WHITE PAPER ON GUANGZHOU FOREIGN TRADE AND ECONOMY 2009

Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality
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White Paper on Guangzhou Foreign Trade and Economy 2009
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An Overall Review
Report on the Work of the Government (Excerpt)

——by Mr. Zhang Guangning, Mayor of Guangzhou

(February 23rd, 2009)

In 2008, Guangzhou was hit by a string of serious natural calamities, including rare low-temperature rainy and snowy weather, powerful typhoons, and excessive rainfall. The city was also seriously affected by the international financial crisis. Facing these challenges, the Guangzhou Municipal Government united all citizens and made concerted efforts to overcome the difficulties. Therefore, the city's economic and social development has maintained a strong growth momentum, and the people's living standards, constantly been improved.

A Review of the Work in 2008

I. The Stable and Rapid Increase has been Maintained in Economy

In response to the sharp changes in the economic landscape, we made sound decisions to promptly adopt eighteen policies and measures aimed at expanding domestic demand, assisting enterprise development and promoting a stable and fast economic growth. In 2008, Guangzhou registered a GDP of 821.6 billion RMB yuan, up 12.3 percent, and recorded a per capita GDP of 81,233 RMB yuan, up 10 percent. The financial revenues originating from Guangzhou reached 247.7 billion RMB yuan, increasing by 17.1 percent year-on-year; of this
amount, the general budgetary revenues for local finances topped 62.2 billion RMB yuan with a growth of 18.7 percent. The investments into the fixed assets totaled 210.5 billion RMB yuan, an increase of 12.9 percent while the retails of consumer products, valued at 314 billion RMB yuan, surging 21 percent. The foreign trade grew steadily in Guangzhou, and the total imports and exports topped 11.5 percent to USD 82 billion while the exports, 13.4 percent to USD 43 billion. As to the actual inflow of foreign fund, it hit USD 3.6 billion with an increase of 10.3 percent. The optimization has been achieved in the structure of the introduction of foreign investment, featuring the mobilizing force of large scale projects. A total of 197 large-scale projects with an investment of over USD 10 million were approved. Of the Fortune 500 companies, 169 have made their home in Guangzhou. The private economy posted an added value of 282.9 billion RMB yuan, an increase of 12.5 percent, accounting for 34.4 percent of the city’s GDP. In particular, the private industry surged despite the unfavorable overall economic situation, and sizable private industrial enterprises recorded a combined total output value of 154.3 billion RMB yuan with a 17.3 percent growth, 4.2 percentage points higher than the city’s average industrial growth rate. The consumer market continued to thrive and the excessive upward trend of commodity prices was checked, with urban consumer prices up 5.9 percent year-on-year.

II. The Progress has been Obtained in Establishing a Modern Industrial System
A modern industrial system centered on the service economy has been set up. The system features with an integrated and coordinated development of modern service industry, high and new tech industry and advanced manufacturing industry. Efforts have been made to build a regional center of modern service industry, the international business convention and exhibition center, the Asian logistics center, the South China technological innovation center and the domestic advanced manufacturing industry base. The “Decisions on Speeding up the Development of Modern Service Industry” and the “Opinions on Speeding up the Reallocation of Industries and Labor Forces in Guangzhou” have been issued to further upgrade and optimize the industrial layout. The planning of four key
functional areas was completed, namely Yuancun area in Pazhou, the New Central Axial Area, Baietan Economic Circle and Baiyun New Town and the surrounding areas. And the pace of replacing the secondary industries with the tertiary industries in downtown area and the reallocation of industries and labor force was also quickened. The development standard of the service industry has been improved noticeably as well. The added value of the tertiary industry in Guangzhou amounted to 484.9 billion RMB yuan, surging 13.6 percent with the occupation of 59.02 percent of the city’s GDP and 64.6 percent contribution to the city’s economic growth. Approved by the State Council, Guangzhou was recognized as the “China Demonstration City for Service Outsourcing” and the Nansha Bonded Area has also been established. The regional financial organization reform has made progress step by step and the problems that unsolved for a long time have been tackled. The clustering effect of the financial business area in Zhujiang New Town has been further strengthened, and the added value of financial sector in Guangzhou soared to 38.4 billion RMB yuan, an increase of 6.2 percent. The hub center of FedEx was completed and put into operation and the handling capacity of Baiyun International Airport climbed 7.9 percent to 33.41 million passengers while the handling capacity of the Port of Guangzhou rose 1 percent to 347 million tons of cargos, making Guangzhou China’s 4th largest port. The container throughput reached 11 million TEUs, a rise of 18.9 percent, making Guangzhou one of the world’s top ten container ports. Phases II and III of the International Convention and Exhibition Center were put into operation, and the development environment of convention and exhibition industry has been further improved. The total commodities of wholesales and retail sales of the city reached 1342.8 billion RMB yuan, soaring 22.1 percent, which was a manifestation of Guangzhou’s position as “a millennium-old capital of commerce”. The profits generated by tourism topped 80 billion RMB yuan and the inflow of tourists achieved a steady rise. Such advanced manufacturing industries, as automobile, petrochemical, ship-building, steel and large-scale complete sets of equipment and technological equipment have been developed in clusters. The development of secondary industry has accelerated its upgrading and transition to the high
tech, high level of integration and high added value. The city posted a total industrial output value of 1263.9 billion RMB yuan, an increase of 13.1 percent. The top three pillar industries registered a total output value of 450.9 billion RMB yuan and a total of 879,400 sedan cars were made, up 12.3 percent, the highest number among all major car production areas. Breakthroughs were gained in research and manufacture of local brand automobiles. The value of electronic and information products reached 100 billion RMB yuan, achieving a growth rate of 17.7 percent. “Decisions on the Promotion of Innovation and Development of High and New Tech Industries” and its compatible measures were adopted. We have given full support to the development of a series of key technologies in the fields of software and animation, electronic information, energy saving, environmental prevention and bio-pharmaceuticals. The construction of high and new tech industrial parks has been pushed forward and the high and new tech industries are developing fast. The total value of high-tech products was 398.1 billion RMB yuan, an increase of 18.8 percent, and 5.6 percentage points higher than the sizable industry’s growth rate. By the end of 2008, the primary, secondary and tertiary sectors accounted for 2.04 percent, 38.94 percent and 59.02 percent of the city’s GDP respectively. The upgrading and optimization of the industrial structure has constantly progressed, which will surely strengthen the capacity to cope with economic turmoil and play an important role in ensuring economic growth.

III. New Progress has been Made in the Construction and Management of the City
Efforts have been made in the planning for Guangzhou’s overall development strategy and a new round of the overall planning of city and land introduction was launched to promote the key infrastructure constructions with transportation facilities as the focal point. The construction work of Baiyun International Airport Phase II, Nansha Port Phase III, Marine Channel Dredging Phase III, New Guangzhou Passenger Railway Station and Guangzhou-Wuhan Trans-Province Expressway were undergoing smoothly. Meanwhile, the construction of thirty-four transport projects like expressway, tunnel, bridge and seven subways was in full
swing and the experimental section of fast public transportation system was initiated. Thanks to the largest scale of readjustment and optimization work of the city's public transport network, people would travel more conveniently. From 2008 to 2011, the government will annually invest 463 million RMB yuan to subsidize public transport companies and 1.8 billion RMB yuan to bus and metro fares. Eight measures have been implemented to better regulate the taxi service sector, and more than 60,000 new parking spaces were added.

The construction of a number of infrastructure facilities, such as power, water supply, gas supply, sanitation and air-raid shelter has been completed. Phase II of the “Green Landscape, Blue Sky and Blue Water” Project has made new achievements. As a result, the city's green coverage rose to 44.4 percent and forest coverage to 38.2 percent. The per capita public green space reached 13.01 square meters. To date, Guangzhou was awarded the title of “National Garden City” and “National Forest City”. In order to improve the water and air quality, the government, as a concern of local residents, formulated the Working Program of the Integrated Management of Wastewater and Rivulets, and made constant efforts to push forward the major activities with regard to water environment management. The construction of some key projects which are of great significance, like sewage treatment system, water transmission from Xijiang and hydrographic net into north has progressed considerably. The Program of Comprehensive Treatment of Air Pollution 2008-2010 was initiated and fifty pollution prevention and treatment measures in seven aspects have been adopted, with focus on intensifying the prevention and treatment of emission pollution from industrial enterprises and automobiles, and achieving a continuous improvement in air quality. The number of days with good air quality accounted for 94.3 percent in the whole year, up by three percentage points over that of 2007. And the number of hazy days decreased from 131 in 2007 to 110 this year, down 16 percent. Energy conservation and emission reduction target responsibility system and assessment system were earnestly implemented, and strong efforts were made to conserve energy and reduce emission at a hundred high energy consuming enterprises; 13 small fuel-fired power plants, 66 small-scale cement factories and 140 identified polluting enterprises were shut down. It's estimated that the energy
consumption of the total production value per 10000 RMB yuan has dropped by 4.35 percent. Also, the emission reduction target set by the provincial government has been successfully fulfilled. A decrease of 5,000 tons of sulfur dioxide and chemical oxygen demand and a decrease of 4.8 percent and 3.7 percent in total emissions were achieved respectively. The management of national land resources was strengthened. Some 66.2 square kilometers farmland was newly explored, achieving a balance between farmland occupation and supplement. At the same time, remarkable progress was made in rectification of illegal introduction of land. Continuous efforts were made to further rectify and regulate market economic order, crack down on manufacture and sale of counterfeit, fake and substandard products, pyramid schemes, commercial fraud, unlicensed operation and other illegal conducts. We have spared no efforts to strengthen the supervision of dairy products markets and address the tainted milk powder properly and efficiently. As a result, not only the product quality, local food and medicine safety, but also the quality of food supplied to the Beijing Olympic Games have been guaranteed. Useful attempts were made to set up a long term city management system, and a star-rated sanitation community activity was launched, thus the urban landscape, environment and sanitation have been bettered and people's living environment, been improved. Renovation of villages in the city and old downtown area quickened and 139,000 square meters of dilapidated buildings were rebuilt, benefiting more than 1800 households.

The comprehensive management of public security was further strengthened and the construction of “Six Goodness” peaceful and harmonious community was promoted in an all round way. A total of 256 thousand surveillance cameras were installed, and public security cameras have covered all urban districts. Public security continued to improve. The year of 2008 year saw a 13.9 percent drop in the number of criminal cases. Specifically, the number of robbery and snatching cases went down by 25.5 percent, while the number of theft declined 17.3 percent to achieve a public satisfaction with security rising steadily. The campaign of the Year of Eliminating Safety Hazards in Production was launched to further strengthen safety supervision, fire prevention and control in key industries and sectors. Therefore, the work safety has been maintained.
The Working Plan for 2009

The major targets for Guangzhou’s economic and social development in 2009 are as follows: the GDP increase will be 10 percent, the GDP per capita rise, 8.5 percent and the total investment in fixed asset growth, 12.5 percent. The retail of consumer goods is planned to go up by 13 percent and the total export, planned to achieve a moderate growth. The energy consumption of the production value per 10,000 RMB yuan is scheduled to decrease by 4 percent, the emission of sulfur dioxide and chemical oxygen demand, by 5 percent and 3.9 percent respectively. The per capita disposable income of urban residents and the per capita net income of rural residents are planned to rise by 9 percent respectively while the growth of CPI and the registered unemployment rate of urban citizens, be capped by 4 percent and 3.6 percent respectively with the natural growth rate of the population being limited to 6.3 percent.

Priorities will be given to the following five aspects:

I. Endeavor will be Made to Realize a Stable and Sound Economic Growth on the Basis of Boosting Domestic Demand

This year's top priority is to maintain economic growth and the boosting domestic demand is the fundamental path forward. In accordance with the Outline of the Reform and Development Plan for the Pearl River Delta Region, we will thoroughly implement related measures formulated by the central and provincial government and take full advantage of Guangzhou Asian Games. Efforts will be made to speed up the formation of the mode of economic growth by relying on expanding domestic demand and at the same time, strives will be made to keep export and foreign capital introduction scale in order to ensure a stable and sound economic growth.

Investment as the major driving force for economic growth should be fully tapped. The construction of a number of key projects which are of great importance to Guangzhou's long term economic and social development will start. The year of
2009 and 2010 will witness an investment of nearly 350 billion RMB yuan into some key projects, which will help mobilize about 500 billion RMB yuan in investments into fixed asset. The construction of 82 key projects will be scheduled this year with a planned investment of 80.65 billion RMB yuan. This amount of capital will be directed to four sectors: firstly, the construction of Asian Games Stadiums, Asian Games Village and other related supporting facilities will be pushed forward. Secondly, infrastructure construction of the airport, seaport, subway, highway, etc will be in operation. Thirdly, the construction of some key and large-scale industrial projects, such as logistics, commercial, convention and exhibition, automobile, electronics, petrochemicals, heavy-duty equipment, biomedicine, new materials and new energy and other projects which are related to the building of a modern industrial system will be arranged. Fourthly, the infrastructure facilities construction which will be related to people’s livelihood, including ecological and environmental protection, rural roads, water conservancy, commercial outlets, modern agriculture demonstration zones, protective exploration of forest parks as well as education, health care, culture and housing were also included. Enthusiasm of investors will be tapped to its maximum, the social investment, driven by government spending and investment returns, be raised to a higher level. All will lead to the promotion of both economic development and people’s living.

We should actively spur demand, guide consumers’ expectations in a rational way, perfect and implement consumption-related policies, optimize its environment and enhance the vitality of the commodity market. Meanwhile, a stable and healthy development of the real estate market should be guaranteed including the stability of the investment scale in real estate development. The national preferential housing policies to support people’s reasonable housing consumption will be implemented. And new consumer items like cars, holiday recreation and service will be further cultivated and new consumption fields, such as e-commerce, online education, culture, entertainment and fitness, will be expanded in order to upgrade the consumption patterns. We will seek further development in tourism and tourism products, design and sales, the tour of the culture and history of the ancient city of Guangzhou Lingnan, create Cantonese
cultural and ecological tourist routes, and speed up the development of a famous tourist city. Rural consumption market should be actively explored, the marketing network of "thousands of villages" be improved, the activity of "subsidies sales of electronic household appliances to the countryside" be promoted, and the spending power of rural residents, be enhanced. Strives will be made to achieve the growth in import, export and the introduction of foreign capital. New approaches for the foreign trade development will be created and the diversified market strategies have been implemented. Enterprises are guided to readjust their export targets and new markets will be explored. The export structure should be further optimized and adjusted in order to improve the added value of the products. The construction of Guangzhou as the Service Outsourcing Demonstration City actively engaged in international service outsourcing businesses will be speeded up, and the transformation and upgrading of the trade will be promoted. Works will be done to give full play to the assistant funding effect of export-oriented enterprises, to accelerate the progress of the export tax refunding. The policy functionality advantages in the special supervised bonded logistics zone should be given full play, and the establishment of Baiyun Airport Integrated Bonded Area has been finished in a hope to create favorable conditions for the development of foreign trade enterprises. New approaches will be created for the foreign investment and cooperation to strengthen the economic and trade relationship with major economic entities of the world. International cooperation will be actively participated in and enterprises will be encouraged to tap into international markets, expand overseas processing trade and cooperation in the exploitation of resources. Strives will also be made to strengthen the cooperation among Guangzhou, Hong Kong, Macao, and Taiwan, and implement the CEPA agreement. Efforts will be made to increase investment, to attract investment and to vigorously introduce major productivity projects, especially the modern service industry projects, with focus on advanced manufacturing and high-tech industries.

The service environment for economic development has been optimized. We will pay close attention to the changes of domestic and international economic environment and macroeconomic policies, follow the timely information on the
development in key areas, industries, enterprises, and enhance the soundness, predictability and effectiveness of the regulations for economic operations. Governments and departments at all levels must implement and refine the national, provincial and municipal preferential policies on the promotion of economic growth and enterprise development, take the initiative to provide services for the enterprises, coordinate and resolve critical problems in production and construction of major projects, and overcome the difficulties together with the enterprises. Strives will be taken to protect the production and promote supply-demand balance of essential elements for the production. It is our effort to speed up the removal of obstacles to enterprise development, and the industries that have not been prohibited by laws and regulations, should be opened to all types of economic entities. We will liquidate all administrative fees related to business in accordance with the laws, reform the embankment protection fees, and make a significant reduction in the payment ratio of unemployment insurance, basic medical insurance and industrial injury insurance, so as to effectively reduce the burden on enterprises.

II. Strives will be Made to Speed up the Transformation of the Growth Pattern and Economic Restructure to Enhance the Ability of Withstanding Economic Risks and Boost International Competitive Edge

In the context of global economic restructuring, efforts will be made to speed up the construction of major industrial bases and key projects to facilitate the transformation of growth pattern and economic restructuring. By pressing ahead with industrial optimization and upgrading, we will expand the share of modern service industry out of overall service industry, the volume of hi-tech products out of total industrial output volume, the output volume of advanced manufacturing industry out of total industrial output volume and private economy out of total economic value to better deal with economic risks. Works will be done to set up modern industrial system. The construction of state-level industrial parks will be accelerated, where industry is boosted through IT application and modern service industry. Hi-tech industry and advanced
manufacturing industry go ahead in an integrated way. Attention will be given to improve the functions of four major areas of service industry, including Pazhou Yuancun Area, the New Central Axis Area, Bai’etan Economic Circle and accelerate the planning and construction of Guangzhou (Huangpu) Water-front Business Zone, which will be conducive to the geographical concentration of modern service sector. With a view of establishing diversified and multi-faceted financial service system, we will continue to improve financial policy and push forward the construction of financial business district in Zhujiang New Town and regional finance center. By making use of capital market, companies are encouraged to go listed. Efforts will also be made to build international business convention and exhibition centers so as to establish world famous exhibition brands. In terms of growth of modern commerce and exhibition sector, steps will be taken to renovate retail markets, to build Guangzhou International Commodity Trading Center and optimize the operation of Liuhua Business Area where original site of Canton Fair was located. Traditional commerce will be consolidated through the construction of former commercial area called the Thirteen Hongs in ancient times.

Efforts will be made to build a world-class logistics center, the construction of such modern hub logistic parks as Baiyun International Airport and Nansha Port will be accelerated, and supporting infrastructures will also be completed in a timely manner. “Guangzhou Price” of bulk commodities will be formed and the position of “trade center for bulk raw materials” will also be strengthened through giving full play of the leading role of the FedEx Asia-Pacific Hub, Guangzhou Bonded Logistics Park and Nansha Bonded Port in the regional economic integration process. Development of headquarters economy and creative industry is to be emphasized, while the manufacturing industry will be further boosted. Full attention will be paid to the building of industry bases for automobile, petrochemical, ship building and electronic information. Large scale equipment industrial parks of state-of-the-art level will be planned and constructed, and joint efforts will be made at both municipal and provincial level to build advanced manufacturing base. The effort to establish our own brand of passenger cars will be accelerated, so as to enhance our competitiveness in the world auto market.
To serve the purpose of industrial upgrade and transformation, the site selection for the expansion and transformation of Huangpu Petrochemical Plant will be speeded up. The cooperation between China and Kuwait on the Nansha Refinery Integration Project will be pushed forward. The layout of petrochemical industries will be optimized and pollutant emission will be reduced. Major emphasises will be put on the development of ship building industry, ocean engineering equipment, nuclear power generation equipment and other large digital control equipments. Projects such as ship building of Longxue Island and low-speed marine diesel engine of Dagang will be speeded up, in order to create a high-end manufacturing base. Advanced and appropriate technology will be applied to transform traditional industries. High and new technology industry will be strengthened through independent innovation. Based on the South China Technology Innovation Center and Achievements Transformation Base, the independent innovation mechanism and policy environment will be further optimized. The major role that an enterprise plays in technology innovation will be strengthened. Full support and encouragement will be given to those making an effort to build R&D center. Best practices in introducing, applying and recreating new technologies will be established to create an environment where production, research and development are integrated. Construction of national model “Digital Home” industrial park will be accelerated, and efforts will be focused on the following six science and technology projects, namely, the electronic information industry, modern information service industry, bio-industry, equipment manufacturing industry, new materials, digital home and digital TV, among which new technological breakthroughs are expected. The “One District One Independent Innovation Achievement” plan will be implemented. From the year of 2009 on, 60 million RMB yuan budget for science & technology development will be allocated to support one high-end technology achievement transformation project in the twelve districts each. The construction of High-and-new Science and Technology Industrial Parks, Northern Part of Guangzhou Science City, International Biology Island, four industrial bases ( electronic information, software and animation & cartoon, CNC equipment and biology) will be speeded up and large scale modern high-tech
enterprise group will be formed. A batch of public innovation platform will be built. The function of the Guangzhou Convention of Overseas Chinese Scholars in Science and Technology will be strengthened to attract more high level scientific innovative talents.

Endeavors will be taken to stimulate the growth of private sector and small and medium-sized enterprises. By offering more policy incentives, industry guidance and social service, we are committed to make private sector the most active element of Guangzhou’s economy. To foster the growth of private science and technology parks, attention will be given to encourage private companies to optimize their operations and enhance their innovative capability, which will hopefully give birth to companies with strong competitiveness. In response to current economic difficulty, more support will be provided to SMEs in terms of access to financial aid, security system, and financial products and help them with their real problems. SMEs Growth Project will be carried out, with special fund setting up to guide business start-up and investment. It is important that SMEs Administration Organization will play an active role in providing integrated social services to SMEs.

Strives will be taken to engery efficiency and cost-effectiveness in land use. Governments at all levels shall take the lead in implementing the principle of energy-saving and the accountability system for energy saving, making it one of the key indications of government’s performance. Project access threshold will be raised to meet the requirement of new industrial restructuring catalogue. Companies with high energy consumption and serious pollution will be phased out to give way to green manufacturing and production as well as recycle economy. Attention will be given to nurture environmental protection industry, develop new energy and widen the application of power saving and water saving technology and products. Companies are encouraged to speed up technological renovation to reduce energy consumption and save power and water. Stress will be laid on the development and management of land resources, drawing out reasonable land transfer and storage plan and activating stored land. Land introduction rate will be increased by developing underground space. Initiatives will be taken to improve the overall land introduction evaluation criteria, set strict requirement for
efficient land use and investigate into and prosecute illegal land use.
We will spare no efforts to actively push forward the strategy of “Industry Transformation and Labor Force Transformation” as well as the strategy of Replacing Secondary Industry in the Downtown area With Tertiary Industry. By providing plan and guidance for industrial transfer, it is expected that industrial transfer will be accompanied by upgrading of enterprises. Efforts will be made to encourage businesses engaged in secondary industry to move into industrial bases and guide those that are not suitable for the development in Guangzhou to be relocated to other cities. Endeavors will be taken to promote clustered development of companies by grouping them in industrial parks. With implementation of the industrial restructuring strategy, industrial compounds, if allowed by urban planning, will be renovated and utilized for different purposes, whose priority will be laid on service sector, including industrial design, architectural design, products display and commerce, catering, conference, accommodation, recreation and so on. The construction of industrial parks, where the replaced businesses are relocated, will be speeded up. Incentive measures for adopting transfer strategies will be taken, like technical and new-job training provided to employees, so that more enterprises will be willing to carry out such strategies.

Ⅲ. Focus will be Laid on the Development of a City Suitable either for Business or Living in order to Facilitate the Urban Construction and Management Level in an All-round Way
We will set up the view of “Good Environment Is a Key Element of a Livable City” and stick to the principle of “Putting Economic Growth and Environmental Protection at an Equally Important Position”.
Urban planning and infrastructure construction will be emphasized. A new round of general urban planning and land use planning will be finished, and the planning for development priority zones will be speeded up. Our work on detailed planning will be accelerated in an effort to realize complete coverage by detailed planning within the whole urban planning area. As proposed in “The Outline of the Reform and Development Plan for the Pearl River Delta Region” (or “The
Outline”), we will build Guangzhou into a central city within one hour drive from other cities of the Pearl River Delta area. Such key transportation infrastructure projects as the expansion of Baiyun International Airport, the construction of Wuhan-Guangzhou Railway, New Passenger Station, the construction of Nansha Port phase III and Marine Channel Dredging Path III will be pushed forward. Major efforts will be made on the construction of 7 railways, ensuring Line 5 to be put into operation, Line 6 (phase II), Line 7, Line 9 under construction. The coverage of freeways will be expanded, with main efforts being made on the construction of Guangshen, Guanghe, Guanming, Dongxin, Zengcong and Daguang freeways. The development of high-speed public traffic system will be pushed forward in an all-round way, which is expected to be put into operation at the end of 2009. Construction of transfers for both public buses and railways will be accelerated, and 50,000 parking places will be increased. The rebuilding of Huangpu Dadao, Guangzhou Dadao and other city roads and bridges will be completed and major traffic hubs, be improved to better serve the citizens.

Comprehensive treatment of water and air will be implemented, which is a major issue not only concerning all citizens’ livelihood but also a major task in the process of building Guangzhou into “the best place in the region”. Efforts on comprehensive treatment will be made by every relevant department, aiming at distinct improvement of water and air quality before the 2010 Asia Games. Six major tasks (pollutant water treatment, river treatment, separated discharge of rain and waste water, water flooded streets treatment and strict control over pollutant water emission) will be pushed forward. Fifty pollution prevention tasks in seven areas as industrial enterprises, motor vehicles, food & beverage industry, building sites are to be completed in an effort to further improve air quality.

The efforts to put into practice the “Garden City Action Plan” will be facilitated. On top of what have been done to win the titles of “National Garden City” and “National Forest City”, more emphasis will be injected to further our forest city action and eco-environment protection plan. The priority will be put on the improvement of eight forest parks and natural reserves such as Huolu Mountain,
Maofeng Mountain, Wangzi Mountain, Tianlu Lake and so forth. Better protection will be provided for six wet land parks including the fruit farm and Nansha wetland. Initiatives will be taken to restore green space in quarry plants and the geological and ecological environment of mines. The overall green space distribution of the city will be enhanced through such projects as the construction and renovation of green belts along the roads connecting with Asian Games Village, Asian Games stadiums and gymnasiums as well as the green space around main entrances into the city and landmark buildings. Attention will also be given to the public green space in both urban and rural areas, for example, the green space in the residential communities, banks of small rivers, industrial parks and the countryside. With the green space in both the urban and rural areas being improved, Guangzhou will be able to reinvent its as the “City of Flower”.

IV. Emphasis will be Put on the Reform in Key Areas to Foster Institutions and System Conducive to Scientific Development

How to create new advantages for existing institutions and system is essential for dealing with difficulties and achieving a breakthrough in development. Committed to reform, we will seize the opportunity and deepen the reform in the key areas to boost the vitality of economic and social growth.

It is our top priority to push forward administrative system reform. The focus will be placed on the new round of institutional reform of governments. In order to perfect administrative system, we will improve administration by law and service efficiency. Along with the transformation of government’s function and the reform of professional associations and chambers of commerce, the relationship among government, society, market as well as inter-authorities relations will be adjusted. To introduce change to government management method, the fourth round of reform of administrative examination and approval system will be launched, reducing the number of projects subject to administrative examination and approval. Real-name system will be adopted in deciding the size and function of each governmental organization. Companies and organizations affiliated with government will be managed differently according to their
categories. The reform of the administrative fees will be carried out to sort out the items applicable for such fees. As urban management system goes further, the government’s management power will be further relegated to district (county-level city) governments.

We will deepen the reform in the economic sector. The reform of state-owned enterprises will be strengthened by enhancing corporate governance system. Initiatives will be taken to push forward the stock-holding reform of state-owned enterprises by encouraging them to adopt overall restructuring and go public as a whole. Efforts will be made to improve board of directors system, supervisory board system and the professional manager system. The restructuring of state-owned asset and enterprises should be speeded up to drive them into the leading industries, companies and products. By adhering to the principle of “Integration of Responsibility, Power and Interests” as well as “The Integration of Asset, Personnel and Project Management”, efforts will be made to adjust the management system of state-owned enterprises featuring the central role played by the top leader, enhance the incentive and restrictive mechanism of management team, and perfect the state-owned asset management system. The reform in the area of government financial system will be furthered to improve and adjust the relationship between city-level finance and district level finance. Reform in the field of investment and funding in the city will be deepened to cultivate more investment and funding bodies and bring into full display the role of investment and funding groups. Endeavors will be made to further the reform of local financial institutions like Guangzhou Commerce Bank, spur the development of futures market and speed up the construction of state-level property right transaction center for this region. Steps will be quickened to transform Guangzhou rural credit cooperative into rural commercial bank. To integrate its economy into international market, efforts will be made to induce innovation to business standard, practice and rules of Guangzhou.

We will explore the reform of social management system. By drawing upon the experience of developed countries and areas, pilot projects will be carried out to renovate social management system reform. A new social management system will gradually take shape which features the leadership by party committee,
responsibility taken by government, social coordination, public participation and market operation, conducive to improved social and public service quality and standards. Headways should be made to separate the ownership and operation of hospitals from each other, enhance their operation mode and renovate the system of making up fund shortage through medicine sales. Reform of cultural system will be carried out to propel the new development of cultural undertakings and industry. Social work will be strengthened by building up the social workers team. Social organizations will be encouraged to participate in social management and provisions of public services. Community self-governance system will be perfected to enhance self-governance ability at grassroots level.

V. Headways will be Made to Build up the Capacity of Government to Enhance its Ability of Administration by Law and Public Service Quality

In face of new situation and mission, governments at all levels should build up its own ability and put into practice the scientific outlook on development which will provide solid guarantee to accomplish all tasks. Initiatives will be taken to enforce socialism democracy political system. Government should be subject to the supervision from People’s Congress and its Standing Committee which are at the same level with that government in terms of legal and working affairs. By attaching importance to the democratic supervision executed by Chinese People’s Political Consultative Conference (CPPCC), government should submit work report to the People’s Congress and inform CPPCC of its work regularly. The resolutions and decisions made by the People’s Congress and its standing committee, as well as motions passed by them and their handling suggestions should be implemented earnestly. The suggestions put forward by Deputy to the People’s Congress and the bills made by CPPCC members should be dealt with promptly. To advocate democratic, legal and scientific decision making mechanism, it is important to consult experts, inform the general public and hold public consultation meeting. The role played by the Democratic Parties, Federation of Industry and Commerce, personages without party affiliation and government advisors in participating and discussing political
affairs should be stressed. The bridging role played by people's groups like the Labor Union, the Youth League and Women's Union will be stressed by listening carefully to their opinions. Efforts will be made to consolidate and deepen democracy at the grassroots level to ensure that the people can exercise their democratic rights in accordance with the law.

We are committed to administration by law and public service. Governments at all levels should enhance their legal awareness and use legal means voluntarily to adjust and manage economic and social affairs. Work related to administrative legislation as well as administrative law enforcement supervision and review should be stressed to ensure that the government exercises its power and fulfills its obligation in accordance with law. More attention will be paid to public service and social management to safeguard social justice, order and equal access. Through such means as providing better social service, optimizing service process, implementing joint reviewing and approval, offering one-stop service, imposing time limit and making service promise, we will enhance the role played by social service center. Measures will be taken to improve the functions of social service center at district (county-level city) level and public service center at the township (sub-district) level. Endeavors will be made to make the government affairs public, improve government information publicity system so as to enhance the transparency of government's work and build an open, fair, healthy and convenient administrative environment. E-government project will be carried out so as to enhance the administrative efficiency at large.
Address at the city’s Work Conference on Foreign Trade and Economy
(Excerpt)
——by Mr. Chen Mingde, Vice Mayor of Guangzhou

I. To Understand the Situation, Perform the Meticulous Analysis, and Comprehensively Evaluate the Development Environment for Foreign Trade and Economy

In 2008, Guangzhou’s foreign trade and economic cooperation withstood the dual tests of adjustments in policies on foreign trade and economic cooperation and the impact of the international financial crisis, and successfully completed all tasks, with significant results achieved. The results are largely evident in the following areas:

Firstly, the export of high-end products made in Guangzhou has elevated the city’s status in the national industrial structure. In 2008, Guangzhou maintained its vigorous growth momentum in the manufacturing of automobiles, vessels, motorcycles and other products which are technology-intensive, high added value with strong stimulating effect on related industries. In terms of exports, Guangzhou ranked among the top cities in China. The city was China’s second largest exporter of automobiles, auto parts and components and vessels, and the third largest exporter of motorcycles.

Secondly, new ground has been gained in fostering pillar exporting enterprises. In 2008, there were 73 companies, each exported goods in excess of USD 100
million, 12 more than 2007. Jabil Electronics alone has registered cumulative exports of more than USD 1 billion. As a result, Guangzhou is now home to two enterprises with exports in excess of USD 1 billion.

Thirdly, the element clustering capacity of the city’s pillar industries has been further expanded. The number of Fortune Global 500 MNCs operating in Guangzhou has risen to 169, and nine of their entities in China have been designated as China headquarters or regional head offices. The pillar industries have demonstrated a strong magnetic effect for international capital. As a result, investment has continued to pour into the auto, electronics and petrochemical industries.

Fourthly, a string of achievements have been made in the “Going Global” Initiative. The year 2008 saw the highest number of Guangzhou-based enterprises embarking on overseas investment projects. The city’s high-tech enterprises which possess proprietary intellectual property rights have increased their presence around the world. The scale of overseas investment projects has been further expanded and one third of the overseas investment projects involve an investment of more than USD 1 million.

Fifthly, the international-oriented economy has increased contribution to Guangzhou’s socio-economic development. In 2008, Guangzhou was home to more than 7,400 foreign-invested enterprises. They involved a vast range of industries and employed nearly 1.25 million people. Foreign-invested industrial enterprises accounted for more than 60 percent of the combined total output of Guangzhou’s sizable industrial enterprises. Taxes paid by foreign-invested enterprises to national and local tax bureaus made up nearly one third of the city’s total tax revenues, and were the largest source of economic tax revenues for the city.

Even though the achievements have been remarkable, we must recognize that the impact of the international financial crisis just begin to appear in 2008. This year, the city’s foreign trade and economic cooperation will face a more severe situation and be confronted with difficulties and challenges never seen before. This is mainly reflected in the following areas:

Firstly, the decline of the world economy, especially developed economies, has
resulted in shrinking external demand. The United Nations “2009 World Economic Situation and Prospects” Report predicts that the global economic growth rate this year may not exceed 1 percent, much lower than the growth rate in previous years. The Report also predicts that the economies of developed nations may suffer a 0.5 percent negative growth this year, which will become the first ever full-year negative growth among developed economies since World War II. In particular, the economies of the United States, the Euro Area and Japan will decline by 1 percent, 0.7 percent and 0.3 percent respectively. The decline of the world’s major economies will inevitably lead to shrinking international trade. The IMF predicts that the global trade growth rate in 2009 will decline to 2 percent, while the World Bank expects the rate to drop to minor 2 percent. Since the second half of last year, the growth rate of Guangzhou’s exports has been slowing down month by month, and continuously dropped in November and December. This means that this year, Guangzhou’s export situation will become rather serious, the growth rate of exports may drop sharply, and that some industries may even see negative growth.

Secondly, economic sluggishness has led to a resurgence of protectionism. Economic prospects index is in reverse proportion to trade frictions. When the economy is prosperous, trade frictions are few; when the economy is sluggish, trade frictions increase. As the global economic crisis unfolds, all forms of trade protectionism have shown a tendency to resurface. In order to protect their own short-term economic interests, many countries may erect all sorts of trade barriers against imported products. As a result, trade frictions are very likely to expand and escalate. Last year, the US and EU countries filed 24 trade friction cases against Guangzhou, 13 or 118 percent more than 2007. This trend is not going to change this year, rather, it may grow stronger.

Thirdly, international liquidity insufficiency has resulted in weak growth in FDI. The ongoing financial crisis originated from the center of the global economic landscape, striking unprecedented fear into global investors, and spawning widespread risk evading acts. This has led to inadequate liquidity in the capital market and increased credit costs, which in turn has strained multinational companies’ financial resources and constrained their direct investment, and even
the large-scale cross-border mergers and acquisitions. Moreover, the financial crisis has seriously undermined multinational companies' confidence in investment. A survey by the UNCTAD last year found that nearly one third of multinationals think that the financial crisis has exerted a negative influence on FDI in the short term, and that most multinationals' optimism about FDI has dropped noticeably. In the months ahead, multinationals are expected to be more cautious with their investment plans. Last year, in Guangzhou, the total amount of contracted foreign capital, the number of large projects involving an investment of more than USD 10 million, the number of projects with increased investment, and the average level of increased investments, all dropped by more than double digits. The figures demonstrated a possible continued decline in the growth of foreign capital attracted to Guangzhou this year.

On top of a deteriorating external environment, a series internal constraining factors, such as RMB exchange rate fluctuations, land resource shortages, and changes in labor-capital relations, are also likely to have an adverse impact on Guangzhou's foreign trade and economy this year. It's very likely that 2009 will turn out to be a very tough year for foreign trade and economy. For this, we must be fully mentally prepared. We should not only come to grip with the various difficulties and unfavorable factors, but also make an effort to identify development opportunities and favorable conditions. Judging from the current situation, although the financial crisis have seriously impacted upon our national economy and the world economy, the fundamentals of our national economy and its long-term development trends have not changed, the economic globalization and regional economic integration trends have remained intact, and there are quite a number of favorable conditions to sustain the stable and strong growth of foreign trade and economic cooperation.

Firstly, China's macro policy environment for foreign trade and economic cooperation has been eased. Since the second half of last year, the Central Government has released a succession of policies and measures to raise export rebate, improve processing trade policy, and adjust import and export duties, which provide a relatively favorable macro policy environment for the growth of foreign trade and economic cooperation. Secondly, China is still favored by
international capital. In the first 11 months of last year, China attracted USD 92.395 billion of foreign capital, up 23.58 percent year-on-year, the highest amount among developing nations for 17 consecutive years. At present, the international community generally regards China as “an oasis in the desert” in a declining world economy. Some multinationals and entrepreneurs have also taken China as a refuge and the best investment destination to evade the financial crisis. Thirdly, the trends of international industry transfer have not reversed, and, in some sectors, the speed of transfer is likely to pick up. The financial crisis has seriously diminished the assets of many multinationals. As a result, they are likely to speed up business transfer or outsourcing to countries and regions with labor cost or market advantages, in order to curb their production costs and stay closer to their markets. Fourthly, product cost pressure on enterprises has been eased a little bit. The financial crisis has brought down the prices of bulk commodities and resource commodities, this will help enterprises reduce costs. Fifthly, Guangzhou enjoys considerable comprehensive strengths and strong ability to fend off risks. Thanks to the sustained rapid development over the 30 years of reform and opening-up, Guangzhou’s economic foundation, systems and mechanism, human resources, and development experience have all been significantly boosted, and the city’s ability to ward off risks has been remarkably strengthened.

II. To Think Cool-headedly, Make Scientific Decisions, and Identify the Right Way to Turn “Crisis” into “Opportunity”

It’s an objective law that everything develops in increments, and the international-oriented economic development is no exception. We can’t change the present macro economic development, but we can change ourselves. We must keep developing innovative development concepts, launch new development measures, and identify the right way to turn “crisis” into “opportunity”.

Firstly, it’s important to seize opportunities opened up by the domestic demand boosting program to transform investment opportunities arising from expanded domestic demand into “growth areas” for attracting foreign capital. Immediately after the national and provincial governments announced measures for boosting
domestic demand, Guangzhou enacted 18 measures aimed at further expanding domestic demand and ensuring the city's stable and rapid economic growth. These 18 measures involve the Asian Games works, the construction of major infrastructure facilities, urban renewal, and many other aspects. They are set to stimulate the growth of many industries and have generated a lot of investment opportunities. Given the global slump, investment opportunities created by expanded domestic demand are particularly conspicuous and will strongly appeal to international capital. We must grasp this opportunity to increase publicity and promotion for the city's domestic demand boosting measures, fully stimulate the enthusiasm of foreign investors, and bring foreign capital to related sectors. We should strive to maintain our city's foreign capital at a decent level, while thoroughly implementing the measures for boosting domestic demand.

Secondly, it's important to keep a close eye on the new developments in international industry transfer, and turn international industry transfer into an “accelerator” for Guangzhou to steer its industries towards high-end products and services. As the economic globalization increases and information and communication technology surges, multinational companies, which are the main promoters of international industry transfer, are likely to concentrate their resources in sectors with prominent advantages, and relocate the low-end part of knowledge-intensive industries and the high-end part of the industrial chain, such as product R&D and design, to countries and regions with cost and market advantages through direct investment or offshore outsourcing. We must keep a close eye on this development, take full advantage of Guangzhou's abundant technical and managerial human resources and comparatively low costs, and make the best use of the industry foundation which has been consolidated by the constantly growing service industry in recent years. We should speed up our accommodation of international industry transfer, especially high-end industries which will facilitate our efforts to build a modern industry system and we must be on the offensive and use all resources available.

Thirdly, it's important to take advantage of the adjustments in policies on foreign trade and economic cooperation to transform the policies and measures into a “stabilizer” for Guangzhou to maintain its exports at a decent level. Since the
second half of last year, both central and local governments have formulated and released a series of policies and measures in support of enterprise exports, including raising tax rebate rate, adjusting processing trade policy, and increasing credit support to small and medium-sized enterprises. In light of the city's actuality, Guangzhou has also promulgated “Measures for Supporting Export-Oriented Enterprises”. The policies and measures are highly meaningful for reducing export costs, attracting more orders, and improving enterprises' operating situation. This year, we'll continue our thorough implementation of these policies and steer enterprises to take full advantage of these policies. Furthermore, Guangzhou's many traditional bulk export products are daily necessities, which enjoy limited fluctuations in demand and revenue and receive a small impact from declining incomes. We must make our best efforts to tap the comparative advantages of export products to ensure a steady growth in exports.

Fourthly, it's important to take the initiative in adapting to market mechanism regulation so that we can turn mechanism regulation into a “catalyst” for changing the direction of the city’s foreign trade development. Under the impact of the ongoing financial crisis, some enterprises have closed down, some have been affected but managed to survive, and some have grown stronger. It's essential to conduct proprietary innovation, to possess proprietary intellectual property rights, to build independent brands, and to tap into new markets. In a word, it's essential to build our own core competitive strength. The experiences of these enterprises have brought us to the realization that seen from a different perspective, the financial crisis is a correction of the market's non-equilibrium and is a fight where only the fittest will survive. We must actively adapt to the regulation of the market mechanism. Within the shortest time possible, we must change the existing situation in which our manufacturing industry is dominated by OEM operation, our product structure is dominated by precuts with low technical content and low added value, and our market structure is dominated by Europe and the United States. Moreover, we must bolster proprietary innovation and structural adjustment, adhere to the “branding strategy”, and intensify the R&D of independent brands. Furthermore, we must stick to the strategy of “revitalizing trade through science and technology”, increase the proportion of
products with high technical content and high added value in the structure of export products. We must also adhere to the market diversification strategy and encourage and steer enterprises to continue tapping into emerging markets.

Fifthly, it's important to proactively respond to the Central Government's new strategic positioning for Guangzhou so that the Central Government's strategy can be turned into an “engine” for Guangzhou to “overtake competitors on a bend”. Recently, the State Council has released “The Outline of the Reform and Development Plan for the Pearl River Delta Region”, which has, for the first time ever, established the strategic positioning for Guangzhou as a “central city of the nation”, a “gateway city”, and an “international metropolis”. With this document, Guangzhou’s status in the nation’s regional strategic development arrangement has been elevated to a new height. This will strongly boost domestic and international confidence in Guangzhou’s development. We must take full advantage of this “good news”, strive to build new advantages for the city's international-oriented economy, speed up development, and ensure Guangzhou to “overtake competitors on a bend”.

III. To Stick to Priorities, Make Solid Efforts, and Ensure a Stable Growth for the International-oriented Economy

In light of the grave economic situation at home and abroad, it will be not easy for us to achieve this year's targets for foreign trade and economy. We must make comprehensive plans, take all factors into consideration, coordinate all businesses, straighten all relations, and use all favorable factors, in order to pool our strengths to develop foreign trade and economic cooperation. Firstly, we must maintain a balance between scale and quality. The first and foremost task this year in foreign trade and economy is to sustain growth. There is no doubt about this. Nevertheless, in the process of sustaining growth, we can't neglect our efforts to transform the means of development. To sustain growth is an intermediate task, but to enhance quality is a long-term task. We must ensure that our growth will essentially be qualitative. Secondly, we must properly handle the relations among foreign capital, economic cooperation, and foreign trade. Foreign capital and economic cooperation have played indispensable roles in the
rapid development of Guangzhou’s foreign trade. At present, about 60 percent of Guangzhou’s exports come from foreign-invested enterprises. Overseas project contracting and outward investment have also strongly stimulated exports, especially exports of mechanic and electronic products. In light of the gloomy export situation, we must take full advantage of the stimulating effects of foreign capital and economic cooperation on exports. Thirdly, a proper relationship between exports and imports must be maintained. To sustain the stable growth in exports is a top priority for us this year. Nevertheless, we shouldn't emphasize exports while neglecting imports. In addition to sustaining export growth, efforts should be made to actively create the right conditions to expand imports; in particular, we need to take advantage of the sharp declines of the prices of bulk commodities in the international market to expand energy resource imports. At the same time, focus must be laid to introduce foreign technology, cultivate advanced productive force, and develop new export capacity.

To fulfill all tasks, we must concentrate on the following works:

i. **To Persist in Combining External Market Penetration with Internal Competence Enhancement to Ensure Stable Growth of Foreign Trade**

Firstly, established measures should be thoroughly implemented. We must make the best use of the series of measures that the province and the city have formulated for promoting the growth of exports. In particular, the city’s 13 measures for supporting foreign trade development should be implemented at enterprises as soon as possible; these measures will serve to normalize production and operating activities. All related government agencies must strengthen coordination, make concerted efforts, thoroughly implemented each and every measure, and promptly assist enterprises in resolving difficulties they encounter at different stages, and ensure that the series of supportive policies and deployments of the Municipal CPC Party Committee and the municipal government are carried out and lead to growth.

Secondly, upgrading should be promoted. We’ve formulated “The Opinions on Promoting the Transformation and Upgrading of Processing Trade in Guangzhou” to advance the transformation and upgrading enterprises engaged in processing
trade. Enterprises will be encouraged to build their own brands, introduce technology, acquire established brands, and increase spending on energy conservation and environmental protection. Enterprises will also be steered to take full advantage of the VAT reform and lesser taxes on machinery and equipment purchases to speed up the upgrading of their technical equipment. Moreover, headways will be taken to capitalize on the Central Government's policy on boosting domestic demand to build a policy environment and service platform for domestic sale, and actively expand the domestic sale of processing trade. Additionally, the transformation and upgrading of processing trade into the city's science and technology innovation system will be cooperated and the city's full range of supportive policies for science and technology to promote enterprise transformation and upgrading should be taken full advantage of. Furthermore, technologically-advanced foreign-invested enterprises in Guangzhou will be encouraged to apply for designations as high-tech enterprises. In line with the Central Government's medium- and long-term plan for service trade development, Guangzhou's service trade development plan will be formulated. Strives will also be taken to improve the analysis system for service trade data so that it can promptly reflect the city's service development status.

Thirdly, markets should be expanded. In addition to the top four traditional markets, efforts must be increased to tap into emerging markets and collaboration will be strengthened with the import and export association or related organizations in the countries and regions where our target markets are located. Besides, enterprises will be organized to participate in local import and export commodity fairs to boost the “Made in Guangzhou” recognition and integrated competitiveness. Moreover, we'll continue our efficient introduction of all commerce and trade service platforms, and strengthen business liaisons with all commerce and trade service platforms, so that these platforms can regularly supply economic, trade and investment information on the host countries, provide business leads, services and assistance for Guangzhou's enterprises. Thus, the enterprises’ risks and difficulties in tapping the emerging markets will be reduced. Furthermore, we'll efficiently organize enterprises to take part in major exhibitions and fairs, vigorously develop the convention and exhibition industry, and host a
wide variety of conventions and exhibitions, to provide enterprises with vast trading platforms for their production and operation. Enterprises will be organized as well to participate in various exhibitions and fairs of renowned brands.

Fourthly, imports should be expanded. We should take advantage of the declining prices of raw materials in the international market in the midst of the financial crisis to increase the import of advanced technology and key equipment. At present, the Central Government has enacted various supportive measures to encourage the import of advanced technology and key equipment. In the midst of the financial turmoil, major machinery and equipment manufacturers in developed countries will pay more attention to the Chinese market and offer more competitive prices and higher quality services. This will provide a good opportunity for Guangzhou's enterprises to expand imports. We must take full advantage of this favorable opportunity to expand imports.

Fifthly, frictions should be reduced. Under the impact of the financial crisis, countries may erect more trade barriers to protect their own short-term interests. Thus, investigation and research will be strengthened to make active efforts to find out the practical difficulties encountered by enterprises in fair trade, and take the initiative in assisting enterprises in actively responding to disputes at all stages. Moreover, professional training for related personnel must be boosted to improve enterprises’ coping abilities and skills. All related government agencies must strengthen collaboration with major chambers of commerce and industrial associations to build a pre-warning mechanism for fair trade in Guangzhou.

ii. To Maintain an Equal Emphasis on Sustaining Quantity and Quality and Ensure Smooth Inflow of Foreign Investment while Maintaining Stability

As the impact of the ongoing financial crisis rises and bottleneck constraints, resources and the environment become more apparent, it's necessary to focus on the practical needs of Guangzhou's socio-economic development. By doing so, Guangzhou will be able to seize the historic opportunity arising from the implementation of the Outlines of the Reform and Development Plan for the Pearl River Delta Region. Initiatives must be taken to closely follow up on new trends in economic globalization and international industry transfer to continue optimizing
the structure and the means of foreign capital utilization. Other measures will also be adopted to ensure a steady and healthy growth in foreign investment and create favorable conditions to promote the improvement of propriety innovation capabilities and the transformation and upgrading of traditional industries, thus establishing a modern industry system in the city.

Foreign investment should be facilitated to enhance the propriety innovation capabilities. We'll focus on the strategic objectives of building Guangzhou into an innovative city of the nation and a science and technology innovation center in Southern China. We'll also further encourage foreign investment in high-tech and environment-friendly industries and in high-end manufacturing operations. In addition, our efforts will be continued to draw foreign capital to the electronic information, biopharmaceutical, software, new material, environmental protection, new energy and digital home industries. Moreover, steps will be quickened to continue to bring in sizable IC and brand-new flat-panel monitor projects. Besides, foreign-invested R&D centers should be steered to conduct original innovation in IT, new material and biotech sectors. We will also encourage foreign-invested enterprises to join hands with Guangzhou’s higher-learning institutions, research institutes and enterprises to conduct integrated innovation. state-owned and privately-run enterprises to combine their efforts to “go global” with their efforts to attract foreign investment, and absorb foreign technology for re-innovation as well. Furthermore, the percentage of locally developed proprietary will be increased on intellectual properties, and multinational companies. Stress will be encouraged to establish strategic alliances for technological cooperation with Guangzhou’s enterprises and research institutes. A number of large-scale high-tech enterprise groups with proprietary intellectual property rights and cutting-edge international competitiveness will be fostered. The formation of high-tech industry clusters featuring with prominent advantages and sound layout will be accelerated. We'll also build a number of high-tech international parks and speed up the construction of world class industrial bases for information, software, animation games, biology and new materials. Foreign investors will be encouraged to use high technologies and advanced applicable technologies to upgrade traditionally competitive industries as well.
The inflow of foreign capital will be tapped to grow the modern service industry. In line with the new status of Guangzhou as a “Central City of the Nation” and the “Base of the Modern Service Industry”, foreign capital will be introduced to step up the development of the modern service industry and place it on a more prominent strategic position. The “Guangzhou Service” brand should be boosted to facilitate the city’s development into a regional center of the modern service industry with strong influence and stimulating effects either at home or abroad. Additionally, proactive efforts will be made to steer foreign investment towards modern logistics, finance, headquarters, convention and exhibition, and creative industries. All these are vital to Guangzhou’s development into a central city of the modern service industry. Moreover, we’ll vigorously promote the construction of the national service outsourcing base, take full advantage of the clustering effects of Guangzhou as a center of service outsourcing, and build the nation’s most centralized system of service outsourcing policy support. Furthermore, efforts will be made to encourage foreign investment in the service outsourcing and actively undertake offshore service outsourcing operations. Moreover, measures will be taken to support the personnel training and the development of public technology and information service platforms will be strengthened.

International capital will be utilized to extend the pillar industry chain. To achieve the objective of building Guangzhou into a “world famous manufacturing base”, we’ll steer foreign investment to the high end of the advanced manufacturing industry, and extend the industry chain. Moreover, such industries as automobile, ship building and marine engineering industries will be facilitated and the enterprises will be encouraged to increase investment and expand equity. Focus will be placed to boost the scaled performance of the petrochemicals with the initial works of the China-Kuwait Refinery Integration Project on top of the agenda. Efforts will be intensified to make foreign investment in manufacturing industries of digital control equipment and complete sets of equipment. Moreover, more sectors will be opened to make an inflow of foreign capital in the manufacturing sector, thus promoting the cluster of intensive manufacturing industries in Guangzhou.

The efforts to attract investment from Fortune 500 companies will be intensified.
By taking advantage of Guangzhou’s designation as an “important international gateway for expanding opening-up”, more initiatives will be taken to introduce foreign investment from Fortune 500 companies. The Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality will strengthen the collaboration with the foreign trade and economic cooperation agencies in all districts and county-level cities. A dedicated team will be established to speed up the introduction of foreign investment from Fortune Global 500 MNCs. Under the supervision of the GZBOFTEC, all districts and county-level cities will take their initiatives to make a tailored introduction of foreign investment by considering the industrial development focus either of Guangzhou or the districts themselves.

Endeavors will be made to make full use of public resources and new growth areas for foreign investment will be actively identified. We’ll speed up the formulation of “The 2009 Guangzhou Procedures for Applying for Dedicated Financial Subsidies in Attracting Large-Scale Multinational Companies to Invest in Guangzhou”. Moreover, supports will be given to investment promotion agencies in all districts and county-level cities together with the non-governmental intermediary service providers. Steps will also be taken to boost the enthusiasm and initiative of all related parties in attracting foreign investment. Besides, concerted efforts will be made to expand the sources of foreign investment to identify new growth areas for foreign investment.

iii. To Maintain a Balance between Government Support and Enterprises’ Self-Improvement to Accelerate the Investment Abroad

In light of expanding investment opportunities in countries around the world, more efforts should be invested to encourage enterprise to go global. Besides, in conformity with “Opinions on Accelerating the Execution of the ‘Going Global’ Strategy in Guangzhou”, the coordination efforts will be intensified to encourage and steer enterprises to take part in international economic and technological cooperation and competition.

Three-dimensional service system featuring inter-agency coordination will be put into place, so that all agencies can work together to facilitate enterprises in various industries to “go global”. Other work will be done to provide convenient services for enterprises “going global”, and resolve problems faced by the
enterprises during their investment abroad. Moreover, efforts will be intensified to facilitate software and other service outsourcing enterprises to establish overseas entities for undertaking first-hand outsourcing businesses; likewise, high-tech enterprises will be motivated to take full advantage of overseas science and technology resources and conduct R&D abroad. Industries with comparative advantages will be encouraged to establish a presence in overseas economic and trade cooperation parks built by China and to set up overseas manufacturing bases.
Status Quo and Prospects of Guangzhou Foreign Trade & Economy

In 2008, Guangzhou's foreign trade and economic cooperation saw the upgrading of the quality and standard of the development of the city's international-oriented economy, further emancipating the mind, comprehensively implementing the Scientific Development Theory, and effectively coping with the impact of domestic policy adjustments and the international financial crisis. A stable and rapid economic growth has been achieved.

A Review of Foreign Trade & Economic Cooperation in 2008

In 2008, Guangzhou's imports and exports totaled USD 81.925 billion, rising by 11.51 percent year-on-year and by USD 10 billion for the sixth straight year. Exports reached USD 42.964 billion, an increase of 13.36 percent, and imports topped USD 38.988 billion, an increase of 9.54 percent. A total of 991 new foreign-invested enterprises were approved, up by 3.34 percent. The contractual foreign capital amounted to USD 5.919 billion, down by 15.87 percent year-on-year. The actual inflow reached USD 3.623 billion with a growth rate of 10.26 percent. As of the end of last year, the cumulative amount of contractual foreign capital and the actual foreign capital in Guangzhou stood at USD 72.044 billion and USD 43.416 billion respectively. In the same year, newly signed outbound economic cooperation contracts were valued at USD 304 million, surging by
31.02 percent while their turnovers topped USD 320 million, soaring by 49.95 percent.

The characteristics of the city's foreign trade and economy were as follows:

I. Foreign Trade Structure has been Optimized in Adjustment

Firstly, the export of mechanic and electronic products and high-tech products continued its significant upward trend. The city's export of mechanic and electronic products reached USD 22.525 billion, rising by 17.21 percent year-on-year and accounting for 52.43 percent of the city's total export value. The city's export of high-tech products was valued at USD 7.476 billion, rising by 7.21 percent and making up 17.4 percent of the city's total high-tech export value. The export of automobiles, parts and components rose by 24.39 percent to reach USD 1.332 billion and the one of ships soared by 111 percent to amount to USD 1.602 billion. The export of machinery and equipment topped USD 6.434 billion, up by 12.70 percent.

Secondly, the transformation and upgrading of processing trade produced remarkable results. The processing trade of high-tech products and mechanic and electronic products accounted respectively for 85.57 percent and 61.59 percent of the city's total exports of the products in the same category.

Thirdly, efforts to tap into emerging markets delivered significant results. In addition to stable exports to Guangzhou's four traditional export markets; the United States, the European Union, Hong Kong and Japan, exports to the emerging markets increased by 24.59 percent and constituted 23.2 percent of the city's total export value, driving the city's total exports up by 5.19 percentage points. The effective expansion of shares of the emerging markets, to a certain extent, offset the decline in the city's exports to developed markets, such as Europe, the United States, and Japan.

Fourthly, the service trade grew rapidly. For the first time ever, the total amount of the city's service trade revenue and expenditure under the international balance sheet exceeded USD 10 billion. As many as 75 enterprises were registered in the service outsourcing business management system. The value of contracts on offshore outsourcing service provision totaled USD 443 million, and the amount of contracts performed totaled USD 400 million. The full-year value of registered
exclusively software export contracts reached USD 146 million, one of the highest amounts among major Chinese cities.

II. The Quality of the Introduction of Foreign Investment has been Upgraded via Transformation

Firstly, the foreign capital flowing into the service sector largely moved to the sector's high end. The inflow of foreign capital into the service industry accounted for 59.69 percent and 56.49 percent of the city's total contractual foreign capital and total actual one respectively. Foreign investment increased rapidly in the lease and business service, information transmission, computer service and software industries, making them the highlights in the city's introduction of foreign investment. Major foreign-invested enterprises in the creative and logistics industries which launched investment projects in Guangzhou last year included Guangdong Golden Rainbow Animation and Web Game Digital Technology Co., Ltd., with a total investment of USD 99.80 million; Guangdong Guanghang Shipping Co., Ltd., with a total investment of USD 87.19 million; and Guangzhou Anhua Logistics Co., Ltd., with a total investment of more than USD 23 million as well as such service outsourcing enterprises as SoftStone South China Headquarters, Global Data Solutions, and Bloombase Technologies.

Secondly, the scale of foreign investment projects has constantly been expanded. In 2008, 197 investment projects were approved each with a total investment of more than USD 10 million, involving a combined total foreign capital of USD 5.008 billion, and accounting for 84.61 percent of the city's total. Some of these were launched by leading enterprises in the advanced manufacturing industry, such as Guangzhou Skyworth Flat Panel Display Co., Ltd., with a total investment of USD 99 million, and Guangzhou Hitachi Koki Co., Ltd., composing of a total investment of USD 60 million.

Thirdly, the trend for foreign-invested enterprises to increase investment and expand equity was on the increase. In 2008, as many as 588 projects were newly approved, whose combined total amount of contractual foreign capital accounted for 49.76 percent of the city's total. Of these projects, Guangzhou Toyota Motor Corporation injected another USD 526 million into its second-phase project;
Congxing Electronics increased its investment by USD 49.8999 million; and the US-headquarters 3M hiked its investment by USD 22.50 million. Fourthly, efforts were continued to attract Fortune 500 companies, and more companies chose to set up their regional headquarters in Guangzhou. Last year, 12 more Fortune 500 companies made their investment in Guangzhou. To date, 169 Fortune 500 companies have been settled down in the city and they have set up 385 foreign-invested enterprises, involving a total investment of USD 15.972 billion and contractual foreign capital of USD 5.906 billion. Nine foreign-invested enterprises have been certified as regional headquarters.

III. The Level of Foreign Trade & Economic Cooperation has been Raised in Expansion

The first was that the outward investment has been on the increasing. In 2008, there were 33 newly approved overseas investment projects, involving a total investment of USD 119 million, covering software, pharmaceuticals, timber, engineering, agriculture, electronics and textile industries.

The second was that, new grounds were gained in three areas of foreign trade and economic cooperation: the first international research center for Traditional Chinese Medicine was set up in Britain, the first forestry resource development project started in Africa, and the first show center for brand-name high-quality products was established in Uzbekistan and has attracted more than 120 enterprises.

The third was that, the software developers continued to venture into the international market. Last year, software developers established two software entities abroad, bringing the total number of overseas software entities to eight, and these software developers undertook a larger amount of first-hand outsourcing business abroad.

IV. Significant Headway has been Made in Building the Bonded Logistics System

Approval by the State Council, Guangzhou Nansha Bonded Port Area was established. It's one of the highest-level special Customs supervised areas in
China, boasting the most preferential policy, the most comprehensive functions, and the most prominent geographic advantage. Guangzhou Bonded Logistics Park has passed the final inspection by six national ministries and commissions and began its operation as an independent area for Customs jurisdiction. The General Administration of Customs, the Ministry of Finance, the State Taxation Administration, and the State Administration of Foreign Exchange have approved the proposed Guangzhou Airport Bonded Logistics Center. Nansha and Baiyun Airport supervised export warehouses were included into the second group of pilot warehouses for China's expanded implementation of the policy of “tax rebate upon warehouse entry”.

In 2008, major efforts were made in foreign trade and economic cooperation in the following aspects:

i. **To Cope with the Crisis with Composure to Ensure a Sound Growth**

In face of the Central Government's macro control, the tight supply of coal, electricity and fuel, and the serious impact of the international financial crisis, measures were taken to closely monitor changes in the international market and the impact on local enterprises. Besides, works has been done to conduct exhaustive grassroots survey and research, and identify significant problems encountered by local enterprises. The problems were experienced by the enterprises related to financing, in complying with the Labor Contract Law, Customs clearance and foreign exchange. More than 30 dedicated reports on such problems were prepared. The situation of local enterprises were also reported to national leaders, related national authorities, provincial leaders, the Guangdong Provincial Department of Foreign Trade and Economic Cooperation, the CPC Guangzhou Municipal Committee, and the Guangzhou Municipal People's Government. The situation drew serious attention, and as a result, some practical issues were effectively resolved. Guangzhou also formulated “*The Measures for Supporting the Development of Export-Oriented Enterprises in Guangzhou*”, which set forth specific measures for supporting enterprises' efforts to expand exports, tap into emerging markets, pursue technology innovation, and build proprietary brands. By effectively taking advantage of the “Regulation and Policy Briefing” Platform, related government agencies jointly held more than 20
policy briefings regarding foreign trade and economic cooperation, foreign exchange, Customs clearance, financing, and service outsourcing; they also guided enterprises to obtain financial service support and evade risks associated with foreign exchange rates, and reduced financial burden arising from the payment of security deposit on processing trade. These efforts have all greatly ensured the stable growth of imports and exports.

ii. To Secure Success with Quality to Boost Foreign Trade Competitiveness

By taking full advantage of its status as a “National Automobile Export Base” and a “China Service Outsourcing Base City”, Guangzhou released “The Provisions on Accelerating the Development of the National Export Base for Automobiles, Parts and Components” and “The Provisions on Accelerating the Development of Guangzhou's Service Outsourcing” were issued. Five bases were entitled as “Guangzhou Branches of the National Export Base for Automobiles, Parts and Components” and four, named as “Guangzhou Demonstration Area for the China Service Outsourcing Base”. The initiatives have been facilitated to effectively implement the strategy of revitalizing trade through science and technology and securing the success with quality. In addition, efforts were furthered to build the Guangzhou-Hong Kong Service Outsourcing Union, and set up the outsourcing base in European countries, the United States, Japan and Hong Kong to expand the market channels for the city's outsourcing service business. Moreover, steps were intensified to promote the transformation and upgrading of processing trade. Other efforts included applying the policy leverage of the administration of processing trade commodities by category to promote structural optimization. As a result, the added value rate of processing trade reached 62.78 percent, representing an increase of 3.34 percentage point year-on-year. Furthermore, efforts were expended to increase human resources training, set up seven talent training centers at Sun Yat-sen University and other higher-education institutions, and build eight practical training centers for service outsourcing personnel in cooperation with higher-education institutions, intermediary training entities, and enterprises. A service trade statistics system has been largely built, laying a solid foundation for the administration and promotion of service trade.
iii. To Top Priorities to Promote Foreign Investment

By taking advantage of a visit by a delegation headed by Mayor Zhang Guangning to Germany for commemorating the 20th anniversary of the establishment of sister-city relations with Frankfurt, “Modern Service Development Seminar” was staged in Frankfurt; moreover, the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality (BOFTEC) signed cooperation agreements with the Frankfurt Economic Development GmbH and other organizations regarding the projects involving the convention and exhibition, logistics, and finance industries. These efforts have strongly promoted the cooperation and exchange between Guangzhou and Germany in economy, trade and investment. Additionally, in a bid to promote economic and trade cooperation between Guangzhou and Hong Kong within the CEPA framework and to match up with Hong Kong’s modern service industry, Vice Mayor Chen Mingde headed a delegation to Hong Kong. While in Hong Kong, the delegation presented a seminar on economic and trade cooperation between Guangzhou and Hong Kong. A press conference was hosted to release the “Whitepaper on Guangzhou Foreign Trade and Economy 2008”. Moreover, the delegation highlighted business opportunities in Guangzhou’s finance, logistics, convention and exhibition, and service outsourcing industries; furthermore, GZBOFTEC and the Hong Kong Trade Development Council signed “The Memorandum on Guangzhou-Hong Kong Cooperation in Modern Service Industries”, ensuring the thorough implementation of cooperation. Approved by the Municipal Government, “The Scheme for the Division of Responsibility in Concerted Efforts to Implement the CEPA Supplemental Agreement and to Push Forward Guangzhou’s Economic and Trade Cooperation with Hong Kong and Macao” was also drafted. Strives were tapped to pool the resources of all related functional departments to deepen Guangzhou's cooperation with Hong Kong and Macao. Moreover, by joining hands with various districts (county-level cities), the GZBOFTEC organized various activities to promote investment introduction, namely the “Guangzhou Liwan New Spring Investment Promotion Conference, Modern Industry Seminar”, the “Guangzhou Yuexiu District (Hong Kong) Investment Promotion Seminar”, and a dedicated seminar on boosting the standard of Guangzhou's harbor service industry and building the
Huangpu International Logistics Park. The Bureau also teamed up with Conghua authorities to host promotional activities in Japan regarding the supply of modular auto parts and components for Hino, thus injecting promising influence worldwide.

iv. To Attract the Investment of Multinational Companies to Facilitate the Development of Industrial Clusters

In order to encourage investment by multinational companies, measures were released on providing dedicated subsidies for large-scaled multinational companies investing in the city. “Focus on Guangzhou” luncheon briefings were launched for multinational companies' China headquarters in Beijing, Shanghai, Suzhou and other cities. These events provided opportunities for many multinational companies interested in investing in Guangzhou to pursue further cooperation. During the economic and trade exchange activities conducted in four ASEAN nations headed by Mr. Wang Yang, Secretary of CPC Guangdong Provincial Committee in four ASEAN nations, and also during the “2008 Guangdong & Hong Kong-Europe Economic and Technological Cooperation and Exchange Conference” in Spain headed by Mr Huang Huahua, Governor of Guangdong Province, Guangzhou sent a delegation to promote investment in the city's modern industries and trade activities. These activities facilitated six enterprises to secure contractual foreign investments totaling USD 380 million and trade deals worth USD 426 million. Guangzhou's economic and trade delegation also traveled to the United States, Canada and the Middle East to promote investment in software, semiconductor, biopharmaceutical, finance, logistics and petrochemical industries. The delegation was sent to Europe as well to promote Guangzhou's investment environment for the environmental protection, electronic information, biopharmaceutical and IT industries. Moreover, the delegation was sent to Japan, South Korea and Singapore to promote investment in the city's auto parts and components, electronic information (auto electronics), environmental protection, steel manufacturing, shipbuilding and modern service industries. With these efforts, a number of large-scale advanced manufacturing projects compatible with Guangzhou's industrial transformation and upgrading have been introduced, thus promoting the development of industrial clusters.
v. To Accelerate the Pace of “Going Global” to Facilitate Economic Internationalization

A set of measures were released aiming at speeding up the implementation of the “Going Global” strategy, and policy support for enterprises to “go global” were expanded. To help enterprises find out more about foreign investment policy and market environment and to minimize their investment risks, GZBOFTEC hosted more than 10 “Going Global” serial salon events relevant to Britain, Japan and Central Asia. To assist enterprises in resolving financial issues in their “Going Global” process, the Bureau promptly organized the “Bank-Enterprise Matchmaking Symposium on Foreign Trade and Economic Cooperation”, which has enhanced the linkage and cooperation between enterprises and financial service institutions such as banks and insurers.

vi. To Strengthen the Interdepartmental Collaboration to Enhance Service Efficiency

Efforts were made to strengthen interdepartmental cooperation and expend strong efforts to resolve difficulties and problems encountered by foreign trade and economic cooperation enterprises in financing, foreign exchange settlement and tax rebate. Related departments worked closely and together formulated The Measures for Further Improving the Cargo Customs Clearance Efficiency at Baiyun Airport, and vigorously pushed ahead with the approval filing and acceptance inspection for the Guangzhou Nansha Bonded Port Area, Guangzhou Bonded Logistics Park, and Baiyun Airport Integrated Bonded Area. Moreover, efforts were made to implement the “Convenient Customs Clearance” Initiative, strengthen coordination with the Customs, and reengineer the Customs clearance supervision process by adopting the system of “permitting declaration in the place of jurisdiction and releasing the cargos at the port” and by providing “one-stop clearance”. These efforts have further improved Customs clearance efficiency. GZBOFTEC also spearheaded the creation of a joint response mechanism for fair trade in the Pearl River Delta. The Bureau also joined hands with related municipal departments and the districts (and county-level cities) to build a regular liaison regime for the local import and export early-warning system; moreover, more than 400 early-warning and monitoring operations were conducted.
with regard to the impact of the financial crisis on the city's main products. Institutional efficiency and capability building project was launched to improve the efficiency and standard of services for enterprises and the public.

Major Tasks in 2009

I. To Implement Trade Promotion Measures and Strive for Growth in Foreign Trade

A vital task for this year is to stabilize the development of foreign trade. It's important to expand the market, sustain the scale, improve quality and ensure stability and development.

Firstly, it's important to continue to stabilize exports by large-scale enterprises. In Guangzhou, enterprises whose annual export exceeds USD 10 million accounts for more than 80 percent of the city's total export value. Thus, it's essential to stabilize exports by these enterprises in order to ensure the growth in the city's foreign trade. The system for liaising with and following up on key enterprises must be improved. Leaders of government agencies should be assigned to follow up specific enterprises, identify and resolve their practical difficulties and problems. High priority should be given to the cultivation of a number of large-scaled exporting enterprises which have strong innovation capacity, self-owned brands, and vast market potential.

Secondly, strong support must be given to the development of small and medium-sized enterprises. A variety of measures will be adopted to help enterprises vigorously tap into the international market and resolve financing difficulties. Such measures will include providing dedicated funds, allocating Canton Fair booths, organizing overseas exhibitions and conducting business training. Enterprises will be encouraged to further optimize the structure of export commodities and increase the export of brand-name products with quality-based profitability and intellectual property rights so as to boost the added value of their products.

Thirdly, efforts will be invested to secure more export orders. In accordance with
order expansion initiative, work will be done to enhance policy publicity so that enterprises can take full advantage of national policy for supporting foreign trade and economic cooperation and provincial policy for increasing investment, spurring consumption, and boosting demand. Enterprises will be encouraged to secure more orders in the international marketplace.

Fourthly, market diversification will be stressed. In addition to consolidating traditional markets such as Europe, the United States, Japan and Hong Kong, vigorous efforts will be expended to tap into emerging markets in South Asia, Central Asia, the Middle East, South America, and East Europe, which are vital for the growth of foreign trade. Enterprises will be driven to make the best use of the China-ASEAN Free Trade Agreement and the Asia-Pacific Trade Agreement to expand trade with emerging markets.

Fifthly, enterprises will be encouraged to participate in overseas fairs and exhibitions, to register their trademarks and obtain quality certifications abroad. They are also propelled to capture the high-end market by acquiring overseas brands.

Sixthly, supporting policies will be fully implemented. National and provincial policies aiming at encouraging the export-oriented economy will be proactively and thoroughly enforced, including “The Measures for Supporting the Development of Export-Oriented Enterprises in Guangzhou”. Financial aids will be offered to foreign trade enterprises in exploring emerging markets and obtaining export credit insurance. All related government departments throughout the city will work closely together to ease financial difficulty, accelerate the speed of tax rebate, reduce tax burden, increase the speed of foreign exchange collection and settlement, and improve Customs clearance efficiency for enterprises.

II. To Accelerate the Transformation of Growth Pattern and Improve the Quality and Profitability of Trade

In addition to the efforts to maintain the scale of export, it is important to promote economic restructuring, transformation and upgrading to ensure a sustainable development.

Firstly, it is essential to push forward the transformation and upgrading of
processing trade. Efforts will be made to study and formulate “Guideline on Facilitating Transformation and Upgrading of Processing Trade in Guangzhou”. Support will be given to enterprises which are increasing spending on technical process renovation so that they can accelerate the transition from OEM (Original Equipment Manufacturing) to ODM (Original Design Manufacturing) and OBM (Original Brand Manufacturing). Processing trade enterprises will be encouraged to set up regional headquarters and R&D centers as well. Moreover, guidance will be offered to enterprises to seize opportunities to acquire reputable international brands and patents and step up their brand building and R&D. Given the opportunities opened up by the Central Government's decision to spur domestic demand, processing trade enterprises will be driven to expand domestic sales.

Secondly, the structure of foreign trade products will be optimized. By taking advantage of the establishment of a modern industrial system, and the implementation of The Measures for Developing Independent Export Brands, efforts will be injected to help 50 key enterprises which export products with independent brands and 50 enterprises which are designated as potential key branded products exporters to enhance their brand development system. Those enterprises will be encouraged to register their brands abroad and promote their brands internationally too. Moreover, it is essential to press ahead with the construction of the “National Export Base for Automobiles, Parts and Components”, “National Pharmaceutical Export Base”, “China Service Outsourcing Base City”, and “National Software Export Innovation Base” in compliance with high standards, which will become the four high-end flagship export-oriented businesses.

Thirdly, service trade will be vigorously developed. It is a key component of foreign trade and a new area of growth. It’s also the focal point for optimizing the structure of foreign trade. Initiatives will be taken to foster a number of internationally competitive service trade enterprises in outsourcing, software exports, technology importation, cultural product exportation, construction and related engineering services, tourism services, and transportation services. Small and medium-sized service enterprises will be actively encouraged to engage in external exchanges and cooperation to build service trade brands. Taking full
advantage of preferential policies enjoyed by Guangzhou as a “National Demonstration City for Service Outsourcing”, endeavors will be made to use dedicated funds efficiently to speed up the development of demonstration zones for service outsourcing like Guangzhou Development Zone. Moreover, support will be offered to the service outsourcing industry in terms of personnel training, international qualification certification, and public service platform development. The city’s trade department will join hands with foreign exchange and financial departments to collect service trade statistics more efficiently to expeditiously release the Guangzhou Service Statistical Report.

Fourthly, proactive efforts will be made to boost exports. By taking advantage of the sharp drops of prices of bulk products in the international market, actions will be taken to expand import of energy resources that Guangzhou is short of. Steps will also be taken to actively introduce advanced foreign technical equipment and key parts and components and, what’s more, convenient measures and simplified procedures will be introduced for imports.

III. To Follow the Direction of the “Three Major Promotions” and Seek Excellence while Maintaining Stability in Utilization of Foreign Capital

The role of foreign capital will be stressed in promoting independent innovative capacity, the transformation and upgrading of traditional industries, and the establishment of modern industry system. Measures will be taken to cash in on the frequent flow of production factors in the international financial crisis and intensify the efforts to utilize foreign capital.

Firstly, intensive efforts will be made to combine introduction and innovation and promote foreign investment in modern industries. The role of foreign capital in the restructuring of State-owned enterprises and technological renovation of traditional industries will be stressed. With foreign investors setting up R&D entities in Guangzhou, it is desired that foreign capital will be used to nurture innovation capacity, inducing breakthroughs in introducing core technologies in the electronic information, biopharmaceutical, new material, digital control equipment, and automobile industries. The city’s trade department will actively collaborate
with related departments to bring in all types of talents with international perspective who are badly needed in Guangzhou. Secondly, foreign capital will be utilized to boost “Guangzhou Services”. Endeavors will be made to bring third-party modernized international logistics enterprises with advanced international management and service practices to the city's three international logistics parks at the airport, Nansha and Huanghu and to five regional integrated logistics parks at Baiyun, Huadu, Liwan, Panyu, and Zengcheng. Foreign-funded financial institutions will be encouraged to cluster in core financial function zones, such as the financial business district in Zhujiang New Town and the Guangzhou Financial Innovation Service Zone, so as to boost Guangzhou's financial service functions as a central city of the nation. In addition, guidance will be provided to foreign-funded convention and exhibition enterprises to move into the Central Business District, the Harbor Business District, and the Convention and Exhibition Cluster District, in order to build an international convention and exhibition center. Moreover, collaboration with cultural creative industries in Japan, South Korea, Hong Kong and Taiwan will be strengthened to vigorously develop the city's creative industries relating to net games, animation, film, television, and the press. Furthermore, investment in industries related to the Asian Games will be promoted, especially the modern service industry. Focus will be on the actively enlisting the support of the national policy, and opening up more investment areas, including urban infrastructure construction. Besides, headway will be made to expand investment channels and absorb funds from petroleum, private placement and other industries seeking investment channels in the midst of the financial crisis. Thirdly, efforts will be intensified to introduce foreign capital to the city's advanced manufacturing and high-tech industries. High priority will be given to external cooperation in the petrochemical, electronic information, equipment manufacturing and other advanced industries. Measures will be taken to accelerate the pace of introducing pillar projects in the electronic information, biopharmaceutical, software, new material, environmental protection, new energy and digital home industries. A number of large-sized projects will be followed up, such as the China-Kuwait Oil Refinery Integration Project, the Guangzhou
Toyota Compete Vehicle Expansion Project, the LG LCD Display Module and Key Supporting Factory Projects. Moreover, steps will be taken to introduce heavy machinery and ocean engineering projects by taking the Nansha Longxue Shipbuilding Base and the Panyu China Shipbuilding Guangzhou Low-Velocity Diesel Engine Manufacturing Base as the platforms.

IV. To Innovate Investment Promotion Approach, Boost Investment and Enhance its Performance

Attention will be given to the overall results of investment promotion, targeting at high-end projects, giving priority to the introduction of intellectual power and quality capital, and striving to attract, retain and strengthen foreign investment. Firstly, significant resources will be utilized to host a number of permanent investment promotion events and bring in a number of high-quality projects characterized by high technical content, significant spillover effects, strong growth potential, and powerful stimulating effects. The focus will be placed on the investment projects unveiled at the 2009 Investment Promotion Seminar and Whitepaper Briefing held in Hong Kong, the investment promotion in North America for high-tech, advanced manufacturing and biopharmaceutical projects, the Middle East petrochemical and industrial chain promotion, and the electronic information industry promotion in Taiwan. The practical results of these projects will be stressed to ensure that the desired targets are achieved and the projects are executed.

Secondly, attention will be paid to closely follow up on projects and attract investment by providing superb services. Solid action will be taken to assist foreign-invested enterprises in resolving their operating issues. Policy support and efficient services will be offered to relieve their difficulties and stabilize their operations. Enterprises are encouraged to increase investment and expand production. Those invested by Europe, the United States, Japan, Hong Kong and Macao, in particular, are encouraged to increase their investment and expand their equity or relocate their design, R&D and other high-end operations to Guangzhou.

Thirdly, stronger efforts will be expended to attract investment from large-scaled
multinational companies. By creating a catalogue of potential investment projects in the city, the tailored investment promotion will be conducted with Fortune 500 companies and leading enterprises which are compatible with the direction of Guangzhou’s industrial development and show a strong interest in investing in Guangzhou. The measures for providing dedicated subsidies for large-scaled multinational companies investing in Guangzhou in 2009 will be implemented and improved, in order to bring sizable projects to Guangzhou.

Fourthly, The Provisions on Encouraging Foreign-Invested Enterprises to Set up National or Regional Headquarters in Guangzhou will be thoroughly implemented, and proactive efforts will be expended to encourage multinational companies to base their headquarters in Guangzhou. The aim is to expand Guangzhou’s headquarters-related economy and to build the city into an important economic zone in the Asia-Pacific Region with a high concentration of corporate headquarters.

Fifthly, the operating mechanism for attracting foreign investment will be enhanced to proactively push ahead with the establishment of the Guangzhou Investment Promotion Service Platform and innovate investment promotion and incentive mechanisms. In light of their respective industrial development statuses, all districts and county-level cities will share resources, work closely together, promote investment on multiple levels, and pool resources to steer foreign investment towards sound and intensive development in Guangzhou.

V. To Deepen Regional Collaboration and Boost the Standard of Guangzhou’s Cooperation with Hong Kong and Macao
Regional economic integration will be pressed ahead in line with The Outlines of the Reform and Development Plan of the Pearl River Delta Region and The Decision to Further Deepen the Reform and Opening-up of Special Economic Zones and Open Coastal Cities for Scientific Development. By carrying out CEPA series agreements, efforts will be made to deepen the cooperation with Hong Kong and Macao and boost the standard of the development of modern service industry. High priority will be given to attracting investment from the modern logistics, financial service, information service, business convention and exhibition, and
other modern service industries in Hong Kong and Macao. In addition, by putting into place the pilot policies and measures for Guangzhou under the CEPA, endeavors will be made to promote comprehensive collaboration with Hong Kong and Macao in education, medical care, public health, culture, environmental protection, and other areas. Moreover, efforts will be intensified to attract investment from Taiwan and bring in large-scale high-end manufacturing projects centered on electronic information. Furthermore, Guangzhou will join hands with Hong Kong and Macao to build an integrated e-commerce platform for trade and investment and to set up a “Convenient Customs Clearance” information platform. To share technology innovation platforms, R&D facilities and science and technology resources with one another will be encouraged, in order to build Guangzhou, Hong Kong and Macao into the most dynamic and internationally competitive cluster of modern cities in the Asia-Pacific Region.

VI. To Actively Implement the “Going Global” Strategy and Expand the Room for External Economic Cooperation

In implementation of the “Going Global” strategy, endeavor will be made to achieve rapid growth in foreign trade and economic cooperation while effectively controlling the risks.

Firstly, the pace of outward investment will be quickened. By taking advantage of the recent easing of inward investment registration in various countries, efforts will be made to facilitate the city's competitive enterprises to make outward investment and expand overseas resource and energy development. Local enterprises will be encouraged to acquire their overseas counterparts which have core technology, recognized brands and marketing channels. Moreover, attention will be given to guide the city's machinery and electronics, electronic communication, light industry and pharmaceutical companies to establish a presence in China's overseas economic and technological cooperation zones and build manufacturing facilities. Furthermore, high-tech enterprises will be encouraged to take full advantage of foreign technology and human resources to set up overseas R&D centers.

Secondly, development of outward construction contracting and labor cooperation
will be boosted. Making use of export buyer credit, the outward construction contracting guarantee and other dedicated funding methods, outward construction contractors will be encouraged to carry out integrated investment, survey, design, construction and operation. In addition, 32 enterprises in Guangzhou which have international construction contracting rights will be propelled to collaborate closely with enterprises affiliated with the Central Government. Moreover, the export of labor services which are technical and intelligent in nature will be promoted to ensure the healthy development of labor cooperation.

Thirdly, more convenience will be provided for outward investment cooperation. The system for promoting financial, banking, foreign exchange and intermediary services will be improved. Efforts will be made to build and enhance the information system, cooperation guides, industrial orientation catalogues and project promotion database for outward economic cooperation. Ties with related chambers of commerce, ethnic Chinese associations, and the commercial sections of embassies and consulates will be strengthened. Providing enterprises with prompt information services, Guangzhou will build an early warning mechanism and an emergency rapid response mechanism relevant to overseas investment risks in order to protect the safety of overseas investments by local enterprises.

VII. To Enhance the Soft Power of Trade and Investment Environment by Implementing the “Government Service Year” Initiative

As a key part of the implementation of the scientific outlook of development, measures will be taken to further improve the performance of government agencies and make progress in terms of providing active service, providing convenience to the general public, enhancing efficiency and perfecting system. The role of the Leadership Group for Development of Export-Oriented Enterprises and the system of liaison between the leadership of the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality (GZBOFFEC) and enterprises will be executed. Moreover, dialogue with enterprises will be intensified to listen to their voices and resolve their issues and concerns. Actions will be taken to further regulate approval authorities, streamline approval procedures and standardize project approvals. Such convenient measures will be adopted as publicizing
application results online, notifying applicants once and for all and setting up green lanes for project review and approval. Priority will be given to new projects and investment hike projects conforming to the nation’s industrial policy, whose process of approval will be further shortened. In addition, application will be filed to related national authorities to upgrade the city’s qualified provincial-class development zones to national-class economic and technological development zones. The city will accelerate the development of the Nansha Bonded Port Area and the Airport Bonded Logistics Center and expand the bonded logistics functions of the Guangzhou and Nansha Export Processing Zones. It is vital to push ahead with the application for approval of the Baiyun Airport Integrated Bonded Area. Moreover, the “Convenient Customs Clearance” initiative will be deepened to consolidate Guangzhou’s joint driving role as an integrated gateway city. As this year marks the 10th anniversary of the “Regulation and Policy Briefing” system, innovative measures will be introduced to build up the reputation and influence of the seminar. Furthermore, by making use of Fair Trade Joint Response Mechanism of the Pearl River Delta Region, which is spearheaded by our Bureau, the city will provide efficient early warning, response and assistance relevant to international trade.
The Development of Guangzhou Foreign Trade and Economy over the Past 30 Years

Over 30 years, characterized by the international-oriented economy, Guangzhou has always been at the front during the reform and opening-up period. It always stands at the leading position in terms of its reform and opening-up to the outside world.

Remarkable Achievements

The Remarkable achievements have been made by Guangzhou foreign trade and economy for 30 years.

I. A Great Leap-forward has been Achieved in Foreign Trade and Economy.

The import and export of Guangzhou totaling less than USD 200 million in 1978 has bounded into USD 81.95 billion in 2008. Since the accession of China into WTO in 2002, the total import and export volume of Guangzhou has leaped onto a 10-billion-USD benchmark every year for the successive 6 years. Nowadays the foreign trade amount per day on average has already exceeded the total of one year 30 years ago. Foreign direct investment has started from scratch. By the end of 2008, the accumulated contractual foreign investment inked USD 72.044 billion and the actual introduction of foreign investment hit USD 43.416 billion. In 2008 the total scale of Guangzhou FDI amounted to USD 3,623 billion. Guangzhou enterprises have opened their overseas investment institution in 45
countries and regions with the accumulated investment over USD 1.1 billion. The business turnover of projects contracted with foreign countries and labor cooperation stood at USD 1.873 billion. As a result, an international sales network and production system has been established tentatively.

II. The Quality and Level of Foreign Investment Introduction has Increased by Leaps and Bounds.

The introduction of foreign investment in manufacturing industry has been upgraded from labor-intensive like textiles, light industry to the capital-and-technology-intensive including automobile, electronics, petrochemicals and new and high-tech industry. Over the recent years Guangzhou has been awarded such titles as The State Pharmaceutical Export Base, The State Auto and Components Export Base, etc. The introduction of foreign investment in service industry has expanded from the initial infrastructure facilities, e.g., real estate, road and bridge, to the modern service industry, namely, finance, logistics, convention and exhibition and intermediary service. Guangzhou is also dubbed The State Software Export and Innovation Base and China Service Outsourcing Base City with its obvious leading influence of dragon head on the increase. In 2008 a total of 197 big projects each with investment over USD 10 million are brought in with contractual foreign investment of USD 5.008 billion accounting for 84.61 percent of the total in the city. A number of 169 MNCs from Global Fortune 500 have made Guangzhou their home. Over 60 foreign-funded enterprises here are characterized as headquarters economy, out of which, 9 are identified as China headquarters or reginol headquarters.

III. The Transition and Upgrading of the Way in Trading has been Accelerated.

The foreign trade market will be expanded from Hong Kong and Macau region to over 200 countries and regions. The total export proportion to the three large international high-end markets, that is to say, USA, EU and Japan, accounted for 42.79 percent. The principal part dealing in foreign trade realized in diversification. Only 9 state-owned enterprises are authorized the import and export right in 1978, but in 2008 a number of 7818 enterprises finished the export accomplishments, and out of which, the non-public-owned enterprises have
accounted for 86.03 percent, forming the core force in pushing the foreign trade development. Processing trade has been in overall transition and was upgraded with the enterprises’ organization while the industrial structure and technological setup, further optimized. Export of the general trade keeps a sustainable and sound growing. The leading capability driven by export has been enhanced especially for the superior and famous brand commodities. The export of mechanical and electrical products and new and high-tech products has accounted for 1/2 and 1/5 of the total respectively. Service trade keeps developing. In 2008 the accumulated contractual amounts of offshore service outsourcing has surpassed USD 400 million and the export contracts of software has hit about USD 150 million as per the registration at Guangzhou Service Outsourcing Business Information Management System. The import structure has been further optimized with kinds of advanced equipments, energy resources and technological import growing quickly.

IV. The International Economic Cooperation has been Intensified.
The outbound investment has been developed in scale gradually. By the end of 2008, the average investment in the projects has amounted to USD 3.62 million, out of which, there are 12 ones with investments over USD 10 million. YueXiu Enterprise (Holdings) Corporation is selected one of top 30 China’s multinational operation corporations. The Going Global business scope has been expanded to such high level sectors as production and process, overseas research and development, service, resources exploitation. By the end of 2008, the projects of comprehensive production category and service category had accounted for 35.05 percent and 14.8 percent of the total respectively. The non-trade projects have made up over half of the total. Projects contracted with foreign countries have been diversified, from the initial sub-contacts of building projects to the general contract, project management contract, key-given project and BOT. The Dhaka Transformer Station Project taken by Guangzhou International Economic & Technical Cooperation Company in Bangladesh valued at over USD 70 million. The principal part of going global has been turned from the initial only state-owned industrial and trading companies into the current multiple layout composed of state-owned large-sized enterprises group co-existing with outstanding non-
public-owned enterprises.

V. The International-oriented Economy has Actively Facilitated the City Development Vitality.

Since the reform and opening-up was initiated, strategic cooperation between Guangzhou and the multinational corporations has been intensified ceaselessly by means of joint venture, cooperation and advanced technological introduction and digestion, which played a prominent role in leading the industrial upgrading of the city. Such three pillar industries as automobile, petrochemical industry, electronic information, all cultivated from the opening-up, have now become the engine in driving the development of Guangzhou. International service giants, i.e., FedEx, Maersk, Tesco, have successively finished their layouts in Guangzhou. The city’s position being the center of South China region has been consolidated constantly. At present the gross value of Guangzhou foreign trade has made up 1/28 of the nation’s total while the FDI, 1/25 of the nation’s total. The industrial output of foreign-funded enterprises has made up 60 percent of the city’s total and the foreign tax revenue, 1/3 of the city’s total.

The international-oriented economic development of Guangzhou not only introduced ample foreign capitals but also the advanced technology, talents, idea and management experiences. It helps improve the industrial development and modern city construction. Meanwhile, Cantonese’ opinions, ideas and operation rules have been geared to the world little by little. The politics, economy, culture and social administration are progressing as a whole. We may well say, without the motivation from the international-oriented economy, the tremendous development of modernization construction of Guangzhou would not have been realized.

Precious Experiences

The foreign trade and economic development with Guangzhou characteristics has come a long way for 30 years by adhering to the spirit of emancipating the mind, taking the lead in action and attempt, pragmatism and innovation.
I. Focus was Put in Insisting on Emancipating the Mind and Promoting the Innovation and Breakthrough all along. The development history of Guangzhou foreign trade and economy is indeed a history of emancipating the mind. The Cantonese have created a brand-new situation for foreign opening-up by sticking to the reform and opening-up and with the spirit of being the pioneer in development as well as the courage to open a new prospect. The Cantonese have created many “Firsts” in foreign trade and economy during the past three decades: White Swan Hotel, the first Sino-foreign joint venture high-class hotel; Guangzhou Foreign Economic Affairs and Trade Center, the first organization to jointly serve foreign affairs; the first to establish the united annual inspection system of enterprises; the first to set up the explanation meeting system of policies, laws and regulations; the first to co-organize investment promotion conferences abroad with Hong Kong government; the first to open CEPA investment promotion website; the first to release the white paper on foreign trade and economy of domestic cities in Hong Kong. The innovation and breakthrough each time help propel Guangzhou foreign trade and economy as well as the sustainable, healthy and quick development of Guangzhou economy and society.

II. The Mind has been Widened up by Actively Taking Part in the Global Economic System. Guangzhou foreign trade and economic development history is also the history of economic internationalization. Great attention has been paid to connecting the international-oriented economic development with world economic system, making full use of the international and the two resources and markets (domestic and overseas) to upgrade the internationalized level of Guangzhou economic development. Since the reform and opening-up, the adjustment of Guangzhou industrial structure and the reorganization of pillar industries have been made with the strategy shift from the focus on foreign economy and trade in early days to the establishment of the globalization in economic development at present. The procedure was fulfilled through a system with internal and external coordination, mutual benefits and win-win, safe and high efficiency going side by side. The industrial development in chains and clusters has been achieved for 3 decades in Guangzhou by making full use of the leading influence injected by the settlement of the enterprises from Global Fortune
500. Efforts will be made to keep the close eye on the changes of the international industrial adjustment and international economic situation so as to regulate the strategy of investment promotion and foreign trade in time.

III. Greater Importance will be Attached to the Opportunities Brought by the Change of Elements and Natural Endowments with the Timely Adjustment of the Opening-up and Developmental Strategy. Guangzhou has been continuously adapted to the change of elements and natural endowments and cultivated the new comparative advantage for 30 years, adjusting itself with the strategy of opening-up and development in different periods. The business named processing and compensation trade (processing: processing with materials, processing with given samples, assembling with supplied components) has been initiated in Guangzhou through the advantage of low-priced labor force, implementing favorable policies to attract tremendous foreign investments in early days of open-up. With the internationalization intensified and the change of elements and natural endowments under consideration, a modern industrial system has taken shape gradually. A series of policies and measures with self characteristics have been creatively formulated and the guide and support has be reinforced. The investment and trade promotion system, be improved. A foreign trade and economic cooperation and communication platform has been established. The enterprises to change the foreign trade growth way has been guided while the self-innovation and management capability of enterprises, be enhanced. As a result, both the overall development of talents and the transform of operation rules will be emphasized. Aimed at the flowing trends of international capitals and the local industrial development reality, the modern service industry has been valued greatly for recent years and the service trade has been developed on a big scale. “Guangzhou Service” has become the new marsh land for international multinational corporation.

IV. The International Competitive Capability of Guangzhou has been Advanced with the Closer Ties among Guangzhou, Hong Kong and Macau. The international-oriented development pattern of Guangzhou was first realized through Hong Kong and Macau, the great gateway and the great hub. The business named processing and compensation trade has been taken as the first
step here since the reform and opening-up was initiated. Since the return of Hong Kong and Macau especially the issue of CEPA, the industrial aggregation and complement with Hong Kong and Macau has continuously been deepened. By the end of 2007, a total of investment projects from HK had reached 12664, with a proportion of 69.49 percent of the city’s aggregate volume, while the actual absorption of foreign funds totaling USD 22.265 billion, an occupation of 55.95 percent. A win-win beneficial, co-existing and close cooperative partnership has been set up among Guangzhou, Hong Kong and Macau after years of multiple industrial cooperation and complementary resources advantages. During the close cooperation with Hong Kong and Macau, not only have the opportunities in international industrial adjustment and transition been taken but, to be more important, experiences drawn from the internationalization, been achieved. The industrial structure has been promoted, the way to develop trade, been transformed, and the advantage of joining in the international economic cooperation and competitiveness, finally be further strengthened.

Prospects for the Future

Every effort must be made to break through the old industrial frame and the restraint on resources during the period when the impact of international financial crisis further spread, the international economy meeting the integrated competitiveness, and the new technological challenge rising. The opening-up will be furthered and the position in global labor division as well as in resources allocation will be advanced. The reform and opening-up needs to be upgraded at an even higher level

I. To Make a Further Change in Idea and Mind and Make Overall Plans for Foreign Trade and Economic Development with Scientific Outlook on Development

The international mind will be made up to unswervingly intensify the reform and opening-up, seize any outside opportunity well adapted to us and improve the international competitive capability. Great efforts will be made to encourage
foreign enterprises to come into Guangzhou and local enterprises to go global. We shall make full use of the important strategic opportunity period, ceaselessly enhance the quality of coming into Guangzhou, quicken the pace of going global, push the coherent development of internal and external source economy, and promote the overall economic internationalization.

II. To Continue the Optimization of Foreign Investment Structure to Boost the Construction of Modern Industrial System

Modern service industry including finance, modern logistics, convention and exhibition as well as intermediary service will be developed actively. The international service industrial transfer and service outsourcing business will be taken on initiative so as to greatly develop production-oriented service industry. Investment from advanced countries and multinational corporations will be attracted specially. Big projects with high technical contents, high industrial level, intensive capitals and strong leading force will be propelled to make Guangzhou as their home. The level of investment promotion in development zones and economic parks will be improved with the industrial integration effect enhanced. More attention will be paid to the development of bonded logistics industry and the attempt of integrated development of bonded logistics in ports and zones. The working system to attract foreign investment will be perfected to advance the construction of service platform of investment promotion and the system construction. The investment promotion and stimulating system will be innovated.

III. To Emphasize the Transition of Development Mode to Promote the Quality and Benefits of Foreign Trade

The strategy of expanding trade on the strength of quality and through science and technology will be insisted on to enrich the own brand, so as to foster the foreign trade from quantity and scale into quality and benefit. The structure of export market will be optimized with such new export markets explored as Africa, South America and ASEAN, and the market scale will be expanded. Meanwhile, the market risk in advanced countries will be evaded. Non-public-owned enterprises will be developed to carry out the international operation. Service trade will be elevated greatly with the realization of two engines, i.e. cargo trade and service
trade. The import will be actively expanded to propel the introduction of important energy resources, technologies and critical equipments while the processing trade will be upgraded further to enhance the international cutting-edge competitiveness of the products.

IV. To Propel the International Cooperation of Enterprises to Achieve Mutual Benefits and Win-win Results

The policy stimulating mechanism will be improved continuously to speed up the cultivation of local multinational corporations. Enterprises will be supported in business development and empowerment. The independent intellectual property and international famous brand will be cultivated to strengthen the capability in controlling global middle and high-end industrial chain. Enterprises with strong capabilities will be encouraged to carry out the overseas merger and handle projects with high added value and great impact. The aim is to improve the cooperation capability in contracting the projects and labor cooperation with foreign countries.

V. To Intensify the Cooperation among Guangzhou, Hong Kong and Macau to Make the World-class Pan Pearl River Delta City Cluster

The policy and measures approved by the state on the initiative attempt of CEPA service industry will be implemented and ascertained by focusing on the breakthrough advancement of modern service industry. The cooperative platform of service outsourcing will be established jointly to push the service outsourcing enterprises more powerful. The financial cooperative zone, convention and exhibition cooperation test zone, logistics and service outsourcing cooperative parks of Guangzhou and Hong Kong will be set up. The comprehensive E-commerce platform of trade and investment as well as the customs clearance information platform among Guangzhou, Hong Kong, Macau and Taiwan will be established jointly. Other efforts will be planned to push on the technical innovation platform, research and development facilities, scientific and technological resources sharing. Cooperation of such fields as development planning, key policy formulation, information release, rules connection, etc. among governments will be linked closely to set up a sound coordinating mechanism.
VI. To Optimize and Improve the Development Environment to Supply Forceful Guarantee to the Scientific Development of Foreign Trade and Economy

The foreign trade and economic administrative system will be perfected days by days to set up a streamlined and transparent investment and trading environment. We shall report on our initiative to the relative departments of the state the policy adjustment situation and promote the foreign trade and economic policy sustainable. The environment construction of fair trade will be reinforced to perfect the fair trade working mechanism. The policy explanation seminar will be organized continuously to guide the enterprises to correctly understand the policy, adjust the operation strategy and strengthen the development confidence. Cooperation with such departments as banks, the customs, foreign exchange and tax revenue will be furthered to improve the governmental service quality and help the burden alleviated during enterprises’ operation more effectual. The coordinated mechanism set up by the Pearl River Delta city cluster to handle the trade conflicts will be facilitated to co-handle the trade dispute.
Foreign Investment
Status Quo and Prospects of the Foreign Investment

Main Features in 2008

I. The Actual Inflow of Foreign Investment Grew Steadily while the Contractual One Slowed down

Affected by the policy adjustments such as unified income tax system for both domestic and foreign enterprises, the year of 2007 witnessed a surge of capital increase by existing foreign investors to enjoy the benefit of the tax policy adjustment. As a result, the contractual foreign investment recorded a high of USD 7.035 billion, increasing by 60.21 percent. This pushed the benchmark to a higher level and squeezed the room for increase in the next year. In fact, the capital increase by foreign investors has slowed by 32.99 percent in 2008, with a total decrease of USD 1.45 billion, which was the main factor contributing to the decrease of the contractual foreign funds.

Apart from this, due to the depressing real estate market and a series of restricting measures by the state, the contractual foreign funds in the real estate sector slumped by 37.4 percent with a decrease of USD 1.034 billion, as compared with the same period in 2007. At the same time, investors encountered difficulties in financing aroused by global financial crisis in the latter half of the year and were forced to postpone or shelve their investment plans, earmarking a significant withdrawing of capital, which in turn dragged down the total contractual foreign
investment in 2008.

II. Large Projects Demonstrated an Obvious Driving Force and the Average Size of the Projects has been Increased

In 2008, a total of 197 large projects, each with a gross investment value of over USD 10 million, were approved by relevant departments, among which, 102 are newly approved and 95 concerning capital increase. Down by 18.32 percent, the total contractual foreign funds of the above-mentioned large projects amounted to USD 5.008 billion, accounting for 84.61 percent of that of the city. On average, each of the large projects achieved a contractual foreign fund of USD 25.421 million, an increase from USD 24.9249 million in 2007.

Contractual Foreign Fund of Guangzhou in 2008

The large projects newly approved include a number of leading enterprises of advanced manufacturing like Guangzhou Precise Machinery Co., Ltd, with a gross investment value of USD 99.98 million; Guangzhou Skyworth Display Co., Ltd, with a gross investment value of USD 99 million; and Guangzhou Hitachi Koki Co., Ltd, with a gross investment value of USD 60 million. Breakthrough was made in the service sector, by introducing large projects as Guangdong Jinhong Animation Cartoon & Digital Co., Ltd, with a gross investment value of
USD 99.8 million; Guangzhou Sucheng Warehousing Co., Ltd, with a gross investment value of USD 70 million; and Alibaba (Guangzhou) Network Technology Co., Ltd, with a gross investment value of USD 99 million. Three investment companies were established in 2008, i.e. Guangzhou Yutai Investment Co., Ltd, Jiahuan Panel (China) Investment Co., Ltd, Tesco (China) Investment Co., Ltd.

III. Capital Increase and Equity Investment Dropped by a Big Margin
In 2008, as many as 588 projects of capital increase were newly approved, down by 12.89 percent, with a total contractual foreign fund of USD 2.945 billion, down by 32.99 percent, accounting for 49.76 percent of the city's total. The average capital increase dropped from USD 6.5112 million in 2007 to USD 5.0087 million in 2008. Large projects with capital increase mainly are Guangzhou Toyota Motor Co., Ltd, China Southern Airlines, Guangzhou Nansha Port Containers Co., Ltd, and Guangzhou Heyin Plaza Development Co., Ltd.

IV. The Growth of Investment from Fortune Global 500 Companies Maintained a Steady Momentum
In 2008, a total of 12 projects invested by Fortune Global 500 companies and 33 projects of capital increase were approved, concerning a total investment volume of USD 1.138 billion and contractual foreign funds of USD 386 million. Newly approved projects with an investment of over USD 20 million include Guangzhou Hitachi Koki Co., Ltd, Guangzhou Johnson Automotive Interiors Co., Ltd and Tesco (China) Investment Co., Ltd.
Up till now, 169 companies of the Global Top 500 companies have invested in 385 projects in Guangzhou, with a total investment value of USD 15.972 billion and total contractual foreign funds of USD 5.906 billion.

V. The Service Industry, Excluding the Real Estate Sector, Kept a Faster Momentum in Absorbing Foreign Investment
In 2008, altogether 728 newly set up service enterprises were approved, up by 27.5 percent, with a total contractual foreign funds of USD 3.533 billion, down
by 10.55 percent and the actual inflow of foreign funds was USD 2.046 billion, a decrease of 1.31 percent. The contractual foreign funds in real estate sector recorded USD 1.73 billion, decreasing by 37.4 percent, taking up a proportion of 29.23 percent in the total contractual foreign funds of the city, a slump of 10.05 percent than in 2007. The actual use of foreign funds in the real estate sector was down by 9.05 percent to USD 1.473 billion, accounting for 40.66 percent of the city’s total, a year on year decrease of 8.63 percentage.

Apart from the real estate sector, the newly approved enterprises in service industry hit 697, increasing by 33.52 percent, with a total contractual foreign investment up by 51.99 percent to USD 1.803 billion, accounting for the city’s 30.47 percent, up by 13.60 percentage point than the previous year. The actual inflow of foreign investment recorded a growth rate of 26.34 percent to top USD 573 million, making up a proportion of 15.83 percent of the city’s total and a rise of 2.02 percentage point higher than the previous year was acquired. The contractual foreign funds of information transmission, computer service and software increased 1.32 times, turning into a shining point of service industry in attracting foreign investment. The contractual foreign investment of transportation, warehousing and post increased by 91.16 percent, while that of leasing and business service, by 72.57 percent. Though the contractual foreign investment of wholesale and retail decreased, the newly approved enterprises in the sector reached 300, accounting 30.72 percent of the city’s total. The actual introduction of foreign investment in the sectors of information transmission, computer service and software, accommodation and catering, wholesale and retail, and leasing and business service increased by a fast momentum at 1.43 times, 95.30 percent, 88.22 percent and 83.32 percent respectively.

VI. The Growth of Manufacturing Sector Continued to Slow Down

In 2008, altogether 241 manufacturing enterprises were newly approved, down by 35.56 percent, with a total contractual foreign funds of USD 2.283 billion, a decrease of 19.47 percent. The occupation was 38.57 percent of the city’s total. The actual absorption of foreign capital climbed by 25.64 percent to USD 1.482 billion with a proportion of 40.92 percent of the city’s total. The slow down of the
growth of the manufacturing industry is closely linked to the state policy adjustment on the industrial structuring. The trend of Guangzhou’s manufacturing industry utilizing foreign investment keeps pace with that of the whole country. The year of 2008 saw a foreign investment inflow to 29 sectors of the manufacturing industry. Among them, 9 witnessed a growth in contractual foreign investment, while the other 20 all recorded decreases, especially in labor-intensive sectors, such as wood processing and wood, bamboo, rattan, palm and grass products, drink manufacturing, processing of agricultural and sideline products, furniture manufacturing, and leather, furs, down and related products. The percentages were all down by 23.32 percent, 45.36 percent, 90.57 percent, 64.40 percent and 68.14 percent respectively. The contractual foreign investments in three pillar industries also dropped by a big margin, recording 31.69 percent, 12.83 percent and 38.82 percent respectively in the sectors of transportation equipment manufacturing, communication equipment, computer and other electronic equipment manufacturing, raw chemical materials and chemical products.

The contractual foreign investments of the 9 sectors hit USD 853 million, accounting for 37.37 percent of the total of the manufacturing industry. Among these, sectors of handicraft and other stuff manufacturing, metal products, general purposes equipment manufacturing and plastic products manufacturing are the ones that grew at a faster speed, by 2.87 times, 2.23 times, 49.74 percent and 45.04 percent respectively.

VII. Foreign Investors Mainly Came from Hong Kong, British Virgin Islands and Japan
The top ten foreign investors in 2008 (accounting on the basis of actual investment) were Hong Kong, British Virgin Islands, Japan, Singapore, Barbados, the USA, Cayman Islands, the UK, the Netherlands, and ROK. The actual utilization of foreign investment from these top ten countries and regions accounted for 95.10 percent of the city’s total.

Due to the adjustment of the state policy on taxation, international investments represented by British Virgin Islands transferred their investments through Hong
Kong by ways of equity transfer, resulting in a surge of foreign investment from Hong Kong, hitting USD 4.966 billion in contractual foreign funds, an increase of 31.17 percent. The contractual foreign investments from islands as British Virgin Islands, Cayman Islands, Barbados, Samoa, Mauritius, St. Kitts-Nevis, Belize, Bermuda, Cyprus, and the Republic of Marshall Island were USD 27.37 million, down by 98.62 percent.

The actual utilization of foreign investment from the US, Japan and European countries witnessed a growth. The actual use of foreign investment from the US was USD 65.47 million, a rose by 87 percent, while that of European countries stood at USD 150 million, by 20.95 percent. The US, Japan and European countries are the major countries of capital export. However, the capital-intensive and technology-intensive enterprises invested by the above mentioned countries grew at a relatively low speed.

Investment Promotion Work in 2008

Committed to The Eleventh Five-Year-Plan of Guangzhou, Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality has vigorously fulfilled its function as a government agency to promote investment. It has made strenuous effort to carry out publicity and marketing campaign for the city image and investment environment and provide efficient and quality government service to foreign companies which make investment and develop business in the city. A platform facilitating the exchanges and cooperation between local and overseas companies has been put into place. Guidance has been provided to accelerate the clustered growth of advanced manufacturing, modern service industry and hi-tech industry so as to optimize the industrial structure and induce economic restructuring of Guangzhou and solidify its position and radiating power as a center city.

I. To Carry out Promotion Greatly to Boost the Reputation and Influence of Guangzhou

The White Paper on Guangzhou Foreign Economy and Trade has been regularly
published. Various brochures and pamphlets have been distributed and investment promotion events at home and abroad, been organized. All were made in an effort to spread Guangzhou’s image as an open and compatible city to both domestic and international investors and display its economic vigor, favorable investment environment and broad development prospects in the present situation of the international financial crisis. Up to now, Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality has compiled and published White Paper on Guangzhou Foreign Trade and Economy in both Chinese and English for two consecutive years and released it in Hong Kong. The Book has been warmly received by journalists from Hong Kong and Macao and other readers who regarded it as an “encyclopedia for investment in Guangzhou”. Guangzhou Municipal Board for International Investment has commissioned a foreign publishing organization to compile and publish such book as Why Guangzhou, Korea in Guangzhou and periodical Invest in Guangzhou, respectively targeting at investors from English-speaking countries and Korea. They also provided detailed information about work, life and investment in Guangzhou to help foreign investors better understand the city. A variety of industrial investment and cooperation activities have been held in North America, Europe, East Asia, Southeast Asia as well as Hong Kong, Macao and Taiwan, expanding the reputation and influence of Guangzhou by the participation of many renowned Chinese and foreign media.

II. To Reinforce the Industrial Investment Promotion and Enlarge the Effect of Industrial Cluster

In accordance with the industrial development principle of focusing on service industry and appropriately developing heavy-duty industry, investment promotion activities will be held worldwide. The special attention will be paid to three pillar industries including automobiles, electronic information and petrochemicals, and to the leading traditional industries like machinery equipment manufacturing, iron and steel and shipbuilding. Foreign communications and cooperation will be encouraged in the field of modern service industry, such as software, finance, logistics, hotel, tourism, exhibition and convention and service outsourcing. The
integration of key development industries will be speeded up in industrial parks. Last year, a total of 23 large scale investment promotion activities were held at home and abroad, involving countries and regions like the Unites States, Canada, Spain, Germany, Russia, Japan, Korea, Singapore, United Arab Emirates, Saudi Arabia, Kuwait, Hong Kong, Macao and Taiwan, arousing wide attention of local investors. Meanwhile, Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality and Guangzhou Municipal Board for International Investment have sent many investment promotion groups to foreign countries and such cities as Hong Kong, Beijing, Shanghai and Suzhou, etc. holding business discussions with multinational corporations. The investment and cooperative projects are being developed steadily in the area of auto and spare parts, machinery equipment, semi-conductor LED, environment protection, IT, logistics, trade and commerce, etc.

III. To Expand Investment Promotion Network and Set up a Global Investment Platform

The Bureau has been forging close connection with foreign consulate generals, chambers of commerce and professional associations in Guangzhou in terms of coordination and communication relating to economic and trade cooperation. In 2008, as many as 20 foreign-invested projects were introduced by Japanese and Korean organizations in Guangzhou. Close ties with Global Fortune 500 in China have been established by irregular visit encouraging them to make or expand their investment in Guangzhou as well as to widen their investment scope. Attempts have been made to attract more investment worldwide by means of the client resources of Global Fortune 500. A strategic partnership has been established with a few renowned international companies so as to support and help each other in investment and business. A close cooperation with Invest Hong Kong, Hong Kong Trade and Development Council, and five major chambers of commerce of Hong Kong has been made to co-organize the business promotion activities in Hong Kong and abroad. An information sharing system has been set up with the leading four accounting firms, namely, PricewaterhouseCoopers, Deloitte, KPMG and Ernst & Young, as well as with professional investment intermediary service
organizations, providing tailor-made services to foreign investors. International Consultant for Invest Guangzhou will be brought into full play to strengthen the contacts with business circles around the world.

**Situation Analysis in 2009**

From a general point of view, the introduction of foreign investment in 2009 will face a tough situation. Due to the global economic crisis, the confidence of international investments was severely damaged, leading to a more prudent attitude in decision making of investment. The financial crisis will lead to the reshuffle of the world economy, illustrated as follows:

i. Judging from the perspective of macro economic environment, the shrink of the consumption demand in the world market will cause the decrease of the international investment, esp. investment on industries. The insufficient liquidity of capital market has affected the supply of capital for investment. The slump of the capital market has suppressed the will of the capital to invest. The exchange rate of RMB against USD has changed from one-way rapid appreciation to maintaining stable and even depreciation periodically, which also took off the passion of overseas investors for holding RMB as capital assets. All these factors exert direct impacts on the foreign investment source of Guangzhou.

ii. From the perspective of structural adjustment, after a few years of continuous rapid growth, the utilization of foreign investment will enter into a period of adjustment, which will fit into the current industrial structural adjustment and functional and regional adjustment of Guangzhou.

iii. From the perspective of industrial structure, there has not been a shining spot in manufacturing industry which is similar to the automobile industry, a capital intensive industry with a long industrial chain attracting foreign investment. We still have to wait for a period of time before the recovery of the real estate market. Apart from the real estate, the other sectors of the service industry, although at a period of fast growing, taking a proportion of lower than 20 percent of the city’s total in using foreign investment, is far from a decisive factor in pushing the
overall growth of the economy with such a small scale.

iv. By analyzing the data, we can see that there is a downward trend of contractual foreign investment, which will directly lead to the insufficiency of the actual use of foreign investment.

While attaching great importance to the difficulties and problems, we should also be optimistic that there remains great opportunities for development in utilization of foreign investment, which will be demonstrated as follows:

First, with the relaxation of state's economic policies, esp. the issuing of a series of foreign trade policies aiming at maintaining the growth, the environment for foreign economic and trade will hopefully continue to be improved, which will in turn spur the recovery of the investors' confidence.

Secondly, the government’s stimulus policy on consumption will create more market opportunities for investors, attracting the investments focusing on domestic sales to quicken their steps.

Thirdly, most of the foreign invested enterprises in Guangzhou are running smoothly, with very little closing down and moving out, which is contradictory to many other domestic cities. The city's advantages as sound investment environment and complete industrial chains will be given a full display.

Fourthly, there will be continuous highlights for Guangzhou's economic and social developments in the coming few years. The issuing of the “The Outline of the Reform and Development Plan for the Pearl River Delta Region”, the host of the 2010 Asian Games, and the progress of the oil refinery project by China and Kuwait will all further enhance Guangzhou’s competitive edge.

Main Tasks in 2009

I. To Emancipate Minds and Make Progress in System Innovation, with an Aim of Continuously Improving the Efficiency on Administrative Examination and Approval and the Service Level

Efforts will be continued to promote the standardization of the administrative examination and approval of foreign investment projects, simplify the procedures,
promote the on-line public announcing system, once-for-all informing system, and green-lane for projects approval, so as to further improve the efficiency and enhance the administrative transparency. To those newly established projects and projects concerning capital increase, which are in line with the state’s industrial policies, procedures will be further simplified. Strives will be strengthened in the guidance and supervision over the foreign economic and trade departments of governments at lower level. With the improvement over the efficiency and strengthening of service consciousness, enterprises will be provided with qualified and efficient service.

II. To Make Friends with Foreign Investors to Strengthen Coordination between Government Departments at All Levels to Solve the Problems of the Enterprises so that They would Remain for Business

We will keep a close eye on the change of the relevant state policies on foreign investment. Through a closer contact with the enterprises, policy guidance and situation analysis will be provided to foreign invested enterprises to boost their confidence in long-term development. With a view to the current difficulties confronting the enterprises, efforts will be made in promoting the implementation and improvement of relevant temporary support policies. At the same time, contacts will be strengthened with senior departments as the Ministry of Commerce and the Guangzhou Department of Foreign Trade and Economic Cooperation as well as the coordination with other departments as industry and commerce and customs. The common problems and the needs of the enterprises and policy suggestions will be reported to relevant departments to help enterprises conquer the difficulties.

III. Driven by the Development of Industrial Parks and the Introduction of Large Projects, the Steady Progress in the Introduction of Foreign Investment will be Realized

With international logistics parks, financial business zones, exhibition and convention zones, and innovation industrial parks as the carriers, efforts will be made to fully enhance the level and quality of utilization of foreign investment in
service industry. Taking advantages of the industrial clusters of automobile, petro-chemicals, electronics and equipment, the size and quality of foreign investment in advanced manufacturing industry and high-tech industry will be further promoted. With key projects and industrial parks as important carriers, foreign invested enterprises will be encouraged to set up research and development institutions and cultivate independent innovation ability. Breakthroughs will be expected in introducing core technologies in sectors of electronic and information, bio-pharmaceutical, new material, numerical control equipment and auto, etc.

IV. By Attaching Great Importance to Make a Focus Following up and the Service Providing, Key Foreign-funded Projects will be Introduced

Efforts will be done to follow up the projects and provide service while making the introduction of foreign investment. Attention will be focused on investment from European countries, the US, Japan, Hong Kong and Taiwan, to increase investment or make the transfer of the high-end industries and R&D institutions to Guangzhou. Efforts will be strengthened in the service to the large multinational companies. Tailored service will be provided to world famous 500 companies and leading companies whose business fields are complied with Guangzhou's industrial development direction and with the desire to invest, so as to let them experience the sound investment environment of Guangzhou with unlimited business opportunities. The service to the headquarters companies will be enhanced. The promotion of the relevant policies in developing headquarters economy in Guangzhou will be strengthened to introduce more headquarters of MNCs and enlarge the influence of the headquarters economy of Guangzhou, thus, building the city into an important headquarters economic zone in Asian Pacific region.

V. More Importance will be Adjusted to the Innovation of Ways in Introducing Foreign Investment

Firstly, efforts will be focused on holding a series promotion activities with clear goals, eg. the Briefing on the White Paper on Guangzhou Foreign Trade and Economy, 2009 (Hong Kong), the Promotion Seminar on High-tech, Advanced
Manufacturing and Bio-pharmaceutical Industries (US), the Promotion Campaign on Petro-chemical Industries (Middle East), and the Promotion Campaign on Electronic Information Industry (Taiwan). Secondly, by taking the opportunity of the settling down of the oil refinery project in Nansha District, strengthen the promotion on petro-chemical industry. By seizing the opportunity of intensifying investment before the Asian Games, relevant projects will be promoted such as the constructions of infrastructure, venues for Asian Games, and supporting facilities as hotels, etc. Other work will include the introduction of foreign capital into state-owned enterprises to tap the idle assets. The cooperation with Hong Kong and Macao will be enhanced to promote the service industry in Guangzhou. Through taking the opportunities of enlarging exchanges between the Mainland and Taiwan, the investment promotion to Taiwan will be enhanced with an aim of introducing high-end manufacturing projects.
Foreign Trade
Cargo Trade

General Situation in 2008

I. Against the Multiple Negative Effects, Import and Export has Achieved a Steady Growth

In 2008, impacted by the global financial crisis, the slow down of domestic economy, the appreciation of RMB, the fluctuation of raw material, Guangzhou's import and export maintained a steady growth. For the first time, the total value of import and export surpassed USD 80 billion, recording a total of USD 81.95 billion, increasing by 11.51 percent. Among this, the export hit USD 42.96 billion, up by 13.36 percent while the import, USD 38.99 billion, up by 9.54 percent, a surplus of USD 3.97 billion.

To be analysed on a whole year basis, the import and export in the first nine months maintained a sound growth of 16.42 percent, which slowed down in October by a big margin, and recorded the first double decrease in both import and export in the past six years, and ended with continuous decrease in December. Depending on the growth of the first three quarters, the import and export maintained a double-digit increase in 2008. However, the growth rate of import and export was down by 3.74 and 3.7 percentage points respectively as compared with the previous year.
II. The Leading Position of the Mechanical and Electric Products was Further Strengthened and Some of the Large Export Commodities Maintained a Fast Growth Momentum

The structure of Guangzhou’s export commodities is further optimized. The export of mechanical and electronic products hit USD 22.52 billion, up by 17.21 percent, about 4 percentage point higher than the average level of the city, taking a proportion of 52.43 percent of the city’s total. The construction of auto and parts export base continued its growth, recording an export volume of USD 1.33 billion, increasing by 24.39 percent, among which, the export of cars reached 48,000, an increase of 11.83 percent. The export of ships hit USD 1.602 billion, up by 111.15 percent.

![Export Volume In Guangzhou Area 2008](chart)

The export volume of high-tech products was USD 7.476 billion, accounting for 17.40 percent of the city’s total. The growth rate was 7.21 percent, 6.14 percentage points lower than that of the average level of the city. LG Philips (Guangzhou) LCD Co., Ltd. became a spotlight in the high-tech export, with an export volume of USD 470 million, a huge increase of 29.38 times.

Among the major export commodities, the exports of furniture and parts, bags, printers and motorcycle maintained the growth momentum, with an annual growth
rate of over 20 percent. Affected by the weaker demand, the export of some commodities of labor-intensive, resource natured and raw material recorded a downward trend in December, e.g. the chemical products, printing circuit, batteries, iron and steel, plastic products, textile and clothes, and shoes, etc. The import of mechanical and electronic products hit USD 15.88 billion, up by 11.07 percent. The import of high-tech products recorded USD 7.787 billion, up by 6.12 percent. The import of primary products reached USD 8.755 billion with a growth rate of 26.06 percent.

III. The Export of General Trade Kept an Average Pace of Growing while that of the Processing Trade Slowed down

The export volume of general trade was USD 19.165 billion, accounting for 44.61 percent of the total export volume, increasing by 13.26 percent, keeping the same growth rate with the city's average level. The export of the general trade kept a fast momentum of growing in the first nine months of 2008 but encountered obvious slump in the forth quarter. This shows that under the influence of the global financial crisis, a series of problems blasted at the same time, exerting a severe impact over Guangzhou's foreign trade. The reduction of order, the increase of storage, the decrease of profit, the surge of trade risks, the difficulty in capital turnover, the increase of intension between employers and employees, are just the demonstrations of the problems.

The export of processing trade grew moderately, recording USD 22.23 billion in 2008, accounting for 51.75 percent of the total, increasing by 9.93 percent. The proportion and growth rate were down 1.61 and 1.52 percentage points respectively as comparing with the previous year. Among which, the export of processing trade with imported material recorded USD 15.832 billion, up by 10.87 percent, 2.76 percentage points lower than the previous year. The export of processing trade with supplied material realized USD 6.401 billion, growing by 7.66 percent, 1.14 percentage points higher than the previous year. The export of Guangzhou's processing trade mainly focus on products as textile and clothes, automatic data processing equipment and its parts, shoes, jewellerys and
precious metals, targeting developed countries as European countries and the US. Affected by the financial crisis, orders were reduced dramatically since September 2008. Jointly affected by state’s macro policy adjustment and the soaring of operational cost, the profits of the enterprises were further decreased. All these led to the obvious slowing down in the development of processing trade in 2008. The import of general trade climbed by 15.89 percent to USD 19.96 billion while the import of processing trade, by 7.67 percent to USD 13.658 billion. The general trade recorded a deficit of USD 796 million and the processing trade realized a surplus of USD 8.575 billion.

IV. The Export to Newly Developed Market Grew at a Fast Pace while the Export to Traditional Market Maintained a Moderate Growth

New progress has been achieved in developing new international market. The export to newly developed market in 2008 hit USD 9.969 billion, accounting for 23.20 percent of the city’s total export volume, increasing by 24.59 percent and contributing 5.19 percentage points of the city’s growth in export. Among which, the export to ASEAN countries grew by 20.72 percent, to Africa 25.61 percent, to Middle East, 31.37 percent, and South America, 56.32 percent. At the same time, the growth in export to newly developed markets have made up for the loss in the export to traditional market.
The export to EU and Japan maintained a stable increase while the export to US gained a little recovery against the depression. The export to EU, Japan and the US grew by 14.20 percent, 18.85 percent, and 2.35 percent respectively, maintaining a growth in four consecutive months after former eight months’ decline. EU became the first large trade partner of Guangzhou, recording a bilateral trade volume of USD 14.743 billion with a rise of 15.87 percent. The bilateral trade volume with the US was down by 1.68 percent while that with Japan up by 15.26 percent.

In terms of import, ASEAN was up by 20.69 percent, Africa, by 34.61 percent, South Korea, by 61.33 percent, while the one of Hong Kong was down by 1.13 percent, Taiwan Region, down 14.50 percent and Russia, down 23.78 percent.

V. Foreign-funded Enterprises Remained the Main Force in Export and the Leading Large Enterprises Played a Vital Role

The export of the foreign invested enterprises grew steadily in 2008, with a total export volume of USD 25.387 billion, accounting for 59.09 percent of the city’s total, an increase of 14.64 percent. The one of state-owned enterprises stood at USD 9.217 billion, a growth of 8.76 percent, taking a proportion of 21.45 percent of the city’s total. The export of private enterprises, including collective-owned enterprises, private-funded enterprises, and self-employed individuals, rose by 14.27 percent to USD 8.282 billion, accounting for 19.28 percent of the city’s total. The proportion of the export of state-owned enterprises, foreign-invested enterprises and private enterprises were relatively the same as compared with the year of 2007.

The leading enterprises played a vital role in boosting export. In 2008, altogether 73 enterprises recorded an export volume of more than USD 100 million, with a total of USD 18.456 billion, up by 27.85 percent, taking a proportion of 42.96 percent of the city’s total. Among these, Jabil Circuit (Guangzhou) Ltd. recorded an export volume surpassing USD 1 billion for the first time, the other one was Liteon (Guangzhou) Optical & Electronic Co., Ltd.

The number of export enterprises keeps growing. In 2008, there were 857
enterprises recording the first export volume, a total of USD 1.227 billion, mainly exporting commodities as textile and clothes, shoes, automatic data processing equipment and its parts, furniture, chemical products and bags, etc. The branded enterprises kept a sound momentum for exporting. The total export volume of the 236 enterprises listed among the key branded enterprises of Guangzhou hit a high of USD 5.909 billion, a rise of 15.16 percent, accounting 13.75 percent of the city’s total, increasing slightly faster than the average level. The import of state-owned enterprises was USD 8.58 billion, a slump of 5.05 percent. The import of foreign invested enterprises reached USD 21.832 billion. The growth rate was 12.71 percent. The import of private enterprises, USD 7.909 billion surging a rate of 17.41 percent, which is faster than the growth of that of state-owned enterprises and foreign invested enterprises.

Situation Analysis in 2009

I. The Slow down of the Global Economy and the Shrink of International Demand will Lead to the Dramatic Reduction of Orders

Let’s take a look at the estimation by international organizations. According to the International Monetary Fund (IMF), the growth rate of the global economy will be lower to 0.5 percent in 2009, which will be the lowest since the end of World War II. The growth rate of developed economic entities will be down by 2 percent while the developing economic entities will grow by 3.3 percent. The World Bank estimated that the global economy will grow by only 0.9 percent in 2009 and the international trade will be decreased by 2.1 percent. As recession becomes worse in developed countries, the newly developed countries and other developing countries are also undergoing fast economic slide-down. The lack of exterior demand triggered by the global economic recession is the primary problem confronting Guangzhou’s export.
II. The Relaxation of the State's Macro Policies is Conducive for the Development of Foreign Trade

Last year, the state raised the tax refund rates for four times, mainly on the products of textile and clothes, light industry and some of the mechanical and electronic products. The “empty transfer” of bank guarantee funds was implemented for commodities listed among the restricted category of processing trade. Seven policies and measures aimed at maintaining the stable growth of foreign trade were put forward to enhance the financial policy support, steadily promote the upgrade of processing trade, improve the financial service for import and export, and enlarge the import of needed commodities. This year, the state will continue to issue policies and measures to boost the foreign trade, which will help the enterprises in overcoming difficulties and achieving growth in foreign trade. At the same time, the Outline of the Reform and Development Planning for Pearl River Delta released recently by the State Council also provides a new and important opportunity for the development of Guangzhou's open economy.

III. Factors as the Fluctuation of the Price of International Raw Material will Further Affect the Price and Profit of Export Commodities

Since July, 2008, the price of international energy and raw material dropped by a big margin. This year, the producer price index (PPI) is expected to go down. The fall of the price of raw material will lead to the fall of export commodities. At the same time, the fall and abolishment of export tax and the increase of export refund rate, the possible temporary depreciation of the RMB / USD exchange rate all provide rooms for the fall of export commodities. From a survey on the export orders taken by enterprises, over half of the orders recorded a fall in export commodities. It’s estimated that the average export commodity price will fall by over 10 percent. Over 70 percent of the enterprises also estimated a drop on the order profits. Due to the financial crisis, the general demand dropped, and the market competitions become more fierce. With an increase on storage and the dropping of profit, some of the orders were very close to zero-profit.
IV. International Trade Risk and Friction will Increase and the Trade Protectionism will Regain Power
With shortage of capital caused by the financial crisis, many customers may divide or prolong their payments. Problems of defaulting payments or payments in arrears and rejecting of the cargo may occur more often, which will increase the pressure of the export enterprises in capital and operation management. Under the economic crisis, trade protectionism appeared may further enlarge the trade frictions. Last year, Guangzhou had 24 trade frictions cases aroused by the US, EU and other countries and regions, an increase of 13 than in 2007, which may be getting more this year.

V. The Export Enterprises Keep Enhancing the Ability to Fight against Crisis
In the year of 2008, despite the global financial crisis, the export of Guangzhou achieved an increase of 13.36 percent, thanks to its industries and enterprises with strong competitive edge and complete industrial chains. The export of auto and parts of Guangzhou ranked the second among the country’s auto export base cities. The export of ships and motorcycles ranked the third. The general trade export volume of traditional light industry, represented by batteries, bags, toys and audio equipment kept enlarging. Although most of Guangzhou’s export commodities are middle and low classed, we keep improving our innovation ability and increasing the technology value of the products, so as to better meet the demand of international market. Apart from that, a number of newly set up enterprises and projects will hopefully become the new growth of the exports, including the second phase of LG projects, Honda China, Panasonic air-conditioner, Longxue Shipbuilding by CSIC, etc.

In a word, foreign trade development will face huge challenges as well as opportunities for Guangzhou in 2009 and the city will sustain the stable growth in exports as its goal.
Main Tasks in 2009

In order to achieve a growth of foreign trade in 2009 and promote the structural transformation and upgrade of foreign trade, efforts will be focused on the following aspects:

I. To Make Investigation and Keep a Dynamic Follow up so as to Achieve the Development of the Foreign Trade

We will closely follow the development of foreign trade and strengthen investigation to learn the new situation and problems. The supervision and analysis on Guangzhou’s foreign trade will be strengthened and a working team will be set up accordingly. The follow-up and service system on key export enterprises will be established to learn in time the operational state and difficulties of the enterprises and help them solve the problems.

II. To Implement the Support Policies by the Governments at All Levels with Upgraded Services to Help Enterprises Cope with the Difficulties

Efforts will be made to actively implement the support policies issued by government at all levels and guide the enterprises to make full use of the relevant policies. Strives will be made to maintain the export volume of the city and promote the industrial upgrading. Exchange and coordination with relevant departments as customs, commodity inspection, taxation, foreign exchange, and social security will be strengthened, so as to help enterprises cope with major problems during the process of import and export and create a sound macro environment for developing foreign trade.

III. To Encourage the Independent Innovation and Technology Introduction of the Enterprises and Promote the Building of Self-developed Brands for Export and the Export Base

By taking the good opportunity of the new policy for value added tax and the
abolishment of import equipment tax, enterprises will be encouraged to increase the import of advanced technology and equipment to upgrade the technology and increase the added value of export products. Independent innovation will also be encouraged. Small and medium-sized enterprises with independent brands and IPR will be supported by the government. Efforts will be continued in the construction of state-level auto and parts export base. The promotion of the shipping export base will also be strengthened to create favorable conditions for applying for the state-level ship export base.

IV. To Enhance the Promotion of Foreign Trade with New Ways
The organization and support of enterprises to participate domestic and overseas exhibitions will be intensified and enterprises will be encouraged to tap international markets. Economic and trade exchanges will be strengthened with the help of various trade service platforms. Trade cooperation will be enlarged to promote products of “Made-in-Guangzhou” and enhance the overall competitive edge. New ways on promotion of foreign trade will be adopted to strengthen the exchange and cooperation with overseas chambers of commerce and trade promotion organizations. Furthermore enterprises will also be encouraged to explore markets with the international E-commerce platform.

V. To Promote the Transformation and the Upgrading of the Processing Trade and Encourage Enterprises of Processing Trade to Realize Domestic Sales
Measures on Promoting the Transformation and Upgrading of Processing Trade in Guangzhou will be released. Enterprises of processing trade will be encouraged to increase input on technological innovation, set up research and development centers, develop self-owned brands and attach importance on energy saving and environmental protection. Headways will be made to diversify the markets of processing trade and guide the enterprises to take the initiatives to explore markets instead of only waiting and taking orders. At a time when the state issues policies to enlarge domestic demand, stresses will be facilitated to strengthen the support to the processing trade to realize domestic sales.
VI. To Carry out Relevant Research and Enhance the Capability to Deal with Trade Frictions

We would cooperate with customs and relevant research institutions to carry out special research and investigations on enterprises’ dealing with various accusations. Professional training on fair trade will be organized to enhance the capability and efficiency in dealing with different cases. Cooperation with industrial chambers of commerce and institutions will be facilitated and the early warning examples of fair trade will be established in Guangzhou.
Service Trade

General Situation in 2008

In 2008, a series of policies were issued by the CPC Committee of Guangzhou Municipality, for example, “The Decision on the Fast Development of Modern Service Sector and “Opinions on Promoting the Development of Service Outsourcing in Guangzhou City” etc. The State has also put more emphasis on the development of service outsourcing and culture exporting. All these have greatly facilitated the quick development of service sector and service trade in Guangzhou.

I. Service Sector Kept Rapid Growth

In the year of 2008, the added value of Guangzhou service industry reached 484.914 billion RMB yuan, up by 13.6 percent over last year, pulling up the city’s economy by 7.9 percentage points and taking 64.6 percent of the contribution rate to the economic growth. The added value of the service industry accounted for 59.02 percent of the GDP, up by 0.61 percentage point. The rapid growth of the service sector paved a good way for the development of the service trade.

II. The Volume of the Service Trade Broke the Record of USD 10 Billion for the First Time

In 2008, the total revenues and expenditures of the service trade under the BOP broke the record of USD 10 billion for the first time. The scale of the service
trade kept in leading position among the biggest cities in China. The one in such three major markets as Hong Kong, USA, Japan has increased by 35.67 percent over last year, making up 61.8 percent of the total. Among them, the proportion of Hong Kong, USA, and Japan occupied 38.65 percent, 15.48 percent, and 7.67 percent respectively.

**III. An Overall Development has been Achieved**

The revenues and expenditures of the city’s service trade maintained a rapid growth momentum. The growth rate of the revenues was 30 percent while the expenditures, 25.13 percent, both higher than the import-export growth percentage of the city’s trade in goods. The revenues and expenditures of the main categories of service trade all kept growing, with the traditional transportation, tourism, and other commercial services respectively grew by 20 percent. New computer & information services, patents & franchise, legal accounting & consulting services have all increased by over 30 percent.

**IV. A Larger Surplus in Service Trade has been Maintained**

As compared with the deficit of the national service trade, the one of Guangzhou City kept a surplus over the recent years and maintained a momentum of steady growth. This indicates that the service trade in Guangzhou has won a status of cutting-edged competitiveness with categories and markets of the service trade on the increase.

**Main Tasks in 2009**

In the year of 2009, the service industry will keep the rapid development trend and will take more proportions of the city’s economy after the polices to accelerate the development of modern service industry have been implemented in Guangzhou. Being the “China Demonstration City for Service Outsourcing” granted by the State Council, a series of preferential policies in tax, labour and employment, financing, and financial support to develop service outsourcing have
been issued. This will certainly promote the acceleration of the new service trade including service outsourcing. With the further improvements of the facilities in seaports and airports and the bonded logistics system in Guangzhou, the traditional transportation, tourism, and commercial service will also keep developing. In 2009, the growth rate of the service will be over 10 percent.

I. To Actively Promote the Development in Key Areas
Principles will be adopted to keep a stable growth in traditional service trade and boost the accelerative development of new service trade. And measures will be taken to maintain a certain growth of transportation by making full use of the advantage of land, sea and air ports and the perfect bonded logistics system. Besides, initiatives will be made to promote the growth of commercial service, law service, accounting and consultation service by running the central city function of Guangzhou. By taking the advantages of the “China Demonstration City for Service Outsourcing” together with a series of special preferential policies, steps will be accelerated on the development of trade in technology in terms of the requirement of urban economic transformation and upgrading.

II. To Promote the Introduction of the Foreign Investment in Service Sector
Various efforts will be made to attract overseas service industry to invest in Guangzhou. The headquarters economy will be introduced to focus on the cluster development of commercial service. By making full use of the favorable policies, endeavours will be initiated to introduce those enterprises engaged in computer & information service and service outsourcing so as to promote the development of such four model areas of service outsourcing as Guangzhou Development District, Nansha Development District, Tianhe Software Park and Huanghuagang Science and Technology Park, etc. Measures must be taken to introduce the famous international logistics enterprises as Nansha Bonded Port and Airport Bonded Logistic Park have just been approved by the State. Initiatives will be focused to attract world famous exhibition enterprises and famous exhibitions to settle down in Guangzhou. Furthermore, the introduction of service sector from Hong Kong
should be quickened by making full use of pilot advantages under CEPA.

III. To Consolidate the Hong Kong Market and Expand the Markets of Europe, USA, and Japan
The multi-level cooperation in the area of service trade between Guangzhou and Hong Kong should be strengthened so as to make a stable development of service trade in the areas of transportation, tourism, commercial service, exhibition, and culture. Efforts will also be adopted to promote the development of service trade with Europe, USA, and Japan with focus on technology introduction, service outsourcing, international transportation, financial service etc. By means of the export of labor services and foreign project contracting, the market of the developing countries will be tapped.

IV. To Further Better the Promotion Policy System
The policy advantages granted by the levels of the State, Province and Municipality and even the districts should be fully played. The first is to make good use of the service outsourcing polices related to tax, labour, employment, financial support, financing, and talent training. The second is to actively carry out the decision made by Guangzhou Municipal CPC Committee, i.e. “The Decision on the Fast Development of Modern Service Sector”, to provide fully support to the modern service sector. The third is to continue to implement such policies as the “Opinions on Promoting the Development of Service Outsourcing in Guangzhou City” and the “Opinions on the Development of Software and Animation Sectors in Guangzhou City”, etc to make better use of the special funds allocated to the service outsourcing, software and animation sectors. And the fourth, to be more important, is to facilitate the related policies of each district and county -level city to promote the characteristics development of the service trade of their own.

V. To Provide Talents Training in Service Trade
The superiorities of each college, scientific research institute, intermediate training institution and enterprise will be fully tapped so as to construct a multi-
level talents cultivation system and speed up the supply of the talent pool. Priorities will be given to such tailored training as professionals, certification, intellectual property rights etc. The aim is to achieve the qualified employment in this area. By means of policy supporting and enterprises' endowing, talents equipped for service trade both at home and abroad will be facilitated.

VI. To Create a Perfect Investment Environment for the Protection of IPR
Steps will be quickened to strengthen the study of the development of the intellectual property law for both enterprises and employees including the IPR protection awareness. The guideline to the information and data security must be widely set up to regulate the professional ethics of both enterprises and employees. The functions of the Intellectual Property Complaint Center should be emphasized to crack down any illegal activities in order to create a perfect investment environment for the development of IPR in service trade.
Foreign Economic Cooperation
Status Quo and Prospects of the Foreign Economic Cooperation

General Situation in 2008

I. “Going Global” Kept a Sound Increasing
A Total of 33 projects were examined and approved in outbound investment in 2008, topping on the record over the years in number. Projects contracted with foreign countries and labor cooperation increased greatly, achieving a growth rate of 49.95 percent in business turnover and keeping the growth momentum of Going Global for recent years. For five years, the annual growth rate of outbound investment has reached over 66 percent averagely, and business turnover of projects contracted with foreign countries and labor cooperation was over 23 percent. For 30 years of reform and opening-up, the 73 percent out of the outbound investment and 54 percent out of the business turnover of projects contracted with foreign countries as well as labor cooperation have been achieved in the recent five years.

II. Breakthroughs have been Made in Outbound Investment
A breakthrough in resources exploitation abroad, overseas research and development on the traditional Chinese medicine, commodities fair, etc. have been made in 2008. The first overseas project on forestry resources exploitation was set up by Ding Tian Wood Guangzhou Investment Co. Ltd. in Gabon, Africa. This company is in business line of forestry cutting, planting,
processing, etc. and has acquired the exploitation right to the 50-hectare forest. The first international research center of traditional Chinese medicine has been established by Xiangxue Pharmaceutical Factory Co., Ltd. in the UK by utilization of the science, technology as well as talent resources of Cambridge University. It is engaged in researching the internationally adaptable effect evaluation model and quality control methods for traditional Chinese medicine, symbolizing essential step of Guangzhou’s traditional Chinese medicine enterprises into the internationalization. Guangzhou Central Asia International Trade Co., Ltd has cooperated with the Construction Ministry of Uzbekistan to set up the first overseas brand-name and high-quality commodities display center of Guangzhou in Uzbekistan. The Center spurs the development of trade and effectively promotes the exportation of building materials, textiles, etc with currently over 120 Chinese enterprises setting foot in the Center.

III. Multinational Production and Service Become the New Trend in Going Global

The outbound investment in production and service sector has been increasingly quickening. and Guangzhou Environstar Enterprise Co., Ltd. and Guangzhou Fuyin Building Materials Science & Technological Co., Ltd. have set up production facilities respectively in Egypt and Uzbekistan, transferring the production line abroad, which will lay a sound foundation of realizing multiple origins and evade trade barriers when re-utilizing the surplus of production capacity. Guangzhou enterprises in service sector have gone globally in recent years. Last year, as many as 7 projects in service category were examined and approved, covering software, engineering, exhibition, cargo agency service, wired television, etc. Besides, Guangzhou Jiali Wired Television Network Co., Ltd. has invested a subsidiary company in Hong Kong, setting a platform for them to establish the wired television network and run the TV channels in Vietnam.

IV. An Active Cross-boarder Cooperation among High-tech Companies has been Achieved

A total of 9 new and high-tech corporations went abroad in 2008. VTRON
Technologies Ltd., Guangzhou G-hapii, Guangzhou Mornsun, etc. have started their international business operation respectively in USA, UK, Hong Kong and Japan. China Tactic Information Technology Co., Ltd. has set up a software institution in USA for promoting the outsourcing business. Guangzhou Bolong Database Resources Co., Ltd. made an investment of USD 3 million to establish a subsidiary company in Hong Kong working on data processing. To date, altogether 8 software institutions have established their investment abroad in USA, Japan and Hong Kong.

V. The Scale of the Outbound Invested Projects has been Expanded
The scale of the outbound investment was further strengthened in 2008. There were 11 large projects with total investment amounting to over USD 115 million, accounting for 96.63 percent of the total outbound investment of the year. Guangzhou Mayer Corp., Ltd. has increased the investment of 4 million in its subsidiary in Vietnam to expand the production. The investment in Gabon Linyan Forestry Co., Ltd. and GRG Banking International Co., Ltd. reached USD 7.49 million and USD 5 million respectively. The investment amount of Kailik (HL) Telecom & Technology Ltd. has hit USD 6.4 million.

VI. A Diversified Outbound Investment has been Facilitated
Statistics showed that among a total of 33 outbound invested projects, 11 were invested by state-owned enterprises, 16 by civil-run enterprises’ projects and 6 by foreign-funded ones. The total investment of non-public-owned enterprises’ projects reached USD 29.67 million, accounting for 25 percent of the total. Guangzhou Borch Machinery Co., Ltd., Seagull Group, Horchen Chemicals, Goldjet Logistics, etc. have set up enterprises in Hong Kong, USA and France. Over the recent years, the outbound investment from civil-run enterprises has been developing rapidly. There are accumulated 66 civil-run enterprises abroad with the accumulated investment exceeding USD 100 million, out of which, more than 50 were established in recent 5 years. The civil-run enterprises have become the vital force for Guangzhou enterprises in Going Global.
VII. Enterprises Abroad have been Growing Steadily

Guangzhou enterprises have invested in 47 countries and regions worldwide during the development of 30 years. According to the 2008 inspection statistics of outbound investment, up till now, enterprises’ total assets abroad have surpassed USD 6.841 billion, the annual gross volume of business has exceeded USD 1.441 billion and the net profit was beyond USD 310 million, which will play an important role in driving the import and export as well as promoting the development of open-oriented economy.

VIII. Labor Cooperation with Foreign Countries has Risen Sharply

About 4840 person times were newly dispatched in 2008. By the end of the year, a total of 7902 labor staffs work abroad, arrived at a rise of 32.71 percent. The business turnover in labor cooperation amounted to USD 311.66 million, with an increase of 33.10 percent, which played a significant role in relieving the employment pressure effectively. Resulting from the development of Macau hotel industry, the labor cooperation with Macau is running quickly with the business turnover of USD 123.96 million, up 118 percent.

Situation Analysis in 2009

In 2009, the international investment and trading are confronted with many uncertain elements. Affected by the financial crisis, the domestic demand of developed economies are descending ceaselessly, which will interfere with the burgeoning markets and developing countries from all sides. Exports will slow down further and the cautious steps will be taken by the enterprises in their Going Global. Meanwhile, the construction of infrastructure facilities and the hotel projects for the consumption in many countries will slow down, influencing the growing pace of projects contracted with foreign countries and labor cooperation of Guangzhou.

The financial crisis brings risk as well as opportunities for the competitive enterprises in Guangzhou to go global. At present, some difficulties in capital
turnover and assets depreciation exist in those foreign enterprises which own kernel technology, benefits resources, sales channels and famous brands. Therefore some countries release the restriction on foreign investment, helpful for Guangzhou enterprises to carry out the overseas merger and acquisition, realize the transition and upgrading and improve the international competitive capability to achieve cost-effective result. It is estimated that the business turnover achieved in projects contracted with foreign countries and labor cooperation will be increased by above 15 percent while the amount of outbound investment will be enhanced by over 15 percent as well.

Main Task in 2009

*Opinions on the Strategy for Encouraging Guangzhou Enterprises to Go Global* will be implemented and fulfilled by focusing on the following 6 aspects:

I. To Focus on the Support and the Development of a Sound Policy Environment to Facilitate the Going Global of Enterprises

According to the *Opinions on the Strategy for Encouraging Guangzhou Enterprises to Go Global*, measures facilitating foreign exchange, the customs, exit-entry administration will be formulated to solve the bottle-neck problem. More efforts will be made to strengthen the policy supporting and expand the supporting field so as to enforce the confidence of enterprises in going global and decrease their risk in multinational business operation. The seminars on going global throughout the city will be held in order to encourage and guide more departments and enterprises to be international-oriented, international-minded and take an active part in the international economic and technological cooperation.

II. To Focus on the Structure Adjustment and Persistently Propel Large-scale Enterprises to Conduct the Cross-Boarder Business

Industries with comparative advantage like machinery manufacturing, textiles, light industry, building materials, etc. will be actively guided to be stationed
inside the Chinese economic and trade cooperation parks abroad. The production base will be set up to realize the diversification of the place of origin of the products. Greater attention will be paid to the facility project of exquisite piano in Germany, which will produce the world-level sophisticated piano products by integration of European kernel technology, talents and market resources. The motorcycle production base project in Egypt will be pushed forward to transfer the domestic surplus production capability and evade international trade barriers. Capable enterprises will be helped to seek opportunities from the crisis. The global resources and market layout will be focused when the price of international assets declined and global industries re-integrated. Priorities will also be attached to the foreign enterprises enjoying such advantage as channels, resources, brand, technology, etc., which are capable of merging with overseas high-quality assets with the risk fully taken into consideration.

**III. To Focus on the Technological Innovation and Consistently Promote High-tech Enterprises to Conduct R&D Abroad**

The high-tech enterprises will be promoted to fully utilize the scientific and technological resources abroad, set up research and development institutions and conduct R&D so as to enhance their self-innovative capabilities and international competitive edge. The R&D center project of infrared thermal imaging system in France will be driven into the most advanced level in the world by the absorption of top talents and advanced equipments in the photoelectric sector of France. The R&D institution project of electro-acoustic voice box in USA will be pushed further by purchasing the international patent and advanced technological R&D team, which seeks a breakthrough at the high-level voice box market in USA and Europe. The project of Da An Diagnosis Co., Ltd. will be promoted in order to carry out the international cooperation of high-tech bio-medical enterprises. Service outsourcing industries like software will be encouraged to set up overseas. The overseas software institutions in Hong Kong, USA and Japan, etc. will continue to play an active role to make a direct business connection with clients in their target markets and carry on the first hand outsourcing business.
IV. To Focus on Market Matchmakings and Insist on the Guidance to Enterprises in Use of Two Resources and the Exploitation of Two Markets

Going Global Salon Series will be organized to illustrate policies and promote the burgeoning markets through innovative ways and rich contents. Enterprises will be organized to visit countries or regions with strong economic complement to increase the market share, like the Middle Asia, Africa, etc. It is also necessary to continue and strengthen the connection and communication with overseas Chinese associations, Chinese embassies and consulates-general to foreign countries so that an international economic communication and cooperation network will be established. In coordination with the visits of the senior officials, the high-quality products from Guangzhou will be promoted. Guangzhou enterprises will be organized to connect with institutions and chambers of commerce abroad, laying a sound foundation for the further business development and cooperation.

The information platform of foreign economic cooperation will be improved with renewed columns so as to follow the international economic development trends. Greater attention will be given to the economic development and policy change of some important markets like Europe, USA and Southeast Asia and the burgeoning markets like Africa and Middle East, etc. so as to facilitate the enterprise with information.

V. To Focus on the Department Coordination and Persist in the Construction of Multi-channel Service System

The joint meeting system to put the Going Global strategy into effect will be set up to regularly exchange information, help enterprises to solve problems encountered abroad, protect the overseas property and personnel security and exclude the difficulty and anxiety for enterprises. The department coordination among foreign trade and economy, the state-owned assets supervision and administration commission, the construction commission, science and technology, agriculture, etc., will be strengthened. A communication system will be set up to co-propel all kinds of enterprises to go global. The investigation and survey on finance
needs will be intensified so that an applicable financial environment for enterprises to go global will be developed. The intermediary organization like chambers of commerce and industry associations will play an active role and offer the enterprises with services in law and commercial enquiry.

VI. To Focus on the Team Construction and Persist in Fostering the Labor Cooperation and Projects Contracted with Foreign Countries
By taking the advantage of the central government’s enterprises, we’ll hold the matchmaking meetings between central government’s enterprises and Guangzhou international engineering enterprises together with the China International Contractors Association. This will help open more channels for local enterprises to share the international engineering business of the central government’s enterprises, improve their capability to exploit the market of international projects as well as bring along the exportation of equipment, technology and labor service. The training class on multinational operation capability will be organized in Hong Kong to cultivate the international business talents capable of foreign language, international practice and market and aggressive in exploitation. We shall perfect the foreign economic information platform, renew the column, intensify the promotion of projects contracted with foreign countries and labor cooperative enterprises, display the image of enterprises with projects contracted and in the end, seek the business potentials.
Key Industries
Auto Industry

Brief Introduction

As one of the three pillar industries of Guangzhou, the auto industry has been growing steadily in the three decades after the reform and opening up. Especially after China’s entry into the WTO, the industry has quickened the pace of development, forming competitive industrial clusters, strengthening its influence on other industries and greatly promoting international-oriented economy of Guangzhou.

Table 1. Overview of the Guangzhou Auto Industry Development

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Industrial Output Value (in 100 million RMB yuan)</th>
<th>Gross Value of Auto Industry (in 100 million RMB yuan)</th>
<th>Ratio of Auto Industry (%)</th>
<th>Auto Output</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Number (in 10,000 vehicles)</td>
</tr>
<tr>
<td>2000</td>
<td>3088.79</td>
<td>125.42</td>
<td>4.06</td>
<td>3.81</td>
</tr>
<tr>
<td>2001</td>
<td>3391.04</td>
<td>208.60</td>
<td>6.15</td>
<td>5.56</td>
</tr>
<tr>
<td>2002</td>
<td>3786.08</td>
<td>271.70</td>
<td>7.18</td>
<td>9.78</td>
</tr>
<tr>
<td>2003</td>
<td>4705.91</td>
<td>462.43</td>
<td>9.83</td>
<td>18.90</td>
</tr>
<tr>
<td>2004</td>
<td>5749.48</td>
<td>629.89</td>
<td>10.96</td>
<td>27.64</td>
</tr>
<tr>
<td>2005</td>
<td>6770.02</td>
<td>849.48</td>
<td>12.55</td>
<td>41.35</td>
</tr>
<tr>
<td>2006</td>
<td>8102.82</td>
<td>1162.23</td>
<td>14.34</td>
<td>55.52</td>
</tr>
<tr>
<td>2007</td>
<td>9870.00</td>
<td>1622.26</td>
<td>16.44</td>
<td>78.82</td>
</tr>
<tr>
<td>2008</td>
<td>11627.56</td>
<td>1849.92</td>
<td>15.91</td>
<td>88.16</td>
</tr>
</tbody>
</table>
In 2008, Guangzhou exceeded all other domestic cities in auto output. The output reached 881,600 vehicles, 23 times as many as that of 38,100 vehicles in 2000, with an annual growth rate of 48 percent. The number accounted for 9.43 percent of the total national production of 9.345 million vehicles, increasing by 0.56 percent as compared with the previous year. In the same year, the gross output value of the city's auto companies above the designated size reached 184.992 billion RMB yuan, taking up 15.91 percent of that of all same-sized industrial companies. Guangzhou auto industry took the lead in China in terms of various aggregative economic indicators such as auto industrial added value, profit, sales revenue, ratio of profit to capital, profit-tax rate of capital and labor productivity. As a result, the industry has grown into one of the leading industries in the city.

I. An Emerging Auto Clusters
Through strategic cooperation with multi-national corporations, Guangzhou's auto industry has witnessed rapid growth in development and sharp increase in competitiveness. A sound auto industrial layout has been formed, with priority to sedan production and coordinated development of passenger cars, trucks, special vehicles and auto parts. By the end of 2008, 400 auto and parts projects had started in Guangzhou, with the total investment value of USD 7.259 billion and the actual use of foreign investment of USD 1.836 billion, 114 of which were large-sized projects with an investment of over USD 10 million. Three core auto clusters had been established, with Guangzhou Honda in the east, Dongfeng Nissan and Guangqi Hino in the north, and Guangqi Toyota and Guangqi independent-branded products in the south. Furthermore, five areas had been approved as Guangzhou branches of the State Automobile and Auto Parts Export Base, including Huadu Distinct, Nansha Development Zone, Guangzhou Development Zone, Panyu District and Zengcheng City.
II. The Leading Position in Export Volume Nationwide

Table 2  Guangzhou’s Export of Automobile and Auto Parts from 2001 to 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Automobile and Auto Parts</th>
<th>Finished Automobile</th>
<th>Auto Parts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Year-on-year increase (%)</td>
<td>Number (vehicles)</td>
</tr>
<tr>
<td>2001</td>
<td>0.37</td>
<td>85.95</td>
<td>348</td>
</tr>
<tr>
<td>2002</td>
<td>0.41</td>
<td>10.62</td>
<td>9, 836</td>
</tr>
<tr>
<td>2003</td>
<td>0.54</td>
<td>29.98</td>
<td>2, 563</td>
</tr>
<tr>
<td>2004</td>
<td>0.84</td>
<td>55.88</td>
<td>15, 715</td>
</tr>
<tr>
<td>2005</td>
<td>3.02</td>
<td>260.77</td>
<td>52, 856</td>
</tr>
<tr>
<td>2006</td>
<td>7.84</td>
<td>159.91</td>
<td>55, 309</td>
</tr>
<tr>
<td>2007</td>
<td>10.71</td>
<td>36.61</td>
<td>43, 135</td>
</tr>
<tr>
<td>2008</td>
<td>13.32</td>
<td>24.39</td>
<td>48, 173</td>
</tr>
</tbody>
</table>

The export value of automobile and auto parts of Guangzhou City increased to USD 1.332 billion in 2008 from USD 37 million in 2001, with an annual increase rate of 66.85 percent, ranking the second among the national auto export bases. In the same year, 58,900 finished autos were exported, making up 6.69 percent of Guangzhou’s annual auto production and nearly 10 percent of the national auto export. If classified by company type, foreign-funded enterprises took up three fourth of the export value, and domestic-funded enterprises one-fourth; if by trade modes, processing trade seized two third and ordinary trade one third; if classified by target markets, export to Europe, the US and Japan occupied 80 percent while the emerging markets, such as Africa, Russian Federation, South America and ASEAN saw rapid increase in import from Guangzhou. Great market potentials in these countries have been presented.
Table 3  Target Markets of Guangzhou’s Automobile and Auto Parts in 2008

<table>
<thead>
<tr>
<th>Market</th>
<th>Automobile and Auto Parts</th>
<th></th>
<th></th>
<th></th>
<th>Auto Parts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Export Value</td>
<td>Year-on-year increase (%)</td>
<td>Number (vehicles)</td>
<td>Value</td>
<td>Year-on-year increase (%)</td>
</tr>
<tr>
<td>Total</td>
<td>133156</td>
<td>24.38</td>
<td>48173</td>
<td>58970</td>
<td>22.83</td>
</tr>
<tr>
<td>I. Asia</td>
<td>55573</td>
<td>21.6</td>
<td>437</td>
<td>1074</td>
<td>17.15</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>5790</td>
<td>226.77</td>
<td>0</td>
<td>0</td>
<td>–100</td>
</tr>
<tr>
<td>Japan</td>
<td>37351</td>
<td>2.33</td>
<td>137</td>
<td>477</td>
<td>1.43</td>
</tr>
<tr>
<td>South Korea</td>
<td>2352</td>
<td>400.13</td>
<td>0</td>
<td>0</td>
<td>2352</td>
</tr>
<tr>
<td>ASEAN</td>
<td>3532</td>
<td>34.65</td>
<td>51</td>
<td>163</td>
<td>–51.76</td>
</tr>
<tr>
<td>Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu</td>
<td>437</td>
<td>18.66</td>
<td>0</td>
<td>437</td>
<td>18.66</td>
</tr>
<tr>
<td>Other Asian countries</td>
<td>6103</td>
<td>53.8</td>
<td>249</td>
<td>434</td>
<td>510.32</td>
</tr>
<tr>
<td>II. Africa</td>
<td>5354</td>
<td>117.89</td>
<td>1406</td>
<td>1449</td>
<td>145</td>
</tr>
<tr>
<td>III. Europe</td>
<td>61959</td>
<td>20.42</td>
<td>46300</td>
<td>56406</td>
<td>20.27</td>
</tr>
<tr>
<td>European Union</td>
<td>54527</td>
<td>15.62</td>
<td>41040</td>
<td>49894</td>
<td>14.72</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>5740</td>
<td>234.38</td>
<td>4164</td>
<td>5169</td>
<td>358.96</td>
</tr>
<tr>
<td>Other European Regions</td>
<td>1720</td>
<td>–33.28</td>
<td>1103</td>
<td>1349</td>
<td>–40.81</td>
</tr>
<tr>
<td>IV. Latin America</td>
<td>1392</td>
<td>65.93</td>
<td>22</td>
<td>40</td>
<td>12.87</td>
</tr>
<tr>
<td>V. North America</td>
<td>8444</td>
<td>34.71</td>
<td>0</td>
<td>0</td>
<td>–100</td>
</tr>
<tr>
<td>USA</td>
<td>7363</td>
<td>24.76</td>
<td>0</td>
<td>0</td>
<td>–100</td>
</tr>
<tr>
<td>VI. Oceania</td>
<td>435</td>
<td>13.54</td>
<td>1</td>
<td>/</td>
<td>/</td>
</tr>
</tbody>
</table>

In 2008, there were 359 companies sharing the export market, 86 of which had
the export value surpassing USD one million, three of which over USD 100 million, including Honda Automobile (China) Company (USD 567 million), Guangqi Toyota Engine Co., Ltd. (USD 302 million), and South China Tire & Rubber Co., Ltd. (USD 189 million). Since put into operation in April 2005, Honda Automobile (China) Company has exported more than 100 thousand sedans. In the year of 2008, it exported 46 thousand Euro IV Fit Saloons to the European market. Guangzhou Dongfeng Zhiye Co., Ltd. recorded 486 sedans exported to Africa including Egypt, worth USD 8.89 million, increasing by 152.88 percent year-on-year. At the same time, auto companies, like Guangzhou Denway Bus Co., Ltd., Dongfeng Honda Engine Co., Ltd. and Guangzhou Langqing Electric Vehicle Co., Ltd., all realized mass export. It is clear that Guangzhou’s auto industry has enjoyed a faster growth in export.

III. A Robust Growth in Import
A total of USD 2.401 billion of automobile and auto parts were imported in 2008, up 29.78 percent year-on-year, including 16,223 autos imported, jumping by 69.47 percent, with the value reaching USD 763 million, a rise of 79.03 percent. A majority of the imported autos were SUV or top-grade saloon cars with displacement above 3,000ml. Six companies achieved an import value of automobile and auto parts worth of over USD 100 million, which accounted for more than a quarter of the 22 top mechanical and electrical enterprises with the same value. Guangzhou Toyota Motor Co., Ltd. ranked the first by realizing USD 857 million of import. As the two major suppliers in the Chinese mainland of Dongfeng Nissan and Porsche Motor Company, Guangzhou Dongfeng Zhiye Co., Ltd. and Jebsen & Co. (China) Motors Ltd., achieved USD 783 million and USD 547 million, up 24.59 percent and 78.96 percent respectively. It could be seen that auto trade plays a critical role in stimulating imports.

IV. A Breakthrough in Technological Innovation
Since the Tenth Five-Year Plan, 6.8 billion RMB yuan has been invested by Auto Engineering Research Institute of Guangzhou Automobile Industry Group to build research, development and manufacturing bases of independent-brand
products. The group’s newly invented independent-branded autos were unveiled in various international auto exhibitions of 2008 and planned to put into mass production in 2010. Moreover, the electric vehicle developed by Guangzhou Langqing Electric Vehicle Co., Ltd. became the designated service vehicle of the 2008 Beijing Olympic Games. Guangzhou Denway Bus Co., Ltd. succeeded in developing hybrid electric buses. The types of buses and trucks it produced amounted over 180. Guangzhou Honda Technology Research and Development Center and Dongfeng Nissan Passenger Vehicle Technology Center were also established during this period of time. The former participated in the secondary development of more than 20 new products, such as new Fit, Accord sedan and so on, as well as set up seven complete vehicle laboratories related to power performance, road simulation, parts strength testing, etc. The group has the ownership of over 96 brands, including two famous ones, as well as 30 patents, which consist of 11 innovation patents and 19 design patents. South China Tire & Rubber Co., Ltd. possesses a China well-known brand, “Wanli Tire”. And Guangzhou Anda Bearing Co., Ltd. owns the independent intellectual property rights over a national leading engine bearing.

V. Growing Key Enterprises

Guangzhou Automobile Industry Group possesses total or partial ownership of over 100 enterprises, including more than 40 sino-foreign joint ventures or cooperative ventures. The strategic cooperation relationship with such multi-national automobile and auto parts companies has been established, i.e. Honda, Toyota, Hino, Bridgestone and Denso. As much as USD 840 million of foreign capital has been absorbed, and the competitive independent brands like Yangcheng and Denway have been developed. In 2008, the gross industrial output value of 103.129 billion RMB yuan was realized and 531,100 autos were produced, an increase of 3.22 percent, which made it win the first place in economic return among the national top 16 major auto manufacturers, raising its ranking from 45th to 40th in the national Top 500 Big Companies. At the same year, Dongfeng Nissan Passenger Vehicle Company reaped a gross industrial output value of 41 billion RMB yuan and 350,500 vehicles were sold with the
growth rate of 28.9 percent. This made it the best among national key auto makers in terms of growth rate.

VI. A Fast Construction of Research Platform
Great efforts have been devoted to the development of such research platforms as China National Electric Apparatus Research Institute, Guangzhou Mechanical Engineering Research Institute, Guangzhou Automobile College of South China University of Technology and Automotive Industries Association. This will satisfy the automobile and auto parts producers’ needs of service in regard to certification and testing, research and development, standard setting, technology consultancy and talents training. China National Electric Apparatus Research Institute (Guangzhou Vkan Certification & Testing Institute) takes the lead in technology research capability with its project of building the public service platform for auto parts testing acknowledged and supported by the Ministry of Commerce.

VII. An Outstanding Supporting Industry and Enormous Influence
Guangzhou auto parts makers are capable of producing engines, brake systems, drive axles, gearboxes, shock absorbers, dashboards, redirectors, air-conditioners, lamp kits, seats, tires, audio systems, auto electronics and so on. The influence of Guangzhou auto industry has been increasingly strengthened. According to a survey to 116 automobile and auto parts companies of Guangzhou, which is conducted by the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality, Guangzhou has more than 50 supporting enterprises to Guangzhou Honda and over 40, to Guangzhou Toyota, and 40, to Dongfeng Nissan. Nearly a quarter of theses supporting companies serve at least two of the above-mentioned three complete vehicle giants. By the end of 2008, 1500-odd automobile and auto parts producers had settled down in Guangdong Province, out of which, about 450 are in Guangzhou, 250 in Foshan, 300 in Shenzhen, 100 in Dongguan and 40 in Zhongshan. Over 70 percent of the parts consumed by Guangzhou auto makers are provided by the domestic supporting companies of the city and the surrounding regions, an equal share of the market.
VIII. A Growing Influence of China (Guangzhou) International Automobile Exhibition

The 6th China (Guangzhou) International Automobile Exhibition in 2008 expanded its exhibition area by 25 percent compared to its last session to 125 thousand square meters and attracted 597 exhibitors to showcase 700 types of cars and received 467 thousand attendants. At this exhibition, a total of 48 press conferences were held and 118 new types of autos were released, including the one first launched in the world, 26 ones first launched in Asia and 32 new concept cars. From this session on, Japanese Auto Parts Procurement Exhibition, an exhibition held by Japan External Trade Organization (JETO) has joined in. As many as 245 parts makers from such countries as Japan and Singapore were organized by the JETO to show their exhibits in the auto parts and supplies section. Furthermore, the Exhibition was the focus of 582 domestic news agencies and 412 foreign ones, with reporters amounting to 4,000. It showed that the exhibition will be as compatible as those world's top five auto shows like Detroit, Frankfort, Tokyo, Paris and Geneva. By running side by side with the exhibitions in Beijing and Shanghai, it has become one of the top three car exhibitions in China. Besides, the sixth session of the China (Guangzhou) Automotive Development Forum, titled as “Reform, Opening-up, Development and Dream”, was held, consisting of six sub-forums. Topics covered the reliability design and testing of auto parts, standards of technology and certification, outlook for auto alternative power, intellectual property rights strategy and environment protection. At the forums, scholars and experts from home and abroad exchanged their views on the opportunities and challenges faced by Chinese auto industry in recent global economic situation, and market potentials amid globalization.

Development Priorities in 2009

In line with national policies on the development of automobile industry and the general requirements of the “Outline of the Reform and Development Plan for the
“Pearl River Delta Region” by the State Council and the “Outline of the Eleventh Five-Year Program for National Economy and Social Development in Guangzhou”, the city will focus on enhancing the competitiveness of the automobile industry and start from the innovation of development mode, with automobile industrial bases as important platforms and the combination of technical introduction and independent innovation as the basic means. The aim is to enhance technical progress and industrial optimization & upgrading, to promote the export of automobiles and parts, as well as facilitate the internationalization of automobile industry comprehensively.

I. Development Objectives
Efforts will be made to put focus on open economy as the predominance to promote Guangzhou’s position in the global value chain of automobile industry and to improve the pillar industry both in scale and in quality. Strives will be made to reach the goals that by 2010, the aggregate annual output will be 1.3 million automobiles and the gross output value of automobile industry, 300 billion RMB yuan, with the value output of complete vehicles being 200 billion RMB yuan and that of spare parts being 100 billion RMB yuan. The export of complete vehicles and spare parts will reach USD 1.8 billion, in addition to 3-5 enterprises of automobiles and parts with exportation surpassing USD 100 million. We will set up a technical innovation system for the automobile industry with market as the orientation, enterprises as major participants and personnel as the support. Strives will also be made to form a relatively complete public technical and service platform for auto and spare parts industry. What's more, endeavors will be taken to further enhance the diversification of export markets, and frame a new pattern of international automobile marketing and logistics system with global connections and mutual facilitation of the industry and trade to a greater degree. In a word, we will build Guangzhou into the center of independent innovation of the automobile industry, a platform of international exchange and cooperation, as well as a global manufacture base and distribution center of automobiles and parts.
II. Key Projects

i. Key Technical Development Projects

They mainly include the following: vehicle safety technologies (such as collision avoidance), environmental protection technologies (such as the manufacturing of new environment-friendly engines for cars, design and manufacture of dynamoelectric automobiles, hybrid vehicles and their major spare parts), energy-saving technologies (such as the R&D and application of lightweight and recycling materials and electronically-controlled gasoline injection), anti-theft technologies (such as the development and application of GPS), the development and application technologies concerning intelligent traffic management systems, the development and design technologies concerning modern car bodies (including their lightweight design), design and manufacturing technologies concerning special chassis for passenger cars and specialty vehicles, and design and manufacturing technologies concerning the moulds for car bodies, etc.

ii. Catalogue of Encouraged Automobile Industries

They will be divided as follows: the complete vehicles and engines, the design and development of key spare parts, the manufacture of automatic transmissions, the manufacture of new lightweight and environment-friendly materials, the accurate forging and stamping of important automobile components, the multi-station compression molding and casting, the development and manufacture of inspection system for automobile testing and maintenance, the development and manufacture of diesel engines for sedans, the development and manufacture of low-chassis buses for cities, the development and manufacture of passenger cars with full-monologue body structure, the development and manufacture of passenger cars and their key components (drive axles, suspension, etc.), the development and manufacture of high-performance chassis for specialty vehicles, the design and manufacture of moulds for car bodies and the development and manufacture of electronic products with high technical advantages (electronic control system, multi-media system, etc.), and high-performance anti-theft products for automobiles, etc.

iii. Key Construction Projects Qualified for Special Assistance

The projects concerned will be as follows: the construction of passenger car R&D
platform, the construction of passenger cars with proprietary brands, the
color construction of the potential expansion of passenger cars and engines, the
construction of public service platform for the automobile industry, the
industrialization of dynamoelectric automobiles and major components, the joint-
venture of medium and heavy commercial vehicles, the R&D and industrialization
of special chassis for large- and medium-sized passenger cars and specialty
vehicles, the R&D and industrialization of high-performance specialty vehicles
and major special devices, engineering and technical R&D centers in prominent
enterprises, the construction of enterprise technical centers, the R&D for major
automobile parts and components (with the focus on developing high-performance
electronic products, new materials and new process application products), etc.

iv. Investment Promotion Focus

Investment promotion will be carried out around the whole car projects of
Guangzhou Honda, Dongfeng Nissan, Guangzhou Toyota and Guangqi Hino.
Capital and stock increases of passenger car projects will be facilitated. We will
encourage enterprises of automobile and parts in Guangzhou to cooperate with
foreign businesses with focus on complete vehicle manufacturers. The purpose is
to promote the expansion of the industrial chain of automobile components and
form the automobile industry cluster. Endeavor will be put to expedite the
development of key auto auxiliary technologies concerning components like auto
electric chip, control platform, driving platform, information platform, sensing
platform, operation platform, design platform, auto mould manufacture and whole
car design, engine parts, chassis parts, car bodies and accessories, universal
components for automobiles, functional spare parts that meet the requirements of
safety, environmental protection and energy conservation for modern car
production, as well as relevant products like auto chemicals.
Petrochemical Industry

Brief Introduction

Petrochemical industry is one the three key industries of Guangzhou. In 2008, the petrochemical companies, above the designated size, realized an industrial output value of 163. 564 billion RMB yuan, up 15. 2 percent year-on-year, taking up 14. 07 percent of the total.

I. The Industrial Layout
Presently, the petrochemical companies are mainly settled in the following regions:

i. Huangpu Petrochemical and Further Processing Base
ii. Luogang New Material and Fine Chemistry Industrial Base (within GDD)
iii. Nansha Port-related Petrochemical Industrial Base (one of Guangdong's major five Petrochemical Industrial Bases).

II. A Steady Development of Key Projects
In 2008, Bayer Material Science, Idemitsu Kosan, Total Group, all world Top 500 Companies, were attracted to make their investment in Guangzhou. Japan’s Idemitsu Kosan injected USD 38 million in Nansha Development Zone to set up Idemitsu (Guangzhou) Compound Engineering Plastics Co., Ltd. French chemical giant Total Group spent USD 30 million to start its wholly-owned subsidiary and the first Asian plant in Xiaohu Island of Nansha Development Zone named Sartomer (Guangzhou) Chemical Company Ltd. with the target on
specialty acrylates production. Right in the same year, the polyurethane system plant of Bayer Material Science, the world's largest polymer producer, was put into operation. Moreover, the preparation work of the 15-million-ton Integrated Refinery Project, jointly operated by the Sinopec and Kuwait National Petroleum Company, was underway. The 800-thousand-ton Ethylene Project of SINOPEC Guangzhou Company is, at the same time, in full swing.

III. A Competitive Chemical Industrial Cluster
A complete petrochemical industry chain, led by major companies and projects, has come into being, covering petroleum refinery, ethylene cracking, fine chemistry, complimentary products to petrochemicals and new materials, forming large production scale and promoting the competitiveness of the chemical industry. With the settlement of quite a few multi-national enterprises, such as Bayer Material Science, Idemitsu Kosan, Total Group, Exxon, BASF and Dow Chemical in Guangzhou, the cutting-edged petrochemical industry and a complete range of chemical products have been formed. The products include crude oil, gasoline, diesel oil, coke and synthetic detergent.

IV. A Complete Supporting Facilities and Resources
Being the nation’s biggest petrochemical market, Guangzhou consumes more than 20 percent of ethylene, five general-purpose resins, five major engineering plastics and paints. At the end of 2008, Guangzhou Chemical Exchange Center, the first of its kind in South China-based chemical e-marketplace established in accordance with the Bulk Stock Electronic Transaction Specification, was put into operation. Guided by the principle of “Openness, Fairness and Equality” and complied with the features of bulk stock markets, the Center adopts various flexible trading modes, like spot transaction and forward transaction, and provides a series of services covering warehousing, logistics, trading and information. It serves as a more convenient and efficient market for exchanges of chemical raw materials and products so as to lower companies’ operational costs. Moreover, the market is energized by abundant chemical talents and professionals cultivated by credible chemical research institutions and universities in the city,
such as School of Chemistry and Chemical Engineering of Sun Yat-Sen University and School of Chemistry and Chemical Engineering of South China University of Technology.

Development Priorities in 2009

In accordance with the spirit of “The Outline of the Reform and Development Plan for the Pearl River Delta Region” (2008-2020) and “The Planning of Petrochemical Manufacturing of Guangzhou (2006-2020)”, the petrochemical industry around the coastal areas where possesses favorable deep-water ports and strong environmental carrying capacity will be mainly developed. Dependant on the key projects, it is planned to construct two or three high-standard ten-million-ton oil refining and one-million-ton ethylene refinery integrated projects, aiming at becoming a world class ultra-large-scale petroleum and chemical industrial base.

I. Development Priorities in Areas

i. Huangpu Petrochemical and Further Processing Base

Based on Guangzhou Honda and SINOPEC Guangzhou Company, great efforts will be spent to promote the development of the downstream industry chain. By assorting with the oil refining and ethylene reconstruction project of SINOPEC Guangzhou Company, it is preliminarily planned to build the east petrochemical production base through expanding the original 3.75-square-kilometer site by adding another 3 square kilometers.

ii. Luogang New Material and Fine Chemistry Industrial Base

Schemed to nestle in the development sector of Guangzhou Science City, the New Material Industrial Base will dedicate to setting up consummate service system, complete industry chain, introducing various domestic and foreign new material enterprises, especially those with independent intellectual property, as well as fostering key companies and promising small and medium enterprises. The Fine Chemistry Industrial Base will lie in the Development Section of East
Zone, Development Section of West Zone and Yonghe Development Section. The Base will actively support the further development of a number of large-scale refine chemistry companies and vigorously gather the emerging ones as well.

iii. Nansha Port-related Petrochemical Industrial Base

Nansha Port-Related Petrochemical Industrial Base is planned to sit in the area between the 15th and 17th Cong of Wanqingsha Town, covering an area of 8 square kilometers, mainly consisting of Xiaohu Island, Wanqingsha and Sanmin Island.

Xiaohu Island Petrochemical Warehousing Logistics and Fine Chemistry Zone will set priority to the development of petroleum and natural gas chemistry, basic organic chemical raw materials, fine chemistry, polymer materials, life medicine and new chemical materials. In the Zone, warehousing, distribution and production sections have already come into being. There also gather a number of large petrochemical middle and downstream projects, like Continental Special Emulsion Resin of Singapore, and Japanese Tosoh PVC and Nippon Oil Lubricants, and Sartomer Specialty Acrylates of French Total Group as well.

An area of 3.75 square kilometers of Wanqingsha is devoted to the construction of Sino-Kuwaiti Integrated Refinery Project (production of 15 million tons of oil and 1 million tons of ethylene per year) and the petrochemical upstream processing facilities, guaranteeing plentiful raw materials for downstream industries.

Sanmin Island will focus on the development of Guangzhou Sanmin Island Petrochemical Further Processing Base (Nansha Petrochemical Industrial Park), taking Wanqingsha Sino-Kuwaiti Integrated Refinery Project as the leading, mainly engaged in the eight major industrial chains, comprising C-4 further processing, aromatic hydrocarbon comprehensive utilization, acrylate and its further processing, C-5 further processing, Oleochemicals, fine chemistry, and chemical products for autos.

II. Development Priorities in Sectors
i. Petroleum Refining and Ethylene

In line with the development principles of “local development, accelerated progress and attention to an environmental protection”, the advantages of
integrated petro-chemistry will be optimized, so as to greatly upgrade the comprehensive processing capability of petroleum refining and construct a refining base of tens of million tons and a mega tonic ethylene base.

ii. Polyethylene and Polypropylene

Efforts will be paid to construct large polyolein apparatus integrating both upstream and downstream in addition to the mega tonic production bases for polyethylene, polypropylene, polystyrene and other resins. New technologies will be applied, i.e. catalysts, polymerization and application as well as clean production process, so as to sharpen the competitiveness edge of polyethylene and polypropylene products. We encourage the development of such cutting-edge technologies petrochemical products with economic scale but shortage in supply in the market, for instance, ABS, acrylic acids, related esters, etc.

iii. Polyvinyl Chloride (PVC)

Efforts will be placed to bring into play the respective initiatives and advantages of central government-controlled enterprises and local businesses and actively introduce technologies and investments. The initiative is to balance ethylene resources, to construct PVC apparatus with the capacity of 300 thousand tons/year and build the supporting devices of ion membrane chlorine alkali with the capacity of 200 thousand tons per year.

iv. Paints

(i) Car paints: We will actively carry out investment promotion and joint venture cooperation to develop paints for deluxe sedans. A 10,000-ton car paint production base as per high standards is scheduled to be built.

(ii) Weather-proof latex paints for construction: Great endeavors have been made to develop construction paints with weatherproof capacity of over 10 years as well as excellent stain resistance, such as silicone acrylic emulsion, fluorocarbon emulsion and other kinds of quality binder emulsion.

(iii) Functional paints: We will make use of the abundant rare-earth resources in Guangdong to develop rare-earth luminous paints, in addition to heatproof and fire-proof paints.
Electronics & IT Industry

Brief Introduction

As one of the three pillar industries in Guangzhou, a development layout has already been formed for the electronics and IT sector, with Guangzhou Science City as the core base together with the expansion areas in Huadu, Conghua, Zengcheng, Nansha and Panyu. Now, the city has already been recognized as a national industrial base of electronics and information.

In 2008, the city witnessed its value output of electronic manufacturers above the designated scale surmounting 100 billion RMB yuan for the first time, reaching 102.335 billion RMB yuan, accounting for 8.8 percent of the city's gross industrial output value. Meanwhile, the situation of electronic growing in quite a low speed during recent years was reversed, with the increase attaining 17.7 percent, being the top among the city's 3 pillar industries. The electronic product manufacturers above the designated scale realized a high-tech output value of 94.129 billion RMB yuan, with an increase of 18.1 percent. The city attracted 41 foreign-related projects in communication equipment, computers and other electronic equipment manufacturing, with contractual foreign fund of USD 450 million and the actual foreign fund of USD 243 million. With the electronics and information manufacturing industry and the software sector as the driving force, the city’s high-tech industries realized a value output of 398.13 billion RMB yuan in 2008, up by 18.8 percent. That was 5.7 percent higher than the average industry growth rate, accounting for 31.5 percent of the total industry scale of the city, up by 1.5 percent.
I. An Obvious Driving Effect by Transnational Companies

Guangzhou has introduced a number of top enterprises from overseas, including LiteOn Group, Jabil Circuit, Comba Telecom, Elec & Eltek, Panasonic, Sony, Casio, Siemens, Ericsson, Flextronics, SGS-Thomson, LG, Arasor, Meiko Electronics and Denso. In 2008, there were 20 foreign-funded projects engaging in communication equipment, computers and other electronic facilities, with each investment surpassing USD 10 million, accounting for nearly 1/4 of the total large foreign-funded projects in manufacturing. Among them, Guangzhou Hitachi Electric Co., Ltd., invested by Hitachi Corporation, made a total investment of USD 60 million. The LG panel display project is one of the three major LCD panel projects in Guangdong Province, which has played an important driving role in Guangzhou's IT manufacturing. The domestic color TV giant Skyworth Group and LG Display Corporation will found an equity joint venture engaging in R&D of display technology, and invest USD 99 million to set up a large LCD TV factory in Guangzhou. Driven by leading transnational companies, the industrial structure of Guangzhou IT industry is being optimized and upgraded, heading towards the target of high-ending and clustering.

Jabil Circuit and Jianxing Photo-electricity had both achieved an export of over USD 1 billion, while Xuli Electronic, LiteOn Group, Olympus, Panasonic Air-conditioner, Meiko Electronics, Termbray Electronics, Chung Tak Lighting Control and Elec & Eltek had all achieved an export of over USD 100 million, which spurred the increase of Guangzhou's export.

II. Fast-growing Independent-brand Enterprises

A number of backbone enterprises with strong independent innovation ability and intellectual property rights have been established, such as Wanbao Electric Appliance, Radio Group and Hedy Computer. Meanwhile, Guangzhou has cultivated a number of famous brands worldwide, like Wanbao Electric Appliances, Hedy Computer, Huaguang Compressor, Hualing Electric Appliance and 555 Battery, together with Guangdong provincial famous brands like Feida Audio, Great Battery, Yuejing Battery, Pearl River Lighting.

The competitiveness of independent-brand enterprises' products either in domestic
markets or in international market has been on the rising. Wanbao Electric Appliance has sales revenues of more than 10 billion RMB yuan, while the sales amounts of Hedy Computer and Radio Group exceed 2 billion RMB yuan. The popular-type CNC control system by GSK CNC Equipment Co., Ltd has the largest output of its kind throughout the nation, and the sales of the machine position optical grating rulers by Guangzhou Nuoxin Digital Measuring and Control Equipment Co., Ltd. have topped the national list, ranking the third around the world for many years. Newpostcom has emerged itself in 3G communication industry of TDSCDMA, with its TD mobile phone terminal covering 35 percent of the whole country’s quota, and its network facilities covering 30 percent of the market quota in Guangzhou TD test network. Tiger Head Battery has achieved an export of over USD 100 million.

III. A Strong Technical R&D Capability

The technical innovation and standards of the electronics and information industry of Guangzhou are among the best throughout the nation. The breakthroughs will be described in the following: the new-generation mobile communication equipment, the design of integrated circuits, digital audio, C digital family technologies and other technical domains. We have also developed and manufactured exchange systems with mobile communication, cell-phones, laptops, high-performance routers, industrial traffic supervision systems, maritime communication equipment and other predominant products. Guangzhou Mechanical Engineering Research Institute, Guangzhou Kingfa Science and Technology Co., Ltd. and Vtron Technologies Co., Ltd. were honored as “National Pilot Enterprises of Innovation” in August 2008 after two years of experimental period. The flash memory chips produced by Guangdong Chips System Integration Co., Ltd. are of advanced international standards. Rising Micro Electronics is the first enterprise in our country that produces HSDPA/TD RF chips, whose HSDPA data card has taken the lead in passing the national network test and attaining network certification, enabling it to be widely used in Olympic Games. The mobile multi-media application and processing CPU chips of Ankai Company have been widely used in intelligent mobile phones, electric
study products and video supervision products, occupying an advantageous position within the country.
Meanwhile, a number of R&D institutes and technical support platforms for electronics and information products have also been built, including 4 national R&D centers and organizations, 21 provincial and 36 municipal engineering research centers in the said domain. In 2008, the Laboratory of Industrial Products Environmental Adaptability of China Electrical Equipment Institute of Science and Technology was among the first batch of national key laboratories that were constructed relying on enterprises.

IV. An Optimizing Industrial Environment
Guangzhou Municipal Government attaches great importance to the development of high-tech industry like electronics and IT, increases input on the aspects of encouraging independent innovation, attracting talents and constructing parks, and further optimizing industrial development environment. The constructions of industrial bases are in full swing, with Guangzhou Science City as the core together with the expansion districts of Huadu, Conghua, Zengcheng, Nansha and Panyu, and with the gathering of many transnational companies, independent-brand enterprises, private enterprises and enterprises of returned students from abroad, as well as many key laboratories and international R&D centers, thus forming the cluster and industrial chains of complete set. The plan job to the north part of Guangzhou Science City (Guangzhou Second Science City) has started, which will enlarge the development space for high-tech industry like electronics and IT.

Development Priorities in 2009

Guangzhou, with a focus on the goal of constructing national innovation city and science & technology innovation city in South China, will highlight the self innovation and industrial cluster to accelerate the construction of electronics and IT industrial bases. Efforts will be made to guide the production factors gathering
in industrial bases and parks, intensify the introduction and cultivation of leading enterprises. Other measures will cover the focus on high-end aspect of industrial chain, the promotion of industrial upgrade and chain extension, and building an industrial cluster of electronics and IT manufacturing with great competitiveness. Emphasis will be laid on introducing transnational companies in the fields of integrated circuit, new panel display, semiconductor LED lighting, auto electronics, ship electronics, electric & electronic appliances manufacturing, PCB manufacturing, electric components manufacturing, solar battery plate manufacturing, information-based household appliances etc, as well as other investment projects with advanced technologies.

I. Panel Display
In order to fully grasp the trend that LCD flat-panel TVs will replace CRT TVs, we will positively develop the manufacturing of LCD TV integration and R&D of OLED display screen in panel display industry. Strives will be taken to grasp the opportunities of the second-stage construction of LGD display project and the LGD TV set and LGD module integration project jointly by LGD and Skyworth. The initiation is to thoroughly explore the investment potentials of the full chain of the LCD industry, foster the industrial atmosphere and industrial cluster, thus forming an important global and self-contained production base of panel displays. Focus will be topped on the introduction of leading foreign-funded enterprises in Korea, Japan, American and Taiwan of TFT-LCDs, OLED panel displays and ultra-brightness LEDs of the sixth-generation or above.

II. Integrated Circuits (Chips)
The integrated circuit industry will be improved in Guangzhou both in scale and in quality by making use of its advantages as a key city, such as strong industrial conglomeration and market radiation, superior geographical environment, powerful industrial basis, vast electronic market, abundant personnel resources and perfect support infrastructure. By absorbing superior technologies and foreign projects with high technical contents, works will be done to cultivate chip R&D enterprise clusters in line with the large number of companies of communication
systems and electronic equipment manufacturing in the Pearl River Delta. Emphases will be laid on the introduction of the most advanced leading foreign funded enterprises engaged in chips for photo-electronics components, optical wafer substrates, photo-electronic information processing facilities, etc. In terms of the chips industry, we will top our efforts on the introduction from America, Japan and Taiwan of design, manufacturing, packaging, testing and related supports of 0.18- micron and more advanced chips for CPU, IC cards, HDTVs, digital cameras, 3G cell-phones, information security and other high-end consumption domains.

III. Semiconductor LED Lighting
Focus will be put on introducing the manufacturers from America, Europe, Japan and Korea of semiconductor LED epitaxial films, chip preparation and devices packaging, as well as manufacture, R&D and design enterprises of LED products used in big-size LCD backlights, auto lamps, landscape illuminations and street lights etc, including the construction of semiconductor LED illumination industrial parks.

IV. Automobile and Ship Electronics
Guangzhou will make use of the conglomeration advantages of the automobile and ship industries. Great efforts will be made to develop the automobile and ship electronic industries. Emphasis will be laid on introducing foreign-funded enterprises from America, Japan and Germany engaged in automobile chips, electronic sensors and components for automobile digital audio-visual playing systems, electronic control systems, wireless communication systems, security supervision systems, car body electronic control systems. Such enterprises from America, Japan and Korea engaged in ship electronics and navigation equipment will also be included on the list.

V. Solar Battery Plate
Emerging industries will be positively explored and great efforts will be made to introduce leading manufacturers of solar battery plate from Europe, America and
Japan to develop solar battery pack, solar controller and storage battery.

VI. Information-based Household Appliances

Works will be done to give full play to such market potentials in Guangzhou as its large consumption market, its strong influence on the consumer trends in the Pearl River Delta, South China and even Southeast Asia as well as its developed specialty markets. The aim is to introduce various consumer electronics projects from Europe, America, Japan, Korea and Taiwan. The focus will be mainly on the investments of computers, communication equipment, audiovisual facilities, digital family applications, new intelligent household appliances and other information-based household appliances of digital, network-oriented and intelligent natures as a whole.
Shipbuilding Industry

Brief Introduction

Shipbuilding industry is one of the modern advanced manufacturing industries whose development has been prioritized by the city of Guangzhou. Since the implementation of the reform and opening up policy, shipbuilding industry of Guangzhou has been on constant development and growth and has become an important force that pushes forward the development of open economy.

I. The Development Layout has been Bettered

Table 1. Development of Guangzhou’s Shipbuilding Industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Total output value of shipbuilding industry above designated scale (unit: 100 million RMB yuan)</th>
<th>Increase rate of Same period (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>105.68</td>
<td>36.80</td>
</tr>
<tr>
<td>2007</td>
<td>151.32</td>
<td>41.22</td>
</tr>
<tr>
<td>2008</td>
<td>187.06</td>
<td>19.22</td>
</tr>
</tbody>
</table>

In 2008, the total output value of the city’s shipbuilding industry above designated scale reached 18.706 billion RMB yuan, an increase of 19.22 percent as compared with the year before. Through strategic cooperation with well-known shipbuilding enterprises both at home and abroad, Guangzhou shipbuilding industry has made obvious progress with its competitive strength and has formed a development pattern that takes products tankers and container ships as the main business and various other ships and their accessories as the complementary business. By the end of 2008, as many as 37 shipbuilding and parts and
components industrial projects had been introduced with a total investment of USD 446 million and the actual inflow, USD 83.57 million. Out of this, five of the projects exceeded the value of USD 10 million. A shipbuilding industry and equipment industry base has been established with CSSC Guangzhou Longxue Shipbuilding Base, CSSC Guangzhou Dagang Ship Equipment Industry Base, Guangzhou Shipyard International Industry Park Zone, Huangpu Shipbuilding Industry Park Zone as the core.

II. The Rapid Growth in Exports Ranks the First in the Country

Table 2. 2005-2008 Ship Export

<table>
<thead>
<tr>
<th>Year</th>
<th>Sum Total</th>
<th>Of which: General Trade</th>
<th>Of which: Processing Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity (ship)</td>
<td>Value</td>
<td>Year-on-year increase (%)</td>
</tr>
<tr>
<td>2005</td>
<td>1275</td>
<td>47743</td>
<td>68.64</td>
</tr>
<tr>
<td>2006</td>
<td>1519</td>
<td>69462</td>
<td>45.49</td>
</tr>
<tr>
<td>2007</td>
<td>3921</td>
<td>75893</td>
<td>9.26</td>
</tr>
<tr>
<td>2008</td>
<td>3132</td>
<td>160246</td>
<td>111.78</td>
</tr>
</tbody>
</table>

The ship export of Guangzhou has doubled its sum by an increase from USD 477 million in 2005 to USD 1.602 billion in 2008. The scale ranked the 3rd among the biggest cities in China. The export value was 8.38 percent of the nation’s total value of the ships exported. In 2008, altogether 25 enterprises had the actual achievements in the export of ships, ten of which achieved more than USD 10 million exports. Classified in terms of trade mode, processing trade was the most important method since it occupied 98.24 percent of the total value while the one of general trade of ship export, 1.76 percent. In a breakdown of enterprises, domestically-funded enterprises occupied 56.34 percent, while the foreign-invested ventures, an amount of 43.66 percent. In terms of export markets, European and Asian markets made up 91.41 percent of the total, and the new markets in Africa and Latin America possessed strong growth momentum.
Table 3  Major Export Markets of Ships Exported in 2008

Unit: USD 10,000

<table>
<thead>
<tr>
<th>Markets</th>
<th>Export Sum</th>
<th>Year-on-year Increase (%)</th>
<th>Year-on-year Increase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sum</td>
<td>160,246</td>
<td>75,668</td>
<td>111.78</td>
</tr>
<tr>
<td>1. Asia</td>
<td>121,441</td>
<td>43,921</td>
<td>176.5</td>
</tr>
<tr>
<td>HK, China</td>
<td>95,033</td>
<td>26,486</td>
<td>258.81</td>
</tr>
<tr>
<td>Japan</td>
<td>316</td>
<td>43</td>
<td>626.28</td>
</tr>
<tr>
<td>Korea</td>
<td>836</td>
<td>50</td>
<td>1584.24</td>
</tr>
<tr>
<td>ASEAN</td>
<td>25,047</td>
<td>13,957</td>
<td>79.46</td>
</tr>
<tr>
<td>Bonded Zones of Penghu, Jinmen, Madao; Taiwan</td>
<td>2</td>
<td>9</td>
<td>-77.72</td>
</tr>
<tr>
<td>Other Asian Countries</td>
<td>208</td>
<td>314</td>
<td>-33.78</td>
</tr>
<tr>
<td>2. Africa</td>
<td>9,769</td>
<td>4,206</td>
<td>132.24</td>
</tr>
<tr>
<td>3. Europe</td>
<td>25,028</td>
<td>23,967</td>
<td>4.43</td>
</tr>
<tr>
<td>therein; EU</td>
<td>25,007</td>
<td>26,992</td>
<td>-7.36</td>
</tr>
<tr>
<td>Russia</td>
<td>2</td>
<td>0</td>
<td>/</td>
</tr>
<tr>
<td>Other European districts</td>
<td>18</td>
<td>37</td>
<td>-50.23</td>
</tr>
<tr>
<td>4. Latin America</td>
<td>3,356</td>
<td>246</td>
<td>1266.92</td>
</tr>
<tr>
<td>5. North America</td>
<td>77</td>
<td>67</td>
<td>15.26</td>
</tr>
<tr>
<td>therein, USA</td>
<td>77</td>
<td>67</td>
<td>15.26</td>
</tr>
<tr>
<td>6. Oceania</td>
<td>575</td>
<td>3,261</td>
<td>-82.36</td>
</tr>
</tbody>
</table>

III. The Export Product Mix has ever been Optimized

By seizing the great opportunity of continuous transferring of international ship orders into China over the recent years, remarkable achievements have been made in the vigorous development of exporting ships with hi-tech content and high added values. In 2008, as many as 3132 ships of various types were exported, of which, products tanks and container ships were the main force; the exported products tanks brought about a revenue of USD 743 million, accounting for 46.38 percent of the total value of ships exported while the container ships exported, jumped to USD 508 million, an occupation of 31.71 percent. Those two types
made up 78.09 percent of the total value of the ships exported. In addition, the layout of other types such as multifunctional motor boats, bulk motor carriers, tugboats, pleasure boats, and recreational or sports boats have all taken shape, thus, optimizing the mix of the export product structure with rich varieties and multiple specifications.

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Name of the Merchandise</th>
<th>Accumulated Sum</th>
<th>Export value</th>
<th>Year-on-year Increase ( % )</th>
<th>Year-on-year Increase ( % )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Sum</strong></td>
<td></td>
<td>160246</td>
<td>75668</td>
<td>111.78</td>
</tr>
<tr>
<td>1</td>
<td>Products tankers with deadweight Not exceeding 100000 tons</td>
<td></td>
<td>74348</td>
<td>29662</td>
<td>150.65</td>
</tr>
<tr>
<td>2</td>
<td>Motor container carriers of loading capacity of ≤ 6,000 containers</td>
<td></td>
<td>50814</td>
<td>34123</td>
<td>48.91</td>
</tr>
<tr>
<td>3</td>
<td>Multifunctional motor ships</td>
<td></td>
<td>14423</td>
<td>9763</td>
<td>47.73</td>
</tr>
<tr>
<td>4</td>
<td>Bulk motorboats with deadweight of no more than 150,000 tons</td>
<td></td>
<td>10271</td>
<td>7</td>
<td>150944.12</td>
</tr>
<tr>
<td>5</td>
<td>Tugboats and top push boats</td>
<td></td>
<td>4476</td>
<td>2456</td>
<td>82.25</td>
</tr>
<tr>
<td>6</td>
<td>Motor cruise boats and pleasure boat</td>
<td></td>
<td>3724</td>
<td>157</td>
<td>2273.23</td>
</tr>
<tr>
<td>7</td>
<td>Other tankers</td>
<td></td>
<td>1040</td>
<td>0</td>
<td>/</td>
</tr>
<tr>
<td>8</td>
<td>Other motor freights and passenger/cargo ships</td>
<td></td>
<td>512</td>
<td>33</td>
<td>1462.14</td>
</tr>
<tr>
<td>9</td>
<td>Dredgers</td>
<td></td>
<td>314</td>
<td>0</td>
<td>/</td>
</tr>
<tr>
<td>10</td>
<td>Recreational and pleasure boats</td>
<td></td>
<td>116</td>
<td>156</td>
<td>-25.71</td>
</tr>
<tr>
<td>11</td>
<td>Other non-motor freights and passenger/cargo ships</td>
<td></td>
<td>89</td>
<td>0</td>
<td>/</td>
</tr>
<tr>
<td>12</td>
<td>Not listed motor boats</td>
<td></td>
<td>70</td>
<td>166</td>
<td>-58.07</td>
</tr>
<tr>
<td>13</td>
<td>Sailboats</td>
<td></td>
<td>26</td>
<td>10</td>
<td>160.61</td>
</tr>
<tr>
<td>14</td>
<td>Lightships, fireboats, crane ships And other boats not used for navigation</td>
<td></td>
<td>23</td>
<td>44</td>
<td>-47.95</td>
</tr>
<tr>
<td>15</td>
<td>Inflatable speedboats for recreation and sports</td>
<td></td>
<td>1</td>
<td>0</td>
<td>/</td>
</tr>
</tbody>
</table>
IV. The Key Enterprises Achieved a Constant Growth Momentum

In 2008, Guangzhou Shipyard International Co. Ltd. achieved a total of USD 662 million in export while Guangzhou Wenchong Shipyard Co., Ltd., a total of USD 299 million, both of which were on the list of ten biggest shipyards companies. Newly established CSSC Guangzhou Longxue Shipbuilding Co. Ltd. is mainly engaged in the building of products tankers, container carriers, and ore boats and altogether 20 ships of 2.12 million tons of deadweight annually have been made during its first construction phase. It is predicted that when the second construction phase is over, its annual ship-building capacity will go up to 3 million tons. By the end of 2008, 18 orders had been acquired, of which, 12 are with 230 thousand tonnage and two with 80 thousand tonnage, which will be exported to Singapore and HK. The company stands in the leading position in terms of its ship-building export. In addition, excellent growth momentum has been achieved either in sales or purchase in those major shipbuilding companies, namely, Panyu Yuexin Shipbuilding Company, Yinghui South Shipbuilding Company, and Lingshan Shipbuilding Company whose orders placed will reach the year of 2012. It is clear that it has become the backbone force that keeps the foreign trade growing.

V. The Investment Environment is Better and Better

Adjacent to Hong Kong, Guangzhou possesses the top-class deep-water ports with rich naturally-endowed resources along its deep-water coastal lines. It is the largest modernized shipbuilding base for ship repair and ship equipment, with a batch of auxiliary enterprises engaged in heavy forging, diesel engines, deck-machinery, boat generators, ship coatings and decoration, and steel structures around. Guangzhou Ship & Marine Engineering Design and Research Institute is the strongest marine science and research institute in South China that possesses a grade-A qualifications certificate of marine special engineering design issued by the Ministry of Construction in China. It took up the remodeling design task of a Russian carrier ‘Minsk’ of 40 thousand tonnage. A technological center at the state-level that has 109 researchers and senior engineers and 626 engineering technicians has been set up by Guangzhou Shipyard International Co. It has the
cooperation with Japan’s Ishikawajima Grinding Heavy Industries Co., Ltd., American Havens Steel Co., Qinghua University, South China University of Technology, and Harbin Marine Design Institute in developing and researching ship model marine performance, new technology, new technique and materials. Guangzhou Wenchong Shipyard Co. Ltd and CSSC Guangzhou Huangpu Shipbuilding Co. have established enterprises technology centers at a provincial level. By making full use of the advantageous, a complete system with strong scientific research competence, the shipbuilding industry of Guangzhou city has obtained a sound growth momentum.

Development Priorities in 2009

In light of the general requirements of Long-Term Development Plan for Shipbuilding Industry by the State, the Outline of the Reform & Development plan for Pearl River Delta Region which was issued by the State Council, and the 11th Five-Year Planning Program for the Economic and Social Development of Guangzhou City, the city of Guangzhou will accelerate its technological advancement and industrial optimization and upgrading, push forward the export of ships and their auxiliary parts, and comprehensively improve its international level of shipbuilding industry with the upgrading of the competitive strength of shipbuilding industry as the core, pioneering a new developmental model as the starting point, and shipbuilding and equipment industry base as an important carrier.

I. The Goal

By taking the international-oriented economy as the main guide, efforts will be made to speed up the construction of Guangzhou’s shipbuilding base and ship equipment industry base. The shipbuilding backbone enterprises will be cultivated with strong international competitive strength. The purpose is to establish a new technological innovation system with markets as the main guide, enterprises as the principle part, and talents as the support to enlarge and
enhance the shipbuilding industry. It is our strives that by 2012, an annual output capacity should be achieved which will turn out ships of 5 million tonnage and 1000 low-speed marine diesel engines of 10 million horsepower, and create an industrial aggregation that integrates manufacture, repair, and matching as a whole. Endeavors must be made to make Guangzhou become a large-scale shipbuilding base worldwide.

II. Projects
i. Projects that will Facilitate the Development of Shipbuilding
The projects will be covered as follows: ship and oceanographic engineering design, manufacture and repair, low-speed, medium-speed, and high-speed diesel engines, design and manufacture of crankshafts for low-speed, medium-speed, and high-speed diesel engines, design and manufacture of parts and components of marine diesel engine, boat cabin machinery, design and manufacture of deck machinery, telecommunication system equipment for boats, electronic piloting equipment, boat radars, design and manufacture of gyrocompass autopilot rudder, design and manufacture of boat interior public broadcasting system, deep-sea fishing vessels, design and manufacture of pleasure ships, and design for hi-tech ship and oceanographic engineering equipments.

ii. Priorities for the Introduction of Foreign Investment
Works will be done to improve the introduction of the projects from Northern Europe, Western Europe, Japan, South Korea, Singapore, and Hong Kong. Priority will be given to adverize commercial bids about projects in CSSC Guangzhou Longxue Shipbuilding Base and CSSC Guangzhou Dagang Ship Equipment Industry Base. Projects included will be the following: piloting system, low-speed diesel engines, diesel engine crankshafts, power system, shaft and rudder system, pipelines for ships, marine middle products (cabin covers, cabin units, etc.), marine electronic apparatus and meters, engine parts and components, deck machinery and offshore platform cranes, marine auxiliary machines (cranes, steering gear, and anchor machines), marine cabin machines, boat coatings and decorations, as well as universal parts and related products.
Bio-pharmaceutical Industry

Brief Introduction

Within the biological industry, such three advantageous industrial clusters have been formed, i.e. bio-pharmaceuticals, bio-manufacturing and bio-agriculture. Besides, two characteristic industries like marine biological industry and biotechnology service industry have also been formed with the bio-pharmaceutical industry being the leading one. Now, Guangzhou has been recognized as the National Biological Industrial Base and the National Pharmaceutical Export Base. In 2008, the high-tech output value of pharmaceutical industry above scale in Guangzhou reached RMB 12.15 billion yuan, up 7.1 percent; The high-tech output value of manufacturing enterprises of medical equipment and apparatus above scale amounted to 4.513 billion RMB yuan, increased by 25.4 percent. The contractual foreign investment hit USD 85.25 million, up 59.26 percent, and the actual foreign investment inked USD 15.57 million, down by 27.24 percent. A total of USD 110 million of medical products were exported with an increase of 31.1 percent, including USD 125 million of medical apparatus and instruments with a rise of 32.3 percent, together with the USD 17.58 million of traditional Chinese medicine.

I. Distinctive Key Fields and Advantageous Core Competitiveness

Guangzhou stands out as the leading city, excellent in bio-pharmaceutical, biological diagnosis, chemical pharmacy and modernization of traditional Chinese medicine. In terms of bio-pharmaceutical, Guangzhou is one of China’s major
bases for bio-pharmaceutical research and development as well as the industrialization, boasting the national research center for genetic engineering medicine, antibody technology in proteomics, and technologies related to genetic engineering medicine, vaccine research and development, gene diagnosis, biochemical pharmacy, RNA chemical synthetics, modification and labeling interfered by small molecule as well as national leading large-scale antibody screening, appraising and preparative techniques. In terms of chemical pharmacy, Guangzhou is one of the main pharmaceutical bases in South China, getting ahead in production of anti-infective drugs, like ephalosporins. As to modern Chinese herb medicine, Guangzhou is one of the major standardized plantation and research (GAP) bases of pure Chinese herbs. It is one of the top four project centers for modernizing the extraction and separation of traditional Chinese medicine. What’s more, Guangzhou takes the lead in applying the quality control technique of traditional Chinese medicine by fingerprinting illustration and enjoys advantages in making use of modern biological technology to study the materials and mechanism and conduct redevelopment of famous traditional medicine, including research and develop new medicine. In terms of stem cell and tissue engineering research, Guangdong Society of Human Biological Tissue Engineering is the oldest and the only regional academic institution of this type. It has an advantage in oriented differentiation of stem cell, construction of scaffold materials for tissue engineering, bone, cartilage, nerve, cornea and clinical application. In addition, Guangzhou owns the solid foundation and unique advantage in the fields of industrial biotechnology, marine biotechnology and agricultural biotechnology.

Furthermore, Guangzhou is one of China’s most important distribution centers for medicine and medical appliances and one of the nation’s first medicine export bases. It possesses a national large-scale modern medicine logistics center, Huangjinwei Modern Pharmaceutical Logistics Center, and the largest distributing center for traditional Chinese medicine, that is, Qingping Traditional Chinese Herbs Wholesale Market. Dealers and buyers will be attracted from South China, Hong Kong, Macao and southeast Asia. As a result, an annual medicine sales value of over 18 billion RMB yuan has been achieved.
II. A Perfect Industrial Environment and a Sound Momentum of Enterprises Development

Great emphasis on cultivation of bio-pharmaceutical industry has been put in Guangzhou, which has been treated as both the new pillar industry and the new and high-tech industry. Through scientific and technological innovation, investment and financing system innovation and by improving the environment for investment and starting business, a sound industrial environment has been provided to facilitate the quick development of the bio-pharmaceutical enterprises.

Numerous world well-known multinational corporations have gathered in Guangzhou to start joint ventures with domestic companies. For example, Alliance BMP Ltd and Guangzhou Pharmaceuticals Corporation jointly create China’s largest Sino-foreign funded medical circulation enterprise. American Baxter joins Guangzhou Baiyunshan Pharmaceutical Co., Ltd in producing and selling nutrition products. To expand the international market for traditional Chinese market, Hutchison Whampoa Limited from Hong Kong joins hands with Guangzhou Baiyunshan Chinese Medicine Company and Hong Kong TongXing Pharmaceutical Co., Ltd. cooperates with Guangzhou Wanglaoji Pharmaceutical Co., Ltd. The reputable domestic medical enterprises also set up the industrialized and R&D base, such as the largest industrialized base and R&D center established by Yangtze River Pharmaceutical Group, and the SinoBioway Group’s industrialized and R&D base for genetic medicine, molecular breeding and biological intelligent computer. The local medical companies’ core competitiveness and influence have been further strengthened. Guangzhou Pharmaceutical Holdings Limited ascends to the top of the nation in scale, benefits, sales income and profits, holding two listed companies, 18 pharmaceutical companies, 6 pharmaceutical operating companies and 5 pharmaceutical research institutes. Besides, it also has the ownership over 550-odd varieties of traditional Chinese medicines and exclusive ownership over 20-odd kinds. Private enterprises are also growing rapidly. Da An Gene Co., Ltd. of Sun Yat-sen University takes the lead in genetic diagnosis industry of China and becomes the first listed university-owned company in South China.
Techpool Bio-Pharma Co., Ltd. has won a number of prizes for scientific and technological achievements and new products. As one of the pioneers in inspection service industry, Guangzhou Kingmed Medical Technology Co., Ltd. wins the fame as the first independent clinical laboratory granted the Practicing License of Medical Institution. Its inspection reports have been recognized by more than 40 countries. Enterprises established by returned overseas students also enjoy fast development. Guangzhou Bioseal Biotech Co., Ltd. has become the world's first to extract fibrinogen and thrombin from mammalian blood to make the biological preparation through the high-tech biotechnology. The domestic market share of the hemodialysis products developed by Guangzhou Koncen BioScience Co., Ltd. accounts for 40 percent.

III. Excellent Research Capabilities and Complete Technical Supporting System

Guangzhou bio-pharmaceutical industry stands out as one of the most important bio-pharmaceutical innovation sources with a full range of bio-pharmaceutical categories, strong research and development power, complete innovation chain and technical supporting system, outstanding in engineering research and industrialization capability. In Guangzhou, there are about 12 universities and colleges related to bio-pharmaceutical industry. In addition, 40 research institutes, 200-plus enterprises engaged in bio-pharmaceutical R&D and 158 key subjects or laboratories are stationed, including 32 national-level ones, 2 national-level non-clinical safety evaluation centers for new medicine (GCP), 2 clinical safety evaluation centers (GLP), 4 national engineering technology R&D centers and 30 bio-pharmaceutical innovation platforms. A number of 15 out of 16 approved drug clinical research bases in Guangdong Province have been settled down in Guangzhou. The city is also abundant in bio-pharmaceutical scientific and technological talents including 20,000-odd professionals, out of which, nearly 4,000 have senior professional titles and over 4,000 are receiving the postgraduate education. Guangzhou Institute of Biomedicine and Health (GIBH) of the Chinese Academy of Sciences has established 6 research centers and organized 20-plus research teams. By the plateform of Guangzhou Convention of Overseas
Chinese Scholars in Science and Technology, over 600 high-level brains have been drained from famous foreign universities, research institutes and companies to start as many as 200 bio-pharmaceutical enterprises in Guangzhou.

**IV. A Gradual Shaping of Industrial Layout and the Construction of Industrial Park**

As the 8 bio-pharmaceutical parks have been put into use, a complete network of bio-pharmaceutical industrialization bases of Guangzhou has taken shape. It is composed of bases of research and development, medium test and incubation, with focus on Guangzhou International Business Incubator, Business Starting Park for Returned Overseas Students and Business Incubator Bases of each district. Commercialization and industrialization are mainly realized in Guangzhou International Biological Island of Guangzhou Science City. Technology industrial parks of each district also take their own roles in the above two processes. Guangzhou Science City assembles clusters of high-level biotechnological research and development institutes, like Guangzhou Institute of Biomedicine and Health (GIBH) of the Chinese Academy of Sciences, thus forming complete industrial chains covering research, medium test and industrialization of biotechnology. More than 20 pharmaceutical production enterprises are stationed in Bio-pharmaceutical Industrial Park and 100-odd bio-pharmaceutical companies are incubated in International Business Incubator and Innovation Center. Guangzhou International Biological Island is now quickening its pace towards a world's top base for R&D and medium test of bio-pharmaceuticals.

A number of bio-pharmaceutical distinct industrial parks with solid foundations and advantageous edges will facilitate the 8 bio-pharmaceutical parks in terms of research, development and industrialization. In Baiyun District, based on the SinoBioway Group Genetic Engineering Medicine, Guangzhou Baiyun Biological Port strives to become one of the national top bases for R&D, production, marketing of genetic engineering medicine. In Panyu District, Guangzhou Pharmaceutical Holdings Limited and Baidi Bio-pharmaceutical Industrial Park will achieve their aims to at building themselves into the important production base of genetic drugs and vaccine in South China. In Haizhu District, depending
on the National Engineering Research Center for South China Sea Marine Biotechnology, Guangzhou Marine Biotechnology Industrial Park will concentrate on the industrialization of marine medicine and bio-products and marine functional food.

Development Priorities in 2009

Guangzhou is speeding up the construction of the National Biological Industrial Base with the special emphasis on two core zones, Bio-pharmaceutical Industrial Park of Guangzhou Science City and Guangzhou International Biological Island. Also, great attention will be given to bio-pharmaceutical industrial parks with solid foundations and advantageous edges. The biological industry will be guided to the integrated, distinctive and sustainable development and grow into a new pillar industry. Guangzhou is expected to emerge as an important national base for the R&D and industrialization of bio-pharmaceutical industry.

I. The Modern Chinese Herbal Medicine

The promotion of Chinese herbal medicine in Japan, South Korea and Southeast Asia will be furthered by ways of business connecting business and technological exchanges, selecting proper projects with joint operative or funded development potentials to boost the innovative development of modern Chinese herbal medicine. Cooperation between Guangzhou and Hong Kong will be pushed ahead in fields of inspection and standards setting of Chinese herbal medicinal materials, redevelopment of traditional Chinese medicine and development of traditional Chinese health products to expand and enrich the cooperation field of traditional Chinese medicine under the framework of CEPA agreement and participate in the innovation of the formula and techniques of major Chinese tradition medicine types.
II. The Genetic Engineering Medicine, Chemical Pharmacy, Bio-medical Engineering and Marine Pharmacy

Contacts with enterprises from the five major biotechnological industrial zones in San Francisco, Boston, Washington, North Carolina and San Diego will be reinforced. Efforts will be made to conduct a close tie with the biotechnological and bio-pharmaceutical enterprises of Japan, UK, Sweden, Denmark including the relevant industry associations, banks, venture funds and investment intermediary agencies especially in the fields of genetic engineering medicine, synthetic innovative drugs and marine pharmacy. Greater efforts will be put to attract small and medium enterprises engaged in biological diagnostic reagents, biological pharmacy (including botanical, pesticide, veterinary medicine) which is about to start the stage of medium test, and biological medicine (especially genetic medicine). Furthermore, we will accommodate a group of small and medium enterprises with superior development and research capabilities in biotechnology, foster a number of small-scale biotechnological and bio-pharmaceutical R&D enterprises and assemble quite a few intermediate raw materials producers. The introduction of advanced projects into Guangzhou will be accelerated to conduct medium tests, incubate and industrialize the projects that may turn into profit-making ones.

III. The Bio-pharmaceutical Service Industry

More importance will be attached to attracting multi-national bio-pharmaceutical enterprises to set up their production base and R&D center in Guangzhou, to intensify R&D of bio-pharmaceutical and industrialization of key technologies and increase the service capability and efficiency of technology platforms. A number of professional consulting and intermediary services institutes of biochemistry will be introduced to meet the needs of technological consultancy, information service and marketing scheming. By integrating the bio-pharmaceutical circulation and commercial service resources, Guangzhou will build a professionalized bio-pharmaceutical products distribution center, the largest in Asia and the leading on the world, covering the international and domestic markets, which will be integrated with biological products, logistics, delivery, packaging, inspection,
exhibition, transaction and e-commerce. In order to organize the world-wide biological products fair and create the international professional convention and exhibition brand, Guangzhou will make full use of its advanced exhibition industry to attract more internationally influential biological conferences.

IV. The Research on New Bio-pharmaceutical Material and Medical Apparatus

Guangzhou will take advantage of the state’s policy which will focus construction on the basic medical and health service system centering on county, village and town-level hospitals and city community health service centers to improve the construction of the basic medical and health service system in urban and rural areas. With focus on the public medical and health service system and on the county-level maternal and child’s health care centers and health inspection authorities, we will actively cultivate and introduce institutions and enterprises specializing in new-type bio-pharmaceutical materials and R&D of medical instruments to further improve the overall level and the competitiveness of the medical apparatus industry.
Financial Industry

Brief Introduction

Initiatives have been taken to carry out Guangdong’s strategy of building a strong financial province. The city has witnessed a rapid progress in finance industry in terms of expanding financial scale, further opening up to the outside world, optimizing financial environment and ensuring regional financial security. Greater contribution has been made in regional economy and the role as a regional financial center has been strengthened. All of the achievements are attributable to positive influences of the reform and the market. In 2008, the finance and insurance industry reaped an added value of 38.441 billion RMB yuan, up by 6.2 percent year-on-year.

I. The Scale of Financial Market is in the Leading Position in China

The balance of RMB and foreign currency deposits in Guangzhou financial institutes stand at 1692.947 billion RMB yuan, up by 14.5 percent, while the one of loans was 1107.955 billion RMB yuan, making the city rank the third in the country in terms of financial strengths. A total of 51 listed companies at home and abroad have made their home in Guangzhou. Some 35 of them are A-share listed ones with the total market value of 153.821 billion RMB yuan and 16 ones listed overseas. Guangzhou Assets and Equity Exchange Center ranks the third in the country with its assets and equity trading volume hitting 49.1 billion RMB yuan in 2007. Guangzhou City Banking Electronic Settlement Center takes the lead in China in terms of business volume with the daily settlements exceeding
250 billion RMB yuan. The insurance industry reaps 30.681 billion RMB yuan of premiums, increasing by 33 percent, with the insurance coverage and density ranking top in China. The life insurance climbed 40.6 percent year-on-year to 23.919 billion RMB yuan and the property insurance jumped 11.68 percent to 6.762 billion RMB yuan.

II. The Financial Clusters have been Shaped
A financial system with a wide range of financial institutes, reasonable structure and complete functions has taken the initial shape in the city. A total of 152 commercial financial institutes and representative offices have set up here, among which 74 are banks, 61 insurance companies and 17 securities, futures and mutual fund companies. The city takes the leading position in categories of financial institutes and bank service network density. Per 2,000 citizens on average have a bank branch. State-owned and joint stock commercial banks have improved their structures and business capacity through further restructuring and reform. Besides, foreign banks have expanded their business scope and increased their profits. In brief, all the banks have achieved increased asset quality and profits. Meanwhile, financial intermediate service is enhanced and financial institutes specialized in securities and investment consultancy, insurance agency and insurance brokers and the entrusted financial management service have all gained quick growth.

III. A Further Opening up to the Outside World has been Achieved
Guangzhou is among one of the earliest regions in China whose financial industry has been opened to the outside world. Some 30 years’ development has contributed to the opening-oriented financial system which features opening up at various levels and fields. The system has continued opening wider to the outside by playing an increasingly important role as a regional and international financial center. Therefore, the city has strengthened its role as a regional center for financial management, operation decision, capital allocation and financial operation. Its influence has extended to South China. In addition, Guangzhou has consolidated its cooperation with financial institutes in Hong Kong, Macao,
other Asian countries, Europe and the US. A total of 75 foreign financial institutes have set up their branches here together with 26 foreign banks, 15 foreign insurance companies, 17 foreign banks representative offices, 13 foreign insurance representative offices and four foreign securities representative offices.

IV. The Business Environment for Financial Development has been Further Optimized

Guangzhou has released a series of documents which support the development of the financial industry, including “Suggestions on Further Boosting Guangzhou Financial Industry” and rules for the implementation of the document. Those major financial centers like Yanjiang Road, Huanshi Dong Road, Dongfeng Road and Tianhe North Area have been all optimized. Also, new financial institutes are introduced to settle in the financial business area of Zhujiang New Town. Till now, about 27 commercial finance institutes and Guangdong Office of China Securities Regulatory Commission have been settled down in the area and the financial clusters are thus formed. The construction of Guangzhou Innovative Finance Service Area, located in Guangzhou Science City, is in full swing. The construction of Guangzhou Social Credit System and the legal system of finance is in steady progress. The corporate credit information system and the personal credit information prototype information system have been constantly improved. The nationwide interconnection of two systems between banks has been realized online. Regulations concerning financial risk prevention and financial creditor’s rights protection are stipulated and implemented. Moreover, the city tops the country in terms of financial technologies. Guangzhou City Banking Electronic Settlement Center is the best among its counterparts in major Chinese cities with regard to business handling capability and technology. The Large-value Payment System extends its reach across the whole province and the Same-city RMB Bill Settlement System covers South China. The financial control and supervision system which features one bank and three offices, namely Guangdong Branch of the People’s Bank of China, Guangdong Office of China Banking Regulatory Commission, Guangdong Office of China Securities Regulatory Commission and Guangdong Office of China Insurance Regulatory Commission, has been framed.
Guangzhou Financial Service Office handles and coordinates financial issues of the city and provides relevant services, thus effectively maintaining the stability of the financial order in Guangzhou.

Development Priorities in 2009

By taking the chances provided by CEPA, the Pan-Pearl River Region Cooperation, and the “The Outline of the Reform and Development Plan for the Pearl River Delta Region” (2008-2020), the finance industry will be built as the pillar with solid strengths, reasonable structure, cutting-edge competitiveness and great influence. The city will build itself into a regional financial center and will set up a multi-layer capital market system together with a diversified and sophisticated financial service system. By 2010, a regional financial center in line with the international standards will take shape with its influence extending to the province, South China, Hong Kong, Macao and Southeast Asia as well. By 2020, Guangzhou will be able to match its counterparts in developed countries. In this case, the city, with its international influence, will serve as a international financial hub with complement to Hong Kong in terms of their financial functions. To achieve these, priority will be given to the following:

I. Banking

Initials must be taken to expand Guangzhou’s financial system by optimizing the investment environment and attracting more overseas banks from countries like Europe, the US, Japan, South Korea and Singapore and regions such as Hong Kong, Macao and Taiwan. Banks will be encouraged to expand their business scale and engage in RMB business. The exchanges and cooperation among domestic and foreign banks for mutual development will be enhanced. Focus will be put to introduce strategic investors to promote the market competitiveness of city-owned financial institutes; to accelerate the development of the currency market and the medium and long-term credit market. Furthermore, the bill market should be flourished, the trade scale of the foreign currency market, be
expanded and the development of the inter-bank bonds market and the inter-bank lending market, be boosted as well. Other efforts including the more support of medium and long-term credit to pillar industries, the high and new-tech industry, the modern service industry and key projects. Credit consumption will be expanded and innovative credit service for medium and small-size companies and private enterprises will be provided as well.

II. Securities

Headways will be taken to encourage enterprises to go listed. Steps will be quickened to have medium and large-size enterprises listed in the main board, small and medium-sized ones in the SME board and local ones in overseas capital markets. It is our effort to consolidate cooperation with domestic and foreign securities trading centers to hold listing promotion shows through which enterprises may have a deep understanding of listing rules. Furthermore, measures will be adopted to accelerate the development of venture capital and encourage high and new-tech enterprises with strong capacity in independent innovation to go listed in the SME board or overseas enterprise markets. What’s more, we will build the asset and equity trading center into a regional one with strong influence on Guangzhou and even the Pan Pearl River Delta. Other works will cover the enhancing the center’s market service and extending the service to corporate property, creditor’s rights and intellectual property rights. Strives will be taken to develop the futures market by cultivating a number of futures enterprises with standardized operation and strong competitiveness and introducing a few foreign futures companies and corporate investors with great economic strengths. The aim is to boost the development of securities operators and encourage them to expand their investment scale, introduce high quality talents, improve the capacity of financial innovation and enhance competitiveness. As a result, the cooperation between city-owned securities companies and strategic investors will be facilitated and a number of securities companies and mutual fund management enterprises with strong economic strengths and standardized management will be cultivated.
III. Insurance
Supports should be given to the establishment of professional insurance companies specialized in endowment insurance, agricultural insurance, health insurance and auto insurance. Foreign insurance companies will be encouraged to set up their joint venture or solely-funded branch in the city to put business facilities like data processing centers in Guangzhou and introduce a number of insurance intermediary institutions with good credits. By introducing world renowned reinsurance companies to set up branches in the city, the reinsurance market will be developed. Cooperations between banks and insurance companies, and the one between insurance companies and the capital market will be facilitated so as to establish an effective mechanism which connects insurance, credit and capital markets. Steps will be quickened to support insurance institutions to develop public insurance businesses like health and medical insurance and explore the insurance market in rural areas.

IV. Finance Intermediary Service
Policy support will be given to the development of intermediary service institutions specialized in accounting and legal service, investment consultancy, asset evaluation, insurance agency and credit ranking. Measures will be taken to cultivate famous brands so as to offer high-quality and efficient service for the finance market. By setting up or introducing venture capital investment companies and encouraging enterprises, financial institutes and individual investors to participate in venture investment, the financing service system will be improved.

V. Financial Headquarters Economy
Great efforts will be made to bring into full play Guangzhou’s advantage in headquarters economy. The purpose is to accelerate the construction of the financial business area in Zhujiang New Town and improve the government service and complete the preferential policy for introducing financial institutions. It is our initiation to attract foreign banks, insurance firms, auto financing enterprises, enterprise group finance companies, securities companies and mutual fund management companies which will be closely related to the Guangzhou’s economy
and pillar industries, especially those from Hong Kong, Macao, Taiwan, the US, Europe and East Asia. Priority will be topped to the introduction of headquarters or regional headquarters of financial enterprises with great influence so as to build a diversified financial system and establish a center of financial management and commercial finance institutes with strong industrial influence and scale.

VI. Financial Outsourcing

Endeavors have been made to bring into play and make use of Guangzhou Economic and Technological Development Zone's innovative capacity in high and new-tech. The construction of Guangzhou Innovative Financial Service Area will be quickened and finance innovation research and pilot programs of finance innovation will be conducted as well. Other steps will be taken to provide support to outsourcing services for financial institutes, including data processing, data backup, software development, information exchange, phone bank and bank cards. Furthermore, outsourcing for international, Hong Kong and Macao financial institutions will be undertaken to build Guangzhou into one of the most important financial outsourcing centers.

VII. Financial Cooperation between Guangzhou and Hong Kong

We will make full use of advantages in neighborhood with Hong Kong and Macau to strengthen integration with Hong Kong in the financial sector, the exchanges of financial information, the coordination of financial policies and mobility of financial professionals. Works will be done to enhance the international level of the city’s financial industry by encouraging Hong Kong financial institutes to transfer part of their financial business to Guangzhou, supporting the institutions to set up village or town banks in Guangzhou as founders, and entering into cooperation with Hong Kong in fields of financial products, electronic settlement and bond issuance. We will encourage local enterprises to go listed in Hong Kong, guide local financial institutions, enterprises and residents to invest in Hong Kong financial market. It is our effort to create convenience for Hong Kong financial professionals to work in Guangzhou by coordinating and improving talent exchange mechanism.
Exhibition Industry

Brief Introduction

Exhibition industry is one of the key modern service industries of Guangzhou. In 2008 alone, a total of 288 exhibitions in various themes were staged at major exhibition centers in Guangzhou, 167 of which were presented for investment promotion. The exhibition area of the year reached 3.78 million square meters. Up to 3,598 conventions of different kinds were held in the city, 255 of which were multi-city assemblies attended by over a hundred people. The city attracted 8.078 million businessmen, among whom 746.6 thousand were foreigners. All these figures mark a rapid development and indicate that Guangzhou's exhibition industry has reached a period of fast development and present itself the sound market potential of the industry.

I. The Exhibition Industry has Become a New Pillar Industry

With 53 years of development since the China Export Commodity Fair first launched in 1957, Guangzhou has become a major city in the country to undertake exhibitions. The city possesses the third-largest exhibition area nationwide, and always ranks the top three in terms of comprehensive economic strength. It boasts of a complete industrial system and highly advanced international trade and perfect port resources. In the city's “Eleventh Five-year Plan”, the exhibition industry was positioned as the leading modern service industry. The aim of the government is to develop the exhibition industry into a new pillar industry of the city through market, industrialization and
internationalization, and in turn upgrade Guangzhou as an international commerce and exhibition center. In this respect, a number of incentive policies and supportive measures have been formulated and a special leadership committee has been set up in order to better facilitate the overall development of Guangzhou's exhibition industry.

II. The Exhibition Complexes Take the Leading Position in Asia
Two huge groups of exhibition complexes have been completed in Guangzhou's Liuhua (with Liuhua Complex as the core) and Pazhou (with Pazhou Complex as the core). Within the areas, there are 9 major professional exhibition centers. The Phase II and III of Guangzhou International Convention Center, Guangzhou International Sourcing Exposition Center, and Poly World Trade Center were put into use in 2008. In terms of exhibition area given, it is capable of providing 721.2 thousand square meters of area for exhibition projects. Depending on abundant resources, the city has complexes varied in sizes and classes to meet differing exhibition needs.

III. The Level to Undertake Exhibitions has been Upgraded
The recent three years saw a slight decline of the number of exhibitions held in Guangzhou. Nevertheless, the exhibition area, reputation, internationalization and professionalism of the expositions are on constant rises. The 104th Canton Fair took up a gross exhibition area of 1.1 million square meters and attracted over 20 thousand exhibitors. The fair was spitted into 3 phases from the original two. Its exhibition booths were also increased to 54 thousand from 42 thousand in the sessions before, while exhibition sections are further divided into 50 from the previous 34 ones. The 2008 Guangzhou Fair occupied 60 thousand square meters of exhibition area accommodating 3,000 booths. During the session, the number of participants amounted to approximately 283 thousand person/time. Delegations from 11 foreign countries and regions, along with over 30 Chinese delegations with 25 economic and technological cooperation projects inked the total value of 7.965 billion RMB yuan. Guangzhou Motor Show witnessed its historic breakthrough in scale last year, with an exhibition area stretching to 125 thousand
square meters and 460 thousand person/time of visitors. Besides, many specialized exhibitions also showed good momentum of development last year, such as Guangzhou International Beauty & Cosmetic Import-Export Expo, Guangzhou International Furniture Fair, China (Guangzhou) Building and Decoration Fair, Guangzhou International Lighting & Electrical Building Technology Exhibition, International Plastics & Rubber Industry Exhibition, etc.

IV. The Auxiliary Industries to the Exhibition Present a Great Potential

Guangzhou has attached special importance to the development of exhibition service industries for years. To date, the exhibition service system with a complete supply and demand industrial chain has been formed. Such a system includes the primary industry of exhibition booth construction, as well as other businesses such as advertising, transportation, logistics, hotel industry, intermediate service, and the like. Thanks to the acceleration of hotel construction, the shortage of room supply is thus alleviated and this in return will offer a solid guarantee for the future development of Guangzhou’s exhibition industry. The exhibition industry and its auxiliary industries are gradually becoming the new economic growth engines and play an increasingly important role to upgrade industry structures and transform the development modes of various industries.

Development Priorities in 2009

While The Opinions on Promoting the Transformation and Upgrading of Processing Trade in Guangzhou (2008-2020) is being steadfastly implemented, Guangzhou will take advantage of the favorable moment to extend cooperation with Hong Kong, Macao and international partners. While further enlarging the remarkable influence of Canton Fair, Guangzhou will attach great significance to both comprehensive and specialized expositions and balance domestic and international exhibitions. In the coming years, the city will stick to “The Outlines” and create a good atmosphere for exhibitions of production materials to develop side by side
with those that are set to boost consumption. The city will strive to become the
exhibition capital of Asia-Pacific economic circle by consistently enhancing the
vigor and profits of its exhibition industry. By 2010, both the number of annual
designated-sized exhibitions and the exhibition scale will be expected to realize 15
percent of increase, with the economic revenue drawn directly from exhibition
hitting 4.8 billion RMB yuan. By 2015, the exhibition scale will grow at no less
than two times as comparing with that of 2008, with a direct economic revenue
from exhibition reaching 8.8 billion RMB yuan.

I. To Form a Layout of Complement Development
Pazhou will be made as a core functional district for world-class exhibitions. It
will include the exhibition area and direct service downtown. The exhibition area
will be composed by Guangzhou International Convention Center, Guangzhou
International Sourcing Exposition Center, Poly World Trade Center, Zhongdai
Brand Plaza and Zhongzhou Center. They will be served to host world-class,
comprehensive and large-scaled specialized expositions. The direct service
downtown, consisted of office blocks, hotels and entertainment infrastructures
scattering within and around the complexes, will shape Pazhou as an island of
comprehensive service for exhibition industry.
Lihua and Baiyun exhibition area will be facilitated to provide auxiliary services
for exhibition industry. Emphasis will be laid on Lihua to hold medium-sized
commercial expositions, as well as small and medium-sized consumption goods
exhibitions. The upgrading of Lihua Complex will be continued. In the mean
time, all medium and small complexes around Lihua Complex, such as Jinhan
Complex, will be used to present specialized and tour exhibitions. With the
optimized advantages brought by deluxe hotels, strong commercial atmosphere,
traffic convenience and popularity, the passengers flow, logistic flow and
information flow will be boosted again. As a result, Lihua will emerge as
Guangzhou's commercial flagship blending exhibitions and commercial trade. On
the other hand, focus will be put on Baiyun exhibition area to host conventions,
forums, conferences of cultural and academic exchange. Cultural, sports,
commercial and entertainment infrastructures will be erected in the neighboring area
of Baiyun International Convention Center and along the western foot of Baiyun Mountain. The original resources of old Baiyun Airport will be also rationally employed in order to shape the area as a convention-holding and leisure tourist area at international level.

II. To Establish “Guangzhou-Hong Kong-Macao Exhibition Cooperation Experimental Area”
Endeavors will be made to carry out “The Opinions on Promoting the Transformation and Upgrading of Processing Trade in Guangzhou” (2008-2020). The “Guangzhou-Hong Kong-Macao Exhibition Cooperation Experimental Area” in Pazhou subject to the blueprint of “Special Cooperation Area of Guangzhou, Hong Kong and Macao” will be established. In this way, the cooperation among the three regions in exhibition and relevant services and trade will be promoted. Guangzhou will rely on its superiority in industrial foundation, exhibition infrastructures and enjoy resources from Hong Kong and Macao in market network, funds, talents and rich administrational experience to form a multi-level and mutual complemented exhibition marketing structure. With the establishment of the Area, exhibition industries of the three regions will jointly achieve new heights.

III. To Focus on the Construction of Industrial Clusters and Service Chains
Guangzhou will proactively develop manufacturing service industries related to the exhibition industry, such as logistics, bonded warehousing, telecommunication, advertisement design, research and development of industrial products and E-business. Supports will be extended to professional service industries like legal affairs, accounting, agency and consultancy. Meanwhile, the healthy development of consumer service industries including hotels, catering, transportation, retail and tourism will be pushed forward, so as to satisfy the needs of world-class exhibitions with high-quality local services.
IV. To Guide Exhibition Industry towards Internationalization, Brands-building and Professionalism

Great means will be made to encourage multi-national exhibition organizations to land their projects or settle regional headquarters and agencies in Guangzhou. On one hand, the city will give priority to import international specialized expositions on machineries, bio-industries, chemical engineering, as well as auxiliary corporations like conference service organizations, destination management companies, advertisement design companies, exhibition design and construction corporations. On the other hand, it will encourage more international commercial exhibition organizations to move into the CBD, port-related business area and exhibition business cluster.

The cooperation with international exhibition associations such as UFI, IAEE and SISO will be further strengthened. By means of industrial conferences and cooperation forums, communications between the exhibition industry and international exhibition societies will be reinforced, so as to allow more local exhibition enterprises to partake in international standard certification affairs.

V. To Foster Talents Engaged in International Exhibition Industry

A relevant information data will be set up and Canton Fair’s sphere of influence and Guangzhou’s image as a talents-gathering capital, be promoted to serve for the elite importing strategy. The training for talents in the fields of exhibition masterminding, management, marketing and service would be intensified in order to build a exhibition professionals team that will keep pace with the metropolitan of Guangzhou.
Logistics Industry

Brief Introduction

Located at the core of the Pearl River Delta and functioning as its transportation hub, Guangzhou enjoys a sound economic grounding and geographical advantages to develop international logistics and modern regional logistics. As the cooperation between cities in Pan-Pearl River Delta further deepens, Guangzhou's leading position therein is steadily fortified with its sound momentum and greater influence in developing modern logistics.

I. A Rapid and Steady Growth in Logistics Volume and Scale

The city of Guangzhou handled a gross logistics volume hitting 494 million tons in 2008, up by 7.82 percent year-on-year. Among them, the road handling capacity tonnage took up 331 million tons, the rail tonnage, 69 million tons, the air cargo tonnage, 663.9 thousand tons and the water carriage volume, 85 million tons. The number of local freight transport companies and corporations engaged in related services has amounted to 3,000, among which 837 have registered for international freight forwarding agency business. In addition to about 260 thousand freight vehicles and 140 thousand commercial vehicles in town, Guangzhou received up to 100 thousand vehicles outside the city daily. The logistics volume and scale on a steady rise has positively speeded up the city's economic advancement.
II. A Perfect Transportation Infrastructures

Guangzhou is the one and only Chinese city boasting a comprehensive transportation system fully equipped with ports, inland rivers, airlines, railways and roads. Also, the city is an import and export harbor at the astuary of Pearl River which connects the railways of Beijing-Guangzhou, Guangzhou-Shenzhen, Guangzhou-Maoming and Guangzhou-Meizhou-Shantou. In addition, Guangzhou is a civil air traffic center of South China. Guangzhou Baiyun International Airport is one of the three largest international air hubs in the country. Guangzhou Port is the biggest marine harbor on China's southeast coast. The new Guangzhou Passenger Station, a modern traffic hub and one of the four top passenger hubs in China, combines the Zhuhai Express Railway, Guangzhou-Shenzhen Express Railway, Pearl River Urban Track, Guangzhou-Wuhan Passenger Line and the Beijing-Guangzhou Express Railway under construction, together with nine highways including North Second-ring Highway, Airport Highway, Jiebei Highway and West Second-ring Highway, as well as four national highways, which will form a high-speed transport network.

III. A Promising Potential Air Logistics

Guangzhou Baiyun Airport saw historic leap in its 2008 development, with the passenger throughput increasing by 8.0 percent to 33.41 million person/time, ranking the second among all mainland airports. Its cargo and mail handling capacity amounted to 686 thousand tons, ranking the third in China. By the end of the previous year, as many as 57 airlines had been opened. The Asia-Pacific Transit Hub of FedEx, one of the four giants in global delivery service, was put into service on February 6th, 2009. The Phase I Design of the transit center will be made to handle 179 thousand express parcels and sort 125 thousand pieces of express mails per day, which will be the average capacities in 2020. This will greatly facilitate the air transport development of the airport.

IV. A Dynamic Port Logistics

In 2008, the gross throughput of Guangzhou Port, reached 347 million tons together with 11 million TEUs, up by 1 percent and 18.9 percent respectively,
ranking No. 4 and No. 5 in the country. Nansha Port witnessed a rapid development. To date, it has been equipped with 10 deep-water berths. In 2008, its container throughput climbed by 51.7 percent to 6.44 million TEUs. As to Guangzhou Port, the Phase III of the Sea-going Channel is currently under construction. The water depth of such channel will be – 17 meters on completion, which is sufficient to offer ideal water area for the largest and most advanced container vessels to anchor. Besides, Maersk, COSCO and China Shipping have made investment and established their branches in Nansha Port, thus joining the FedEx to the south and forming a well balanced logistic layout. With globally prestigious shipping companies to settle in town, the throughput capacity of Guangzhou Port is bound to be greatly promoted, and the harbor industrial structure will be further optimized.

V. The Smooth-going Construction of Logistics Parks

According to the “Development Plan of Guangzhou Modern Logistics”, Guangzhou will be built into a Pearl River Delta-based modern logistics hub that has tremendous impacts nationwide and worldwide. Two logistics platforms (transportation and information platform) and a logistics cluster featured with a “3 + 5” system will be completed to promote Guangzhou into a key node in the global logistics community. The construction of Guangzhou’s logistics parks met a milestone breakthrough at the end of 2008, with the state approval of the establishment of Nansha Bonded Port Area and Airport Bonded Logistics Center together with the policy of “refunding upon warehousing” for the export supervision systems in Nansha and Baiyun Airport. Guangzhou Bonded Logistics Park was put into trial operation on December 26th, 2008. At present, Nansha Bonded Port Area is the top special functional zone in China with the most favorable policies and optimized services. It plays a significant role in attracting large-scaled international logistic third parties, powerful international sourcing and delivery enterprises to settle in Guangzhou to maximize the city’s impact as a logistic hub.
VI. A Rapid Development of the Third Party Logistics Enterprises

Foreign-funded logistics enterprises saw rapid development in 2008. Such enterprises (excluding the commercial enterprises) grew to 26, up by 30 percent, while the contractual foreign investment accrued by 91.16 percent to USD 431 million and the actual inflow of foreign funds reached USD 84 million. Meanwhile, the foreign-funded logistics enterprises witnessed a growth in scales, with average contractual foreign investment totaling USD 3.95 million. The competitiveness and comprehensive strength of Guangzhou’s logistics enterprises has been continuously enhanced. Currently over 30 logistics enterprises have been recognized as the “National A Classification”, ranking the second in China. Owing to the city’s obvious regional superiority and good infrastructure foundation, an increasing number of large-scaled logistics enterprises have settled their headquarters and regional headquarters in Guangzhou. Apart from many international giants like FedEx, Maersk, Bax Global, UPS, NITTSU, NYK, TNT, a number of foreign-funded logistics enterprises also took their roots in Guangzhou, which included Guanghang Marine Shipping Co., Ltd., with total investment of USD 87.19 million and Guangzhou Anhua Logistics Co., Ltd., with the total investment of USD 23 million.

Development Priorities in 2009

I. To Encourage the Development of Airport-related Economy

By accelerating preparation work of the airport extension project, we will take initiatives to facilitate the infrastructure construction of Baiyun Airport in order to meet the hardware requirement of economic development. At the meantime, high-end industries will be absorbed in the airport-related economic area. Under the guidance of the airport-related Economic Development Plan, Guangzhou will attach great importance to absorb aviation-oriented high-end services and hightech industries to shape itself into the aviation industry hub of Asia-Pacific area by 2015. The logistics circle and airport logistics belt will be upgraded with the presence of FedEx, Baiyun International Logistics Park and Baiyun Airport, as
the hub to link together with third party logistics enterprises, related logistics parks and leading aviation and delivery enterprises will be on the increase. Also, a cluster of third party logistics enterprises will be formed to provide support and services for the airport-related economy.

II. To Upgrade the Seaport-related Economy

The construction of Nansha Port will be speeded up according to the “Eleventh Five-Year Plan”. The Phase III Project will be carried out and 6 container berths of 100 thousand dwt be built. Relying on the promising logistics platform offered by Guangzhou Port and particularly the Nansha Port, the city will take efforts in gathering manufacturing, heavy and chemical industries, which will tend to bring massive import and export volume near the port. Such industries as petrochemicals, shipbuilding, steel and heavy machinery will be facilitated. The city will introduce transportation, warehousing, sorting and delivery services to coordinate the sustainable logistics development drawing on the harbor advantage of Nansha Port. As such, a comprehensive logistics service platform is planned to take shape to accelerate the extensive and massive interaction among factors of production.

III. To Facilitate the Construction of the Bonded System

Works will be done to actively perfect the auxiliary environment for clearance and logistics, to speed up the construction of major logistics parks and to enlarge the impact and service range of Guangzhou’s logistics systems with the three logistics hubs as cores, namely, the Bonded Area of Nansha Development Zone, the Comprehensive Bonded Area of Baiyun Airport (where the Bonded Logistics Center B is located) and Bonded Logistics Park of Guangzhou Development Zone. Apart from that, efforts will be made to absorb the export goods from the west bank of Pearl River and even the South China region to make transshipping, distribution, consolidating, sorting services within the Surveillance Bonded Logistics Area in town. The logistics cooperation with third party organizations will be carried out. Attention will be paid to the cultivation of the logistics system for industry and commerce which is featured with its industrial base logistics,
modern exhibition market and trading center of staple commodities. Furthermore, the construction of logistics demonstration bases of automobile, petrochemicals, equipment and steel will be fostered so as to optimize the information platform for “Joint Customs Clearance” and frame the development mode for Joint Customs Clearance and Logistics in a comprehensive way.

IV. To Cultivate the Leading Enterprises in Modern Logistics Industry
Drawing on the city's superiorities in many aspects, the government will provide more favorable conditions to introduce headquarters of logistics enterprises in land resources, taxation and talents. Multinational corporations and large-scaled domestic ones will be encouraged to set up headquarter-functioning institutions and entities in Guangzhou. They will be subsequently linked with the existing industrial resources. The growth, digitalization, brand management of the logistics enterprises will be boosted so as to enhance their development and expansions, and eventually cultivate a group of leading logistic enterprises that have their own intellectual properties, popular brands and relatively stronger compositeness. Through importing and cultivating “flagship” logistics enterprise in town, the influence of Guangzhou will be enhanced in South China, the whole nation and even the Southeast Asia as well.

V. Investment Promotion Focus
In the favorable period of 2009 to 2010 overlapping the Asia Games preparation period, the city will speed up the construction of major projects. Drawing on the investment-pulling effects brought by the key construction projects valued at 350 billion RMB yuan, it is expected that the fixed-asset investment in all social sectors will exceed 500 billion RMB yuan. In the meantime, we will spare on efforts to introduce international third party logistics enterprises with advanced management and service concepts and settle them in the three international logistics park in Guangzhou Airport, Nansha and Huangpu, as well as five district-level comprehensive logistics parks located in Baiyun, Huadu, Liwan, Panyu and Zengcheng. Priority will be topped to the development of the professional logistics service including packaging, delivery and cargo agency.
The logistics resources will also be integrated and the logistics transportation network, be steadfastly optimized, in a hope that a sourcing and delivery system for modern logistics featuring with rational layout, complete functions and far-reaching influence will be achieved.
Service Outsourcing Industry

Brief Introduction

As the scale and level of Guangzhou’s international service trade are steadily enhanced, the service outsourcing of the city is on a rapid rise, with the development speed ranking among the top nationwide. At present, Guangzhou was entitled as the “China Service Outsourcing Base City” jointly by the Ministry of Commerce, Ministry of Information Industry and Ministry of Science and Technology, and was promoted as the “China Demonstration City for Service Outsourcing” by the State Council in February 2009.

I. Information and Technology Outsourcing (ITO), Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) have been Developing Simultaneously

In 2008, up to USD 210 million of ITO offshore outsourcing volume was realized. Many major ITO enterprises such as HSBC Software, Sierra Atlantic and Whizen underwent sharp development in business. On the other hand, BPO showed the similar development trend with the outsourcing volume reaching USD 180 million, which will rapidly expand the business of a number of major enterprises like HSBC Group Service, Guangzhou Capgemini, BA Electronic and Elite Info, etc. In the meantime, KPO enterprises engaged in medical clinical testing, design, animation and games achieved vigorous development as well.
II. The Offshore Outsourcing Markets are in Hong Kong, US and Europe

Among the registered outsourcing businesses of Guangzhou in 2008, 65.2 percent came from Hong Kong (part of such businesses were outsourced by local enterprises of Hong Kong, the rest were outsourced by multinational corporations based in Hong Kong), 14.4 percent from Britain and 6.7 percent from the US. The figures above show that Guangzhou’s service outsourcing industries are dependent on Hong Kong while aiming at the US and European markets.

III. Foreign-funded and Local Enterprises Developed Side by Side

The fast growing service outsourcing enterprises from Hong Kong, Europe and US have become the leading force to undertake offshore outsourcing businesses of Guangzhou, taking up over 60 percent of outsourcing share. Those also growing steadily are the local companies in the same business, such as Whizen Technology Co., Ltd. which engages in software outsourcing from Japan, VisionSky Corp., specialized in corporate internal administration, and Guangdong Information Engineering Co., Ltd. and Jiesai Science and Technology Co., Ltd. Both of whose focus is on information services.

IV. The Development of Service Outsourcing Clusters has Taken on a New Look

After being approved by the municipal government, all of the four service outsourcing demonstration zones have made constant efforts in perfecting their development environments and formulating incentive policies. The better environments and more preferable policies performed a double guiding function to gather service outsourcing enterprises much quickly. Guangzhou Development Zone, Nansha Development Zone, Tianhe Software Park and Huanghuagang Science and Technology Park, each of which has clearly defined its development orientation and features, are now homes to over 60 percent of offshore outsourcing enterprises in Guangzhou.
V. Business in Software, Finance, Telecommunication, Research and Development is Gaining Great Development Momentum.
A group of leading enterprises have emerged in the field of software designing and development, with Microsoft, IBM, HSDC, Achievo, Sierra Atlantic and Whizzen as representatives. Moreover, the city is now providing outsourcing service for 15 multinational financial institutions including HSBC, BEA and Bank of America. Several industrial clusters specialized in telecommunication service, server hosting, web operation and value-added network service have come into being, i.e. GZIDC, South China Base of CMCC, PCCW and so on. As many as 210 R&D institutions and a number of research and development (R&D) centers and technology service centers from the world’s top 500 enterprises are gathering in cluster, like IBM, Intel, Thomson, Henkel, Bayer, Dupont and Amway, Guangzhou possesses a powerful R&D capacity. Also, the city sees rapid development in many other industries like creative design, inspection and testing, modern logistics and commercial services.

VI. Service Outsourcing has Effectively Pushed ahead Guangzhou’s Economic Development
In 2008, Guangzhou’s service outsourcing enterprises increased over 2,000, and the offshore outsourcing businesses registered in the information management system for service outsourcing involved a total outsourcing agreement value as much as USD 420 million. The dramatic development of service outsourcing businesses such as software development, designing, data processing, inspection service and logistics distribution have all further improved the quality of all service industries. The service outsourcing industries has absorbed 23,000 fresh graduates, 14,000 of whom went into offshore outsourcing industries. The service outsourcing enterprises undertook onshore information outsourcing projects worth 5 billion RMB yuan. The top 20 tax-paying service outsourcing enterprises created 130 million RMB yuan of taxation basically without occupying land resources and inflicting environmental damages.
Development Priorities in 2009

By seizing the opportunity of being a “China Demonstration City for Service Outsourcing”, Guangzhou will boost the development of its modern service and service outsourcing industries, and evolve into the biggest service outsourcing hub in South China region while enjoying a domestically leading position and global prestige.

I. ITO
Measures will be taken to extend ITO businesses involving financing, telecommunication, E-business, online gaming, information data of corporate administration. The development of the applied systems, information system integration, management and maintenance of application programs research will be accelerated. Besides, the development of the next-gen internet technology based on IPv6 has been enhanced while the system application service covering Business Intelligence (BI), the value-added mobile, digital content, E-business platform, Office Automation (OA), electronic government affairs, as well as online gaming for PC, mobile phone and other mobile terminations, been upgraded. Likewise, supports should be rendered to boost the development of the design of integrated circuits for auto electronic, electrical controlling, digital TV, digital household appliances, intellectual instruments, digital controlled devices, and the like.

II. BPO
The investment promotion will be facilitated in the major fields such as financing data service, personnel administration and supply chain administration, etc. Other investment promotion will cover the services belong to such business process as aftersales service (including technical support, instruction on telephone and maintenance and repair), customer service and complaints and compensation handling. As the service industry opens its door wider to the outside and international service industries shift their outsourcing to other countries,
Guangzhou will make breakthroughs in importing service outsourcing projects by laying emphasize on attracting foreign investment in the knowledge-condensed offshore outsourcing businesses and encourage big foreign outsourcing projects with high technical level and promising industry-stimulating abilities to land in the city.

III. KPO
The development of rising KPO businesses will be facilitated, namely, the research and development industrial design, animation and gaming, the research and development of technology, intermediary consulting, accounting service, legal service, visual design, literature, performance design, advertisement design, architecture design, creative design and art work design, etc.

IV. Service Outsourcing Demonstration Bases
As the “China Demonstration City for Service Outsourcing”, Guangzhou will play its role well by vigorously promoting the investment environment and incentive policies for its service outsourcing industries, as means to attract the regional headquarters, research & development centers, service centers of multinational enterprises and world-renowned training organizations and consulting firms to drop their anchors in the city. The infrastructure constructions of its demonstration zones will be facilitated to better suit the development of service outsourcing enterprises. The specific focuses will be on the general environment including public traffic, telecommunication facilities, office blocks, accommodation condition and political measures. Meanwhile, the public technical service platform will be established to further upgrade functions of the parks. Guangzhou will take advantage of the comparative superiorities of Guangzhou Development Zone, Nansha Development, Tianhe Software Park and Huanghuagang Science and Technology Park to gather service outsourcing enterprises within the clusters, particularly the leading enterprises with reputable service outsourcing brands. Last but certainly not least, the city will speed up the construction and boost the development of a number of industrial park with distinctive features, including Guangzhou Design Habor, Haizhu Science and Technology Park, Panyu Hi-tech Ecological Park, Huangpu International Animation City, Conghua Animation Park and Huadu Airport Logistics Park.
Industrial Bases and Parks
Automobile Industry Bases

Guangzhou Automobile Industry Bases, with a planned area of 120 sq. km, comprises of three main parts, namely, eastern, southern and northern auto industry clusters. In September 2007, the city of Guangzhou was entitled of “State Auto and Auto Parts Export Base” by the Ministry of Commerce and the Development and Reform Commission. On March 2008, Guangzhou Municipal Government identified Huadu District, Nansha Development Zone, Guangzhou Development District, Panyu District and Zengcheng County-level City with “Guangzhou Sub-base of State Auto and Auto Parts Export Base.

Eastern Automobile Industry Cluster

I. Brief Introduction
Eastern Automobile Industry Cluster consists of the Automotive Base of Guangzhou Economic and Technological Development District, Huangpu Automobile Industry Park and Zengcheng Automobile Industry Base.

i. Automotive Base of Guangzhou Development District
Guangzhou Development District is only 22 km away from the Guangzhou downtown, 120 km to Shenzhen, 41 km to Guangzhou Baiyun International Airport, and 65 nautical miles from Hong Kong. Branch lines of Beijing-Kowloon Railway and Guangzhou-Shenzhen Railway stretch to harbors in the district. It is about 10 km to Huangpu New Port and to Guangzhou Bonded Logistics Park
respectively.
The Automotive Base of Guangzhou Development District, with a planned area of
20 sq. km, comprises Yonghe Economic Zone, Eastern Zone, Export Processing
Zone and eastern part of Guangzhou Science City. During the 10th 5-year-plan
period, 3.92 billion RMB yuan has been input into the Base, and another 3.5
billion RMB yuan will be poured for construction during the 11th 5-year-plan.
There are more than 120 companies specialized in vehicle and parts
manufacturing. Various world well-known automobile manufacturing enterprises
have invested and set up their branches there, including JATCO (engine
transmission), MARUJUN (engine shell), Ahresty (engine cylinder and gearbox
case), Junxing (combined instrument), APAC (car body), Showa (shock
absorber), Shindengen (igniter), Honda (car mould design and R&D), Enti’en
Yulong (Constant-velocity joint), Honeywell (brake), NHK-UNI SPRING
(damping spring), Omron (electronic lock), Liteon Electronic (GPS
navigation) etc.
Guangzhou Export Processing Zone, which is inside the Base, is the first export
processing zone in China qualified for complete vehicle projects, namely, the
export project of Honda Automobile (China) Company, the first phase of which
covers an area of 0.9 sq. km, boasts the output of 50,000 vehicles, all of which
are exported to European countries. The Guangzhou Global Purchase Harbor of
Auto Parts Supplies, located in Eastern Zone, has a total construction area of
about 460,000 square meters and a total investment of 980 million RMB yuan. It
incorporates such functions as international purchase of auto parts, exhibition and
transaction, logistics distribution, packaging and processing, e-commerce, and
has become an international purchase center gathering many auto parts brands
both home and abroad. The China Electric Science Institute (Guangzhou Vkan
Certification & Testing Institute), located in Guangzhou Science City, lies in the
front ranks among domestic profession of its scale. It provides public service
platform support of auto parts certification and testing for enterprises.
The Automotive Base of Guangzhou Development District will be built into an
international automobile industry base which incorporates manufacture, R&D,
certification and testing, trade and bonded logistics of automobile and spare parts.
ii. Huangpu Automobile Industry Park
Huangpu Automobile Industry Park lies in the east of Guangzhou at the intersection of Pearl River and Dongjiang River and is adjacent to Huanghu Port—one of the top-ten Chinese harbors. Being 120km to Shenzhen in the east, adjacent to the Pearl River in the south, 40km away from Baiyun International Airport in the north, and 65 nautical miles to Hong Kong, the park enjoys a convenient transportation with East Guangyuan Express Way, National Highway 107, Guangzhou-Shenzhen Highway, East Guangzhou Ring Highway, Guangzhou-Huizhou Highway and Guangzhou-Kowloon Railway passing through. Huangpu Automobile Industry Park covers a total area of 5 sq. km. Guangzhou Honda No. 1 Plant and Dongfeng Honda Engine Plant are located in the park. No. 1 Guangzhou Honda Plant has an annual production capacity of 240,000 passenger cars. Dongfeng Honda Engine Plant produces 360,000 engines per year, and will expand its production capability to 480,000. The development plan will be carried out to build Huangpu Automobile Industry Park into an automobile industry base incorporating manufacturing, sales, and distribution of automobile parts to provide auxiliary services for vehicle production and logistics.

iii. Zengcheng Automobile Industry Base
Zengcheng Automobile Industry Base lies in east Guangzhou, next to Guangzhou Development District. It is the place which must be passed from Guangzhou to Dongguan, Shenzhen and Hong Kong. The Base, with Guangzhou-Kowloon Railway running across in the south and Huangpu Port and Xintang Port near at hand, is situated in the advanced transportation network consisting of Guangzhou-Huizhou Highway, Guangyuan Express Way, Lixin Road, Xinxin Road and closely connected to Guangzhou-Shenzhen Highway, North Guangzhou Ring Highway, Guangzhou-Shenzhen Expressway, etc. It takes no more than 50 minutes to drive to Guangzhou Baiyun International Airport and Shenzhen Bao’an International Airport.

The total construction area of Zengcheng Automobile Industry Base is 22 sq. km, in which the Phase I takes up 6 sq. km. Over 80 auto and auto parts manufacturing companies scatter around the Base. Guangzhou Honda No. 2 Plant has accomplished its phase I construction with production capacity of 120,000
passenger cars, and phase II construction project will double the plant's annual production accordingly. Famous enterprises like Fuyao Glass, Japan Denso and Guangzhou Honda (Zengcheng) SP Logistics Center have already settled down here. An auto parts R&D and testing center is to be built jointly by Zengcheng Government, Hong Kong Auto Parts Industry Association and Guangzhou Non-ferrous Metal Institute for the purpose of providing public technical platform support for enterprises.

II. Development Priority in 2009
Eastern Automobile Industry Cluster gives priority to develop manufacturing of passenger cars and commercial vehicles, together with related manufacturing, trading and logistic businesses of auto parts. Its construction agenda includes the establishment of functional areas such as complete vehicle and parts manufacturing area, automobile research and development area, automobile logistic area, automotive test area and automobile exhibition area and so on.

Southern Automobile Industry Cluster

I. Brief Introduction
The Southern Automobile Industry Cluster comprises Nansha Development Zone Automobile Industry Base and Panyu Automobile Industry Base.

i. Nansha Development Zone Automobile Industry Base
Located in Nansha Development Zone in the south of Guangzhou, Nansha Development Zone Automobile Industry Base covers an area of 11.5 sq. km. It also resides in the geographical center of Pearl River Delta and is near the Pearl River Estuary. At present, Guangzhou Metro Line 4 has stretched to Nansha Economic and Technological Development Zone. Meanwhile, three transportation corridors have been set up in the zone, namely, the corridor consisting of Guangzhou South China Expressway, Yibin Road and Nansha Avenue, the corridor of Guangzhou-Shen Highway, Humen Bridge and Beijing-Zhuhai Highway and the corridor of 65km-long Southern Expressway from Nansha Port to Luntou.
Nansha Development Zone Automobile Industry Base is consisted of Block A and B. Block A has an area of 20 sq. km. Projects of Guangzhou Toyota are key programs, including projects of complete vehicle and engine manufacturing, Japanese electrical outfitting and FOMTEC auto parts manufacturing, as well as its subsidiaries engaged in auxiliary services of auto parts manufacturing, logistics and services. Guangqi Toyota Engine Co., Ltd. has achieved the yearly production of 600,000 engines, and Guangzhou Toyota Motor Co., Ltd. has realized an annual output of 260,000 passenger cars in Phase I, and will increase its output to 380,000 after Phase II is put into operation in 2009. By 2010 a yearly production capacity of 700,000 auto engines and 400,000 passenger cars will be formed respectively. Block B of Nansha Development Zone Automobile Industry Base, with an area of 1.5 sq. km, is a high-standard auto spare parts industry park. Enterprises that are to settle down inside the park may either purchase lands and build plants by their own, or make investments by leasing factory buildings. Currently there are already more than 10 auto spare parts enterprises inside there.

Nansha Development Zone Automobile Industry Base is close to the Guangzhou Nansha Bonded Harbor District, which has the functions of international transit, distribution, purchase, re-export and export processing, and enjoys relevant taxation and foreign exchange control policies subject to bonded areas and export processing zones. Once domestic goods enter the Harbor District, they will be treated as being exported and tax will be rebated to enterprises, thus providing strong support to international logistics distribution of auto and spare parts. Phase I and Phase II projects of Nansha Development Zone Port have already been completed. Besides, 10 container berths of 100,000dwt have been put into operation. As a result, the 6th-generation container vessels can now directly cast their anchor at Nansha Port. The state’s first automobile dock - Nansha Automobile Dock of Guangzhou Port, which occupies 420,000 square meters, is set up in the Base. It boasts a yard area of 370,000 square meters and 48 loading terminals, all of which could accommodate 3,600 cars at the same time. By establishing a smooth marine logistic channel for auto and auto parts, the dock has become the largest marine auto logistics hub in Asia.
ii. Panyu Automobile Industry Base

Panyu Automobile Industry Base is consisted of Auto Base of Modern Industry Park and Wanzhou Auto Parts Industry Park.

The Auto Base of Modern Industry Park is situated in Panyu Hualong Industry Zone. Bordering on Guangzhou Haizhu District in the north, Foshan and Zhongshan on the west and Nansha District to the south, it nestles in the centre of the “Guangzhou, Hong Kong and Macao Delta”. The base enjoys a convenient transportation advantage with nearby North Section from Guangzhou to Zhuhai in the Beijing-Zhuhai Highway, East Guangzhou 2 Ring Highway, Nansha Port Expressway and Huangpu Bridge. Guangzhou Higher Education Mega Center and Guangzhou New Town are next to the base. Panyu Automobile R&D and Manufacture Base of GAIG, which is located at this Park, covers an area of 1.5 sq. km with the gross investment of 6.8 billion RMB yuan. The research and development area in the base occupies 0.3 sq. km with the investment of 3 billion RMB yuan. And the manufacturing area takes up 1.2 sq. km. The Phase I investment was 3.8 billion RMB yuan. The auto plant of Panyu Automobile R&D and Manufacture Base of GAIG will realize a yearly production of 100,000 cars during Phase I, and 200,000 cars during Phase II. The engine plant will realize a yearly production of 100,000 during Phase I and 250,000 during Phase II. The first products will be three-compartment senior and high class sedans with the characteristics of safety, environmental protection and energy saving, and will be put onto the market in 2010. In order to further strengthen international competitiveness and sustainable development ability of Guangzhou’s automobile industry, Panyu Automobile Researching & Development and Manufacturing Base of GAIG, with Automobile Engineering Research & Development Institute as the leading force, undertakes the responsibility for research and development of independent technologies and independent-branded passenger cars, for supply of a range of complete vehicles, engines and transmissions for GAIG Independent-branded Manufacturing Base, and for development of core industry technologies synchronous to the international level. Wanzhou Auto Parts Industry Park, with a planned area of 1.77 sq. km, lies in the south of Panyu, and includes such world well-known enterprises as
Guangzhou KOITO Car Light Co., Ltd. and Guangzhou Kawasaki Steel Products Co., Ltd. etc.
Panyu Automobile Industry Base owns nearly 50 automobile and spare parts enterprises such as Guangzhou South China Rubber Tire Co., Ltd., Panyu Vtrek Car Audio Equipment Co., Ltd., Guangzhou Langqing Electric Vehicle Co., Ltd. etc. Through integrated utilization of domestic and foreign resources, the Base will be built into a comprehensive research & development and manufacturing one which enjoys the functions of designing, developing, testing and manufacturing complete vehicles, power assemblies and key auto parts.

II. Development Priority in 2009
In Southern Automobile Industry Cluster, Nansha Development Zone Automobile Industry Base will take Guangzhou Toyota Motor Co., Ltd. as a key project, and take R&D and manufacture of complete car and spare parts as development priority, together with related service industries like auto logistics and trade etc. Panyu Automobile Industry Base will lay emphasis on supporting GAIG Manufacture Base to develop independent-branded passenger cars and power assembly products.

Northern Automobile Industry Cluster

I. Brief Introduction

i. Huadu Automobile Industry Base
The planned area of Huadu Automobile Industry Base amounts to 50 sq. km with Phase I area taking up 15 sq. km. Located in the northwest of Guangzhou, the Automobile Industry Base enjoys a convenient transportation. It also lies at the intersection of National Highway 105, 106 and 107, Beijing-Zhuhai Highway, Beijing-Guangzhou Railway, Pearl River Delta Outer Ring Highway and North Guangzhou 2 Ring Highway. Besides, North Railway Station of Guangzhou is in
the Huadu District. Moreover, Guangzhou Metro Line 9 completed in 2013 will join the northern extension of Metro Line 3 to connect Huadu Bus Station, Baiyun International Airport and Guangzhou downtown. Huadu Port nearby is able to handle 100,000 dwt standard cargos and 850,000 dwt bulk cargos per year. The Baiyun International Airport, one of the top three airports in China, is within the jurisdiction of Huadu District.

Huadu Automobile Industry Base has attracted some 110 projects involving automobile business including Global Top 500 companies such as Nissan, YOROUZ Auto Parts, UNIPRES Stamping, HITACHI and Calsonic Kansei, etc, among which Dongfeng Nissan Passenger Vehicle Company has a production of 360,000 vehicles per year and a project of 240,000 engines. Dongfeng Nissan Passenger Vehicle Technology Center is the third overseas R&D center of Nissan. In addition, Guangzhou Automotive College of South China University of Technology lies in the science and education area of the Base. With a total investment of 600 million RMB yuan, a construction area of 360,800 square meters, and a scale of 15,000 full-time undergraduates majoring in automobile, the College’s subjects cover auto manufacture, trade, marketing and repair etc, enabling it to provide abundant human resources for auto industry. By 2010, Huadu’s production capacity of complete car will reach 500,000, with an auto industrial output value of 100 billion RMB yuan.

ii. Conghua Vehicle and Auto Parts Industry Base

Located in Pearl Industrial Park of Conghua Economic and Development Zone, Conghua Vehicle and Auto Parts Industry Base is a new manufacturing base for complete vehicles and auto parts. Being close to National Highway 105 and 106, Beijing-Zhuhai Highway and Jiebei Highway, it enjoys an advantaged transportation network. The industry base is 60km away from downtown, 30km from Guangzhou Baiyun International Airport and 70km from Huangpu Port. Its gross planned area is 12.67 sq. km, among which the Phase I construction covers an area of 6.67 sq. km. With land and infrastructure being developed simultaneously, enterprises will be guaranteed in the base infrastructure of “seven supplies and one leveling” (supplies of traffic, water, electricity, gas, heat, drainage, telecommunications and land levelling) and related service facilities of
warehousing, logistic, port, production matching and investment, etc. With highly developed transportation network, superior investment environment and friendly preferential policies, the base has been attracting global investors at large.

The construction of the manufacturing plant of Sino-Japan joint venture Guangqi Hino Motors Ltd. has begun in the base with a gross investment of USD 414 million. The plant, specialized in high-level heavy trucks and tractors, occupies an area of 1.06 sq. km. Following completion of its Phase I project in the middle of 2009, the plant will boast the production capacity of 20,000 heavy trucks and 30,000 light trucks per year. At present, over 10 auto parts companies are located in the base and have been put into production, such as Wanli Tire, Koansi Fitting, Wandun Power and Kun Auto part, etc.

**II. Development Priority in 2009**

In Northern Automobile Industry Cluster, with Dongfeng Passenger Vehicle Company as the leading force, Huadu Automobile Industry Base emphasizes research and the manufacturing of auto parts and the related service industries. The Base will develop complete vehicle and manufacturing area, auto parts industry park, automobile trade service area, automobile logistic area, automotive college, automobile research and development area, motorcycle and spare parts manufacturing base and supplementary facilities. Conghua Vehicle and Auto Parts Industry Base will accelerate the manufacturing of commercial vehicles. Emphasis will be laid on high-level heavy trucks, tractors, radial tires, seats, air conditioners, interior decorating pieces, stamping parts and automobile lamps so as to develop itself into a modern industry base specialized in research and development of commercial cars, trucks and their parts.
Shipbuilding and its Equipment Industrial Bases

The planned area for Guangzhou shipbuilding and equipment industrial base is 12 square kilometers, which consists of CSSC Guangzhou Longxue Shipbuilding Base, CSSC Guangzhou Dagang Ship Equipment Industrial Base, Guangzhou Shipyard International Industrial Park Zone, and Huangpu Shipbuilding Industrial Park Zone. As is indicated in the Long-Term Development Plan for Shipbuilding Industry approved by the State Council in 2006, the Pearl River Estuary Area with Guangzhou as the mainstay has been listed as one of the three major national modern large-scale shipbuilding bases. In terms of the “Outline of the Reform and Development Plan for the Pearl River Delta Region”, which was approved by the State Council in December, 2008, this area will be built into a large-scale base for ship repair and shipbuilding at world level.

I. CSSC Guangzhou Longxue Shipbuilding Base
ii. Brief Introduction

CSSC Guangzhou Longxue Shipbuilding Base is located on Longxue Island, 70 kilometers away from the city center, 38 nautical miles away from Hong Kong, and 41 nautical miles from Macau. Main highway of Longxue connects it to Beijing-Zhuhai Highway.

The Base was formally constructed since Sept. 25th, 2004 by building dykes and landfill. It has 4.5 kilometers of shoreline, 1.3 kilometers to its heart from the border, four berths, and a total planned land use of 4.33 square kilometers. The Base is divided into three major functional areas: civilian shipbuilding products
area, ship repairing area, and oceanographic engineering area.  

(i) **Civilian Shipbuilding Product Area**  
It occupies an area of 2.47 square kilometers with a total investment of 6.2 billion RMB yuan. In March 2008, it started its construction of two shipbuilding dry docks for ships of 300,000 tonnage, with large-scale oil tankers, container carriers, ore ships, and liquefied gas carriers as its main building task. The first-phase building goal sets an annual output of 20 ships and an annual shipbuilding capacity of 2.12 million tons. After the completion, it will upgrade Guangzhou’s current shipbuilding capacity of 35 thousand tons per ship to 300 thousand tons per ship. The second phase completion will further generate a shipbuilding capacity of 3 million tons.  

(ii) **Ship Repairing Area**  
It occupies an land area of 0.5 square kilometers with a total planned investment of 1.5 billion RMB yuan. The main purpose is to repair and remold ships of 70-300 thousand tons. The annual repaired ships amount to 140 with an output value of 1 billion RMB yuan.  

(iii) **Oceanographic Engineering Project Area**  
It occupies a land area of 1.18 square kilometers with a total investment of 1.2 billion RMB yuan. After completion, it will help increase the competence to build and repair special transportation ships, ocean engineering ships and platform.  
Besides, other projects such as large-size machinery processing, marine deck machinery and, oceanographic engineering machinery occupy a land area of 0.18 square kilometers with an investment of 550 million RMB yuan, forming a production capacity of manufacturing 62 sets of ship rudder axis system and 352 sets of ship deck machinery and offshore platform cranes, with annual output value being 600 million RMB yuan.  

**ii. Development Priority in 2009**  
Priority will be given to the construction of large-scale oil tankers, container carriers, ore ships, liquefied gas ships, and special task boats, as well as repairing and remolding relevant large boats so as to develop into a large base for shipbuilding and repairing at the world level.
II. CSSC Guangzhou Dagang Ship Equipment Industry Base  
i. Brief Introduction  
The Base is located in Dagang Township in Panyu District of Guanzhou with a land area of 5.7 square kilometers. In June 2008, the government of Guangzhou signed an agreement with CSSC to establish a large-scale ship equipment industry base with advanced world level in Dagang Township, Panyu, with total investment being 27 billion RMB yuan. The main purpose is to serve construction projects at CSSC Guangzhou Longxue Shipbuilding Base and create an annual output capacity of 1000 marine diesel engines of 10 million horse power, thus forming an equipment industry base that combines the manufacturing of marine low-speed, medium-speed diesel engines, marine auxiliary machines, and boat central products as a whole. It is anticipated that by 2011, the base will be formally put to production and will become the largest diesel engine equipment production base of our country after its completion, thus filling up the gap that no marine low-speed diesel engine is produced in South China region. 
CSSC Guangzhou Dagang Ship Equipment Industry has five planned functional bases:  
(i) Marine Low-speed Engine Production Base  
It occupies a land area of 1.25 square kilometers and a total investment of 13 billion RMB yuan with an annual machinery output of 10 million horse powers. It has production and equipment facilities like general assemblage, pre-assemblage, testing center, large and middle sized parts processing, aggregation and distribution center, and pipe workshops. Its first-phase project turns out total machines of 5 million HP with an investment of 6.5 billion RMB yuan.  
(ii) Marine Low-speed Diesel Engine Crankshaft Production Base  
It has an area of 0.2 square kilometers with an investment of 3 billion RMB yuan to produce 400 low-speed crankshafts annually for large-scale boats. The first-phase project occupies 100 thousand square meters with an investment of 1.5 billion RMB yuan and an annual output of 200 low-speed diesel engine crankshafts. It will also set up production workshops, corollary equipment for production, environmental protection facilities, and outdoor public works.
(iii) **Large-power Marine Medium-speed Diesel Engine Production Base**

With an occupation of 0.8 square kilometers, the base has a total investment of 1 billion RMB yuan and an annual output of 1000 large-power medium-speed diesel engines. It also sets up marine medium-speed engine processing workshops, and general assemblage testing platform, a terminal assembly experiment workshop, machine processing and manufacturing workshop, equipment production facilities, environmental production facilities and outdoor public works.

(iv) **Diesel Engine Parts Production Base**

With an area of 0.65 square kilometers, the base possesses a total investment of 5 billion RMB yuan and a main purpose to produce equipment or parts for the diesel engine project in South China. It helps to form the aggregation of key diesel engine parts production industry enterprises.

(v) **Other Diesel Engine Corollary Products Production Base**

The base occupies a land area of 2.8 square kilometers and a total investment of 5 billion RMB yuan, mainly producing marine auxiliary machines (cranes, rudder machines, anchor machines), marine cabin machinery, rudder axle system, pipeline system, and middle boat products (cabin covers, superstructure, ca, etc cabin units). Its annual output of processed steel materials will be 50 thousand tons.

In addition, an oceanographic engineering district is also planned within Dagang Large-scale Equipment Industry Base. It will be mainly used to develop offshore oil drilling platforms, production platforms, all kinds of auxiliary ships for oceanographic engineering, and critical system and modules.

**ii. Development Priority in 2009**

Priority should be given to the development of large-power low-speed diesel engines, medium-speed diesel engines, engine crankshafts, critical parts, marine auxiliary machines, marine cabin machines, rudder axle systems, marine pipeline systems, middle boat products, and other critical corollary equipment.

**III. Guangzhou Shipyard International Industrial Park**

i. **Brief Introduction**

The Park is located within the company area of Guangzhou Shipyard International
Co. Ltd., Liwan District with the Pearl River to its east and a land area of 0.58 square kilometers. It possesses two ship stocks of 60 thousand tons, one of 50 thousand tons, and one dock of 50 thousand tons and mainly engages in the construction of liquid product ship (mainly oil tankers), dry product ships, ro-ro ships, ro-ro passenger ships, hydrofoils, columns, port machinery, and large-scale steel structures. It also goes in for ship repair service, and its products are mainly exported to US, Europe, Middle East, and Hong Kong with an annual shipbuilding capacity that turns out 18 ships with the capacity of 30-60 thousand tons.

ii. Development Priority in 2009

Endevors will be topped to take liquid product ships as its core business and dry product ships as supplementary business to develop large scale vessels of high added values such as ro-ro ships and ro-ro passenger ships.

IV. Huangpu Shipbuilding Industrial Park

i. Brief Introduction

Huangpu Shipbuilding Industry Park consists of mainly the factory area of Guangzhou Wenchong Shipyard and that of CSSC Guangzhou Huangpu Shipbuilding Co. Ltd.

ii. Factory Area of Guangzhou Wenchong Shipyard Co.

The factory area is located in Guangzhou Huangpu District, 20 kilometers to the east of the city center between the new Huangpu Port and the old Huangpu Port with convenient transportation by land or waterway. The factory area occupies a land area of 0.7 square kilometers, of which 0.45 square kilometers is for shipbuilding and 0.25 square kilometers, for ship repairing and has a shoreline of one kilometer's length with one dry dock of 150 thousand tonnage together with the one of 75 thousand tonnage, and one ship platform of 25 thousand tonnage.

Within the factory area of Guangzhou Wenchong Shipyard are Guangzhou Wenchong Shipyard Co. Ltd and Guangzhou Wenchong Ship Engineering Co. Ltd.. The former is a large-scale shipbuilding and heavy industry manufacture enterprise subordinate to China State Shipbuilding Corporation (CSSC). It will produce annually 19 ships of branch-line container ships under
3500TEU, dry bulk product ships under 75 thousand tons, and other large-medium sized dredgers. Guangzhou Wenchong Ship Engineering Co. Ltd, which was established by the joint funds of Guangzhou Wenchong Shipyard Co. Ltd, Hong Kong Yuanhang Group and CSSC Guangzhou Ship Industry Co., engages mainly in ship repairing and remolding business. It has an annual repairing capacity of 140 ships of all kinds under 200 thousand tonnage.

iii. Factory Zone of Guangzhou Huangpu Shipbuilding Co. Ltd.

The factory zone of Guangzhou Huangpu Shipyard Co. Ltd. is on the Changzhou Island in the Huangpu District of Guangzhou and abuts the famous Huangpu Military Academy, with Huangpu Port on its north and Guangzhou Higher Education Mega Center to its south, thus possessing an advantageous geographical location. It covers an area of nearly 0.7 square kilometers with 3 kilometers of shoreline, 900 meters of length of the dock, and 6-9 meter’s water depth. It has one floating dock of 20 thousand tonnage, one floating dock of 5000 tonnage, and a dry dock.

Subordinated to CSSC, CSSC Guangzhou Huangpu Shipbuilding Co. Ltd. has a history of 160 years, the earliest shipbuilding enterprise of country. It is an important base in South China for constructing and repairing boats like bulk boats, oceanographic engineering ships, professional rescue boats, aluminum high-speed boats, semi-submersible vessels, pleasure boats, oceanographic engineering ships, anti-smuggling ships, and sea cruisers. It has the capacity of constructing dry product ships under 30 thousand tonnage and complete every year the repairing and remolding of a hundred ships.

iv. Development Priority in 2009

It prioritizes the development of branch-line container ships, bulk ships under 30 thousand tonnage, large and medium sized dredgers, special boats, and other high performance ships, and the repairing of all kinds of ships.
Bio-pharmaceutical Industry Bases

Since Guangzhou was identified as the state bio-pharmaceutical industry base by the nation, after several years' development, five bio-pharmaceutical industry clusters with different characteristics in Guangzhou Development District, Baiyun, Panyu, Nansha and Conghua have taken shape.

I. Bio-Pharmaceutical Industry Base of Guangzhou Development District

The Bio-Pharmaceutical Industry Base of Guangzhou Development District is consisted of two core districts - Guangzhou Science City and Guangzhou International Bio-island, with a planned area of 14 sq. km.

Guangzhou Science City, taking up the planned area of 12.19 sq. km, is made up of three major parts-Industrial Zone Phase I (with an area of 1.87 sq. km) and Phase II (9.02 sq. km) and the Incubation Service Center (1.3 sq. km). It mainly serves as the transformation and industrialization of the medical achievements. There are 25 bio-pharmaceutical R&D agents inside the Base, including 10 high level R&D enterprises and agents such as Guangzhou Institute of Biomedicine and Health under Chinese Academy of Science, Guangzhou Microbiology Institute, National Engineering Research Center of Genetic Medicine, South China Sea Engineering Research Center of Marine Biotechnology, Industrialization Base of Southern Medical University, etc. They have all established their R&D and pilot test bases. Guangdong Microbiology Institute under Chinese Academy of Science has even set up its industrialization
base of technical results. Meanwhile, Guangzhou Science City has gathered a large batch of bio-pharmaceutical enterprises such as Xiangxue Pharmaceutical, Green Cross Pharmaceutical and Consun Pharmaceutical etc, each of which has an output value of nearly 100 million RMB yuan, owns independent-developed products, and boasts sustainable innovation ability, thus a pharmaceutical cluster of Guangzhou is basically formed.

Guangzhou International Bio-island, with an area of 1.8 sq. km, lies on Guanzhou Island in the southeast of Guangzhou and is formed by the intersection of Pearl River's main channel and subordinate channel. The layout is divided into scientific research and production district, technology and living service district and residential area. The construction of International Bio-island, consisting of three phases, is expected to be completed in 8 to 10 years. Guangzhou International Bio-island is positioned as the platform for leading international biotechnology research & medium test, cluster for headquarters of biology enterprises and biology service sector, as well as innovation and headquarter center for South China Biology industry. Currently the infrastructure construction of Guangzhou International Bio-island is being steadily carried forward.

**Development Priority in 2009**

With the aim of building Guangzhou Science City into an important bio-technology industrialization base in China, priority will be given to the construction of Biotechnology Industry Park of Guangzhou Science City, to the introduction of regional headquarters and R&D centers of Global 500 biology enterprises, headquarters and R&D centers of domestic 50 biology enterprises, large biology enterprises at home and abroad, R&D institutions with certain level, biology service enterprises and institutions. The purpose is to build the Park into the leading international bio-technology research, medium test and industrialization base.

**II. Baiyun Bio-medicine Base**

Bio-medicine is one of the pillar industries of Baiyun District. Within the District, there are 96 bio-medicine manufacturers like Baiyunshan Pharmaceutical, Baiyunshan Hutchison Whampoa Ltd. of Chinese medicine, Wong Lo Kat,
Masson, Jing Hao, Sinobioway etc, and 48 higher education institutions and research organizations like Southern Medical University, Guangzhou University of Traditional Chinese Medicine, Guangdong Institute of Material Medical, Southern Medicine Economic Institute of National Food Administration, Science & Technology Park Co., Ltd. of Guangzhou University of Traditional Chinese Medicine, Guangdong Southern Fringe Rehabilitation Research Center of Chinese Medicine, Guangzhou Research Institute of Renewable Resources Application etc. Baiyun Bio-Medicine Base is consisted of three parts, namely, Guangzhou Baiyun Bio-medicine and Health Industry Base, Baiyun Liuxi Bay Bio-Port of Guangzhou, and Guangzhou Helong Biological Services Base.

Guangzhou Baiyun Bio-Medicine and Health Industry Base is situated in Zhongluotan Town of Baiyun District, covering a planned area of 8.56 sq. km. Nine functional divisions are planned in the base, i.e., the management service area, the products research and development area, the enterprises incubation area, the scale production area, the commercial display area, the logistics distribution area, the education and training area, the medical care area, and the residential area. With the industrialization of biology technology as the focus, it is to be built into a comprehensive industrial base that combines modern logistics system for biological products with biological medicine manufacturing.

Baiyun Liuxi Bay Bio-Port of Guangzhou, covering an area of 0.22 sq. km, is invested by Sinobioway Group. For the better service of its focus-bio-technology research & development and bio-product industrialization. The port is scientifically divided into four centers, and three warehouses and one auxiliary service area, namely, Bio-Intelligence Research and Development Center, Bio-Technology Product Marketing Center, Medicine Research and Development Center, Molecular Breeding Center, Bio-Technology Product Warehouse, Biological Knowledge Base, Biological Brain Bank as well as the Auxiliary Service Area. It is to be built into a base that emphasizes on research and development of bio-technology and products including the marketing.

Guangzhou Helong Biological Services Base lies within the region of Helong Reservoir in Taihe Town of Baiyun District, taking up a gross area of 3.7 sq. km. It is famous for its International Bio-Economy Forum. The base features bio-
products exhibitions, bio-information consultation, exchanges between and training for biotechnology professionals and clinical service. It is divided into three zones: the site of International Bio-Economy Forum, International Bio-Product Exhibition Area and Comprehensive Service Area.

Development Priority in 2009

The first is to speed up the construction of Baiyun Liuxi Bay Bio-Port and Guangzhou Baiyun Bio-Medicine and Health Industry Base. The aim is to form a bio-medicine R&D platform with domestic leading level, and to nurture a batch of large groups with strong innovation ability, by positively cooperating with domestic leading bio-medicine enterprises like Guangzhou Pharmaceutical Holdings Limited, Sinobioway etc. The second is to introduce medical service projects so as to form the medical enterprises cluster. The third is to integrate medical circulation resources like Huangjinwei Logistics Center, with the purpose of establishing a Guangzhou-based medicine logistic network covering the whole South China area.

III. Panyu Bio-medicine Base

Panyu Bio-medicine Base is composed of two parks in Hualong and Dashi. Hualong Park in a modern industrial park located in Hualong, a northeast town of Panyu. By taking advantage of the Guangzhou Higher Education Mega Center strengths in technology and human resources, the 123 hectares-large park is positioned as the transformation base for the high-tech achievements of Guangzhou Higher Education Mega Center. Dashi Park is a bio-medicine production base in Dashi, the northeast part of Panyu. Occupying around 200 thousand square meters, it is positioned as a research and development base of bio-medicine.

Bio-medicine industry has a good foundation in Panyu, particularly in western medicine, Chinese patent medicine, healthy products and medical instruments businesses. The district has large-scaled medical enterprises like GMP, Pan Gao Shou, Baidi, Lichun, Well Lead. In 2008, ten subsidiaries of Guangzhou Pharmaceutical Group dropped their anchors in the Panyu Park of National Biological Industry Base. They planned to form the Guangzhou Pharmaceutical Industrial Park, which involves 1.68 billion RMB yuan of investment. The
project, with an expected production output of 13 billion RMB yuan, is to be completed by 2012.

In order to attract more prestigious multinational pharmaceutical enterprises and high-tech medical corporations, support will be extended by Panyu in various aspects like policies, talents, information, technical service and auxiliary facilities to provide a broad development space for them.

**Development Priority in 2009**

The existing large-scale medical enterprises will remain as the crucial pillars of the base. In addition to further accelerating various infrastructure constructions, the base will frame more favorable policies to attract powerful international and domestic medical enterprises to settle their plants and introduce their projects. A group of large-scaled medical enterprises with low energy consumption, lucrative profits, high technical content, strong competitiveness and own intellectual properties have settled down. It is also the base’s task to speed up the development of Panyu’s bio-medical industry, and facilitate Guangzhou’s medical industry to grow into a high-tech, condensed and high value-added industry.

**IV. Nansha Bio-medicine Industry Base**

Nansha Bio-medicine Industry Base boasts both a start-up zone of 0.12 sp. km and a development planning zone of 293 sp. km. Building A2, A3 and A4 of Nansha Science & Technology Innovation Service Center have been completed and put into use. The center, with the floor area of 20,000 square meters and a construction area of 25,000 square meters, is used both as the venue for biomedicine research, development and manufacturing. Enterprises already settled down include Lonza Guangzhou Nansha Ltd., whose bio-medicine R&D center comprises 14 laboratories and owns the most completed bio-medicine laboratory group and the most advanced experimental instruments and facilities in South China. Another famous enterprise is Guangzhou Shenda Biopharmaceutical, whose project of rabbit monoclonal antibody immune chemical reagents has been completed and put into operation. Besides the project of stem cells and regenerative medicine, research is being advanced on schedule. The development-planning zone is mainly used to develop biological agriculture,
within which there are two biological breeding projects.

**Development Priority in 2009**

Firstly, efforts will be used to introduce a number of the world’s leading bio-medicine technology research & development institutions and biopharmaceutical companies, by grasping the opportunity of industrial adjustment and transfer of world bio-medicine, and relying on the advantage of Guangzhou being the national pharmaceutical export base. Secondly, it is our initiatives to introduce domestic and foreign bio-medicine technique research & development institutions to Science & Technology Innovation Center and Industrial Technology Research Institute and encourage them to set up their research centers in the area. Thirdly, headways will be intensified to strengthen the investment attraction efforts targeting leading bio-medicine enterprises and launch investment promotion campaigns in related fields for a further of the industry chain.

**V. Conghua Bio-medicine Base**

Conghua Bio-medicine Base is located in beautiful Medicine Valley of Spring Town and in Block B of Pearl Industrial Park of Conghua, in which 2.13 sq. km is used for the medicine industry and 1.87 sq. km for the cosmetic industry. The overall planning for the base has been worked out. According to the plan, the base will be constructed in three phases. At present, a number of medicine research and development institutions and manufacturing enterprises with independent IPR. The institutions with leading technology in the country, or even in the world, have been introduced into the Base, including TCM Research and Development Center of Guangzhou Pharmaceutical Holdings Limited, LifeTech Pharmaceuticals Ltd, Jiahe Pharmaceutical Co. Ltd, Xiangqiang, and Zhenhe, etc.

**Development Priority in 2009**

Firstly, it is our effort to focus on Chinese patent medicine, biomedicine and chemical medicine, advance the tourism industry and accelerate agricultural planting and processing of Chinese herbal medicines by taking the advantage of its
sound industrial foundation and the reputation as “Capital of Hot Spring”. Secondly, strives will be made to pay close attention to attract enterprises in the key industrial fields such as cosmetic, pharmacy and fine chemistry. The aim is to build a modern and gardenlike medicine industry base which combines research & development, manufacturing & sales and industrial culture as a whole.
Headquarters Economy Business Districts

According to the relevant requirements from Guangzhou Urban Overall Plan (2010-2020) and the “Eleventh Five-Year Plan” of Guangzhou Modern Service Industry Development, the overall layout of Guangzhou Headquarters Economy Business Districts has changed its structure from locally scattered development into center-outer ring development. Currently Guangzhou’s headquarters economy has formed certain clusters with over 70 percent headquarter enterprises gathering in Yuexiu, Tianhe and Luogang districts. The Huanshi East, Tianhe North, Zhujiang New Town, Pazhou and Guangzhou Science City have become headquarters-related clusters with sound development.

I. Huanshi Dong-Dongfeng Road Central Business District

Located in Guangzhou downtown, Huanshi Dong-Dongfeng Road Central Business District owns a sophisticated business atmosphere and the most complete business facilities. Covering an area of 4.4 square kilometers, the district centers around the to-be-built Garden City Square, connecting Shuiyin Road in the east, Luhu Road in the west, Hengfu Road in the north and Dongfeng Road in the south. With Huanshi Dong Road as the principal axis, class A office buildings like World Trade Center, Electronics Plaza, Xi’an Plaza, Guangzhou Peace World Plaza as well as hotel-style office buildings such as Garden Hotel, Holiday Inn, International Hotel Guangdong, Baiyun Hotel and Ocean Hotel, scatter along Huanshi Dong Road, Jianshe Road, Jianshesan Road, Jiansheliu Road, Xianlie Road and Dongfeng Road. The enterprises gathering in this district include the
Global Fortune 500 enterprises’ divisions and headquarters of financial service institutions and foreign consulates in Guangzhou. A total of 31 out of Global Fortune 500 enterprises have set up their regional headquarters or divisions there, for example, Disneyland, KFC, Shell, Siemens, Philips, Olympus and PWC. Meanwhile, about 10 foreign consulates general reside here, half of the total in Guangzhou.

Development Priority in 2009
The first is to push forward the functional upgrading of Huanshi Dong-Dongfeng Road Central Business District, by taking the construction of Garden City Square and Innovation Avenue of Xianlie Road Central as an opportunity. The second is to lay stress on the development of headquarters economy concerning business and trade information service, intermediary service, culture and press etc. Further efforts will be made to promote the cluster of transnational companies’ regional headquarters and domestic leading companies’ headquarters to form a high class central business district with prominent functions of headquarters economy and complete facilities for business and living. The aim is to build it into a landmark of international headquarter cluster in Guangzhou.

II. Tianhe North Central Business District
Tianhe North Central Business District is located along the central axis of Guangzhou new city. More than 20 first-class office buildings, such as Metro Plaza, Center Plaza, Goldlion Building, Sinopec Building and Teem Plaza, center around CITIC Plaza, the landmark of this area. The district will provide nearly 1 million square meters of business venues, making it an important carrier of Guangzhou headquarters economy.

Nearly 40 regional headquarters or flagship branches of financial institutions are gathered in the area, i.e. Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Shanghai Pudong Development Bank, Hang Seng Bank, Bank of East Asia, HSBC, Citibank, Deutsche Bank, Sumitomo Mitsui Banking Corp, Ping An Life Insurance Company and Citic-Prudential Life Insurance Company. They are settled near Tianhe Bei Lu and Tiyu Dong Lu, capable of providing strong financial services
for different companies' headquarters around. As a mature headquarters economy cluster, quite a few big commercial venues have been stationed there around Tianhe Sports Center including Grandview Plaza, Grandcity Plaza, Teem Mall, Zhongyi Store of Grandbuy, Victoria Plaza and Guangzhou Book Center. The business area is 890,000 square meters, facilitating millions of visitors from home and abroad to conduct sightseeing and shopping. The district boasts several stations and interchanges of Metro Line 1 and Line 3 as well as a large-scale bus hub. The booming business environment and convenient traffic turn the district into an excellent consumption and distribution center, where people can enjoy shopping, food, tourism, culture, sporting and leisure. As a result, this district has created a favorable atmosphere and environment for enterprises to settle their headquarters to develop headquarters economy. In the years to come, with the completion of commercial projects and office building clusters like Taikoo Hui, Wanling Hui, Grandview-Marriott Hotel and Mandarin Oriental Hotel, this district will be highly promoted in its business functions and cluster effect.

Currently, more than 40 regional headquarters or branches of Global 500 enterprises have gathered around Tianhe North Road. For example, a total of 400 companies, including 20 of the Fortune Global 500 multinational companies like IBM, BP, Rhine Technical Supervision, HSBC Software Development, Lucent Technologies, Nokia, Nike, EMC, Toyota Tsusho Corporation etc have set up their offices in CITIC Plaza.

**Development Priority in 2009**

Focus will be laid on the development of headquarters economy concerning financial insurance, information service, business service etc by means of mature international business environment and complete facilities. Further efforts will be made to promote the cluster of transnational companies' regional headquarters and large enterprises' management centers, payment settlement centers and marketing centers. Accelerate the construction of luxury hotels, so as to make this district the most dynamic function zone of headquarters economy on the new central axis of Guangzhou city, which will provide more suitable development room and more professional international service for headquarters enterprises.
III. Central Business District of Zhujiang New Town

Lying across the central axis of the new urban area of Guangzhou, Zhujiang New Town covers an area of 6.5 square kilometers. It includes the area between the east of Guangzhou Dadao, the south of Huangpu Dadao, the west of Huanan Express Way and the north of Pearl River. The Financial Business Area is the very core of the CBD. It borders Huaxia Road to the west, Xiancun Road to the east, Huangpu Avenue to the north and the Pearl River to the south, taking up a gross area of 1.4 square kilometers. Up to 39 projects varied in upscale office blocks and hotels are planned to be built within the business area, all of which will occupy 4,600,000 square meters. At present, 10 business towers such as Hejing Finance Plaza and the Provincial Agricultural Bank have been put into use. The Ritz-Carlton Hotel and Grand Hyatt Hotel have opened for business. Other 20 or so projects like Guangzhou International Finance Center (West Tower), CMMC Building, Provincial Tobacco Building are under construction or design. On top of that, many governmental departments and corporations located their institutions and headquarters here in the CBD, including real estate trading center, Guangzhou Customs Office, Guangzhou Municipal Affairs Center, Guangzhou Municipal Bureau of Finance, Chow Sang Sang Jewellery and China Unicom.

Over the recent years when the government has released a series of guidance policies to foster the development of the finance industry, an increasing number of corporate headquarters have settled in the Zhujiang New Town CBD, especially financial institutions. A booming prospect for the industry is shown. Currently, a total of 28 domestic and foreign financial corporate headquarters have rooted their businesses in the CBD, including Agricultural Bank of China, Sumitomo Mitsui Bank, Standard Chartered Bank, Pacific-Antai and UnHua. They have been already rewarded or will be soon rewarded relevant awards from the government for their settlement. As Central Plaza of Zhujiang New Town and the twin towers are completed, various kinds of infrastructure will gradually be perfected and government support, be intensified. Zhujiang New Town is bound to grow into a regional finance hub. It will spur the development of modern service businesses, such as trade, logistics, accounting, legal affairs and
intermediary services.

**Development Priority in 2009**
The CBD will concentrate on promoting the development of finance industry. It will continue to facilitate regional headquarters of multinational enterprises and national enterprises in clusters in order to invigorate the headquarters economy. A group of modern office blocks is planned to construct right at the central axis of Guangzhou as a landmark of the city's headquarters economy. The aim is to make it as a resource distribution hub and cultural exchange base which integrates a variety of functions covering finance, trading, business, recreation, foreign affairs and tourism.

**IV. Pazhou Headquarters Cluster**
Lying southeast to the Guangzhou Downtown and next to the Zhujiang New Town CBD, the Pazhou cluster is located in the Pazhou Island to the east of Haizhu District. It sits right on the urban-rural transition belt in the new layout of Guangzhou. The Block B and C of Pazhou Complex for China Import and Export Fair were completed in 2008, stretching the area of the complex to 820,000 square meters, with a total construction area of 1.1 million square meters and exhibition area of 340 thousand square meters. Very few exhibition complexes around the world can match with the Pazhou Complex in scale. In the same year, the 104th Canton Fair was held in Pazhou entirely. By occupying an exhibition area exceeding 1.1 million square meters, this session of Canton Fair was ranked top worldwide. Today, Pazhou has become more and more famous in South China region, distinguishing itself by busy business activities, condensed commercial exhibitions and promising advantages of high-end service industries.
Pazhou Headquarters Cluster is gradually becoming a strategic zone for international business. A number of renowned giants have come to accommodate the cluster, with the offices settled like Sodexho, GISE, Poly Real Estate, Guangzhou Daily, and so on.

**Development Priority in 2009**
The cluster will take advantage of the favorable time as Canton Fair is fully moved into Pazhou International Exhibition Center, to enhance the brand of “Canton
Fair”. By exerting the influence of Pazhou, the famous exhibition area, it will form an ideal industrial pattern with exhibition industry as a core, and clusters of relevant auxiliary industries, upper and lower stream industries have been formed around. It will also introduce branches of multinational corporations, national enterprises and enterprises in South China into the cluster. Stress will be laid to make it a headquarters economic zone unifying big-scaled exposition business, international business, light industrial product trading, information exchange and tourism, and in turn stimulate the development of commerce, hotel and tourism industries.

V. Guangzhou Science City Headquarters Cluster

Guangzhou Development District takes the development and plan of Science City Headquarters Cluster as its priority and makes great efforts to build the headquarters economy base of the Science City.

Guangzhou Science City Headquarters Economy District is located in the east of Science city’s central area, southwest of Kaichuang Dadao and west of Lanyue Lu, neighboring the Comprehensive Incubation Center in the west. With the total investment of 1.5 billion RMB yuan, the cluster covers a planned area of 177 thousand square meters and a total construction area of about 340 thousand square meters.

Science City Headquarters Cluster focuses on attracting multinational, large and medium enterprises or their headquarters while providing to them manufacturing and auxiliary services in fields of research and development, medium test, incubation, finance, exhibition and sales. World famous property management companies are to be introduced to provide high efficient management to the whole zone and customized services for different companies. TESCO, Arrow, Amway and Baosteel have all signed in succession to settle down here.

Development Priority in 2009

The aim is to develop headquarters economy concerning R&D and design, software design, testing and certification, industrial design, architecture design, animation industry, consultation and planning etc. By means of integrating resources and making overall plan to parks and organizations including Guangzhou
Science and Technology Innovation Base, Guangdong Software Park, Information Building of Science City, Guangzhou International Enterprise Incubator and Guangzhou Productivity Promotion Center, with Guangzhou Torch Hi-tech Innovation Service Center as the lead, and the Comprehensive R&D Incubator Zone of Guangzhou Science City as the core, efforts will be furthered to promote the cluster of transnational companies’ regional headquarters. The aim is to form a production management center and production service center. Furthermore, a science and technology headquarter cluster as well as international service outsourcing demonstration base will be built with high-tech industry as the mainstay.
Logistics Parks

In order to exert the advantage of modern service clustering in Guangzhou, a capital city, and strengthen the effect of Guangzhou's being in the core of the Pearl River Delta which can be reached within one hour's drive by cities around, Guangzhou Municipal CPC Committee and Guangzhou Municipal Government have decided to build Guangzhou into the Asia's logistics center, then into the national central city and comprehensive international gateway city. According to Guangzhou's modern logistics development plan, Guangzhou will build (international pivot) logistics parks in Nansha, Baiyun Airport and Huangpu, and set up bonded logistics special supervision zones.

I. International Airport-related Logistics Park
The International Airport-related Logistics Park is located in the north of Guangzhou, neighboring Guangzhou New Baiyun International Airport, which is one of the three national pivot airports. It consists of the logistic area inside the airport (about 2.2 million square meters), the logistic area in the north of the airport (about 4.46 million square meters), with an area of 6.66 million square meters in total. It is an international-level logistics hub which has the access to Huadu High-tech Logistic Industrial Base and Baiyun Airport-related logistics circle, featuring international aviation logistics as the main business and domestic regional logistics as the supplement. Surrounding the park, there are land routes like Huadu Avenue, Airport Expressway and its extension. FedEx Asia-Pacific Hub Center has been put into trial operation at the end of 2008, and will be put
into use by the end of 2009. It will bring abundant goods supply to the International Airport-related Logistics Park, and attract more leading express transnational companies to settle down. Some large projects like ST Aerospace Medium and Guangzhou Flight Mail and Logistics Center have already been settled in Guangzhou New Baiyun International Airport, who has 55 international airlines, 385 international flights per week and 120 domestic flights to more than 100 cities.

**Development Priority in 2009**
Focus will be given to international aviation logistics and taking domestic regional logistics as a supplement. Measures will be taken to introduce the third party international logistics enterprises and international freight forwarding enterprises so as to promote the development of auxiliary services around the park such as aeronautical maintenance, bio-medicine, IT and electronic components as well as freight-related high value-added industries.

**II. Huangpu International Logistics Park**
Located in the east of Guangzhou, Huangpu International Logistics Park, consists of Guangzhou Bonded Zone, Jiangjun Mount Logistics Park and Huangpu Port. The total area is 5.35 million square meters. The Park enjoys a convenient land, water and air transportation, with water transport based on Huangpu Port District and Xinsha Port District, land transport on Guangzhou-Kowloon Railway, Guangzhou-Shenzhen Expressway and Guangyuan East Highway with air transportation on the expressway directly connecting the new Baiyun Airport. By taking advantage of strong demand for logistics from neighboring industrial districts in the east of Guangzhou like Guangzhou Development Zone and Huangpu and its plentiful logistics resources, the park develops logistics-related service industries. What’s more, it divides itself into several logistics sectors, that is, Guangzhou Bonded Zone, Huangpu Port, new Huangpu Port operational area and Jiangjun Mount Logistics Park, which provide services in fields like processing, production and living.

**Development Priority in 2009**
The first to give priority to the logistics industry featuring the third party
international logistics and near-sea transportation. The second is to bring along such industries as IT, bio-medicine and electronic components to settle down around the Park.

III. Nansha International Logistics Park
Lying in the geometry center of Pearl River Delta and the estuary of Pearl River, Nansha International Logistics Park, consists of Longxue Island Logistics Park and Wanqingsha Logistics Park, with a planned area of about 49.49 million square meters. It is to be built into an important and complete international logistics hub with international logistics as the main business and regional logistics, as a supplement. The Nansha Port on which the Park relies is the only large deepwater port in Guangzhou, stands as one of the biggest ocean ports along the south coast of our country. In 2008, 6.44 million TEUs have been handled through Nansha Port District, up by 45.4 percent, 1.859 million of which are for foreign trade, up by 18.8 percent. Besides, bases for automobile, shipbuilding, iron & steel and petrochemical have been put into plan around the Park, which will be beneficial for the development of the Logistics Park.

Development Priority in 2009
Strives will be put to base on Guangzhou Port Nansha Port District to develop ocean transportation and such logistics industries as warehousing service, value-added processing, supply distribution, sorting, international transit, international trade and international purchase, so as to form the complete set for harbor-related industries including petrochemicals, shipbuilding, steel, iron and automobiles.

IV. Special Supervised Areas and Places for Bonded Logistics
In 2008, Guangzhou Bonded Logistics Park, Nansha Bonded Port Area, Nansha Export Processing Zone and Bonded Logistics Center of Baiyun Airport acquired the state’s approval or passed the state’s inspection. Moreover, after the approval of the General Administration of Customs and the State Administration of Taxation, Baiyun Airport and Nansha Export Supervised Warehouse were granted the privilege to enjoy the warehousing-based tax refund policy. Consequently the overall framework of Guangzhou’s bonded logistics systems has come into shape.
Furthermore, the application for the establishment of Baiyun Airport Integrated Bonded Area has been submitted to the Government of Guangdong Province.

i. Brief Introduction

Guangzhou Bonded Logistics Park: In January 2008, the State Council approved the establishment of Guangzhou Bonded Logistics Park. Located in the Development Zone of east Guangzhou and covering a planned area of 0.507 square kilometer, the park joins New Huangpu Port in logistics services. At the end of 2008, the park was put into operation after the official inspection of eight ministries under the State Council, like China Customs and Ministry of Commerce, in September of 2008. Its functions mainly cover trans-shipment, distribution, procurement, re-export and simple processing.

Nansha Bonded Port Area: In October 2008, the establishment of Nansha Bonded Port Area was approved by the State Council. Being within the Nansha Development Zone and next to Nansha Port Area of Guangzhou Port, the area covers a planned area of 7.06 square kilometers. It consists of such functional zones as bonded logistics zone, export processing zone, port operation zone, river-sea intermodal zone and public inspection zone. It is estimated that the application for final inspection of the zones will be made in March of 2009. Among the functional zones, Nansha Export Processing Zone, which covers a planned area of 1.36 square kilometers, has already been put into operation. The functions of the Port Area include warehousing for bonded logistics, foreign trade, procurement, distribution, trans-shipment, inspection, aftersales maintenance, commodity exhibition, research, processing, manufacturing, port operation and so on.

Bonded Logistics Center of Baiyun Airport: Jointly approved by General Administration of Customs, Ministry of Finance, State Administration of Taxation and State Administration of Foreign Exchange in December 2008, the Bonded Logistics Center is located within Customs Surveillance Zone in north Guangzhou, adjacent to Baiyun Airport. Its functions will be basically identical with the bonded logistics park.

Export Supervised Warehouse of Warehousing-Based Tax Refund: Since December 2008, Nansha International Logistics Co., Ltd. and Guangzhou Airport
International Logistics Co., Ltd. have adopted the policy of Warehousing-Based Tax Refunding approved by General Administration of Customs and State Administration of Taxation. The warehouse has been set to offer services covering bonded storage, simple processing and global delivery.

ii. Preferential Policies

Domestic commodities are deemed as exported goods upon their entry into the park. They should go through export declaration formalities and then export VAT refund can be applied. Goods within the park will be circulated freely and no value-added tax and consumption tax should be levied. Goods being delivered out of the park are deemed as for import.

Goods imported into or exported from the park will be subject to the record-filing system of the Customs. Enterprises (or their agencies) here can deliver their goods to the park with the manifest before declaring to the Customs in the park with the record-filing list of the goods.

No import and export quota or license limitation shall be imposed upon goods imported into or exported from the park under normal circumstances.

Enterprises or individuals in the park may apply for rights to trade and distribute in accordance with relevant laws and regulations. Foreign-invested enterprises that have obtained the distribution rights may be engaged in the distribution business in China.

The Customs import duty and taxes on imported goods are exempted by the customs in the link of import on construction materials, self-used machines and equipment, and office products upon the goods’ entry into the Bonded Logistics Park and Bonded Port Area.

Goods can be transferred freely between the Bonded Logistics Park, Bonded Port Area, Export Processing Zone and Bonded Logistics Center. No value-added tax and consumption tax shall be levied during the transfer.

iii. Development Priority in 2009

The Bonded Logistics Park and Bonded Logistics Center will focus on promoting the businesses of third party logistics, warehousing, cargo agency and simple
value-added processing and energetically attract international third party logistics enterprises and logistics real estate businesses to settle down. On the other hand, Bonded Port Area will give priority to absorb international large-scaled sourcing and delivery centers, as well as leading enterprises with immense demands for auxiliary electronic devices and electronic information services.
National PC Game and Animation Industry Development Bases

Guangzhou has been approved by China’s General Administration of Press and Publication as the National PC Game and Animation Industry Development Base in 2005. The city has since then designated four areas as its PC Game and Animation Industry Development Zones, including Tianhe, Yuexiu, Huangpu and Panyu. The municipal government has strengthened its guidance on planning of the zones, given more policy supports and paid great attention to cultivation of the market and talents as well as industrial construction in the four areas. The industry has thus gained rapid growth.

I. Tianhe Park
The Tianhe Park of the National PC Game and Animation Industry Development Base centers on the newly-built Gaotang Area of Tianhe Software Park. The first-phase project of the section is planned to cost 120 million RMB yuan and cover a construction area of 100 thousand square meters, which will accommodate 50 animation enterprises. Four major projects have been under construction, including Software and Animation Talent Training Base in Gaotang Area, International Incubator, Animation Industry Building and Beijing University Mintian Technological Innovation Park. The Training Base will facilitate talents for the development of the animation industry. The Incubator will be built into an internationally influential base of software so as to lead the development of the industry in Guangzhou and even the Pearl River Delta. The building will serve as
the carrier for the development of the industry. The PC games and animation industry in Tianhe, led by major animation enterprises such as Netease, Gtgames, Shijilong, SCA, Jiangtong Animation and Tianyue, has made great progress. Famous enterprises specialized in research and development of PC games, animation and mobile phone games have settled in the area, such as Jiangtong Animation, M-Phoenix, Clickcom, Maitong, Xinnuo Movie and TV Cultural Communications, Yunxun Information, ZKgames and Jinshan Duoyi.

**Development Priority in 2009**

The first is to build an environment suitable for business and living based on the sophisticated animation talents education system, the shared animation technological service, excellent carriers and enterprises and complete auxiliary facilities. The second is to attract more animation enterprises and design, research and development institutions to set up their branches in the area where large-size PC games and animation enterprise have settled, including Neteast, Alpha Animation, Shijilong and SCA. The third is to establish a complete industrial system which covers development, industrialization and production of PC games and animation products.

**II. Yuexiu Park**

The Yuexiu Park of the National PC Game and Animation Industry Development Base is located in Yuexiu District, the downtown of Guangzhou. It has Guangzhou Creative Industry Park, Huanghuagang Technology Park of Guangzhou High and New-tech Zone and nearby areas within. The park covers an area of roughly 130 thousand square meters. Quite a few creative enterprises specialized in animation creation and production have been settled there, namely, Southern Natural Museum Park Company, Shengmei Digital Image Production, Space Mouse Animation, Holland's MGC Industrial Design and Ouhua Animation Technology. Huanghuagang Technology Park focuses on animation and online games creation and production, innovation of digital contents, online value-added service, cultural creation, performance and exhibition. Huihua Park gathers a number of animation enterprises like Manyou Culture, Donghong Online, PCCW's
Cascade, Zhuijiang Mobile City TV and Leba Cultural Communication. Wanlin Park become the place where nearly 400 companies are located such as Japan's Mitsui O. S. K. A large number of enterprises specialized in design of animation products and circulation of animation-related products are also within the Park. Golden Dragon Award, the No. 1 animation award in Chinese-speaking regions, is granted annually in Yuexiu. In 2008, various animation-themed activities were held in the district, including the 2nd Guangzhou, Hong Kong and Macao Animation Games Exhibition, China Cartoonist Conference and the 4th National Cosplay Contest.

**Development Priority in 2009**

The first is to nurture a number of major animation enterprises with independent intellectual property rights, good development potentials and strong economic strengths so as to develop them into the major force for the industry in Yuexiu. The second is to build an industrial cluster or animation enterprises and industry with Herun Area of Guangzhou Creative Industry Park and Huanghuagang Technology Park as the center. The aim is to develop the cluster into a center of research, development, production, exhibition, marketing and experiment of animation and online game products and derivative products in Guangzhou and even in South China. And, the third is to establish professional markets for derivative products, attract more related enterprises and promote the rapid development of the industry.

**III. Panyu Park**

The Panyu Park of the National PC Game and Animation Industry Development Base is planned to consist of three areas: Guangzhou Panyu Energy-saving Technology Park, Guangzhou Xinli Animation Game Industry Park and Software, Online Game and Animation Processing and Production Base (located in Longmei Village on Donghuan Street). The technology park covers an area of 500 thousand square meters with the floor area of 760 thousand square meters. The fourth-phase project of the park has been completed, which covers an area of 250 thousand square meters. The industry park is planned to cover 330 thousand square meters with the floor area of 380 thousand square meters. The base
occupies 20 hectares in its first phase project. The estimated overall investment of the park reaches 500 million RMB yuan. Over 300 animation and online game enterprises have settled in the base. Products from the enterprise in Panyu have taken up approximately 50 percent of the domestic market and been exported to the international market, majorly to the Middle East, Southeast Asia, Europe, the US, Russia and Japan.

**Development Priority in 2009**

Priorities will be given to research, development, production, display and marketing of animation software and PC games, with an attempt to turn Panyu from a producer to a creator of such products. Besides, works will be done to complete the industrial chain, promote the development of derivative products and increase the added value of the industry and to accelerate the construction of industrial clusters by attracting more major animation brands and companies; What’s more, headways will be made to build the area into a nationally and even internationally important base for animation and game research, development, production and marketing, a venue for headquarters of PC games companies, as well as a center for product research and development, technology training, production, marketing and product display.

**IV. Huangpu Park**

The Huangpu Park of the National PC Game and Animation Industry Development Base is located in picturesque Nangang of Huangpu District. It mainly consists of two buildings, Guangzhou International Toys and Gifts Center and Yagang Building. The center is the largest domestic toys and gifts trade center with an area of 33.3 hectares) and a floor area of 480 thousand square meters. Some 10 thousand square meters are allocated for the animation industry, suitable for creative studios and animation product exhibitions. Yagang Building, with a floor area of 10,000 square meters, is the perfect location for headquarters of animation companies and animation training centers. There are altogether 18 companies in the section, including a number of renowned ones like Animation City, Haili Animation, Dacong Animation, Aidong Digital and Dongzhou Digital. The business scope of the companies ranges from animation movie and drama,
creation and production of mobile phone games, trading of online game kits, e-media, development of animation technologies, network service support, SP information service and development of derivative products. A multi-level industrial chain which covers a wide range of online game and animation fields has come into being initially.

**Development Priority in 2009**

Stresses will be topped to expand the section by attracting more enterprises to settle in the second and third-phase projects of Guangzhou Toys and Gifts Center and Yagang Building. Apart from that, works will be facilitated to establish a close link between development of derivative products, mainly like toys and online games. Other initiatives will be put to extend the animation industrial chain by mainly introducing into the section projects concerning 2D/3D animation production and processing, cartoon creation, online game production and operation, mobile phone games, the development of derivative animation products and the network information service.
Service Outsourcing Demonstration Zones

At the end of 2007, Guangzhou was approved as the “China Service Outsourcing Base City” by the Ministry of Commerce, Ministry of Information Industry and Ministry of Science and Technology. In March 2008, the city approved Guangzhou Development Zone, Nansha Development, Tianhe Software Park and Huanghuagang Science and Technology Park as the “China Demonstration City of Guangzhou for Service Outsourcing”. In January 2009, the city was named by the State Council as the “China Demonstration City for Service Outsourcing”.

I. Guangzhou Development District
   i. Brief Introduction
   In Guangzhou Development District, seven advantaged industries have taken their shapes, which include software designing, creative designing, commodity inspection and testing, finance innovation, management consultation service, creative industrial service and modern logistics service. In 2008, the zone realized a 32 percent boost in additional modern service industrial value to 27.5 billion RMB yuan, taking up 24.1 percent of gross production value of the zone. The service outsourcing value amounted to about 1.1 billion RMB yuan, of which information technology outsourcing (ITO) and business process outsourcing (BPO) accounted for 45 percent and 55 percent respectively. The major service outsourcing enterprises are Achievo, BEA, Whizen, Huade, Intertek, etc, with their outsourcing markets generally from Europe, US and Japan.

   Guangdong Software Park is the crucial service outsourcing base in the zone. The
park is home to 210 incubation enterprises (projects), around 40 of which have obtained the certificates for both of their entities and software products. In 2008, the park had a total registered funds exceeding 2 billion RMB yuan, and turned out an annual production value of over 5.8 billion RMB yuan. The park has a comprehensive service structure since the founding of Guangdong Software Outsourcing Association. Software Service Center of Guangdong, acting as the leading force, has been exploiting the software outsourcing markets in Europe and US, and supporting the software companies in the aspects of standard management, quality control, human resources service and technology service. Key Laboratory of Sharable Software Technologies, Public Laboratory of Sharable Software Technologies, National Research Center of Software Engineering, Software Testing Center, Software Public Information and Service Platform, the establishment of which cost nearly 300 million RMB yuan all together, will offer software enterprises in the park with support in research, development, testing, information searching and consulting. The Financial Innovation Service Block under construction is expected to provide finance outsourcing services for international finance institutions engaged in financing software development, data security and exchange service.

In the meantime, the zone makes use of the center of Guangzhou Science City to build a modern service industry cluster which, when completed, will emerge as a modern central business district of research & development, commerce and business. The district will become the optimum area for modern service and service outsourcing business. It will strive to cultivate domestic service outsourcing companies certificated with the related international qualifications and to attract foreign service outsourcing enterprises to set up their projects here. The target is, by 2010, the number of domestic service outsourcing companies will reach 100 and that of well-known foreign service outsourcers exceeds 30.

ii. Development Priority in 2009
Priority shall be given to optimize the overall development environments, such as accelerating the construction process of Guangzhou International Bio-island, Financial Innovation Service Block of Guangzhou Science and Technology City, Headquarters Economy Zone and Creative Industrial Base, so as to provide first-
class infrastructures and auxiliary surroundings to import and cultivate high value-added service outsourcing enterprises. As to the imported targets, they are included in the following: service outsourcing enterprises specialized in software designing, creative designing, customer service, finance innovation, commodity inspection and testing, management consultation service, modern logistics and human resources service etc. Likewise, the international outsourcing businesses in the abovementioned fields shall be imported to facilitate development of related enterprises.

II. Nansha Development Zone

i. Brief Introduction

Nansha Demonstration District of Service Outsourcing takes Nansha Science & Technology Industry Park as the major service outsourcing industry area. Nansha Science & Technology Industry Park, with the planned area of 5 sq. km, consists of three major parts, namely, Nansha Information Technology Park, Nansha Service Outsourcing Industry Park and Nansha Science and Technology Innovation Center. Relying on the industrial advantages of automobile, steel, shipbuilding, heavy-duty machine, neurochemistry and port logistics, etc. it undertakes the technical application R&D and service of pillar industries. The service outsourcing industries inside the District mainly include software, bio-pharmacy, electro-optical information and human resources. The major businesses are related to production and business process management, logistic control and distribution, product design, chip research & development, medical material research and logistics management. There are totally 39 different kinds of research and development centers, engineering research centers, research institutes, design institutes and laboratories, and four research and development centers at provincial level in the park.

The Nansha Information Technology Park has a planned area of 2.5 sq. km. It is a high-tech industry park with three focuses, i. e. , high-tech industry research and development, modern service outsourcing and headquarters economy, so it is mainly engaged in businesses such as industry research and development, product design and software application and development. Nansha Service Outsourcing
Industry Park, with a gross area of 0.7 sq. km, mainly introduces outsourcing services concerning software research, data processing, calling service, customer service and financial service. Nansha Science and Technology Innovation Center, covering a construction area of 25,000 sq. meters, is used as the center for research and incubation of new technologies like optoelectronic information, biopharmacy, nuclear power technology, new materials and clean energy. By 2012, the scale of service outsourcing industry will reach 5 billion RMB yuan, and 5 sq. km of gross area for service outsourcing industry will be completed, enabling the zone to accommodate 20 large high-tech service outsourcing enterprises and over 50 service outsourcing companies (including 5 enterprises which employ more than 1,000 employees each).

ii. Development Priority in 2009
The construction of Nansha Information Technology Park, Nansha Service Outsourcing Industry Park and Nansha Science and Technology Innovation Center will be accelerated. Agents engaged in modern public facilities and public service will be introduced, so as to build up a high level infrastructure and affiliated environment, thus attracting and nurturing service outsourcing enterprises with high added value. Emphasis will be laid on developing outsourcing industries concerning IT service outsourcing, financial outsourcing of transnational companies, modern logistics outsourcing, R&D and technical support of software product outsourcing, investment and management consultation outsourcing, and human resources outsourcing. The District will be the home for service outsourcing projects like information system integration, research and maintenance of application programs, information system application service, application software development, embedded software, business process design, corporate database management, business operation database, system integration service and supply chain database management etc.

III. Tianhe Software Park
i. Brief Introduction
Tianhe Software Park combines the software industrial base, the development base of online gaming and animation industry, and the innovation base of software
export as a whole. The main body of the park, covering 12.25 sq. km of area, is located in Gaotang New Area, northeast of Tianhe District. The special area of software outsourcing industry is established in the east part of Gaotang New Area, taking up an area of 186,400 square meters. The park is equipped with a group of training buildings and a public technology platform for service outsourcing industries. In 2008, the park achieved a total industrial and trade income of the software industry of 41.6 billion RMB yuan, up 32 percent year-on-year, among which software income increased by 38 percent to 24.6 billion RMB yuan, and total export value of software amounted to USD 127.87 million. Tianhe Software Park has today gathered over 1,000 software enterprises, including intentionally renowned offshore outsourcing specialists like SierraAtlantic, Capgemini, Sony-Ericsson, HSBC Software, as well as rising local groups like NetEase, Bamboo, VisionSky, Guangzhou Radio Group, Gentle, to name just a few. As a software outsourcing cluster, the park has also gathered a number of research institutes and data centers from home and abroad, like Northern Telecommunication Research & Development Institute from Canada, South China Base of CMCC, Asia-Pacific Information Engine, Guangzhou Supercomputer Center, China International Electronic Commerce Center under the Ministry of Commerce, Customs Data Center of China, etc. By 2010, it is expected that 1,200 enterprises will be based in the park. The park plans to accommodate 40 software export companies, import 10 international software outsourcing enterprises and cultivate a group of corporations specialized in outsourcing businesses from Europe, US and Japan. Strives will be injected to realize an software industrial output of 67 billion RMB yuan and an offshore outsourcing volume reaching USD 900 million.

ii. Development Priority in 2009

The park will speed up the infrastructure construction for Gaotang New Area and will optimize the telecommunication and internet network, office blocks and living facilities, as well as the training centers and public technology centers in the Software Outsourcing Park. With the support of Internet Data Center of China Telecom and South China Research Center of CMCC, the park will invite the world top 100 enterprises to launch outsourcing businesses and establish their headquarters and research institutes here as to better exploit the major outsourcing
IV. Huanghuagang Science and Technology Park

i. Brief Introduction

Huanghuagang Science and Technology Park lays emphasis on developing high-tech industry with information technology and related services as the focuses. It has accommodated over 1, 260 enterprises. To date, three clusters, namely, the Information Industry Park, Creative Industry Park and Health Industry Park, have been formed successively. Scattering within the area of 150,000 square meters there are sub areas such as Huihua, Huasheng, Fengwei, Yunshan Huating, Zhongqiao, Suifeng, Wanleng and Health Industry Park of Sun-Yatsen University, etc. The park created a total industrial and trade income of 16.607 billion RMB yuan in 2008, up by 11.02 percent, with taxation income reaching 501 million RMB yuan, up 13.54 percent.

Depending on the solid grounding of creative industry and good modern information service, the park will continue to smoothen the industrial shifting of foreign service businesses and create ideal environment for project interlinking and personnel training programs. The development of service outsourcing industries will lead industries to exploit businesses in the higher end of value chain. A number of enterprises engaged in businesses like data processing, software development, animation, finance outsourcing and customer service were settled, HSBC Customer Service, AIA Information, BA Electronic, GZIDC, SuperLink, Elite Info, Alpha, Sosee, have become the leading forces to involve modern information service and creative enterprises in the international industrial cooperation. They have also contributed to the upgrade of the park’s industrial structure and the enhancement of regional industrial competitiveness.

By 2010, the service outsourcing business will grow to a big margin valued at approximately 3 billion RMB yuan. The park will also foster no less than five large-scaled service outsourcing enterprises with fixed assets exceeding 100 million RMB yuan and three reputable service outsourcing brands, and construct two service outsourcing training bases, so as to shape itself into one of the major service outsourcing park in the city.
ii. Development Priority in 2009

It will help speed up the development of creative industries, accelerate the project of “Creativity Boulevard” and gather more corporate headquarters within the area. The park will facilitate the development of a group of multinational service outsourcing enterprises to shoulder offshore service outsourcing businesses. Meanwhile, several service outsourcing areas featured in information service, animation production, financial insurance, software development will be established to incubate those industries. Besides, it will attract strong and influential creative enterprises to settle in the park. Foreign investment in service industry will be also introduced and used to provide local auxiliary business process services for foreign companies and institutions.
Districts and County-level Cities
Yuexiu District

I. Brief Introduction

Yuexiu District lies in the downtown of Guangzhou city, with Baiyun District and Tianhe District as the neighbors. It starts from Guangzhou Avenue to its east and bordering to Tianhe District, separated from Haizhu District by the Pearl River. Extending to Renmin Lu to its west, the district is adjacent to Liwan District and stretches to the foot of Baiyun Mountain. The district covers an area of 33.8 square kilometers with a registered population of 1.1508 million. In 2008, its GDP reached 137.47 billion RMB yuan with an increase of 10.19 percent over the previous year, accounting for 16.73 percent of the city’s total, the 2nd among all districts. The tax revenue hit 34.741 billion RMB yuan, up 18.74 percent and made up 15.74 percent of the city’s total, the 1st among all districts. The retail volume of social consumption goods and the sales volume of commodities amounted to 62.005 billion RMB yuan and 456.885 billion RMB yuan respectively, accounting for 19.75 percent and 34.03 percent of the city’s total, keeping its 1st position comparing with other districts. The fiscal general budget income stands at 3.045 billion RMB yuan, up 15.23 percent.

II. Development Orientation

A modern industry system with characteristics of reasonable structure, scientific layout, high-end integration, sound function, prominent features and strong international competitive capability will be constructed with great efforts. Guided by the concepts of constructing the First Best Region, referring to experiences of
advanced cities and regions home and abroad, targeting the modern service industry and headquarter economy, the change of growth way will be realized from efficiency-driven to innovation-driven in terms of overall regional competitive capability development. An industrial development layout will be set up with characteristics of modern function region and led by key projects. According to the space strategic new layout of the city named “One Belt and Six Zones” of Guangzhou, further efforts will be also put in the strategic orientation of developing headquarters economy function zone. One Belt and Six Zones means: the industrial belt at the east, the seaport-related industrial zone at Nansha, the airport-related economic zone at the north, the headquarters-related economy zone at the central, the production-study-research innovative zone at the south-east, the modern service development zone at the south and the eco-leisure and tour zone at the north-east.

III. Industrial Development and Investment Promotion Focus

In 2008 a strategy of optimizing the east, strengthening the central and remolding the west was carried out by the CPC Yuexiu Committee and Yuexiu Government. The industrial space planning has been put forward illustrated by reinforcing the core, optimizing the three belts, upgrading the six circles and integrating the brink. The base of the industrial layout will be continuously focused on two zones, three belts and six circles, which will be closely connected with One Belt and Six Zones in terms of function so as to build a new type industrial function zone.

i. Business Trade Service

Advantages of over 100 professional wholesale markets were brought into play, which will include the following includes the core area around Liuhua Lu (the north of Liuhua Lu, the east of Guang Yuan Xi Lu, the west of Jiefang Bei Lu), Haizhu square at Yide Lu (seafood, toys and gifts), Yongfu (auto components and appliances), Haiyin (electrical appliances), Ling yuan West (communication equipments), Wende Lu (cultural appliances), and Renmin Lu (glasses). An international purchasing market zone will be set up to develop modern service industry with such cores as design, brand operation, e-commerce,
convention and exhibition sales, information release, etc. The promotion and
guidance from the governments will be empowered through organizing Liuhua
International Fashion Festival to further strengthen the influence of professional
market and seek more business opportunities.

ii. Modern Service Industry
The business environment will be optimized by means of construction and
implementation of projects like the Garden City Plaza. The Jianshe New Estate
and Youdian New Estate as the expanding area of Huanshi East CBD will be
researched. The Golden 8 Kilometers commercial belt at Dongfeng Lu, the
commercial belt at Zhongshan Lu as well as the commercial belt at Yanjiang Lu
will be further constructed. Financial industry in modern commerce, ie., bank,
securities, insurance, fund, investment management, credit service, capital
operation, foreign investment, etc., and knowledge-intensive service industry,
like foreign trade, convention and exhibition service, information service,
accounting, auditing, law, consultancy, etc. will be developed greatly.

iii. Outsourcing and Creative Industry
The rich cultural intension of 2000-odd years will be fully discovered with the
economic development. The creative and net-related economy will be developed
quickly. Huanghuagang Information Technology Park has been recognized as the
National Service Outsourcing Base by the Ministry of Commerce. Industrial
development will be propelled as a whole with the core zone of Huanghuagang
Information Technology Park (around Xianlie Lu), and integrated zone including
Chuangyi Avenue, the surrounding area of Guangzhou Creative Industrial Park,
the Design and Advertisement Creative Zone of Cartoon and Animation at Wuyang
New Town, the Cultural and Art Creative Zone at Shuiyin Lu, the audio-video
production creative zone at Dashatou as well as the Cartoon and Animation
deriving products at Yide Lu. It includes service outsourcing, creative design,
information and the technological service, cartoon and animation industry, digital
contents. Apart from that, focus will also be put on the following: audio-video
production, advertisement planning, education and training, cultural art market,
art performance, the system integration and application, digital handling, e-
commerce, web sales, web communication technology and service,
telecommunications service etc.

iv. Health Industry

By making the advantage of the rich medical resources with 20-plus third-class hospitals inclusive, industries as health and medical care, medicine R&D and medicine sales will be developed quickly. The recreational industry park of Huanghuagang Information Technology Park (the area surrounding the northern part of Sun Yat-sen University) will be taken as the inner core, and the integrated zone along Yanjiang-Renmin Lu and Hengzhi Gang-Hengfu Lu will be taken as the out rim, and the third-class hospitals like Guangdong Maternal and Children Hospital, as the joint. Meanwhile, the relative industries, like education and training, health consultancy, nutrition and health care, healthy recreation, medical instrument as well as technical commodities transition will be integrated and developed further, occupying the high-end of the industrial chain.

v. Logistics Industry

Initiations will be launched to make the logistics headquarter enterprises of Guangzhou Port Group Co., Ltd. and a batch of highly reputable and great influential enterprises of Guangdong Transportation Group will be considered as the engine. Besides, Yanjiang-Baiyun Lu, including Huanshi Mid. Integrated zone, Liuhua integrated zone and the relative integrated industries are all under construction. Other efforts will be made to develop headquarters-related economy and logistics base coordinately. Together with the Gangwan Plaza as the logistics headquarter base, relative logistics headquarters will be introduced to fully play an active role in promoting the economic development. A modern logistics network with influence in South China as well as the whole country will be facilitated. A multi-level distribution network covering the central downtown will be woven to enlarge the covering region.
Haizhu District

I. Brief Introduction
Haizhu District is located in the central part of Guangzhou and named as the southern lungs of Guangzhou. Flanked by Pearl River waterways and dotted with crisscross inland hydro-network and thousands of acres of highly prized orchards, Haizhu Districts has formed its most distinctive green ecosystem featuring river, stream, woods and orchard. With the reputation of a Millennium Commercial Port in the area, Haizhu is rich in science, education and cultural resources and enjoys substantial consumption market potentials. It covers a total area of 90.45 square kilometers with the permanent population of 1.438 million (with 907, 600 officially registered). In 2008, the local GDP of Haizhu District reached 48.73 billion RMB yuan with a year-on-year growth rate of 11.2 percent.

II. Development Orientation
Haizhu District will make the fullest use of the competitive edges in its advantage resources in geographic location, human, science, educational, cultural and ecological aspects, taking the opportunity of Guangzhou’s new urban zoning along the city axis, full-scale relocation of Canton Fair complexes to Pazhou in Haizhu District and the implementation of the readjusted plan of a central business district encompassing Zhujiang New Town, Pazhou and Yuancun. With the target of constructing a modernized central downtown ideal for both business and living, greater efforts will be made to build its modern industrial system supported by convention and exhibition industry, headquarters economy, commerce and trade
services, creative industry, new and hi-tech industries, thus promoting its sound and rapid economic development.

III. Industrial Development and Investment Promotion Focus

i. Convention & Exhibition Industry

A complete convention & exhibition industrial chain will be built by taking the opportunity of developing Guangzhou into an international convention and exhibition center and a new round of rapid development of Pazhou convention & exhibition industry to attract and cultivate high-end international conventions and exhibitions with great impact. Efforts will also be made to optimize the function of convention and exhibition in large professional markets depending on the competitive advantages in its highly developed transaction markets like textile, fabric, automobile and hotel appliances in order to develop its locally distinctive businesses and convention-related brands. The online convention and exhibition will be developed integrated with professional market and visible convention and exhibition. Exhibition and Convention enterprises are encouraged to apply for certificates by the Union of International Fairs (UFI) and ISO9000 service quality and registered trademarks of projects with the brand development in exhibition and convention industry.

Priority of Investment Promotion

(i) Prestigious trade fairs, including those certified by the UFI, those with domestic or international leading impact in scale or buyer attendance and those international conventions frequented by overseas purchasers.

(ii) Exhibition organizing enterprises, especially those capable of hosting major high-end international conventions.

(iii) Service enterprises of exhibition and convention, including banking, law, information, testing of technical standards and other service enterprises of exhibition and convention like advertising, printing and convention and exhibition setting-up.

(iv) Other commercial facilitating services, including business center, catering, hotel, shopping and recreation.

ii. Headquarters Economy
Opinions on Accelerating the Development of Headquarters Economy in Haizhu District and Implementation Plan of the Opinions on Accelerating the Development of Headquarters Economy in Haizhu District have been carried out to optimize the environment ideal for both business and living. Measure will be adopted to reinforce the fiscal support to headquarters economic development and ascertain the green channels service for headquarters businesses. The aim is to attract those headquarters related businesses particularly in tradeshow, international trade, wholesale & retail distribution, creative industry, high-quality and famous brand and industrial headquarter Building.

**Priority of Investment Promotion**

(i) Pazhou Central Business District. Pazhou Central Business District will aim to attract well-known convention and exhibition institutions at home and abroad, focusing on the certified ones by UFI, Global Fortune 500 and the national Top 500. Also, high-end enterprises of commerce, trade, culture and entertainment, star-rated hotels as well as the famous enterprises in the business line of modern service industry such as finance, accounting, law, information and consultancy will be included.

(ii) Guangzhou New City Axis Area. Based on headquartes of GCI Science & Technology and Pepsi Cola, the leading function of Guangzhou New TV Tower and new passenger port will be performed fully to promote the construction of business building and attract more big famous enterprises to settle down.

(iii) The Commercial Corridor on Guangzhou Avenue South. More emphasis will be placed on the integration, reconstruction and upgrading of the textile commercial circle near Sun Yat-sen University for a better business environment to attract wholesalers and retailers to set up their headquarters there.

**iii. Commercial and Trade Service Industry**

With its huge consumer market potential and pushed by exhibition industry, Haizhu District is determined to strive for greater commercial interaction and distribution. In particular, it will vigorously develop middle-and high-tier retails, entertainment & recreation and logistics, upgrade its conventional wholesale markets and further expand business chain operation toward the central and southern part of Haizhu. The district will take advantage of the available land
vacated, as a result of implementing the policy of replacing the secondary industry with tertiary industry in downtown area. The aim is for high-end commercial building and hotels and for better development of production-oriented service industry including banking, law, information consulting, advertising, accounting and auditing.

Priority of Investment Promotion

(i) The development of the western commercial center. This center covers the H-shaped commercial rim spanning businesses along Jiangnan Avenue, Jiangnan West, Baogang Avenue, Baoye Road and extends to the Gongye Avenue and Changgang Road. Major shopping centers including New GrandBuy Mall, Wanguo Plaza, Modern Department Store and Lianxing Cultural Star City and Everbright Commercial Center are under planning or construction. The next step is to make full use of the leading businesses such as New GrandBuy Mall to push effective integration and upgrade its commercial neighborhoods to attract famous brands and stores to further develop the western part of Haizhu.

(ii) The cluster of specialty markets in the central part of Haizhu. It includes the fabric and textile market on Xin'gang Xilu Avenue near Sun Yat-sen University, commercial center on Guangzhou Avenue South, and grain and cooking oil wholesalers on Nanzhou Road. The next step is to integrate Guangzhou's development strategy along the newly assigned city axis and substantially upgrade this cluster of specialty markets in textile, automobile, hotel-oriented items, hardware and agricultural and sideline products. The focus is to develop a modern exhibition and commercial-oriented economy spearheaded by the Guangzhou Textile Expo Center.

iv. Creative Industry

Haizhu will intensify its efforts in supporting creative industry by implementing the Measures on Supporting Development of Software and Animation Industry and Provisional Measures on Certification and Support of Creative Industry Base in Haizhu District and vigorously advancing the building of creative industry parks and promoting creativity-oriented economic development in costume design, exhibition planning and design and corporate culture exchange consulting.

Priority of Investment Promotion
(i) China Nishang 020 Textile and Costume Creative Park. It is expected to be a large industry park concentrated on those established businesses in clothing and costume design, providing a complete range of services in exhibition, information consulting, quality testing and professional training.

(ii) The Film & Media Culture Creative Center on the Pearl River Film Studio Campus. The following will be introduced: copyright production of movie and TV as well as cartoon and animation, audio & video publishing, musical works, creative advertisement design, cinema complex and cultural plaza.

(iii) Lianxing Cultural and Creative Industry Park. It has been already listed as one of the Guangdong first-ever provincial-level culture and creative industry parks. It will be developed into a large commercial rim with the cultural industry as its supporting and equipped with business, entertainment and catering.

v. Hi-tech Industry

The main focus is to develop biomedicine, marine biology and electronic information. Firstly, Haizhu Pazhou Industrial Park will develop into a bio-tech park with the kernel function of scientific and technological result incubator, new and hi-tech industrialization. By taking the maximal advantage of the Bio-island and the Guangzhou Higher Education Mega Center, the Park attracts businesses, labs and research institutes in biology and medicine settle. Besides, the industrial parks in Dunhe and Sun Yat-sen University will focused on electronic information and computer software businesses with priority on such 4 functions as incubator, accelerator, server and investor.
Liwan District

I. Brief Introduction
Liwan, literally means the Litchi Bay, was known as Xiguan or the West Entrance and got its name from the litchi plantations along the Pearl River. Covering an area of 62.4 sqkm and hosting over 1 million residents in 22 sub-districts, it is the only urban district in Guangzhou that sits across the Pearl River and accommodates numerous brooks. The district lies in a favorable place. Adjacent to Foshan City and seated at the center of the Guangzhou-Foshan Megalopolis, Liwan is the bridgehead of West Unification and core of Central Adjustment in Guangzhou's strategy of South Expansion, North Optimization, East Advancement, West Unification and Central Adjustment. It enjoys convenient water and land transportation with efficient traffic network, easily accessible by the Guangzhou subway system, the express ring road, the Beijing-Zhuhai Expressway and the Ruyifang Wharf.

II. Development Orientation
Efforts have been made by Liwan to take the advantages of its commercial, trading, cultural and tourist infrastructure, the core location in the Guangzhou-Foshan Megalopolis, the vast land of new Liwan and the elegant environment across the Pearl River. Works have been done to actively promote its economic progress of Baiyetan Economic Zone, Thirteen Hongs Commercial Zone. The goal is to make full use of the strategic opportunities in Central Adjustment and West Unification, put the Five-Plate planning into practice, place priority on the
development of productive service industry, consolidate the advantages in consumer services and emphasize the development of such service industries as modern commerce, modern logistics and creative industry. With the high priority of Bai’etan Economic Zone and the Thirteen Hongs Commercial Zone, modern commerce and headquarters economy will be taken as the engine to achieve the goal of boosting Liwan, serving Guangzhou-Foshan Megalopolis with influence at the Pan-Pearl Delta Area. Modern commerce, recreational tourism, creative industry, luxury residence and catering services will be integrated in the construction of a most livable district.

III. Industrial Development and Investment Promotion Focus
i. Industrial Development
   (i) Modern Service Industry

Headquarters Economy
Headquarters economy is important in Liwan’s economic development. In accordance with the “The Outline of the Reform and Development Plan for the Pearl River Delta Region”, efforts will be placed on the construction of the Bai’etan Economic Zone. Waterfront resources on the Pearl River will be made use of and the office buildings along the Kangwang Road, especially the historic and cultural relics and unique European architecture on Shamian Island will be developed into a modern service center in western Guangzhou, where multinationals, domestic brands and enterprises are welcome to settle down in this high-end waterfront business area.

Creative Industry
The creative industry has registered a considerable development in Liwan, more and more creative enterprises are coming in. In accordance with the district and municipal industry development plan, Liwan will focus on such creative industries as creative R&D, architectural design, culture and communications, consultancy and planning, fashion design and manufacturing technologies, and build a Xinyi International Club-headed waterfront creativity area.

Modern Logistics
In accordance with Guangzhou’s urban development strategy, the Longxi Logistics
Park and productive services will play an important role. Liwan will promote the perfection of a logistic network on the basis of such productivity projects as Guangzhou No. 2 Cigarettes Factory, Guangzhou International Medical Port and Guangzhou Plastics Exchange, and create a large commercial logistic center to serve the core area of the Guangzhou-Foshan Megalopolis.

**Modern Commercial Services**

Liwan’s waterfront resources and ancient cultural relics will be fully deployed to cultivate and develop medicine, furniture, building materials, tea, shoes, jade and ceramics markets. In the construction of the Bai’etan Economic Zone and the Thirteen Hongs Commercial Zone, Liwan will integrate surrounding commercial resources to invigorate Shang-Xia-Jiu Pedestrian Street, make a metropolis recreational business district (RBD) and revitalize China’s First Commercial City

(ii) New Industries

Liwan will spare no efforts to develop technology-intensive, economically profitable, resources efficient and eco-friendly new industries. Depending on Guangdong Opto-electronic Industry Base, Jinsha Scientific Park, Guangzhou SME Innovative Technologies Park and Xilang NC Equipment Park, key enterprises in such industries as modern equipment manufacture, electronic information, new materials, flat panel display and biomedicine are encouraged and new industries will enjoy substantial development.

**ii. Priority of Investment Promotion**

(i) Two Major Economic Zones:

Bai’etan Economic Zone and Thirteen Hongs Commercial Zone with Three plots to be developed in the Bai’etan Economic Zone:

- Xinlongsha Plot: This plot, covering an approximate area of 300mu, lies between the Pearl River Tunnel Fungcun Exit and the Huadi River. It will be reserved for commerce, residence and hotels.
- Lujulu Plot: This plot, with an area of 150mu lying between the Bai’etan Bar Street and the Fangcun Avenue, will be used for commercial purpose.
- South Datansha Plot: This plot, with an area of 700 mu on the bank of the Pearl River to the south of the Datansha Sewage Treatment Plant, will be developed for residence, hotel and yacht club.
Projects in the Thirteen Hongs Commercial Zone:

- Kangwang Road Plot No. 9: Out of the total area of 7024 sq. meters, 5382 sq. meters is for building and 1642 sq. meters for public road.
  Planning specifications: Building coverage \( \leq 50 \) percent the floor area ratio \( \leq 2.4 \), the total floorage \( \leq 12917 \) sq. meters and green space \( \geq 25\% \).

- Kangwang Road Plot No. 10: Total area of 3737 sq. meters, including 2866 sq. meters for building and 871 sq. meters for public road.
  Planning specifications: Building coverage \( \leq 50 \) percent, floor area ratio \( \leq 2.4 \), the total floorage \( \leq 6868 \) sq. meters and green space \( \geq 25\% \).

Shang-Xia-Jiu Pedestrian Street Kangwang Road Car Park Plot: Land use area 8899 sq. meters, where the car park and commercial areas are 1: 1.75 in size, the building coverage 40\%, green space 30\% and floor area ratio \( \leq 3.2 \).

(ii) Headquarters Economy: West Point Center, Westmen Plaza, Hetai Plaza and Kangwang Road Commercial Building.

(iii) Creative Industry: Xinyi International Club, 200 Creative Culture Zone and Southern Movies and TV Studios.

(iv) Logistics: Longxi Logistics Park, Guangdong Plastics Exchange (Phase II) Warehousing Project and Guangzhou International Medical Port.

Tianhe District

I. Brief Introduction
Located in the geographic center of Guangzhou City, Tianhe District enjoys superior industrial foundation and a promising prospect. It stands out as the developed business and commercial center, thus winning the reputation as the central and economically-strong district. This district covers an area of 137.38 square kilometers which accommodate permanent residents over 1.15 million. In 2008, the GDP of Tianhe District hit 143.438 billion RMB yuan, up 13.3 percent year-on-year, and the added-value of tertiary industry amounted to 116.183 billion RMB yuan, an increase of 15.29 percent and accounted for 81 percent of the total GDP.

II. Development Orientation
Tianhe District aims at developing itself into the central zone of a modernized metropolis. Recently, through implementing the strategy of “Led by Commerce, Driven by Innovation, Environmental Prioritized, Regional Coordination and Social Harmony”, the overall level of district construction, management and comprehensive service will be upgraded to build Tianhe District into the one outstanding in economy, education, science and technology, culture as well as ideal for business and living.
III. Industrial Development and Investment Promotion Focus
Guided by the ultimate goal of being the central zone of a modernized metropolis, efforts will be made to construct the modern industrial system with six major industries. They are composed of financial service industry, modern commerce and trade service industry, information service industry, science and technology service industry, professional service industry and cultural and creative industry. Headquarters economy and service outsourcing are served as the mainstay by constantly upgrading its industrial structure and boosting the advantageous industries. The overall development layout of modern service industry will be established with characteristics of One Core, Four Strips and Eight Zones. That is: to be led by One Core; the development led by Guangzhou's CBD consisting of Zhujiang New Town and the business area around the Tianhe Sport Center; to develop around Four Strip: the development along the joints of Linjiang Avenue, Huangpu Avenue, Zhongshan Avenue and Yunxi Road; to be integrated in Eight Zones: the development of product assembled in CBD linked by Zhujiang New Town and Tianhe North Lu, Gaotang Information Service and Service Outsourcing Integrated Zone, Yuancun Integrated Zone, Wushan Science, Education and Culture Integrated Zone, Shipai IT Industrial Integrated Zone, Northern Modern Metropolitan Leisure Integrated Zone, Eastern Culture, Sports, Commerce and Trade Expanding Zone and Guangzhou Household Building Materials Industrial Park.

i. Financial Services Industry
By taking advantage of the preferential policies to develop the financial services industry released by the provincial, municipal and district governments, the construction of the financial business district of Zhujiang New Town will be speeded up. By depending on the financial business district, Yuancun Extended Zone and business areas around the Sports Center, we will intensify efforts to attract domestic and foreign financial institutions to set up headquarters, regional headquarters or branches in Tianhe. Guangdong Securities Regulatory Bureau has been attracted to settle down in the financial business district. More financial regulatory authorities, like the Guangdong Branch of People's Bank of China, Guangdong Insurance Regulatory Bureau and Guangdong Banking Regulatory
Bureau have been introduced. The aim is to promote the construction of Tianhe into a regional financial center for regulatory authorities and headquarters. In addition, construction of financial clusters is encouraged in the financial business district of Zhujiang New Town so that the area may be completed in functions, efficient in operation and powerful in influence. Furthermore, more financial talents will be drawn from Hong Kong to support the cultivation of local ones.

ii. Modern Commerce and Trade Services Industry

Great strength will be exerted to introduce such enterprises as chain stores, large retailers, modern logistics firms and franchisees or agencies of world renowned brands. In the meantime, the industrial scale will be enlarged and the industrial level, be improved, our own brands, be upgraded and information development, be promoted in the trading services industry. The initiative is to create the regional commercial center in South China. Large shopping malls will be built in a reasonable and appropriate way. Chain stores, specialty stores, warehouses, supermarkets and online stores will be set up. The wholesale markets will be moved out of the district or to be get upgraded. The development of community supermarkets and convenience stores will be facilitated as well. Based on the superiority in famous brands and favorable geographic location, the central business circle of the Sport Center will be vigorously expanded to the east and north. We will spare no effort in reconstructing commercial streets of Dongpu Road and Chebei Road, and pushing ahead the growth of markets with brand advantages like Shipai IT Products Market, Lianquan Road Clothes Wholesale Market and Tianpingjia Fruits Wholesale Market.

iii. Information Services Industry

The district will develop information transmission service, computer service and software industry by drawing on its abundant human resources and the well-developed software service industrial base. The construction of the National Software Industrial Park and the Animation and Cyber Game Development Base will be quickened. Headquarters like China Mobile Communication Corporation and China Telecom are established in the district and the benefit of the industries will be gained in communication and information technology, cyber game and animation production, software outsourcing and E-business. The district will
focus on absorbing major software enterprises home and abroad and lay emphasis on helping enterprises to develop their own patent technologies and products. The aim is to promote the scale and competitiveness of the software industry. In addition, the district will import research and development centers of internationally prestigious enterprises, extend support for their construction and encourage addition investment on research and development projects. The purpose is to optimize the technical and administrative innovation abilities of software enterprises. In order to promote Tianhe Software Park as the South China headquarters for research and operation of key technologies, leading enterprises in cyber game design, animation production and digital entertainment industries will be introduced or fostered. Meanwhile, the comprehensive development platform for cyber games, the production platform for animation design and the testing, the exhibition and exchange platform for cyber games and animation will be established. Furthermore, the district will stick to its mission of building itself into a “Service Outsourcing Demonstration Zone” to vigorously boost the software and finance outsourcing businesses.

iv. Technology Services Industry
Tianhe has long been a cluster of universities and research institutes. Research centers of various universities such as South China University of Technology, Jinan University, South China University of Agriculture, South China Normal University, Provincial Academy of Agricultural Sciences, have been established in the district since 1950s. These institutions were all the earliest centers of research, technical service and promotion in Guangdong Province. With these intellectual resources, the district will step up efforts in upgrading the incubators of high technologies, foster key laboratories at provincial and national levels, as well as improve the technical research and information services. The aim is to form a systematic and modern technical service network. Besides, the Sub-District Wushan will be developed into a key area of the technical services industry in Guangzhou. Measures adopted include the follows: to speed up the construction of Wushan Technical Service Base, to enhance the capacity in high-tech research and achievement transformation and to further perfect the functions in talent training, office automation and exhibition.
v. Creative Industry
The construction layout of “One Core, Double Poles and Three Parks” will optimally facilitate the development of the creative industry. “One core” means the Wushan Culture and Education Cluster, which is set to accommodate education institutes, cultural institutions, as well as industrial clusters of software, creative and industrial products. “Double poles” are composed of Tianhe Sports Center and Zhujiang New Town Cultural Zone and the surrounding areas. Tianhe Sports Center and its surroundings enjoy land resources like skyscrapers and leisure space. They are optimal for large-scaled creative corporations and cultural performances and in turn ensuring steady expansion of the culture creative industry. On the other hand, Zhujiang New Town Cultural Zone will make use of its geographic location as the heart of the city to foster the cultural consumers and leisure consumption market, and subsequently shaping the creative businesses of the zone into a rapid growth point of the entire creative industry in town. Other resources include existing municipal infrastructures like Guangdong Museum, Guangzhou Library, Guangzhou Opera House, the Second Youth Palace and Canton Tower. They are now under construction. “Three Parks” refers to the following: Gaotang Software Park which accommodate software and digital information industries; Yangcheng Creative Park, which is reputed for level-picture design and exhibition businesses; Keyun Information Park which is planned to cultivate the personnel for the creative industry, particularly in software and cyber game designing.

vi. Professional Services Industry
As barriers for foreign funds to flow into the intermediary service industry are constantly removed, the district will attract a series of professional service institutions home and abroad. Meanwhile, efforts will be quickened in assisting local professional service institutions to improve the ability in shouldering international businesses. Tianhe will make full use of the Guangzhou Administration Affairs Ceter and abundant commercial resources to boost the development of service industries like legal affairs, accounting, auditing, evaluation, consultancy and personnel training. Moreover, priority will be given to facilitate the overall development of the professional services industrial cluster in Zhujiang New Town.
Baiyun District

I. Brief Introduction
Baiyun District has a total area of 795.79 sq. km, with a resident population of about 2 million, and with 14 administrative streets and 4 towns under its jurisdiction. In 2008, it achieved a GDP of 78.3 billion RMB yuan (as predicted, the same below), up by 12 percent; The tertiary added value was 54.4 billion RMB yuan, up by 13.2 percent while the general financial budget income, 2.556 billion RMB yuan, up by 21.02 percent. The growth rates of industrial output value, product sales volume, urban dispensable income per capita and rural average net income per capita were respectively 14 percent, 22 percent, 12.5 percent and 10.2 percent respectively. Located in the northwest of Guangzhou, Baiyun District, lies in the thoroughfare of Guangzhou’s eastern, western and northern transportation, and is Guangzhou’s important communication pivot as well as north gateway. The New Baiyun International Airport and South China’s biggest railway marshalling station are both situated in the district. The total highway mileage is 1100 km, with 8 expressways like the Airport Expressway, 3 national roads like the 106, 3 railways like the Beijing-Guangzhou Railway and 6 subway lines passing through the district.

II. Development Orientation
Baiyun District has established the development strategies of airport-related industrialization and constructing ecological airport district, with the development orientation till 2020 as follows: an innovation style district with vigor condensed
by ecology and airport; a composition of Guangzhou urban area, a sub-center of municipal level, an urban ecological function area; an important transportation hub of Asia-Pacific Region; an important gateway of the Pearl River Delta to the world, an airport-related industrial base and modern tertiary base. A development structure (one axis, two ends, three areas and multi groups) has been set up, and a development concept of airport-related economy and ecological economy has been raised with double transfers of industries and labor forces as the grasp.

III. **Industrial Development and Investment Promotion Focus**

Baiyun District plans to build 7 major zones of economic development, namely, Business and Trade Cultural Living Zone of Baiyun New Town, Business and Trade Service Zone of Baiyun International Airport, Golden Development Belt Zone of Baiyun Avenue, Scientific and Technological Zone of Private Enterprises, Baiyun Lake Zone, Maofeng Mountain Central Leisure and Vocation Zone, and Modern Logistics Zone of Huangjinwei. By means of the linkage development of the 7 economic zones, the urban and rural economy of Baiyun District will coordinately grow.

**i. Airport-related Industry**

The New Guangzhou Baiyun International Airport is located in the north of Baiyun District. Baiyun District connects the airport to downtown Guangzhou with the flow of people, commodity and capital. It also promotes the airport’s traffic availability by its developed road and railway system. It will concentrate on developing airport-related industry economy by establishing airport industry zone. In this zone, enterprises of commercial, travel, logistics, manufacturing, export processing, exhibition, information intermediary are going to be set up. Meanwhile an airport comprehensive bonded zone will be built and enterprises of bonded processing, bonded trade, bonded logistics and service trade will be introduced.

**ii. Logistics Industry**

In Baiyun District, there are basic transportation systems of railway, municipality roads, rivers and airport. The Baiyun District possesses the advantage of developing airport and integrated logistics zones, large-scale wholesale markets
and logistics bases. Logistics industry is programmed to be “Two Circles and Three Zones”. Led by integrated logistics circle, the airport driven logistics circle, airport logistics industry zone, railway logistics industry zone and road logistics industry zone, the surrounding area is supposed to be shaped into a multimodal transport logistics industry circle. Nowadays, many famous modern logistics enterprises, such as FedEx, UPS, TNT, ZJS Express and DTW Logistics have been settled down in New Guangzhou Baiyun International Airport.

**Investment promotion focus:** the trial cooperation zone of circulation service among Guangdong, Hong Kong, Macau and Taiwan (comprehensive logistics zone of Huangjiajuiwei)

**iii. Bio-pharmaceutical Industry**

As one of the important regions for the development of biology industry in Guangzhou, Baiyun District belongs to Guangzhou biology industrial base expansion area. The bio-pharmaceutical industry has a considerable scale of development and infrastructure. In the park, there are 96 biopharmaceutical manufacturing enterprises, including WangLaoji Pharmaceutical, Hutchison Whampoa, Baiyunshan Pharmaceutical etc; 38 relevant scientific research institutions, i.e. Southern Medical University, Guangzhou University of Traditional Chinese Medicine, Guangdong Medicine Research Institute and Guangzhou Regeneration Resources Institute etc.

At present, biological products manufacturing output has ranked the fifth among various industrial sectors of the district. It also tops on the list among all industrial sectors in taxation revenue contribution of the district, with a number of leading enterprises and famous brands. Investment focus: CRO project; Guangzhou Bio-pharmaceutical Industrial Base

**iv. Modern Service Industry**

With Baiyun New Town as a core, The South Central of Baiyun District will be built into the business center of the district. Efforts will be made to speed up the development of convention, business, culture, finance, creative industry and so on. While making comprehensive utilization of Guangzhou Gymnasium, Baiyun International Conference Center, Guangdong Audio-visual City and International
Audio-video Expo Exhibition Hall, Baiyun District will promote the convention and exhibition industry to organize all kinds of expositions, performance and competition activities. The aim is to create the clustering effect of convention and exhibition industry. Efforts will be made to perfect public supporting facilities of Baiyun Avenue Golden Development Belt, transform the existing property and prioritize commerce, conference, tourism, leisure service industry.

**Priority of Investment Promotion:** Central Hotel, Jiahehui Commercial Center, Headquarter Base and affiliated zones of Private Enterprises Park (Jiahe), No. 5 apron, International units of creative eco-office set, Phase II of Baixin Fashion Street, commercial complex of Sanyuanli, Baiyun Business and Trade Center

**v. High-tech Industries**

With the focus on scientific technology, it is necessary to promote the industry restructuring and increase the number of enterprises with high-tech, high added value and tax income in Baiyun District. Efforts will be made to speed up the following programming construction projects; the first phase of No. 863 centre in Private Scientific Park with the focus on automobile spare parts, the second phase with the focus on electric power and electric, the third phase with the focus on bio-pharmaceutical research, Guangdong Creative Industrial Garden with the focus on scientific technology innovation, Jia He Scientific Technology Industrial Garden with the focus on IT communication industry and Guangzhou International Industrial Base of Audio-visual products.

**Priority of Investment Promotion:** No. 863 Industrialization Promotion Center in Private Scientific Park, Innovation Park of Private Scientific Park, Guangdong Creative Industrial Garden, Guangzhou (International) Industrial Base of Audio-video Products

**vi. Fine Chemicals**

Baiyun District is an important manufacturing base for cosmetics as well as a distribution center for raw materials and finished products nationwide. A complete industrial chain for cosmetics has been set up within the district, which forms the whole line service from production to sales. The total number of cosmetics enterprises accounts for 70 percent of that in Guangzhou. There are
about 500 enterprises producing cosmetics in Guangzhou, including many famous cosmetics brands both nationwide and worldwide. The examples are as follows: Guangzhou Bawang Limited Corporation, Guangzhou Caisy Cosmetics Limited Corporation, Guangzhou Houdy Cosmetics Limited Corporation, Guangzhou Gialen Cosmetics Limited Corporation, Masson Group and so on. There are more than 2000 enterprises merchandising cosmetics, plus two professional wholesale cosmetics markets. One is Yi Fa Plaza and the other is Xing Fa Plaza. As a famous production and processing base among the cosmetics industries nationwide, Baiyun District is established as the testing area by the National Cosmetics Quality Management Association concerning “the safety guarantee system of cosmetics quality”. The National Cosmetics Quality Management Association and Guangdong Standard and Investigation Center for Cosmetics have both entered Baiyun District, which has brought in the safety guarantee system of cosmetics quality for professional trading market of cosmetics.

**Priority of Investment Promotion:** Fine Chemical Industrial Park of Private Scientific Park

**vii. Urban Agriculture**

The transformation from traditional agriculture to modern urban agriculture can be promoted. To achieve the above-mentioned goal, we should promote “Central Great Kitchen of Guangzhou”, encourage and guide large wholesale markets of agricultural and sideline products to introduce marketing methods like online transaction, warehouse receipt management, electric auction etc. As a result, relevant centers have been formed, i.e an international agricultural products exhibition and trade center with the functions of agricultural products exhibition and trade; a purchase center, a clearance center, information center, credit center. A modernized, specialized and intensive urban logistics distribution system has been established including a distribution platform of agricultural products and a food base. They will give supporting to Guangzhou, with influence around the Pearl River Delta and even finally distributing products in the entire country and exporting food to the whole world. The special attention will be focused on helping and directing enterprises and farmers to develop species with distinctive local characteristics, fish species with good quality and
rare aquatic species, and at the same time exploring other functions of agricultures such as leisure, sightseeing, entertainment, as well as developing the “Nongjiale” projects in Maofeng Mountain and Baiyun Mountain. The aim is to develop tourism and entertainment industries to establish a central leisure area.

**Priority of Investment Promotion:** Dongwang Exhibition and Trade Center, “Nongjiale” project of Toubei Village, Maofeng Mountain
Huangpu District

I. Brief Introduction
Located in east Guangzhou and at the convergence of Pearl River and the estuary of Dongjiang River, Huangpu is an important traffic hub of the Pearl River Delta, which is 120 km away from Shenzhen, 65 nautical miles apart from Hong Kong. Guangzhou Port, the biggest one in South China, also situates there. Guangzhou-Kowloon Railway and Guangyuan Expressway (East), National Highway No. 107, Guangzhou-Shenzhen Highway, the East 2nd Ring Expressway and Guangzhou-Huizhou Highway run through the whole district.

As the center of the industrial zone in east Guangzhou, Huangpu District, offering the complete industrial supporting system, is the major supply base of energy and power in Guangdong Province, where Guangzhou’s pillar industries like automobile and petrochemical develop as well. It covers 90.95 sq. meters with a population of 400,000 permanent residents. In 2008, its gross industrial output value above designated size reached 142.81 billion RMB yuan, a growth of 11 percent over the previous year.

II. Development Orientation
To achieve the goal of developing Huangpu Port-front Business District, Huangpu District insists on the industrial development strategy of “Upgrading the Secondary and Tertiary Industry, and Giving the Priority on the Tertiary Industry”. It will accelerate the construction of modern industrial system and optimize the upgrading of the existent industries. Modern service industry will be developed and quality
projects will be introduced to achieve a new motive force for Huangpu's economic growth.

III. Industrial Development and Investment Promotion Focus
i. Automobile and its Accessories Industry
Guangzhou Honda Automobile Co., Ltd and Dongfeng Honda Engine Co., Ltd are situated at Huangpu District, the center of the automobile industrial area in East Guangzhou. Offering supporting service for Guangzhou's automobile manufacture base, Huangpu's automobile industrial base for investment consists of Yunpu Industrial Zone (Huangpu Section), Jiangjunshan and Zhuangyuanshan Industrial Bases, which is over 5 sq. km in total, and going to be built as a combination of auto-fitting manufacture, sales and distribution.

Yunpu Industrial Zone (Huangpu Section)
Being a large development area organized and planned by Guangzhou Municipal Government, it covers a planned area of 460 hectares, where the construction of electricity supply, water supply, communication, drainage and sewage discharge facilities, roads and land leveling have been completed. So far, there are a number of well-known companies incorporated in the zone, e.g. General Mills (U.S.), Bluescope, Uni-President Group, Sanoh Seikan, Renolit AG, BroadTeam Electronics, Hedy Computer, Bluemoon, Tinci Chemical, P. G. Logistics Group, South Logistics, China Southern Glass, SANY Heavy Industry and Heineken Beer etc.

Jiangjunshan Industrial Base
Covering a planned area of 106 hectares, Jiangjunshan Industrial Base is located at the both sides of Kaifa Avenue, south of Guangyuan Expressway (East), north of Guangshen Road, east of Guangzhou-Shenzhen feeder railway. Close to Luogang District, and only 3 km to Guangzhou New Port, it enjoys advantageous geographical position. It mainly focuses on the leading projects such as enterprise headquarters, R & D and account centers.

Zhuangyuanshan Industrial Base
Situated at the south of Wenchong section, Guangyuan Expressway (East), Zhuangyuanshan Industrial Base is close to Sinopec Guangzhou, and only 3 km to
General Factory of Guangzhou Honda. The base, whose planned area is about 50 hectares, is planned to be built as one that produces auto-fittings for Guangzhou Honda.

### ii. Petrochemical Industry

Focusing on the opportunity brought by the output expansion of refine oil and ethylene, Huangpu District has arranged scientifically the supplies of the limited land resource for the extension of the chemical industrial chain and the realization of the refinery chemical complex development. Efforts will be made to improve the supporting system and help enterprises developing précised or further processed products. The industrial chain of “petrochemical-fine chemical, high quality plastic-terminal product” will come into being finally.

Occupying an area of around 145 hectares, Jitang Modern Chemical Industrial Base is adjacent to Guangzhou Ethylene Factory to the north, Guangzhou Science City to the east. With the aims of attracting the investment of Sinopec Guangzhou's lower stream products, it is going to be developed into a chemical industrial base combined with the auto-fittings industry.

### iii. Huangpu Port-front Business District

Huangpu Port-front Business District, which takes the modern port service system as major development and a main goal of Huangpu’s future development, has been considered as one of the eight projects of building the best city in Guangdong Province. According to the Planning of Huangpu Port-front Business District, it will emphasis on the characteristic of port service and culture, which can make a distinction between Huangpu and Guangzhou’s other business centers or industry cluster districts. With the modern port-front producer service cluster districts as its supporting system, which is based on Huangpu Port, faces the manufacturing center in East Guangzhou and Dongguan City, and radiates the interior of China, Huangpu Port-front Business District will be built into an area that has the common functions (incl. loading and uploading, transportation, declaring at customs, taxpaying, frontier defense, goods inspection, hygiene inspection, port supervision, public safety, fire control and finance) and extended funtions (incl. information service, modern logistics, R&D, education, training and infrastructure for urban life). Considered as the engine of Huangpu’s economic
restructuring and industrial upgrading, the development of port-front business
district provides impetus to the growing up of the service industry like office
building, modern logistics, information service, financial service, agencies and
consultations, shopping mall, amusement and traveling. As a result, the district
will be developed as the modern service center in the east Guangzhou.
Huangpu Port-front Business District is planed to be a “1 plus 3” layout, that is,
1 core and 3 extensions. 1 core means an area along Hulin Road covering 219.3
hectares, while 3 extensions means RBD (Changzhou Island and Yuzhu by the
Pearl River), industrial supporting area (the modern port-front producer cluster
area around the Port) and service facilities (Dashadi commercial center).
The goal of Huangpu Port-front Business District is to construct a modern service
district and an area for enterprises’ regional headquarters. Strives will be
intensified to develop headquarters economy to introduce the regional headquarters
in professional service like modern logistics, information service, cultural
originality, finance, insurance, agencies and consultations. Other sectors
include the conference, exhibition, hotel, apartments, shopping and
entertainment. By creating the business atmosphere and raising the attraction of
the port-front business district, it will be developed into a modern service center
that embodies Huangpu’s characteristics and comply with the city’s development
requirements.

iv. Electronics and Information Manufacturing Industry
Situated at the south of Guangzhou-Shenzhen Highway and north of Guangyuan
Expressway (East), Guangzhou Yunpu Industrial Zone (Dongcheng Section) is
a large development area organized and planned by Guangzhou Municipal
Government. It covers a planned area of 260 hectares, where the construction of
electricity supply, water supply, communication, drainage and sewage discharge
facilities, roads and land leveling have been completed. So far, there are a
number of companies incorporated in the zone, e. g. Sanyo Electric (Japan),
Citizen, BroadTeam Electronics, Hedy Computer, Tinci Chemical and SANY
Heavy Industry. It is planned for introducing the top companies in electronic and
information manufacture industry on earth and accessory enterprises.
v. Development Base for Animation and Online Game Industries

“Huangpu Section, Guangzhou National Development Base for Comic, Animation and Online Game Industries” was approved to establish in Huangpu District in July 2005. The phase-1 construction is located in Nangang, Huangpu District, involving a shopping area in Guangzhou International Toys & Gifts Center and an office area in Asia Steel Building of 10,000 sq. meters respectively.

Situated at the northwest of the crossroad by Kaichuang Avenue and Huangpu Road East, Guangzhou International Toys & Gifts Center (GITGC) spans a total area of 330,000 sq. meters and has commanded a total investment of 2 billion RMB yuan with a construction area of 480,000 sq. meters. It is invested and operated by Cheung Kong (Holdings) Limited, Hutchison Whampoa Limited and Guangzhou International Toys and Gifts Centre Company Limited. The phase-1 construction, a shopping area of about 100,000 sq. meters, was finished in June 2005. Starting business in September, it has been filled with over 300 firms or companies in operation. Equipped with a network station (www.tagkle.com) containing a B2B business platform, a library and an information platform, GITGC offers other supporting service like bank, post, logistics, commodity inspection, shuttle bus to city proper and airport express. It is planned for introducing the design and manufacture company on comic, animation and online games.

Lying in Nangang section of Huangpu Road East, Asia Steel Building has a construction area of 17654 sq. meters. Invested and constructed by Hong Kong Asia Steel Group, this building supplies with 24 hour office service. There are more than 70 enterprises incorporated, which covers the industries like cartoon and comic, science and technology, logistics and trade.

vi. Huangpu International Logistics Park

Depending on the regional advantages of Guangzhou Port (Huangpu Harbor Area) and Guangzhou-Shenzhen Railway, Huangpu International Logistics Park has been formed as an area for port and railway logistics, and other relative logistics industry. So far, the storehouses about 750,000 sq. meters have been completed. There are over 100 logistics enterprises under operation, among
which a number of leading logistics enterprises majoring in the third party logistics service stand out, e.g. South Logistics, P. G Logistics, HYC Logistics, Futian Nikkon and Top & Ideal Logistics. Besides, Huangpu’s logistics will be specialized and e-business will achieve a shift from the traditional spot transactions to a combination of e-commerce, stock and futures. The newly-introduced e-business logistics projects include Amazon Joyo, Zhongjing Huitong and Chemicals Electronic Trading Center, etc. Now, Huangpu is applying for the certification of “E-business Cluster District in East Guangzhou”, which will allow the investments to have financial support from the provincial and municipal government.

At present, land resources that can be utilized are Jiangjunshan Industrial Base and GBMG Logistics Park. Located on Nangang Road West in Huangpu District, GBMG Logistics Park, covering an area of 160,000 sq. meters, is developed by Guangzhou Building Material Group (GBMG) and Prologis Group (US), providing the distribution facilities for the east's industrial manufacturing base.
Huadu District

I. Brief Introduction
Huadu District, located in the north of Guangzhou, is the sub-center of Guangzhou's north plate, and enjoys the good reputation of Flower Capital with green mountains, water, lands and blue sky. It has a total area of 969 sq. km and a resident population of 730,000. Huadu is the north gateway of Guangzhou and Pearl River Delta to inland China, and boasts advanced and solid water, land and air transportation network, with 3 national roads (105, 106 and 107) and 5 expressways passing through the district. The north station of Beijing-Guangzhou Railway situated in Huadu, which is one of the three starting stations in Guangzhou. The district owns national port of Category II - Huadu Port, from which 1000 tonnage cargo ships can directly reach Hong Kong and Macau. New Baiyun International Airport, one of China’s three pivot airports, is also situated in Huangdu. Guangzhou has planned to build the urban subway which connects Huadu Automobile City with the new airport and downtown Guangzhou. The to-be-built passenger line of Wuhan-Guangzhou Express Railway, with a designed speed of 200-300 km per hour, has a station in Huadu. In 2008, Huadu District realized a GDP of 48. 956 billion RMB yuan and an industrial output value of 116. 411 billion RMB yuan, up by 12.8 percent and 17 percent respectively compared with the ones of last year.

II. Development Orientation
Focus will be centered on the goal of building strong economic district, constructing garden-like city and structuring harmonious Huadu, as well as taking
economic development as the principle. Besides, such two priorities as industrialization and urbanization, will be highlighted and four strategies, be carried out, namely, the industry clustering, foreign-orientation, revitalization of the district by science & education, and coordinating development. Five tasks will be fulfilled to promote automobile, the airport-related industries in cluster. Its system should be innovated to make a harmonious society to fully construct a sub-center of Guangzhou Municipality.

III. Industrial Development and Investment Promotion Focus
Over recent years, the aim for development is to make a strong economy district, to build a garden and harmonious Huadu. The automobile industry, leather and leather products industry as well as the airport-related industry has been developing soundly. A booming industry pattern with “engines” (automobile industry and airport economy), industry groups (automobile industry group, leather industry group, and jewelry industry group) and 5 pillar industries (automobile, airport-related economy, leather and leather products, jewelry and bullions and the real estate industry) have come into being. Huadu Autocity has been approved and named as the provincial automobile industry base, “Guangzhou Huadu Automobile, Parts and Components Industrial Base of National Torch Plan”, the first batch of industry clustering upgrading representative area in Guangdong province, and “Industry Base of China Auto Parts and Components”. Huadu Shiling owns the title of “Chinese Capital of Synthetic Leather” by China Association of Light Industry and China Leather Industry Association. It is authorized to be the second batch of industry clustering upgrading representative area by Guangdong Province.

i. Automobile and its Accessories Industries
Great importance will be attached to improve the capacity of Dongfeng-Nissan Passenger Vehicle Company, and integrate companies in its full chain business, promote the investment in semi-close and loose ventures to boost the automobile chain. Other efforts will be taken to accelerate the construction of the second and third phase of Auto City to attract big projects with good economic returns. The investment promotion focus is on the area of automobile design, automobile
trading, automobile finance, automobile culture and automobile sporting etc. Huadu government encourages the development of automobile parts companies in specialty and high technology. In accordance with the development direction of “New Industry, New Center”, the soft and hard environment of Auto City will be further perfected. General automobile service industry, including automobile trade will be cultivated. For example, the Guangzhou Automobile College will also be actively developed to turn the Auto City into an important auto mobile manufacturing base in China characterized by R&D, technology-based and cluster developing. By 2010, the overall layout to automobile industry will be basically completed with annual automobile production over 500,000 vehicles and the annual general automobile industry output will be over 100 billion RMB yuan. Thus Huadu District will become automobile-oriented district with strong influence and industrial competitiveness.

ii. Airport-related Industry

By making full use of the advantage of the airport, the development policy of “To Boost Logistics on the Base of Airport, To Promote Industries on the Base of Logistics To Make a Win- win Achievements either for airport or Huadu District” has been carried out. Relying on the Guangzhou Baiyun International Airport and the Asian-pacific hub of FedEx, efforts will be made to get support from the Guangdong Province and Guangzhou Municipality, to bring in the Supporting Industry Zone for FedEx Asia-Pacific Express Hub in line with the state plan. Huadu Processing and Bonded Logistics Center will be built then. The development of the airport industrial zone, the airport logistics zone and the airport business zone will be accelerated. Such airport-related industries as modern logistics, business trade, airplane maintenance, IT electronics, precision manufacturing, airport business and R&D, etc, will be further facilitated. The software enterprises and the bases of airlines companies will also be attracted. By these efforts, a world famous airport city will be cultivated in Huadu.

In order to promote the regional industry upgrade, and strengthen the effect of Guangzhou’s open policy and its radiation to regional economy, Guangzhou has build up the Guangzhou Baiyun Airport Comprehensive Bonded Zone around Baiyun Airport. The proposed total area of Guangzhou Baiyun Airport
Comprehensive Bonded Zone is 7.198 sq. km, with the division of 3 parts in southern area, a central area and a northern area. Among them, the central area, located in the northern end of Baiyun International Airport, comprises the existing customs supervision warehouses of Guangzhou Baiyun Airport (0.462 sq. km) and the neutral cargo terminals of Guangzhou Baiyun Airport, while the northern area, located in the airport high-tech industrial base of Huadu, comprises 4 blocks with a total area of 1.962 sq. km.

iii. Leather Product Industry

Named as the “Capital of Chinese Leather Products” and “Central Town”, the industrial zone for leather products in the District will be furthered to support and cultivate the large-scale leather products enterprises and famous brands. Endeavors will be made to build such centers as the Leather Product Manufacturing Center, the Design and R&D Center, Information Exchange Center, Quality Certification Center, Trade and Logistics Center and Headquarters for Innovation and Brand-creating. The Leather product industry will be promoted in the direction of standardization, brand-building and added-value so as to strengthen the influence and competition of Huadu's leather and leather product industry cluster, thus making Huadu a sound destination for leather product.

iv. Jewelry Industry

The present jewelry processing area in the Huadu District will be perfected. The cluster development of the jewelry industry be encouraged. The International Exhibition and Trade Center for Huadu's Jewelry, the Jewelry School, Jewelry Traveling and the Jewelry Theme Park will all be built to create a jewelry processing center, trade center and culture center in a hope to make the brand of “Capital of Chinese Jewelry” worldwide, thus making Huadu into the capital of jewelry with highly clustered industry and the perfect service environment.

v. Real Estate Industry

With the advanced environment and the communication advantages, the real estate industry will be topped, developed and standardized. In regard to the city expansion and the industry development, those developers with powerful strength will be encouraged to build the living area with various functions, including
luxury apartments, offices, small, middle size apartments and residential area with low prices. The industry of real estate will be developed to catch up with the development of the secondary industry, trade and hotel industry. Efforts will be made in line with the balance of commercial and living areas to build houses with different levels to satisfy the demands required by different people of different levels.

vi. Modern Service Industry

On the basis of the strategy “To Promote the Tertiary Industry by Secondary Industry and Boost the Secondary Industry by the Tertiary One”, the roles of the airport and the automobile industry will be made full play and the development in modern logistics, trade, hotels, exhibition, tourism and culture leisure be initiated. Headways will be made to strengthen the general service function accommodated to the role of the sub-heart of Guangzhou modern metropolis, thus the whole investment environment of Huadu will be optimized.

vii. An Emerging Industry Cluster

Great efforts will be made to encourage every town (street) to conduct township industry and advanced industry cluster. Focus will be put on the electronic, textile, machinery, fine chemical and ecological industries, large scale investment with strong industrial driving force and high technique level. Strong efforts will be made to develop the infrastructure of the main planed functional zones and industrial parks, namely, the GGEIC industrial park in Xinhua and Fine Chemical industrial park in Huashan, Textile Industrial Park in Tanbu, Machinery assembly and manufacture zone and the featured Ecological Tourism Zone in Timian.
Panyu District

I. Brief Introduction
Panyu is located in the southeastern part of Guangzhou, nestled on the heartland of Pearl River Delta, and also at the geometrical center of the triangle shaped by Guangzhou, Hong Kong and Macau. Adjacent to Foshan and Zhongshan on the west, and bridged with Nansha District on the south, it links Haizhu in the north and Shiziyang and Dongguan in the east. The district is also an important hub of communication connecting eastern and western banks of Pearl River Delta as well as big & medium sized cities such as Guangzhou, Shenzhen, Zhuhai and so on. The total area of Panyu is 785.15 sq. km with a registered population of 947,600. In 2008, the whole district of Panyu created a GDP of 72.76 billion RMB yuan, increasing by 13.1 percent over the previous year.

II. Development Orientation
Being the focus of Guangzhou’s southward expansion strategy, and taking the advantage of its geographical location, Panyu is striving to build into Guangzhou's modern new city center, traffic hinge linking Pearl River Delta area, advanced hubs for industrial, commercial, tourism and information consulting service, and bases of intellectual and innovation industry, and a residential conglomeration with cozy and eco-friendly environment as well.

III. Industrial Development and Investment Promotion Focus
At present, Panyu is implementing the strategy of “Maintain the Development
Momentum of Primary Industry, Optimize Secondary Industry, and Promote Tertiary Industry”. Efforts will be made to enhance the harmonious development of the three major industries, and upgrade the technology of traditional industries by applying information technology. Meanwhile, faster pace is set to develop the major industries such as fine chemicals, automobile accessories, electronic machines, digital and optical products, jewelry, power transmission and transformation, as well as modern service industries. Attention will be given to promote the harmonious development of advanced manufacturing industry, Hi-Tech industry and modern service industry. Special structure is well planned as follows: the northeastern part of Panyu, which enjoys rich resources from Guangzhou Higher Education Mega Center, will focus on building a base of modern culture and technology, and developing industries of automobile as well as accessories, bio-pharmaceuticals, digital family and animation; the southern part focuses on building an industrial base with new pattern, and developing industries of computer numerically controlled machines, power transmission and transformation, lighting and hi-fi equipment, fine chemicals. The northwest and middle parts will be put on the emphasize on modern service industry. A new business circle of Guangzhou will be formed attributed to the integration of various wholesale markets, business centers and service facilities of South China, and it will greatly benefit from the establishment of the new railway station. By making full use of the opportunity of infrastructure construction for 2010 Asian Games, the eastern part is supposed to contribute enormously to the construction of Guangzhou New City. What’s more, the western part will focus on developing modern tourism by utilizing resort resources.

i. Automobile and Accessories Industry

Full support will be given to the base construction for Guangzhou Automobile Industrial Group with its self-owned brand. This base is for both R&D and manufacturing, with an investment of 6.8 billion RMB yuan. It’s supposed to go into production in 2010 and mainly research and develop independent brand vehicles, power train and relative auto accessories. At the same time, the construction of Panyu Dongchong Automobile Accessories Industry Park will be promoted in order to attract automobile accessories enterprises to settle down.
ii. Ship Equipment Industry

Guangzhou (Panyu) heavy equipment industry base is located in Panyu Dagang town with a preliminary planned total area of about 45 sq. km, including large vessels and heavy equipment areas. The China State Shipbuilding Corporation is to create a new set of marine low-speed, medium-speed marine diesel engines and heavy equipment and other ship product manufacturing base in it. This base which is expected to invest 27 billion RMB yuan will become the largest marine diesel engine manufacturing base in China.

iii. Bio-pharmaceutical Industry

A good foundation of Biopharmaceutical industry has formed in Panyu. Now there are numbers of enterprises above designated size in Panyu, which include: Guangzhou Pharmaceutical Holdings Limited, Hong Kong Kanghe Pharmaceutical Group, Guangzhou Pangaoshou Pharmaceutical Co. Ltd, Guangzhou Baidi Biotechnology Co. Ltd, Guangzhou National Pharmaceutical Co. Ltd, Well Lead Medical Group etc, products of which cover western medicine, Chinese traditional medicine, health care products, and medical machines. Currently, an area of 2.19 million sq. meters in Hualong Town, in the northeast of Panyu, is exclusively planned to be a bio- pharmaceutical base. Various projects such as Guangzhou Pharmaceutical Holdings Limited which will invest two billion yuan and a program on the study of stem cell have been launched. And it's well prepared to bring in more bio-pharmaceutical R&D institutions and production enterprises.

iv. Digital Family & Digital TV Industry

The digital family & digital TV incubation Base in Guangzhou Higher Education Mega Center is co-founded by the government of Panyu, Sun Y at-Sen University and Guangdong Digital Family Public Service & Technical Support Center. It 's a base serving not only producing but also researching and educating purposes. So far, five major technical support centers have moved in. Three of them are: Guangdong Digital Family Public Service & Technical Support Center (Sun Yat-Sen University), National AVS Engineering Center (Beijing University), and Digital TV Center (Graduate School of Tsinghua University in Shenzhen). These 5 centers along with more than 50 famous foreign or local enterprises and
technical organizations have formed a cluster for hi-tech innovation on digital family, which is about to be one of the growth poles of Guangzhou's information industry.

At present, Panyu Digital Family & Digital TV Industrial Park, with an area of about 2 million sq. meters, is under establishment in Hualong Town. That is in the northeast of Panyu. It will be built into an important digital family & digital TV industrial base of Guangzhou and even Guangdong by making use of the advantage of the base in Guangzhou Higher Education Mega Center. What's more, greater efforts will be made by the government of Panyu to introduce more investment in this field.

v. Animation Game Industry

Animation game industry is one of the competitive advantages of Panyu. So far, there are more than 330 animation enterprises manufacturing various products with a market share of about 50 percent in domestic market. “Made in Panyu” animation products have not only become famed brands in domestic market, but also exported to America, Europe and Southeast Asia. As a national online animation game industrial base, Panyu has built Guangzhou Staratoon Animation Game Industrial Park with total investment of about 500 million yuan. The park covers a land area of 190 thousand sq. meters, with gross floor area of 380 thousand sq. meters. Soon it will be equipped with an innovative ecological park of about 250 thousand sq. meters and a warehousing and logistics district of about 40 thousand sq. meters. The Industrial Park Phase 1 have been completed, more than 40 well-known animation companies will set offices there.

vi. Characteristic Industry Group

Jewelry processing and lighting & audio are two characteristic industries of Panyu. With more than 400 jewelry-processing enterprises, Panyu is considered as the largest jewelry-processing base in China and even in Southeast Asia. It’s also awarded as “China’s Characteristic Jewelry Processing Industrial Park” and “Characteristic Jewelry Processing Industrial Park” as Guangdong Torch Program.

Lighting & audio industry of Panyu emerged in late 1980s and early 1990s. Yifa Mall is one of the earliest wholesale markets of lighting and audio business in
China. After years of development, Panyu’s lighting & audio industry has formed an industry chain that combines R&D, processing and self-own brand production. There’re more than 110 production enterprises, about 100 trading companies and about 100 lighting & audio engineering companies. They contribute annual production value of over 10 billion RMB yuan and total export value of over USD 400 million. Their products include: audio speakers, mixers, amplifications, audio distributors, headphones, microphones, computer desk lamps, laser lights, home theaters, car stereos, conference systems etc. Among those enterprises, more than 10 generate production value of over 100 million RMB yuan for each. And Rui-feng audio equipments are destined to be used in the main venue of 2008 Peking Olympic Games.

vii. Modern Service Industry

The aggregation and radiation effects of the modern city infrastructures in Guangzhou new city center should be made full use of to promote development in the following aspects: trading, information service, management consulting, R&D, integrated technical services, large-scale business logistics, MICE (Meeting, Incentive, Convention, Exhibition), ecotourism. Meanwhile, real estate and social service mainly for large residential areas should also be further developed. And it’s important to let their development better to serve main economic regions such as Guangzhou City, Pearl River Delta, and Guangzhou-Hong Kong-Macao Megalopolis. At present, development focus is put on promoting the upgrade and transformation of various wholesale markets, and building specialized markets for international industrial products, jewelry purchases and lighting & audio products. It’s also targeted to accelerate the formation of multi-layer business circles, to develop the Wanbo-Chimlong-Hanxi CBD (also called Panyu New City) with an area near 3 million sq. meters along Metro Line & 4 and Ying-bin Road, to build Shaxi Wholesale Market, to establish Guangzhou International Commodities Exhibition & Trade Center. Up to date, several commercial circles have been planned and constructed by taking the advantages of the projects nearby like the No3 and No 4 Metro Line, as well as the Ying-bin Road. Big commercial projects including Guangzhou International Commodity Exhibit Center, Luo-jia Commercial Business Center, Wu-zhou
Commercial Center, Wu-hu-xi-hai International Sea Products Trade Center are carried out smoothly. Chateau Star River Hotel had just launched. Wal-Mart has decided to set up a market. Guangzhou Worldmart Jewelry Emporium Center and a series of international famed jewelry brands will start their selling here in Panyu. Panyu is striving to establish business functional areas of district level, and build itself into Guangzhou’s No. 4 business center. At the same time, by making full use of various tourism resources, Panyu will enhance brand projects such as Yuyin Mountain House, Baomo Garden, Lotus Hill Resort and Chime-Long Paradise, in order to promote the comprehensive development of manufacturing, real estate, commerce and tourism as well.
Nansha Development Zone (Nansha District)

I. Brief Introduction

Nansha Development Zone is situated at the southeast of Guangzhou and the geometric center of the Pearl River Delta. It is the kernel of urban development and industrial South Exploitation of Guangzhou, and will be built into a modern seashore city ideal for business and living.

Nansha has an outstanding location and investment environment. In its circle of 60 kilometers, there are 14 big or medium sized cities, such as downtown Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan. Nansha is backed by a capacious market with the 40 million population of Pearl River Delta, which provides Nansha a huge market with big potential and strong economic influences. Nansha, with the convenient transportation, is 38 nautical miles from Hong Kong, and 41 nautical miles from Macao. There are five international airports around, Guangzhou Airport, Shenzhen Airport, Zhuhai Airport, Hong Kong Airport, and Macao Airport. Nansha Ferry Terminal provides 12 runs of commuter ships from and to Hong Kong everyday. Guangzhou-Zhuhai Expressway and Guangzhou-Shenzhen Expressway are connected in Nansha with Humen Expressway. Therefore, Nansha becomes a communication hub joining up the north and south, connecting the east and west of Pearl River Delta. The fourth line of the Guangzhou Subway connects Nansha with Guangzhou. Beside, the Southern Express way is connecting Guangzhou to Nansha harbor, bridging the quick passageway to downtown Guangzhou.

Nansha is a new economic growth area of Guangzhou and an important regional
carrier to optimize urban and industrial structure. It congregates all state-level economical functional parts, such as state-level economical and technological development zone, high-tech development zone, export processing zone, bonded logical zone and, bonded port area. In March, 2008, Nansha was granted as the Demonstration Base of China Outsourcing Base and National Auto and Spare Parts Export Base Guangzhou Branch.

The Zone has been stick to the concept with planning and ecology in priority to make its investment promotion introduction at an even higher standards. Efforts will be made to improve the soft investment environment with focus on a management of service.

After 7 years of development, Nansha has introduced over 300 industrial projects, including 238 projects with foreign investment. The global top 500 companies have invested over 40 projects in Nansha, such as Toyota Automobile, JFE Steel, Mitsubishi Heavy Industries from Japan, BASF from Germany, Maersk from Denmark. Many big projects have been put into operation, which will deeply influence industrial structure optimization of Guangzhou and economic and social development of Nansha. Key importance will be attached to automobile, iron and steel, shipbuilding, petrochemical, high-tech, and port logistics industries. In 2008, the GDP of Nansha was 36 billion RMB yuan, increasing 16 percent compared to the year of 2007. The industrial production value was 100.1 billion RMB yuan, increasing by 15 percent. The tax revenue, 9 billion RMB yuan, an increase of 17 percent while the actual inflow of foreign capital, increased by 4.8 percent to USD 550 million. The import reached USD 3.08 billion, with a rise of 13 percent while the export rose by 5 percent to USD 2.24 billion. Since the beginning of Nansha Development in 2002, the major economic indexes of Nansha has been always ranking among the top 10 in 54 state-level economic and technological development zones.

Nansha boasts of beautiful natural environment and rich tourism resources. There are lots of rivers and lakes as well as the historic relics. The natural environment and local culture is well preserved with balance between the development and environment to protect the eco-environment.

As is stated in “The Outline of the Reform and Development Plan for the Pearl
River Delta Region”, issued by the State Council in 2008, it is our effort to make a sound plan of Guangzhou Nansha and other new district to make them the carriers to strengthen the cooperation with Hong Kong and Macao in the aspects of service and high-tech industries. Nansha will further confirm the development guideline to build modern industrial structure and promote international competitiveness of the Pearl River Delta. Strives will be made to build a comprehensive port operation center in the Pearl River Delta and the Asia logistics center. The industrial cooperation will be strengthened with Hong Kong and Macao in the aspects of modern service industry, and the service industries will be accelerated in line with finance, insurance, commercial, hotels and etc. In the near future, Nansha will definitely be the most dynamic region with sound market potential, a bright pearl in the Pearl River Delta and even South China as well.

II. Development Orientation
Strives have been made to develop the competitive harbor-related industries of automobile, iron and steel, shipbuilding, petrochemical and heavy machinery and equipment. Besides, the high-tech industrial park will put the focuses on IT and biotech, and the port logistics base will put the priority on Guangzhou Port Nansha Project. Nansha will also be promoted by taking the advantage of its geographical location in a hope to make the District a modern coastal city.

III. Industrial Development and Investment Promotion Focus
i. Outsourcing Service Industry
Nansha Development Zone is an model zone of China Outsourcing Service Base, which consists of 3 parks (Nansha IT Park, Nansha High-tech Innovation Center and Nansha Olympics Office Building), 2 institutes (Guangzhou Institute of Industrial Technology of China Academy of Science, Henry Fok Institute of Hong Kong UST), 1 community (Nansha Digital Community). It will actively introduce the transfer of outsourcing service industry from Hong Kong and Macao, and attract outsourcing enterprises.
ii. High-tech Industry
Steps will be quicken to build a high-tech industrial development zone. Based on the incubator of Nansha IT Park and Nansha High-tech Innovation Center, the industrial foundation has been enhanced with the establishment of 7 pillar industries, namely, auto, petrochemical, heavy machinery and shipbuilding etc. The R&D advantage of Guangzhou Institute of Industrial Technology of China Academy of Science and Henry Fok Institute of Hong Kong UST have been fully facilitated.

Priority of Investment Promotion: flat panel display, semi-conductor optical-electron, IC, new material, new energy, bio-pharmaceutical and other high-tech industries.

iii. Bio-pharmaceutical
Nansha Bio-pharmaceutical Industrial Base is located at the south and west of Nansha Island. Guangzhou Nansha Lonza Company is wholly invested by Lonza Group from Switzerland and has a bio-pharmaceutical R&D center with 14 laboratories in Nansha. It has the full-sided bio-pharmaceutical lab group and most advanced lab instruments and devices in South China. Ascend biotechnology project is producing monoclonal rabbit antibody. South China stem cells and regenesis research project has been pushed forward.

Priority of Investment Promotion: Nansha is striving to introduce some world-class bio-technology and bio-pharmaceutical companies to develop bio-technology and bio-pharmaceutical products and explore gene medicine, traditional Chinese medicine and marine bio-technology.

iv. Automobile Industry
Nansha Development Zone is a branch exportation base of the State for automobile and spare parts. As the Toyota Engine Co. Ltd and the Toyota Assembly Project settled in Nansha, an aggregation effect has taken place in Nansha automobile industries. By neighboring Toyota’s Assembly Base, Section A of International Automobile Industrial Park is now composed of more than 20 Toyota suppliers. Service organizations have been set up to facilitate the training, marketing, repairing, material supply, and logistics companies that will meet the needs of Nansha are moving in progressively. In the year 2009, the second product line
of Toyota will be completed and put into production. By then, Toyota will have the capacity of producing 480 thousand cars per year. The Section B of Nansha International Automobile Industrial Park is located in the center of NDZ, 18 km away from the Toyota base and 15 km away from Port of Guangzhou Nansha Terminal. Very close to Nansha Port Express, it is only 30 minutes from downtown Guangzhou. Section B is a high standard international industrial park zone; all the enterprises investing in Section B will be provided with basic equipments. At the same time they will be facilitated to share the high quality suppliers with Japanese automobiles. Enterprises settling in the park can purchase land and construct factories, or they can choose to rent factories and spaces according to will. Companies in charge of park development will be accommodated with dormitory, canteen, social & entertainment and relating facilities with daily management done by the park.

**Priority of Investment Promotion:** Tier 2 and tier 3 parts suppliers will be the focus for Toyota Automobile

**v. Petrochemical Industry**

Nansha Petrochemical Industrial Base is located at the southern Wanqingsha Town. It occupies a total of 20 sq. km including oil refining project land and Sanmin Island petrochemical industrial land on mid and lower streams. According to the standards of ecological petrochemical industrial park, the “Five Integrations” program is applied to the petrochemical industry. They include products & projects integration, public assistance integration, logistics delivery integration, environment protection integration and management & service integration. Through the implementation of this program, a world-class petrochemical industrial base will be established. China Petroleum & Chemical Corp. and Kuwait National Petroleum Company jointed to start an integrated oil refining project in Nansha that will produce a total of 15 million tons of refined oil and 1 million tons of ethylene. This project is expected to be approved by the State within the year of 2009. Through the comprehensive use of basic chemical materials like ethylene and using the market as a guide, Sanmin Island Petrochemical Advanced Processing Base will support regional advanced industries by developing composition material and fine chemical projects.
**Priority of Investment Promotion:** Further processing projects will be developed for the integrated oil refining project to Sanmin Island Petrochemical Advanced Processing Base.

**vi. Port Logistics Industry**
Nansha International Logistics Park possesses a geographical predominance of being the centre of Pearl River Delta with a broad market radiation. It will soon become the hinge point of Pearl River Delta and the golden waterway of the world. Nansha Free Trade Port consists of ten 50 to 100 thousand tons' container terminal, the first phase of Logistic Park, Guangzhou Nansha Export Processing Zone, River & Sea through transport terminal. It will integrate the function of hub port of container, Free Trade Zone, Export Processing Zone and Bonded Logistic Park. The tax and foreign exchange administration policy of Export Processing Zone and the Bonded Logistic Park will be adopted within. It is a supervised area with all the advantages of connection of port and land, bonded trade logistics, preferential policies, multi-functional and geographical location. The freight will be bonded when entering the area. It is a solution for processing trade companies about the components and raw materials problem, which is called One Day Trip. Supply chain management of none storage for processing trade companies will be implemented, which is helpful for the exchange rate risk caused by Renminbi revaluation. Nansha Free Trade Port has the predominance on the international transferring, distribution, purchase, transit trade which will build itself as an International Logistic Center in South China.

**Priority of Investment Promotion:** Longxue Logistics Park with the focus on featured logistics industry in line with the advantages of Guangzhou Port Nansha Project.

**vii. Heavy Machinery and Equipment Manufacturing**
Focus will be on the development of large electricity apparatus, big chemical engineering equipment, the equipment for harbor, environmental protection equipment, railway and subway equipment, numerical control machines and complete equipment. The project of Mitsubishi Heavy Industries Dongfang Gas Turbine, Guangzhong Herrenknecht TBM, Dongfang Electric for the Nuclear Power Equipment, Xi'an High Voltage Electric Equipment, GGP Garden
Machinery and Voith Paper-making Machine have been settled down. The Machinery and Equipment Industry will extend the industrial chain and builds Nansha into the manufacturing and R&D base of machinery and equipment industry in Guangdong Province.

viii. Shipbuilding Industry
The shipbuilding industry is based on the deep-water coastline and the CSSC Group engaged in big ships and ship-repairing docks. The Longxue Island shipbuilding base will produce the oil tanker ship of 300 thousand tonnage and repair big ships. The CSSC Group is pushing forward the third biggest project in China, and its productive ability will reach 3 million tonnage per year. Now the shipbuilding and repairing projects have been put into operation, and the first oil tanker ship of 300 thousand tonnage will be finished by the end of 2009.

Priority of Investment Promotion: Manufacturing projects of big ship, marine engineering ship, container and big steel structure, ship repairing, marine engineering industry, and shipbuilding-related companies and projects.

ix. Tertiary Industry
Focus will be on the development of a comprehensive service industry group around the downtown of Jiaomen River and the seaside living and business zone in eastern part of Nansha. Efforts will be made to introduce trade, real estate, tourism, hotel and catering industries; the public service industry and corresponding facilities will be set up. Strives will be intensified to introduce the productive service industry such as finance, accounting, law, consulting, exhibitions and information. Service business projects will be shipped from Hong Kong and Macao to realize the functional integration with HK and Macao, and make Nansha a consummate district in the Pearl River Delta.
Guangzhou Development District
(Luogang District)

I. Brief Introduction

Guangzhou Economic & Technological Development District (GDD for short) was established in 1984 by the approval of the State Council. On April 2005, Luo Gang District, also approved by the State Council, and based on present GDD and conformity of rural areas around, was established. After this, together with unique “four-zone-in-one” administration system (GETDD, GHIDZ, GFTZ and GEPZ), the planning area of GDD (Luogang District) expanded from 9.6 sq. km to 60.6172 sq. km.

Since the establishment, GDD has formulated and implemented the development strategy for international-oriented economy, focusing on FDI promotion as well as scale effect of modern industries. By the end of 2008, 2667 foreign-invested enterprises from more than 60 countries and regions worldwide had made their home with the accumulative contractual and actual utilization of foreign capital of USD 28.2 billion and USD 9.1 billion respectively. Among them, 103 are Fortune 500 projects. Six pillar industries, i.e., IT, automobiles, metal refining, biomedicine, fine chemicals, food & beverage, have been clustered in GDD. In 2008, the GDP of GDD reached 114 billion RMB yuan, up 20.3 percent year on year; its GIO totaled 294.479 billion RMB yuan, up 20.13 percent year on year; newly added GIO achieved 50 billion RMB yuan; its tax revenues amounted to 26.441 billion RMB yuan with an increase of 21.28 percent year on year. The export volume rose by 21.83 percent year on year to
USD 10.508 billion while the contractual foreign investment registered USD 2.333 billion, an increase of 3.8 percent over that of the previous year; the actual utilization of foreign investment registered USD 1.03 billion, up 11.55 percent compared with the previous year. The main economic indexes maintain the leading place among the 54 state-level development zones.

II. Development Orientation

The aim of GDD is to become the sub-centre of Guangzhou east area and a modern new town suitable for both living and business. GDD will be forged into a modern new city and the sub city centre of eastern Guangzhou, as well as a merry-land for both entrepreneurship and habitation. To achieve the aim, GDD will upgrade its manufacture, promote its innovation and expand its service. GDD will change from an industrial area which depended on natural resource to an industrial area which will focus on innovation. GDD will be built into a district of innovation, efficiency, and harmony, a model eco-park featured by unique Lingnan landscape, a landmark city integrating travelling, leisure, entertainment, garden art and dinning.

III. Industrial Development and Investment Promotion Focus

At the present stage, GDD commits itself to realize a harmonious development between advanced manufacturing, high-tech industry and modern service industry. GDD will found a modern industry system, in which the advanced manufacturing stands as the mainstay, with modern service industry as the support and modern agriculture as the assistant.

i. Consolidating and Upgrading High-tech Industry

GDD will further strengthen the assembling and integrating of innovative resources within GDD and between GDD and other regions, realize the radiation and driving effect of regional innovation on the economy of Guangdong Province and the Pearl River Delta. The scien-tech innovation will be taken as the dynamic engine for economic structure transformation and economic increasing mode upgrading. Attention will be topped on projects like 3G & next generation internet technology, Visual Display Technology, Digital Home Technology, Carbon Fiber
Technology, LCD&FPD Technology and relative projects of the industrial upstream and downstream. Headways will be made to accelerate the construction of residential innovation platforms like South China Institute of New Drug and Guangzhou Institute of Biomedicine and Health, Chinese Academy of Sciences (GIBH), etc. Moreover, we will speed up the infrastructure construction of Guangzhou International Bio-island and the promotion of Bio-pharmaceutical projects.

The construction of the Industrialization Base of Guangzhou GSK CNC Equipment Co., Ltd (GSK) will be enhanced to accelerate the construction of Automobile Industry Base, upgrade the manufacturing ability of key accessories and moulds, strengthen the scope of automobile manufacturing and to form auto industry cluster; In addition, initiations will be intensified to strengthen the industries such as Fine Chemical Industry and Electronic Machinery industry to advance their scales and qualities.

ii. A Focus on the Development of Modern Service Industry

GDD will target at promoting famous enterprises (both domestic and international) to establish their headquarters in GDD, especially those Fortune 500 multinational companies. The headquarters cluster will be built with integrated functions of administration, marketing and sales, procurement and R&D.

Strives will be made to vigorously promote large financial organizations, provide high standard infrastructure and set up integrated system for financial supporting services. Qualified companies are encouraged to be listed on the stock market to encourage and develop the Third Board Market. Other efforts will be conducted to probe into the founding of Guangdong Scien-tech Bank. Furthermore, the Scien-tech Venture Investment Fund will be made full use of, including the ‘Seed Fund’, Entrepreneurship Fund, Industrial Fund and Scien-tech Enterprises Guarantee Company. We will promote the PE market, establish the pledged loan system for IPR and advance the development of Credit Assure System for small and medium-sized hi-tech enterprises.

The creative industry will be facilitated. Based on GDD creative industry complex, we will vigorously develop creative industries like Software (online
Games, software-outsourcing, digital contents, and integrated circuit etc.), animations & cartoons, industrial design, product R&D Design, architectural design, planning & consultation, etc. As a result, GDD will be forged into a creative industry cluster and industrial design center of Pearl River Delta.

The service outsourcing industry will be developed. By relying on the existing enterprises of service outsourcing, stresses will be laid to accelerate the service outsourcing enterprises gather. By taking the advantages of the Demonstration Zone of national service outsourcing, GDD will make every effort to promote the development of service outsourcing.

The exhibition economy will be intensified. Works will be done to facilitate the convention centre conference centers.

iii. To Actively Develop Wholesale and Retail Industries

By relying on the industry, GDD will make strives to construct specialty markets such as large medical industries. Efforts will be made to develop the commercial area, such as supper market, shopping mall, and agricultural fair, wholesale market and so on. A “one-stop” center for shopping, leisure, entertainment will be set up in downtown Luogang. Besides, the development of the community business network, chain outlets and delivery centers will be established.

iv. To Steadily Develop Real Estate Industries

With the advanced ecological environment and the large-scale public investment driven by the constructing of New Town, GDD will continue attracting the domestic Real Estate enterprise, and construct living areas in ShuiXi, Culture & Education Park, and HuangPi-TianLu Lake.

v. To Develop Leisure Tourism Industries

Endeavors will be made to improve the facilities in GDD, such as caterings and hotels. Eco-tourism will be enhanced on the basis of graceful ecological environment. Besides, focus will be laid to construct the Fragrant Snow Park of Luogang District for leisure tourism. By relying on the natural landscape of TianLu Lake, stresses will be put to adequately develop vacation and recuperate tourism with steps to be taken to develop the tourism which will be combined by the modern industry and technology.
**Conghua County-level City**

**I. Brief Introduction**

Located at the north-east of Guangzhou, central Guangdong Province, Conghua is about 60 kilometers away from Guangzhou, with a total area of 1985 square kilometers, possessing a population of about 540,000. Conghua is one of the important regions of Guangzhou’s “To optimize the North” development strategies, as well as the important ecological barrier of northern Guangzhou. Conghua City has beautiful scenery of green mountains and clear water with forest coverage rate of 68 percent. It also has abundant ecology tour resource and rare soda hot spring water in the world. It’s known as “Oasis on Tropic of Cancer”, “Hot Spring City of China” and “Back Garden of Guangzhou City”.

Conghua is the hub of the Pearl River Delta connecting northern and eastern regions of China. It has more than 1,000 km length of roads, with National Lines passing through, for example, Beijing-Zhuhai Expressway, Jiebei (Conghua jiekou-Huadu Beixing) Expressway and Jielu Expressway (Daqing to Conghua Section Guangzhou Expressway), Congzeng Expressway (Conghua-Zengcheng), the Third Ring of Guangzhou North Expressay etc. It is only 30 minutes drive to Guangzhou Baiyun International Airport and has been included in Guangzhou’s Half-an-hour Economy Life Circle. In 2008, the GDP of Conghua City reached 14.5 billion RMB yuan, increasing by 10.6 percent. The total industrial production value reached 28.683 billion RMB yuan, increasing by 9.8 percent. The total agricultural production, 2.745 billion RMB yuan, an increase of 3.1 percent. About 320 foreign invested enterprises have been settled down within
with such Fortune Global 500 as Avon, Hitachi, Hino, Unilever, AREVA, etc. In 2008, the actual foreign investment of Conghua city reached USD 135 million, increasing by 82 percent while the total import and export, USD 2.195 billion, increasing by 2.38 percent.

II. Development Orientation
Focuses will be put on the ecological characteristics. Initiatives will be made to implement the strategy of “To Strengthen the City by Industries, To Achieve the Stability by Agriculture, To Acquire Prosperity by Tourism, and To Obtain Revitality by Science and Education”. The city will be built into a modern ecological city with prosperous economy, culture, harmonious society and beautiful environment to become the State-level Demonstrational City of Ecology and Civilization, and the Excellent Tour City of China.

III. Industrial Development and Investment Promotion Focus
The industry layout will be further optimized depending on the Industrial Base and the advantages of environment resource. In the central-south, commercial trade, culture, modern service industry, high technology industry and real estate industry will be developed. In the north, tourism industry and ecological characteristic agriculture will be promoted. In the west, modern industry, modern agriculture and modern logistics will be facilitated as well. By relying on Taiping Industrial Park of Conghua Economic Development Zone, steps will be taken to facilitate the Pearl Industrial Park of Conghua Economic Development Zone, Aotou Industrial Park, Liuxi Hot Spring Tour Holiday Zone, Headquarters Business Zone, Logistics Zone, Motorcycle Industrial Base, Motor Spare Parts Industrial Base, Medicine and Cosmetics Industrial Base, Jewelry Industrial Base, Cartoon Software Industrial Base, High Technology Industrial Base, Agricultural Industrialization Base, the investment on advanced manufacturing, modern service industry, tourism industry, real estate industry, ecological agriculture industry etc..

i. Key Investment Industries and Projects
They include the following: the Construction of Infrastructure and Relative
Facilities of Economic Zones, the Manufacturing Spare Parts, the Production and High-tech Cooperation of Motorcycles, new energy, high technology industry, Advanced Manufacturing, the R & D Center of Biopharmaceuticals, the Manufacturing of high-quality jewelry and gifts, Day supplies of high-end production, Food production projects, the projects on cartoon creative industry and other kinds of functional areas like water therapy areas, international conference area, public leisure area and high class hotels in Health Valley of Lixui Hot Spring Tour Holiday Zone, the project on high mountain flowers and the planting of fresh flowers, projects on processing of vegetables dehydration, projects on processing of fruits etc.

ii. Key Development Industrial Parks (Bases)

(i) Conghua Economic Development Zone

Located at southern Conghua, adjacent to State Road 105, 20 minutes by car from Guangzhou Baiyun International Airport, this industrial park is the main functional area of Conghua Economic Development Zone in Guangdong, covering a total planning area of 10 square kilometers, southwardly connected with Baiyun, Luogang district of Guangzhou city. Taiping Industrial Park began to construct in 1988, since then the infrastructure construction has been improved constantly. The local roads were vertically and horizontally formed into a network of market, residential, municipal, recreational, telecommunications, postal services, taxation, banking, public security. Other public facilities are all readily available. The Park produces cosmetics, electronics, machinery, food, fine chemical industry. Nearly 130 various types of enterprises i.e. AVON, UNILEVER, C-BONS, Softt, RISUN were stationed within the Park, from United States, Britain, Australia, Japan, Singapore, Hong Kong, Macao and Taiwan. Currently, Stage II of the park area is under construction. Its planning area is 1.12 square kilometers and is built for the development of daily use chemical manufacturers, light products, food and beverage industry etc. The planning area of Stage III is 2.64 square kilometers. Guangzhou Science City (North) Conghua High-tech Industrial Park is located at the joint area between Taiping Town of Conghua City and Luogang District of Guangzhou. The planning area of stage I is about 20 square kilometers and the park will be initially
positioned to develop such industries as outsourcing, biomedicine, new energy, new materials, environmental protection equipment, optoelectronics, etc. At present, the park is in the planning, land acquisition and construction.

(ii) Pearl Industrial Park of Conghua Economic Development Zone
With a total planning area of 45.6 square kilometers, it is the largest industrial park of Conghua, and another main functional area of Conghua Economic Development Zone in Guangdong. This park is an important platform for Conghua’s undertaking the economic radiation from Guangzhou, Shenzhen and Hong Kong. In March 2005, the park was approved as one of key construction projects of Guangzhou. In April 2006, it was listed as the key preparing project of Guangdong Province, and was recommended to the provincial level high-tech industry base project under key construction. Headways have been made to stick to a new road to realize “ecological priority, environmental priorities”. The aim is to build it into the provincial and even national eco-industrial park model. It will focus mainly on the industrial machinery and equipment for the development of automobiles, motorcycles and parts, pharmaceuticals and cosmetics, electronic information industry etc. Focuses will be laid on the introduction of the investment projects with high scientific and technological content, good economic returns, less pollution, low loss of resources, strong industry association and leading effect. Such companies as Hino, Areva T & D, CKS Auto-parts, WANDONG Driving Force, Sanko Plastics, Walch and other enterprises have been all stationed in the Park.

(iii) LiuXi Hot Springs Tourist Resort
It is situated along the LiuXi Riverside of northern Guangzhou, with a planning area of 29.28 square kilometers. The Resort is southward adjacent to world-famous Conghua Hot Spring, and northward to LiuXi River National Forest Park with the title of the “Second Lu Mountain”. It goes along the riversides, and is integrated green mountains with clear water and blue sky. Three functional areas and more than 20 facilities projects were constructed which includes the International Business Conference Section, SPA Section, Public Leisure Areas. LiuXi Hot Springs Tourist Resort will be built into a world-class area combined with health care, leisure, tourism, culture, arts, literacy and public places of
entertainment, which will inject influence in Pearl River Delta, Hong Kong, Macao, Taiwan, Japan, South Korea and even Europe, the United States and other countries at large.

(iv) Aotou Industrial Park
It's located at western Conghua, with the planning area of 27 square kilometers. Pearl Industrial Park and the planning Logistics Distribution Zone are around it. The passageway of Beijing-Zhuhai Expressway is located in the park. At present, the industrial system which mainly includes car tire, pottery, metals, electronic, etc. has been formed. It is planned to build with different industrial functions, based on Renhe (south area) and Xing Long (north area). It takes Mingle tea plantation as the center. The first planning area of ecological demonstration area is about 8.58 square kilometers. The development will focus on auto mobile and parts, manufacturing, fine chemistry industry, etc.

(v) Conghua Automobile and Parts Industrial Base
It is located in the Pearl Industrial Park of Guangdong Conghua Economic Development Zone. In accordance with the development strategy of Guangzhou Automobile Industry, Conghua will become the fourth-largest auto industry segment. The emphasis will be on the development of commercial vehicle and components. The cluster will be formed with competition resources and advantages sharing and complementary strength in the development of Guangzhou auto industry. It is close to 105 National Highway, 106 National Highway, Beijing-Zhuhai Expressway, Jiebei Expressway, 60 kilometers away from Guangzhou downtown area and, 30 kilometers away from Guangzhou Baiyun International Airport and 70 kilometers away from Huangpu port. The total plan area is about 12.67 square kilometers and the phase 1 is about 6.67 square kilometers. In accordance with the principle of “High-starting-level Planning, High-level Building, High-speed Development”, Conghua has implemented contiguous land and infrastructure development. Enterprises will be provided with supporting facilities of traffic, electricity, water, drainage, telecommunication, land leveling, including other service related to commerce, taxation, banks, hospitals, schools, residential and hotel. At present, Guangzhou Automobile Group Co., Ltd. and Japan's Hino Motor Co.,
Ltl. joined hands to produce commercial vehicles. The project has been formally approved, with the initial investment of 3. 1 billion RMB yuan. The production scale is 20,000 heavy trucks and 30,000 light trucks per year. It is expected to be put into operation in 2009. Over 10 automotive component manufacturers such as WANLI Tires, CKS Auto-parts, WANDONG Driving Force and Shen-Jiang Auto-parts have put into production successively. Conghua Automobile and Parts Industrial Base will become a very competitive modern industrial base mainly producing commercial vehicle and auto parts’ R & D and manufacturing.

(vi) Biological Medicine Industrial Base
It lies in the east area of Pearl Industrial Park of Conghua Economic Development Zone and the scenic hot spring “Medicine Valley” with the planning area of 4 square kilometers with 2 square kilometers of land in prophase. By taking “innovation, features, integration” as the guiding ideology, the base mainly develops Chinese medicines, biological medicine, chemical medicine and cosmetics industries, and has established a modern, garden-style, open medicine cosmetics tech industry base. It is equipped to gather research and development, production and sales, industrial culture together, in line with the modernization standards of GMP. It will be developed into the innovation bases of medicine cosmetics industry in Guangzhou and even in South China. At present, such famous pharmaceutical organizations and enterprises have been stationed there, which have their own intellectual property and advanced skills either nationwide or worldwide, namely, the Research Center on Chinese patent medicine of Guangzhou Pharmaceutical Holdings Limited, LifeTech, JiaHe, Xian Qian, ZhenHe and so on. Now, Conghua has become an important part of the national medicine export base of Guangzhou.

(vii) Cartoon, Software and IT Industrial Base
Set up in Taiping Industrial Park of Guangdong Conghua Economic Development Zone in July 7, 2005 with the total planned area of 2 square kilometers, the Base enjoys a convenient transportation network combined with the Beijing-Zhuhai Expressway, 105 National Highway and Guangzhou Beisanhuan Expressway. It's 40 kilometres away from Guangzhou downtown area and 20 kilometers away from Guangzhou Baiyun International Airport. The base is composed of several scaled,
scientific and research, competitive and chained industrial parks with relatively well-established service systems. It will fully utilize its own good industry foundation and the important opportunity that Guangzhou will become the national cartoon industrial base. Cartoon and Software Industrial Park located in this base was set up as the “Southern Cartoon Program Co-production Center of National Cartoon Industrial Base” by State Administration of Radio and Television. It is now applying for the status to be the National Network Cartoon Base and the National Cartoon Talent's Training Base. Conghua Cartoon and Software Industrial Park is planned to set up four industrial development zones, i.e. international cartoon zone, original cartoon zone and industrial service zone together with four major related service areas including education and training area, Chinese commercial area, living area and cartoon exposition area. The outsourcing zone will provide high-efficient outsourcing service according to the modernized cartoon production line of world-class standard and such service as brand authorizing, product development, etc.

Conghua city has been put forth effort on building the base into a cartoon industry cluster development platform. Works will be done to cultivate a number of strong, internationally competitive cartoon industry groups owning independent intellectual property rights. This will make Conghua become an important domestic original cartoon production center.

(viii) Conghua Jewelry Industrial Base

It is situated along both sides of Highway 355 at Lingnan of Aotou Town, closely adjacent to Pearl Industrial Park of Guangdong Conghua Economy Development Zone and Jingzhu Logistic Park, 3 kilometres away from Beijing-Zhuhai Expressway, 4 kilometres from Jiebei Expressway. It will take 20 minutes drive to Guangzhou Baiyun International Airport and 40 minutes drive to the urban area of Guangzhou city. The first phase of the base covers an area of 340 thousand square meters. Enterprises such as Conghua Donglin Diamond Ltd., Yongzhao Diamond Ltd., Guangzhou Zhaoyong Diamond Co. Ltd., Gaojin Jewelry Ltd., etc. have been established in the base with over 5500 employees. In recent years, the jewelry export of Conghua has been increasing. with a planning area of 47 thousand square meters. Guangzhou Zhaoyong Diamond Co., Ltd. has
launched. HKD 40 million to build a big jewellery zone with the producing, processing, tour and shopping. The jewellery zone can accommodate 20 enterprises of jewellery processing and receive more than 5000 visitors per day. It will become another tourism highlight in Guangzhou.

(ix) Agricultural Industrialization Base
Relying on its natural resources, efforts will be done to develop urban-type modern agriculture, flowers, fruits, vegetables, and other industries. The agriculture industrialization is highly effective. YUCAI Farms and Agricultural Farms and ten-thousand-mu fresh cut flowers base were the cases. Focus will be topped to facilitate the “One-Village One-Product” model, to develop deep processing and fine processing of agricultural products. The Base is also composed of 13 existing national, provincial and municipal agricultural leading enterprises, 8 agricultural standardization demonstration zone, 23 provincial and Guangzhou’s famous (excellent) agricultural products. In the future, Conghua will further optimize the agricultural regional distribution, and vigorously develop ecological agriculture, tourism and agricultural export agriculture, to build it into a modern agricultural demonstration zone of Guangzhou. The city has 4 municipal agriculture demonstration bases including Chengjiao Subdistrict’s ten-thousand-mu fresh cut flowers base, AoTou Town’s High-quality Rice Production Modernization Demonstration Zone, Vegetable Production Modernization Demonstration Zone, Taiping Town’s Vegetable Production Modernization Demonstration Zone, and the Agricultural Products Transactions Market in northern Guangzhou. Based on the existing foundation, a number of agricultural leading enterprises with great industrial relevancy, and strong market competition will be encouraged to cast a wide range of radiation driven, and as a result, its agricultural industrialization management level has been constantly improved.

(x) Airport-related Economic Zone
Taiping Economy Development Zone of Conghua, Pearl Industrial Park, Liuxi Hot Springs Tourist Resort, Aoto Logistics Park, etc. are planed to be the economic areas for logistics. Endeavors will be facilitated to rely on ecological advantage and the advantages of airport and sea port to develop industry of high added value, manufacturing industry with new technology, logistics industry, high-end
service, etc. In the Zone, it is planned to set up logistics comprehensive processing area in order to develop new and high technology industries including IT, biological medicine, precision type instrument, fine chemistry industry, new material, new energy etc. In the modern logistics park which is at the passageway of Beijing-Zhuhai Expressway, it is planned to set up a logistics storehouse storage area to complete high-quality clearance, test, packaging, storage, transfer, processing and information service.
Zengcheng County-level City

I. Brief Introduction
Zengcheng County-level City, located in the east of Guangzhou, has a total area of 1616 sq km and a population of about 800,000. Over recent years, with the implementation of “Advancing towards East” strategy, Guangzhou’s east plate-Zengcheng has stepped into the track of fast and good development. In 2008, it realized a GDP of 51.027 billion RMB yuan, up by 18.28 percent compared with the one of last year. In the evaluation of basic economic competitiveness among the whole country’s counties, Zengcheng ranks the 12th, occupying the top position in Guangdong Province for 6 consecutive years.

II. Development Orientation
Zengcheng is the contact place to conduct activities of practicing Scientific Outlook of Development by Mr. Li Changchun, Member of the Standing Committee of the CPC Political Bureau. By taking the implementation of “3 Promotions and 1 Maintenance” (The Promotion of Self Innovation Ability, the Promotion of Traditional Industries’ Transformation and Upgrade, the Promotion of Constructing Modern Industrial System, and the Maintenance of a Steadily and Fast Growing Economy), efforts have been made to vigorously carry out “7 engineering projects”, deepen the construction of 3 main functional zones, enforce the garden-like strategy, enrich and benefit the people in the whole city. Priorities have been topped to speed up the reform of the urban and rural development and formation of the complete set, thus, coordinating the
development of the primary, secondary and tertiary industries. Furthermore, steps will be taken to promote the development jointly by consumption, investment and export, with aim to realize the self innovation and management innovation, coordinate the development between industrial civilization and ecological civilization, and head for the building of the rich, comfortable, civilized and harmonious New Zengcheng.

III. Industrial Development and Investment Promotion Focus

Currently, Zengcheng City has fostered such pillar industries as manufacturing of automobiles, motorcycles and related parts, as well as jeans and casual wear, which has laid a solid economic foundation for Zengcheng's strategy of “New East Guangzhou”. Along with the strategy of “3 Promotions and 1 Maintenance” raised by the Provincial CPC Committee and the Provincial Government, Zengcheng will actively response to the financial crisis, energetically promote industrial cluster development to build a modern industrial system with advanced manufacturing as the lead, modern tertiary as the focus, ecological and cultural tourism, vocational and leisure industry as the highlights, and modern urban agriculture as the basis. A system that integrates the primary, secondary and tertiary industry and develops the 3 main functional zones interactively and complementarily has been established. with these main functional zones keeping raising their sustainable development and implementation abilities, a steadily and fast growing economy has been ensured.

i. A Dynamic Industrial Cluster in the South with New Industries and Modern Tertiary as the Mainstay is to be Formed.

Xintang area in the south will be planned and constructed as the lead as per the high standards for a national economic and technological development district. By taking a new road to the industrialization and modern tertiary, a dynamic industrial cluster with new industries and modern tertiary as the mainstay is to be formed.

The cluster development is promoted with the automobile industrial base in eastern Guangzhou as the lead. By making such projects as Guangzhou Honda R&D Center, Guangzhou Honda Engine, Jieli Vehicles, Guangqi Spare Pars
Group of SP, River Wall, Borch Machinery, Zengcheng Branch of Guangdong Non-Ferrous Metal Research Institute etc, the industrial chains will be extended, and the auxiliary ability and cluster effect among industries will be strengthened. Modern tertiary and advanced manufacturing will be highly integrated with projects including the following: Tung Ling Machinery and Equipment Trading Center, Xintang Light Industries Modern Logistics Center, Shitan Renrenle South China Logistics and Distribution Center, Hao Jin Motorcycle R&D, Exhibition and Trade Center, Guangzhou Honda (Zengcheng) SP Logistics Center, Xintang ProLogis Logistics etc. We will speed up the introduction of new and high industries of electronics & information, bio-engineering, new materials, optical, mechanical & electronic integration, and develop large scale processing manufacturing with non-pollution. The conglomeration functions of the Guangdong Zengcheng Industrial Park and Shitan Industrial Zone should be enhanced, with the undertaking of strategy that will replace the secondary industry with tertiary industry in downtown area so as to enhance the carrier construction and attract large state-owned enterprises to settle down.

**ii. A Dynamic Industrial Cluster in the Central with Living and Cultural Recreation Industries as the Mainstay is to be Formed.**

With the downtown areas of Zengcheng as the core, works will be done to construct a beautiful atmosphere suitable for businesses and residence. In addition, we will establish a city of cultural industry, create an international conference and recreational spot, and promote the formation of a dynamic industrial cluster with living and cultural recreaton industries running side by side.

With the construction of the new city center as the leading part, great efforts will be made to establish a city of the cultural industry. With focus on the southward relocation of the new city center, jobs will be done to promote the cultural facilities around Zengcheng Plaza and the construction of Zengjiang River and its banks, thus promoting the development of the middle areas with the goal of establishing an international city of cultural sectors.

In the downtown areas and the southern Xintang Area of Zengcheng, emphasis will be put on developing modern service sectors such as logistics & warehousing,
commerce, convention and exhibition, financial security, brand management and industrial design for the manufacture industry. The planning and construction of commercial outlets should be reinforced, with the renovation of a number of high to medium-end wholesale markets. In addition to encouraging social investment in star business or holiday hotels, measures will be adopted to achieve orderly development of the real estate industry. Active efforts will be made to develop the intermediary service sectors so as to further improve the functional system of social services, encourage such agency services as design, engineering supervision, accounting, audit, legal services, tourism, information consultation, cultural promotion, etc. Besides, headways will be given to Zengcheng’s advantageous status as a major production base of vegetables, foodstuff, fruits, meat and fresh goods for Guangzhou and the Pearl River Delta. The development of enterprises engaged in modern agriculture and circulation of agricultural by-products for urban citizens will be enhanced. The focus will be on fostering a number of large-scale bases for ecological agriculture and related sectors, i.e. vegetables, flowers, seedling wood, livestock farming, marine products, high-quality rice, fruits etc.

iii. A Dynamic Industrial Cluster in the North with Urban Agriculture, Ecological and Cultural Tourism as the Mainstay is to be Formed.

With the provincial scenic spot of Baishuizhai in the north as the lead, industrial development will be restricted and ecological environment will be protected to reinforce the construction of ecological civilization. Besides, a large ecological parks as per international standards will be built to develop urban agriculture, ecological tourism and conference & recreational economy. The purpose is to form an urban agricultural and ecological tourist sphere to establish a region of urban agriculture and ecological tourism in the north.

The constructions of such projects as Baishuizhai Conference & Recreation Center, Xiaolou People Sport, Conference & Recreation Center, Huikang Agriculture, Zhengguo Julong Villa etc will be focused on, so as to enhance the attraction and handling capacity of ecological tourism demonstration zones. The market-oriented management of Xiaolou People Scenic Spot and Lake Island Scenic Spot will be greatly pushed forward. A batch of large scale and high class
farmland entertainments and peasant family hostels will be built. The travel route of “one-day tour” and “two-day tour” in Zengcheng will be planned and exploited. All these movements will make Zengcheng a well-known and major tourist city in Guangdong Province.
Business Environment
Business Environment of Guangzhou

Guangzhou is a well-known cultural city and commercial capital with the history of more than 2200 years. Over 2000 years between Qin Han and Ming Qing period, Guangzhou was an important foreign trade port of China as well as the starting point of China’s ancient Marine Silk Road. In Han Dynasty, Chinese fleet started from Guangzhou, voyaged to Southeast Asia and South Asia countries. In Tang Dynasty, the city was a famous port standing in the east of the world, the first foreign trade administration authority was set up and officers were nominated in trade management. In Ming Qing period, Guangzhou was a unique port opened to the outside as foreign trade port for quite a long time. Starting from 1950s, the Chinese Export Commodities Fair has been successfully held in the city, two sessions a year, making it the largest trade fair in China in terms of turnover, visitors and exhibitors. In 2007, the event was renamed as “China Import and Export Commodities Fair”.

As a city suitable for living, Guangzhou deserves its honor as “The Flower City” as well as the National Sanitary City and National Environmental Protection Model City. To further improve atmospheric environment quality, Guangzhou has completed five sewage treatment systems, implemented the State Motor Vehicle Emission III standard and green public transportation projects. 85 percent of the city's buses and 100 percent of taxis has been in use of clean energy LPG, motorcycle is prohibited in downtown.

Guangzhou has successively won honors of “China Habitat Award ( Best Model of
Water Environment Treatment), “International Garden City”, “Best Model of International Residential Environment Improvement” and “The Favorite Chinese Tourist City of Europeans” etc. followed the model of developed country and advanced city, plans named “Forest City for Sustainable Development”, “Green Action Plan” and “Garden City-building Platform” have been further implemented in the city. Efforts will be made to increase the green coverage to 55 percent and improve its landscaping, ecological and artistic level in 3 years to achieve a more solid foundation for the construction of “the Best place” in Guangdong Province.

I. An Economic Overview
Since the reform and opening up was initiated 30 years ago, Guangzhou has enjoyed a fast and sustainable growth. The city’s comprehensive economic strength keeps upgrading. The GDP has increased from 4.309 billion RMB yuan in 1978 to exceeding 800 billion RMB yuan in 2008, double every 5 years. The total economic output of Guangzhou ranks the third in major cities throughout the country since 1989. In 2008, the GDP per capita was up to 81233 RMB yuan, as USD 11696 for average permanent resident.

With a strong industrial foundation, Guangzhou is one of the country’s key manufacturing bases. The three pillar industries, namely, automobile, petrochemicals and electronic information, have constituted a modern industry system with a complete range of products, excellent comprehensive auxiliary service, and strong scientific research and development capability. Meanwhile, biomedicine, hi-tech and modern service industries are emerging as new growing highlights of Guangzhou’s economy. In 2008, the tertiary industries accounted for 64.6 percent of the total economic growth, becoming an important stimulant to the city’s economic growth.

Guangzhou ranks the first among the top 10 Chinese cities with over 100000 retailing stores and 900 wholesale markets. The city plays a significant role in China’s consumption market, exerts direct and leading impacts on the consumption of the Pearl River Delta. As the industry wind vane and price barometer, “Guangzhou Price” will fully highlight the city’s key status in South
China as an economic center.

II. Infrastructure Construction

Guangzhou has been equipped with state-of-art transportation infrastructure, the airport, seaport and information port conditions are superior, including Baiyun International Airport, Guangzhou Port that is listed the fifth in the world, and the first-class information exchange hub. A modernized traffic network of railway, expressway and quick rails has been extending in all directions in the city. In the near future, Guangzhou will have completed the construction of modernized traffic network featuring “three ports and two quick ways” (airport, seaport and information port as well as expressways and quick rails) and embrace the 2010 Asian Games.

Being one of the 3 hub airports, designed and built in conformity to the hub airport mode, Baiyun International Airport is one of the country’s largest, most advanced and modern international airports. At present, 57 international routes and 9 all-cargo routes are in operation, connecting major cities around the world. It is estimated that after the second phase in 2010, the passenger output will reach 38 to 40 million person-times and the Baiyun Airport will develop into a comprehensive hub airport with its connection to China mainland, Southeast Asia and Europe, America, Australia and Pacific regions at large.

Guangzhou Port, located at the intersection of Dongjian, Xijiang and Beijiang River, connects over 300 ports and 80 countries and regions around the world. In 2008, in face of natural disasters and global economic slowdown, the country's foreign trade container business suffered recession generally. Guangzhou Port continuously aggregated its radiation and service capability and its throughput reached 347 million tons. The port actively expanded container liner routes. The container throughput hit 11 million TEUs, up by 18.8 percent compared with 9.26 million TEUs in 2007. In the coming years, Guangzhou Port will accelerate its infrastructure construction, with focus on key projects as Nansha 3rd phase, Xinsha 2nd phase and 3rd course construction, growing itself into a modernized international port in 2010.

The 4.1 billion RMB yuan budget of Guangzhou New Railway Station will be
officially launched as a leading station for the city's rail traffic by the end of 2009. Guangzhou Railway Station will not stop using at that time, but most lines will be moved to the new one. The terminal of Beijing-Guangzhou Passenger Express with a speed of 300 km will be located at the new station. After its completion, the new station will turn into one of the four passenger transport railway centers in the country and the top-level station in Asia with the largest scale as a new center of transport, catering and business.

The rapid development of Guangzhou's traffic facilities and expressway construction has contributed to the main skeleton of a quick urban transport network. The construction of Guangzhou Metro has been accelerated on full scale with 7 metro lines under construction. By 2010, Guangzhou will get possession of 9 metro lines with the total mileage of 255 kilometers that covers all districts of the city and major cities in the Pearl River Delta.

With state-level information infrastructure, Guangzhou is one of the three major communication hubs, internet-exchange centers and international online ports in the country. In recent years, Guangzhou has actively promoted information infrastructure, setting “Digital Guangzhou” and international “Information Port” as the goal, e-government, e-commerce, society information and information industry achieved new development. The composite index shows that Guangzhou is located in the forefront of the country as the pilot city of national informatization demonstration, and will realize its aim to become the National Informatization Demonstration City in 2010.

Guangzhou serves as a key hub for the country's postal communications from where mails can reach more than 190 countries and regions in the world. Guangzhou Post has 75 branches, 165 post offices and 382 outlets. 177 of them have set up business in savings, connecting more than 45,000 posts in the country where deposits and withdrawals are processed. There are 168 delivery sites which covers 2600 roads with a total delivery mileage about 39,000 kilometers around the city. Both of the postal volume and service revenue rank the top among all capital cities of the nation.
III. A Convenient Customs Clearance

A convenient customs clearance is the initiation and final goal of Guangzhou Convenient Customs Clearance Coordination Leading Group. Focus on this core, inspection departments put forward a series of measures to improve customs clearance efficiency, and promote trade and investment facilitation. Efforts will be made to deepen the reform of customs clearance mode, and further improve the overall efficiency of customs clearance. Guangzhou Customs will vigorously promote operations integration and on-site declaration. The average operating time will be reduced from 1.5 hours to 50 minutes. Huangpu Customs will further implement special clearance facilitation procedure for law-abiding enterprises, expand the application scope of convenience clearance to enable more enterprises enjoy facilitation. Guangzhou Inspection and Quarantine Bureau will take paces to deepen reform, and innovate a model named “Administrate Centralized and Clearance at Ports”. After inspection and quarantine authority is decentralized, enterprises will complete inspection and quarantine procedures in local districts. Guangzhou Marine Safety Administration has speeded up the construction of electronic data system, improved declaration, examination and approval efficiency of dangerous goods and international sailing ship. Guangzhou General Station of Exit and Entry Frontier Inspection has pushed forward fine and thoughtful services through standardized terminology, service set-style, supervision and inspection. Guangdong Inspection and Quarantine Bureau has implemented regulations on lowering the inspection and quarantine fees. Statistics show that, in 2008, agricultural products export cost of inspection and quarantine have been reduced about 500 million RMB yuan in Guangzhou area. The Customs environment has achieved greater breakthroughs at major ports. In April 2008, the City issued “Suggestions on Further Improvement of the Goods Clearance Working Efficiency at Guangzhou International Airport”, which formulated detailed measures including improving goods customs operations, increasing cargo transfer efficiency, innovating inspection and quarantine mode at Baiyun Airport. Import clearance formalities that do not involve identification and have complete document can be accomplished in 6 hours after declaration while export customs procedures, be accomplished in 3 hours. Dongguan Export
HACTL operated in 2008, and Zhuhai Cargo Terminal is under construction. FedEx Asia-Pacific Hub has already started trial operation. The inspection authorities have developed special monitoring procedures, inaugurated transit supervision mode, simplified the declaration procedures, resolved secondary transit problem of entry and exit express in north and east China. Nansha Port has officially opened to the outside world through national examination, and was awarded as the world’s first batch of “International Sanitary Ports” by WHO. Guangzhou and Huangpu Customs have promoted “One Customs and One Stop” and “Mutual Acknowledge of Manifests, On-the-spot Clearance” to increase clearance efficiency. Nansha Port has carried out transit operations with more than 60 domestic ports through “Local Declaration, Port Clearance”.

The settlement and export tax rebate efficiency have been further speeded up. In July 2008, “Measures for Online Inspection of Foreign Exchange Collection and the Tax Rebate of Export” and new external debt management regulations were adopted in the country. State Administration of Foreign Exchange Guangdong Branch (SAFE) properly resolved problems during the application through a variety of policy introduction and explanation about background, main content and requirements to enterprises. SAFE Guangdong Branch also developed “Export Administration System” to improve the efficiency of related affairs. Guangzhou Municipal Office of State Administration of Taxation (SAT) pushed forward on-line system for export tax rebate and declaration.

Strives have been taken to set up the supervision system with user’s evaluation. As the core criterion, it will further improve the enterprises’ involvement in convenient customs clearance. Guangzhou SAT held “Large-scale Export Enterprise Forum” to listen to advices. Inspection and Quarantine Bureau carried out “Service Action” to set up a working group, which conducted specially research in foreign trade technical barriers. The Bureau also launched a website to help enterprises cope with trade technical barriers. Customs and other departments have signed memorandum of cooperation with Guangzhou Port Group, FedEx and other key enterprises to offer straight-through services.
IV. Human Resource
Guangzhou has been equipped with abundant human resources. The city has attracted great number of excellent talents as well as workers with rich working experience and sophisticated skills to meet all demands for personnel of various levels from different enterprises. There are 65 tertiary schools, including Sun Yat-Sen University, South China University of Technology and Jinan University, with nearly 50000 graduate students and 600000 undergraduates of three-year and four-year schooling, including 1.5 million advanced blue-collar skilled workers. According to the 11th five-year plan of Guangzhou Talent, by 2010, a pool of talents will be formed with 20,000 overseas students, 800 thousand college students. As many as 1.8 million will be of college or higher education background, 1.9 million will be of professional skills background and 200,000 will be practical talents for rural area.

V. The Investment and Trade Promotion
Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality serves as an administrative authority under Guangzhou Municipal People’s Government in charge of the city’s foreign trade and economic affairs. The Bureau is responsible for implementing state’s policies and regulations for foreign trade, economic cooperation and foreign investment. It is also liable to work out the development plan for foreign trade and economic cooperation, make approvals to foreign-invested projects, and monitor foreign trade and investment operations around the city. Foreign trade and economic cooperation departments in 12 districts and county-level cities with the jurisdiction of Guangzhou have all established trade and investment promotion institutions. China Council for the Promotion of International Trade Guangzhou Branch and Guangzhou Municipal Board for International Investment are institutions responsible for the city’s international trade and international investment respectively. Trade and foreign investment promotion institutions make great efforts to promote the city’s sound investment environment; to introduce major investment attraction projects; to facilitate investors from home and abroad, to give assistance to market research before investment and find partners; to make arrangements for contacts
with government departments, institutions and chambers of commerce; to undertake various investment promotion and publicity campaigns to offer investors the latest and the most detailed documents and multi-media materials; to offer investment policy consultancy and professional investment services. Businessmen and investors may have a deep understanding of policies, laws, instructions and information for trade and investment and acquire the comprehensive professional consultancy service.

The official website of the city’s investment and trade promotion:
www.gzboftec.gov.cn
www.investguangzhou.gov.cn

VI. Administrative Services

Guangzhou Administrative Affairs Service Center

Guangzhou Administrative Affairs Service Center is built based on “Foreign Trade and Economic Street”, China’s first professional institution for foreign investment set up 23 years ago. The Center refers extensively to advanced experiences drawn from other cities administration service center. It involves in registration, approval of fixed assets investment, trade management and supervision in a one-stop service chain, named as “one window” and “one-stop” services. Since its opening up on 28 Feb 2008, its “centralized” service model has been highly recognized by the public. Currently, about 450 personnel from 31 government departments have been provided to offer 736 services for enterprises and citizens through over 201 service windows. By 31 Dec. 2008, the center had received 509577 cases, and as a result, the public satisfaction levels were all rather high.

The Related Policy & Regulation Briefing

Guangzhou Municipality has insisted on hosting a quarterly briefing on the explanation of laws, regulations and policies to foreign invested enterprises since 1999. In order to help foreign invested enterprises understand policies and answer questions encountered by them, similar briefing had been held for 39 times in the past 10 years with an accumulative attendance of nearly 20000. More than 200 polices and regulations newly promulgated by the state, province and municipality have been explained. Each of the briefings has scored full
attendance and won praises from foreign investors and society. It has become a famous brand of Guangzhou's foreign trade and economic affairs work. In 2009, the Briefing has celebrated its tenth anniversary and will continually play the role as the platform bridging government and enterprises and as the window of policies briefing.

**E-Government**

Guangzhou Municipal Government has always attached great importance to informatization and promoting e-government. The city has made considerable progress in the openness of government information and taking government website as main channel. Statistics showed that over 90 percent of the city's government information has been informed through public website. “Service on-line” is a highlight of government services. The municipal government establishes a one-stop service system online, divided into guidelines, information download, online inquiries, survey and on-line application according to service requirement. The website is designed under the principle of user-friendly. It will reorganize administrative affairs made by various government departments and integrate the service resources scattered in departments. Citizens are able to gain a variety of public services through internet conveniently.

**VII. Intellectual Property Right (IPR) Protection**

As one of the first bathes of Model City for State IPR Protection, Guangzhou has made process in IPR organization and protections. In 2008, Guangzhou received 13968 patent applications, up by 15.9 percent, among which there were 4039 applications for invention patents, increasing by 39.6 percent; the quantity and structure of patent applications are steadily upgrading and improving. Efforts will be made to strengthen IPR protection system. The legal system for intellectual property has been completed and “Methods of IPR Protection of Guangzhou Exhibition”, been formulated with enforcement. It is the first patent law enforcement inspection team in the country. The city propells IPR protection measures as following: to constantly improve the administration mechanism of law enforcement and criminal justice; to enhance the transfer, investigation, prosecution and trial work; to increase the investigation about major criminal
cases. Customs protection of IPR and risk administration have been further strengthened. In 2008, the city implemented the Customs registration mechanism and established coordinated operation between customs and local law enforcement. Strives will be initiated to carry out IPR special protection project. "Guangzhou Outline for IPR Protection (2008 - 2010)" has been implemented to strengthen the provincial and municipal law enforcement construction. The city has set up cross-region cooperation mechanism. Supervision of corporate trademarks has been strengthened and a long-term regulatory mechanism, been set up. Guangzhou has now improved its supervision and administration in wholesale and retail markets and highlighted the operators’ responsibility. By focusing on investigation and dealing with acts of counterfeiting patents, the city will improve supervision and management in large-scale wholesale markets. A series of policies including “Incentive Provisions about Impersonation and Counterfeiting Acts Reporting” have been issued. By implementing relevant policies and measures, special actions to crack down illegal activities in audio-visual products, software piracy of rectification and unauthorized internet culture have been adopted. IPR protection in animation industry obtained great progress. Other key actions including investigating and dealing with shoddy food, auto parts and fake medicines, cosmetics, medical equipment, fake logo, fake packaging and fraudulent brand-name use have also been conducted.

In addition, Guangzhou Intellectual Property Arbitration Center was set up by the Intellectual Property Office of Guangzhou Municipality and Guangzhou Arbitration Committee. As a third way for effective dispute settlement in IPR protection along with the administration and justice protection, the Center aims to reach arbitration agreements in dispute cases to provide professional, convenient and effective services to carry out IPR research and advocacy.

VIII. The Trade Remedy
While global financial market witnesses its dramatic economic downturn since 2008, voices about protection of employment from low-cost country competition become higher and higher in developed countries. Protectionism is re-emerging in
world trade because of reduced international demand and weak trade growth. Guangzhou has set up trade relief work system in line with WTO rules to protect trade fair and legitimate rights and interests of enterprises.

PRD Fair Trade United Mechanism was formed. Facing increasing grim situation of international trade friction, GZBOFTEC has co-signed “Memorandum about Fair Trade in PRD Region” with the foreign trade administration departments in 8 cities (Shenzhen, Zhuhai, Foshan, Dongguan and other Pearl River Delta cities). Under the Memorandum, 9 cities will conduct in-depth cooperation in information collection and sharing, fair trade training, research and international trade friction cases settlement. Since the establishment of this cooperation mechanism, effectiveness has been gradually achieved. Governments in PRD region will strengthen co-ordination and integration of related resources, provide information and consulting services with no geographical boundaries. Enterprises begin to cooperate under the government’s guidance.

Import and export early warning mechanism has been constantly improved. The mechanism was composed by GZBOFTEC, the Customs, the General Chamber of Commerce, the Foreign-invested Enterprises Association, the Lawyer Association and other industry organizations. Key enterprises around 12 districts and county-level cities have set up the foundation of early warning mechanism. Early warning mechanism will simultaneously be launched in the analysis of the volume and price of top 30 products to trace the trade friction cases over the years. In addition, enterprises or industry associations can also apply for the demonstration office for early warning, by working together with government departments and scientific research institutions. Related information is available in GZBOFTEC website and publications like “Briefing on Import and Export Fair Trade” (monthly) and “Special Issue of Import and Export Fair Trade” (quarterly).

Endeavors have been taken to set up coping mechanisms with Guangzhou characteristics. Being a foreign trade exchanges hub, Guangzhou was encountered with 24 trade friction cases in 2008, involving iron and steel, light industry, mechanical and electrical products, chemical industry. The volume was valued at USD 120 million. Since 2005, GZBOFTEC has started to construct a coping mechanism about trade friction and published “Guide to Deal with Trade
Frictions” to provide guidance. Government departments will provide guidance through legal training and professional advisory for enterprises. Industries associations, lawyer associations, accountants associations and other intermediary organizations will play as a bridge to help enterprises through coordination, defense and other methods to safeguard their legitimate rights and interests.

IX. The Evaluation on Business Environment

The newly published “Doing Business in China 2008” considers that the coastal cities own favorable business environment, in which Guangzhou ranked the top, followed by Nanjing, Shanghai, Hangzhou, Jinan, Fuzhou, Tianjin and Beijing. This report was made by the World Bank and the Chinese Academy of Social Sciences through investigation in four indicators (starting a business, registering property, getting credit and enforcing contracts), related closely to business environment. 30 Chinese capital cities and municipalities and business facilitation level were compared overall.

Starting a Business

The convenience of starting a business is an important indicator to measure the business environment. According to laws in the country, to start a new enterprise generally requires for 14 steps, the whole procedure involves at least 10 departments. Guangzhou is the shortest time-consuming city, for numbers of examination or approval affairs can be accomplished in the Guangzhou Administrative Affairs Service Center. Steps of starting a limited company have been simplified in Guangzhou, only 13 steps are necessary for the whole procedure, with no more than 28 days in all excluding that the registered capital general expenditure accounts for 6. 3 percent of the annual per capita income, far less than the national average of 41 days and the cost average of 11. 5 percent

Registering Property

The mechanism that protects property ownership through registration ensures stimulating business investment and commercial transactions. Currently, Guangzhou has achieved “combination of land and housing certification into one”. It's convenient and open during registration procedure, 8 steps and 35 days are required, costs (including various taxes and fees) are 3. 7 percent of
estate value, while the domestic average time is 52 days and the maximum cost is 6.8 percent of estate value.

**Getting Credit**

How convenient enterprises can get credit is an important indicator to evaluate the business environment. In the process of getting a credit or loan, the time and cost of establishment and registration of a security interest reflect the convenience level of getting credit. In Guangzhou, the entire process to register a security interest with chattel mortgage loans requires 11 days, and the average cost is about 2.4 percent of the credit line. Meanwhile, in some places in our country, it required 3-7 weeks to complete the relevant procedures, and the financing cost is as high as 4.7 percent.

**Enforcing Contracts**

If the courts resolve contract disputes efficiently, enterprises are more willing to explore new markets and new customers. At the efficiency of judicial system, Guangzhou ranks the top as the most efficient city. The judicial process to enforce contract from proposing a litigation to enforcement of judgments, totally requires 120 days to recover the debt, the average legal cost of proceedings (including litigation, implementation, lawyer, etc.) is about 9.7 percent of the subject. The same process in southeast coastal cities requires 230 days, and the cost is 11.5 percent. In the highest time-consuming place it would require nearly a year's time, and the cost is 29.9 percent.

As a comprehensive comparasion of the four indicators mentioned overall, the business environment of Guangzhou ranks the top among 30 provincial capital cities and municipalities in China.
Policies
Decision of CPC Guangzhou Municipal Committee and Guangzhou Municipal People's Government on Speeding up the Development of a Modern Service Industry

In order to thoroughly implement the scientific outlook of development, truly transform the mode of economic development, establish a modern industrial system led by a modern service industry and dominated by a service economy, and strengthen the aggregating and dispersing function of a central city and its synthetic service function so as to build Guangzhou into “a first-rate exemplary zone,” the following decisions have been made regarding the acceleration of the development of a modern service industry.

I. Speeding up Modern Service Industry is a Major Strategic Measure to Push forward the Scientific Development of Guangzhou and to Establish it as “a First-rate Exemplary Zone” of the Whole Province

Modern service industry is originated from a period of more matured industrialization and developed by dint of high technologies and modern management mode. Characterized by a high content of information and knowledge, the service industry mainly comprises of emerging service industries such as modern logistics, finance, insurance, commercial fairs and exhibitions, information services, scientific and technological services, and cultural and creative industries. It also includes remolded and upgraded traditional services, and new forms of service such as headquarters
economy and service outsourcing.

i. To Speed up the Development of Modern Service Industry is a Necessary Condition for the New Positioning of Guangzhou’s Development Made by the CPC Provincial Committee and Government.

Decision on Striving for Being a Vanguard in Carrying out the Scientific Outlook of Development explicitly states that Guangzhou should strive to become a first-rate exemplary zone for building a modern industrial system and a city suitable for residence. Moreover, this city should become a regional center of modern service industry, an international convention and exhibition center, Asia’s logistics center, a base for advanced manufacturing industry at home, and a scientific and technological innovation center in South China. Made by the Provincial CPC Committee and Provincial Government, this decision, in line with the practical situation of Guangzhou, will establish a new goal and orientation for the scientific development of Guangzhou. Only by speeding up the development of modern service industry and establishing a modern industry system that takes the former as the lead and service economy as the principal part, can we thoroughly implement the strategic decisions of the Provincial CPC Committee and Provincial Government, push forward the scientific development of Guangzhou, and serve the general development situation of the whole province.

ii. To Speed up the Development of a Modern Service Industry is the Inevitable Trend in Optimizing and Upgrading the Industrial Structure of Guangzhou.

Currently, the development of Guangzhou has entered the critical stage of transforming an “industry-based economy” into a “service-based economy.” In this case Guangzhou must command the general development situation, follow the trend of the times, upgrade its service industry, especially the development scale and level of its modern service industry, promote an organic integration and interactive development among the modern service industry, high-tech industry, and advanced manufacturing industry so as to comprehensively modernize the economy and the society.

iii. To Speed up the Development of Contemporary Service Industry is the Crux of Enhancing the Function of Guangzhou as a Central City.

This function is not only related to the total economic output and the city’s ability to
utilize the key elements for production and manufacturing. More important, it's dependent on the extent of rationalization and upgrading of the city's economic structure, including its aggregating and dispersing effects in the regional flow of factors, as well as the stimulating effects of its integrated service on the regional economy. The developing contemporary service industry will enhance the ability of Guangzhou to allocate resources both domestically and internationally while strengthening its function as a central city to provide integrated service function and exert aggregating and dispersing effects. Therefore, Guangzhou must plan and develop a modern service industry with a world vision and strategic thinking so as to constantly elevate its service function and dispersing function as a central city.

iv. To Speed up the Development of a Modern Service Industry is a Trend to Make a Transformation of Industrial Mix of Guangzhou.

Modern service industry, with high added values, strong stimulating effect, great growth potential, will actively boost the consumption, effectively expand domestic demand, promote the development of intensive and advanced agriculture, and improve the quality and results of economic development. In recent years, the city of Guangzhou has formed an economic growth pattern jointly promoted by the secondary and tertiary industries, but overall, we still suffer from obvious structural problems, lack of independent innovation, and an extensive development mode. To speed up the development of modern service industry will be conducive to the transition of an economic growth fueled mainly by investment and export to the one stimulated by the coordination of consumption, investment, and exportation. It will also facilitate the shift from an economy relying on the secondary industry to the one boosted by the coordination of the primary, secondary and tertiary industries, and from mainly depending on increasing material and resource consumption to the one depending mainly on the progresses in science and technology, improvement in the quality of the workforce, and transformation in management innovation.

v. To Speed up the Development of a Modern Service Industry is Essential Route by which Guangzhou Seeks a Comprehensive, Coordinated and Sustainable Development in its Economy and Society.

Currently, with a large population, high land development intensity, ever-growing factor cost, the shortage of land, energy, and other resource and environmental constraints are felt more and more acutely. Making great efforts in developing a
modern industry will effectively ease the conflict among economic development and conservation of resources and environment, promote the construction of a resource-conserving and environment-friendly society, and realize the comprehensive, coordinated and sustainable development in the economy and society.

II. Placing Scientific Outlook on Development in Command and Clearly Understanding the Guiding Ideology, General Goal and Basic Principles of Developing a Modern Service Industry

vi. The Guiding Ideology
Taking the spirit of the Party's 17th Congress as guidance, we must thoroughly implement the scientific outlook on development, further free our minds, and establish a world vision. Making full use of Guangzhou's advantages in its regional position, industry and function, we can integrate and optimize the resources distribution for public services in science and technology, education, culture, sports, and health so as to accelerate the establishment of a modern industry system that takes modern service industry as the leading force, and service economy as the principal component. With the goal of upgrading a central city's aggregation and dispersion function, priority will be given to the development of the tertiary industry followed by the secondary and then the primary industry. In order to build a modern, international, market-oriented and information-intensive economy, we will focus on high-end service industry, with reform, opening up and service innovation as the driving forces, so as to optimize the institutional and policy environment, create a clustering area and growth pole for the modern service industry, enhance the “Guangzhou Service” brand, and promote an organic integration and interactive development among modern service industry, hi-tech industry, and advanced manufacturing industry. In this way, Guangzhou will be built into a regional center of modern service industry that will serve both international and domestic market, and boast strong influence and dispersing ability.

vii. The General Aim
By 2010, added value in service industry will account for 60 percent of the regional GDP, with modern service industry taking up 75 percent of the whole
service industry. By then, the share of service industry professionals will exceed 50 percent in the total workforce in the society, and the growth rate of added value in the service industry will surpass that of the regional GDP and of the secondary industry, thus forming an industrial structure dominated by service industry. By 2015, the added value of service industry will account for 65 percent of the city’s GDP, with 80 percent of the whole service industry being modern service industry, and 55 percent of the total employment in service industry. A batch of modern service aggregation zones and growth poles will take shape, with remarkable increase in the aggregation of industries and overall improvement in the aggregating and dispersing functions of a central city and its integrated service function. By 2020, 70 percent of the regional GDP will come from added value of the service industry. With the service industry structure remarkably optimized, quality of the workforce significantly improved, and the international competitiveness greatly enhanced, it is expected that the overall level of our service industry will reach that in advanced cities in moderately developed countries.

viii. The Basic Principle

The basic principle of “five integration” must be upheld in developing a modern service industry

——Close integration with optimizing and upgrading traditional service industry. While speeding up the development of modern service industry, we should also accelerate the reform of the traditional service industry by applying scientific management models, advanced applicable technology and modern operating format, so as to optimize and upgrade the quality and level of the traditional service industry with advantages and Guangzhou’s characteristics.

——Close integration with the promotion of the development of high-end and advanced manufacturing industry. The development of production service industry will be put high on the agenda, so as to make full advantage of service sectors such as logistics, finance, information, commerce which will comprehensively serve the secondary industry, especially the advanced manufacturing industry. We’ll actively guide the traditional manufacturing industry to be extended to service, and promote the development of high-end and advanced manufacturing
industry.
—Close integration with the promotion of independent innovation ability. Constant improvements must be made in the technological innovation system which is oriented towards the market, dominated by enterprises, and characterized by a combination of industry, universities, and research. The development of science and technology service industry must also be accelerated with research and development design as the core, so as to vigorously push forward the development of hi-tech industries such as electronic information, software, bio-medicine, and new materials.
—Close integration with the improvement of the open economic system. We should firmly seize the opportunity created by the acceleration of the transfer of international service industry, and make great efforts to fully open the service industry in a wide range of areas, and at all levels. Furthermore, we need to actively engage in service outsourcing in software development, information service, transaction handling, cross-border purchasing, etc. It's also necessary to strengthen the cooperation among Guangdong, Hong Kong, Macao, and Taiwan, expand the areas of cooperation, elevate the level of cooperation, and strive to enhance the international competitive strength of our service economy.
—Close integration with public services. With equal emphasis on the service industry and public services, efforts must be made to coordinate their development, and improve such services sectors as education, culture, sports, healthcare, and public transportation. On the basis of achieving equality in basic public services, the level of modernization of public services must be improved so as to satisfy the new demands of the masses to improve quality of life.

III. Giving Priority to the Development of High-end Service Industry and Making Efforts to Build Modern Service Industry Centers
Priority should be given to the development of high-end service industries such as modern logistics, finance, insurance, commercial fairs and exhibitions, information service, headquarters economy, cultural and creative industries, scientific and technological services, service outsourcing, and real estates. Great efforts should be made to construct an Asian logistics center, regional financial center, international
commercial convention and exhibition center, international information port, major headquarters economic zone of Asian-Pacific area, and regional “Creative Metropolitan.”

ix. Modern Logistics

By dint of Baiyun International Airport and Guangzhou Port, the establishment of airport comprehensive bonded zone and Nansha bonded zone must be accelerated. Strives will be made to promote the building of the boned logistics system, construct a large-scale international modern logistics center, and expand and enhance airport and seaport economy. Great efforts will be made to push forward the coordinated development of industrial base and logistics base, set up multi-leveled distribution network of the central city, and extend the coverage of a modern logistics zone. An integrated transportation system will be improved, and the seamless connection of land-sea-air and other transport modes will be speeded up. Headways will be initiated to improve supporting facilities and environment for port logistics and customs clearance, enhance the information platform for logistics customs clearance, and raise the overall efficiency of customs clearance in Guangzhou. Moreover, great efforts will be made to cultivate modern leading logistics enterprises, actively develop third-party logistics, so as to promote socialized and modernized logistics. We will strive to build Guangzhou into a critical node in the global logistics system and a modern logistics hub city in South China that is rooted in the Pearl River Delta, links itself to Hong Kong, Macau and the surrounding provinces, exerts influences in Southeast Asia, and connects the whole world at large. In this way, the construction of an Asian logistics center will be accelerated.

x. Finance and Insurance

The financial ecological environment will be constantly optimized and the construction of the financial market system, financial organizational system, and financial industry supportive policy system will be strengthened. Other than encouraging the existing financial institutions stationed in Guangdong to expand and enhance business, we’ll also actively introduce financial institutions from home and abroad, explore the establishment of new-type financial institutions, and spare no efforts in developing financial headquarters economy. It's also
important to continuously deepen the reform of local financial institutions, accelerate the restructuring of Guangzhou Commercial Bank and Agricultural Credit Union, and create local financial brands. Steps must be quickened on the construction of financial core functional zones such as Pearl River New Town Financial and Commercial Zone and Guangzhou Financial Innovation Service Zone, so as to guide the development of financial institution aggregation. In addition, endeavors will be taken on high-end transaction platforms for financial markets to build a national district property rights exchange center based on Guangzhou Property Rights Exchange. The implementation of the construction of a futures exchange center in Guangzhou will be carried out. By actively developing and utilizing a multi-layered capital market, we will construct a “green access” to actively encourage enterprises to be listed in the stock market, so as to form a “Guangzhou Plate” in the stock exchange market. Efforts will also be made to actively push forward the development of equity investment markets such as venture capital, private equity, and industrial investment funding in order to realize the interactions between industry and finance. We’ll also endeavor to develop insurance industry and encourage insurance operating institutions to provide all kinds of property insurances and personal insurances. Furthermore, the financial cooperation among Guangdong, Hong Kong, Macau, and Taiwan will be facilitated and the human resources in finance, financial innovation will be enhanced so as to build a regional financial center.

**xi. Commercial Conventions and Exhibitions**

It’s necessary to actively develop and standardize sectors such as law, consultation, accounting, auditing, evaluation, and advertising, so as to form a professional and high-level commercial service system. This requires us to accelerate the construction of Pazhou-Yuancun International Commercial Fair and Exhibition Aggregation Zone and Pazhou Trial Zone of Conventions and Exhibitions for Guangdong-Hong Kong-Macao Cooperation. Through the platform of Canton Fair, we will strengthen the cooperation with international exhibition companies and endeavor to introduce international brand exhibitions. Improvement will be made in the management system and market mechanism of convention and exhibition industry, as well as in the supporting facilities for
commerce and trade. Great efforts will be made to cultivate leading exhibition enterprises. By taking full advantage of the stimulating effects of Canton Fair, we will support brand exhibitions with different themes such as Guangzhou Fair, Guangzhou International Auto Exhibition, Guangzhou International Design Week, and China (Guangzhou) International Machinery Equipment Manufacturers Fair, thus constantly expanding their scale, effects and international influence. The convention and exhibition industries must be made more international, specialized, and information intensive so that they can be recognized as famous brands. All these efforts will help Guangzhou become an international commercial convention and exhibition center.

xii. Informational Service

The integration of informationalization with industrialization must be comprehensively promoted. Therefore, it's important to speed up the construction of an internationally advanced hub-type information infrastructure system, vigorously develop the internet, cabled digital TV network, and wireless broadband network, and fully expand the value-added information service based on multi-networks. We must concentrate our efforts on the construction of a national digital family demonstration base, expedite the construction of key projects on digital city and informationalization, and endeavor to develop industry of digital contents. By dint of Guangzhou national software industry base, the development of software industry base and integrated circuit design industry will be accelerated. Furthermore, the construction of the national demonstrative pilot project of mobile electronic commerce will be pushed a step further and the construction of platforms like third-party electronic commerce and the southern modern logistics public information will be furthered, so as to make extensive use of information technology to remodel traditional industries. Great efforts will be made to realize the strategic target of “double hundred billion” information service (namely, by 2015, the added value of the whole city's information service will exceed 100 billion RMB yuan while the income will surpass 200 billion RMB yuan). In this way, Guangzhou will be built into an international information port.

xiii. Headquarters Economy

In addition to accelerating the construction of a central commercial zone in Pearl River New Town, stresses will be laid to build a bunch of aggregation zones for specialized headquarters, to optimize the spatial layout for the headquarters economy,
and raise land output rate per unit area of the downtown area. With a focus on improving the basic conditions and professional supporting services for the operation of headquarters economy, we will work out an exemplary ecological circle that is scientific and harmonious, and is characterized by a reasonable layout, clear functions, complete facilities and quality service. Moreover, headquarters of multi-nationals and of major domestic companies will be introduced, research and development, investment, fiscal and marketing headquarters of big and medium-sized enterprises both at home and abroad will be attracted, with aim to build Guangzhou into an important headquarters economic zone of the Asian-Pacific area.

It’s necessary to continue to rely on the old town district for the implementation of the strategies of “Central Adjustment” and “Replacing the Secondary Industry in the Downtown by the Promotion of the Tertiary Industry”, speed up the construction of various cultural creative industry parks (bases), and improve the integrated service platform for the cultural and creative industry. In addition, we need to develop cultural creative enterprise groups with investment in various subjects, cultivate and introduce headquarters of creative companies, build famous brands in creative industry, and vigorously develop the five categories of creative industries: culture, research and development, design, consultation, and fashion. Taking the national online game and animation industry as the aggregation base, we should encourage and support the development of PC game and animation industry. Besides, paces will be quickened to consolidate and upgrade the leading role of PC game and animation industry in the nation, and further augment the share of the PC game and animation products and their derivatives in both domestic and international markets. Furthermore, great efforts should be made to develop the industries of cultural digital content and digital communication, and develop the creative industry into an important pillar of modern service industry. Other efforts will be put to actively push forward the integrated development of creative industry in Guangdong, Hong Kong, and Macao, so as to build Guangzhou into a regional “Creative Metropolitan.”

xv. Scientific and Technological Service
Guangzhou’s science, technology, education, and culture resources must be further integrated and optimized. Works will be done to give full support to the construction of enterprises’ innovation capacity and push the creative factors to cluster in
enterprises. By dint of enterprises, we will push the planning and construction of market-oriented technology centers, engineering centers, and national engineering laboratories so as to promote the industrialization of the fruits of enterprises' technological innovations. Meanwhile, it's also necessary to expand and strengthen the large-scale incubator of scientific and technological enterprises, and support the construction of a number of professional incubators for key development areas in science and technology so as to form a regional core incubating base. While improving the structural pattern of “one zone with many parks” in the hi-tech industry development zone of Guangzhou, we should also strengthen the interaction and coordination among the parks within the zone, so that these parks can complement one another’s functions, share resources, and develop together. In addition, effective measures will be taken to capitalize on the scientific and technological resources of colleges within Guangzhou Higher Education Mega Center and build a high-tech industry base. What’s more, efforts will be made to construct a market oriented, socialized, and networked scientific and technological intermediary service system, and encourage the development of services such as technical inspection, evaluation and certification of science and technology, so that strong support will be given to the construction of South China Scientific and Technological Innovation Center in Guangzhou.

xvi. Service Outsourcing

Taking the construction of a national service outsourcing base as the opportunity, we will focus on building a series of demonstrative parks such as Guangzhou Development Zone, Nansha development Zone, Tianhe Software Park, and Huanghuagang Science and Technology Park. Meanwhile, works will be done to actively engage in software development, research and development design, network management, technical training and other informational technology outsourcing (ITO) as well as business process outsourcing (BPO) such as financial settlement, fiscal treatment, cross-border purchase, and client relationship management. In addition, priorities will be laid on the construction of a public service platform for service outsourcing, an intellectual property right protection system, and an enterprise credit evaluation system, so as to fully optimize the development environment for service outsourcing to build Guangzhou into one of the world-class service outsourcing bases.
xvii. Real Estate

It's necessary to implement the national government's various policies and measures regarding controlling the real estate market at a macro-level, optimize the supply structure of the land market and the real estate market, standardize the real estate market, and promote healthy, stable, and sustainable development of the real estate industry. At the same time, we'll create a multi-level housing supply and consumption system and provide practical solutions to the housing problems of low-income families. By strengthening the regulation of the real estate market, we will standardize the market order, and create a fair and just market environment. In light of the framework of big metropolitan's development and transportation network, we will also optimize the real estate layout. Moreover, by means of ecological construction, environmental protection, enterprises will be guided in applying ecological technologies that are efficient in the use of energy, material and land and friendly to the environment. In this way, green buildings and eco-friendly communities will be built in order to achieve sustainable development in the real estate industry.

IV. Strengthening Planning, Guidance, and Carrier Construction, and Optimizing the Development Structure of Modern Service Industry

xviii. The Development and Planning System for a Modern Service Industry must be Improved.

It will require us to formulate and implement industry planning for modern logistics, financial insurance, information service, scientific and technological service, commercial convention and exhibitions, service outsourcing, and cultural creative industry. Special plans for airport-related economy, seaport-related economy, and headquarters economy are also necessary for guiding the modern service industry to develop in an orderly and healthy manner.

xix. Modern Service Industry Aggregation Zones must be Constructed.

The goal requires us to formulate and implement the plans for modern service industry aggregation zones, and create a multi-layered and networked development format for modern service industry, featuring central business zone, international commercial convention and exhibition aggregation zone, modern logistics zone, financial innovative service zone, regional integrated service zone, and special service zone
covering culture, sports, leisure, travel and other services. We will put into practice the strategy of “central adjustment,” with a focus on building the four core districts including Pearl River New Town-Pazhou-Yancun District, Baietan’s Periphery District, Baiyun New Town District, and the South End District along the new axial line, so as to enhance the high-end service function of the central districts.

**xx. Land Use of Modern Service Industry must be Ensured.**

While implementing the strategy of “Replacing the Secondary Industry in the Downtown Area by the Promotion of the Tertiary Industry,” we must study, formulate, and constantly improve the policy measures that encourage enterprises to utilize preserved land for establishing modern service industry such as information service, R&D design, creative industry, commerce and trade, and logistics service. Land use by key realms of modern service industry development will be prioritized and listed in the annual plan for open assignment of state-owned land use right. In addition, we will revise *Guide to Industrial Land Use in Guangzhou*, formulate technical standards for modern service industry's land use planning, and promote the intensive use and optimized distribution of lands used by modern service industry. By leasing the land and collecting annual rent from the leased land, we will satisfy the demand for short-term land use by modern service industry.

**V. Deepening Reform and Innovation in the Service Industry and Striving for New Advantages in Institutions and Mechanisms**

**xxi. Market Access will be Gradually Broadened.**

All the modern service sectors into which no law or regulation explicitly forbids entry will be opened to social capitals. No pre-licensed items or disguised pre-licensed items, except otherwise stipulated by laws and administration regulations, are allowed when enterprises of modern service industry are going through industrial and commercial registration procedures. Moreover, the terms for the names and operation locations registered by enterprises will be properly relaxed. We will steadily push forward the reform of the municipal public utilities to make them more market-oriented, and explore the possibility of authorizing the operation of these utilities to enterprises through specially-licensed operation or other ways. In addition, non-
government organizations will be encouraged to invest in non-public welfare programs in science and technology, education, culture, and health so as to increase service provision.

xxii. The Comprehensive Set of Complementary Reforms must be Actively Pushed forward.

Seizing the opportunity of the country’s promotion of pilot programs for integrated reform of service industry, we must strive to be a national service industry pilot city and create new advantages in systems and mechanisms. Meanwhile, efforts will be made to accelerate the construction of Guangzhou’s airport economic zone and seaport economic zone so that they will become the trial zones for reform and innovation in modern service industry. In addition, endeavors will be taken to procure the support from the state, and constantly optimize the development environment for service industry.

xxiii. Classified Reforms of Institutions and the Socialization of the Logistics Service of Government Organs must be Steadily Pushed forward.

Institutions that mainly engage in production operation activities and have already adopted the management mode of enterprises shall convert themselves as soon as possible to enterprises and establish a modern enterprise system. Those engaging partially in operation activities and partially in public service shall make corresponding adjustments in light of the actual situation. Administrative organs and institutions shall accelerate the separation of logistics managerial function from their service function so as to gradually realize the socialization of logistics service.

xxiv. The Reform and Development of State-owned Service Enterprises must be Propelled.

It's necessary to actively push forward the joint stock reform and strategic reorganization of state-owned service enterprises, encourage them to restructure themselves through merger, acquisition, swap, and cross-holding of equities. Moreover, we will increase our support for key state-owned service enterprises, encourage enterprises of non-public ownership to participate in the reform, reorganization, and remodeling of state-owned service enterprises.
xxv. The Development of Private Service Economy must be Vigorously Promoted.

Efforts will be made to encourage private enterprises to invest in service industry so as to gradually establish a comprehensive service system of private economy that has multi-agents and multi-layers. Meanwhile, it's important to expand the financing channels for private service enterprises to help them resolve their difficulties in financing. Moreover, we'll actively guide private service enterprises in establishing the modern enterprise system, provide great support for private service enterprises to restructure themselves and to be listed in the stock market. Efforts will also be made to provide private enterprises with equal access to public resources such as talents project, talents introduction, talents training, and pioneering support. Private enterprises will also receive support in their technological innovation and active participation in overseas resource development cooperation.

VI. Extending Regional Cooperation, Opening up to the Outside World and Elevating the Development Level of Open Service Economy

xxvi. The Extensive Cooperation among Guangdong, Hong Kong, and Macao must be Reinforced in the Development of Modern Service Industry.

On the basis of mutually complementary advantages, commonly-shared resources, and coordinated development, the cooperation with Hong Kong and Macau will be promoted. By seizing the opportunity of CEPA being first practiced and tested in Guangdong, we will construct as soon as possible the framework for service industry cooperation between Guangdong and Hong Kong, establish a cooperation park of Guangdong-Hong Kong modern service industry, lower the market access threshold for service industry, prioritize the introduction of modern service industry such as modern logistics, finance, insurance, large-scale commercial facilities, international marketing, research and development, creative industry, information service and inspection and certification services. With joint efforts, we will construct a comprehensive e-commerce platform for Guangdong-Hong Kong trade and investment, a one-time customs clearance information platform, a world-class exhibition base, and a financial innovation zone.
xxvii. The Overall Cooperation with Surrounding Areas in Service Industry must be Propelled.

By taking the acceleration of Pearl River Delta integration as a breakthrough, we must enhance and upgrade the overall cooperation of Guangzhou with cities in Pan-Pearl River Delta region in modern logistics, finance, insurance, commercial convention and exhibition, information service, and travel service. In this way, the Pearl River Delta cities will share the key system elements such as household registry and social insurance in non-hometown places, acknowledge one another’s professional qualifications, technical criteria in service industry, and connect their transportation infrastructure, so as to build a huge Pearl River Delta service market.

xxviii. The Level of Opening up the Modern Service Industry must be Upgraded.

Internationally-accepted rules should be fully used to promote the city's modern service industry in line with the international market. We should also make adequate and good use of relevant policies concerning China's service outsourcing base cities, strengthen our support, and open up a “green access” to customs clearance for enterprises engaging in service outsourcing. It's important to formulate new ways and strategies for attracting business and investment, and introduce strategic resources such as regional headquarters of cross-national companies of service industry and their investment centers, research and development centers, and procurement centers. Meanwhile, efforts will be made to encourage outbound direct investments of export and service industries, help and support national brand service industry with more advantages to “go global” and enter the international market so as to realize the extension from “serving Guangzhou” to “serving the world.” In addition, a service supporting system for “Going Global” based on government service will be constructed to improve the information system for foreign economic cooperation.

VII. Optimizing and Upgrading Traditional Service Industry and Reinforcing the Comprehensive Competitiveness of Service Economy

xxix. The Overall Technological Level of Traditional Service Industry must be Upgraded.

To achieve the above goal, traditional service industry will be supported in its application of advanced applicable technology such as network technology and supply
chain so as to improve the operating efficiency and economic results. By vigorously promoting the construction of an electronic transaction platform, we will promote the integration and joint development of tangible and intangible markets, and actively construct an “online commercial metropolitan.” In addition, the level of informationalization and intelligence of professions such as travel service, community service, and property management will be improved, and the information platform and service quality, be upgraded.

xxx. The Operating Mode of Traditional Service Industry must be Optimized.

We must vigorously develop specialized operation and constantly improve the service network. Meanwhile, efforts will be made to actively promote chained operations, specially licensed operations and alliance of sectors such as whole sale/retail, travel service, lodging and catering, and resident services. Moreover, the modern circulation mode will be extended into such sectors as auto service, intermediary services, and resident services. It’s also important to steer large-scale enterprises of chained operation towards urban and rural communities, and propel the construction of rural modern circulation service system. In addition, we will fully implement the national policy that the headquarters of chained operation service enterprises should undergo procedures for industrial and commercial registry and operation authorization.

xxxi. The Aggregating Function of Traditional Service Industry must be Constantly Strengthened.

Our plan is to build a large-scale shopping center that integrates shopping, leisure, recreation, dining and a gourmet street that has the landmark effect for the slogan of “Eating in Guangzhou.” We will develop the whole sale industry through park aggregation, guide the traditional whole sale market to transform into a modern trade and exhibition market, create an international trade and exhibition center, a procurement center, a settlement center, and an information center. Therefore, the function of “global procurement, aggregating and distributing in Guangzhou” will be reinforced and the establishment of “Guangzhou prices” be accelerated.

VIII. Increasing Support for Fiscal Taxation and Finance, and Improving the Commercial Operation Environment for Modern Service Industry

xxxii. Investments in Public Services must be Increased.

It's important to optimize government public service, improve the public fiscal
system, support the development of public service and social undertakings, and continue to increase investment in education, culture, medical and healthcare, public transportation, and social security. Priority should be given to rural areas so as to upgrade the overall level of social public services.

**xxxiii. Development Fund for Modern Service Industry must be Integrated and Optimized.**

Funds for the guidance and development of Guangzhou's modern service industry will be established, with the Municipal Bureau of Finance making arrangements for the funds every year from 2009 to 2013. These funds are mainly allocated as complementary facilities in support of the national and provincial fund projects for service industry development, and will also be used to support the critical areas, weak links, independent innovation and construction of aggregation zones in modern service industry. We will integrate and optimize special funds for various key service industries, innovate methods of investment, and provide discount loans, subsidy funds and awards to enterprises in modern service industry according to their contributions to our city's fiscal revenue.

**xxxiv. Preferential Policies on Finance and Taxation must be Implemented.**

While making full and good use of the national preferential policies on finance and taxation, we will conscientiously carry out the new law on enterprise income tax and relevant rules in its implementing regulations, and use policies to guide modern service industry to develop in depth. Meanwhile, business tax will be levied from convention and exhibition industry according to the tax category of service industry and agency industry. Other works will be taken to implement the business turnover deduction policy for calculating business tax of logistics industry and encourage the supporting policy for cold-chain logistics industry development. We will also carry out the national preferential tax policies for the development of software industry, IC industry, securities investment funds, start-up investment enterprises, university science and technology parks, and scientific and technological incubators.

**xxxv. The Price and Charging Policies of Modern Service Industry must be Improved.**

It's necessary to gradually realize the same prices and network for water and gas used by modern service industry (special service industry excluded) and secondary industry and to strictly impose the policy that water and gas used by modern service
industry are charged at the same price as with similar users. We will also actively seek the state’s support and gradually achieve the goal that electricity used by modern service industry and general industry will be charged at the same price. Meanwhile, we will reinforce price guidance for modern service industry, improve evaluation and award and penalty mechanisms for price integrity, and promote honesty, trustworthiness, and lawful operation in service industry. It's also important to clear up all kinds of fees and charges, and forbid any charge from administrative and institutional services that are not approved by the state or the province. Any administrative and institutional fees with a cap and a floor should in principle be collected at the floor level (charges otherwise stipulated by laws, regulations and state policies are excluded).

**xxxvi. A Financial Service Platform Supporting the Development of a Modern Service Industry must be Constructed.**

Initiatives will be made to actively support and guide the creation of new products and services by financial institutions, increase credit input, optimize credit structure, and focus on strengthening support for modern service industry such as modern logistics, commercial convention and exhibition, and information service. Meanwhile, it's important to promote the speedy development of policy prescribed, and commercial guarantee agencies, support banks, guarantee agencies, and enterprises in their reinforced cooperation, and accelerate the construction of credit guarantee system for small/medium sized enterprises in the service industry. We will also push forward the development of equity investment markets and direct social funds into investment in modern service industry. Priority and support will be given to qualified enterprises in modern service industry to pool fund through various channels such as entering the stock markets and issuing enterprise (corporate) bonds. Moreover, efforts will be made to develop service industry insurance, actively expand business, create new insurance varieties, and increase the protecting scope and strength for modern service industry.

**xxxvii. Policy Support for Headquarters Economy must be Enhanced.**

It's necessary to expedite the establishment of policy system and service system for headquarters economy, and provide preferential policies to project inspection and talent attraction. At the same time, we will reinforce support for headquarters of enterprises that have made great contributions to local economic development,
encourage and support the attraction or introduction of high-quality talents into our
city's regional headquarters of multi-national companies, headquarters of major
domestic corporations, and headquarters for research and development, investment,
finance and marketing of large-scaled enterprises both at home and abroad.

IX. Enhancing Proprietary Innovation and Brand Development and
Improving the International Competitiveness of Modern Service Industry

xxxviii. Technological Innovation in Service Industry must be Encouraged.
Effort will be made to support the industrialization of hi-tech fruits, establish a
certification system for the approval of intellectual property rights of major projects,
and prioritize major industrialization projects for hi-tech products with proprietary
intellectual property rights in the municipal key construction plan so that they will
enjoy the convenience of green access. Modern service enterprises concerning
financial innovation, creative design, network service (e-commerce included),
software development, information service, modern logistics, exhibition and
conference, professional service, and service outsourcing will be actively encouraged
to apply for the enjoyment of relevant national preferential tax policies. Enterprises
will be encouraged to carry out technological R&D. In accordance with the nation's
laws and regulations, enterprises of science and technology services are entitled to tax
deduction and exemption for their R&D spending on the development of new
technologies, products and processes. The R&D spending will be deducted towards
the taxable income. Discount interest loan will be further provided for the service
industry's major projects to bring in and renovate technologies.

xxxix. The Development of Proprietary Brands must be Accelerated.
Effort will be focused on cultivating, protecting and supporting the development of a
number of well-known trademarks and brands of the service industry. Leading service
enterprises with proprietary intellectual property rights and well-known brands will be
further cultivated and supported. Cooperation between circulation enterprises and
production enterprises will be encouraged to transform a batch of national A-grade
logistics enterprises into third party logistics brands. Cantonese traditional brands will
be protected and rejuvenated to realize sustainable development. The protection of
intellectual property rights and intellectual creation in the service industry will be
strengthened. Researches will be carried out to design industry criteria and credit
system for fields including modern logistics, financial insurance, commercial exhibition, information service, service outsourcing and travel service. A number of standardized modern service test stations will be set up to form a standardized operational mechanism featuring “government guidance, market orientation, enterprise dominance and society participation” and promote brand effect and output capacity of “Guangzhou service”.

**xxxx. Leading Modern Service Enterprises must be Cultivated.**

Modern service industry will be encouraged to develop in a manner featuring large-scale service, network service and service brands. Preferential policies and convenience such as reduction and exemption of registration fee and fiscal funding for enterprises seeking to establish groups shall be granted to modern service groups. Endeavor will be made to cultivate innovative modern service enterprises, forming a number of leading service enterprises with proprietary intellectual property rights and sound international competitiveness.

**X. Strengthening Efforts to Develop Talent and Consolidating Development Base for Modern Service Industry**

**xxxxi. Urgently Needed Talent must be Actively Introduced for Modern Service Industry.**

The talent service industry will be fostered and support for the talent market will be strengthened to improve the talent resource allocation system. Communication and cooperation with domestic and overseas high-end talent service institutions will be enhanced to attract high-level leading service talent at home and abroad. By holding modern service talent communications, through “Guangzhou Convention of Overseas Chinese Scholars in Science and Technology” and “South China Market of Human Resources”, priorities will be laid in the fields of financial insurance, modern logistics, information service, commercial exhibition and advertisement design. The city will provide such high-level talent with favorable research condition and life convenience.

**xxxxii. Great Efforts must be Made to Cultivate Practical Talent for the Development of Modern Service Industry.**

“Talent training project for contemporary service industry” will be implemented. We will reinforce the cooperation with higher education institutions, vocational schools,
and research institutes. A talent training base will be established for contemporary service industry in key realms. Professional associations will be encouraged to play a full role in training various professional technical and managerial talents for enterprises. Under the support of a group of key enterprises and key projects, we will construct a base for training high-quality talents and a base for intern and practice.

**XI. Perfecting a Sound Overall Planning and Coordinating Mechanism and Aggregating the Joint Efforts of Contemporary Service Industry Development**

**xxxiii. The Overall Planning and Coordination of Service Development must be Improved.**

efforts will be made to intensify the function of the municipal service industry leading group to lead and coordinate the whole city's service industry development. The office of the municipal service industry leading group shall strengthen its integrated coordination and actively push forward the development of service industry, especially contemporary service industry, so as to form a working format of unified leadership in which each performs his/her duty, shares the work and cooperates with each other, and take responsibility together. Every district (county-level city) shall, in light of the actual local situation, establish corresponding coordination mechanism and speed up contemporary service industry development. Great efforts should be made to cultivate and develop professional associations and chambers of commerce of contemporary service industry and bring to full play their active functions in professional planning, professional service, professional management, and professional self-discipline. A working system will be set up in which government and professional association and chambers of commerce shall push forward the development of contemporary service industry.

**xxxiv. The Statistic Work of Contemporary Service Industry must be Perfected.**

Efforts will be intensified to establish and perfect the municipal service industry joint statistic conference system and make overall planning and coordination of service industry statistic work of different departments and professional associations. The speed of establishing the statistic survey system and information management system of service industry will be accelerated to improve the statistic survey methods and indicator system. From 2009, we will organize and implement new service industry
statistic systems and regulations and gradually establish the statistical indicator system of contemporary service industry and relevant industries, and periodically issue relevant development reports.

xxxv. The Supervision and Inspection on Work Implementation must be Strengthened.
All departments and districts (county-level cities) shall follow this decision and manage the implementation of policies. Concerned professional responsible departments, in light of their situations, shall formulate and distribute complementary documents addressed to their professions. It's very important to establish and perfect the evaluation and assessment system of contemporary service industry, set up assessment methods for the city's contemporary service industry so as to list the development of contemporary service industry in the performance evaluation content of the Communist Party and government leadership of relevant departments and districts (county-level cities) as regards to their practice of scientific outlook on development. The office of the municipal service industry development leading group shall give full play to its role in overall planning, organizing, and coordinating. It shall help relevant departments and districts (county-level cities) to improve the contemporary service industry development work, so as to provide the Municipal CPC Committee and the Municipal Government with a basis for learning the situation and making scientific decisions.
Notice on the Forwarding of The Opinions Concerning the Acceleration of the Development of Guangzhou National Export Base for Automobiles, Parts and Components Provided by the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality

——By General Office, the People's Government of Guangzhou Municipality on March 26, 2008

People's Governments of All Districts and County-Level Cities and All Departments and Agencies Directly Affiliated to the Municipal Government:

The Opinions Concerning the Acceleration of the Development of Guangzhou National Export Base for Automobiles, Parts and Components, provided by the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality, has been approved by the Municipal Government and is thereby forwarded to you for strict implementation. Any problems arising from the implementation process should be reported directly to the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality.

Opinions Concerning the Acceleration of the Development of Guangzhou National Export Base for Automobiles, Parts and Components

Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality

With a view to complying with The Decision of the Ministry of Commerce and the National Development and Reform Commission to Accredit Four Regions including Hefei as National Export Bases for Automobiles, Parts and Components and other
related documents, the following opinions are hereby presented to accelerate the development of Guangzhou’s national export base for automobiles, parts and components, and facilitate the sound and fast development of Guangzhou’s automobiles, parts and components industry.

I. To Define the Development Approach and Targets
i. Development Approach
The Scientific Outlook of Development will be implemented in a comprehensive manner. It is our effort to further emancipate the mind, and follow the policies of reform and opening up. According to the overall requirements, efforts will be made to set forth in “The Outlines for the Eleventh Five-Year Plan on Guangzhou’s Domestic Economy and Social Development”. We will speed up the technological advancement, optimization and upgrading of the city’s automobiles, parts and components industry, improve its internationalization level, promote product export, transform the means of foreign trade growth, and enhance the international competitiveness of Guangzhou’s automobiles, parts and components industry comprehensively.

ii. Development Targets
By 2010, achievement will be made for an annual output capacity of complete vehicles with 1.3 million vehicles, By then, the total output value of the automobile industry will amount to 300 billion RMB yuan and the total export of complete vehicles, parts and components will rise to USD 1.8 billion. More than five manufacturers of automobiles, parts and components with respective annual export surpassing USD 100 million will be facilitated. The aim is to secure a number of automobiles, parts and components exporters with proprietary intellectual property rights and sound core competitiveness. Export bases operating in line with international market will be built to optimize export environment and serve for mutual promotion between industry and trade. We will maintain the city’s average annual export growth rate for automobiles, parts and components to be above 30 percent till 2015.

II. To Coordinate the Overall Planning and Management
iii. The Leadership Mechanism will be Improved and the Supervision and Coordination of the Export Base’s Development will be Strengthened.
The Municipal Government has formed the Guangzhou Leadership Group for the
Development of the Export Base for Automobiles, Parts and Components (hereinafter referred to as the “Leadership Group”). The Leadership Group is headed by the responsible municipal leadership, and joined by Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality, Development and Reform Committee, Economic and Trade Committee, Science and Technology Bureau, Finance Bureau, Guangdong and Guangzhou Entry-Exit Inspection and Quarantine Bureaus, Guangzhou Customs, Huangpu Customs, and related districts and county-level cities (development zones). The Leadership Group is responsible for drawing up and carrying out the medium- and long-term development plans for the export base, enacting policies and measures aimed at promoting the export of automobiles, parts and components, and coordinating with related agencies to resolve problems arising from the process of developing the export base. The Leadership Group operates an executive office (located at the Bureau of Foreign Trade & Economic Cooperation of Guangzhou Municipality), which is responsible for performing day-to-day management of the export base, assisting the Leadership Group in supervising, managing and evaluating the export base, ensuring the implementation of policies and measures related to the export of automobiles, parts and components, coordinating with related agencies to secure dedicated funding for the development of the export base, conducting business training and exchange, and reporting regularly to the Ministry of Commerce, the National Reform and Development Commission and the Leadership Group in respect of the development of the export base.

iv. Proper Accreditation and Management for National Branch Export Bases for Automobiles, Parts and Components (hereinafter referred to as “the Branch Export Bases”) will be Provided.

The Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality should, in conjunction with the Municipal Development and Reform Committee, Economic and Trade Committee, and Science and Technology Bureau, draw up the procedures for the accreditation and management of the Branch Export Bases, and implement the procedures after being reviewed and approved by the Leadership Group. Districts, county-level cities or development zones where the Branch Export Bases are located, should establish corresponding leadership groups or appoint specific agencies to supervise and promote the development and growth of the Branch Export Bases, secure supporting development funds, prepare development plans for
the automobile industry, monitor the developments of the export of automobiles, parts and components, submit work information, collect and analyze data, and prepare and submit annual work reports and work plans for the next year.

III. To Implement the Financial and Tax Support Policies
v. Public Financial Fund will be Increased.
From 2008, the amount of public finances allocated from the municipality, the districts and county-level cities (development zones) will be no less than 100 million RMB yuan each year as dedicated funds in support of the development of the export bases (and their branches). The allocations are primarily intended to research and develop automobiles, parts and components with proprietary intellectual property rights through supporting enterprises to build and expand R&D centers, set up public R&D, trade and service platforms, to obtain international professional certifications for the techniques and products through fostering proprietary brands and applying for intellectual property rights protection abroad. Other efforts taken will include the following: to expand the international market for products through conducting research on the international market and developing international sales networks, to introduce and foster high-end talent for the automobile industry. The amount of funds in support of foreign trade development and enterprise development, as well as science and technology expenditures from the municipal public finance will not be less than 5 percent of the above mentioned funds, and the total amount of funds devoted to supporting such projects will not be less than 30 million RMB yuan; and the combined total amount of funds from the public finances of districts and county-level cities (development zones) will not be less than 70 million RMB yuan. The Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality should plan, coordinate and arrange for the annual budgeting of these dedicated funds, implement allocation plans, and monitor and manage these funds in conjunction with related agencies. The foreign trade and economic cooperation agencies of the districts and county-level cities (development zones) should take charge of the budgeting and project management of the supporting funds from their respective public finances.
vi. Preferential Tax Policies will be Implemented.
 Preferential Policies on Corporate Income Tax”, and “The Circular of the State Council to Implement Certain Supporting Policies for the Outline of the ‘National Medium- and Long-Term Science and Development Plan’ (2006-2020)”, 150 percent of the technology development expenses actually incurred by the enterprise in Guangzhou in the relevant year may be deducted towards the taxable income of the enterprise for the relevant year. Should the amount of the deduction towards the technology development expenses actually incurred is not fully utilized in that year, the unused amount is allowed to be carried forward to the following five years in accordance with the “The Law of the People’s Republic of China on Corporate Income Tax”. Advanced technology and key equipment imported by enterprises from abroad are exempted from customs duties and importation value added tax in accordance with the relevant regulations of the State Council. Investments by enterprises in dedicated equipment for environmental protection, energy and water conservation and production safety are entitled to tax deduction and exemption at a certain percentage rate. High-tech enterprises designated for priority state support are entitled to a reduced 15 percent corporate income tax rate.

vii. Private Investment and Enterprise Financing will be Encouraged.

International financial derivative tools will be used to actively facilitate key enterprises engaged in the manufacturing of automobiles, parts and components to seek domestic and overseas listing in order to take advantage of the capital market for financing and to boost the enterprises’ name awareness in the international market. New service trade related to automobile rental, insurance and agency will be expanded. Science and technology venture investment mechanisms will be utilized to support enterprises in establishing dedicated funds for technology development and to increase spending on technology investment. Enterprises will be encouraged to use policy loans to develop automobile of proprietary brands. The percentage of R&D spending by Guangzhou’s automobile industry will be raised to 2 percent of its yearly sales revenues by 2010.
IV. To Accelerate the Export of Automobiles, Parts and Components

viii. The Clustering Effect and Stimulating Role of Industrial Parks will be Tapped.

The Guangzhou Development Zone and Zengcheng Auto Industrial Park in the city’s east, the Huadu Auto City in the north, the Nansha International Auto Industrial Park in the south, and other specialty industrial parks will be consolidated and developed. And, efforts will be made to accelerate the construction of the manufacturing base in Panyu for passenger vehicles of proprietary brands and the construction of the industrial base in Conghua for automobiles, parts and components. Efforts will also be made to support the R&D and manufacturing of passenger vehicles of proprietary brands and the renovation and upgrading of commercial vehicles with intellectual property rights.

ix. The Development of the Public Service Platform for Auto Export will be Strengthened.

Guangzhou will establish a technology R&D platform, promote automobiles, parts and components R&D cooperation with Hong Kong, increase expenditure for the R&D of common technology, and promote industry technological advancement. The city will also build an auto inspection and testing service platform, facilitate suitable research institutes and R&D centers to forge strategic alliances, build a national-class auto inspection and testing center, and improve the product inspection and testing system. Moreover, the city will build a three-dimensional transportation network centered on the dedicated auto terminal at the Nansha Deep Water Port Area in Guangzhou Port, the Baiyun Airport, the metro system, and expressways to lay a sound foundation for the development of the export bases.

x. Cultivation and Recruitment of High-end Talent will be Strengthened.

Vigorous efforts will be made to cultivate and recruit high-end talent in R&D of complete vehicles and proprietary innovation of parts and components. The emphasis will be placed on the recruitment of multi-talented professionals well versed in auto technology and in industry management and marketing. Incentive measures, such as conversion of technology into equity stake, will be put in place to attract talent with inventions, patents and proprietary technologies to Guangzhou to form R&D teams and academic leaders for the auto industry within
the shortest time possible.

xi. **Enterprises will be Encouraged to Obtain International Quality System Certifications.**

Guangzhou will provide efficient qualification verification for auto exporting enterprise and conduct follow-up supervision and administration, push ahead with the compulsory product certification (3C certification), monitor, collect and sort out information on overseas auto product certification and technical regulations. The aim is to foster the industry association to play its role in communication and coordination under the pre-warning mechanism of the auto industry, and guide and assist enterprises in coping with international trade barriers and frictions in a scientific manner.

xii. **The Auto Culture will be Bolstered, and the Industry Development Model will be Innovated.**

Guangzhou will expand the market of whole vehicles, parts and related products. The city will take advantage of the “China (Guangzhou) International Automobile Exhibition”, “China (Guangzhou) Automobile Development Forum” and other events, to vigorously foster the auto culture so that it will become a booster for the development of Guangzhou’s auto industry, and to enhance the city’s standing and influence in the international auto industry.

V. **To Enhance the Capabilities to Introduce, Absorb and Innovate Technology**

xiii. **An Auto Industry Technology Innovation System Featuring an Integration of Industry and Academy will be Established.**

The city will foster the Guangzhou Institute of Industrial Technology of the Chinese Academy of Sciences into a leading institute, push ahead with the establishment of R&D centers at large-scale auto manufacturing enterprises, and attract high-standard domestic and overseas auto technology R&D organizations to set up branches in Guangzhou. To satisfy the needs of industry development, Guangzhou will actively introduce advanced production technology and management experience to boost the proprietary innovation capabilities of the city’s automobiles, parts and components industry.
xiv. **With a Focus on Passenger Vehicles, Technology Innovation and Balanced Development will be Promoted in the Industries of Commercial Vehicles, Special-purpose Vehicles, and Parts and Components.**

Guangzhou will learn from and draw upon joint-venture automakers' successful experiences in adopting new technologies and processes, developing energy and developing automobile electronics application, in order to speed up the development of passenger vehicles of proprietary brands and enhance the abilities of manufacturers of automobiles, parts and components to introduce and absorb technologies, modularize products, and achieve component interchangeability.

**xv. Manufacturers of Automobiles, Parts and Components will be Encouraged to Engage in Proprietary Innovation to Progressively Build a Proprietary R&D and Production System.**

Enterprises will be encouraged to develop proprietary technologies and core technologies. Support will be given to the R&D of new technologies and products as well as automobiles of proprietary brands. Support will also be given to the large-scale production of parts and components with proprietary intellectual property rights, and efforts will be made to step up the fostering of the automobile electronics industry, push ahead with the application of vehicle-mounted systems, navigation systems, after-sale services and value-added services in the auto industry.

**VI. To Intensify Efforts to Tap into the International Market**

**xvi. Manufacturers of Automobiles, Parts and Components will be Encouraged to Launch Joint Ventures or Collaborate with Overseas Enterprises.**

An auto industry cluster, centered on the production of complete vehicles, will be formed to stimulate the growth of second- and third-level component manufacturers clustering in and around Guangzhou. Exports of locally made products will be encouraged by tapping advantages of Guangzhou's auto industry, including strong supportive production capacity and low manufacturing costs.

**xvii. Manufacturers of Automobiles, Parts and Components will be Encouraged to Engage in International Exchange.**

Guangzhou will organize manufacturers of automobiles, parts and components to take
part in international exhibitions and help them expand their established markets, actively penetrate emerging markets and enter the international market through professional international agents, distributors and service networks. The city will support enterprises to “go global”, set up overseas production, maintenance, R&D and marketing networks, expand exports, promote service localization, and enhance service quality.

xviii. An Internalized Modern Logistics System will be Vigorously Developed.

On the base of bonded parks, internationalized marketing and logistics systems for automobiles, parts and components will be built, and bonded logistics and other measures will be adopted to facilitate the manufacturing and marketing of automobiles, parts and components to extend to modern logistics, so that Guangzhou will emerge as an important global logistics center for automobiles, parts and components.

VII. To Build a Fostering Business Environment

xix. Protection and Administration of Intellectual Property Rights will be Strengthened, and the Export Order will be Regulated.

Manufactures of automobiles, parts and components exported in large quantities and holding good marketing prospects will be supported and steered to register their trademarks and apply for patents abroad. IPR law enforcement will be strengthened and all sorts of infringements will be strictly prosecuted. Industry self-discipline will be boosted, intermediary organizations will be built, and fair competition will be promoted.

xx. A Liaison System will be Put in Place between Government Agencies and Key Auto Exporters.

Guangzhou will actively assist manufacturers of automobiles, parts and components in resolving problems arising from export process, and facilitate enterprises to obtain exemption from inspection and quarantine and access to expedient customs clearance services, such as rapid inspection and releases and the green lane.
xxi. An Export Operation Analysis System and Databank will be Established and Improved.

Analysis, monitoring and forecasting of exports of automobiles, parts and components will be strengthened. Analysis and forecasting reports will be submitted to related authorities on a regular basis, and efforts will be made to ensure a sustainable healthy development for the export of automobiles, parts and components.
Notice on the Forwarding of The Opinions Concerning the Acceleration of the Development of Guangzhou’s Service Outsourcing Provided by the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality.

——By General Office, the People’s Government of Guangzhou Municipality on March 31, 2008

People’s Governments of All Districts and County-Level Cities and All Departments and Agencies Directly Affiliated to the Municipal Government:
The Opinions Concerning the Acceleration of the Development of Guangzhou’s Service Outsourcing, provided by the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality, has been approved by the Municipal Government and are thereby forwarded to you for strict implementation. Any problems arising from the implementation process should be reported directly to the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality.

Opinions Concerning the Acceleration of the Development of Guangzhou’s Service Outsourcing

Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality

With a view to further implementing the Scientific Outlook on Development, adjusting and optimizing Guangzhou’s industrial structure, accelerating the transformation of the means for foreign trade development, and vigorously developing the service outsourcing industry, and in light of the city’s reality, the following opinions are hereby presented:
I. To Define Development Approach, Targets and Priorities

i. Development Approach

Under the guidance of the Scientific Outlook on Development and in accordance with the relevant policies of the Central Government on accelerating the development of the service industry and *The Eleventh Five-Year Plan on the Development of Guangzhou's Modern Service Industry*, service outsourcing will be taken as the focal point in the transformation of the means of foreign trade development in Guangzhou. Efforts should be stepped up to attract service outsourcing multinational companies as well as foster and consolidate local enterprises, so as to facilitate the rapid, healthy development of Guangzhou's service outsourcing industry and improve the standard of the opening-up of the city's modern service industry across the board.

ii. Development Targets

During the term of the *Eleventh Five-Year Plan*, the development targets are set as to build eight sizable, distinctive service outsourcing clusters, to attract more than 30 multinational service outsourcing companies to launch operations in Guangzhou, to foster 100 service outsourcing enterprises with international accreditations, including more than two enterprises with more than 1 billion RMB yuan in sales, and more than two enterprises with more than 5,000 employees, to cultivate and attract 60,000 professionals engaged in service outsourcing operations; and double the 2005 service outsourcing export value by 2010.

iii. Development Priorities

Giving full play to Guangzhou’s advantages in industry infrastructure and talent, the city shall actively undertake Information Technology Outsourcing (ITO), Business Process Outsourcing (BPO), and Knowledge Process Outsourcing (KPO). Priority should be given to the development of the following sectors: software development, telecommunication services, data processing, background services, design and production of Web games and animation products, commissioned and contracted drug R&D and processing, third-party inspection and testing, industrial design, financial services, modern logistics, convention and exhibition services, and human resources management etc.
II. To Strengthen Organization and Leadership

iv. The Guangzhou Service Outsourcing Work Leading Group will be Formed.

The Leading Group will be headed by the municipal government leader concerned and involve related municipal government agencies, related district (county-level city) governments, the Customs, and the Foreign Exchange Administration Bureau. The Leading Group will be responsible for drawing up the medium- and long-term plans for the city’s service outsourcing, designating demonstration zones of Guangzhou as a China Outsourcing Base City, providing guidance, administration and coordination for service outsourcing work, holding work conferences on a regular basis to formulate policies and measures for promoting service outsourcing development, and coordinating with related agencies to resolve difficulties and problems arising from the process of developing service outsourcing businesses and building service outsourcing bases.

The Leading Group will operate an executive office (located at the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality). The executive office will be responsible for the tasks as follows: performing day-to-day management of service outsourcing sector, implementing policies and measures for promoting service outsourcing development, initiating the application for designation of demonstration zones in Guangzhou as a China Service Outsourcing Base City, handling the preliminary evaluation required for the application, performing post-designation administration and appraisal, securing dedicated funding for service outsourcing development, and reporting regularly to the Leading Group and related national authorities on Guangzhou’s outsourcing service development.

III. To Increase Funding and Policy Support

v. Allocations from Public Finances in Support

(i) Dedicated funds will be provided in support of service outsourcing development in Guangzhou. From 2008, public finances of the municipality and of the districts and county-level cities (development zones) will allocate no less than 100 million RMB yuan each year as dedicated funds in support of outsourcing service development, including 20 million RMB yuan from the dedicated municipal-level funding for Guangzhou’s foreign trade development and
no less than 80 million RMB yuan from the governments of the districts (county-level cities) where the demonstration zones are located.

(ii) The dedicated funds will primarily be devoted to: providing matching funds for related supporting funds from national and provincial authorities, facilitating the introduction of service outsourcing enterprises, supporting enterprises in undertaking international service outsourcing businesses, international market promotions, project R&D, professional personnel cultivating and training, as well as in professional international certifications, fostering proprietary intellectual property rights and proprietary brands, building and maintaining public technology and service platforms, constructing demonstration zones, supporting new enterprises to build or rent operating premises, and rewarding recruited talent.

vi. To Make a Full Play of Municipal Dedicated Funds from the State, Province and the Minicipality

(i) Support will be offered to enterprises and related training institutions to apply for the national funds for the development of international service outsourcing business.

(ii) Guangzhou will make the best use of the national funds for small and medium-sized enterprises to develop the international market. High priority will be given to support service outsourcing enterprises based in the demonstration zones in taking part in recognized overseas exhibitions and professional conferences. Efforts will be attached to participating in and conducting overseas promotion campaigns for service outsourcing and other events which will help them to penetrate the international market so as to increase the international recognition and influence of Guangzhou’s service outsourcing enterprises, and expand business cooperation conduits.

(iii) Foreign-invested service outsourcing enterprises which have based their national or regional headquarters in Guangzhou and satisfied the requirements stated in “The Guangzhou Provisions on Encouraging Foreign-Invested Enterprises to Set up National or Regional Headquarters” will be rewarded in accordance with the Provisions.

(iv) Support for the service outsourcing industry will also be increased through
Guangzhou’s dedicated funds for the development of the software and animation industry and the financial industry and the dedicated funds for the development of enterprises.

vii. To Prompt All Sorts of Loan Guarantee Institutions to Give Policy Preference to Service Outsourcing Enterprises, and Encourage Venture Capital Investment in Service Outsourcing Enterprises
The city will also steer credit insurance companies to incorporate service outsourcing businesses into the scope of credit insurance coverage. Efforts will be taken to prompt related financial institutions to give preference to enterprises on the basis of policies issued by credit insurance companies. Moreover, the city will also encourage the small and medium-sized enterprise guarantee funds to give preference to service outsourcing enterprises seeking financing guarantee.

viii. Guangzhou will Guide Service Outsourcing Enterprises to Set up Foreign Exchange Current Accounts as Needed, and Coordinate with the Foreign Exchange Authority to Ease its Control of such Accounts. Service Outsourcing Enterprises will be Allowed to Retain their Foreign Exchange Income in Full.

IV. To Push ahead with the Construction of Demonstration Zones
ix. The Municipal Government will Formulate Administrative Measures in Accordance with Related National Provisions to Designate Qualified Zones as “Demonstration Zones for China Service Outsourcing Base”.

x. Local Governments of those Areas Applying for Designation as Demonstration Zones should Draw up Solid and Feasible Service Outsourcing Development Plans, Define Development Targets, and Set up Service Outsourcing Development Funds.

xi. To Step up the Construction of Demonstration Zones
Efforts should be made by the local governments of the demonstration zones to improve communication, transportation, power and other infrastructure facilities. Measures will be taken to reserve sufficient space for future infrastructure expansion.
Headways will be made to increase funding for the construction of office buildings and multi-purpose residential buildings and for overall environment beautification. Besides, paces will be facilitated to promote the high-level integration of technology, talent and policy resources.

V. To Accelerate the Talent Introduction and Cultivation

xii. To Pool High-level Professional Talents
Efforts will be made to attract a large number of leading professionals with work experience at large in international service outsourcing enterprises through various platforms, such as the “Guangzhou Convention of Overseas Chinese Scholars in Science and Technology”. Professionals with expertise in service outsourcing will be sent to advanced countries for short-term training or exchange and study programs. Preferential policies will be implemented for professionals in respect of rewards, startup investment, household registry, settlement, children schooling, and overseas trips.

xiii. To Steer Educational Institutions to Launch Programs Relating to Service Outsourcing
The city will facilitate higher-education institutions to include service outsourcing courses and contents into related academic programs, such as international trade, finance and accounting, law, management, design arts, software development and application, automobile electronics, biopharmaceuticals, and foreign languages.

xiv. To Attract and Encourage Reputable Domestic and Overseas Training Organizations and Large-scale Enterprises to Provide Service Outsourcing Training
High priority will be given to the training of medium- and high-level professionals in R&D, management and marketing. Guangzhou will also support colleges and enterprises to jointly build integrated training and vocational education bases for service outsourcing professionals. Such bases will be dedicated to training personnel with both practical skills and entrepreneurial acumen.

VI. To Strengthen International and Regional Cooperation

xvi. Works will be Done to Strengthen Investment Promotions in Various Countries and Regions, such as Europe, the United States, Japan, Southeast Asia, Hong Kong, Macao and Taiwan. The city will actively bring in internationally-renowned service outsourcing providers and multinational companies which both provide services for outsourcers and outsource their own services. Steps will be taken to proactively undertake services outsourced by internationally-recognized enterprises in software development, keyboard service, office support, financial management, and supply chain management, in order to boost the city's overall standard in undertaking international service outsourcing.

xvii. To Implement the “Going Global” Strategy

Guangzhou will encourage local service outsourcing enterprises with comparative advantages to set up overseas branches, strengthen marketing efforts in countries and regions with large concentrations of service outsourcers, set up the Guangzhou Software Overseas Cooperation Center and build an overseas outsourcing undertaking network.

VII. To Facilitate the Business Environment

xviii. All the Related Authorities should Streamline Procedures Services for Service Outsourcing Enterprises. Commerce and Industry Administration Agencies may Mark “Service Outsourcing Operation” in the Relevant Columns of Enterprises Business Licenses.

xix. Means will be Taken to Actively Build the Public Technology Development Platform, Testing Technology Platform, Training Platform and Information Service Platform Relating to International Service Outsourcing so as to Provide Technological, Training and Information Services for Service Outsourcing Enterprises.

xx. To Speed up the Construction of Telecommunication Infrastructure Facilities

It is our effort to steer major telecommunication operators to expand bandwidth, further improve internet service quality, and provide service outsourcing enterprises with diversified and customized services.
xxi. To Further Improve the Legislative Protection System for Intellectual Property Rights

Initiatives will be launched to establish an integrated evaluation system for the protection of intellectual property rights in the service outsourcing industry. Guangzhou will enhance the joint work mechanism between administration and judiciary, strictly prosecute all sorts of infringements, and intensify the protection of intellectual property rights. The city will also guide the industry to formulate confidentiality guidelines for data on service outsourcing, and steer enterprises to build business confidentiality and competition prohibition system.

xxii. To Push ahead the Development of a Credibility System

The city will build a credibility evaluation system targeting service outsourcing enterprises, and steer enterprises to treat client information in confidence. Moreover, Guangzhou will encourage industry self-discipline and strengthen credibility education and workforce management through industry organizations.

xxiii. In Accordance with the Relevant National Regulations and in Line with the Local Reality, Guangzhou will Build a Scientific and Sound Statistics System Relevant to Outsourcing Service. Efforts will be Focused to Strengthen Research on Development Trends in Outsource Service, and Properly Collect and Analyze Information, so as to Provide Reference for Government Policymaking and Facilitate Enterprises with Market Information Service.

Policies, rules and regulations concerned with foreign trade and economic cooperation released by the central government are available on

http://www.gov.cn

Policies, rules and regulations concerned with foreign trade and economic cooperation released by the Guangdong Provincial Government are available on

http://www.gd.gov.cn

Policies, rules and regulations concerned with foreign trade and economic
cooperation released by the Guangzhou Municipal Government are available on
http://www.gz.gov.cn

Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality is available for consultation over the measures of Guangzhou in supporting the development of foreign-oriented enterprises in 2008.
Appendixes
The Main Foreign Trade and Economic Organizations and their Functions

I. Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality

Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality is an administrative authority of Guangzhou Municipal People’s Government, responsible for Guangzhou’s foreign trade and economic cooperation. Its main functions and responsibilities are as follows:

To implement the State’s relevant policies, rules, regulations and laws for foreign trade and economy;
To work out specific policies, local decrees and regulations and implementing rules of foreign trade and economy of Guangzhou Municipality, and organize inspections and supervisions over their implementations;
To guide, coordinate and manage the planning, examination and approval of foreign invested projects in Guangzhou and organize various promotion activities for foreign investments;
To issue and control import and export licenses and quotas, examine, approve and manage the imports and exports of mechanical and electrical products, imports and exports of technologies, enterprises investing overseas, contracted projects and export of labor services and guide and coordinate Guangzhou’s fair trade affairs.

Address: No. 158 Dongfeng Xi Road, Guangzhou, P. R. China
Post Code: 510170
Functions of Main Divisions and Offices
There are 17 functional divisions (offices) in the Bureau. The functions of the main functional divisions (offices) are as follows:

General Office
To be in charge of the routine administrative affairs in the Bureau;
To plan the working system, coordinate affairs in all divisions and offices and inspect implementation of the annual plans;
To organize important meetings and supervise the handling of issues decided in the meeting;
To handle the official documents, secretarial affairs, confidential and security affairs, chops and communications, file management, letters and visits, fire security, comprehensive management and other social affairs;
To release information and news related to governmental management and foreign economic and trade affairs;
To manage the financial and capital expenditures, the governmental purchase and draw up the budget of the Bureau;
To handle the computerized office work affairs;
To assist in the organization of comprehensive investigation activities;
To guide the work of the computer center and electronic data interchange center.

Comprehensive Division
To be in charge of the research of the mid-long term developmental strategy and relevant policies on foreign trade and economy of Guangzhou, organize comprehensive inspection activities;
To draft the important comprehensive documents of the Bureau and conference materials of foreign trade and economy of Guangzhou;
To coordinate press conference and news briefing;
To handle proposed motions assigned by the People’s Congress and the Political Consultative Conference, contact democratic parties and the Association of
Industry and Commerce on relevant affairs;
To compile the annual report, year book, choreography on local foreign trade and economy;
To guide the work of Guangzhou International Economic and Trade Society.

**Legal Division (Fair Trade Division)**
To be responsible for the composition, amendment, inspection and formulation of policies, laws, regulations, important proposals and specified documents on foreign trade and economy;
To implement the administrative reconsideration, administrative appeal, administrative penalty and relevant legal affairs and inspect the decision of administrative penalty;
To handle disputes regarding foreign trade and economy and deal with the conducts in violation of regulations of foreign economy and trade;
To carry out the training work on the publicity of related polices, laws, regulations and rules and organize administrative inspection of law enforcement;
To handle the legislative suggestions, coordinate and guide relevant affairs on World Trade Organization and undertake the relevant administrative affairs;
To guide and coordinate local enterprises in responding to issues such as anti-dumping, subsidies and trade safeguards on exported products imposed by other members in WTO and other relevant investigations;
To conduct the investigation on the dumping scale of cases such as anti-dumping, subsidies and trade safeguards, etc. and launch the notification and analysis system for industrial damage;
To guide and coordinate the local enterprises in industrial security among municipal departments and intermediary organizations concerned.

**Planning and Financial Division**
To compile the mid-long term development plans and annual working plans on trade and economy of Guangzhou, coordinate and supervise the implementation of the plans;
To monitor and analyze the macro operational status of foreign trade and economy of Guangzhou;
To make statistics analyses and information release on foreign trade and economy;
To research and implement policies of foreign exchanges, taxation, loans and other policies and regulations concerning foreign trade and economy with relevant departments, assist the management of tax refund on exports;
To formulate the means of management and utilization of special funds, manage the special funds for industrial aids financially allocated with other departments concerned and manage the financial expenditures of special funds of the Bureau;
To conduct the financial and internal auditing issues in the Bureau and guide subordinate enterprises in the said issues;
To conduct the economic duty auditing affairs concerned with persons in charge of the subordinate enterprises;
To guide the accounting operation of foreign trade sectors, manage the financial information of various foreign trade enterprises;
To assist in the formulation of reform plan of foreign trade management system; and
To guide the work of Accounting Society for Foreign Relations and Trade of Guangzhou.

**Foreign Trade Development Division**

To draw up the mid-long term developmental strategic plans, analyze the development status of foreign trade and put forward policies and proposals for promoting the development of foreign trade;
To work out reform proposals for foreign trade management system;
To draw up the plans to exploit overseas market, study and promote new trade methods like E-commerce, etc. with related departments;
To file, register and manage, in accordance with laws, the affairs concerned with operators engaged in foreign trade, examine, approve and ratify the import and export qualification of enterprises specialized in cargoes under the restricted category of the State;
To examine, approve and manage the foreign economic and technological exhibitions organized by Guangzhou municipality at home and organize Guangzhou Trade Delegation to participate in Chinese Import & Export Commodities Fair;
To guide and supervise foreign economic and trade fairs, exhibitions, commodities fair, and trade talks held either at home or abroad;
To promote and carry out the export brand strategies;
To coordinate and guide the foreign trade with Taiwan and promote development of foreign-oriented private enterprises;
To guide the management of foreign trade warehouses, international cargo agents and other logistics sectors.

**Foreign Trade Administration Division**

To be in charge of compiling the policies, plans of promoting foreign trade development and reform proposals of foreign trade management system;
To plan, implement and manage the quotas on imports and exports, and organize the invitation of bids for export quotas;
To manage origin certificate of textile products exported to EU, passive quotas on parts of textile exports and export permit certificates;
To investigate and handle the illegal transit trade of textiles, declare ETD for exported enterprise and MID for manufacturer, follow up and manage the export status of textiles and garments;
To coordinate the supplies of fresh and frozen goods exported to Hong Kong and Macao;
To coordinate the export management of agricultural products;
To issue, manage, count on and analyze the import and export permits;
To coordinate the import management of important industrial products, agricultural products and tax quotas on commodities of domestic-funded enterprises;
To manage the import and export of poisonous chemicals of domestic-funded enterprises.

**Mechanical and Electrical Products Import and Export Division (Guangzhou Mechanical and Electrical Products Import and Export Office)**

To draft and implement the policies for the import and export of mechanical and electrical products, mid-long term plans and annual guiding plans;
To manage the import catalogue of mechanical and electrical products, draw up and implement the annual import plan of quotas on mechanical and electrical products;
To examine and approve the automatic import permit of mechanical and electrical products and products under the management of State Office of Mechanical and Electrical Products, coordinate and manage the export project of large-sized and full set of equipments;
To supervise and coordinate the international bid-inviting and bid-entering of mechanical and electrical products, examine and approve the qualification of agency organization in international bid-inviting;
To report, inspect and manage the technological renovation, reconstruction, research and development projects of mechanical and electrical products under financial aids, guide the construction of productive system of exported mechanical and electrical products;
To analyze the imports and exports of mechanical and electrical products;
To guide the operation of Guangzhou Liaison Office, China Chamber of Commerce for Import and Export of Machinery and Electronic Products.

**Foreign Investment Promotion Division**

To work out the mid-long term planning and annual guiding plans of utilization of foreign funds, policies, measures, management regulations and rules to promote foreign investments and coordinate the solving of relevant problems in improving the investment environment;
To coordinate and guide the work in promoting foreign investment in Guangzhou and compile plans and projects catalogue to attract foreign investment;
To guide the work of investment promotion organizations stationed abroad;
To make dynamic and comprehensive analyses and researches on the investment developments in foreign countries and regions and make suggestions on promoting foreign investments;
To organize important foreign investment promotion activities in Guangzhou;
To plan, coordinate and guide foreign investment promotion activities conducted by all districts and departments of all levels in Guangzhou;
To contact overseas investment promotion organizations; and
To guide the work of Guangzhou Municipal Board For International Investment.

**Foreign Investment Administration Division** (Development Zone Administration Division)
To draw up and implement policies, regulations, rules and means of management for foreign investments;
To draw up mid-long term planning and annual guiding plans of utilized foreign funds of Guangzhou;
To make statistics and analyses of the utilizations of foreign funds, propose relevant suggestions and measures;
To examine, approve or report to the central government on the establishment of foreign-invested projects concerned;
To examine, approve or report to the central government on the contracts, rules, regulations and modifications issues of foreign investment limited by the State policy;
To examine and approve the pledge of foreign-funded enterprises;
To be entrusted to issue confirmation certificates of foreign-invested projects encouraged to develop by the State within Guangzhou's authority and to renew the approval certificates of foreign-funded enterprises;
To guide and coordinate foreign negotiations of project contractors;
To supervise and inspect the implementation of laws, decrees, regulations, contracts and articles of association by foreign-invested companies and coordinate the improvement of investment environments;
To assist in organizing important foreign investment promotion activities in Guangzhou;
To generally coordinate and guide various development zones in their foreign trade and economy work, and to inspect and supervise various development zones on their execution of the national foreign trade and economy policies;
To coordinate relevant departments in the evaluation of foreign investment environment in various development zones;
To examine the establishment and alteration of various development zones that need to be approved or submitted by Guangzhou Municipal Government, and to organize the argumentation of establishing various development zones that need to be submitted to the state-level departments or approved by Guangdong Provincial Government;
To coordinate the statistics of foreign trade and economy in various development zones.
Processing Trade Division
To work out the mid-long term development strategic plans and annual guiding plans for processing trade of Guangzhou;
To work out the notification system and development analyses of processing trade and the performance of the foreign-funded enterprises in Guangzhou;
To make proposals and suggestions on relevant policies;
To conduct statistics and e-governmental affairs related to processing trade in Guangzhou including the popularization, operation and management of on-line supervision of processing trade;
To examine and approve the processing trade operations within Guangzhou's authority, inspect the manufacturing capabilities of enterprises engaged in processing trade and assist the Customs in managing the operations of the enterprises;
To inspect and supervise the implementation of relevant State's policies, laws and regulations, contracts, constitutions conducted by the enterprises engaged in processing trade, solve and coordinate the improvement of investment environments, organize and coordinate the annual joint inspection;
To guide and manage the import and export of foreign-invested enterprises, compile the annual plan of import and export commodities under quota-control and permit certificate management by the State, including the management of the import and export of poisonous chemicals of foreign-funded enterprises;
To examine and confirm the export-oriented enterprises and high-tech foreign-invested enterprises and issue the certificates;
To inspect and report to the central government on the application of cargo freight made by foreign-funded enterprises and enterprises engaged in material processing trade with supplied materials within Guangdong, Hong Kong and Macau;
To manage the import of important industrial and agricultural products under tax quotas;
To participate in the important foreign investment promotion activities in Guangzhou.

Foreign Economic Cooperation Division
To organize the implementation of Going Global strategies, manage and guide
Guangzhou’s outbound investments, foreign economic cooperation and technological assistance abroad, and work out relevant policies, laws and regulations;
To work out the mid-long term development plans and annual guiding plans for outbound investment and foreign economic cooperation;
To inspect and report to the relevant authorities on the establishment of overseas enterprises and operational qualification in foreign economic cooperation;
To examine and approve the assignment of personnel to enterprises (organizations) in Hong Kong and Macau and carry out macro management;
To inspect and report to the relevant authorities on the overseas contracted projects, labor service cooperation, design, consulting and service trade abroad;
To conduct situation analyses and business statistics of foreign economic cooperation;
To carry out the annual joint inspection and comprehensive assessment of overseas investments;
To guide the exploitation of overseas market, regulate the operation of overseas enterprises and coordinate overseas investment promotions and negotiations;
To coordinately handle important matters related to foreign economic cooperation.

**Technology and Trade Division**
To draw up and implement Guangzhou’s development strategy of international service trade and Revitalizing Trade through Science & Technology and work out relevant policies;
To guide and coordinate Guangzhou’s work concerning international service trade;
To discuss and establish the whole city’s statistic system of international service trade, and to take charge of statistic work concerning international service trade;
To implement policies and management regulations of technology and trade of the State and relevant measures to encourage, limit and prohibit technological import and export;
To coordinate the management of export commodities quality, brand construction and intellectual property protection and promote the standardization of import and export;
To coordinate the management of technology, new and high-tech product export
and technological import, organize and promote foreign technological cooperation;
To make reports on, initially approve, examine, distribute and manage relevant special funds;
To examine, approve and issue the registration certificates of technological import and export contracts.

**Foreign Economic Liaison Division**
To be in charge of liaison work related to foreign economic and trade affairs in Guangzhou, organize and coordinate the important foreign affairs relating to foreign trade and economic cooperation;
To coordinate the work of representative offices of enterprises set up by foreign countries, Hong Kong, Macao and Taiwan, examine and approve representative offices of non-enterprise economic organization set up by foreign countries, Hong Kong, Macao and Taiwan;
To issue the authorized visa application notice to foreigners who are coming to China for business affairs;
To handle affairs of foreign trade and economic cooperation relating to foreign consulates general to Guangzhou;
To participate in important investment promotion activities and foreign trade and economic negotiation activities;
To go through the temporary business trip formalities of the staff of the Bureau to foreign countries, Hong Kong and Macao;
To organize foreign affairs activities concerned with the bureau.

|| . **WWW. GZBOFTEC. GOV. CN**

**WWW. GZBOFTEC. GOV. CN** is the official website of Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality (GZBOFTEC). The goals of the website are as follows:

- To realize the function of E-government of GZBOFTEC so as to provide online administration and service for the local activities of foreign trade, foreign investment and foreign economic cooperation, make the government affairs open to the public and supply the streamline services in high efficiency.

- Being the official information release platform of foreign trade and economy in
Guangzhou, the website facilitates the businessmen worldwide with the easy access of the related foreign trade and economic information, latest laws and regulations and materials and data.

- To provide the business circle worldwide with the information of the investment environment, investment promotion activities and related events of Guangzhou.
- To offer the online services and resources related to foreign trade and economic affairs

**Main Columns:**

**Homepage:** Important News of Foreign Trade & Economy, Notices, Government Announcements, Government Information, Public Guides, Industry Topics, Online Investigations, Sitemap;

**Government Announcement:** Introduction to the Leaders, Organization Functions, Division Functions, Contacts, Visit Days to Leaders, Contents of Government Information, Director-General’s Mailbox, Projects & Funds, Summaries & Plans, Notices, Public Official Documents, Announcements, Laws & Regulations, Business Publicity, Personnel Changes, Public Purchase, Statistics & Data, Service Commitments, Online Complaints, Affiliated Institutions, Centralized Management Units;

**E-Government Services:** Business Guides (52), Online Admissions (22), Examples, Business Applications, Business Inquiries, Business Applied, Online Q&A, Operation Guides;

**Foreign Investment:** Project Announcements, Latest Investment Promotion Events, Proposed Projects, Latest Foreign Investment, Investment Environment, CEPA Special;

**Foreign Trade:** Latest Foreign Trade, Operation of Joint Customs Clearance, Information Platform of Trade Development, Import & Export Fair Trade Affairs, Information on Guangzhou Textile and Agricultural Products, China Import and Export Commodities Fair, Technologies & Service Trade, Fair Trade & WTO Affairs, Training Column, Mechanical & Electrical Trade, Automobile Bases Construction;

**Foreign Economic & Technological Cooperation:** Latest Foreign Economic Cooperation, Announcements & Notices, Environment Abroad, Enterprises List,
Institutions Stationed Abroad;

**News & Events:** Local Events, Domestic and Foreign Events;

**Documents & Publications:** White Paper, Statistics, Policy Briefings, Special Events & Major Affairs, Case Study;

**Laws and Regulations:** Rules and Regulations in Force, Law Popularization, Legal Affairs & Services;

**Communications:** Director-General's Mailbox, Online Enquiries, Communication Forums, Online Interviews, Report of Business Bribery.

People from all walks of life and concerned about Guangzhou foreign trade and economy are warmly expected to join hands with us to achieve the goals of the website and better serve the Guangzhou economic development.

**Sponsor:** Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality

Co-sponsor: Guangzhou Electronic Data Interchange Center

Tel: 86-20-81098727, 86-20-81097445

E-mail: webmaster@gzboftec.gov.cn

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**III. China Council for the Promotion of International Trade, Guangzhou Branch**

China Council for the Promotion of International Trade Guangzhou Branch (China International Chamber of Commerce Guangzhou Branch) is a standing local representative organization of the China Council for the Promotion of International Trade in Guangzhou. It is an international, comprehensive non-government foreign economic and trade organization formed by representatives from enterprises, associations and institutions related to foreign economic and trade affairs in Guangzhou. Its aim is to promote economic, trade, and technological cooperation with foreign countries and regions so as to facilitate the friendship, economic and trade exchanges between Guangzhou and other counties and regions worldwide.

Since its establishment in 1985, Guangzhou Branch has been focusing on its central task of economic development and foreign trade and economy promotion. By taking full advantage of its functions of foreign economic liaison, exhibitions
organizations, visits abroad and license service, Guangzhou Branch has formed its own edge together with relevant overseas chambers of commerce, associations, enterprises and trade promotion organizations. Through actively organizing various promotion activities, it serves as a bridge to promote the implementation of foreign-oriented economy strategy of the city. As a part of assistance to Guangzhou Municipal People's Government in foreign trade and economy, it has made great contribution to the promotion of foreign trade and economy, import and export, foreign investment and technological exchanges.

Guangzhou Branch, with over 2000 members of individuals, institutions and enterprises, has 12 sub-branches and one business chamber of commerce throughout the 10 districts and 2 county-level cities in Guangzhou.

Add: 809, 8/F, South Tower, World Trade Building, #371-375, Huanshidong Road, Guangzhou, P. R. China
Tel: 86-20-8778 7768
Fax: 86-20-8776 9011
E-mail: gzh@ccpit.org

**IV. Guangzhou Municipal Board for International Investment**

Guangzhou Municipal Board for International Investment is a professional service institute authorized by Guangzhou Municipal People’s Government to promote international investment in Guangzhou, and is one of the affiliated institutions under the Bureau of Foreign Trade & Economic Cooperation of Guangzhou Municipality. It has such functions as follows: to participate in the formulation of policies and rules in line with the investment promotion, guide the investment abroad and improve the investment environment policies; to organize all kinds of on-spot surveys and investment promotion activities for overseas and domestic investors; to promote Guangzhou’s key investment projects; to undertake various investment promotion activities, providing investors with the latest and detailed investment promotion articles and multi-media information on investment; to provide investment policy consultation and professional consulting service. In addition, the services on the establishment and consultation of overseas invested projects for the domestic enterprises will be offered. Other functions include: the
setting up and the management of overseas investment promotion offices and trade and business organizations so as to facilitate the outbound investment of Guangzhou.

Guangzhou Municipal Board for International Investment will try every means possible to work with the businessmen all over the world to create new market opportunities.

Add: 7/F, Guangzhou Government Affairs Center, Hua Li Road, Pearl River New Town, Guangzhou, P. R. China.
Post Code: 510623
Tel: 86-20-3892 0742/3892 0722
Fax: 86-20-3892 0747/3892 0724
Website: Http://www. investguangzhou. gov. cn
Email: info@ investguangzhou. gov. cn

Introduction of the Website of Guangzhou Municipal Board for International Investment
The website www. investguangzhou. gov. cn is an online information collection for the investment in Guangzhou. It is a trusty, authoritative channel for investors to get the relevant information about trade and economy of Guangzhou. The main columns include Guangzhou Brief, Guangzhou Advantages, Invest Guangzhou, Laws and Regulations, Industry Information, Districts Introduction, News and Events, Projects Information, Q&A and so on with the functions to gather the latest information about investment, introduce the latest investment policies, promote the investment environment and projects of the districts, collect the latest land policy, projects information, promotion activities and marketing situation, and provide a series of information and services. The website will facilitate the investors to get the new information of the development in Guangzhou and transfer the service and resources of Guangzhou Municipal Board for International Investment on internet to create business opportunities.

V. Guangzhou Association of Enterprises with Foreign Investment
Guangzhou Association of Enterprises with Foreign Investment, founded in 1987
and approved by the Guangzhou Municipal People’s Government as a nongovernmental organization, is under the leadership of Bureau of Foreign Trade & Economic Cooperation of Guangzhou Municipality. The Association invites leaders from relevant departments concerning foreign economy, the customs, foreign exchange control, taxation, registration and management of industrial and commercial enterprises, inspection and quarantine of goods, labor and public security etc. as consultants. The Association admits 1350 members, organizes over 40 activities each year, involves in many events held by provincial or municipal departments, and is renowned as Home of Foreign Businesspersons. The Association's objectives are: To safeguard members' lawful rights and interests; To promote understanding, friendship and cooperation among members and between members and government departments as well; To spur healthy growth of member enterprises; To thrive Guangzhou's economy.

The Association has such functions as below:

1. Providing one package service during the course of setting up a foreign-funded enterprise, including the location of the enterprise, application for the establishment of the enterprise, the registration in industrial and commercial administration, in tax office and in foreign exchange control system, and the filing with customs etc;

2. Providing one package service during the course of establishment, extension, alteration or withdrawal of a foreign company's representative office in Guangzhou, applying for Business Permit, License and Tax Registration Certificate for the office;

3. Applying for enterprises to take part in the Chinese Import & Export Commodities Fair, organizing members to investigate various business and trade markets and to participate in various exhibitions etc;

4. Issuing business invitations to foreigners, and applying for the Temporary Residence Permit, a renewal of visa, and the Employment Permit in Guangzhou for foreign business people;

5. Arranging members to go in for such matters as bid offering for quotas of export goods, and responding to anti-dumping cases etc;

6. Giving advices on such aspects as finance, taxation, labor, investment,
management and trade etc;
7. Providing such services for enterprises as opening, financing, recruiting, auxiliary supporting and market development etc;
8. Undertaking the Policy Briefing of Guangzhou's Rules and Regulations, convening forums and workshops to seek the opinion of enterprises about draft rules and regulations, holding training lectures concerning foreign economics, industrial and commercial administration, taxation, foreign exchange control and customs, and hosting working luncheons of managers;
9. Organizing get-togethers among members and between governmental departments as well;
10. Organizing enterprises to attend selection activities of outstanding units launched by the national associations and by the relevant governmental departments;
11. Initiating friendly intercourses with relevant economic groups both inside and outside, so as to boost exchange and cooperation among enterprises.
Address: Rm. A, B, C, E, 5/F., Guangdong Foreign Businessmen Club, # 293, Guangzhou Rd. C., Guangzhou
Tel: 020-87360960, 87382352, 87399159
Fax: 87370982
Post Code: 510600
Website: http://www.gzaefi.org.cn
Email: gzaefi@yahoo.com.cn

VI. Functional Departments of Districts and County-level Cities for Foreign Trade and Economy

<table>
<thead>
<tr>
<th>Department</th>
<th>Office Address</th>
<th>Tel.</th>
<th>P. C.</th>
<th>Website</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yuexiu Economic and Trade Bureau</td>
<td>6/F, Kaicheng Building, No. 83, Xianliezhong Rd.</td>
<td>37663343, 37663776</td>
<td>510070</td>
<td><a href="http://www.invest.yuexiu.gov.cn">http://www.invest.yuexiu.gov.cn</a></td>
<td><a href="mailto:yuexiuwj@21.cn.com">yuexiuwj@21.cn.com</a></td>
</tr>
<tr>
<td>Haizhu Economic and Trade Bureau</td>
<td>No. 9, Qiangui St., Qianjin Rd.</td>
<td>84247507, 84236142</td>
<td>510230</td>
<td><a href="http://www.haizhu.gov.cn/jjmyj">http://www.haizhu.gov.cn/jjmyj</a></td>
<td><a href="mailto:hzjmj@126.com">hzjmj@126.com</a></td>
</tr>
<tr>
<td>Liwan Economic and Trade Bureau</td>
<td>Trade and Economy Building, Dongjiaonan Village, Dongjiaonan Rd.</td>
<td>81511258</td>
<td>510375</td>
<td><a href="http://www.investlw.gov.cn">http://www.investlw.gov.cn</a></td>
<td><a href="mailto:jmjdzb@126.com">jmjdzb@126.com</a></td>
</tr>
<tr>
<td>Department</td>
<td>Office Address</td>
<td>Tel.</td>
<td>P. C.</td>
<td>Website</td>
<td>Email</td>
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</tr>
<tr>
<td>Tianhe Economy and Trade Bureau</td>
<td>6/F, Bldg 2, Tianhe Government Yard, No. 1, Tianfu Rd.</td>
<td>38622696</td>
<td>510655</td>
<td><a href="http://jingmao.thnet.gov.cn">http://jingmao.thnet.gov.cn</a></td>
<td><a href="mailto:yudt@thnet.gov.cn">yudt@thnet.gov.cn</a></td>
</tr>
<tr>
<td>Baiyun Economy and Trade Bureau</td>
<td>Room 724, Government Bldg., No. 238, Guangyuanzhong Rd.</td>
<td>86381887</td>
<td>510405</td>
<td><a href="http://www.by.gov.cn">http://www.by.gov.cn</a> <a href="http://www.byinvest.gov.cn">http://www.byinvest.gov.cn</a></td>
<td><a href="mailto:advisorli@hotmail.com">advisorli@hotmail.com</a></td>
</tr>
<tr>
<td>Huangpu Economy and Trade Bureau</td>
<td>2/F, No. 333, Dashadidong Rd., Huangpu</td>
<td>82378703</td>
<td>510700</td>
<td><a href="http://www.hp.gov.cn">http://www.hp.gov.cn</a></td>
<td><a href="mailto:zsb@hp.gov.cn">zsb@hp.gov.cn</a></td>
</tr>
<tr>
<td>Huadu Foreign Trade and Economic Cooperation Bureau</td>
<td>No. 13, Songyuan Road, Xinhua Town, Huadu District</td>
<td>86882586</td>
<td>510800</td>
<td><a href="http://www.investhuadu.gov.cn">http://www.investhuadu.gov.cn</a></td>
<td><a href="mailto:hdwjzs@126.com">hdwjzs@126.com</a></td>
</tr>
<tr>
<td>Panyu Foreign Trade and Economic Cooperation Bureau</td>
<td>No. 11, Kou'an St., Qinghengdong Rd., Shiqiao, Panyu</td>
<td>84641343</td>
<td>511400</td>
<td><a href="http://wjm.panyu.gov.cn">http://wjm.panyu.gov.cn</a></td>
<td>invest@<a href="mailto:panyu@gd.cn">panyu@gd.cn</a></td>
</tr>
<tr>
<td>Nansha Economy and Trade Bureau</td>
<td>No. 1, Gangqian Blvd., Nansha Development Zone</td>
<td>39910512</td>
<td>511458</td>
<td><a href="http://www.gzns.gov.cn">http://www.gzns.gov.cn</a></td>
<td><a href="mailto:jff@gzns.gov.cn">jff@gzns.gov.cn</a> <a href="mailto:ns_hl@gz.gov.cn">ns_hl@gz.gov.cn</a></td>
</tr>
<tr>
<td>Guangzhou Development District Economic Development, Scientific and Technological Bureau</td>
<td>Room 536, Western Part, Administration Bldg., No. 303, Zhicheng Avenue, Guangzhou Development District</td>
<td>82111689</td>
<td>510730</td>
<td><a href="http://www.jj.geidd.gov.cn">http://www.jj.geidd.gov.cn</a></td>
<td><a href="mailto:yangyg@geidd.gov.cn">yangyg@geidd.gov.cn</a></td>
</tr>
<tr>
<td>Guangzhou Development District Enterprises Construction Bureau</td>
<td>Central Part, 8/F, Administration Bldg., No. 303, Zhicheng Avenue, Guangzhou Development District</td>
<td>82113338</td>
<td>510730</td>
<td><a href="http://www2.geidd.gov.cn/ecportal">http://www2.geidd.gov.cn/ecportal</a></td>
<td><a href="mailto:sunhx@geidd.gov.cn">sunhx@geidd.gov.cn</a></td>
</tr>
<tr>
<td>Conghua Foreign Trade and Economic Cooperation Bureau</td>
<td>4/F-6/F, Bldg. 2, Kou'an Rd., Jiekou, Conghua</td>
<td>37903883</td>
<td>510900</td>
<td><a href="http://www.conghua.gov.cn">http://www.conghua.gov.cn</a></td>
<td><a href="mailto:chboftec@163.com">chboftec@163.com</a></td>
</tr>
<tr>
<td>Zengcheng Foreign Trade and Economic Cooperation Bureau</td>
<td>No. 5, Guangmingxi Rd., Licheng Town, Zengcheng</td>
<td>82752000</td>
<td>511300</td>
<td><a href="http://www.investmentzc.com">http://www.investmentzc.com</a></td>
<td><a href="mailto:zc7799@21.cn.com">zc7799@21.cn.com</a></td>
</tr>
</tbody>
</table>
# Part of Proposed Projects of Guangzhou in 2009

<table>
<thead>
<tr>
<th>No.</th>
<th>Project Name</th>
<th>Scale</th>
<th>Total Investment</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Transportation and Urban Infrastructure Facilities Projects (2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Xinzhou-Hualong Expressway</td>
<td>A total length of 12.56 km</td>
<td>199,700</td>
<td>Preparatory work, civil construction</td>
</tr>
<tr>
<td>2</td>
<td>Guangzhou Zengcheng-Conghua Expressway</td>
<td>A total length of 67.46 km</td>
<td>618,393</td>
<td>land expropriation and house dismantling, civil construction</td>
</tr>
<tr>
<td></td>
<td>Environmental Protection Projects (4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Guangzhou Development District Recycle Economy Construction Project</td>
<td>Infrastructure facilities for environmental protection and public hygiene including the waste compression transfer station of the Science City and Jiulong, water quality purification plants in Western District, Eastern District, Yonghe, Huangpi, Jiulong, Zhenling, Jiufo and Luogang center and sewage pipelines. Reclaimed water reuse system, energy-saving technical renovation, mud innocuous treatment, carbon dioxide degradable materials projects.</td>
<td>100,000</td>
<td>civil construction, equipment installation</td>
</tr>
<tr>
<td>4</td>
<td>Likeng Second Waste Incineration Power Generation Plant</td>
<td>Daily incineration and treatment of household waste of 2,000 tons</td>
<td>96,880</td>
<td>Preparatory work, civil construction</td>
</tr>
<tr>
<td>5</td>
<td>Guangzhou Safe Waste Treatment Center</td>
<td>Designed landfill capacity is 860,000 cubic meters</td>
<td>26,648</td>
<td>civil construction</td>
</tr>
</tbody>
</table>
### Part of Proposed Projects of Guangzhou in 2009

Unit: 10,000 RMB yuan

<table>
<thead>
<tr>
<th>No.</th>
<th>Project Name</th>
<th>Scale</th>
<th>Total Investment</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Guangzhou Water Environment Comprehensive Treatment Project</td>
<td>Including: urban household waste water treatment project, entailing the construction of 38 sewage treatment plants (systems), 75 sewage pump stations and 1,140-kilometer sewage pipelines; rural household waste water treatment project, covering 245 villages and 659,000 people; city center rain and waste water separated discharge project, entailing the renovation of pipelines in the city center as well as improvement of discharge facilities and civic road pipelines; water transfer and replenishment project, entailing the establishment of 24 pump stations and 37 sluices; water-flooded roads reparation project covering 228 roads; riverlets comprehensive renovation projects which treat 121 riverlets with total length of 388.5km.</td>
<td>4,862,000</td>
<td>Preparatory work, civil construction</td>
</tr>
</tbody>
</table>

High and New Tech Industry Projects (6)

<table>
<thead>
<tr>
<th>No.</th>
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</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Gaotang New Area of Guangzhou Tianhe Software Park</td>
<td>Out of total planned area of 1,225 hectares, the first phase of planned area of 669 hectares, where land expropriation, public utilities construction and supporting facilities construction will be carried out.</td>
<td>474,000</td>
<td>civil construction</td>
</tr>
<tr>
<td>8</td>
<td>Guangzhou International Bio-island</td>
<td>Public utilities and supporting facilities construction in a planned area of 1.8 sq. km</td>
<td>400,000</td>
<td>civil construction</td>
</tr>
</tbody>
</table>
Part of Proposed Projects of Guangzhou in 2009

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<tr>
<td>9</td>
<td>Guangzhou Bio-medicine Industrial Base</td>
<td>Guangzhou High and New Tech Bio-medicine Industrial Base with a planned area of 1,000 hectares; Liuxiwan Bio-island with a planned area of 6.13 hectares; Guangzhou Baiyun Bio-medicine and Health Industrial Base with a planned area of 959 hectares and Panyu Bio-medicine Park with an area of 217 hectares.</td>
<td>718,800</td>
<td>Preparatory work, civil construction</td>
</tr>
<tr>
<td>10</td>
<td>Guangzhou Kingfa Science and Technology High-performance Pan Carbon Fiber Project</td>
<td>With an area of 300,000m² and building area of 400,000m², the annual production volume of high-performance carbon fiber will be 2,000 tons.</td>
<td>200,000</td>
<td>civil construction, equipment installation</td>
</tr>
<tr>
<td>11</td>
<td>Huadu Airport Economy and Hi-tech Industrial Park</td>
<td>With an area of 23.5 sq. km, high and new tech industrial base, airport business area and Guangzhou (Huadu) Optoelectronic Industrial Base will be built.</td>
<td>150,000</td>
<td>land expropriation and house dismantling, civil construction</td>
</tr>
<tr>
<td>12</td>
<td>Guangzhou National digital home Application Model Industrial Park</td>
<td>With an area of 2.5sq. km, digital home manufacturing district, R&amp;D and Incubation Area and service area will be established</td>
<td>850,000</td>
<td>Preparatory work, civil construction</td>
</tr>
</tbody>
</table>

Pillar Industry and Basic Industry Projects (14)

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<tbody>
<tr>
<td>13</td>
<td>Guangzhou Longxue Shipping Base of China State Shipbuilding Corporation (Phase I)</td>
<td>With annual shipbuilding capacity of 2.12 million tons, it boasts such representative products as four 4200TEU and four 6200TEU container ships, six 150,000-ton crude oil ships, six 110,000-ton oil ships and ocean engineering machinery and provides supporting service facilities.</td>
<td>621,536</td>
<td>civil construction</td>
</tr>
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<tr>
<td>14</td>
<td>Guangzhou JFE 1.8-million-ton Cold Rolled Sheet Project</td>
<td>Annual cold rolled sheet of 1.8 million tons</td>
<td>634,900</td>
<td>civil construction, equipment installation</td>
</tr>
<tr>
<td>15</td>
<td>Guangzhou Development District Auto Industry Base</td>
<td>With planned area of 30sq.km, it includes land expropriation, houses dismantling and infrastructure facilities construction in Yonghe (including Zhaidong Area), Yunpu Industrial Park, Eastern District (including Export Processing District)</td>
<td>1,350,000</td>
<td>land expropriation and house dismantling, civil construction</td>
</tr>
<tr>
<td>16</td>
<td>Guangzhou Huadu Automobile Industrial Park</td>
<td>With planned area of 5,000 hectares, it entails establishment of nine zones; complete vehicle production zone (expected to have production capacity of 1 million within tens years with annual production volume of 100 billion RMB yuan), parts and components industrial park, car trading service zone, logistics center, export processing zone, Automobiles College, auto R&amp;D district, auto theme park and auxiliary service district.</td>
<td>300,000</td>
<td>civil construction</td>
</tr>
<tr>
<td>17</td>
<td>East Guangzhou (Zengcheng) Automobile Industrial Park</td>
<td>With planned area of 2,273 hectares, it will focus on complete vehicle, motorcycle and their parts and components industry by providing supporting facilities required</td>
<td>500,000</td>
<td>land expropriation, civil construction</td>
</tr>
<tr>
<td>18</td>
<td>Guangzhou Conghua Mingzhu Industrial Base</td>
<td>With planned area of 5,050 hectares, it will focus on three industries: automobiles, motorcycle and their parts and components; electronic information; medicine and cosmetics.</td>
<td>160,000</td>
<td>land expropriation, civil construction</td>
</tr>
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<tr>
<td>19</td>
<td>Expansion of Complete Car Project of Guangzhou</td>
<td>Annual car productivity expanded from 260,000 to 380,000</td>
<td>300,200</td>
<td>civil construction, equipment installation</td>
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<tr>
<td></td>
<td>Toyota</td>
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<tr>
<td>20</td>
<td>Expansion Project of Dongfeng Nissan Passenger</td>
<td>Annual car productivity expanded from 270,000 to 360,000</td>
<td>492,443</td>
<td>civil construction, equipment installation</td>
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<td></td>
<td>Vehicle Company</td>
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<tr>
<td>21</td>
<td>First Phase of GAIG-Hino Automobiles Project</td>
<td>Annual production of 30,000 light trucks and 20,000 heavy trucks</td>
<td>239,906</td>
<td>civil construction, equipment installation</td>
</tr>
<tr>
<td>22</td>
<td>Guangzhou Numeric Control GSK</td>
<td>Covering building area of 90,000m², it is able to produce 88,000</td>
<td>34,372</td>
<td>civil construction, equipment installation</td>
</tr>
<tr>
<td></td>
<td>Industrialization Base</td>
<td>sets of numeric control system and serve 400,000 motors.</td>
<td></td>
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<tr>
<td>23</td>
<td>Guangzhou Nansha Heavy-duty Machine Assembly</td>
<td>Including Dongfang Electric Phase II and Phase III (Dongfang Electric Machine), Guangzhou High-voltage Power Transmission and Transformation Equipment Manufacturing Base of China XD Group and wind energy equipment manufacturing project.</td>
<td>300,000</td>
<td>civil construction, equipment installation</td>
</tr>
<tr>
<td></td>
<td>Base</td>
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<tr>
<td>24</td>
<td>Guangzhou Nansha Huangge Thermoelectricity</td>
<td>2 × 300MW coal thermoelectrical joint unit</td>
<td>300,000</td>
<td>civil construction, equipment installation</td>
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<td>Project Phase II</td>
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<tr>
<td>25</td>
<td>Guangdong Nansha Oil Refinery and Chemistry Project Co-invested by China and Kuwait</td>
<td>Annual oil refinery capacity of 15 million tons and ethylene production capacity of 1 million tons</td>
<td>5,999,702</td>
<td>Preparatory work</td>
</tr>
<tr>
<td>26</td>
<td>Infrastructure Facilities Construction in Industrial Parks Dedicated to Relocated Development of Secondary and Tertiary Industries</td>
<td>Including Shitan Industrial Base, Conghua City Economic and Technological Development District, Huadu Chini Industrial Park, Aotou Industrial Base, Textile Industrial Base and Guangzhou Petrol-chemistry Industrial base.</td>
<td>3,567,000</td>
<td>Preparatory work, civil construction</td>
</tr>
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Modern Service Industry Projects (6)

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<tr>
<td>27</td>
<td>Guangzhou Finance Innovation Service Area Construction Project</td>
<td>With a planned area of 2 sq.km, public utilities and supporting facilities will be built.</td>
<td>400,000</td>
<td>land expropriation and house dismantling, civil construction</td>
</tr>
<tr>
<td>28</td>
<td>Guangzhou Creative Industry Base</td>
<td>Including Liwan Creative Industry Clustered Area, Guangzhou Startoon City Animation Games Park, Guangdong Cultural and Creative Industrial Park, Creative Boulevard in Yuxiu District, Guangzhou TIT Textiles and Garments Creative Park, Conghua Animation Games Park, Guangzhou Tianhe Linjiang Creative Industry Park, Panyu Jinshang Creative Industry Base and Guangzhou International Software Creative and Design Center project.</td>
<td>574,000</td>
<td>Preparatory work, civil construction</td>
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<tr>
<td>29</td>
<td>Guangzhou Logistics Industrial Base</td>
<td>Including Guangzhou Bonded Logistics Industrial Park, Guangzhou International Medical Island, Storage Center of Guangdong Plastics Exchange (Phase II), International Trading and Logistics Center for Light Industry, Yufeng Integrated Logistics Base and Renrenle South China Logistics and Distribution Center</td>
<td>2,270,870</td>
<td>Preparatory work, civil construction</td>
</tr>
<tr>
<td>30</td>
<td>Guangzhou Recreational Tour Base</td>
<td>Including Conghua Hot Spring Eco-environment Development Project, Zengcheng Eco-tourism Model District, Chimelong International Eco-tour and Holiday Zone and Wangzi Mountain Forest Park</td>
<td>633,024</td>
<td>land expropriation and house dismantling, civil construction</td>
</tr>
<tr>
<td>31</td>
<td>Guangzhou Commerce and Trade Clustered Area</td>
<td>Including Guangzhou International Commodities Exhibition and Trade Center, Taikoo Hui Plaza, Chinese LCD Center, Guangzhou Oil &amp; Foodstuff Corporation Group relocation project, Guangzhou International Shopping Center, Guangzhou Shiling Global Leather and Metallic Fittings Market, Guangzhou Auto Parts and Components Global Procurement Harbor, Guangzhou Textile Expo Center and South China Car Trading Center, etc.</td>
<td>1,643,700</td>
<td>civil construction</td>
</tr>
<tr>
<td>32</td>
<td>Guangzhou Nansha Bonded Port Area Project</td>
<td>With a planned area of 7.06 sq. km, the project includes Port Operation Area, Export Processing Area, Logistics Area, River and Sea Joint Transportation Area and Public Inspection Area and associated infrastructure facilities construction.</td>
<td>752,000</td>
<td>civil construction</td>
</tr>
</tbody>
</table>