proceeding," Zheng said.

The city's authorities deem industrial development a crucial way to boost the local economy and a solution to the inadequate growth of the real economy.

For this purpose, the government has mapped out plans to attract big-name industrial investors and support the growth of leading enterprises.

Another heavyweight petrochemical project is the Sino-Kuwaiti refinery-petrochemical integration project that is scheduled to be operational by the end of this year.

Construction is proceeding smoothly and on Oct 15, the 53.5-kilometer-long gas supply pipeline was completed. On Oct 30, installation of key production facilities including the gas fractionation unit, refining unit and spent caustic treatment unit were completed.

According to an executive of the



**Top:** The Sino-Kuwaiti refinery-petrochemical integration project is set to be operational by the end of this year. PROVIDED TO CHINA DAILY

**Above:** Officials and company staff witness the opening of Baosteel Zhanjiang's No 3 blast furnace on Mar 29. ZHANG FENGFENG / FOR CHINA DAILY

## 112.5 billion yuan

the output value of the three pillar industries of steel, petrochemicals and papermaking in Zhanjiang in 2018

project, the Sino-Kuwaiti facility will have a total investment of 38.55 billion yuan (\$5.48 billion).

Its first phase will have an annual capacity of 10 million tons of refined oil and 800,000 tons of ethylene.

Domestic company Baosteel was one of the earliest big-name investors in Zhanjiang, investing in a huge steel-making facility.

Under the approval of the National Development and Reform Commission, Baosteel Zhanjiang was

established in May 2011.

Invested by the Shanghai-headquartered Baosteel Group, the Zhanjiang facility broke ground on the city's Donghai Island in May 2012.

After seven years' construction and development, the company began to build its No 3 blast furnace on Mar 29.

Before that, the stable operations of the No 1 and No 2 furnaces helped the company boost its steel output to 7.98 million tons in 2018.

A number of new facilities, covering iron-making, continuous casting, hot-and-cold rolling as well as logistics, are still under construction at Baosteel Zhanjiang.

After the completion of such facilities by 2022, new annual capacities, including 4.02 million tons of molten iron, 3.6 million tons of molten

steel, 4.5 million tons of hot-rolled and 1.66 million tons of cold-rolled products will be added to the company's portfolio, company executives predicted.

Baosteel Zhanjiang recorded sales revenue of 39.06 billion yuan and net profit of 4.21 billion yuan in 2018, while paying 1.05 billion yuan in tax to the local government.

Another sector that has attracted big investors in Zhanjiang is the papermaking sector.

Chenming Group, one of the leading papermakers in China, began to invest in its Zhanjiang plant in 2009.

Since then, Chenming has invested a total of 26.5 billion yuan in building four production lines.

The plant currently covers more than 200 hectares and has about 4,000 employees.

Last year, Chenming's Zhanjiang facility produced 1.85 million tons of paper. Its output value and net profit reached 13.5 billion yuan and 1.3 billion yuan.

The huge projects have helped to form three pillar industries in Zhanjiang, giving a strong boost to the local economy.

In 2017, the three pillar sectors of steel, petrochemicals and papermaking yielded a total output value of 109 billion yuan, growing 16.8 percent and accounting for 40.6 percent of the city's total industrial output value, according to local statistics.

In 2018, the three sectors' output value totaled 112.5 billion yuan, accounting for 47.4 percent of the city's total industrial output value.

In the first half of this year, the output value of the three sectors reached 54.7 billion yuan, accounting for 48.4 percent of Zhanjiang's total.

Chen Hongwen, a researcher at Zhanjiang Party School, said investments from leading domestic and foreign companies will help upgrade local industries to a higher level.

"We noticed that, driven by the big, advanced industrial projects, many local enterprises have grown toward the direction of higher added value, higher tech content and larger scale," Chen explained.



Zhanjiang has become a rising economic power in the Beibu Gulf region due to its rapid industrial growth in recent years.

LANG SHUCHENG / FOR CHINA DAILY

## Industrial projects to lure investors to Zhanjiang

By YUAN SHENGGAO

Zhanjiang, a port city in the southwest of Guangdong province, will use its large industrial projects to attract investors.

Fu Zhonghuang, Party secretary of the Zhanjiang investment promotion bureau, said the upcoming or finished large projects will help the city consolidate its industrial foundation and form industrial chains as well as gather a large number of enterprises.

According to Fu, Baosteel's Zhanjiang facility, which became operational in 2015; the Sino-Kuwaiti refinery-petrochemical integration project, to be operational by year end; and the BASF integrated petrochemical production site, are expected to forge complete industrial chains in the steel and petrochemicals sectors and create huge business opportunities for downstream and upstream players.

For instance, Fu said, the Sino-Kuwaiti project is expected to form a downstream industry with a combined value of about 200 billion yuan (\$28.4 billion). And the BASF project will help extend the value chain to cover more sectors and benefit more related enterprises.

The official said the city's authorities have worked out measures to publicize the city's industrial advantages among potential investors.

Local international trade and investment events are being held for investment promotion. The local government has also sent investment promotion teams to take part in various trade fairs and expos to make Zhanjiang's business opportunities better known to targeted partners.

The city is also building industrial parks to match existing and planned big projects, Fu said.

In 2018, for instance, 18 steel-related projects became operational in the city's steel industrial park, the total output of which is worth 2.6 billion yuan.

Highlighting the role of big projects in driving industrial growth and creating new business opportunities, Chen Hongwen, a researcher at Zhanjiang Party School, said the projects can have a multiplication effect on the local economy.

"We have already formed industrial chains in the papermaking and steel sectors and can expect more investment to come with the BASF and Sino-Kuwaiti chemicals projects," Chen said.

Wu Xiwei, general manager of the Sino-Kuwaiti refinery-chemical integration project, said the project's operation is expected to bring in more investment in the local plastic, fine chemicals and electronic chemical industries.



The Guangzhou-Zhanjiang Railway becomes operational in July 2018, offering a new link between the city and the Guangdong-Hong Kong-Macao Greater Bay Area. LANG SHUCHENG / FOR CHINA DAILY

## Government policy helps transport hub go places

By YUAN SHENGGAO

Guangdong's coastal city of Zhanjiang has become an increasingly attractive investment destination, said its executive vice-mayor Cao Xing. The credit for this, he said, goes to the city's location, resources and business environment being better known to the world.

Cao made the remarks during an investment promotion meeting following the groundbreaking of BASF's mega-sized integrated chemical production site in Zhanjiang on Nov 23.

He noted that Zhanjiang, along the Beibu Gulf, was a transport hub in the south of China. With a comprehensive transportation system of seaports, highways and railways, the city is conveniently connected to the Guangdong-Hong Kong-Macao Greater Bay Area, the neighboring Hainan province, the rest of the country and the rest of the world.

With a number of deepwater harbors, the city is an important shipping hub in China. A new under-construction port area, which is designed to accommodate vessels of up to 400,000 metric tons, will further consolidate Zhanjiang's position as South China's gateway for international trade.

According to Cao, a number of transport facilities — consisting of a new international airport, several high-speed railways and several expressways — will further improve the city's appeal as an investment destination.

Location and resources apart,

adding to Zhanjiang's advantages is its growing economic strength.

According to the city government, in the first half of 2019, the retail volume of consumer goods in Zhanjiang increased 8.4 percent year-on-year, higher than the nation's average rate of 8.1 percent and Guangdong's average of 7.8 percent. Local officials said the increase shows a stronger demand from the market.

Despite the trade friction between the United States and China, Zhanjiang's exports in the first half increased 10.3 percent year-on-year, showing the growing competitiveness of products made in Zhanjiang, said the officials.

Investor confidence in Zhanjiang is also growing, reflected in the more than 300 percent growth of inbound investment in the first six months, compared to the same period last year.

Many businesspeople have praised the government's efforts in facilitating investment.

The government recently undertook measures to improve the local business environment, such as streamlining business registration and customs procedures, offering incentives on land use and reduced business taxes to enterprises.

Zheng Quan, general manager of a home decoration company, said he had noticed substantial improvement in the government's services.

"It took us over half a month to register our company in Zhanjiang six years ago. And a month ago, we registered a new branch of the company within a day," he said.



With a number of deepwater harbors, Zhanjiang is an important shipping hub in China. LI BO / FOR CHINA DAILY