Overall Review
In 2007, the municipal government of Guangzhou followed the objective of constructing a modern metropolis and harmonious society and actively implemented the strategies of "strengthening the city by enriching the people, invigorating the city with technology and education, governing the city by law & paying attention to sustainable development". Thanks to the work philosophies of "scientific development, priority to environment, care for the people's livelihood & addressing the people's concerns", new achievements were made in various aspects.

Review of the Work in 2007

I. Comprehensive Economic Strength Achieved A New Record High

The Economic growth was fast yet steady, and the economic structure was constantly improved, with significant improvement in both quality and efficiency. Last year the city achieved a GDP of 705.078 billion yuan, an increase of 14.5% over the previous year and its GDP per capita was USD 9,302, an increase of 11.3% over the previous year. The General budgetary revenue from the regional finance of Guangzhou reached 211.6 billion yuan, a year-on-year increase of 22.4%, including the general budgetary revenue of local finance of 52.379 billion yuan a year-on-year increase of 22.6%. Both the city's economic aggregate and its financial revenue were more than double the numbers in 2002. The city obtained a
gross industrial output value of 987.057 billion yuan for the whole year, including a newly
added value of 175.817 billion yuan, an increase of 20%. The total output value of the
three pillar industries of automobile, petrochemical and electronic manufacture increased
by 24.1% over the previous year, including an increase of 37.4% for the car manufacturing
industry. The composite index of large-scale industrial economic benefits of the whole city
was 220.93, a year-on-year increase of 27 points; Large-scale industrial enterprises made a
total of 73.308 billion yuan in profits, a growth of 36%. The growth momentum was good
for modern service industries such as finance, logistics, exhibition, trade and business,
information and tourism. Tertiary industries witnessed an increase of 407.28 billion yuan
in output value for the whole year, 14.1% over the previous year, accounting for 57.76%
of the city's GDP. The financial industry had an added value of 28.047 billion yuan or an
increase of 16.1%. There were an unprecedented number of 11 enterprises listed at home or
abroad. The passenger handling capacity of Baiyun International Airport reached 30,955,100
person times, making it the second largest airport of China's mainland and one of the large
pivot airports in the world. The cargo throughput of Guangzhou port reached 341 million
tons, including the handling capacity of 9,203,600 TEU an increase of 38.3% over the
previous year. The aggregate amount of commodity wholesale and the retail of the whole
city reached 1,099.658 billion yuan, with an increase of 18.9% in the total retail sales of
social consumer goods. The total avenues from tourism were 79.815 billion yuan, a year-on-
year increase of 13.9%. The accumulated number of visitors is more than 100 million. Last
year, Guangzhou's total import and export value reached USD 73.494 billion, an increase of
15.2% over the previous year, among which the gross export value was USD 37.902 billion,
a year-on-year increase of 17%. The direct foreign capital of USD 3.286 billion was actually
utilized, an increase of 12.4% over the previous year. As many as 160 of the Fortune Global
500 companies have made investment in Guangzhou. Private economic sectors witnessed
a growth of 14%, accounting for 34.24% of the city's GDP and becoming an important
stimulant to the city's economic growth.

II. New Progress was Made in the Construction of An Innovative City
Several regulations and related policies concerning the promotion of independent innovation
abilities were formulated. Further progresses were taken into independent innovation,
including the construction of three state key laboratories and nine provincial technical
centers. As more and more backbone enterprises established their R&D institutes, the
creative system with enterprises as the main part gradually came into being, which in
turn attracted creative factors for enterprises at a rapid speed. Great effort was made to
develop new high-tech industries in the following aspect. "Special Fund for Software
and Animation Industries Development" was established to facilitate, in a down-to-earth
manner, the construction of national high-tech bases for such sectors as software, electronics
& information, biomedicines and online gaming & animation. Besides, a number of new
high-tech & creative projects concerning digital communication, panel monitors and
biomedicines were constructed and put into production. The output value of the city's new
high-tech products reached 296.309 billion yuan, an increase of 28.7% over the previous
year accounting for 30.02% of the gross industrial output value. We made active efforts to
build Guangzhou into a nationally model city of intellectual property rights protection. Last
year, the number of patents awarded in Guangzhou increased by 33.2%.

III. Further Improvement in Urban Environment Construction and Management
were Facilitated
The expansion project of the second phase of Baiyun International Airport was implemented
as scheduled. The four 100,000-ton berths of the second phase of Nansha Port Area
were constructed and put into use. Also, the construction of the new passenger station
of Guangzhou Railway was under smooth construction. Besides the construction of the
seven metro lines, the Jiekou-Beixing Expressway, other highways and expressways were
carried out comprehensively. Baiyun International Convention Center was constructed and
put into operation, while the main work of the second phase of Guangzhou International
Convention and Exhibition Center was also completed. Municipal utilities and public
service facilities such as urban water supply, power supply and public transportation have
been constantly improved. Direct drinking water is now available to 2,165,400 citizens, and
natural gas is provided to 223,000 households. We achieved success for the second phase
of the "Green hills, grass covered ground, blue sky and clear water" project. We stepped
up the construction of forest zones and urban lands, with 28.46 square kilometers of green
areas newly added in the city and 2.39 million mu of non-commercial forest protected
effectively. We made greater efforts to address the environmental problems of the city's
water system, with preliminary effects for the special campaign to improve the water
quality of seven watercourses including Shahe Yong. Besides, we laid 136 kilometers of
new pollution-prevention pipelines and completed the main works of the four new sewage
treatment plants, with a sewage treatment capacity of 1.918 million tons per day for the
whole city and a treatment rate 82.34% for sanitary sewage in downtown areas. With the
constantly improvement of basic environmental sanitation facilities, the city's domestic rubbish can now be cleared on a daily basis, with a decontamination rate of 82.8%. The protection of drinking water sources was strengthened. In particular, the commencement of the Baiyun Lake Project and the progress of the West River Water Diversion Project are of great significance for improving the city's water environment and drinking water quality as well as for ensuring the strategic security of the city's water resources. Comprehensive campaigns were also launched against atmosphere and environmental pollutions and strictly imposed the National Emission Standard III on automobiles was strickly imposed. Besides, the administration of environmental protection logo in automobiles and the thorough ban on motorcycles in downtown areas was gradually implemented. At present, 85% of the city's buses and 100% of its taxis are using clean energies. Air quality in the city has been constantly improved and stably maintained at the National Standard II or above.

The Working Plan for 2008

Major goals expected for the economic and social development in 2008 include: the GDP increase by 12%; the total investment in fixed asset, by 10%; a growth of total retail sales of social consumer goods, by 15%; the foreign export, by 10%; the actual introduction of direct foreign investments, by 9%; a decrease of energy consumption for every ten thousand yuan in GDP by 4.35% and the decrease of chemical oxygen demand and emission of sulfur dioxide, by 0.9% and 10.4% respectively; The per capita disposable income of urban residents will grow by 10% and the per capita net income of suburban residents, by 9%; the consumer price increase will be controlled within 4%, the registered unemployment rate in urban areas, within 5.45‰. Work will be focused on the following aspects:

I. The Principles of Steady Progress and Quality First will be Adopted to Facilitate A Sound and Fast Economic Development

Regional development will be facilitated at the height of implementing the strategy of urban development. By referring to the demographic distribution, handling capacity of the resources & environment and development foundation, the functional orientations of various regions will be enhanced. The layout of functional regions and productivity space will be optimized and the alignment between general city planning, general land use planning and social & economic development will be facilitated. Initiatives will be made to boost
the development of the three industrial belts in the east, the south and the north, and the cluster development effects of new high-tech industries and advanced manufacture sectors will be enhanced. We will give full play to the Guangzhou Development Zone and Nansha Development Zone as role models of the surrounding areas. By making use of the unique strengths and favorable condition of downtown areas, the development of headquarters economy and modern services sectors will be hammered, strengthening the kernel functions and comprehensive service functions of downtown areas. For suburban areas, efforts will be made to maintain the growth momentum of Panyu and Huadu, and to further promote the quality and efficiency the development there. Works will be done to support Conghua to increase its economic aggregate. Last but not least, steps will be accelerated to quicken the progress of Zengcheng as a new and important area of development and made it another economic growth area in Guangzhou. In a word, a harmonious layout of regional development will be gradually realized with clear functions, positive interactions, better public services and well-off living standards of the people.

By adjusting and optimizing the industrial structure, we will lay focus on constructing a modern industrial system. While further strengthening the three pillar industries of automobile, petrochemical and electronic manufacture, active efforts will be made to attract high-end manufacturing projects which are both environment-friendly and potentially promising, in line with the industrial development on the basis of high-tech, high agglomeration and high added value. the development and improvement of the manufacture industry will be quickened to make greater efforts to construct a number of significant productivity projects. Endeavour will be extensively taken to use appropriate technologies to renovate and upgrade traditional superior industries and greatly promote the integration of informationization and industrialization. Quality and brand-oriented strategies will be furthered to enhance the quality of products made in Guangzhou. Policies and measures to speed up the work of "secondary industry giving way to the tertiary industry in downtown areas" have been adopted, Industrial projects with tremendous environmental impacts and resources consumptions will be gradually relocated or renovated so as to leave room and environment capacities for industries with sustainability potential. By so doing, we will base our economic development on resources conservation and environmental protection and realize the qualitative leap in industry. As a result, both industrial upgrade and urban environment optimization will be promoted.

Great initiatives will be made to promote the tertiary industries with regard to the improvement of the city's comprehensive services. More importance will be attached to
the development of tertiary industries, in particular modern service sectors. Firstly, steps will be taken to furniture the financial industry. Efforts will be made to speed up the reform and restructure the municipal financial institutions and improve both the policies and the environment for the development of the financial industry, so as to attract domestic & international financial institutions and backstage service centers to settle in Guangzhou. We will make use of the capital market to facilitate the listing of more enterprises and build a national-level regional equity transaction platform and explore the development of a bond market. Secondly, painstaking efforts will be taken to speed up the development of the logistics industry via giving full play to the advantages of Guangzhou as a pivot of air, sea and regional railway transportation hub so as to better the construction of International Logistics Park. Logistics markets in urban areas will be integrated in a hope to extend their capacity and improve their quality. Thirdly, the development of the convention and exhibition industry will be promoted to further the layout of the convention and exhibition industry. Besides, worldwide famous brands of convention & exhibition will be introduced to enhance the market-oriented, industrialized and international qualities of the sector and make it a new pillar industry of Guangzhou. Fourthly, the development of business and commerce will be enhanced to give full play of the advantages of Guangzhou as a "commercial capital of one thousand years" and cultivate large chain enterprise groups with outstanding core businesses and competitiveness. In addition, the upgrade and renovation of wholesale markets according to the modern pattern of exhibition and trade will be quickened, so as to enhance the prosperity of business and trade economy. Fifthly, the catering industry will be optimized by speeding up the construction of support catering facilities including "food delicacy streets" with prominent characteristics in order to promote the popularity of "Best Food is in Guangzhou" and the city as a "delicacy capital". Sixthly, we will boost tourism, culture and sport sectors by developing the "Asian Games" economy in line with the sports event. Besides, more international sports events and cultural exchange programs will be organized to attract more tourists either at home or abroad, thus constantly enhancing the popularity of Guangzhou in the world.

Both internal and external economies with unified planning based on the coordination requirements of urban development will be fostered by the transformation of foreign trade development and optimization of the import-export mix. Besides, enterprises will be guided to expand the export of products with high technical advantages and independent intellectual property rights. Great efforts will be made to develop services transactions and initiatives will be taken to expand the outsourcing of international services. Through continuing the
investment promotion and the introduction of foreign investments, we will quicken the steps to boost the headquarters economy to attract more international companies and outstanding domestic enterprises to set up regional headquarters or R&D, operation or procurement centers in Guangzhou. The implementation of the "Going Global " strategy, which means that we will encourage and support prominent enterprises to take creative measures in their overseas investments and cooperation with their business partners, based on the international operation terms of production, sales and R&D. Related policies and measures, will be adopted to encourage and support the development of private economic sectors and give the endorsement to the entry of private capitals into such businesses as public utilities, infrastructure and financial services. A number of private industrial enterprises with promising potential and strong competitiveness will be fostered to optimize industrial structure and facilitate faster development of the private industry.

Steps will be speeded up to improve energy conservation and emission reduction. The consciousness of the whole society in terms of resources conservation and environmental protection will be raised. The monitoring and assessment systems will be established. With this regard, the smooth implementation of the first national census of pollution sources will be ensured. We will continue to promote the technical renovation of energy conservation in major sectors and enterprises, and strictly control the approval of projects with high-energy consumption and pollutant emission in order to eliminate backward production capacity. Focus will be put on the monitoring the performance of energy conservation and emission reduction of major projects, works and industrial enterprises, thus the comprehensive development and recycle of resources will be achieved. Furthermore, the price reform of environmental resources will be facilitated to establish and improve the price system of environmental protection to make sure of the environmental conservation and resources saving by means of price leverage. The new energy program to develop and encourage the use of renewable and alternative energy sources such as solar energy will be initiated. We will gradually shut down small generating units with thermal power and make great efforts to implement desulphurization projects, so as to reduce the emission of sulfur dioxide and chemical oxygen demand as scheduled within this year.

II. Initiatives will be Made to Promote Independent Innovation and New High-tech Sectors to Speed up the Transformation of Economic Development into an Innovation-driven Type

The development of new high-tech sectors should be accelerated. The CPC Committee and
the Municipal Government of Guangzhou have made the decision and promulgated related
measures concerning the promotion of independent innovation and acceleration of high-tech
sectors development, specifying greater support for and investments in relevant industries
by focusing on major domains and their strategic development. Focus will be put on such
industries as electronic manufacture, biology, information services and the production of
numerical control equipment. Priorities will be put on the development of new materials,
new environment-friendly energies, software and creativity industries, with initiatives on
digital family construction. According to the goal of constructing a national innovative
science park, such new high-tech industrial parks as Guangzhou Science City, Tianhe
Software Park and International Bio-island will be constructed to strengthen the industrial
cluster. The construction of four national industrial bases of electronics & information,
software, online games & animation and biology will be accelerated and initiatives will be
taken to apply for the construction of a national industrial base of new and unique materials.
Besides, a number of high-tech enterprises and industrial clusters with strong independent
innovation, outstanding advantages and promising potential will be built to enable their
growth in scale and in quality as soon as possible, so that new high-tech sectors will account
for an important part in the city's modern industrial system, promoting the overall stamina
and competitiveness of economic development.

Efforts to better the independent innovation system should be enhanced to strengthen
the principal status of enterprises in independent innovation according to the goal of
constructing an innovative city and encourage businesses to set up engineering R&D centers
and technical centers and to invest more in R&D and technical renovation. The strategic
cooperation between enterprises and colleges or research institutions will be supported
to establish an innovation system combining manufacture, learning with research. Active
efforts will be ensured to build a service platform for medium and small enterprises in
terms of technical innovation, in addition to the establishment and improvement of a
diversified and multi-channel financing system. We will plan and construct a number of
innovative platforms for generic and key technologies, support and cultivate a number of
key laboratories on the national and provincial levels, and make great efforts to construct
hatchers for technical enterprises. Domestic and international R&D institutes should be
attracted to settle in Guangzhou and R&D bases with international standards should be built.
Campaigns will be launched to build Guangzhou into a nationally model city of intellectual
property rights protection, protecting intellectual results according to the law and create a
legal system and market environment conducive to independent innovation.
The training and introduction of innovative talents should be fastened. The strategies of invigorating the city through technology and strengthening the city with talents will be furthered, thus perfecting the mechanism and policies for the discovery, training, introduction, utilization and agglomeration of outstanding talents in science and technology with personnel guarantee and intelligent support in its construction of an innovative city. Efforts will be achieved to cultivate and train a number of scientific leaders and technical backbones based on major industries, key disciplines, significant R&D initiatives and engineering projects. We will accelerate the introduction of high-end talents with key and kernel technologies as well as outstanding people in culture, economics and other social aspects. The better preferential policies, should be offered. The Guangzhou Convention of Overseas Chinese Scholars in Science & Technology should be continuously organized and the "10000 Overseas Talents Converging Program" should be carried out and more innovative talents in science & technology will be attracted to start and develop their business in Guangzhou.

III. Great Efforts will be Made to Further an Ecological Civilization and Sustainable Development

Priorities will be topped to continue the good planning and construction of such suburban areas as New Guangzhou Railway Passenger Station, Luogang New Town, Nansha, Airport New Area and Conghua New Hot Spring. Besides, the planning and construction of four major downtown areas should also be paid attention to, ie:

* To improve the planning and construction of Pazhou Area as the core of convention & exhibition economy and Yuancun Area as the extension of the CBD of Zhujiang New Town;
* To speed up the construction of the city's new axial areas and of Zhujiang New Town, with appropriate planning of the new axial areas south of the TV Tower;
* To improve the planning functions and layout of such areas as Bai'etan Economic Ring and Fangcun Avenue, with gradual relocation of secondary industrial enterprises and great development of tertiary sectors.
* To better the detailed planning of Baiyun New Town and surrounding areas in order to create a new residential zone with commercial, trade and cultural features.

The city's infrastructure construction will be furthered with focus on the expansion project of the second phase of Baiyun International Airport, the third phase of Nansha Port and the third phase of the dredging project for sea channels. We will coordinate the construction
of the New Guangzhou Railway Passenger Station construction, in order to enhance the handling capacity of Guangzhou as a pivot of air, land and sea transportation with further efforts to facilitate the subway, highway and expressway network. The construction of such landmarks as the new TV Tower and the Grand Theatre will be hammered while the renovation of old districts and "villages in downtown" to offer a better living environment will be propelled.

The city's eco-system must be bettered. Continued efforts should be made to construct the second phase of the "Green Hills & Lands with Blue Sky & Waters" Project. In addition to the program of Forestry City, the recovery of the geological and ecological environment of mines as well as the construction of urban greening and suburban forestry will be on the way. On top of agenda, there will be 100,000 mu of fruit forests to be built into an ecological conservation park in the days to come. An extensive and multi-layered urban forestry & greening system will be launched in order to maintain the honor of "National Garden City" and build a "National Forestry City". We will continue to duly supervise the use of clean energies on buses and taxis and carry out overall administration on the performance of environmental protection of vehicles currently in use, with related measures to restrict the mileage of vehicles with high emission rates. Work will be done to strictly control industrial waste gases and the oil & smoke pollution of catering businesses, and the prevention and elimination of haze should be performed. The construction of basic environmental sanitation facilities to enhance the treatment capacity of garbage will be put into use and greater efforts to address the pollution of waters to better protect drinking water sources will be required. Furthermore, the city sewage treatment system and the comprehensive campaigns of watercourses will be adopted to achieve the sound quality of major watercourses in the city's eight urban districts by 2010. The Baiyun Lake Project and the West River Water Diversion to ensure the drinking water and the strategic security of the city's water resources will be kicking off soon.

IV. Focus will be Put on the Further Economic and Administrative Reforms to Provide Guarantee for the Construction of a Modern Metropolis

To carry out new reforms of state-owned enterprises, we will focus on the reform of the corporate governance mechanism, especially on the reform of stock-holding system to realize the diversified property rights of state-owned businesses. Great importance will be attached to actively support the reform and listing of state-owned enterprises to optimize the state-owned economy and the centralization of state-owned assets towards outstanding
industries, enterprises and products thus constantly enhancing the vitality, competitiveness and leading role of state-owned businesses. We will further improve the supervision and management system of state-owned assets and gradually put the city's operative state-owned assets into centralized monitoring. Besides, we will streamline the management system of managers of state-owned enterprises and explore a long-term incentive and control mechanism, together with the improvement of an operation budgetary system of state-owned assets.

The administrative reforms must go a step further. According to the new conditions and features in urban development, the city management system involving "two levels of governments, three levels of administration and four levels of networks" will take shape. The authorization system will be simplified to enlarge the administrative authorities at the district level as necessary based on the grass-root oriented principle and the consistency of rights and obligations. We will actively facilitate the reform on investment and financing systems, guiding social capitals to participate in operative welfare initiatives and city infrastructure constructions. The construction of municipal administrative services centers will be finished with greater openness in government affairs and by the application of e-government. Meanwhile, the reform on the public financial system and the increase of the application efficiency of finance capitals will be accelerated. Last but not least, the process of administrative approval so as to improve the efficiency of administrative services will be streamlined.

V. Endeavour will be Made to Strengthen the Government Construction to Achieve a Further Sound Administration Abide by the Law

Active efforts to promote administration according to law. Administrative regulations and exercise our powers in strict accordance with legal authorities and procedures will be followed so as to enhance the abilities to manage social and other affairs by law. A forecast system of decision-making projects, the public announcement and public hearing of significant issues as well as the system for releasing information should be established. Great efforts will be taken to promote ever more openness in government affairs and carry out decision-making on a scientific, democratic and legal basis. Furthermore, the supervision of administrative law enforcement will be placed to regulate the discretion in that regard to facilitate legal and rational administration.

Work will be done to improve the working style of the government. We will carry through the "Civil Servants Law" by establishing and improving the performance appraisal system
of administrative departments and the accountability system of administrative faults and regulating various kinds of administrative actions. The education, training, assessment, management and supervision of civil servants will go a step further. Any administrative omission and malfeasance will be firmly rectified, so as to promote the government's credibility and executive force. Further transformation of our work style to promote the truth-seeking philosophy will be carried out to strongly eliminate bureaucracy and formalism. Initiatives will be furthered to streamline and transform the style of conferences and documents via focusing on investigation and research work as well as the whole-hearted service for the people.
Speech at the Working Conference on Foreign Trade and Economic Cooperation of Guangzhou (Excerpt)
— by Mr. Chen Mingde, Vice-Mayor of Guangzhou
(January 17, 2008)

I. To Further Emancipate the Mind and Establish the Global Vision, Planning for the Next Round of Development with New Strategic Thinking

At present, the key to foreign trade and economic cooperation is to enhance the emancipation of the mind and opening-up & development. Among other things, we shall radically reform our strategic thinking, have great ambition in our future planning, pay attention to idea innovation in advantage reorganization and take the initiatives in competition and cooperation. Focus will be laid on the following aspects:

Firstly, we shall pay close attention to the role of open economy in the modernization process of Guangzhou, making great efforts to foster new advantages in our opening-up and development. Since the reform and opening-up was initiated, the adjustment of industrial structure and the restructuring of pillar industries in Guangzhou have been realized mostly by utilizing foreign capitals. The current problem does not concern about whether we should introduce the foreign capitals or not, but how we can utilize them perfectly. The development of foreign trade is the extension of the domestic market and resources. And it is self-evident whether we shall refrain from or strive for further development. The key is to improve the quality of development. It is the strategic plan of the CPC Committee and the Municipal Government of Guangzhou to foster new advantages in scientific development by adhering to the momentum of further reform and opening-up. We must unswervingly carry out our work, focusing on the improvement of independent innovation by making use of global technological resources, on the enhancement of international competitiveness by expanding the foreign cooperation in pillar industries, and on the promotion of structural
adjustment and development model transition by extending the overall scope of foreign economic cooperation.

Secondly, the opportunities brought along by the structural changes in the factor endowment structure must be paid close attention to. At the early stages of opening-up, Guangzhou attracted great quantity of foreign capitals thanks to its cheap labor and preferential policies. Over the past three decades, there have been great changes in the factor endowment structure of Guangzhou, in addition to gradual changes in the city's comparative advantages. We must notice, however, that during the process of economic growth, Guangzhou has already accumulated a large number of high-level elements, such as advanced technologies, scientific manpower, management experience, etc., which will all become the potential growth. That explains the previous trend of foreign investments in the automobile industry and the industrial clusters of electronics & information and petro-chemistry, and specifies the direction of future foreign investments. Great efforts will be made to strengthen the electronics & information industry and to expand the software and bio-pharmaceutical businesses. Apart from making innovation and breakthrough in our ways of attracting foreign investments, it is also essential to integrate our exterior resources and foster our new competitive edge.

Thirdly, the strives should be taken in the new opportunities of structural adjustment in international industries. Economic globalization is currently expanding at a faster pace from the manufacturing industry to the service sectors, with the latter featuring booming globalization with the following trends: There is an increasing percentage of foreign investments in the service sectors, with a rapid growth in the trade and offshore outsourcing of services. Guangzhou must take the advantage of its being honored as a "Base City of Service Outsourcing in China", making great efforts to develop service outsourcing and trade. Among other things, we shall make breakthrough in software service outsourcing, emphasizing spillover effects to promote the opening-up and upgrade of service sectors; we shall improve the quality of foreign investment utilization in service sectors, promoting the restructuring, reform and innovation of the service sectors in Guangzhou; and we shall make great efforts to develop service trade and expand service exportation, enhancing the quality of service supply quality.

Fourthly, the new tendency of multinational investments must be noticed by taking initiatives to explore the innovation in the introduction of foreign investment. With qualitative changes in both the internal and the external conditions of foreign capital utilization, the current means of investment promotion do not fully conform to the requirements of economic
development. Focus will be laid on improving the quality of foreign investment introduction and guiding multinational merger towards the direction of optimization of the industrial structure. The merger environment by continue optimizing the construction of software and hardware environments will be improved. Practical measures must be taken to step up the protection of intelligent property right and support foreign-funded R&D institutes to cooperate with enterprises, colleges and research institutions in Guangzhou, so as to better bring into play the spillover effects in such facets as technology sharing, cooperation in research and personnel exchange. Besides, we shall encourage multinational companies to establish outsourcing enterprises in Guangzhou to carry out businesses assigned by their parent groups and other enterprises, so that Guangzhou will better accept and carry out international service outsourcing.

II. To Strive to Make Every Effort to Realize a Sound Development of Open Economy at a Higher Level

China is now facing an important strategic opportunity in its opening-up and development, which is also a key period in the transition and progress of the open economy of Guangzhou. We must stand at the new historical starting point against the big picture of the city's economic development, striving to improve the quality of opening-up and fostering new advantages in opening-up and development, trying to make greater contributions to the city's modernization. In the days to come, focus should be put on the following:

i. Initiatives will be laid on the independent innovation, the introduction of quality foreign investment and the promotion of high-tech sectors

Works must be done to promote the role of foreign investments in enhancing the independent innovation of Guangzhou and accelerating the formation of the city's core competitiveness, and better investment promotion in such key aspects as software, biotechnology, new materials, new environment-friendly energies and digital contents. We will constantly improve the development quality of high-tech industrial parks, facilitate the formation of high-tech enterprise clusters with relative advantages, encourage multinational companies to participate in the technical renovation and industrial upgrade of domestic enterprises by means of mergers, and foster a number of high-tech enterprise groups of proprietary brands and independent intellectual property rights. We will better coordinate and plan the investment promotion of such key software parks as Tianhe Software Park, Huanghuagang Information Park, Guangdong Software Science Park and Nansha IT Industrial Park. Emphasize will be laid on the introduction of the next generation
Internet (NGI), 3G & 4G mobile communication technologies, built-in software and applications, so as to take the commanding height of future high-tech industries. Strives will be furthered to enhance the investment promotion of such new industries as information materials, bio-medical materials, eco-environmental materials and new energy materials. Measures will be taken to speed up the investment promotion concerning environmental-friendly sectors and cultivation of new energies, with attention to scale expansion and structural upgrade and focus on such projects of sewage treatment, domestic rubbish treatment, waste-to-energy technology and manufacture of new construction materials with waste residues. We will try every means possible to make breakthrough in the introduction of foreign investment in projects concerning energy efficiency and pollutant deduction.

ii. Focus will be based on the industrial upgrade and its chain extension, with equal attention to both "capital increase" and "capital introduction" to achieve new breakthrough in the attraction of foreign investment in pillar industries

"Individualization" shall be highlighted in the investment promotion of such pillar industries of automobiles, petro-chemistry, electronics and information manufacturing and biomedicine. We will encourage and guide automobile enterprises to invest more in R&D and actively explore the development of automobiles with proprietary brands. Continued efforts will be hammered to make preliminary preparations duly for the integrated project of Sino-Kuwaiti joint venture of Nansha Chemical Refinery to speed up the construction of Hino Automobile Enterprise in Conghua, as well as to coordinate the settlement of related industrial businesses. For electronics and information manufacturing and biomedicines, work will be placed to integrate different resources and refer to and construct various platforms in order to enhance investment promotion for greater progress. By grasping the historic opportunity of the global IC (integrated circuit) industrial transfer, we will leverage the construction of national industrial base of electronics and information, with greater efforts in the investment promotion of such industries as integrated circuits, communication, computers, automobiles and electronics. As we make full advantage of Guangzhou's status as a national biological industrial base and a national medicine exportation base, steps to lure the investments from developed countries in such industries as bio-pharmacy, modern TCM and chemical medicines have been quickened.

iii. By taking the full advantages of Guangzhou as a key city, works will be done on the comprehensive service functions corresponding to a modern metropolis so as to facilitate new progress in the utilization of foreign investment in modern service industry
Top priorities will be laid on such advanced productive service sectors as logistics, convention and exhibition, finance, agency and design in correspondence with the advanced manufacturing industry. In line with the construction and operation of the AP Hub of FedEx this year, efforts will be continued to strengthen the investment promotion for the airport-related economy surrounding the development of the new airport. And we will step up publicity to attract more internationally well-known logistics enterprises to invest in Guangzhou and promote the construction of airport economic & logistics parks in Huadu, Baiyun and Conghua areas. Meanwhile, we will actively introduce international third-party logistics groups and encourage relevant foreign-funded enterprises to participate in the assets reorganization of state-owned enterprises, so as to form a cluster of third-party logistics businesses in Guangzhou. The market environment of the convention and exhibition industry will be regulated so as to cultivate leading enterprises for the development of the industry in Guangzhou. The cooperation with internationally well-known exhibition companies will be carried out to introduce world-famous brands of convention and exhibition, greatly promoting the convention and exhibition economy in Guangzhou. The aim is to make Guangzhou into an important international convention and exhibition megalopolis in South China and develop the sector into a new pillar industry of the city. Continued job will be done to attract overseas financial institutions to establish their regional headquarters, branches and/or backstage service centers in Guangzhou to speed up constructing the central business districts (CBD) of Zhujiang New Town and Bai‘etan. Other efforts will also be done to guide and encourage foreign capitals into such creativity sectors as industrial design, architectural design, advertisement design and fashion design.

iv. Measure will be taken to facilitate international service trade to achieve new progress in service outsourcing

Stresses will be topped on the development of service trade in line with the optimizing industrial structure and facilitating the transformation of means of foreign trade growth. As Guangzhou has been honored as a Service Outsourcing Base in China, a new trend of global knowledge-based service outsourcing will be highlighted, thus accordingly promoting the progress of service trade. By making full use of Guangzhou's current advantages of talents and, technologies, works will be made to create better environment to attract famous multinational companies to transfer their service outsourcing businesses to Guangzhou. Such service transfer as data input and file management will be accepted together with the outsourcing of high technical advantages and great added values, like risk management, financial analysis, R&D, etc. We will spare no effort to develop the export-
oriented service industry and support the development of related enterprises, by seeking the expanded exportation of advantageous service sectors and accordingly realizing the balanced development of the import and export of service trade. The promulgation of "Several Opinions on the Promotion of Service Outsourcing Development of Guangzhou" and "Several Opinions on the Acceleration of Developing Service Trade" will be accelerated. Accordingly, Relevant policies and supports will be provided, forming an effective facilitation system in such aspects of industrial park construction, capital backing, financial support, talent cultivation, industrial regulations and intelligent property rights protection with effort to strive for the development of service trade on a higher level with the construction of a base city of service outsourcing.

v. Endeavour will be based on the cultivation of the "made in Guangzhou" brand with focus on the adaptation to policy adjustments and the transition and upgrading of processing trade

Currently there are new characteristics in the new round of optimization and restructuring of global production elements and industrial transfer, with multinational companies starting to transfer out their internal service sectors and R&D centers. We must grasp this opportunity and make efforts to attract multinational companies to transfer to Guangzhou their manufacturing parts and R&D institutes with greater technical advantages and more added values, so as to guide the transition and upgrade of processing trade. Firstly, the planning and guide of the industrial planning of processing trade will be carried out and the industrial instructions for processing trade sectors must be established according to relevant national policies and the city's industrial planning, so as to provide enterprises with guidance in their adjustment of industrial structure. Secondly, the upgrade and transition of sectors or enterprises with high-energy consumption, great pollution and low efficiency will be expedited. The transition and upgrade of restricted technologies and equipment as well as manufacturers of restricted products will be fostered so as to expedite technical renovation. Meanwhile, specific measures to transform supplied materials processing to imported materials processing will be taken to realize the transition of internal needs. Enterprises failed to meet the transition requirements will be encouraged to be relocated to other areas in line with the guidelines of national policy adjustment and market demands. Thirdly, the industrial chain will be extended to improve the industrial environment. We will extend from the midstream to the upstream and downstream extension of industries, especially to the R&D and design domain of the upstream. The processing level will be promoted to higher ends, especially to deep processing and finishing processing. Fourthly, we shall give
full play to the carrier functions and induced effects of various development parks in terms of transition and upgrade, making them the major participants in the city's processing trade scale and leaders in industrial progress. Fifthly, the development of the logistics industry will be promoted to provide services for regional economic development. Measures will be placed on Guangzhou's great airport, great port, expressways network and regional pivot, in a hope to form a regional logistics center and international bonded logistics center. We will give full play to the functions of import bonded warehouses and export supervised warehouses, providing key enterprises with customized convenience. The construction of easy customs clearance and logistics information platform will be accelerated to realize the synchronized operation of the flows of goods, documents and information. Sixthly, the proprietary brands in processing trade shall be enhanced.

vi. Emphasis will be laid on the transformation of the means of foreign trade growth, with adjustment to achieve a new optimization of export enterprises and industrial structure

Over the recent two years, the nation has been adjusting its foreign trade policies in order to control the excessive foreign trade surplus and facilitate the transformation of its national economy from rapid to stable development. The nation began to implement the new export tax rebate policy from July 1st last year, concerning 2,831 products and accounting for about 37% of all products subject to customs tariffs. To be specific, tax rebate was scrapped for 553 products "with high energy consumption & pollution and of a resource nature", lowered for 2268 products closely related to trade frictions, and changed into free export for 10 products. Such adjustment has had certain impacts on the city's foreign export businesses and sectors. To be adapted to such adjustment and continue to maintain the rapid and healthy development of Guangzhou's foreign export, we have to strengthen the adjustment of the product structure. The first is to adjust the product export structure and expedite the cultivation of new bulk commodities for exportation. The second is to enhance the R&D and development of enterprises to promote the market competitiveness of their products. The third is to encourage enterprises to reinforce cooperation and establish business associations, so as to strengthen the bargaining power of Guangzhou enterprises in the international market and to create greater profits.

vii. Focus will be put on the cultivation of multinational companies and well-known brands with policy guidance and financial support

Enterprises will be encouraged to "go global", to make better use of domestic and international markets and resources and to participate more actively in international
industrial division. Currently the nation's foreign economic cooperation is developing on a consistently healthy basis, which means the best opportunity for enterprises to "go global". We will continue to encourage prominent enterprises to develop in overseas markets, to evade trade barriers and to strive to expand themselves in the fiercely competitive international trade. Foreign trade authorities, trade promotion associations and chambers of commerce at various levels are required to continue providing enterprises with information services and helping enterprises better understand the political, economic and social situations of the destination countries in "going global” Furthermore, the promulgation of instructions in encouraging Guangzhou enterprises will also be accelerated to "go global", to provide such support systems as macroscopic policy guidance and governmental services, to enhance and support enterprises to "go global" for multinational operations and to improve their capabilities of international operation.
Status Quo and Prospects of Foreign Trade and Economy

A Review of Foreign Trade and Economy in 2007

In 2007, the foreign fund of the city achieved was USD 7.035 billion with an increase of 60.21%, and the actual inflow, USD 3.286 billion with a growth of 12.40%. The total import and export value increased by 15.25% to USD 73.494 billion, among which the export was USD 37.902 billion, increasing by 17.06% while the import, by 13.39% to USD 35.592 billion. The total import and export value has been growing by USD 10 billion on an annual basis for five consecutive years. The newly concluded contracts on foreign economic cooperation throughout the whole year covered a total value of USD 232 million, an increase of 17.69%, in addition to a sales turnover of USD 214 million, growing by 18.08%. 24 overseas investment projects were approved with the gross investment being USD 511 million. As a result, the city has won the titles "Chinese Vehicle and Component Export Base" and "Base City of Service Outsourcing in China" with the characteristics as follows:

I. The Industrial Competitiveness has been Enhanced by the Settlement of Key Projects with Headquarters Economy in Ascendant

As many as 246 large projects were approved with each gross investment of over USD 10 million, an increase of 16.04%; the contractual foreign capital rose by 87.07% to USD 6.132 billion, accounting for nearly 90% of the city's contractual foreign capital. The industrial competitiveness of Guangzhou was further enhanced with the launching of a number of key projects, such as the Japanese Hino Automobile with a gross investment of over 3 billion yuan, the JFE steel cold-rolling project of over 6 billion yuan and 3M's Southern China
Production Base. Up to now, 160 out of the Fortune 500 have invested in Guangzhou, with 348 projects of total investment worth USD 13.548 billion, contractual foreign capital worth USD 5.169 billion, and actual utilization of foreign capital worth USD 4.439 billion. The foreign-funded enterprises have established more than 60 businesses with features of headquarters economy, 5 of which including Guangzhou Amway have been recognized as the headquarters in China.

II. Guangzhou’s Open Economic & Industrial Structures have been Optimized by the Doubling of Foreign Investment in Service Sector

The year of 2007 saw a USD 3.95 billion of foreign capital absorbed from newly-approved contracts in service sector with a rise of 96.81%, accounting for 56.15% of the city's aggregate contractual foreign capital. The actual inflow was USD 2.074 billion, up by 85.34%, making up 63.12% of the city's total. The multi-national companies have increased their investment with a number of internationally advanced and modern service projects settled in the city, i.e. the Microsoft (China) Industrial Base, the IBM Software Innovation Center, the Intel Guangzhou International Safe Data Solution Center, the British TESCO Southern China Headquarters, etc.

III. The Development of Superior Industrial Clusters were Promoted by the Obvious Trend of Capital and Stock Increases Achieved by Foreign-funded Enterprises

The city approved 675 projects of capital increase, with contracted foreign capital in that aspect being USD 4.395 billion and a year-on-year increase of 1.6 times, accounting for 62.47% of the city's total. And the average capital increase of projects jumped from USD 2,678,200 the previous year to USD 6,511,100, indicating the constantly growing confidence of foreign investors in Guangzhou. Among them, Guangzhou Honda increased its capital by USD 430 million, and the project of LG LCD, by USD 495 million. Initiatives have been taken by the companies already settled to set up new enterprises to extend their investment scope. Bayer, one of the Fortune 500, invested USD 62 million to set up Guangzhou Bayer Material Technology Co., Ltd. And Meiko Electronics invested USD 98 million to establish Meiko Circuit Board Company, thus further extending its investment industrial chain in Guangzhou.

IV Rapid Increase of Japanese and Korean Investment Maintained
Guangzhou's Status as a Popular Investment Destination in the Asian-Pacific Region

The year of 2007 witnessed an amount of USD 4.58 billion of contracted foreign capital from Asia, up by 1.21 times. Among which, USD 3.786 billion was from Hong Kong, a year-on-year increase of 1.4 times, USD 525 million from Japan with an increase of 1.23 times, and USD 203 million from South Korea, an increase of 3.36 times. The top five investors were British Virgin Islands, Hong Kong, Japan, Britain and Cayman Islands, which accounted for USD 2.904 billion or near 90% of the city's actual utilization of foreign capital.

V. The Export Product Structure has been Optimized with Service Trade as the New Highlight

The city exported machinery and electrical products of USD 19.216 billion, increasing by 18.46% and accounting for 50.7% of the city’s total. And the exported high-tech products rocketed by 8.15% to USD 6.648 billion, accounting for 17.54% of the total. The city exported 43,000 vehicles with a year-on-year increase of 69.15%, in addition, the export of vehicle and parts exceeded USD 1 billion (USD 1.071 billion), a year-on-year increase of 98.25%. The export competitiveness of "Guangzhou software" has been constantly enhanced. There were 195 export contracts of software (excluding built-in software) registered for the whole year with a total contract value of USD 154 million, increasing by 3.43 times and 5.8 times over the previous year respectively. The city's settlement of exchange in terms of service trade exceeded USD 6 billion, increasing by 26.93%. Sierra Atlantic, one of the world's top 100 IT & software outsourcing company, cooperated with ArrAy Inc. to set up the largest software outsourcing operator in Guangzhou. The city also established Guangzhou Software (Hong Kong) Cooperation Center and concluded a software cooperation agreement with Hong Kong Software Outsourcing Alliance, making joint efforts to develop the international market.

VI. The Development in General Trade has been Quickened and Breakthroughs in UN Procurement have been Achieved

In 2007, The total import and export value of general trade amounted to USD 34.146 billion, accounting for 46.46% of the city's total. By the end of 2007, there were 5,796 private-funded import and export businesses in Guangzhou, accounting for over 85% of the registered import and export enterprises. These enterprises are becoming the main force in
stimulating the import and export of ordinary trade. The aggregate import and export volume of private enterprises reached USD 13.984 billion with a year-on-year increase of 31.69% and was 16.44% higher than the whole city's import and export average growth speed, up to 44.47%. The number of registered UN procurement suppliers in the city doubled, with breakthroughs in the global procurement system. Currently, 275 enterprises in the city have been registered as UN procurement suppliers, including 206 private businesses. Among them, Guangzhou Wondfo Biotech Co., Ltd. became the first enterprise to realize the actual export of UN procurement. And Guangzhou Fungchoi Printing Co., Ltd. acquired UN procurement orders twice and became the first enterprise in Guangzhou to directly obtain UN procurement projects of service trade.

VII. More Extensive Scope of "Going Global" has been Made with High-tech Enterprises Emerging around the world

Guangzhou enterprises have invested in 12 countries and regions, most of which are markets beyond Hong Kong and Macao. Among our overseas investment, Guangzhou World Trade Science & Industrial Trade Company set up a farm in the African country of Gabon, Guangzhou Longyuan Metal established a mineral company in Congo and Jisheng Musical Instruments Manufacturing Ltd. opened a sales company in Brazil. Guangzhou Baiyunshan Hutchison-Whampoa Group concluded a contract with a South-African enterprise on the joint development of the herbal tea market in African, thus becoming the pioneer among Chinese companies to set up a TCM production base abroad. High-tech enterprises started to make their presence beyond China and deploy resources around the globe. Last year there were four software businesses establishing overseas institutes in Hong Kong, Japan and Britain. And Guangzhou SAT Infrared Technology Co., Ltd. established a branch in Ireland.

Working Priorities in 2008

I. To Highlight Industrial Adjustment, and Further Enhance the Quality of the Introduction of Foreign Investment

The new tendency in macroeconomic control and resource control will be conformed in an effort to reinforce the guidance for foreign investment, to constantly innovate the means and optimize the structure of foreign capital utilization, and to give full play to the positive role of foreign capital utilization in terms of independent innovation and industrial upgrade so as to realize the "five strengthen" and make better use of foreign capital.
i. To effectively strengthen the investment promotion of foreign investment quality to facilitate the advanced manufacturing clusters

While maintaining the good momentum in foreign capital utilization in such areas as equipment manufacturing, electronics and information, petro-chemistry and fine chemistry industries, we will focus on introducing projects related to electronics and information, biomedicines and environmental protection. As for electronics and information, attention will be paid to the introduction of photo-electronic devices and chips, optical wafer substrates, photo-electronic information processing facilities, TFT-LCDs, OLED panel displays, ultra-brightness LEDs, vehicle electronics, as well as consumer electronic projects in terms of communication, computers and digital household appliances. Guangzhou-Taiwan electronics and information presentation forums will be held and teams to conduct investment promotion survey tours will be organized to the United States, Germany, France, Japan, South Korea and Taiwan for professional investment promotions. For biomedicines, focus will be laid to the investment promotion of R&D projects of new biomedicines, especially genetic medicines to facilitate the gradual formation of industrial agglomeration by collectively attracting a number of SMEs with strong biological R&D capabilities. Efforts will be put on reinforcing our connections with biotechnical and biomedical businesses, focus will be laid to relevant trade associations and investment agencies in North America and Europe, and professional teams for investment promotions of biomedicines to the United States, Europe and Japan will be organized. In terms of environmental protection. Tops will be put to mainly introduce manufacturers of equipment for water, atmosphere and solid waste control, such as high-tech dusting, sulfur dioxide treatment, integrated process of dusting and desulphurization, purification of hazardous industrial gases, organic waste water treatment and high-tech biotechnical treatment. Besides, professional cooperation to reinforce the investment promotion of environmental-friendly equipment, businesses and energy will be carry out in the United States, Japan and Europe.

ii. To effectively strengthen the external cooperation in modern service sector

Headways will be made to make the best use of the greater opening-up in the service sectors and transfer of the international service businesses in order to actively attract foreign investments in such sectors as service outsourcing, financial services, logistics, convention and exhibition, creativity, information, technology, etc., enhancing industrial conglomereration and radiation as well as the service functions of downtown areas. Multinational companies will be encouraged to establish their headquarters and R&D centers in Guangzhou. Foreign direct investment will be introduced to knowledge-intensive and export-oriented service
sectors including a number of new service outsourcing projects. The development of product development & design, warehousing, logistics and other manufacturing-related productive service sectors will be accelerated so as to further improve manufacturing industry’s abilities of attracting foreign investment and innovation. We will reinforce the investment promotion of the airport and the harbor, with emphasis on the introduction of modern international third-party logistics enterprises with advanced international expertise in logistics management and services, so as to facilitate the development of the overall logistics industrial chain. the contact with Hong Kong Convention & Exhibition Industry Association will be enhanced to promote its cooperation with Guangzhou in terms of convention and exhibition planning and promotion, personnel training of related economic, trade and legal knowledge as well as convention and exhibition consultancy. Initiatives will also be made to consolidate the relation with trade associations and agencies that organize various professional brand exhibitions in Hong Kong and Macao, encouraging them to organize various professional exhibitions and conferences in Guangzhou.

iii. To effectively strengthen the follow-up services for major projects and promote the expansion of industrial chains. Campaigns will be launched to concentrate on large scale, high quality projects with high technical contents, good economic returns, huge potentials and an outstanding leading role,. Attention will be paid not only to their introduction but more importantly, to their actual performance. Efforts will be initiated to follow up the following projects: the integrated Sino-Kuwaiti refinery with advance planning in order to promote the expansion of the petrochemical industrial chain and the development of peripheral sectors; construction of the Hino automobile project in order to deepen the conglomerate of the automobile industry and the supported investment promotion of spare parts; LG LCDs project in order to facilitate the development of the panel display industry. The construction of the FedEx APAC Hub will be finished in order to expedite the formation of the airport economic sphere and the development of related projects and the establishment of Guangzhou Honda R&D Center in order to blaze a new path in strengthening independent innovation with foreign investment in automobile industry.

iv. To effectively strengthen the innovation of investment promotion means and make better use of investment. Promotion will be launched to pay great attention to increased the share of mergers and the acquisition in foreign investment utilization and reinforce the research on the theories, policies and practices of mergers and acquisitions, so as to actively explore new means of foreign capital utilization. Steps will
be taken to strengthen the investment promotion of headquarters-related economy and pay attention to the resources control and the demonstration effects of headquarters, and continue to deepen the strategic cooperation with multinational companies. The strategic restructuring of state-owned enterprises will be accelerated to promote the technical, systematic and managerial innovation of state-owned enterprise by means of introducing foreign capitals. We will strengthen the research on the policies on foreign capital utilization and related policies, following the features of the industry across the board and increase competitiveness through policy integration so as to effectively improve the quality of project follow-up services. Besides services should be innovated to promote capital increase, enhance the communication with enterprises, so that each project may become a driving force in "cluster" development.

**v. To effectively strengthen the guidance for regional investment promotion**

The coordination of investment promotions throughout the city will be furthered by adhering to a scientific outlay and key industries. We will give full play to the leading role of the national-level Guangzhou Development Zone and Nansha Development Zone and continue to do a good job in the investment promotion of manufacturing industry. In particular, the introduce such quality projects as competent manufacturing headquarters, the Fortune 500 as well as domestic and international industrial leaders will be enhanced, thus promoting the extension of industrial chains, strengthening pillar industrial clusters. At the same time, strives will be made to make breakthrough in the investment promotion of services sectors. We will reinforce the instructions and coordination for investment promotions in various districts and county-level cities, encouraging them to develop the superior industries in their respective regions both in scale and in quality and guiding both professional development and differentiated competition.

**II. To Highlight Coordination among Scale, Quality and Performance and to Accelerate Transformation of Foreign Trade Growth Model**

By adhering to "revitalize trade through science and technology" we will speed up the implementation of the "five promotions" so as to improve the quality and performance of foreign trade strategically.

**i. To shift from "external expansion" to "internal improvement" and promote the gradual development of trade in goods from the low ends to the high ends of value chain**

Strives will be made to set up and improve the export brand cultivation system to guide and
support enterprises in "two extensions", which includes both the extension to independent R&D and technical innovation and the establishment of flexible and variable overseas marketing channels and other downstream parts. The "Instructions on the Promotion of Proprietary Export Brands in Guangzhou" will be issued as soon as possible so as to provide enterprises with relevant guidance in their establishment and cultivation of proprietary export. Plans will be made for proprietary export brands and tentatively select 100 key enterprises in that aspect. The major areas for brand cultivation include new and high technologies, machinery and electric products, biomedicines, commerce, service outsourcing, etc. We will take such multi-prong measures as special brand capital at different levels, stand distribution at the Canton Fair, organization of exhibition and business trainings to stimulate enterprises to further optimize their export commodity structures, increase the added value of their products and strive to build “world famous brands", and expand export of products with quality performance, brand orientation and independent intellectual property rights. Works will be done on the construction of the "State Drug and Medicine Export Base", "Chinese Vehicle and Component Export Base", "National Software Exporting & Innovation Base" and "Base City of Service Outsourcing in China". And we will spare no efforts to make China (Guangzhou) International Car Expo and China (Guangzhou) Car Development Forum a complete success.

ii. To shift from "made in Guangzhou" to "service in Guangzhou" so as to promote the coordinated development of trade in goods and services

Steps in the development of service trade will be quickened to promulgate development plans in this regard. Works will be made to set up the management, publication and operation analysis system for service trade statistics and establish a department in charge of service trade and reinforce the organization and guidance for the city's international service trade. Measures will be taken to speed up development of such key industries as service outsourcing, international transport, transnational tourism and cultural export. Key regions will be organized to apply for the status of "National Representative Area of Service Trade". We will step up the promulgation of "Several Opinions on the Promotion of Service Outsourcing Development of Guangzhou" so as to boost the construction of the Base City of Service Outsourcing in China, Special Fund for Service Outsourcing in Guangzhou will be set up to guide and accelerate the development of the city's service outsourcing. We will make great efforts to cultivate service outsourcing and produce leading enterprises with a certain scale and influence in the industry. Other initiatives include the service businesses in "going global" by setting up their subsidiaries in developed countries in Europe and the
USA or directly accepting international outsourcing businesses via Hong Kong and Macao, so as to realize the global pattern of "offshore service outsourcing". The construction of service outsourcing parks will be accelerated by encouraging the establishment of relevant demonstration areas in Guangzhou Development Zone, Nansha Development Zone, Tianhe Software Park and Huanghuagang Science & Technology Park, thus speeding up the conglomeration development of service outsourcing. Besides, endeavors will be taken on the construction of Zhujiang New Town Financial Service Area, Liwan Guangzhou Design Port, Yuexiu Guangzhou Creativity Industrial Park and Conghua Online Games & Animation Industrial Park so that they can meet the requirements of "National Demonstration Area of Service Trade" at an early date. Moreover, the preparation of Guangzhou Software (Britain, the United States) Cooperation Center will be expedited to carry out industrial promotion and outsourcing order receiving as soon as possible. Further steps will be taken to speed up the introduction and cultivation of personnel for service outsourcing and make active efforts to attract relevant professionals from Hong Kong and Macao as well as returned overseas personnel to start their businesses in Guangzhou. And furthermore, measures will be taken to broaden service outsourcing cooperation between Guangzhou and Hong Kong and establish a multi-tiered cooperation mechanism involving the governments, industrial associations and enterprises. In addition to taking service-outsourcing businesses from Hong Kong, delegations will also be organized to explore related markets in Europe.

iii. To shift from "export-oriented economy" to "trade balance"

The import will be expanded and the advanced technologies, facilities and resources from abroad will be made full use of to promote the industrial upgrade in Guangzhou. Efforts will be made to give full play to the advantages of Guangzhou as a port city and the host of Canton Fair in order to organize the import of energy, raw materials, key equipment and spare parts to meet the nation's urgent needs. Import brand will be fostered and professionals will be trained. By adhering to the seven import incentives to expand the import of technologies and equipment, enterprises will be encouraged to focus on the re-innovation in this aspect. Other efforts will be made to strengthen the introduction, digestion, and re-innovation of international high-techs and advanced appropriate technologies, thus, completing a efficient system to promote the transfer of international technologies. Moreover, a platform for international technology transfer will be built in Guangzhou, which will facilitate transfer of international technology to Guangzhou. Other initiatives will be taken to promulgate guidelines on the promotion of technology introduction and innovation as well as transformation of the means of foreign trade growth.
in Guangzhou. We will make the best use of the zero tariffs under the CEPA framework between the Mainland, Hong Kong and Macao to import technical equipment, raw materials and consumer products from Hong Kong and Macao and to promote the trade ties with the two regions.

iv. To shift from "simple assembly" to "kernel processing" so as to promote the upgrading of processing trade. The initiatives will be taken to conform to the industrial planning and guidance of processing trade to upgrade processing trade. We will reinforce the dynamic monitoring of the import and export of processing trade and pay close attention to policy adjustments in the publication of the catalogue of the second batch of restricted commodities, the re-importation of domestic goods and deep processing transit. Works will be done in facilitating assessment, investigation & research and situation reports and we will put forward practical and feasible measures to promote the transition and upgrade of processing trade as well as to improve the quality of foreign investment application in Guangzhou. Other measures taken include the leverage of policy adjustment to facilitate business transition and upgrade. Relevant regulations issued by the Ministry of Commerce concerning the reinforcement of environmental supervision of export enterprises will be carried out to raise the threshold of access to processing trade so as to support advanced industries and eliminate underdeveloped ones. We will actively and steadily expand the domestic sales of processing trade and alleviate the pressure from the lowered export tax rebate of imported materials processing.

v. To shift from "passive response" to "active early-warning" so as to promote the ability to prevent risks in international trade and settle trade frictions

While grasping opportunities of development, we will also take active steps in dealing with trade frictions and foster a harmonious trade environment. Jobs will be enhanced to improve the early-warning mechanism and timely adjust the objects of early-warning monitor of import and export in accordance with the changing situation, and conduct surveys in key industries and commodities. Regional cooperation will be strengthened to give full play to the leading role of Guangzhou as a central city. In addition, measures will be taken to make good use of resources in different areas to make joint efforts to promote the regional interaction on fair trade, foster cooperation in revolving trade disputes to generate win-win results and strive to set up a mechanism for the notification of trade friction.

III. To Highlight Innovation, Expansion and Guidance to Accelerate the Pace of "Going Global"
Related guidance will be made to encourage enterprises in Guangzhou to "go global" by providing macroscopic policy guidance and governmental support. Focus will be topped on the "Four Highlights" to enhance foreign economic cooperation.

i. The highlight innovation in mode. The development of energy and resources, agricultural projects and deep-sea fishing in regions with rich resources will be promoted. We will pay great attention to the development of overseas merger and acquisition and other overseas investment channels so as to realize the effective expansion of overseas investment and to enhance the competitiveness in participating in international economy cooperation and division of labor.

ii. The highlight of key domains. Local outstanding manufacturers with competitive edges in machinery, spinning and weaving, light industries, building materials etc. will be encouraged to set up factories in ASEAN and South American and to establish overseas production bases with available facilities and mature technologies, so as to carry out overseas processing trade, to evade trade barriers and to realize the diversification of places of origins. Enterprises will be guided to "go global" to carry out business in R&D, manufacture, marketing and so on. Such high-tech industries as electronics, software, biomedicines and research institutes will be facilitated to set up overseas R&D institutes in regions with intensive high-tech resources. We will support competent software enterprises to set up relevant institutes in Ireland, Britain, United States and other countries or regions in order to promote software outsourcing. Great efforts will be made to promote contracting for overseas constructions projects and organize enterprises to attend international design exhibitions. Symposia on the cooperation and development between engineering enterprises from Hong Kong and Macao and those from the Mainland will be held in the hope that enterprises will bid for China’s foreign assistance projects in order to improve their ability to complete international engineering projects.

iii. The highlight of key enterprises. Focus will be on encouraging large and famous enterprises with a turnover of over 100 million yuan and an export value of over USD 15 million to enter the international market, and to nurture famous international brands. Efforts will be made to produce multinational enterprises with a large scale and strong competitiveness in foreign trade and economy.

iv. The highlight of key markets. We will give full play to the comparative advantages of the industries in Guangzhou and guide and facilitate enterprises to develop key markets in Africa, Latin America, the United States, Southeast Asia, East Europe, Japan and Korea. Enterprises will be encouraged in Guangzhou to set up economic and trade cooperation.
IV. Efforts will be Made on the Convenience, Regulations and Rule of Law so as to Foster a Better Investment Environment

By adhering to the "human-oriented" principle, efforts will be made to constantly standardize, innovate and improve the services so as to enhance our competitiveness in the investment and trade environment.

i. To push forward the construction of " Convenient Customs Clearance" and bonded logistics parks. By adopting the "Convenient Customs Clearance" in Baiyun Airport and Nansha Port Area the ground handling ability and the clearance efficiency will be facilitated. We will spare no efforts in port circulation and make every means possible to ensure the efficiency, port clearance with the objectives of constructing "great ports, outstanding hub, easy customs clearance and excellent logistics", thus providing guarantee for economic development.

ii. To enhance the service of the government. In line with the construction of the Municipal Public Administration Service Center of Guangzhou, effort will be made to establish the handling posts of Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality for administrative licensing (approval) in the center. We will re-organize our working procedures and set up a "one-stop" service platform at the Service Center for investors where 30 categories of administrative licensing (approval) can be handled. The functions of service hall of the BOFTEC will be adjusted to highlight professional consultation and services.

iii. To make great efforts to rectify and regulate market orders so as to promote economic harmony. The quality supervision of import and export products will be enhanced so as to establish and improve the long-term mechanism in this regard. The monitoring of export businesses in environmental protection will be reinforced to bring into play their leading roles in environmental protection. Meanwhile we will effectively control the export of products with high-energy consumption & pollution and of a resource nature. The supervision of intellectual property rights will be stressed to facilitate the establishment of a social credit system, thus providing guarantee for facilitating independent innovation and building an innovative city. Strives will also be made to reinforce the fight against smuggling and regulate the import and export of enterprises and promote the "electronic network supervision mode" to facilitate the monitoring of processing trade and create either good market orders or ideal environment for economic development.
iv. To foster a strong business-friendly atmosphere. Exchanges with business circles through cooperation will be promoted by offering quality services. The service commitments will be ensured to improve our service quality, with customized services for different enterprises.
Foreign Investment
Status Quo and Prospects of the Introduction of Foreign Investment

Main Features

I. Obvious Driving Effect of Large Projects and Progress in Merger & Acquisition of State-owned Enterprises by Foreign Investment

In 2007 the city approved of 246 large projects each with a gross investment of over USD 10 million (including 127 newly approved ones and 119 concerning capital increase), an increase of 16.04%, or 34 projects as compared with the year of 2006, succeeding to years of continuous growth. The contractual foreign funds of the above-mentioned 246 projects amounted to USD 6.132 billion, accounting for 87.16% of the aggregate contracted foreign funds newly approved. On average, each project achieved a contractual foreign fund of USD 24,924,900, indicating an apparent increase as compared with the figure of USD 15,462,400 in 2006.

The large projects newly approved were Guangqi-Hino Motors Co., Ltd., Jatco (Guangzhou) Automatic Transmission Ltd., Radiant (Guangzhou) Optoelectronics Co., Ltd., Guangzhou Bayer Material Science Co., Ltd., etc., in addition to a new investment company called Matsunichi (China) Investment Co., Ltd.

Progress was also found in the merger and acquisition of large state-owned enterprises by foreign capitals, i.e. Guangzhou Pharmaceuticals Corporation and Baxter Qiaoguang Healthcare (Guangzhou) Co., Ltd. had British Alliance BMP Limited and the US Baxter become their equity participants respectively, and the capital increase by those two multinational companies will have profound impacts on the improvement of local state-
II. A Large Number of Projects of Capital Increase and Production Expansion of Strong Footed Enterprises

In 2007 the city approved 675 projects of foreign investment, up by 6.97% from 631 in 2006. Those 675 projects had an aggregate contractual foreign fund of USD 4.395 billion, suggesting a great increase of 160.06% from USD 1.69 billion in 2006. The growth rate rose by 62.47% as compared with 38.49% in 2006. The average scale of capital increase of the projects rose greatly to USD 6,511,100 from USD 2,678,200 in 2006.

Large projects of capital increase included Guangzhou JFE Steel Sheet Co., Ltd., LG LCD (Guangzhou) Co., Ltd., Guangzhou Honda Automobile Co., Ltd., Dongfeng Honda Engine Co., Ltd., Guangzhou Aircraft Maintenance Engineering Co., Ltd., etc.

There was a strong momentum of capital increase by foreign-funded enterprises. The related contracted foreign funds exceeded those of newly approved projects and accounted for more than 60% of the total. There are three reasons. Firstly, a number of leading projects had their capital increase in 2007, such as the above-mentioned JFE, HONDA, LG, etc. Secondly, according to the new "Enterprise Income Tax Law" came into terms in 2008, no more tax rebate will be provided for re-investing profits of foreign-funded enterprises. As a result, many companies turned retained profits into additional registered capital in 2007 so as to be qualified for the preferential measures under the new tax law. Thirdly, the booming foreign investments in the real estate industry have revitalized a number of dormant projects, resulting in additional investments due to the increase in development costs.

III. An Increasing Contracted Foreign Investment in the Manufacturing Industry with General Growth in Service Industry

There was a great increase in the contracted foreign investment of the manufacturing industry. Altogether USD 2.834 billion contractual foreign investment was approved last year, up by USD 541 million or a rate of 23.61% compared with 2006. The increase in contracted foreign investment was mainly noted in such sectors as automobile, steel, electronics and food products. For example, the contracted foreign investment newly approved in the manufacture of traffic and transportation equipment was USD 418 million, a year-on-year increase of USD 258 million. It was USD 194 million in black metal smelting and rolling with an increase of USD 188 million and USD 516 million in the manufacture of communication equipment, computers and other electronic facilities with an increase of
Among the foreign-funded enterprises newly approved, 571 or 59.54% of them were in the garment industry. The contracted foreign fund was USD 3.95 billion, an increase of 56.15%. And the actual utilization of foreign capital reached USD 2.074 billion, making up 63.12%, with all the three indicators exceeding those of the manufacturing industry. As compared with 2006, there was an increase of 7.33% in the number of newly approved enterprises in the garment industry, with the contracted foreign funds and the actual utilization of foreign funds rose by a large margin of 96.81% and 85.34% respectively. The year of 2007 witnessed a significant growth in contracted foreign funds in logistics, software, wholesale trade and business services, and that in actual utilization of foreign funds in the sectors of scientific research and technical services. 234 new projects were approved in the wholesale industry, bringing along the contracted foreign funds of USD 286 million with a growth rate of 83.53%. The newly approved enterprises engaged in computer services & software, business were 49 with the contractual foreign capital of USD 141 million, those engaged in commercial service, 152 with the contracted funds of USD 319 million and those engaged in logistics arrived at 20 with the contracted foreign funds worth of USD 226 million. Their growth rates were 69.37%, 83.08% and 10.34% respectively.

IV. New Changes in the Source of Foreign Investment

The top five sources of contracted foreign funds were Hong Kong, the British Virgin Islands, Japan, South Korea and Britain. And the top five sources of actual inflow of foreign investment were the British Virgin Islands, Hong Kong, Japan, England and Cayman Islands.

Hong Kong became a larger investor, with its contracted foreign funds as newly approved in Guangzhou last year reaching USD 3.786 billion, up by 140.81%. The newly approved contracted foreign funds from Japan and Korea were USD 525 million and USD 203 million with an increase of 122.75% and 335.9% respectively. And the contracted foreign funds by the Virgin Islands amounted to USD 1.859 billion, rising by 19.47% over the previous year. The percentage of European and US investments directly in Guangzhou was about 3% of the city's total of newly approved.

Major Tasks

In 2008, Guangzhou will continue to make efforts in improving the quality of foreign
investment utilization, with the focus on promoting direct foreign investments in the following aspects:

I. To Strengthen Investment Promotion in the Manufacturing Industry and Improve the Technical Contents and Comprehensive Benefits of Foreign Capitals
   i. Automobile industry
   As for the automobile industry, we will make full use of the settlement of the Guangzhou Auto-Hino Commercial Car Project in Guangzhou to attract Toyota support project and will take the opportunity of developing sedans of proprietary brands by Guangzhou Auto and Guangzhou-Honda in order to introduce more advanced international automobile R&D technologies and further improve the overall quality of Guangzhou's automobile industry.

ii. Electronics and information manufacturing industry
   The electronics and information manufacturing industry is a new "growth driving force " of foreign investment in Guangzhou. Leading enterprises will be introduced in this regard to promote development of the whole industrial chain, making Guangzhou an R&D, manufacturing, sales and service base for electronics and information. We will bring into play the driving effects of the LG LCD project and explore thoroughly the upstream and downstream investment potentials of the LCD industry, with prompt efforts on the production bases and related constructions for large downstream projects in order to form the productive forces. In terms of electronic spare parts, focus will be topped on the introduction of photo-electronic devices and chips, optical wafer substrates, photo-electronic information processing facilities, TFT-LCDs, OLED panel displays and ultra-brightness LCDs and other new photo-electronic display components. At the same time, we will also make use of conglomeration advantages of the automobile industry in order to boost the development of the automobile electronics industry as well as to expedite the progress of consumer electronic products such as communication, computers and digital household appliances.

iii. Biomedicines
   Being a National Biological Industrial Base and a Medicine Exporting & Innovation Base, Guangzhou will top its priorities on the development of Guangzhou International Bioisland, Biological Industrial Park of Guangzhou Science City, Nansha Biomedicine Industrial Park, Baiyun Biomedicine & Health Care Industrial Base and Conghua Medicine & Cosmetics Industrial Base, so as to actively carry out the investment promotion of the biomedical sector and attract multinational biomedical enterprises to set up production
bases and R&D Centers. Strives will be made to top on the investment promotion of SMEs engaged in biological diagnosis reagents and biomedicines on the potentially pilot scale (including bio-botanic medicines, pesticides and veterinary medicines) as well as the R&D of new biomedicines (especially those for gene therapies). Besides, Great efforts will placed to introduce those SMEs with strong R&D abilities in bio-technologies and cultivate a number of small R&D enterprises in the aspects of bio-technologies and biomedicines and intermediate materials. Furthermore an excellent service platform will be provided to make them rooted in Guangzhou and then facilitate their influence, thus gradually attracting world famous biological enterprises to come in To be more specific, we will facilitate the merger, acquisition and establishment of such projects like Baxter Qiaoguang, Ruikang Biomedicine and Fucheng Pharmaceuticals and we will encourage domestic enterprises such as Techpool Bio-pharma, Mingxing Pharmaceuticals and Chen Li Ji to introduce overseas capitals for improvements both in scale and in quality.

iv. Petrochemical industry

Stresses will be topped on the construction of the Huangpu Petrochemistry Base, the GDD Fine Chemistry Base in the east as well as the Nansha Near-Port Petrochemistry Industrial Base in the south. In particular, we will make efforts to make the industrial base in Nansha into a world class one of modern integrated oiling & petrochemistry and downstream deep processing. It is also designed to be a major platform of future structural adjustment and upgrade of Guangzhou's petrochemical manufacturing industry, corresponding to the relocation of outmoded enterprises from downtown areas. We will follow up the integrated project of Sino-Kuwaiti refinery, make due preparations for its smooth settlement and carry out investment promotion planning for related industries. In line with this project, in addition to the construction of public facilities a new chemical industrial park with high standard will be completed in Nansha District, so as to enable the chemical industrial project a perfect platform.

v. Other manufacturing sectors

Foreign investment will be guided into such high-tech industries as new materials and environment-friendly new energies, and foreign investors will be encouraged to develop economy of environmental protection and sectors of comprehensive source utilization, together with the upgrade of traditional businesses. Focus will be put on the introduction of advanced technologies to stimulate investment increment, turnover and profit taxes, independent innovation and improvement of environmental protection, so as to enhance the comprehensive benefits of foreign investment utilization in the manufacturing industry.
II. To Make Great Efforts to Attract Foreign-funded Service Projects and Make Guangzhou More Influential as a Key City

i. Service outsourcing
By enhancing the prospects of the electronics and information manufacturing industry and the software industry, bids will be tried to give full play to the Guangzhou's comparative advantages in terms of service concerning logistics, convention and exhibition, business and commerce, finance, IT, as well as international project contracting and labor cooperation. Priorities will be placed on the construction of service outsourcing, in the downtown areas in Tianhe and Yuexiu Districts, Guangzhou Science City, Nansha Information Technology Park, Tianhe Software Park and Liwan Creativity Industrial Base. The aim is to attract large service outsourcing projects with a leading role and high technical advantages.

ii. Modern logistics industry
Stresses will be laid to make full use of the new Baiyun Airport to develop the airport logistics industry and actively promote the rapid development of bonded logistics and district-port interaction in Nansha of Guangzhou Port. By making Hong Kong and Macao as the key regions of investment promotion and the city's various logistics parks as platforms, great efforts will be made to introduce modern and international third-party logistics enterprises with advanced international ideology of logistics management and services thus making them relocate their Asian-Pacific logistics hubs into Guangzhou, so that we will promote the development of the overall logistics industrial chain. We will encourage the cooperation between international logistics trade associations and enterprises on the one hand and related institutes and enterprises in Guangzhou on the other in terms of the R&D of logistics facilities, logistics technical exchanges, logistics personnel training, logistics consultancy, etc.

iii. Convention and exhibition service industry
By taking Hong Kong and Macao as the key regions of investment promotion, we will try every means possible to introduce professional convention and exhibition organizers with related international management expertise and service ideology, in particular, those with world famous brands in a hope to promote the quality of convention and exhibition management in Guangzhou. The exchanges with Hong Kong Exhibition & Convention Industry Association should be enhanced in terms of convention and exhibition planning and promotion, personnel training of related economic, trade and legal knowledge as well as convention and exhibition consultancy. We will also consolidate the relation with trade
associations and agencies that organize various professional brand exhibitions in Hong Kong and Macao, trying to invite them into organize different professional exhibitions and conferences in Guangzhou. At the same time, exhibition companies with international influence will be introduced to promote the standards of convention and exhibition in Guangzhou. And we will also organize influential and professional forums and speeches for market- and business-oriented development.

iv. Headquarters economy
The headquarters economy will be topped to reinforce the cooperation with multinational companies and the Fortune Global 500 businesses, facilitating them to set up their regional headquarters, R&D centers, design centers and procurement centers in Guangzhou. Initiatives will be made to contact foreign companies with serial investments in the Pearl River Delta and guide them to extract their functions of marketing, logistics, finance, R&D and human resource management from state-owned enterprises to establishing their "headquarters" in Guangzhou. By make good use of the conglomeration advantages of headquarters and modern service sectors in Hong Kong and Macao, we will spare no efforts to combine the cooperative relation with complementary advantages of Guangzhou with the Pearl River Delta and even the Pan-Pearl River Delta Region. Besides the "Regulations on Encouraging the Establishment of Headquarters and Regional Headquarters by Foreign Investments in Guangzhou" will be further carried out and given full play to the leverage of incentive policies therein, so as to attract more new "headquarters" settled in Guangzhou.

III. To Strengthen the Construction and Development of Various Functional Parks to Foster Excellent Investment Platforms
The coordination of foreign capital utilization by various kinds of functional parks in the city will be reinforced. Endeavors will be hammered to start from the city and implement scientific arrangement with dislocation development and complementary advantages, so as to realize the sustainable development of investment promotion in GETDD. We will give full play to the advantageous investment environment of the two national development zones and further improve the investment promotion of the industrial chain of advanced manufacturing sectors and explore good ways for the related development of productive service sectors so as to make them become the two driving forces for the sustainable and rapid growth of Guangzhou's economy. Other measures will be adopted to assist in the industrial upgrading and scale expansion of such provincial development zones including Guangdong Zengcheng Industrial Park and Guangdong Conghua Economic and Technological Development
Zone for sustainable development. Such functional parks as Huadu Automobile Town and Conghua Mingzhu Industrial Park will be supported to bring subsequent advantages with remarkable industrial features and strong accumulative effects, thus fostering new growth highlights in the development of foreign economy.
Foreign Trade
Status Quo and Prospects of Foreign Trade

Main Features

I. Active Compliance with the Adjustment of National Macroscopic Policies Resulting in a Sound Growth Momentum of the City's Foreign Trade

The import and export of Guangzhou increased steadily throughout the year, with the surplus percentage therein obviously lower than the national average. The total import and export value in 2007 increased by 15.25% to USD 73.494 billion, out of which the export totaled USD 37.902 billion, up by 17.06% with the growth rate down by 4.35% over that of the previous year while the import value, USD 35.592 billion, up by 13.39%, 3.65% lower than the growth rate of the previous year with the surplus of USD 2.31 billion.

II. Appropriate Adjustment either in the Market Structure of Foreign Trade or in the Diversification of Export Markets

The year of 2007 witnessed different degrees of increase in the import and export of Guangzhou with its top five trading partners. The city's import and export volume with EU, its No. 1 trading partner, reached USD 12.724 billion a growth rate of 13.65%. The said volume was USD 11.226 billion or up by 14.49% was achieved by its second largest trading partner of Hong Kong, followed by USA, the sum was USD 10.859 billion, up by 0.87%.

As the fourth and the fifth trading partners, the bilateral trade with Japan and ASEAN grew by 22.29% and 13.94% respectively. In terms of export, the growth momentum was good in Guangzhou’s exports to ASEAN with an increase of 27.45%, Japan 23.78%, EU 16.24% and Hong Kong 12.60%, but the growth of export to USA declined to 0.06%. On the other hand, export to emerging markets was active, with the export to Russian climbing up by 101.04%,
South Korea by 52.70% and Africa by 39.58%. Statistics regarding import values were marked by a growth of 87.20% from Africa, 67.72% from Latin America, 34.36% from Hong Kong and 21.85% from Japan.

III. Further Optimization in Export Product Mix with Significant Growth in Car Export

The export of machinery and electrical products, being the city's predominant export products, arrived at USD 19.216 billion, making up 50.70% of the city's total, up by 18.46%, with the growth rate slightly higher than the municipal average. Among the 61 enterprises with export volume of over USD 100 million, 27 or 44.26% of them were machinery or electrical businesses, with 3 new comers compared with the previous year. And among the city's top 20 enterprises of export, 16 or 80% of them were machinery or electrical enterprises. They are all the leading companies in terms of the city's exports. The machinery and electrical products for export were mainly electric appliances & electronic product, machinery & equipment, conveyance and metal products. The export of automobiles and parts scored the top in terms of growth rate. In 2007, Guangzhou was honored as the "Chinese Automobiles and Spare Parts Export Base", which has helped to further accelerate the city's export of automobiles and spare parts. As many as 43,000 finished automobiles were exported with the value of automobiles and spare parts, for the first time, exceeded USD 1 billion to USD 1.071 billion, up by 36.61%. Among them, Honda Motor (China) Co., Ltd. exported 42,400 cars with an increase of 74.08% over the previous year, which was equivalent to USD 469 million in export value, an increase of 78.39% over the previous year. New breakthrough has been achieved in the export of automobile engines, including the export of 8,400 engines and related parts by Guangqi Toyota Engine Co., Ltd., with the amount of export reaching USD 331 million (including USD 281 million of finished engines) or an increase of 85.64%.

The export of new and high-tech products totaled USD 6.648 billion, with an increase of 8.15% and accounting for 17.54% of the total export value. As the leading export products in this regard, computers and communication technology products The export electronic technology products generated an export value of USD 4.733 billion and 1.419 billion with an increase of 4.51% and 14.59%, accounting for 71.19% and 21.35% of the total new and high-tech exports respectively. Rapid increase of over 20% was seen in computer integrated manufacturing products, material technology products, biotechnology products, aerospace technology and bio-science technology products.
The value of imported machinery and electrical products totaled USD 14.296 billion with an increase of 4.76%. Among them, the major players included aircraft equipment, integrated circuits, and, most remarkably, automatic transmissions for small passenger cars, the import value of which amounted to USD 738 million with an increase of 55.74%. And the demand for imported automatic transmissions is expected to stay on the increase with further improvement of capacities of major automobile manufacturers in Guangzhou.

The import of high-tech products amounted to USD 7.155 billion with a decrease of 4.79%. Among the major categories, the import value of aerospace products accounted for 32.15% to USD 2.3 billion, the electronic technology products 31.17% with USD 2.23 billion, and computer and communication technology commodities 21.23% with USD 1.519 billion.

IV. Rapid Increase in Export of General Trade and Slow but Steady Growth in Export of Processing Trade

The increase in ordinary trade export remained rapid, with the export value throughout the year reaching USD 16.922 billion composing 44.65% of the total export value, up by 25.30%. The proportion and increase was up by 2.94% and down by 5.81% respectively compared with the previous year.

The growth in processing trade export slowed down but remained steady. The export value of processing trade over the year was USD 20.225 billion, accounting for 53.36% of the total and up by 11.44%, with the growth rate declining by 2.44% over the previous year. Among which, the imported materials processing witnessed an export value of USD 14.280 billion, up by 13.63%, with the growth rate declining by 1.73% over the previous year. And the supplied materials processing had an export value of USD 5.946 billion, up 6.52%. The growth rate declined by 4.8%. Now export of processing trade accounted for a smaller proportion than before in the city's total with the increase rate slowing down.

The import of ordinary trade increased by 25.03% to USD 17.224 billion, and that of processing trade, to USD 12.685 billion, up by 7.02%. The surplus of Guangzhou mainly came from processing trade, with a deficit of USD 303 million from the general trade and a surplus of USD 7.54 billion from processing trade.

V. Steady Increase in the Import and Export of both Foreign-funded and State-owned Enterprises together with the Rapid Growth in Private Enterprises

Foreign-funded enterprises exported a total value of USD 22.145 billion, up by 12.41% and accounting for 58.42% of the city's gross export value, indicating a slow but steady increase.
The export of state-owned enterprises totaled USD 8.475 billion, up 0.99% and accounting for 22.36% of the city's total. Foreign-funded enterprises and their state-owned counterparts contributed 44.25% and 15.18% respectively to the export increment. Private enterprises (including collective enterprises, private businesses and self-employed entrepreneurs) exported a total value of USD 7.248 billion, up 44.47% and accounting for 19.11% of the city's total export value. The proportion therein increased by 3.62% over the previous year and their contribution to export increment reached 40.38%, up by 11.28% over 2006, which further showed their vitality as a new force.

VI. New Record of Registered Software Export Contracts with Service Outsourcing as the New Growth

There was great-leap-forward development in software export thanks to the enthusiastic promotion of the software industry internationally, guidance for software enterprises to enter and expand the international market, execution of orders for international software outsourcing and instructions for enterprises regarding the registration of software export contracts. Throughout the year, the number of software export contracts reached 195 registered with a total value of USD 153.81 million, up by 343.2% and 580% respectively over the previous year. Software products were exported to 45 countries and regions, 5 of which witnessed an export amount of over USD 1.5 million. The city started the registration of service outsourcing contracts in July 2007. And by the end of the year, 100 service-outsourcing contracts had been actually registered online, with a total amount of USD 83.0857 million, thus becoming a new growth point in foreign trade.

Major Tasks

Focus will be laid on the following tasks in line with the goal of 10% increase in the foreign export of Guangzhou by consolidating the basis of the city's sustainable development in foreign trade:

I. To Revitalize Trade through Science and Technology to Carry out Brand-oriented Strategy to Enhance the Competitiveness

The leading role of the policy of revitalizing trade through science and technology and promulgate the "Instructions on the Promotion of Proprietary Export Brands in Guangzhou" as soon as possible. Headways will be made to provide enterprises with guidance in
their optimization of product design, R&D and process flows as well as the renovation of technologies and equipment according to the features and demands of their target markets as well as in line with the establishment and cultivation of proprietary export brands. Besides, works will be facilitated the product upgrade by enterprises so as to enhance the categories, quality and technical contents of their products and accordingly boost their competitiveness. Moreover, a brand evaluation system should be established to gradually improve the facilitation mechanism for export brands. We will provide the support in the development of a number of important brand enterprises as selected, so as to constantly increase the number of exported brands and strive to realize the transition from "quantitative increase" to "qualitative improvement" of domestic export brands. Such measures will be adopted as booth distribution at the Canton Fair, fair organization and arrangements and training, so as to stimulate enterprises to further optimize their export structures and guide them in striving to be "world famous brands". The purpose is to facilitate the export of products with quality performance, brand orientation and independent intellectual property rights.

II. To Focus on the New Growth Access in Foreign Trade Export and Enhance the Overall Competitiveness

The advantage of the construction of automobile export base, the medicine export base, the software export creativity base and the service outsourcing base should be sharpened. The purpose is to facilitate industrial restructuring by eliminating enterprises with low technical advantages, low added values and high pollution and energy consumption and replacing them with businesses in compliance with the national industrial orientation. Thus the industrial and business clusters and their competitiveness and the standards of the city's foreign trade export will be facilitated. Steps will be taken to develop various kinds of foreign trade sales. Besides, opportunities will be made full use of to enter into the UN global procurement system and cooperate with international agencies in order to reduce intermediate links tap the marketing channels. Great importance should be attached to the fast-growing leading enterprises and large foreign trade businesses to provide them with customized services. Other efforts include the cultivation of the foreign trade SMEs in order to enhance the sound good and fast development of the city's foreign trade.

III. To Accelerate the Development of Service Trade in line with the Industrial Restructuring of "the Secondary Industry Giving Way to the Development Priority of the Tertiary Industry in Downtown Area"
Initiatives will be on the international service outsourcing for promoting representative area construction, cultivating leading enterprises, expanding international cooperation and facilitating the development of service outsourcing. While continuing to develop the outsourcing of information technologies with software outsourcing as the principal part, we will focus on the outsourcing of operation flows in order to promote the transition and upgrading of the city's service economy. An inter-departmental cooperation mechanism will be built to bring into play the joint efforts of the municipal Software Office and Science & Technology Bureau to organize enterprises for international exhibitions and service trade promotions in order to boost both export and investment promotion. We will facilitate the industrial promotions and outsourcing order registration by Guangzhou Software Cooperation Center, sponsor high-level forums on the development of software and service outsourcing, organize exchange meetings or dialogues between IT directors of multinational companies with investment in Guangzhou and local software & service outsourcing enterprises, so as to facilitate local taking of related orders from international businesses.

IV. To Respond to Adjustments of Processing Trade Policies and Realize the Steady Transition

Measures will be taken to speed up the pace of production logistics and shorten the execution term of processing trade contracts. We will expand the business of deep processing transit by implementing the policy of no actual transfer between deposit accounts in that aspect. And we will apply financing and financial products in export trade, such as tax payment guarantee, forward settlement of exchange, export remittance guarantee, domestic credits, etc., so as to reduce funds tied-up and lower capital costs. Focus will be put on the adjustment of product pricing strategies and gradually raise the export price. We will guide processing trade enterprises to adjust their types of trading and transit from supplied materials processing to imported materials processing for commodities with increased tax rebates, so that they can fully enjoy the preferential treatment. For restricted products with slightly decreased tax rebates in processing trade, we will advise them to weight the burdens from tax rebate decline and related deposit cost and to choose a more affordable means, that is, to turn to purchase at home materials and spare parts instead of relying on imports. Furthermore, the preferential policies of Guangzhou Bonded Logistics Park will be adopted to minimize the inconvenience of commodity transfer via Hong Kong, thus offering more convenience in the circulation of materials and spare parts in processing trade. For commodities with heavy burdens of deposits, suggestions will be made to replace them with
those enjoying great decline in import tariffs so as to relieve the deposit burdens on imported materials and spare parts. Other efforts will be taken to promote domestic purchase of raw materials for processing trade. Enterprises with high energy consumption, great pollution and low efficiency will be relocated.

V. To Effectively Strengthen the Promotion of Export to Tap the Channels
Initiative will aggressively be made to expand the import trade and help enterprises to expand their import channels by means of various trade promotion activities and exhibitions. We will guide enterprises to import more resource-based commodities, high-tech products, large equipment and facilities, advanced technologies as well as popular daily consumer goods, so as to enhance the comprehensive benefits of import. Policy guidance will be enhanced for the sake of introducing key and appropriate technologies and a catalogue will be prepared in that regard by referring to the national version. Guidelines will be issued on the promotion of technology introduction and renovation as well as transformation of the mode of foreign trade growth in Guangzhou, in addition to guiding enterprises to actively make use of national policy supports to strengthen their technical introduction for the sake of subsequent understanding, the integration and re-renovation of the introduced technology will be fostered. The domestic sales of processing trade and the sales channels for relevant enterprises will be expanded so as to enhance the competitiveness of enterprises and facilitate the balance of import and export of Guangzhou.

VI. To Accelerate the Establishment of Early-warning Mechanism for Import and Export Trade and Promote the Ability to Guard against International Trade Risks and Response to Trade Frictions
Special measures will be enhanced on law publicity. Excellent briefing sessions on municipal laws, regulations and policies will be continued by laying more emphasis on policy research and selective legal topics in a practical and innovative way, so as to constantly enhance their social influence. Focus will be on the follow-up reports and supervision of key industries and major products for import and export, in particular competitive products in a hope to identify problems and conduct analysis in time and issue warning notice. In addition, an information communication system will be established to bring into play the role of organization and coordination of the government and trade associations. Besides, enterprises will be guided on their response to trade frictions and on the protection of their legal rights and interests.
Foreign Economic Cooperation
Status Quo and Prospects of the Foreign Economic Cooperation

Main Features

I. An Obvious Increase of the Investments in Overseas Manufacturing Projects with the Structure Further Optimized

In 2007, there were 6 manufacturing projects with investments overseas accounting for 25% of the total; 14 non-trade projects or 58.33% of the total project number. Guangzhou Panyu Gold Sun Mould & CNC Machinery Co., Ltd. set up a mould processing plant in Vietnam, making use of overseas labor resources and trade preferential policies to carry out overseas processing & assembly businesses. And SAT Infrared Technology Co., Ltd. set up a branch company in Ireland, engaged in the assembly and manufacturing of infrared imaging systems. Both examples indicated the accelerated expansion of high-tech enterprises to overseas.

II. A Growth Momentum in Service Investment with Remarkable Achievements of Software Enterprises in "Going Global"

The year of 2007 saw 8 overseas services investment projects, accounting for 33.3% of the total project number and covering such industries as tourism, design, consultation and software, etc. 4 of the city's software enterprises established overseas software institutes in Japan, the United States and Hong Kong. Among them, Guangzhou Visionsky Information Science & Technology Ltd. established Guangzhou Software (Hong Kong) Cooperation Center in Hong Kong, providing services to Guangzhou software enterprises for orders of international software outsourcing. The active steps of "going global" by software
enterprises to expand the international market will be conducive to enterprises in first-hand software outsourcing business.

III. A Gradually Diversified Market of "Going Global" with Achievements in Tapping New Markets
There were 24 overseas investment projects in 12 nations and regions, including 16 in markets beyond Hong Kong and Macao. Among them, Guangzhou World Trade Science & Industrial Trade Company set up a farm in Gabon to plant farm crops; Guangzhou Longyuan Metal Co., Ltd. established a mineral company in Congo and Jisheng Musical Instruments Manufacturing Ltd. opened a sales company in Brazil, thus further expanding the markets in Africa and Latin America. By the end of 2007, overseas enterprises of Guangzhou were already present in 44 nations and regions.

IV. A Rapid Increase in Investment Abroad by Non-public Enterprises with More Projects of "Going Global" by Private Enterprises
There were 5 projects with investments overseas by non-public enterprises, accounting for 62.5% of the total project number, more than double on a year-on-year basis. Among that, 11 overseas projects were invested by private enterprises, accounting for 45.83% of the total project number and up by 83.33% on a year-on-year basis. Foreign-funded enterprises such as Guangzhou Mayer Corp. Ltd. and Guangzhou Hongchang Electronic Materials Industry Co., Ltd. invested in Vietnam, Hong Kong and other places, indicating sound growth momentum. Guangzhou Symbol Furniture Decoration Factory established a furniture plant in Australia, and Guangzhou Jinkai Electronic Technology Co., Ltd. and Guangzhou TengLong Door Co., Ltd. set up branches in the USA. Private enterprises are going abroad, with more initiatives to develop international markets.

V. A Further Expansion of Foreign Contracting Projects and Major Participants in Labor Cooperation, with Continuous Increase in Labor Export to Macao
Guangzhou Five-Ram Steel Structure Co., Ltd. and four other companies obtained the right to operate foreign contracting projects, thus further expand the operators of foreign contracting projects of steel structure installation, decoration & renovation, as well as design consultation. China National Aero-Technology Imp. & Exp. Guangzhou and Guangzhou Light Holdings Limited were qualified as Class A and Class B enterprises for foreign aid material projects, representing a zero breakthrough in this regard. Labor export to Macao
sustained a good momentum of development, with 3757 person times contract workers exported in 2007, more than double on a year-on-year basis, accomplishing USD 52.08 million in turnovers, up by 61.64% compared with the previous year.

Major Tasks

In 2008, Guangzhou will further enhance the strategy "going global", renovate related services and establish and improve policies and measures in supporting enterprises to "go global", for the purpose of encouraging enterprises to renovate their overseas investments and cooperation means, to take full advantage of both domestic and international markets and resources, to actively carry out international operation in terms of R&D, manufacturing and sales, as well as to boosting their international competitiveness. Investment overseas are expected to increase by over 12% in 2008, with turnovers growing by more than 10% for foreign contracting projects and labor cooperation businesses.

I. To Explore Access to Encourage Enterprises to Make Effective Match with International Markets

Enterprises will be organized to go abroad to explore foreign markets with focus on Great Britain, the United States and ASEAN, with great efforts to encourage enterprises to go deep into local markets, to investigate the investment environment and to negotiate investment projects. Whenever there are visits by foreign (overseas) delegations to Guangzhou, we will accordingly organize series salons on the "going global" of Guangzhou enterprises, facilitating their communication and cooperation with foreign authorities of policy & investment promotion, chambers of commerce and enterprises.

II. To Promulgate Applicable Policies and Measures to Develop a Complete Supporting System

The supporting policies will be issued for Guangzhou enterprises to "go global", to reinforce the financial support and improve the service support system, with relevant facilitation measures in terms of finance, foreign exchanges, insurance, immigration and customs, so as to create a sound development environment for enterprises to "go global". The municipal working conferences will be held on the "going global" strategy for the sake of the city's mobilization and arrangements in that regard. The supervision will be specified to regulate
the annual examination of overseas enterprises and the statistics of direct investments abroad, so as to enhance the effectiveness of supervision works. Furthermore, enterprises will be guided to invest overseas to establish a modern enterprise system and the image of upholding integrity and construction of a security guaranty mechanism will be reinforced in enterprise personnel "going global" so as to ensure their personnel safety overseas.

III. To Optimize the Investment Structure to Enhance the Standards and Level of Overseas Investments

i. To stimulate the manufacturing industry "in going global" to set up production bases

In line with the requirement of "secondary industry makes way to the tertiary industry in downtown area" we will encourage the "going global" of enterprises such as machinery manufacturing, textile, light industries and building materials which account for a great percentage of the city's export. Efforts will be actively adopted to make use of the trade preferential agreements between developing and developed countries as well as existing facilities and advanced technologies to establish production bases in the ASEAN, South America, Africa and other markets, so as to carry out offshore processing trade, to evade trade barriers and to realize the diversification of places of origins.

ii. To further stimulate software enterprises to "go global"

Strives will be continued to explore the potentials of software enterprises and identify their difficulties and demand in "going global". The city's related incentive measures and policies for software businesses will be issued to encourage more of them to set up software institutes in the United States, Japan, Europe and other nations. Moreover, enterprises will be guided to invest overseas. The mechanisms for information communication and business cooperation will be established to construct a customer service network, taking software outsourcing businesses from the source and realizing the operation model of "taking orders abroad and manufacturing domestically". We will stimulate enterprises to establish overseas software cooperation centers, bridge domestic software outsourcing enterprises and overseas customers and provide guidance for the cooperation between overseas software institutes and domestic software enterprises for joint efforts in developing the international software outsourcing market.

iii. To stimulate new and high-tech enterprises to set up overseas R&D institutes

Special missions and policy promotions will be conducted for the "going global" of high-
tech enterprises and enhance policy supports, so as to guide high-tech industries and research institutions in the domains of electronics, software, biomedicines, etc. The aim is to set up overseas R&D institutes in regions with intensive high-tech resources as well as to improve their ability of independent innovation by making full use of the advantages of personnel, information and equipment overseas.

**iv. To stimulate overseas investment by large and famous enterprises** Funds will be allocated for "going global" to support key enterprises, with the focus on encouraging large and famous enterprises with a turnover of over 100 million yuan or an export value of over USD 15 million to make multinational investments. Enterprises will be encouraged to take creative measures in their overseas investment and cooperation, gaining access to energies, minerals, internationally famous brands, patented technologies and marketing networks by means of merger & acquisition and cooperation in intellectual property rights, to develop into large-scale multinational enterprises with strong competitiveness. We will encourage enterprises in Guangzhou to construct economic and trade cooperation zones overseas with an outstanding leading role and great radiation in an effort to guide enterprises to settle in cooperation zones in clusters.

**IV. To Increase the Number of Major Participants to Develop Foreign Contracting Projects and Labor Cooperation in Various Forms**

**i. To encourage large enterprises to undertake foreign contracting projects.** Headways will be made to guide manufacturing enterprises of large complete sets of equipment and communication facilities to actively undertake large engineering projects with high technical contents and the potential to stimulate the city's export of equipment and technologies. We will encourage enterprises to give full play to their advantages in terms of qualifications, customer channels, capitals, personnel, technologies, etc., taking flexible and diversified strategies and forming strategic coalitions to undertake large international projects.

**ii. To stimulate the foreign exchanges of enterprises engaged in overseas contracting projects.** Stresses will be lain on the guidance of the export-oriented design consultation enterprises to take part in international design exhibitions for global business opportunities. We will also organize symposiums on the cooperation and development between engineering enterprises in Hong Kong & Macao and in the Mainland so as to promote the cooperation of enterprises in the three regions and their joint efforts to undertake international projects. We will compile publicity pamphlets for enterprises
engaged in overseas contracting projects with relevant columns in government websites, so as to promote such enterprises and enhance their influence.

iii. To start from foreign assistance projects to promote foreign contracting projects and labor service. Exchanges with the Department of Foreign Aid and the Investment Promotion Agency under the Ministry of Commerce will be carried in addition to organizing related training sessions, so as to encourage enterprises to participate in the bidding of national foreign assistance projects and to promote the development of corresponding businesses.

V. To Reinforce Information Services to Better Information Network

Cooperation will be enhanced with foreign investment promotion agencies, chambers of commerce, overseas Chinese associations, international friendly cities as well as Chinese embassies and consulates abroad in order to continuously expand the service coordination channels and provide services to enterprises in multinational operations on a more convenient basis. We will spare no effort to conduct policy promotion with instructions and guidance for enterprises concerning the support policies and operation procedures of overseas investments, overseas contracting projects and labor cooperation as well as foreign aids. The columns of foreign economic cooperation will be extended with more contents concerning project promotion, policies on investment overseas and information of related countries. Furthermore, on-line links with relevant investment promotion agencies overseas will be established in order to construct an information support platform with a broad coverage and timely accuracy.
Key Industries
Automobile Industry

Brief Introduction

The automobile industry is one of the pillar industries of Guangzhou. Since the reform and opening-up, the city's automobile industry has been developing rapidly, with an obvious increase in its industrial conglomeration and radiation effects, and has become an important automobile manufacture base, stimulating the rapid progress of the city's open economy.

The automobile industry in Guangzhou has been undergoing swift development since 2000. For instance, the output rises from 38,100 in 2000 to 788,000 in 2007, a 19.68 times increase compared with that of the year 2000. The average annual growth rate was 54.15%, and the occupation was 8.87% of the country's total whose number is 8,882,400 vehicles. In 2007, the industrial output of the automobile sector reached 162 billion yuan, accounting for over 16% of the city's gross industrial output value. The comprehensive economic indexes of Guangzhou's automobile industry, including added value, profit, sales income, profit rate of capital, profit-tax rate of capital and labor productivity, rank the top throughout the country. With its sedan output ranking the second in China, the automobile manufacturing industry has become the leading among Guangzhou's pillar industries.

I. To Make a Layout at a Higher Starting Point to Achieve Cluster Development

Thanks to the strategic cooperation with multinational companies, the automobile industry in Guangzhou has been rising swiftly with obvious improvement in its competitiveness. And a pattern of the coordinated development of passenger cars, trucks, specialty vehicles and car components with sedan manufacture in the leading position has taken shape. By the end of 2007, Guangzhou had introduced 391 projects of the automobiles and auto parts with a total
investment of USD 6.294 billion and an actual foreign investment utilization of USD 1.586 billion, among which 107 projects have the investment of over USD 10 million. What's more, several automobile industry bases have been established with their own leading companies, i.e., Guangzhou Honda in the east, Dongfeng Nissan and Guangqi Hino in the north as well as Toyota and the proprietary brand automobiles of Guangzhou Automobile Group Co. Ltd..

II. Rapid Increase in Export with Great Development Potential

The export of automobiles and parts from Guangzhou increased from USD 37 million in 2001 to USD 1.071 billion in 2007, with an average increase of 75.23% per annum. In 2007, the city exported 43,000 complete vehicles, accounting for 5.5% of the city’s vehicle output and ranking among the top in the country. The export can be divided into two parts according to the nature of the enterprises, foreign-funded enterprises contributed to 3/4 of the automobile export value and their domestic counterparts, 1/4; if divided in terms of trade methods, 2/3 of the automobile export value was from processing trade and the remaining 1/3 from general trade. Export to Asian, European and US markets made up more than 90% of the total, while the export to African market, a newly initiated one with great potential. In 2007, Honda (China) Automobile Co., Ltd., exported 42,400 sets of Honda Fit sedans meeting the EU-IV emission standard to Europe, with an export value of USD 469 million and an increase of 78.39%. Guangqi Toyota Engine exported 181,400 engines and related parts, with an export value of USD 331 million (including complete engines of USD 281 million). Dongfeng Honda Engine, Denway Bus and other companies also realized batch exportation, greatly accelerating the automobile export.

III. A Sound Momentum in the Import of Automobiles and Their Parts

The city imported automobiles and parts of USD 1.85 billion throughout the year, a year-on-year increase of 31.55%. The import of automatic transmissions for sedans increased by 55.74% to USD 738 million. There were 7 enterprises that had realized the import of automobiles and parts of over USD 100 million, accounting for more than 1/3 of the 21 machinery or electrical businesses with the same import value. Among the 7 enterprises, Guangzhou Toyota Automobile Co., Ltd., Guangzhou Dongfeng Enterprise Co., Ltd. and Jebsen & Co. (China) Motors Ltd. has respectively realized an year-on-year increase of 102.28%, 85.95% and 112.09%, indicating the obvious effects of active importation of the automobile industry.
IV. A Constant Improvement of Compatibility and Obvious Increase in Regional Influence

Spare parts of the automobile industry in Guangzhou include engines, braking systems, the drive axles, gear-boxes, shock absorbers, instrument, steering machines, air-conditioners, lamp assemblies, seats, tires, stereos, etc. It indicates the gradually increased influence of the automobile industry in Guangzhou. By the end of 2007, there were more than 1,000 automobile and parts enterprises in Guangdong Province, including over 400 in Guangzhou, over 250 in Foshan, over 140 in Shenzhen, over 100 in Dongguan and over 40 in Zhongshan. The rate of the automobile-supporting industry in the city is over 70%, which is roughly halved by Guangzhou and its surrounding areas.

V. An Improvement in Technical Innovation through the Introduction and Integration

We have established Guangzhou Automobile Technical Center, Guangzhou Honda Technical Research & Development Center and several other vehicle R&D centers, and have developed the hybrid power dynamoelectric passenger cars. Enterprises have become the major participants in independent innovation. Guangzhou Honda Technical Research & Development Center took part in the secondary development of the adaptability of over 20 new products including the new Fit model and the Accord sedan, together with seven complete vehicle laboratories for power performance, road simulation, parts strength and other aspects. Guangzhou Denway Bus and Yangcheng Motors developed more than 180 kinds of passenger cars and carrying vehicles. Guangqi Group registered 29 patents including 5 for inventions and 24 for utility models, and 494 technological achievements of various kinds. The "Wanli" product of South China Tire Company and the engine bearing bushes by Anda Company are among the best of their kinds across the country.

VI. A Constant Development of State-owned Leading Enterprises

Guangzhou Automobile Industry Group Co., Ltd. ranked No. 45 among the top 500 Chinese enterprises in 2007, with such brands as Yangcheng and Denway and certain market share. The strategic cooperation with Japanese automobile companies like Honda, Toyota and Hino has been established. It has over 100 sole proprietorship or holding enterprises such as Automobile Accessories Co., Ltd and Guangzhou Automotive Engineering Research Institute. In 2007, the gross industrial output value of Guangzhou Automobile Group was
102.855 billion yuan with an increase of 46.50%. It manufactured 513,900 vehicles with an increase of 45% and sold 513,200 automobiles with a growth of 47%. Among China's 16 key manufacturers of automobiles, Guangzhou Automobile Group ranks the top in terms of the economic effects.

VII. China (Guangzhou) International Automobile Exhibition, One of the Top Three Major Domestic Car Expos

The 2007 Guangzhou Automobile Exhibition covered an area of 100,000 square meters with 550,000 visitors. More than 30 news conferences were held during the exhibition, releasing nearly 30 concept cars (including 11 domestic ones), over 80 new models and 6 types of world premieres (2 by international enterprises and 4 by domestic ones), showing a total of 498 car models. The exhibition attracted over 600 domestic and international news media (including 569 domestic ones and 39 foreign ones) and a total of more than 3,500 reporters for news coverage. The car expo in Guangzhou is already up to par with the five international car exhibitions in Detroit, Frankfurt, Tokyo, Paris and Geneva as well as the domestic counterparts in Beijing and Shanghai. The concurrent "China (Guangzhou) Automobile Development Forum" was convened for the fifth year in a row, and was regarded by the international circle as one of the most global, professional and forward-looking car development forums in the world.

Development Priorities

In line with national policies on the development of automobile industry and the general requirements of the "Guangzhou Outline of the Eleventh Five-Year Program for National Economy and Social Development", the city will focus on enhancing the competitiveness of the automobile industry and start from the innovation of development mode, with automobile industrial parks 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 & upgrade, to promote the exportation of automobiles and parts, as well as facilitate the internationalization of automobile industry comprehensively.

I. Development Objectives

We will take 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 will attain 300 billion yuan, with the value output of complete vehicles being 200 billion yuan and that of spare parts being 100 billion yuan. The export of complete vehicles and spare parts will reach USD 1.8 billion with an average annual growth of over 30%, in addition to 3-5 enterprises of automobiles and parts with exportation of more than USD 100 million. In terms of independent innovation, 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. A number of enterprises with independent intellectual property rights and strong core competitiveness will be located in the national automobile export base. As to the trade environment, efforts will be made to further enhance the diversification of export markets and radically improve the internal and external environments of import and export, thus forming 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 and domain. 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 globally important manufacture base and distribution center of automobiles and parts.

II. Key Projects

i. Key technical development projects
They mainly include vehicle safety technologies (such as collision avoidance), environmental protection technologies (such as the manufacturing of new environment-friendly engines for cars and motorcycles, 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 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, design and manufacturing technologies concerning the moulds for car bodies, etc.

ii. Catalogue of encouraged automobile industries
They mainly include following: 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 advanced 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, 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.), 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 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**

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. Capital and stock increases of passenger car projects will also be facilitated with focus on the construction of such projects concerning the potential expansion of Guangzhou Honda Automobile and Dongfeng Nissan Passenger Vehicle as well as the Guangzhou Toyota Automobile. Efforts will be made to speed up the construction of Honda (China) Car Export Base in order to enhance the production scale. And the export
of automobiles and parts by such enterprises as Guangqi Toyota, Dongfeng Nissan and Dengway Bus will be supported. Apart from related investment promotion for automobiles, we will also expedite the development of electronic parts, engine parts, chassis parts, car bodies and accessories and universal components for automobiles in line with requirements for modern car production. The purposes is to achieve safety, environmental protection and energy conservation.
Petrochemical Industry

Brief Introduction

As one of the pillar industries of Guangzhou, the city's petrochemical sector had a gross industrial output value of 140.807 billion yuan in 2007 with a year-on-year increase of 26.7%, accounting for 14.27% of the city's aggregate value and contributing to 18% of the increase therein. With the reform and upgrade of Guangzhou Petrochemical Complex (GPC), Guangzhou will have the capability to refine 13 million tons of petroleum and manufacture 800,000 tons of ethylene. As the future cooperation project between Sinopec and the Kuwaiti National Petroleum Company is in progress. The above-mentioned two figures will further rise to 28 million tones and 1.8 million tons respectively. Thanks to the driving effects of GPC and other leading enterprises, the petrochemical sector in Guangzhou is now a competitive industry system with complete and diversified products, including petroleum, benzene, diesel, coke, synthetic detergents, etc. In the meantime, with the leading role of major enterprises in refinery and ethylene, there have been constantly new developments in the sectors of petroleum processing, deep processing of petroleum chemicals, fine chemistry and new petroleum chemical materials.

The development of Guangzhou's petrochemical industry has the following two characteristics:

I. Obvious Advantages in Industrial Development

In terms of market factors, Guangzhou has the largest market of petroleum chemicals in the nation, with the consumptions of ethylene, the five major kinds of general-purpose resins, the five major kinds of engineering plastics and paints accounting for over 20% of the national totals, playing a very important role across the nation as far as market capacity and
scale are concerned. As for the industrial chain, several multinational chemical giants such as Exxon, Basf and Dow Chemical have settled in Guangzhou. Preliminary work has been carried out for integrated refinery project of 15 million tons under the cooperation between Sinopec and the Kuwaiti National Petroleum Company as well as for the renovation & expansion ethylene project with an annual capacity of 800,000 tons in the name of GPC. The petrochemical industrial chain in Guangzhou will be expanded with greater scale and competitiveness from refinery to ethylene cracking and further to fine chemical products downstream.

In terms of human resources, Guangzhou boasts a great number of high-level professionals in the petrochemical industry. And there are also such top-grade research institutes and universities as School of Chemistry and Chemical Engineering of Sun Yat-sen University, School of Chemical Engineering and Energy and School of Chemical Science of South China University of Technology, School of Chemistry and Environment of South China Normal University, School of Light Industry & Chemical Engineering of Guangdong University of Technology and School of Chemistry and Chemical Engineering of Guangzhou University.

II. Significant Industrial Cluster

With the scientific planning and construction efforts, the layout of Guangzhou's petrochemical industry is gradually rationalized. Currently several major clusters of the petrochemical industry have been formed including Huangpu Petro-chemistry Base and the GETDD Fine Chemistry Base in the east as well as the Nansha Near-Port Petro-chemistry Industrial Base in the south.

The eastern petrochemical base mainly covers the following: the GPC Industrial Park, Huangpu Industrial Park, Huangpu Jitang Fine Chemistry Industrial Base as well as Eastern Zone and Yonghe Zone of GETDD. With the expansion of GPC's refinery and ethylene project, we have extended the chemical industrial chain, with the focus on integrated petrochemical development. Besides, the alternative and auxiliary industries as well as products of finishing & deep processing have been developed in order to form an industrial chain of "petroleum chemical engineering--fine chemistry industry--deluxe plastics--terminal products".

Guangzhou Development District focuses its development on fine chemical industry and has set up functional zones for washing and personal nursing products. Priority will also be given to the fine chemistry industry or some important products therein, with reasonable
arrangements to optimize the industrial layout and structure of fine chemistry. Nansha Port-related Petro-chemistry Industrial Base will be mainly based in Wanqingsha to attract investments from world famous multinational petrochemical enterprises with its expansive land areas, geographical advantages as the estuary of Pearl River and the sea as well as the excellent coastline resources.

According to the principle of mutual connection and support of industrial chains within the zone, oil refining and petroleum chemistry will take the leading role as the major players of petroleum chemical deep processing, fine chemistry and new materials, so as to reconstruct the overall advantages and industrial framework of the petrochemical industry. The zone covers an area of about 30 square kilometers under planning with focus on such petrochemical clusters as Xiaohu Petrochemical Industrial Park, Huangge Industrial Park, Wanqingsha Petrochemical Industrial Zone, etc.

Development Priorities

Guangzhou will further facilitate the development of the petrochemical industry. To be more specific, advanced manufacturing technologies will be adopted to enhance the scale and quality of leading petrochemical sectors such as oil refining and ethylene. Based above, the basic petrochemical materials will be increased to strengthen the deep processing industry of petrochemical materials, so as to build a complete and modern industrial chain and form a modern petrochemical industrial system of strong connections with such superior sectors as automobiles, electronics, household appliances, textile and other light industries. Measures will be taken to accelerate the construction of the Huangpu Petro-chemistry Base and the Fine Chemistry Base at Guangzhou Development District in the east as well as the Nansha Petro-chemistry Industrial Base in the south. The aim is to build it into a base of world level for modern integrated oiling & petrochemicals as well as downstream deep processing to make it the major platform for the future structural adjustment and upgrade of Guangzhou's petrochemical manufacturing industry Focus will be on the following industries:

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 elevator raise 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 polyolefin 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 300,000 tons/year and build the supporting devices of ion membrane chlorine alkali with the capacity of 200,000 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 2007, the city's electronic manufacturers above the designated scale realized a value output of 83.723 billion yuan, with an increase of 1.7%, accounting for 9.4% of the city's gross industrial output value. Among them, the output value of communication equipment, computers and spare parts as well as electronic components made up over 90% of the total. With the electronics and information manufacturing industry and the software sector as the driving force, the city's high-tech industries above the designated scale realized a value output of 285.711 billion yuan in 2007, up by 28.8%. That was 8.5% higher than the average growth rate, contributing 8.1% to the increase rate of all the industries. The value output of high-tech products above the designated scale accounted for 32.1% of the total scale of the city.

I. Leading Enterprises has Facilitated the Rapid Development of Industrial Clusters

By implementing the "leading role" strategy, Guangzhou has introduced a number of large 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 the meantime, a number of backbone enterprises with independent innovation and intellectual property rights have been established, such as Wanbao Electric Appliance, Radio Group, Hedy Computer and Golden Palm. As a result, rapid development of industrial clusters has been achieved. Five clusters of the kind have been taken shape with categories related to communication equipment, computers and peripheral equipment, electronic components, household audiovisual equipment as well as applied electronic manufacturing.

II. Cutting-edge Products has Fostered the Sound Competitiveness in both Domestic and International Markets

By implementing the brand-oriented strategy, Guangzhou has cultivated a number of famous brands worldwide, like Wanbao Electric Appliances, Hedy Computer, Huaguang Compressor, Hualing Electric Appliance and 555 Battery. Currently, Guangzhou has 25 Chinese Name-Brand Products, 13 Chinese well-known trademarks, 6 Chinese famous export brands, 4 Chinese most competitive brands, 179 provincial popular products, 175 provincial famous trademarks and 472 trademarks of municipal level. Products of Electronics and information brands composed of cutting-edge either in domestic markets or in international market. Among them, Jianxing Photo-electricity and Wanbao Electric Appliance have sales revenues of more than 10 billion yuan, while the sales amounts of Xuli Electronic, Hedy Computer, Jabil Circuit, Radio Group and Comba Telecom exceed 2 billion 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. In 2007, the city exported electronics and information products worth of USD 6.152 billion with a growth of 3.64%. They were composed of the increase of 4.51% in computers and communication equipment, 14.59% in electronic technical products, 59.40% of computer integrated manufacturing products and 11.14% in photo-electricity technical products. Jianxing Photo-electricity, Jabil Circuit, Xuli Electronic, LiteOn Group, Olympus, Panasonic Air-conditioner, Meiko Electronics, Termbray Electronics, Tiger Head Battery, Chung Tak Lighting Control and Elec & Eltek had all achieved an export of over USD 100 million while Jianxing Photo-electricity, more than USD 1 billion.
III. Technical Innovation and R&D Capability Rank the Top All over the Country

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, 3C 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. A number of proprietary brand enterprises with independent intellectual property rights and key technologies have been developing swiftly, including Guangzhou Mechanical Engineering Research Institute, Guangzhou Kingfa Science and Technology Co., Ltd. and Vtron Technologies Co., Ltd. honored as "National Pilot Enterprises of Innovation", Hongli NC Equipment developing the first horizontal-type multi-axial processing center in South China, and GRG Banking filling the domestic gap by its independently invented ATM.

A number of R&D institutes and technical support platforms for electronics and information products have also been built, including such national R&D centers and organizations as the National Engineering Center of China Mobile, Electric Apparatus Research Institute, Institute of Electronics of Chinese Academy of Sciences and Saibao Electronics/Electric Apparatus Testing Laboratory, in addition to 21 provincial and 36 municipal engineering research centers in the said domain.

IV. Remarkable Results in the Construction of Industrial Bases have been Achieved

Geographically speaking, the city’s electronics and IT sector possessed a layout with Guangzhou Science City as the core together with the expansion districts (and county-level cities) of Huadu, Conghua, Zengcheng, Nansha and Panyu, where the construction of industrial bases are in full swing. It will surely form the cluster and scale driving effects of the industry. Located in Guangzhou Development District, Guangzhou Science City has witnessed the formation of industrial chains for 23 categories of electronics and information products, with the cluster of many large enterprises as the leading. The scientific and technical project of Arasor has been put into production in Nansha for the manufacture of electronic components, while several key laboratories and international R&D centers are already in operation or under preparation. The industrial base of 260 hectares as planned in Huangpu District is already equipped with essential facilities and utilities, with the settlement
of famous enterprises at home and abroad. In Panyu District, an innovative cluster and a comprehensive hatching base has been formed, attracting quite a number of well-known photoelectrical enterprises. Furthermore, Huadu District has finished an enterprise cluster of electrical hi-fi's with GGE taking the leading. Moreover, a number of enterprises engaged in electronic products and household appliances have also been conglomerated in Conghua and Zengcheng Cities.

V. Flat Panel Displays (FPDs) and Integrated Circuits have Become the New Highlights

The LCD industry is one of the major projects in the eleventh five-year plan by the Provincial Government of Guangdong. In May 2006, the LG LCD project settled in Guangzhou, becoming another leading sector in the province's LCD development. The project mainly manufactures modules for large-size plasma TVs and small-size LCDs. In 2007, the LG LCD project had an additional investment of USD 495 million, including USD 279 million for its six major supporting projects. With the construction and operation of those projects and the entry of subsequent supporting projects, Guangzhou will become an important LCD production and R&D base that which will certainly enhance the development of the overall FPD industry.

Guangzhou has also laid a good foundation in terms of integrated circuits. The municipal government has promulgated the "Instructions on the Development of Integrated Circuit Industry in Guangzhou" and the "Administrative Measures on the Qualification of Integrated Circuit Enterprises and Products in Guangzhou" in order to encourage the development of the sector. In this regard, Guangzhou has already been in the leading across the nation and reached the advanced international standards in terms of the comprehensive application of integrated circuits. The local enterprises are international top players in terms of design technologies. The manufacturing products of 0.13 microns in line width and 10 ghz in frequency can be acquired. Speaking of the design and development of specific chips, Guangzhou has already endowed with kernel technologies with major fields of mobile communication, information-based household appliances, fiber-optic communication chips & multi-media chips, design of communication satellite products, ADSL chips, Ethernet chips, etc. The company named Rising Micro Electronics has been equipped with the technology to design fiber-optic communication chips of 40G and has developed the first 10G fiber-optic communication chip in China, while the flash memory chips produced by Guangdong Chips System Integration Co., Ltd. are of advanced international standards.
In 2003, Guangzhou Integrated Circuit Design Park was established in the city's Tianhe Software Park, thus providing an industrial base for the cluster development of integrated circuits, especially chips design. As the foundation stone of Guangzhou Nanker integrated circuit project was laid in Guangzhou Science City in 2004, Guangzhou will, as a result, end the history of no wafer plant or monocrystalline silicon plant. The development of the integrated circuit industry will be accelerated, making itself an important base of China's integrated circuit industry in the years to come.

**Development Focus**

I. **Panel Display**

In February 2008, the Provincial Government of Guangdong promulgated the "Administrative Measures on the Funds of Financial Support (Model Production Lines) for the Development of Panel Display Industry in Guangdong Province" and the "Interim Administrative Measures on the Funds of Financial Support (Other Projects) for the Development of Panel Display Industry in Guangdong Province" in order to provide great support for the technical R&D projects of model production lines for LCD integrated manufacturing and OLED of the panel display industry in Guangdong. Guangzhou will grasp this opportunity to strengthen technical understanding, integration and re-renovation in order to form the working mechanism with thorough cooperation between manufacture, make study and research work to enhance the independent innovation of the panel display industry. By making full use of the driving effects of LG LCD project, every effort will be made to thoroughly explore the investment potentials of the full chain of the LCD industry and accelerate the construction of the production bases and support facilities of Skyworth and Matsunichi. Accordingly, the industrial atmosphere and industrial cluster will be fostered, 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 of TFT-LCDs, OLED panel displays and ultra-brightness LEDs of the six-generation or above.

II. **Integrated Circuits (Chips)**

The integrated circuit industry will be improved both in scale and 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, as well as by cultivating and
introducing 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
focus on the introduction 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. Besides,
headways will be made to grasp the opportunity of Taiwan opening its 8-inch 0.18-micron
semiconductor technology to the Mainland in 2007 to focus on introducing well-known
wafer plants from Taiwan to invest in Guangzhou.

III. Automobile Electronics
We will make use of the conglomeration advantages of the automobile industry, with
great efforts to develop the automobile electronic industry. Emphasises will be laid on
the introducing foreign-funded enterprises engaged in electronic sensors and components
for automobile digital audio-visual playing systems, electronic control systems, wireless
communication systems, and security supervision systems.

IV. 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. The focus will 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 in a whole.
Bio-pharmaceutical Industry

Brief Introduction

The three advantaged industry clusters of biomedicine, bio-industry and bio-agriculture and the two distinctive industry clusters of marine life and biological services have been created in Guangzhou. As a result, Guangzhou is recognized as the “national biological industry base” and the “national medicine export base”.

I. A Increasing Industrial Scale
So Far, about 350 enterprises are dealing with biotechnology R&D and production in Guangzhou. In 2007, the gross output value of the city’s biological industry was about 33 billion yuan. The contracted foreign investment was USD 54 million while the actual inflow was USD 21 million. The medical exports attained USD 306 million, an increase of 23.98%, in which the export of medical instruments was USD 197 million, up by 29.96% and accounting for 64.22%; The export of the Western medicine increased by 16.10% to USD 91 million, making up 29.97% of the total while the one of the Chinese medicine, by 6.96% to USD 18 million, accounting for 5.80%.

II. An Obvious Characteristics in Key Fields
Guangzhou has become one of the key bases of bio-pharmaceutical R&D and industrialization of China. Significant progress has been made in genuine Chinese medicinal materials, Chinese medicine extraction and purification, Chinese medicine fingerprint quality control technology, the secondary development of famous and high-quality Chinese drugs and the dosage form R&D of Chinese drugs. The gross technical, industrial and trade income of Chinese drugs exceeded 10 billion yuan. A breakthrough has been made in the
R&D of gene engineering drugs and vaccines, and Guangzhou is leading at home in the fields of bio-pharmaceutics and gene diagnostics. Leading characteristics was clear in the chemical pharmaceutical field, cephalosporin antibiotic materials and preparations with advantage focused on enzyme and biological catalysis, Thus a solid foundation has been laid in bio-agriculture, marine biotechnology, etc.

III. A Perfect Business Environment
Enterprises either at home or abroad are gathering or developing in Guangzhou. For instance, British company Alliance BMP Ltd. has become a shareholder of Guangzhou Pharmaceuticals Corporation to join hands to build the largest Chinese-foreign pharmaceutical distribution joint venture of China. U.S. company Baxter International Inc. has also become a shareholder of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. to produce extra-intestinal nutritional products. The construction of Roche Diagnostics production base project between Roche, the global leader in diagnostics, and Da An Gene is underway. In addition, domestic enterprises have also set up their industrialization and R&D bases in Guangzhou. For example, Yangtze River Pharmaceutical Group has set up its R&D and the largest industrialization base, and Sinobioway Group Co., Ltd. conducts R&D and industrialization in the fields of gene drugs, molecular plant breeding and bio-intelligence computer.

IV. A Sound Development of the Leading Enterprise
Guangzhou Pharmaceutical Holdings Limited ranks top in China in terms of scale and profit. Its sales revenue attained 18.72 billion yuan while the total profit and tax were nearly 1.7 billion yuan, ranking the top among pharmaceutical enterprises nationwide. The core competitiveness and influence of the industry leaders were further enhanced. A number of distinctive small and medium enterprises grew up. Techpool, Da An Gene, Koncen Bioscience and Langsheng Pharmaceutical have successfully developed new products with independent intellectual property rights through independent R&D which is expected to realize substantial development.

V. A Sound Development in the Construction of Relevant Bases
As many as eight biopharmaceutical parks have been established in Guangzhou. They are functionally complementary and distinctive, comprising Guangzhou’s biopharmaceutical industrialization base together. The R&D, pilot test and business incubation has taken shape
focusing on the Guangzhou International Business Incubator, the Entrepark for Overseas Chinese Scholars and the related business incubation bases within the districts. Some bases such as Guangzhou Science City and Guangzhou International Bio-island put the focus on results conversion and industrialization. A total investment of 13.5 billion yuan was fulfilled in Guangzhou Science City throughout the year, where a high-level biotechnology R&D cluster represented by the Guangzhou Institute of Biomedicine and Health, Chinese Academy of Sciences has been created. A complete industrial chain from biotechnology research, pilot test of industrialization has been formed. The Guangzhou International Bio-island has an investment of 1.1 billion yuan aiming at becoming a world-famous biotechnology R&D and pilot test platform. In addition, Two biotechnology companies have already settled in Nansha Biopharmaceutical Base and the Panyu Biopharmaceutical Park is ready to make it the home for biological enterprises.

Development Priorities

I. To Facilitate Investment around Key Fields
We will try every means possible to make investment promotion on such four biopharmaceutical fields as gene engineering drugs, modern Chinese drugs, chemically synthesized innovative drugs and marine drugs. Strives will be made to promote the investment or R&D by the small and medium biopharmaceutical enterprises (including biological vegetable drugs, pesticides and animal remedies). The same focus should also be laid on the new biological drugs (especially gene therapeutic drugs). Small and medium enterprises will be introduced with strong biotechnology R&D capabilities in an effort to cultivate a batch of intermediate material manufacturers.

II. To Develop Biotechnology and Promoting the Modernization of Traditional Chinese Medicine
New controlled and slow release drug system preparations with high technology level and great market potential will be introduced. Jobs will be done to foster pharmaceutical preparations that fill up a domestic gap and develop new pharmaceutical raw materials for preparation production. Foreign investors should be encouraged to help foster the systematic basic research and secondary development of traditionally prepared Chinese drugs, so as to accelerate the international certification of prepared Chinese drugs and the
accession to the international market. The development of new drugs with independent intellectual property rights or expired international patented drugs should be supported to encourage the introduction and R&D of gene engineering and other biotechnology products. The manufacturers of medical instruments, including large precision medical diagnostic equipment, medical monitoring instruments and ultrasonic diagnostic apparatuses should be promoted as well.

III. To Develop the Service Industries in Coordination with Modern Biomedicine

The transnational biopharmaceutical enterprises will be introduced to set up production bases and R&D centers. Efforts will be made to integrate pharmaceutical circulation resources and ally with transnational logistics enterprises to build the South China biopharmaceutical logistics network based. The biological C&E industry should be promoted and global biological forums and fairs, be organized in order to build up Guangzhou's international biological C&E brand. We will spare no efforts to develop the biopharmaceutical R&D service industry, encourage a number of specialized biopharmaceutical consulting and intermediary agencies to provide technical consulting, information and market planning services, thus facilitating the biopharmaceutical diagnostic and testing service industry.

IV. To Make Investment Promotion on Key Target Countries and Companies

Priorities will be put on the projects from such bio-pharmaceutically developed countries and regions as the U.S. and the EU. We will actively introduce the transnational pharmaceutical enterprises and create an industry cluster. Efforts will be made to make the promotion of the achievements in the field of Chinese medicine in Japan, Korea and Southeast Asia. Those prepared Chinese drug projects with great market potential will be selected to conduct investment promotion by means of business referral and technical exchange. Exchanges with the relevant enterprises with cutting-edge biotechnology from San Francisco, Boston, Washington, North Carolina and San Diego in the US, biotechnology and those from Japan, Britain, Sweden and Denmark should be enhanced. In addition to that, investment promotion should be conducted with relevant industry associations, banks, venture capitals and investment agencies from the U.S., Europe and Japan. We will also foster the relevant cooperation with Hong Kong in Chinese medicinal materials testing and standards, the secondary development of traditional Chinese drugs, and the development of Chinese medical healthcare product so as to expand and enrich the scope of cooperation in
Chinese medicine under the CEPA.
Financial Industry

Brief Introduction

In 2007, Guangzhou’s financial market boasted a steady and efficient development in general. The growth rate was efficient and the structure of the monetary, capital and insurance markets were further coordinated. The overall strength and risk resistance of the financial industry has been strengthened significantly while the financial ecological environment was further optimized. So far, Guangzhou’s role as the regional financial center has been further established. An added value of 28.047 billion yuan has been attained in the city’s financial and insurance industries, an increase of 16.1% over the previous year, and a record high in history, ranking the first among the service industries.

I. A Stable Monetary Credit Market
At the end of December 2007, the balance of deposits of Guangzhou’s banking financial institutions was 1478.346 billion yuan, an increase of 10.73% over the previous year while the balance of loans was 966.138 billion yuan, an increase of 99.279 billion yuan as compared with the beginning of the year. In particular, various loans grew rapidly and the focus of credit extension was still medium and long-term loans, thus effectively facilitating the economic growth in Guangzhou.

II. A Historical Breakthrough in the Number of Additional Listed Enterprises
In 2007, 11 enterprises were listed at home or abroad (four at home and seven abroad), raising over 11 billion yuan in funds. The operating quality of the listed companies
improved substantially. Based on the third quarter reports released by 30 listed companies in Guangzhou, a total net profits of 8.313 billion yuan had been attained by September 30, the average earning per share was 0.29 yuan and the average net return on assets arrived at 8.68%, composing the increases of 114.5%, 40.1% and 2.04% over the same period in 2006 respectively.

III. A Sustained, Rapid and Sound Development in the Insurance and Securities Markets
The insurance services grew rapidly. In 2007, the premium income of Guangzhou’s insurance industry grew by 29.7% to 22.75 billion yuan. This was the fourth consecutive year of double-digit growth. In particular, the premium income of property insurance was 6.671 billion yuan, an increase of 26.5% and that of personal insurance, 16.079 billion yuan, up by 31%. As much as 5.428 billion yuan worth of insurance indemnities was paid with an increase of 35.9%, in which 2.948 billion yuan was paid for property insurance, a growth rate 35.8% and 2.48 billion yuan for personal insurance, an increase rate of 36%.
By the end of the year, there were altogether 2 securities companies, 119 securities operators and 34 enterprises listed on the securities market in the whole city. 6 new stocks were issued throughout the year, and a total of 10.025 billion yuan was raised from the domestic securities market.

IV. A Further Improvement in Spatial Planning of the Financial Industry
There was a significant clustering effect in the Zhujiang New Town Financial CBD. With the implementation of the special monetary fund and the subsidy policy for Guangzhou’ s financial industry, more and more Chinese and foreign-funded financial institutions have made their settlement there. By now, as many as 12 financial institutions have already been settled in the area followed by five other foreign-funded financial institutions.
A financial innovation service zone is being planned and constructed in Guangzhou. Based on the developed hi-tech and electronic information industries in the Guangzhou Development District, a financial innovation service zone is scheduled in the district to attract relevant talents, materials, funds and information of financial institutions in the district. We will promote financial innovations and improve the overall level and quality of Guangzhou’s financial industry by setting up a financial innovative R&D platform, carrying out financial service innovation pilots and developing background financial services.
Key Industries • Finance Industry  •  91 •

Development Priorities

I. To Introduce Strategic Investors to Strengthen Local Financial Institutions
We will continue to promote the reorganization of Guangzhou Commercial Bank, introduce strategic investors, improve the corporate governance structure and the market competitiveness. Headways will be made to support the deepening of the economic restructuring of the Municipal Rural Credit Cooperative Union and develop it into a higher ownership structure. We will support the Guangzhou Enterprises Mergers and Acquisitions Services to play its key function as a capital market, drive regional title transactions and strengthen the Guangzhou Enterprises Mergers and Acquisitions Services. Other efforts will be made to support Guangzhou Securities and Wanlian Securities to increase capital and shares, extend business, and make it optimized by merger and reorganization. Strong strategic investors worldwide will be introduced to participate in the reorganization of trust investment companies and explore the possibility of founding automobile financial companies. Through the above reform and development measures, a local financial layout as a central city with solid strength and distinctive features will be created.

II. To Develop and Explore the Capital Market to Build a Financial Platform
The first is to promote the listing and development of enterprises. On the basis of the work on enterprise listing in 2007, we will foster the candidate listed-enterprises; strengthen the support and coordination to make them listed with the target figure of about 10 enterprises throughout the year. We will guide the existing listed companies to pursue strategic assets restructuring, realize integration with the city’s advantaged resources and pillar industries and make further expansion. The second is to further strengthen the coordination and communication with the competent state organs, and try to restore a futures exchange in Guangzhou. The third is to strive for the state and provincial support, and establish a regional title transaction market platform that is based in Guangdong and influential in Pan-Pearl River Delta. The fourth is to make declaration for the pilot park of the equity transfer system for entry into the Guangzhou New and Hi-tech Industrial Development Zone and try to make them on the list. The fifth is to grasp the opportunity of the state reform of the bond issue system to explore possibilities of developing the bond market, and broaden the channels of funding for pillar industries and key projects. The sixth is to track the trend of securitization of business assets and industrial investment funds so as to promote the
III. To Improve the Financial System to Facilitate the Investment Promotion in Finance

The implementation of the "Opinions on the Energetic Development of Guangzhou’s Financial Industry", and "Some Detailed Implementing Rules for the Opinions of Guangzhou Municipality for Supporting the Development of the Financial Industry" and other relevant policies will be checked. In the new situation of full opening up of the banking industry, we will draw on experience from other central cities and revise the prevailing financial policies to highlight the features and benefits of Guangzhou’s financial policies. We will enact and fulfill the Procedures for the Reward of Development Innovations and Prominent Contributions in Guangzhou’s Financial Industry to promote financial innovation. Other efforts will be done to enact Some Opinions on Driving the Listing of Our City’s Enterprises as soon as possible, accelerate the listing of enterprises, and support the listed companies to become more robust by integrating resources. We will study and enact supportive policies for pilot enterprises of equity transfer in the agency system and for the building of the title transaction market platform.

Initiatives will be taken to make investment promotion in finance and other key areas, grasp the favorable opportunity of fast opening up in the financial industry to strengthen exchanges with financial institutions in the Europe East Asia and Southeast Asia, including Hong Kong, Macao and the Pan-Pearl River Delta. We will spare no effort to promote cross-regional exchanges and cooperation in management, talents and technology with domestic and foreign financial institutions, and improve the level of the city’s financial services. The development of the financial headquarters economy will be accelerated to introduce organizational, regional, operational, background headquarters and R&D departments of foreign-funded banks, insurance, securities, fund management and assets management companies of strong cohesive force so as to foster the financial development based on the financial headquarters economy.

IV. To Further Speed up the Construction of the Financial CBD to Form a Financial Cluster

We will accelerate the development and construction of the Zhujiang New Town Financial CBD. Services will be improved to attract more organizational and regional headquarters of financial institutions worldwide. Exchanges will be carried out with the Guangdong branches
of the central financial regulatory authorities and relevant financial institutions and guide them stationed in the Zhujiang New Town Financial CBD, making it a financial management hub and a center of commercial and financial institutions. By making the advantages of the Guangzhou Development District in hi-tech innovation and activity. The construction of the Guangzhou Financial Innovation Service Zone will be quickened so as to carry out financial innovation studies financial service innovation pilots and develop background financial services, undertake outsourcing services either for international market or Hong Kong, Macao and mainland.
Convention and Exhibition Industry

Brief Introduction

Guangzhou is one of the most active Chinese cities in terms of convention and exhibition (C&E) economy. This has not only attracted global attention, but also highlighted the unique charm of Guangzhou in geographic location, industrial development and infrastructure. In 2007, 290 fairs and 950 conventions of above 100 people were held in the major exhibition venues of Guangzhou, with an exhibition area of 3.2431 million square meters, and a handling capacity of 7.1587 million person times both at home and abroad.

I. A Superior Environment
Guangzhou boasted one of the active exhibition and convention economy centers all over the country and ranks the third in terms of overall strength among the top ten cities of China. The well-established industry cluster, the strong industry development capability, the excellent economic base, the vast consumer market and the strong industry advantages facilitate the development of Guangzhou’s C&E industry effectively. The Guangzhou International Convention & Exhibition Center, the Baiyun International Convention Center, the Liuhua Complex and the Jinhan Exhibition Center are equipped to host fairs of different sizes and classes. The three-dimensional traffic system, the ever-improving urban ecological environment, the perfect urban infrastructure and the excellent integrated service capability serve as a strong backbone of the C&E economy in Guangzhou.

II. A Sound Industrial Service System
The C&E industry has been included into the Eleventh Five-year Development Program of Guangzhou by the municipal government. A series of policies has been issued to promote the
development of the C&E industry. The Opinions on Strengthening the Administration of the C&E industry of Guangzhou will be implemented in all aspects, and the temporary customs supervised warehouses for international exhibits will be put into use. The customs clearance formalities for overseas customers has been streamlined and transportation, custody, entry/exit and other exhibition costs of imported exhibits have been reduced. The work to conduct coordination, management and service functions under one roof (one stop –service) has been enhanced and well-known international exhibitors have been encouraged to participate in the development of Guangzhou’s C&E industry.

III. An Active Industrial Exchanges

In 2007, “Personal Care Ingredients Expo” by Britain-based Reed Exhibitions was introduced into Guangzhou for the first time, “Ani-Com Guangzhou Expo” and “China Sign Fair” were held together with HK-based In Express Expo Limited and Germany-based Messe Hannover respectively. The “International Cooperation Conference for Asia-Pacific CEOs & Provincial Governors and Mayors” was held for the first time. On the basis of the C&E cooperation among Guangzhou, Hong Kong and Macao, the mechanism of C&E cooperation among the provincial capitals in the Pan-Pearl River Delta was discussed. Overseas market survey missions were organized to draw on the experience of famous foreign C&E cities to expand the interaction and cooperation with the foreign C&E circles.

IV. A Expansion of Branded Fairs and Exhibition

In 2007, the Canton Fair, renowned as the “Prime Fair of China”, was renamed as the “China Import and Export Fair” (CIEF) and held at the Liuhua and Pazhou complexes in two phases, with the two major exhibition areas for imports and exports respectively. The 102nd CIEF had an exhibition area of 635,000 square meters, involved 15,054 exhibitors and nearly 190,000 overseas purchasers from 213 countries and regions. While promoting Guangzhou's C&E industry, the CIEF has fostered the development of the C&E industry in the cities around the Pearl River Delta, Hong Kong and Macao. Such integrated local fairs as the Guangzhou Fair, has also taken shape. The 2007 Guangzhou Fair had an exhibition area of over 60,000 square meters, over 3,000 exhibition spaces and involved 13 foreign countries and regions, and over 40 provincial or municipal governments of China. Meanwhile, specialized fairs were held to foster the pattern of “self-running fairs, joint-running fairs and foreign-running fairs”. Numerous specialized fairs in fire safety, advertisement, agriculture, animation, etc. were held in collaboration with domestic and foreign exhibition companies
and industrial associations. In particular, the Guangzhou International Beauty & Cosmetic Import-Export Expo and the Guangzhou International Lighting Exhibition and Electrical Building Technology China have become Asia’s number one specialized fairs of its kind.

Development Priorities

The development of the C&E economy will be developed by taking the opportunity of CIEF renaming. The host of the Asian Games and the great development of the service industries. The C&E industry will be oriented to market, specialization, legal management, industrialization, internationalization and benefit integration, which will accordingly make it one of the new pillar modern service industries in Guangzhou.

I. To Optimize the Development Environment

The government function of macroscopic management should be furthered to increase the weight of policy support and improve the system of laws and regulations concerning the administration of the C&E industry. Strives will be made to expedite the legislation of the Regulations of Guangzhou Municipality on the Administration of the C&E Industry and push on the implementation of the Opinions of Guangzhou Municipality on the Protection of intellectual Property Rights for Exhibitions in all aspects. The function as a one-stop C&E service center will be enhanced to strengthen the coordination and collaboration among the municipal C&E office, administration for industry and commerce, foreign trade and economic cooperation, customs, inspection and quarantine, intellectual property right, urban management and public security departments. A scientific plan on the C&E industry will be launched to incubate a C&E focal functional zone of Guangzhou. And the C&E facilities, hotels, traffic and other infrastructure should be improved to provide a sound development environment to the C&E industry.

II. To Improve the Internationalization of Guangzhou’s C&E Industry

Competitive C&E enterprises with an independent brand will be encouraged to cooperate with well-known peers and branded fairs around the world, in order to promote mutual cooperation and interaction. More world-famous C&E enterprises and fairs will be introduced to Guangzhou, especially those from Germany, Britain, France, the U.S., Hong Kong and Macao. We will relocate large international specialized branded fairs in the fields
of machinery, biology, chemicals and electronic information. Headways will be made to spur C&E enterprises and venues to be certified to the Union of International Fairs (UFI) in order to further expand the international awareness and influence of Guangzhou’s C&E industry. Besides, development of self-owned world-famous fairs will be quickened to encourage strong C&E enterprises to “go global” to develop the global C&E service market.

III. To Support the Development of C&E Enterprises and Brand Fairs
By tapping all C&E enterprises resources of the city, efforts will be made to support some highly specialized C&E enterprises with high service level and solid strength to grow robust and foster leading C&E enterprises mainly. C&E enterprises will be encouraged to organize and build up large C&E business groups by means of joint venture, cooperation, acquisition, restructuring, franchising, etc. by using capital or branded fair as the tie, and promote the industrialization and up-scaling of Guangzhou’s C&E industry. The focus is to support a number of well-founded and promising branded fairs, drive them to establish strategic industry alliances and guide them to run specialized branded fairs with industrial and local characteristics.

IV. To Cultivate International C&E Professionals
Efforts will be made to cultivate international C&E talents, make eligible institutions of higher education to set up the discipline of C&E economy management and establish a database of C&E related talents. We will give play to the brand effect of the CIEF and the talent clustering effect of Guangzhou as a central city, and implement a talent introduction strategy. The training of talents in C&E planning, management, marketing and service will be carried out to improve the professional qualifications of jobholders and build a team of C&E professionals required.

V. To Make Great Promotion
Campaigns will be launched to promote the C&E industry in Guangzhou. Initiatives will be made to improve the citizens’ sense of C&E economy and create an urban C&E culture. By making the C&E industry as an integral part of urban image promotion, the influence and awareness of Guangzhou’s C&E industry will be hammered. The role of the C&E brand of “CIEF” will be enhanced to optimize investment environment to attract more customers and exhibitors to come in.
Logistics Industry

Brief Introduction

In 2007, Guangzhou’s logistics industry developed safe and sound. A total freight volume of 456 million tons has been achieved with an increase of 6.79% over the previous year. The passenger throughput of the Baiyun International Airport attained was 30.9551 million person-times, ranking the second among all mainland airports and making it one of the largest air terminals in the world. The cargo handling capacity of the Guangzhou Port attained 341 million tons, in which the container handling capacity was 9.2036 million TEU, an increase of 38.3% over the previous year. There are about 2,600 operators of freight and related services throughout the city, in which 633 have been registered as an international freight agent. Supported by the Guangzhou E-port logistics information platform, an excellent network of highways, railways and navigational channels that consists mainly of air and port logistics, with logistics parks and new freight stations being nodes and has taken shape.

I. A Superior Regional Location with Great Development Potential
The Pearl River Delta enjoys the most intensive network of industrial bases in the world with a huge cargo output. Being one of the most important port cities conducting foreign trade in China, Guangzhou is in the leading logistic position in terms of its huge freight and the regional hub. This provides a great market potential for Guangzhou to develop modern logistics industry.

II. A Perfect Infrastructure and a Solid Foundation of Logistics
The traffic infrastructure required to develop modern logistics is already in place, where
a three-dimensional land, marine and air traffic hub has largely taken shape. The Baiyun International Airport is one of the three air hubs of China. Guangzhou Port serves as the largest international seaport in the Southeast Coastal Region. A railway network of the Beijing-Guangzhou, Guangzhou-Shenzhen and Guangzhou-Maoming Railways in Guangzhou has been formed. Speaking of the highway network, it consists of nine expressways and four national highways, namely, the Round-the-city Expressway is connected to different expressways and national highways. Besides, the North Second Ring Expressway has been completed.

III. A Great Potential of Air Logistics
After the completion of the Baiyun International Airport, the air-freight volume has risen greatly. The cargo and mail throughput of the airport was 895,000 tons. 15 international airlines were added throughout the year. By the end of 2007, over 140 regular domestic and foreign airlines had been initiated at the Baiyun International Airport, including 53 international airlines.

The FedEx Asia Pacific Hub Project is in smooth progress. A cumulative investment of 2.2 billion yuan was fulfilled in the main part of the project in 2007, and an overall progress of 90% has been attained. It is expected that after the hub is put into production, it will generate a cargo and mail throughput of 600,000-800,000 tons per annum, which will greatly promote the development of the logistics and manufacturing industries in South China.

IV. A Rapid Growth in Port Logistics
By 2007, altogether ten 100,000-ton deep-water container berths had been built in Nansha Port Area, with a berthing length of 3,500 meters. It will meet the operating requirements of the most advanced and largest container ships in the world. At present, as many as 26 sea routes will be conducted by the Nansha Port, including 18 international routes and 8 domestic routes. In 2007, Nansha Port Area fulfilled a container handling capacity of 4.4 million TEUs. Meanwhile, the expansion project of Guangzhou Port has greatly boosted the port’s throughput capacity effectively.

V. A Significant Rise in Logistics Information Application
The Guangzhou E-port is the first one-stop service platform for customs, inspection, quarantine, maritime affairs, frontier defense and port operations of China. The seaport and airport community systems at the startup stage of the Guangzhou E-port have been
completed, and all areas of the “streamlined customs clearance” project interconnected, providing the administrative authorities and logistics enterprises with one-stop services at significantly higher logistics efficiency and service level.

VI. A Rapid Development of the Third Party Logistics

Based on the advantages of the Baiyun International Airport and the Nansha Port, more and more headquarters of large logistics enterprises and regional headquarters of foreign-funded logistics enterprises have been set up. By 2007, except the FedEx Hub, the Nansha headquarters of Maersk and the regional business headquarters of BAX, 15 international logistics giants, including UPS, Nippon Express, NKY, Maersk Denmark and TNT, have also made their destination of investment in Guangzhou. In coordination with Guangzhou’s automobile industry, such foreign-funded automobile logistics enterprises, as Futian Nikkon, Toyotsu, Fengshen Logistics, have settled down, greatly facilitating the development of the third party logistics in Guangzhou.

VII. A Considerable Scale of Foreign-funded Logistics Enterprises

In 2007, foreign-funded logistics enterprises (excluding commercial enterprises) grew rapidly, with number of projects arriving at 20. The contracted foreign investment was USD 226 million while the actual inflow, USD 100 million. With the introduction of rail traffic projects, and supplementary activities for road and water transport, the size of foreign-funded logistics projects (excluding commercial enterprises) increased to some extent. The average size of contracted foreign ones was USD 11.2825 million in 2007.

Development Priorities

I. To Further Develop the Modern Logistics Infrastructure

Efforts will be made to further the construction of the “3+5” logistics parks (the three international hub logistics parks of the Airport, Huangpu and Nansha, and the five regional integrated logistics parks in Baiyun, Huadu, Fangcun, Panyu Districts and Zengcheng City). Priority will be put to improve the traffic network, further optimize the distribution of the logistics industry, integrate the urban logistics market, expand the size and improve the level of the logistics industry.
II. To Actively Introduce and Incubate Large Logistics Enterprises
We will continue to conduct the investment promotion with large international logistics enterprises, and attract more world-famous logistics enterprises to set up their headquarters in Guangzhou by taking the opportunities of the settlement of such world-famous logistics enterprises as FedEx, UPS and BAX. The purpose is to further strengthen the cluster of large international logistics enterprises, and improve the driving force and make it influential in South China, even the whole country and Southeast Asia as well. The international cooperation and exchanges in the logistics field will be enhanced to promote the strategic cooperation of domestic and foreign logistics enterprises, and foster a number of logistics giants with a prominent main business and strong core competence.

III. To Guide Foreign Investment to the Third Party Logistics
Preferential policies should be enacted to attract foreign investors to invest in Guangzhou’s third party logistics and promote the development of third party logistics enterprises in Guangzhou. Endeavors will be made to expand the opening up of the logistics field to introduce large foreign third party logistics enterprises with advanced management approaches and solid strength to operate by sole or joint investment. The scale of operation and level of the existing third party logistics enterprises should be upgraded by encouraging joint investment, cooperation and consolidation. It is also our aim to promote management and technical innovations of logistics enterprises with focus on improving service quality and reducing logistics costs.

IV. To Further Support Nansha Port Area and Guangzhou Port
The construction of the Nansha Port Area and its channel should be conducted to prepare for the third phase of the Nansha Port Area Project to build six 100,000-ton container berths. Jobs will be done to implement the third phase of the Guangzhou Port Sea-going Channel Project. Measures will be adopted to explore the possibilities of integrating the Guangzhou Port with the nearby port resources to create a clearly-defined, rationally divided complex of international hub ports, auxiliary ports, trunk-line ports and feed ports.

V. To Pursue “Streamlined Customs Clearance” to Improve customs Clearance Efficiency
The results of the reform of the customs clearance pattern will be consolidated to extend the scope of application of streamed customs clearance, and provide convenient quality services
to more faithful enterprises. We will deepen the implementation of the streamlined customs clearance project at key ports, and issue the *Implementing Opinions on Further Improving the Customs Clearance Efficiency of the Guangzhou Baiyun International Airport*. Besides, strives will be made to improve the port customs clearance and logistics environment greatly, and quicken the steps of the construction of the Guangzhou Bonded Logistics Park, the Nansha and Baiyun Airport Bonded Logistics Centers (Type B) and the Nansha Bonded Port Area.
Outsourcing

Brief Introduction

The international service trade in Guangzhou has been constantly increasing in size and level and the service outsourcing industry is developing rapidly. Nowadays, Guangzhou ranks the top among the major cities of China in terms of scale and growth rate. On December 27, 2007, Guangzhou was recognized as the “Service Outsourcing Base City of China” jointly by the Ministry of Commerce, the Ministry of Information Industry and the Ministry of Science and Technology.

I. A Stronger Leadership of Service Economy and Larger Size of Service Trade
In 2007, Guangzhou’s service added value reached 407.28 billion yuan, an increase of 14.1% over the previous year, ranking the third among the Chinese major cities in terms of total volume. The service added value accounted for 57.76% of gross regional output value, the second, only next to Beijing. The per capita service product possession attained 35,917 yuan, ranking the first among the major cities. Guangzhou’s service trade volume was about USD 9.5 billion while the total amount of registered service outsourcing export contracts exceeded USD 200 million.

II. A Faster Capital Introduction in Service Outsourcing
Newly approved contracted foreign investment in the service industries was USD 3.95 billion accounting for 56.15%, and the actual utilization of foreign investment reached USD 2.074 billion, an occupation of 63.12%. Their growth rates were 96.81% and 85.34% respectively. The logistics, software, wholesale trade and business service industries saw fast growth. Particularly, substantial growth took place in the scientific research and technical
service industry, computer service and software industry, business service industry and logistics industry. Transnational corporations invested more in the modern service industry, including such worldwide modern service projects as the Microsoft (China) Industrial Base, the IBM Software Innovation Center, the Intel Guangzhou International Security Data Solution Center, Besco, and Sierra Atlantic.

III. An Aggregative Development of Service Outsourcing Enterprises

The enterprise groups with solid technical foundation and large industrial scale have come into being. They distributed mainly in such fields as system software design, data processing, system application and basic technical services, in-house management and supply chain management, i.e. the data management service enterprise groups mainly including HSBC Electronic Data Processing Guangdong Limited, East Asia Electronic Data Processing (Guangzhou) Limited, Elite Info Co., Ltd. (Guangzhou), and Intel. The system development and application service teams mainly included HSBC Electronic Data Processing Guangdong Limited, Guangdong Whizen Technologies Co., Ltd., Guangzhou NetEase Interactive Entertainment Ltd., GCI Science & Technology Co., Ltd, Transcosmos Software Technologies (Guangzhou) Co., Ltd.. The supply chain management service teams were composed of Guangdong SuperLink Software Development Ltd., Guangdong Information & Engineering Co., Ltd., and P.G. Logistics; and the in-house management. Besides, the operational service teams were mainly from Bamboo Technologies, VisionSky Information Science & Technology Ltd., and PCCW Guangzhou.

IV. A Faster Development in Tapping the International Service Outsourcing Market

Four software-outsourcing enterprises have already set up their branches abroad. The international market is being developed by conducting service outsourcing investment promotion, organizing enterprises to participate in such fairs as the Gartner Outsourcing Summit and the International Information & Communications Technology Expo. Guangzhou Municipality has set up the Guangzhou Software (Hong Kong) Cooperation Center in Hong Kong and entered into the Guangzhou-Hong Kong software cooperation agreement with the Hong Kong Software Outsourcing League, greatly accelerating Guangzhou-Hong Kong software cooperation.

Development Priorities
I. To Enhance the Investment Promotion in Such Key Fields as System Application Development, Financial Data Services, Industrial Design R&D, Animations and Online Games, Personnel Management, Customer Care, and Supply Chain Management

With the implement of the strategy of "secondary industry giving way to tertiary sectors in the downtown area". We will guide foreign capital to the knowledge-intensive offshore service outsourcing operations. The major foreign-funded service outsourcing projects with a strong industry-driving role and a high technology level will be introduced based on the new prevailing trends of further opening up and the relocation of the service industries in order to make new breakthroughs.

II. To Promote the Outsourcing of High-end IT Services in the Fields of Finance, Telecom, E-government, Online Games, Business Administration Information System

We will strengthen the R&D of information system integration, information system operation and maintenance services. Efforts will be initiated on IPv6-based next generation Internet technology so as to promote system application services, including business intelligence (BI), mobile value-added services, digital content services, e-business platforms, office automation (OA system), e-government, online games, and games on mobile phone or any other mobile terminal. Other strives will be taken to encourage IC design in automobile electronics, electromechanical control, digital television, digital home, intelligent instruments and numerically controlled equipment.

III. To Promote Productive Service Outsourcing Relating to Product Development and Design, Storage and Logistics

The outsourcing of industrial design, consulting agency, scientific and technological R&D will be facilitated, including other high-end value added operations, as well as supply chain management services. We will provide purchasing management, transport, storage package design and order processing services to processing and manufacturing enterprises. Also, other efforts will be made with focus on background management, processing and integration services for banking, insurance, medical, taxation, financial, logistics, human resources and legal data. Headways will be made on the development of knowledge process outsourcing (KPO) in movie and television design, artistic creation, performance design,
advertising design, architectural design, creative design, artwork design, etc. We will make ways to promote after-sales product service (technical support, telephone coaching, repair service) and services for such operations as call center and request (claim, etc) processing.

IV. To Build Characteristic Demonstration Zones and an Aggregative Development Base for Enterprises

Service outsourcing clustering demonstration zones will be constructed to improve the development environment. Measures will be adopted to attract the relocation of outsourced operations within multinational enterprises and foster and pool a number of domestic and foreign service outsourcing enterprises dealing with offshore outsourcing. Initiative will also be made to create service outsourcing demonstration zones of their respective characteristics. In Guangzhou Economic and Technological Development District, such advantaged fields as software design, biological R&D, financial services, intermediary services and modern logistics will be developed. Within Nansha Development Zone, those hi-tech outsourcing services as industrial R&D and new technology development should be optimised. In Tianhe Software Park, efforts will be made to foster the construction of special software outsourcing areas mainly, and develop the outsourcing of various software design services. In Huanghuagang Information Park, steps will be taken to quicken the rapid development of the creative, animation and online game and movie and television culture industries mainly. In Zhujiang New Town Financial CBD, a financial service outsourcing zone focused on financial services and data processing, will be built while in Yuexiu District, Liwan District and Conghua City, creative design zones focused on animation and design will be constructed.
Industrial Bases and Parks
Automobile Industry Bases

Guangzhou Automobile Industry Base, with a planned area of 100 sq km, comprises 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 Ministry of Commerce and Development and Reform Commission.

Eastern Automobile Industry Cluster

I. Brief Introduction

Eastern Automobile Industry Cluster consists of the Automotive Base of Guangzhou Economy and Technology Development Zone (including Export Processing Zone), Huangbu Automobile Industry Park and Zengcheng Automobile Industry Park.

i. The Automotive Base of Guangzhou Economic and Technological Development District (including Export Processing Zone) is only 22km away from the Guangzhou downtown, 120km to Shenzhen and 65 Nautical miles from Hong Kong. Branch lines of Beijing-Kowloon Railway and Guangzhou-Shenzhen Railway stretch to harbors in the district. Among the ports in the base, New Huangbu Port, which is 41km to Guangzhou Baiyun International Airport, has the annual handling capacity of 15 million tons. Guangzhou Economy and Technology Development Zone is one of the key automobile industry bases in Guangzhou. 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 APAC, JATCO Automatic Transmission, Showa Auto Parts, etc. Guangzhou Export Processing Zone is the only existing export processing zone in China qualified for complete vehicle projects. The export base of Honda Automobile (China) Company in the zone, 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.

**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 adjacent to Huangbu Port – one of the top-ten Chinese harbors. Being 120km to the east of Shenzhen, 65 nautical miles to the north of Hong Kong, 40km away from Baiyun International Airport, the park enjoys a convenient transportation with East Guangyuan Express Way, National Highway 107, East Guangzhou 2 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 and Dongfeng Honda Engine Plant produces 360,000 engines per year. 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 Park**

Zengcheng Automobile Industry Park lies in east Guangzhou next to Guangzhou Development District. The park, with Guangzhou-Kowloon Railway running across in the south and Huangbu 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 3 Ring Highway, Guangzhou-Shenzhen Expressway, etc. It takes no more than 50 minutes drive to Guangzhou Baiyun International Airport and Shenzhen Bao’an International Airport.

The total construction area of Zengcheng Automobile Industry Park is 30 sq. km, in which the Phase I takes up 10 sq km. Over 80 auto and auto parts manufacturing companies scatter around the park. Guangzhou Honda No.2 Plant has accomplished its phase I construction with production capacity of 120,000 passenger cars, and phase II construction project, to start construction in 2008. This will double the plant’s annual production capacity accordingly.

**II. Development Priority**

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, automobile exhibition area and so on.

Southern Automobile Industry Cluster

I. General Introduction
The Southern Automobile Industry Cluster comprises the Nansha International Automobile Industry Park and Panyu Automobile Research & Development and Manufacturing Base of Guangzhou Automobile Industrial Group (GAIG).

i. Nansha International Automobile Industry Park
Located in Nansha Economy and Technology Development Zone in the south of Guangzhou, Nansha International Automobile Industry Park covers an area of 21.5 sq km. It also resides in the geometrical center of Pearl River Delta and near Pearl River Estuary. At present, Guangzhou Metro Line 4 has stretched to Nansha Economy and Technology 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.

Phase I and Phase II projects of Nansha Development Zone 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.

Nansha Automobile Dock of Guangzhou Port, which occupies 420,000 square meters, is set up in the park. Phase I project of the dock has been completed and put into use while Phase II project will be soon completed by the end of 2008. By then, the dock will boast a yard area of 370,000 square meters and 48 loading terminals, all of which will accommodate 3,600 cars at the same time. When the whole dock is put into use, it will contribute to establishment of a smooth marine logistic channel for auto and auto parts, turning Guangzhou Port the largest auto logistics hub in Asia.

Nansha International Automobile Industry Park 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. The park can function simultaneously for complete vehicle and engine manufacturing, auto parts manufacturing, automobile research & development, logistics, trading and other comprehensive services. Guangqi Toyota Engine Co., Ltd. has achieved the phase I production of 200,000 engines, and Guangzhou Toyota Motor Co., Ltd. has realized an annual output of 120,000 passenger cars. Block B, with an area of 1.5 sq km, is a high-standard international industry park.

ii. Panyu Automobile Research & Development and Manufacturing Base of GAIG

Panyu Automobile Research & Development and Manufacturing Base of GAIG is situated in the complete vehicle and auto parts manufacturing area of Panyu Hualong Modern Industry Park. 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 Huangbu Bridge. Guangzhou Higher Education Mega Center and Guangzhou New Town are next to the base.

The base covers an area of 1.5 sq km with the gross investment of 6.8 billion yuan. The research and development area in the base occupies 0.3 sq km with the investment of 3 billion yuan. And the manufacturing area takes up 1.2 sq km. The Phase I investment was 3.8 billion yuan. By following the mode of overall plan, step-by-step implementation and rolling development and through integrated utilization of domestic and foreign resources, a comprehensive research & development and manufacturing base will be set up by the end of “eleventh five-year plan” period. It enjoys the functions of designing, developing, testing and manufacturing complete vehicles, power assemblies and key auto parts.

With Automobile Engineering Research & development Institute as the leading force, Automobile Researching & Development and Manufacturing Base of GAIG undertakes the responsibility for research and development of independent technologies and independent-branded products. It is anticipated that after a few years of efforts, the base will be able to constantly provide a range of complete vehicles, engines and transmissions for GAIG Manufacturing Base, and own the full capacity of developing automobile products based on market demands and international competitiveness.

The construction of the base marks a new breakthrough in the history of Guangzhou in
independent research and independent-branded products. Moreover, the base will further strengthen international competitiveness and sustainable development ability of Guangzhou’s automobile industry, thus greatly enhancing the position of Guangzhou’s automobile industry worldwide.

II. Development Priority
Nansha International Automobile Industry Park boasts an annual output capacity of 700,000 engines and 400,000 passenger cars in 2010. Automobile Research & Development and Manufacturing Base of GAIG focus on production of independent-branded passenger cars and power assemblies with its targets as follows: the production capacity of the complete vehicle plant reaches 100,000 vehicles per year after completion of Phase I project and 200,000 vehicles per year after completion of Phase II project; the Engine Plant Phase I reaches 100,000 per year after the completion of Phase I and 250,000 per year after completion of Phase II project. The first product will be the three-compartment luxury car which, featuring safety, environment protection and energy saving, will be unveiled to the market in 2010.

Northern Automobile Industry Cluster

I. General Introduction
Northern Automobile Industry Cluster comprises Huadu Automobile City and Conghua Vehicle and Auto Parts Industry Base.

i. Huadu Automobile City
The planned area of Huadu Automobile City amounts to 50 sq km with Phase I area taking up 15 sq km. Located in the northwest of Guangzhou, the auto city 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. Fourthly, Huadu Port nearby is able to handle 100,000 dwt standard cargos and 850,000 dwt bulk cargos per year with Baiyun International Airport, one of the top three airports in China within the jurisdiction of Huadu District.
Huadu Automobile City has attracted some 130 projects involving automobile business including Global Fortune 500 such as Nissan, YOROUZ Auto Parts, UNIPRES Stamping, HITACHI, Calsonic Kansei, etc. Among which, Dongfeng Nissan Passenger Vehicle Company has a production of 270,000 vehicles per year and a project of 240,000 engines. In addition, Automotive College of South China University of Technology lies in Huadu Automobile City, providing over 1000 automotive majors for the Huadu Automobile City every year.

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 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 Huangbu Port. Its gross planned area is 12.67 sq km, among which the Phase I construction covers an area of 6.67 sq km. Adhering to the principle of “high-level layout, high-standard construction and high-speed development”, 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). The related service facilities covers the industrial and commercial administration, taxation, banking, schooling, healthcare, accommodations and hotels. Moreover, in order to absorb investments of complete vehicle and auto parts enterprises, Conghua has formulated preferential policies for industrial development. In the mean time, services of warehousing, logistic, port, production matching and investment, etc. will be further optimized. 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
With Dongfeng Passenger Vehicle Company as the leading force, Huadu Automobile City emphasizes research and the manufacturing of auto parts and the related service industries. The auto city has developed 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.

The manufacturing of commercial vehicles will be accelerated in the Conghua Vehicle and Auto Parts Industry Base. 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.
The Demonstration Districts of Service Outsourcing

I. Guangzhou Development District

Along with the rapid development of modern service industry, service outsourcing, the development of six advantaged will be in the following fields: software designing, research and development, creative designing, commodity inspection and testing, finance innovation, management consultation service and modern logistics service, etc. Up to date, there have been nearly 100 software companies of various kinds registered in the zone, with the total operating revenue of 2.7 billion yuan. Three of the companies have passed the certification of CMM/CMMI, among which Superdata Software and Bamboo Computer have passed the authorization of CMMI level 5. Over 50 foreign funded service outsourcing enterprises from 15 different countries and regions have settled here, bringing a gross investment of about USD 200 million, of which information technology outsourcing (ITO) and business process outsourcing (BPO) account for 45% and 55% respectively. The number of annual accumulated agreement of service outsourcing has exceeded 30, involving total agreement value of about USD 200 million. At present, major service outsourcing enterprises are Microsoft, IBM, ORACAL, Intel, BEA, Whizen, etc.

The zone has founded Guangdong Software Outsourcing Association with supports from Guangdong Top Soft Park, Software Service Center of Guangdong and software companies in and outside the zone. Furthermore, the zone has made great efforts to find software-outsourcing opportunities in EU and the US, shoulder software-outsourcing tasks and support the software companies in the aspects of standard management, quality control, human resources service and technology service. Besides, within the zone, a series of research & development areas, covering a construction area of 370,000 square meters all together, have been established, such as Guangdong Software Science Park, Guangzhou
Science & Technology Innovation Base, Guangzhou International Business Incubator CHITONE Information Industry Park, etc, to provide comprehensive, high-level and good quality services for science & technology enterprises of different kinds.

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 involving research & development, commerce and business. The district will become the optimum area for modern service and service outsourcing business. We 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 project here. Our target is, by 2010, the number of domestic service outsourcing companies will reach 100 and that of well-known foreign service-outsourcers exceeds 30.

**The development and Investment Promotion Focus:** firstly, to actively open up Japanese and South Korean markets and import and undertake service process outsourcing in major fields of vehicle and auto parts designing, household appliances designing, sales service, system management. Secondly, to give priority to information technology outsourcing services involving information system designing, development, operation and maintenance, and to provide business process outsourcing services in fields of technology research and development, financial back-office service, human resource management, supply chain management, data processing and analysis, commodity inspection, game and animation design, commercial agency, logistics management, etc. Thirdly, to develop international service outsourcing by accelerating the introduction of a number of large-scaled domestic and foreign outsourcing enterprises, cultivating both local service outsourcing companies with independent technologies and brands, and leading enterprises qualified for undertaking outsourcing services in the international high-end market. Through these joint efforts, the zone builds itself into a service outsourcing cluster district with the largest scale and greatest potentiality in South China.

### II. Nansha Development Zone

Nansha Development Zone, with Nansha Science & Technology Industry Park as the major service outsourcing industry area, targets mainly at service outsourcing for industries such as automobile, steel, shipbuilding, heavy-duty machine, neurochemistry, port logistics, etc. The accumulated revenue from service outsourcing in the zone has reaped 1.6 billion yuan. Currently, a total of 32 service outsourcing companies in the zone, engaged in various fields including software, commerce, bio-pharmacy, electro-optical information and human
resources, handle businesses relating to business process management, logistic control, product design, chip research & development, medical material research, production process management and corporate logistics management.

Nansha Science & Technology Industry Park, with the planned area of 5 sq km, is designed for developing auto electronics, nuclear power technology and modern logistics, in which application, research and development of optical –electronic-information, bio-pharmacy, new materials and clean energy are emphasized. The park consists of three major parts, namely, Nansha Information Technology Park, Nansha Service Outsourcing Industry Park and Nansha Science and Technology Innovation Center. 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, 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 20,000 sq meters, is used as the center for research and incubation of new technologies like optoelectronic information, bio-pharmacy, nuclear power technology, new materials and clean energy.

There are totally 39 different kinds of research and development centers, engineering research centers, research institutes, design institutes and laboratories, and 4 research and development centers at provincial level in the park. Among them, Guangzhou Industrial Technology Institute of Chinese Academy of Sciences occupies a gross area of 105,701 square meters and a total construction area of 135,000 square meters. Affiliated to the institute, 6 research centers in the fields of manufacturing technology, laser and photoelectric, embedded-system design, logistics and automatic manufacturing have been established. Besides, 8 research institutions have been set up in the Fok Ying Tung Institute of Hong Kong University of Science & Technology, including Design Institute of Integrated Circuits for Wireless Communications, Digital Life Research Center, Research Center of Engineering Material and Its Reliability, Research Center of Advanced Composite Technology, etc.

By 2012, the sales income of service outsourcing industry will reach 5 billion 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).
in the park.

**The Development and Investment Promotion Focus:** The first is to strengthen the service outsourcing cooperation with well-known domestic and foreign enterprises, and develop high-tech service outsourcing companies and urge them to participate in service outsourcing programs encouraged by the state government. Secondly, to support 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. Thirdly, to introduce international technology research institutes into the science and technology industry park. The fourth, to attract the leading high-tech projects in the fields like optoelectronic information, biological pharmacy and flat panel display to enhance the overall advantage of the high-tech industry. Lastly, to promote modern logistic service like transportation, warehousing, information processing, distribution and delivery, and attract more companies engaged in services of investment, management consulting, human resources and logistics so as to provide better logistic services and more solutions for international service outsourcing businesses.

**III. Tianhe Software Park**

The park boasts the top comprehensive strength and competitiveness in the nation, hence deemed as the most centralized software industry park with the fastest development rate in South China. Up to date, it can be clearly seen that industries such as internet-application, electronic commerce, game amusement, value added telecom service, intelligent transportation have converged in the park. The total industrial and trade income of the software industry has reached 31.5 billion yuan, up 25%, among which the software income increased by 30% to 17.8 billion yuan, and the total export value of software, to USD 68 million. More than 1,400 software companies settled in the zone, among which there are 1,282 software development companies, 290 of whom reap total income exceeding 10 million yuan and 50 of whom see the profit of over 100 million yuan. In recent years, the information service industry with communication service as the core, the digital innovation industry with cyber-game and animation as the representatives, the software technology service-outsourcing industry has achieved great successes in the park. The number of software outsourcing companies exceeds 25, including HCBC, Sierra Atlantic etc.

Tianhe Software Park is a software industry base at the state level as well as the main part
of National Software Export Base. Ministry of Science and Technology has appointed the park as one of the trial bases for the “Project of China Software Exporting to Europe and the US”. At present, 11 zones have been set up within the park, namely, Gaotang New Area, Guangzhou Information Port, Software & Information Square, Branch Park of South China University of Technology and New Time & World Park, etc. The zones create a perfect platform for software enterprises with rational distribution, complete facilities and exquisite environment. Gaotang New Area, covering an area of 12.25 sq km, will be developed into a base of high-tech achievement transformation, enterprise incubation and talent cultivation to create an environment for software development that highlights international software outsourcing.

In the park, the special district of software outsourcing industry covers an area of 186,400 square meters, among which 121,621 square meters of construction area was planned for 5 five-story single buildings so as to realize the centralized development for software outsourcing. By 2010, the software industry cluster will be enlarged, the leading software export enterprises within will emerge, and 10 foreign companies will be attracted to settle their business. Besides, two to three leading software-outsourcing enterprises will be cultivated to explore Japanese, European and American markets. By then, the park will turn into the largest software export base in South China, thus further enhancing its leading role as a major software exporter in Pan-Pearl River Delta.

The Development and Investment Promotion Focus: Firstly, to accelerate projects in Gaotang New Area, such as software incubation programs, Animation Building, Software (Animation) Personnel Training Base of Guangzhou, Southern Research & Development Base of China Mobile and introduction of excellent enterprises like Gaoke Communication, Excellence Network, Vision Sky, and Tomorrow; Secondly, to give priority to the development of telecom service, financial service, cyber games and animation, software outsourcing, and headquarters of software enterprises; Thirdly, to take the advantage of projects like China Telecom IDC and Southern Research & Development Base of China Mobile to attract international enterprises to invest and establish their headquarters and research & development centers here; Fourthly, to target at world top 100 IT enterprises like Microsoft, CA, ORACLE which have already settled in Guangzhou and encourage them to relocate in the park; Fifthly, to push forward construction of production bases for outsourcing industry, to support software outsourcing companies like Vision Sky and Sierra Atlantic and accelerate the formation of an outsourcing coalition in order to further exploit the export market of Hong Kong, the U.S. and Europe. Last but certainly not the least, to
pay close attention to cultivation of talents fostering by carrying out training programs for personals specialized in software outsourcing facing the U.S., European and Japan, so as to form an outsourcing team with rational distribution of senior, medium and junior professionals.

IV. Huanghuagang Science & Technology Park

The park is entitled as “Guangzhou High-Tech Industries Demonstration Base”, “Guangdong Electronic Commerce Demonstration Base”, “National Information Service Industry Demonstration Park” and “Guangdong Copyright Protection Demonstration Park”. Covering an area of 80,000 square meters, it consists of four areas, Huihua, Huasheng, Fengwei and Yunshan Huating. Lots of service outsourcing companies engaged in software research and design, animation production, finance and insurance have gathered there, making the park a high-tech industry cluster with IT and relevant services as the leading industry. The service outsourcing businesses here employ over 4,000 employees and cash in a total income of 3 billion yuan with total profit tax reaching 438.667 million yuan. Enterprises there are mainly outsourcing companies engaged in international finance, insurance and software development, i.e., AIA and HCBC, and companies engaged in European & American animation and audiovisual production industry, like Dreamspace and Beautymedia.

The creative industry in the park has achieved great success, realizing the turnover of 43.62 billion yuan, up by 10.2%. An animation industry chain has taken initial shape, including the comprehensive business from animation production to trading, consumption market, media and relevant services. Efforts will be made to create a “creation-featured park” by cultivating and developing four major industries, namely, animation production, animation designing, internet-information service and video media. Besides, the park hosts a highly developed animation-related products wholesale market, making itself one of the biggest distributing centers throughout China. Quite a few animation companies with their own independent brands have become very influential in the domestic animation industry, such as Dreamspace (representative works: “Fruit Tribe”) and Erainbow (representative works: “The Mouse Loves Rice”).

The year of 2012 will achieve the total output value of service outsourcing business in the park of 6 billion yuan. The park will be made into one of the important service outsourcing areas in Guangzhou when 5 to 7 large service outsourcing enterprises will emerge with the output value exceeding 100 million yuan each and 3 to 5 famous service outsourcing brands are created and 2 to 3 service outsourcing bases established.
The Development and Investment Promotion Focus: By emphasizing development of international offshore service outsourcing, we will develop a number of enterprises which take initiative in acquiring international service outsourcing projects. By focusing on the high-end market, we will further consolidate existing market shares and spare no effort in opening up the European and American markets. In order to optimize the structures of target industries such as software research and design, animation production, finance and insurance, we will form several service outsourcing areas featured with information service, animation production, software research, finance and insurance to attract service outsourcing enterprises with strong competitiveness. Other efforts will be taken to cultivate professionals for service outsourcing business. Besides, strong and influential creative enterprises will be introduced to settle in the park so that more creative enterprises would set up their headquarters there. Foreign investment in service industry will be attracted and auxiliary business process services for foreign companies and overseas governmental institutions, provided. Service localization and development of the export-oriented service industry will be emphasized. What’s more, the professional level and international competitiveness of the service outsourcing industry will be promoted so as to acquire more international service outsourcing tasks and develop the park into the cutting-edge service outsourcing base.
Bio-Pharmaceutical Industry Bases

I. Bio-Pharmaceutical Industry Base of Guangzhou Development District

Having a planned area of 14 sq km, the base is consisted of two core districts - Guangzhou Science City and Guangzhou International Bio-island, as well as several extended districts. As a result, a network in which the core districts and extended districts is formed within the zone. The Guangzhou Science City was featured with the transform and industrialization of bio-medical achievements while Guangzhou International Bio-island, characterized by the research and development of medicine.

Bio-technology Industry Park of 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. Altogether 115 biotechnology enterprises, a national bio-technology institute, a national enterprise technology center and two national bio-engineering research & development centers were based in the zone. A high-level bio-pharmaceutical research and development cluster has come into being within the park, attracting influential research institutes including Guangzhou Institute of Biomedicine and Health under Chinese Academy of Sciences, National Engineering Research Center of Genetic Medicine, South China Sea Engineering Research Center of Marine Biotechnology, Industrialization Base of Southern Medical University, etc. A series of service platforms for public technologies like animal experiment and microbial detection are under construction. A complete industry chain has taken initial shape, covering various fields from biotechnology research and development, medium test, to the final product industrialization.

Guangzhou International Bio-island, with an area of 1.8 sq km, is ready to be built
into the leading international biotechnology research & medium test base and the first class science popularization education in the world. 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. National Development and Reform Commission has approved the basic construction plan for the bio-island as well as construction of 3 national biotechnology centers and 8 national bio-technology industrialization projects. Up to date, Guangzhou International Bio-island has already established cooperative relationship with Harvard University, SEQUENOM, Beijing University of Traditional Chinese Medicine, Guangzhou University of Traditional Chinese Medicine, Zhongshan University and South China University of Technology.

**The Development and Investment Promotion Focus:** firstly, to give priority to the construction of Bio-technology Industry Park of Guangzhou Science City and build Guangzhou Science City into an important bio-technology industrialization base in China; secondly, to attract and import a number of well-known research & development institutions either at home or abroad, to make investment in the International Bio-island, and create a research cluster with high-tech research and development capacity. The purpose is to build the island into the leading international bio-technology research and medium test base; thirdly, to make the best use of the superior advantages of Guangzhou as an international metropolis and develope medical market, by relying on trade and human resources exhibitions like Canton Fair and Convention of Overseas Chinese Scholarsin Science & Technology; fourthly, to introduce multi-national companies, research centers and service institutions with strong industrial influence.

**II. Biayun Bio-medicine Base**

Biayun Bio-medicine Base is consisted of three bases, namely, Guangzhou Baiyun Bio-Medicine and Health Industry Base, Baiyun Liuxi Bay Bio-Port of Guangzhou, and Guangzhou Helongsheng Biological Services Base.

Guangzhou Baiyun Bio-Medicine and Health Industry Base is a synthetical industry base with biotechnology industrialization as the core. The base, covering a planned area of 8.56 sq km, combines modern logistics systems for biological products and biological medicine manufacturing. And it is going to develop three major industries, namely, biological medicine manufacturing, biological product modern logistics and trade, and domestic and international medicine resources. 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. After completion, the base will present the layout of “one axis, one core and two wings” and “four major areas”. “One axis” refers to the landscape axis connecting the downtown of Zhongluotan Town, the central zone of the base and the mountain on the southeast side of the base. “One core” refers to the central zone of the base and “two wings” refers to the two scale production areas. "Four major areas" specifically means the all-purpose center and three surrounding manufacturing areas.

Baiyun Liuxi Bay Bio-Port of Guangzhou, invested by Sinobioway Group, focuses on research and development of bio-technology while combining bio-technology, products and marketing. Covering an area of 0.22 sq km, the port consists of two islands –the Sun Island and the Moon Bay Island. For the better service of its focus – bio-technology research & development and bio-product industrialization, the port is scientifically divided into four centers, 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.

Guangzhou Helong Biological Services Base 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 takes up a gross area of 3.7 sq km that is divided into three zones: the site of International Bio-Economy Forum, International Bio-Product Exhibition Area and Comprehensive Service Area.

**The Development and Investment Promotion Focus**: Firstly, to make preparations for construction of Baiyun Liuxi Bay Bio-Port and Guangzhou Baiyun Bio-Medicine and Health Industry Base. The aim is to further strengthen the cooperation with leading bio-medicine enterprises like Sinobioway Group, Guangzhou Pharmaceutical Holdings Limited and Nanfang Hospital to introduce large-scaled medical service projects so as to form the medical enterprises cluster and enhance the local pillar industry. Secondly, to develop the bio-medicine logistics industry and integrate existing circulating enterprises Huangjinwei Logistics Center, Guangzhou Pharmaceutical Holdings Limited and Sinopharm Medicine Holding Guangzhou Co., Ltd. The purpose is to establish a Guangzhou-based medicine logistic network covering the whole South China area and develop the service industry of bio-medicine exhibitions, attract the investment in research and development of bio-
medicine and enhance intermediary service quality in technical consultation, information service, market planning, etc.

III. Conghua Bio-medicine Base
Located in Medicine and Cosmetic Industry Base (Pearl Industrial Park of Conghua, Block B), the base has a gross area of 6000 mu, 3,200 mu among which is used for the medicine industry and the rest for the cosmetic industry. The base focuses on Chinese patent medicine, biomedicine and chemical medicine. The overall planning for the base has been worked out. According to the plan, the base will be constructed in three phases. When completed, it will emerge as a modern and gardenlike medicine industry base built in accordance with GMP standards, which combines research & development, manufacturing & sales and industrial culture as a whole. At present, a number of medicine research and development institutions and manufacturing enterprises with independent intelligence property rights and the country's, or even the world’s, leading technology have settled in the base, including TCM Research and Development Center of Guangzhou Pharmaceutical Holdings Limited, LifeTech Pharmaceuticals Ltd, Jiahe Pharmaceutical Co., Ltd, Xiangqiang, and Zhenhe, etc.

The Development and Investment Promotion Focus: firstly, to attract domestic and international investment in the bio-medicine industry by means of good industrial foundation and advantaged environment, so as to promote and enlarge the ecological industry and form a new type of hi-tech-based biological industry; secondly, to make good use of Conghua's reputation as “Capital of Hot Spring” and other environmental resources to advance the tourism industry and accelerate agricultural planting and processing of Chinese herbal medicines; lastly, to pay close attention to attract enterprises in the key industrial fields such as cosmetic, pharmacy and fine chemistry, so as to establish a complete and integrated industrial system.

IV. Panyu Bio-medicine Base
Panyu Bio-medicine Base, with an area of 1.33 sq km large, lies in Modern Industry Park in Hualong town, northeast of Panyu. In the urban spatial layout, it is positioned as the transformation base for the high-tech achievements of Guangzhou University City. By taking advantage of the University City’s strength in technology and human resources, the base constantly attracts high-tech enterprises for further development. As investment preconditions including land supply, urban planning, environmental protection and water, electricity and traffic facilities grow mature, the base has been equipped with sound
investment environment to attract biological enterprises.

**The Development and Investment Promotion Focus**: first of all, to accelerate investment in and productions of stem cells and other projects; secondly, organize investment promotions targeting at European and American biopharmaceutical enterprises so as to attract a number of them to make investments and settle in the base; thirdly, to build the base into a key area for international bio-medicine clusters and become the key growing point in the Guangzhou medicine industry.

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

Nansha Bio-medicine Industry Base boasts both a start-up zone of 180 mu and a development planning zone of 4400 mu. Nansha Science & Technology Innovation Service Center is being now under construction there. The center, with the floor area of 20,000 square meters and a construction area of 25,000 square meters, will be used both as the venue for biomedicine research, development and manufacturing when completed. Lonza Guangzhou Nansha Ltd. and Guangzhou Shenda Biopharmaceutical have been settled down in the center. Both Genome Application Research Center and Bio-Mechanical Center under the Fok Ying Tung Institute of Hong Kong University of Science & Technology are now under construction. The development-planning zone is mainly used to develop biological agriculture.

**The Development and Investment Promotion Focus**: firstly, to introduce a number of the world’s leading bio-medicine technology research & development institutions and biopharmaceutical companies and speed up South China Genome and Regenerative Medicine Research Project; secondly, 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; finally, 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.
Headquarters Economy Business Districts

I. Tianhe North Central Business District

Being the comparatively mature carrier of Guangzhou headquarters economy, Tianhe North Central Business District is located along the central axis of Guangzhou new city. It has become the first choice for many Global Fortune 500 companies. More than 20 first-class office buildings, such as Metro Plaza, Center Plaza, Goldlion Building, Victory Plaza and Teem Plaza, center around CITIC Plaza, the landmark of this area, along main roads as Tianhe Bei Lu, Tiyu Dong Lu, Tiyu Xi Lu and Tianhe Lu. For example, a total of 400 companies, including 20 of the Fortune Global 500 multinational companies like BP, Citibank, HP, Microsoft and Hitachi, have set up their offices in CITIC Plaza, which has 150,000 square meters of gross floor area.

Regional headquarters or flagship branches of 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, have converged near Tianhe Bei Lu and Tiyu Dong Lu, capable of providing tailored services for different companies’ headquarters. Nowadays, this area has become the core area for financial service in Guangzhou.

Software giants like Oracle (middleware supplier), Unisys (information technology service and solution supplier), CA (China), VERITAS (software) and Symantec (the world’s leading internet safety technology supplier), have all established their branches in the area. They can provide the most advanced technologies and services to satisfy the needs of other enterprises in the area for business intelligence and improve the operational efficiency in the whole area. Quite a few big commercial venues including Teem Mall, Grandcity Plaza, Grandview Plaza, Victoria Plaza, Guangzhou Book Center are sited around Tianhe Sports Center.
Besides, the district boasts several stations and key interchanges of Metro Line 1 and Line 3 as well as a large-scale bus bay. The booming business environment and convenient traffic turn the district into an excellent consumption and distribution center, where people can find both luxury goods and cheap products to enjoy shopping, food, tourism, culture, sporting and leisure. As a result, this district has created a favorable environment for enterprises to settle their headquarters to develop headquarters economy. In the years to come, with the construction of commercial projects and office building clusters like Taikoo Hui and New International Plaza, this district will exert its commercial influence and become the largest, most popular and influential functional area in Guangzhou, which will foster a broad development space for headquarters economy.

II. The Central Business District in Zhujiang New City

Located along the new central axis of Guangzhou, the Central business district of Zhujiang New City is the core area of Guangzhou’s Central Business District in the 21st Century and the regional financial hub, covering the planned area of 6.5-square-kilometer between east of Guangzhou Dadao, south of Huangpu Dadao, west of Huanan Express Way and north of Pearl River. This region will be built into the new multifunctional city center and the base of the international economy, cultural exchange and cooperation before 2010. The Guangzhou Administration Service Center was established in the region this year. The financial business zone has been set up and special incentive measures have been promulgated by municipal government to lay stress on the development of financial sectors in the district. Supported by the favorable urban planning and policies, the new city has entered into the period of fast development. The policies “The secondary industry gives way to the development priorily of the tertiary industry in downtown area” and “village-in-downtown reconstruction” have been implemented. As a result of the function of much land has been changed and a lot of office buildings and apartments have been constructed. More people would be attracted to gather in the district, where about 500,000 people live or get employed at present. Landmark buildings like the Second Children’s Palace of Guangzhou, Guangdong New Museum, Guangzhou Opera Theater, Guangzhou New Library and Guangzhou TV & Sightseeing Tower are scheduled to be constructed. The infrastructure and traffic conditions, and the auxiliary facilities of commerce, culture and leisure have been gradually improved. As a result, favorable conditions have been created for the booming of headquarters economy. Zhujiang New City has clearly-defined functions and image. All the new office buildings here have been constructed according to the high standards required by headquarter office
buildings. With internationalized and intelligent office facilities and high-quality services, the existing A-level office buildings, including Guangzhou Development Center Building, R&F Profit Plaza, International Finance Plaza and Fulikexun Building, have attracted 12 local and foreign financial institutes, like Pacific-Antai Life Insurance Company (subordinated to ING Group) Agriculture Bank of China (Guangdong), Guangzhou Rural Credit Union, Zhujiang Futures. Moreover, Commercial Merchant Bank Guangzhou Branch, Sumitomo Mitsui Banking Corporation Guangzhou Branch, Bank of Tokyo-Mitsubishi UFJ Guangzhou Branch (to be established), and OCBC Bank Guangzhou Branch (to be established) have determined to reside there soon. Mizuho Corporate Bank has already decided to locate its office in the Finance Business Zone before applying to Chinese Banking Regulating Committee to set up its branch in Guangzhou. Quite a few financial institutes have the intent to settle down in the zone.

Various large-scale buildings and plazas as Zhujiang New City Central Plaza, Twin-city International Building, Zhujiang New City Telecom Center, the building of Guangdong Optical Telecommunications Maintenance, Control and Management Center, Customs Building, Guangdong China Mobile Building and Poly Plaza will provide a broad development space for headquarters economy and speed up the construction of a finance base.

III. Huanshi Dong Central Business District

Located in Guangzhou downtown, Huanshi Dong Central Business District is of great importance in the development of Guangzhou’s headquarters economy with 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.

Class A office buildings like World Trade Center, Electronics Plaza, Yi’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. With these Class-A office buildings, the area is the one that attracts the largest number of enterprises’ headquarters in Yuexiu District. The enterprises 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 consulate generals reside here, half of the total in Guangzhou.

Headquarters enterprises in this CBD are engaged in modern service like retail, manufacturing, information and computer and specialized service, finance and real estate and so on, featuring with well-extending industry chain and orderly distribution. Foreign institutes and finance and insurance companies are mainly base in Garden Hotel, Yi’an Plaza, Electronics Plaza and Guangzhou Peace World Plaza; while manufacturing, trading and specialized service firms have their headquarters in Huaxin Plaza, Zhongqiao Mansion and etc. The headquarters of information network and computer companies centralize in World Trade Center, Zhongqiao Mansion and Huihua Commercial Trade Building. The headquarters of real estate, advertising and consulting enterprises are mainly located in World Trade Center, Yi’an Plaza, and etc.; The foreign consulates mainly reside in Garden Hotel and International Hotel Guangdong.

Huanshi Dong Central Business District is the area with the highest density of service institutes and the largest number of employees and the most productive agency services in the city. The agencies specialized in advertising, consulting, accounting and law, all of which cover a wide range of complementary services, can provide the best auxiliary services for the enterprises’ headquarters.

The CBD has been divided into several featured functional areas, including the hospitality area along Huanshi Dong Lu with Friendship Store and Rosedale Plaza being the representative and Dongfeng East agency area and Huanghuagang information service area. The functions of the district as a flourishing commerce, tourism, leisure and entertainment center as well as a business center is well facilitated each other. This will greatly foster CBD a great attraction for high-income groups, business people and foreigners, thus boosting Rockefeller-style prosperity there. With its special cultural high-quality human, rich education and scientific research resources, the district creates a rich cultural atmosphere for enterprises.

**IV. Guangzhou Science City Headquarters Economy Zone**

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 1.3 billion yuan, the city covers the planned area of 177,000 square meters and the total construction area
of about 340,000 square meters. The headquarter economy area will be completed in four phases. Currently, the phase I construction with an area of 540,000 square meters will be completed in July 2008.

Science City Headquarters Economy Zone 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 sale. 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.

V. Pazhou Convention & Exhibition Business District
As China Import and Export Fair (Canton Fair for short) settled down in Pazhou Convention & Exhibition Center, Pazhou has been growing rapidly into a sub-center of Zhuhai district, with functions of convention and exhibition, international conference, information communication and high-tech tourism and so on,

Based on the exhibition economy, Pazhou has fully developed its east, middle and west sectors with the Convention & Exhibition Center as the core. A number of Class A office building, like Boly World Trade Center, Poly International Plaza, Guangzhou Mart, etc. and star hotels like Shangri-la Hotel have completed their construction in the past two years with the total construction area of nearly 200,000 square meters. The east sector is on the research and development of high-tech products, tourism and vacationing and high-quality accommodation; the middle sector, with the Convention & Exhibition Center as core, will develop auxiliary facilities relating to convention and exhibition, such as hotels, office buildings, banks and commercial service. The west sector, by focusing on accommodation and entertainment, has attracted Guangzhou Merrylin Hotel Management Co., Ltd., Huizhan Real Estate Co., Ltd., and GF Fund Management. Pazhou has now enhanced its international influence on exhibition economy and related image construction. It will put more efforts to attract more enterprises in trade, convention and exhibition, procurement, finance, logistics and hotel service sectors, to form a headquarters business base in Guangzhou.

VI. Baiyun New City
Situated in the Guangzhou Baiyun airport region, Baiyun New City, which covers an area of 4.3 Square kilometers, is going to be built into the sub-center of Guangzhou by
reconstruction and reuse of the former airport. Its development is oriented as follows:

“A New Modern International City”—The core of the new city shall be constructed to be a municipal-level, national-level or even international-level, integrated development zone with modern styles, especially with Guangzhou characteristics.

“A New Mountain and Water Eco-city” — By fully exploiting the geographic advantage of the Baiyun Mountain Scenic Area in the new city, stresses will be laid on protecting and creating a suitable ecological environment, in which the scenic area goes well with urban construction.

“A New Culturally Featured City” — Baiyun Airport, one of the three major international airports in China, is of great importance in the development of Guangzhou. Baiyun New City will extend the long history of the airport and display the glamour of local culture by reconstruction and reuse of the former site of the airport (The airport, originally located in Baiyun District, has been relocated in Huadu).

Baiyun New City will display a layout of “one main scenery belt, two complementary belts”.

“One main scenery belt” refers to the 80-meter-wide belt-like central garden that, built along the former airport runway as a main axis through the core area, connects every functional sector from north to south. “Two complementary belts” refer to the belts connecting Baiyun Mountain and the new city, one of which, south of Guangzhou New Gymnasium, extends from the central greening square to Baiyun Mount; and the other starts from Baiyun International Conference Center and ends at Baiyun Mountain and the west side of the scenic area.

“Two functional sectors” will be built. The north sector, which integrates the functions of convention, culture and trade will concentrates on the development of Baiyun International Conference Center, related hotel, culture and business facilities. The south sector will be built into a comprehensive sub-center focusing on the development of shopping malls, culture and sports center, office buildings and trade.

VII. Shamian Headquarters Economy Zone

Being on the north shore of Pearl River in Liwan District, covering an area of 30 hectares, Shamian Headquarters Economy Zone is the main body and core area of Bai’etan Economic Circle. Bai’etan Economic Circle he development priority of Liwan district government, is a comprehensive river-side economic zone featuring with modern business and headquarter economy. It combines functions of modern trading, tourism, creative industries, luxurious accommodation and food & drinks. Moreover, it is a high-ranking business district
displaying Pearl River scenery, Lingnan culture and history, and European continental architectural style. It will become the modern economic center of west Guangzhou with strong features and great influence.

The zone not only boosts a long history and exotic atmosphere but also enjoys such beautiful riverside scenery and the advantageous resources as White Swan Hotel and Shamian Park. Besides, it serves as the venue of many headquarters of foreign financial institutes. By replacement of high-quality properties, reconstruction of existing office buildings and hotels, decoration of the old European-style buildings, the business environment has been improved constantly and more and more foreign companies’ headquarters, enterprises with famous brands and local famous enterprises have been attracted to settle down. Nowadays, many famous enterprises, like Massan Group, China Power Investment Corporation Nanfang Branch, International Exchange Center of Guangzhou Industrial Design, Research & development Center and Marketing Headquarter of iRex iLiad have made their home for investment there. According to the development plan of the Bai’etan Economic Circle, more than 200 headquarters and over 100 offices of local or foreign enterprises will be introduced into Shamian by 2015.
Logistics Parks

I. The International Airport-related Logistics Park
Supported by Baiyun International Airport, the International Logistics Park is an international-level logistics hub, consisting 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), Huadu high-tech logistic industrial base and Baiyun Airport-related logistics circle (or belt). It covers an area of 6.66 million square meters in total. At present, the airport boasts 53 international freight lines and 10 international cargo freight lines. Guangzhou Flight Mail and Logistics Center, the major aviation hub of China Post, has settled down. FedEx Asia-Pacific will be put into operation by the end of 2008.

Development Focus: The first is to give priority to international aviation logistics, and take domestic regional logistics as a supplement. The second is to promote the development of auxiliary services in the park and freight-related high value-added industries, such as high-tech industries, aeronautical maintenance service, warehousing, value-added processing, supply distribution and the third party international logistics.

II. Huangpu International Logistics Park
Based on Huangpu Port District, Xinsha Port District and Guangzhou-Shenzhen Railway, Huangpu International Logistics Park has realized the good interaction between the Bonded Zone and Guangzhou Port. The park consists of Guangzhou Bonded Zone, Jiangjun Mount Logistics Park and Huangpu Port, with a total area of 5.35 million square meters. By taking advantage of strong demand for logistics from Guangzhou Development Zone and industries in the east of Guangzhou 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 Focus: to give priority to the logistics industry featuring warehousing service, the third party international logistics and near-sea logistics.

III. Nansha International Logistics Park
Nansha International Logistics Park, an international logistic interchange, takes Port Nansha, especially Nansha Operational Zone (Longxue Island) as its base to develop oceanic-going shipping and harbor-related industries in Guangzhou Port (Nansha Port District). The park covers an area of 49.49 million square meters. In 2007, 4.4284 million TEUs have been handled through Nansha Port District, up by 83.7%, 1.5645 million of which are for foreign trade, up by 79.5%.

Development Focus: To base on Guangzhou Port Nansha Port District to develop the logistics industry, including warehousing service, value-added processing, supply distribution, sorting, petrochemicals, shipbuilding, steel, iron and automobiles.

IV. Guangzhou Bonded Logistics Park
On January 4th, 2008, the State Council approved the establishment of Guangzhou Bonded Logistics Park. Covering a planned area of 0.507 square kilometer within Guangzhou Bonded Zone, the park is estimated to be put into operation in 2008 after the pre-inspection by Huangpu Customs and then the official inspection of eight ministries under the State Council, like China Customs and Ministry of Commerce, etc.

i. Main functions:
(a) Trans-shipment: containers and goods that arrive at the park via various transportation means can be transferred to other containers directly, sorted, assembled, stored or processed in the bonded logistics park to be transshipped to other countries.
(b) Distribution: goods can be taken into the park for sorting, assembling, simple processing, value-added processing, transfer and assembling, and then distributed in the most reasonable way to domestic or overseas users depending on their demand.
(c) Procurement: international procurement centers are attracted to make investment in the park. Domestic goods purchased by the enterprises can be sorted and reorganized. Imported goods will be distributed or transported to overseas markets after simple processing and value-added processing. Based on the colossal industry clusters and the complete supply
chain, the park possesses unique advantages in constructing an international procurement center.

(d) **Re-export:** Goods from manufacturing countries will be transshipped, stored or marketed to consumption countries after simple processing and value-added processing in the park. This function provides the supporting service for the operation of the other three functions.

**ii. Preferential policies**

The park enjoys policies of the bonded zone. Therefore, domestic goods that enter the park are deemed as for export. They should go through export declaration formalities and export VAT refund can be applied. Goods within the park will be circulated freely and no value-added tax and consumption tax should be paid. Equipments and materials imported into the park for its infrastructure construction are exempted from tax.

Goods going out of the park are deemed for import. Goods imported into or exported from the park will be subject to the record-filing system of the Customs. Enterprises (or their agency) will 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.

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

Goods imported into or exported from the parks are free from the import and export license management, except those subject to laws, administrative regulations and other rules. The Customs in the park do not check the license of textile products from other places of China and subject to the **Catalogue of Temporary Managed Commodities for Textile Exported.** When the products leave the country for countries and regions where temporary management for textiles exported is carried out, the Customs complete check procedures according to the license.

**iii. Development focus:**

To take advantage of the tax refund policies to develop the logistics industry covering commercial warehousing, sorting, distribution, procurement, exhibition, simple processing and value-added processing of bonded goods.
Bases for the Network Games and the Animation–cartoon Industry

I. Tianhe Section
Situated in the northeast of Gaotang New Area in Tianhe Software Park, the first stage of Tianhe Section covers a planned area of 200 mu (a mu = 666.6 square meters) and a reserved land of 400 mu. With a construction area of 100,000 square meters, the area has the capacity for 30-50 enterprises specialized in animation and online game design, forming an animation and online game industry cluster. The Online Game and Animation Building with the construction area of 45,000 square meters is under construction. With the annual revenue over 3.7 billion yuan in 2007, the online game and animation industry has become the backbone of the IT and software industry in Tianhe Software Park, enjoying an annual increase rate of over 50%. There are 15 companies engaged in online games and 18 in service and operation. The industry chain consisting of online games, animation, cell phone game, PC game and related games has taken initial shape.

Development and Investment Promotion Focus: To rely on the existing online game and animation enterprises in the park, especially famous local and international companies, to develop and promote healthy intelligence products and, in this way, to strengthen the industrial chain of online games, animation, cell phone game, PC game and related games; to run the base with enterprise management methods; to make use of experiences of leading companies like Neteasy, Optic Communications, Century Dragon and Stanley to cooperate with world famous online game and animation enterprises, catch up with them and attract and introduce a number of related companies into this park.
II. Yuexiu Section

Supported by Guangzhou Creative Industrial Park and Huanghuagang Science and Technology Park, Yuexiu Section lays great stress on the research, development and industrialization of online game and animation technologies. The goal is to establish an “animation silicon valley”. By providing technological support, this park aims at upgrading the position and level of animation and creative industries. The creative enterprises have realized the turnover of 43.62 billion yuan, up 10.2%. Over 70 enterprises have reaped the annual revenue of over 100 million yuan.

Guangzhou Creative Industrial Park is a cultural, technological creative industrial park, aiming at providing an industrial platform for creative enterprises of all sorts to promote the development of the creative industry in Guangzhou. The park is comprised of three sectors. The first is the Herun Sector. (more than 20 enterprises. including South Natural Science Museum Park, Dreamscape International, Spacemouse Company, Netherlands MGC Industrial Design and Ouhua Animation Technology.) Creative enterprises are gathered there with expertise in animation creation and production. Huihua Sector has become a base for the digital production industry which features with information technology and related services. The second is the Wanling Sector. By attracting such companies, as Comicfans Culture, Erainbow, CASCADE, Guangzhou City TV and Leba-jjme, Wanling Sector is home to nearly 400 firms, including Fortune global companies like MOL Logistics (Japan), and many other animated product designing companies.

Supported by the information industrial cluster and leading enterprises, Huanghuagang Science and Technology Park lays emphasis on the animation and online game creation and production, the digital contents innovation, the development of internet value-add service, and the cultural creation, exhibition and publication. More than 150 creative companies in the fields of software, animation, media and creative design have resided in this park.

**Development and Investment Promotion Focus**: to establish a venue for animation and creative companies in Guangzhou; to create a research, producing, exhibition, marketing and experience center for animation and online game products and derivatives products; to cultivate a number of leading companies with high-level expertise, strong innovative capability and great comprehensive strengths; to foster 3 to 5 large-scale specialized markets and companies (or groups) by 2010, with the sale value of over 1 billion yuan; and to double the output value of the animation and online game industry.

III. Panyu Section
This park is comprised of Panshan Game and Animation Display Center, Tian’an Game and Animation Creative Base and Xingli Animation and Game Industrial Park. Covering a ground area of 330,000 square meters and a construction area of 380,000 square meters and with the plan total investment about 500 million yuan, the Xingli Park possesses an auxiliary creation experiencing eco-park of 250,000 square meters and a warehousing logistics zone of 40,000 square meters. More than 330 game and animation companies with over 1,000 talented designing professionals were there. Among which, over 10 enterprises have an output value above 100 million yuan each. They are located in this park engaging in exterior designing, animation three-dimensional designing, electronic software and hardware designing and game designing.

**The Development and Investment Focus**: To lay emphasis on supporting animation enterprises with core technologies, independent intellectual properties brands and international competitiveness; to become the base for research, production, display of animation and the export base for animated products and games; to form a gathering place for headquarters of electronic games enterprises; to turn into a base for animation-related products researching, technology training, production and marketing.

**IV. Huangpu Section**

The phase-1 project of Huangpu Section centers Guangzhou International Toys & Gifts Center and Asia Steel Building covers a construction area of nearly 20,000 square meters. A special area of 10,000 square meters has been provided for creative studios and animated products exhibition in the Center. Meanwhile, another special area of the same size has been lined out for headquarters and staff training of animated enterprises. A number of famous animated enterprises, such as Stanley, ANIMECITY, Haili Animation, Dachong Animation, Lodoo Digital and Animation &Comics Weekly Digital and etc., have been creating an excellent atmosphere for animation creation.

**The Development and Investment Focus**: to set up functional sectors, like online game and animation idol theme park, online game and animation DIY center, online game and animation exhibition center and animation world; to support sectors like technology creation center, trading center, exhibition and promotion center, experience center, hatching center and training center for small and medium-sized enterprises; to strengthen the connection between creative design and customers; to integrate the industrial chains of toys, online game and animation; and to boost the development of small and medium-sized enterprises.
Districts and County-level Cities
Regional Development And Investment Promotion Focus

With its economic development, Guangzhou is now shaping itself into a network-like city with a central downtown, three sub-downtowns and two clusters.

The central downtown includes Yuexiu District, Liwan District, Tianhe District, Panyu District, Baiyun District, Haizhu District and Huangpu District, with a stress on development of modern service industry, science, culture, education and high-tech industry. The three sub-downtowns are Nansha, Huadu and Luogang, which will focus on the development of modern manufacturing industry, high-tech industry, and modern logistics industry, port-related and airport-related economies. Two clusters mean the Licheng Cluster with Licheng of Zengcheng as the center and the Jiekou Cluster with Jiekou of Conghua. The former cluster will mainly develop advanced manufacturing industry, modern service industry, eco-tourism, urban agriculture and vocational technological education while the latter will mainly boost new high-tech industry and agriculture.

Yuexiu District

Http://www.yuexiu.gov.cn/english/index/

Industrial Development and Investment Promotion Focus

The development goal of Yuexiu District is to construct the South-China headquarters base and finally develop a modern industrial system that is guided by headquarters economy, focused on modern service, based on business service and community service and featured with burgeoning industry and leisure tourism industry.

As for the industrial space layout, it strategically develops a business service system guided
by headquarters enterprises and presents a structure of “middle axis overlapping, two regions driving, three sections promoting, six circles supporting.” It includes the following: the core region “Huanshi Rd. East International CBD and Beijing Rd. International TBD”, the core brim region “Dongfeng Rd. Business Section, Zhongshan Rd. Business Section, the RBD along the Pearl River”, the development area “Nonglinxia Rd.—Dongshankou Business Circle, Hero Plaza Business Circle, Haiyin Business Circle, Liuhua Business Circle, Yide Rd., Haizhu Plaza Business Circle and Kuangquan Business Circle”

I. Headquarters Economy
In recent years, lots of multinational companies and domestic giants have established their regional headquarters in Yuexiu District including NSK Group, Mitsui, Samsung, Alcatel, Honda, Corus Group, Taikoo, etc. Headquarters economy has been a characteristic brand of Yuexiu District. In December 2005, Yuexiu District was conferred “Headquarters Economy Practice & Research Base” by China Headquarters Economy Research Center. In 2007, there are more than 100 regional headquarters or branches of the world’s and domestic top 500 enterprises and the headquarters enterprises admitted by the district government. The headquarters enterprises are playing a more and more important role on supporting the whole regional economy. In 2007, they have achieved a turnover of 299.852 billion yuan with an increase of 11.95%, nearly accounting for 60% of the whole. The added value was 55.347 billion yuan, accounting for half of the whole, and the tax revenue, 21.151 billion yuan accounting for 60% of the whole. It is applaud as the encouraging policy and green channel for headquarters economy to bring into effect. The flourishing development of headquarters economy is an engine to accelerate the service industry and also boost the expanding of trade, finance, business service and other headquarters that has become the major force in promoting the regional economy and attracting more and more urban industrial headquarters enterprises settle there.

Guangzhou has brought forward a development orientation. The purpose is to construct “Guangzhou-Hong Kong double cores” and South-China international capital. Now, Yuexiu District is actively implementing the strategy of “headquarters driving” to advance the business economy featured with headquarters and finally develop a headquarters economy system consisting of headquarters of manufacture, wholesale, trade, finance, IT technology, IT research, business service and agency service. They will make Yuexiu District one of the most important settlements in Guangzhou, a base for regional headquarters of multinational companies and headquarters of the enterprises from the extensive pearl river delta and other
domestic areas.

In order to supply more development carriers and wider development space for the headquarters enterprises, Yuexiu District has attached more importance on the exploration of constructing headquarters base, E-CBD and humanism CBD. As for the construction of headquarters base, in 2008 Yuexiu is going to build several office buildings including China International Center, Harbor Plaza, etc. It will be about 400,000 square meters. Altogether 77 abandoned half-buildings in this district have been auctioned, 43 projects can be rebuilt and put into use as a golden chance to construct headquarters base and offer opportunities for investors at home and abroad.

II. Modern Service

The modern service in Yuexiu District is on its development trend and has formed some assembling areas such as Dongfeng Rd., Liuhua Exhibition Circle, Huanghuagang Science and Technology Park, etc. This year, Asian Financial International Center, Fengchuan Building, Dongshanzi Building, Qianshu Panfu Building, etc will be built along Dongfeng Rd. These building can offer office place for about 100,000 square meters. Huanghuagang Science and Technology Park has been awarded “National Information Service Industry Demonstration Park” and “National Modern Information Service Industry Base”, mainly for enterprises of information service and creative industry. At present, industrial bases in this park have increased quickly to 10. They are devoting themselves to create National Creative New Science and Technology Park, National Intellectual Property Experimental Unit Park and National Service Outsourcing Demonstration Base.

Priority of Investment Promotion

i. New commerce. By relying on science and system innovation, efforts will be made to encourage new business forms which have advantages in credit, efficiency, information means, specialization, individuation, and diversification and so on. They will involve in chain business, specialty and franchise shops, supermarket, on-line shops, etc.

ii. Recreational industry. By relying on the rich historical and cultural resources to develop industries that will combine tourism, culture, and commerce. Efforts will be made to promote the combination of tourism and commerce and develop special recreational programs to make Lu Lake RBD and Er’sha Island RBD become the RBD center of Guangzhou. Strives will be made to take Wende Rd. as the axis. To the north , there are Archaeological Site of the Palace of the Nanyue Kingdom, the Site of Wanmu School. To the east , there are Sun Yat-sen Library, the Site of 1st National Congress of Kuo Ming Tang.
To the west, there are Wenming Rd. circumjacent areas. Besides, other works will be done to take cultural relic stores, Guangzhou 1st Workers’ Cultural Palace, Wende Building, Sun Yat-sen Literature Collection Museum. Other work will be done to construct the specialty streets with the features of Lingnan history and culture, construct Wende Culture Center as the golden chance and the curios, so as to build the top cultural street of Guangzhou and make this area as a trade and exhibition platform for curios, calligraphy, painting and four treasures of the study, etc.

iii. Exhibition & trade specialized markets. Strives will be made to promote the improvement of the specialized markets in Yuexiu District. We will make full use of the excellent resources of exhibition, hotels and information industries to construct convenient, fast and function perfecting platform and realize offshore operation and speed up the development of exhibition & trade specialized markets, in a hope to construct the regional international trade-stocking center. Other jobs will be done to enhance capital property, human resources, information, technology and so on.

III. Creative Industry

Creative industry has been uprising in Yuexiu District only in recent years but it has supplied strong impetus to new urban industries, especially in the fields of animation creation, culture media, and circulation of creative products, etc. In September 2006, Yuexiu District established “Guangzhou Creative Industrial Park”; and in 2007 the top prize of Chinese animation & comic “Golden Dragon Award” settled in Yuexiu District; and also in January 2007, Yuexiu Creative Industry Society, the first creative society in South China, was founded; then The Blueprint for Creative Industry Development of Yuexiu District, the first blueprint for creative industry in Guangdong Province, was issued and the first implementation procedures of creative industry in Guangzhou was put into force in succession. The above events mark Yuexiu District the creative industry center of Guangzhou and also suggest that the strategy of “Creative Yuexiu” has successfully made sail. At present, there exists complete industrial chains system of creation producing, trade & consumption market, broadcast and media to service system and so on. In 2007, there are more than 4300 creative enterprises that occupy 22% of the total volume in this district, achieving a turnover of 43.739 billion yuan, an occupation of 8.73% of the district’s whole, with an increase of 10.5%.

The strategy of “Creative Yuexiu” brings new advantages for the urban uprising industries. Recently, Yuexiu District is planning a functional layout of creative industry consisting of
“one creative avenue, two creative industrial parks, three specialized industrial clusters, and four high-end industrial functional zones”. The program of Creative Avenue is actively undergoing and will be promoted for investment in Hong Kong. In line with this program, Xianlie Rd. Middle and former Taihegang Industrial Park, which enjoy the policies of Huanghuagang Science and Technology Park, will be earnestly constructed.

Haizhu District

http://www.haizhu.gov.cn

Industrial Development and Investment Promotion Focus

I. Convention- & exhibition-related Economy

Haizhu District will take the new round of rapid development of Pazhou exhibition industry as a catalyst for attracting high-end international conventions of major impact and build an integrated industrial chain centered round the convention & exhibition trade. Efforts will also be made to optimize the function of the industry by its competitive advantages in established transaction markets in textile, fabric, automobile and hotel-oriented items in order to develop its distinctive businesses and convention-related brands, actively manage industry-specific development and help promote online exhibitions. Convention enterprises are encouraged to apply for certifications by the Global Association of the Exhibition Industry (UFI), ISO-9000 quality management and registered trademarks for guided development toward building strong brands in its exhibition industry.

Investment Promotion Focus:

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

ii. Convention-oriented professional services, including banking, law, information, testing of technical standards and other tradeshows-related services like advertising, printing and convention setting-up

iii. Other commercial services including business center, catering, hotel, shopping and recreation

II. Headquarters Economy

Haizhu District has issued the Opinions and Implementation Measures on Promoting Development of Headquarters Economy in Haizhu District to build and optimize the
environment ideal for both business and living. Other efforts will be taken to set up special fiscal fund to further headquarters economic development and open “green channels” for headquarters businesses so as to attract those headquarters particularly in tradeshows, international trade, wholesale & retail distribution, creative industry and other top brands in Pazhou.

**Priority of Investment Promotion**

i. **Pazhou international convention & exhibition business district**, The focus will be on attracting corporate headquarters in tradeshows, tradeshow-related services, international trade and procurement.

ii. **New development area along the new city axis in Guangzhou**. Based on the headquarters setting experience of the GCI Science & Technology and Pepsi Cola will be drawn on. Now Haizhu will take the advantage of the new Guangzhou TV Tower new passenger port and the readjusted urban planning for more commercial buildings to attract more well-known enterprises to settle down.

iii. **Development of the commercial corridor on Guangzhou Avenue South**, By integration and renovation of the textile businesses near Sun Yat-sen University, efforts will be made to create better business environment in order to attract wholesalers and retailers to settle their headquarters there.

**III. Modern Commercial and Trade Service Industry**

With its huge consumer market potential and the push by its exhibition industry, Haizhu District is determined to strive for greater commercial interaction and circulation. In particular, Haizhu 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. Haizhu will take advantage of the available land, the implementing of the policy of the secondary industry gives way to development priority of the tertiary industry in downtown area, to conduct high-end commercial building, hotels and for better development of production-oriented service industry including banking, law, information consulting, advertising, accounting and audit.

**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, Gongye Avenue and Changgang Road. It is home to major
shopping centers including New GrandBuy Mall, Wanguo Plaza, Modern Department Store, planned Lianxing Cultural Star City and Everbright Commercial Center. The next step is to make full use of such leading businesses 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. A cluster of specialty markets in the central part of Haizhu.** It is composed of the fabric and textile market on Xin’gang Zhonglu Avenue near Sun Yat-sen University, commercial center on Guangzhou Avenue South, and the 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, agricultural and its by-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 vigorously advancing the building of creative industry parks and promoting creativity-oriented economic development in costume design, exhibition planning, exhibition design and corporate culture exchange consulting.

**Priority of Investment Promotion**

i. Lianxing Cultural and Creative Industry Park. It is already on the list of Guangdong first-ever provincial-level culture and creative industry parks.

ii. Guangzhou TIT Creative Park for Textile & Costume

iii. The Film & Media Culture Creative Center on the Pearl River Film Studio Campus

### V. Hi-tech Industry

The main focus for Haizhu’s new and high technology industry is to develop biomedicine, marine biology and electronic information. Firstly, Haizhu will turn the Pazhou industrial park into science research and hi-tech commercialization. The area has the advantage of the presence of the Bioisland and Guangzhou Higher Education Mega Center. Businesses, labs and research institutes in biology and medicine are located in the area. Secondly, the industrial parks in Dunhe and Sun Yat-sen University will focus on electronic information and computer software businesses.
Liwan District

http://www.lw.gov.cn

**Industrial Development and Investment Promotion Focus**

According to its industrial planning, Liwan will focus on the creation of two commercial zones, i.e., Bai’etan Economic Zone and Thirteen Hong International Commercial Zone, to promote the development of modern service industry, creative industry, hi-tech industry, traditional commercial and trading service and cultural and travel services. The district is now working on the Bai’etan Economic Zone, the Longxi Logistics Park, eight key industrial zones, urban renovation and urban village transformation.

**I. Key Industries**

**i. Modern commerce and trade**

The favorable environment along the Pearl River and the advantageous resources of Bai’etan will be integrated in the Bai’etan Economic Zone so that the commercial resources in the area could be utilized to highlight specialty commercial streets and upgrade the Shangxiajiu Commercial Pedestrian Street. Commercial networks will be set up along the Huadi Avenue, Fangcun Avenue and Kangwang Road to attract more consumers and investors.

Liwan is the home for over 100 wholesale markets i.e., flowers and pets market, tea market, Zhanxi shoes market, Qingping Herbal Medicine Market, Huangsha Aquatic Products Market, Hualin Jade Market, Curio Market, Liwan Plaza Jewelry Market, etc.

**ii. Modern service industry and headquarters economy**

The implementation of industry replacement policy in Guangzhou is an opportunity for Liwan to develop headquarters economy and modern service industry and to increase urban land utilization efficiency. The geographical advantages around Bai’etan area will be fully tapped to build R&D centers, operating centers, regional headquarters to introduce multinationals to set up local headquarters or business offices. As a result, Liwan will become a key area for creative industry in Guangzhou, with the construction of Guangzhou Design Port, the development of the Xinyi International Club and the waterfront creative industry zone.

**iii. Special tourism industry**

An unprecedented opportunity for Liwan to develop tourist industry lies in its unique
water views and rich historical background, which could be found in Xiguan’s century-old Cantonese-styled commercial areas and Fangcun’s thousand-year-old flower plantations. Liwan will brush up the brands of Xiguan Culture and Fangcun Flower to improve tourism-related facilities and services to build commercial, cultural and tourist zone etc.

iv. Modern logistics service
Efforts will be placed on the construction of Longxi Commercial, Trade and Logistics Park. With the tertiary industry taking the lead and emphasis on productive services, logistics and communications network will be improved to promote modern logistics services on the basis of backbone projects such as Guangzhou No.2 Cigarettes Factory, Guangzhou Medicine Port and Guangzhou Plastics Exchange.

v. New industries
Policy support to key regions, industries, projects and enterprises will be strengthened. The Dongsha Business Startup Center, Returned Students Scientific Park and other new industry parks will be expanded and the construction of eight industrial zones, will be stepped up, namely, Dongsha Industrial Zone, Xilang Industrial Zone, Kengkou Electronics (Digital) Base, Jinsha Industrial Zone, Hainan Industrial Zone, Wuyanqiao Industrial Zone, Qiaozhong Industrial Zone and Haibei Industrial Zone. Technology intensive, energy efficient, eco-friendly and high value-added enterprises will be introduced to promote the contribution of new industries to the urban economic development.

II. Investment Promotion Focus
In 2008, Liwan will further its unique waterfront advantages and optimize industrial structure around the Bai’etan area. Key projects include:

i. Two commercial zones: Bai’etan Economic Zone and Thirteen Hong International Commercial Zone

ii. Three industrial zones: Longxi Logistic Park, Dongsha Economic Zone and Creative Industry Park

iii. Four hi-tech industrial parks: Liwan Returned Students Scientific Park, Guangzhou NC Equipment Hi-tech Industrial Park, Guangzhou SME Innovative Scientific Park and Kengkou Electronics (Digital) Base

iv. Five new industry zone: Jinsha, Hainan, Wuyanqiao, Datansha and Haibei

v. Eight cultural and tourist zones: Xiguan Traditional Residence and Folk Culture Zone, Chenjiaci Culture and Entertainment Zone, Shamian European Culture Tourism Zone, Thirteen Hong Commercial Culture Zone, Hualin Zen Culture Tourism Zone, Flower Expo
Sight-seeing and Shopping Zone, Huangdaxian Temple Comprehensive Tourism Zone and Huadi New Town Sports and Entertainment Zone


Tianhe District

Http://www.thnet.gov.cn/

**Industrial Development and Investment Promotion Focus**

Tianhe District will focus on its goals of building a business center and an innovation center. Efforts will be made to press ahead the upgrading of its industrial structure, strengthen and expand its competitive industries, accelerate the growth of a modern service industry characterized by “high added value, strong stimulating effects and extensive job opportunities”. Steps will be taken on the development of its high-tech industries, and build a knowledge, technology and capital-intensive central district industrial system. Furthermore, Tianhe will proactively adjust the spatial layout of its industries, clearly define the industrial functions, and expand the room of sound economic growth. It will also vigorously develop the headquarters economy, strengthen regional cooperation, and enhance its central district economy.

**I. Modern Service Industries**

Modern service industries, such as finance, information, cultural service and intermediary etc. will be the focus for development. The capacity to provide financing, logistics, technological, legal and marketing services will be strengthened. Tianhe District will make unparalleled efforts to promote business, attract additional investments to the productive service industry so as to build a hub of modern service industries influential in the Pan Pearl River Delta. Efforts will also be made to focus the new adjustments in industry structure and economic growth in line with the modern service industries sector.

**Priorities of Investment promotion:**

i. Financial service industry

On the strength of the financial business district in the Zhujiang New Town, Tianhe will intensify its efforts to attract reputable international financial institutions to set up regional
headquarters or branches in the district, to foster the clustering of financial services institutions, to grow the headquarters-based economy, and build the district into an area where Guangzhou's financial industry will experience the fastest and best growth.

**ii. Information services industry**

Efforts will be made to speed up the construction of the Tianhe Software Park and step up the construction of advanced communication facilities, such as the data center, the digital information transmission network, and the satellite communications system. Strives will be made to take the advantage of the Gaotang New Zone of the Software Park and the presence of telecom and mobile communication headquarters in this district. Moreover, Internet information service and Internet-based value-added service businesses will be brought in. Furthermore, the strongest efforts will be made to build the Tianhe Software Park into Guangzhou's international economic information port and international regional information center.

**iii. Culture industry**

Tianhe District will be developed into a hub of Guangzhou's new urban cultural industry by capitalizing on major cultural infrastructure projects such as the Guangzhou Opera House, and by seizing opportunities provided by the Asian Games. Enterprises in the cultural industry sector will be encouraged to carry out information technology renovation and, the integration of the information industry and the cultural industry will be advanced. A cultural industry innovation center will be built and the development of the Qiqiao culture industry will be vigorously promoted.

**iv. Intermediary service industry**

Tianhe District will take the advantage of the opportunities opened up by the lowered entry threshold for foreign investment in the intermediary services industry. Efforts will be made to attract international professional service providers who have the ability to undertake international business. Furthermore, the accounting, auditing, consulting, advertising, planning, design, leasing services, intellectual property rights firms, job placement service firms and other intermediary services will be fostered. The goal is to expand the broad scope of professional services and improve the standard and technical content of the intermediary services.

**II. High-Tech Industries**

**i. Software industry**

Preference will be given to the development of the software industry in Tianhe District.
As a new, distinctive and dominant industry in Tianhe, the software industry and related supporting strategies will be constantly improved. Vigorous efforts will be made to bring in leading domestic and/or overseas software enterprises as anchor firms, and enhance the scale and standard of the software industry by giving priority to the cultivation of enterprises with proprietary technologies and patented products. Reputable international corporate R&D centers will be introduced. Key enterprises for building R&D centers will be supported. Enterprises will be encouraged to increase their R&D spending. Innovative technologies. New management of the software industry will be strengthened, and the proportion of products with proprietary intellectual property rights in the software industry will be constantly increased. Furthermore, talent in software industry management and R&D will be vigorously recruited and nurtured, while the sustainable development of talent will be stressed. Moreover, a supporting service system will be built and improved for this growing software industry base and the environment for the growth of the software industry will be optimized. The development of software technologies and the information service industry will be advanced by focusing on the production and promotion of applications software.

ii. Communications Cultural industries
The Guangzhou Communications Cultural Industry Park, centered on the China Mobile South R&D Base, will be built. A comprehensive public service platform of information service product R&D, testing services, certification consulting, training, education, exhibition, trading and technology research will be built by taking the improvement of the communication cultural industry chain as an innovative highlight. Efforts will also be made to comprehensively improve independent innovation in the development of information services to build the Tienhe Communications Cultural Industry Park into an incubator for rapid growth of resident industries to advance the upgrade growth of the overall economic benefits.

iii. Digital contents industry
The construction of the Guangzhou National Internet Game and Animation Industry Development Base will be a developmental focus. Internet game, animation, the digital movie and TV entertainment industries will be developed as backbone industries. A comprehensive Internet game development platform, an animation design and production platform, a combined testing, exhibition and exchange platform for the Internet game and animation industry will be built in order to turn the Tianhe Software Park into a center of the digital industry in South China.

iv. Other high-tech industries
Existing industrial land plots will be used in an intensive manner and such high-tech industries as new materials and biopharmaceuticals will be proactively recruited. Headways will be brought in. The protection of intellectual property rights will be intensified. A favorable environment will be created for independent innovations in science and technology and the regional independent innovation and the unique and comprehensive competitiveness of the science and technology industries will be enhanced. Priority will be given to high-end service industries, i.e. technology promotion services, intermediary science and technology services by capitalizing the concentration of higher-learning institutions and scientific research institutes in the district.

III. Traditional Competitive Service Industries

i. Commerce and trade

The scale and level of commerce and trade will be enhanced. New forms of commerce like chain operations and franchise will be encouraged. E-commerce will be promoted, and the transition of commerce and trade to modern service industries will be enhanced. Tianhe's status as a new regional center of commerce will also be consolidated. In addition, the growth of the retail industry will be facilitated and a retail industry structure consisting of a city-level large-scale shopping center, a district-level commercial center, and a community-level shopping center, formed. Furthermore, specialized markets for households, automobiles and garments is scheduled to be expanded and strengthened.

ii. Tourism

Accommodation, catering, shopping, leisure, culture and sports functions will be highlighted and metropolitan scenery and metropolitan shopping will be promoted as two major brands of the district. The construction of star-rated hotels will be stepped up and tourism resources in the district will be consolidated, with focus on metropolitan tourism center.

Baiyun District


Industrial Development and Investment Promotion Focus

I. Airport Industry

The New Guangzhou Baiyun International Airport is located in the north of Baiyun District. Baiyun District connecting 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 and high-tech manufacturing are going to be set up. Such modern service enterprises as exhibition enterprises and information intermediary enterprises are also going to be encouraged to expand their business there.

II. Logistics Industry

In Baiyun District, there are basic transportation systems of railway, municipality road, river 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, airport driving 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 domestic and overseas 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:** Huang Jin Wei Integrated Logistics Zone, the first regional integrated logistics zone in Guangzhou, is located in Shijing Territory in the west of Baiyun District. With the out moving of downtown logistics enterprises, Huang Jin Wei will speed up the development of modern efficient logistics service system with functions of transportation center, storage, distribution, trade exhibition and affiliated service.

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 biopharmaceutical 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:** Liuxi Bay Biology Port, Guangzhou Bio-pharmaceutical Industrial Base and three biology industrial bases of Helong Biology Service Area.

### 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 creat 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. Central Hotel in the south of Baiyun New Town will be expanded and built into Grade A office building and luxurious five-star hotel, which will become a local headquarters base and economic highlights in the northern section of Guangzhou.

### 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.

### VI. Fine Chemical Industries

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% 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.

VII. Urban Agriculture

The transformation from traditional agriculture to modern urban agriculture can be promoted. To achieve the above-mentioned goal, we should establish “Central Great Kitchen of Guangzhou”, a modernized, specialized and intensive urban logistics distribution system with the functions of business service, inspection, authentication and information assistance, as well as a distribution platform of agricultural products and a food base supporting Guangzhou, influencing 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 so as to develop tourism and entertainment industries to establish a central leisure area.

Huangpu District

http://www.hp.gov.cn

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, center of the automobile industrial area in East Guangzhou. Offering the 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 km² in total, and going to be built as a combination of auto-fitting manufacture, sales and distribution.

The Development Focus:

i. 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 and SANY Heavy Industry.

ii. 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 settlement centers.

iii. 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
Focused will be laid on the opportunity brought by the output expansion of refine oil and ethylene. Huangpu District has 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 on improving the supporting system and helping enterprises on the further processed products. The industrial chain of “petrochemical-fine
chemical, high quality plastic-terminal product” will come into being finally.

**The development Focus:** Jitang Modern Chemical Industrial Base

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.

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**III. 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 the electronic and information manufacture industry on earth and their accessory enterprises.

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**IV. The Network Games and the Animation-cartoon Industry**

“Huangpu Section, Guangzhou National Development Base for the Network Games and the Animation-cartoon Industry ” 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 m² respectively.

1. **Guangzhou International Toys & Gifts Center (GITGC)**

Located 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 m² and has commanded a total investment of 2 billion yuan with a construction area of 480,000 m². 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 m², 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.

ii. Asia Steel Building
Lying in Nangang section of Huangpu Road East, Asia Steel Building has a construction area of 17,654 m². 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.

V. Logistics Industry
Depending on the regional advantages of Guangzhou Port (Huangpu Harbor Area) and Guangzhou-Shenzhen Railway, Huangpu District has formed an on-going situation of gathering port and railway logistics, and other relative logistics industry, which indicates the logistics is beginning to take shape. So far, the storehouses about 750,000 m² 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 and eg-Logistics.
At present, the land resource that can be utilized includes Jiangjunshan Industrial Base and GBMG Logistics Park. Located on Nangang Road West in Huangpu District, GBMG Logistics Park, covering an area of 160,000 m², 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
http://www.huadu.gov.cn/english/

Industrial Development and Investment Promotion Focus
In recent years, encircling to the goal of making a strong economy district, building a garden city, and constructing a harmonious Huadu, Huadu is developing the automobile industry, leather and leather products industry as well as the airport-related industry. A booming industry pattern with 2 “engines” (automobile industry and airport economy), 3 industry groups (automobile industry group, leather industry group, and jewelry industry group)
and 5 polar 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 was given 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, thus promoting the investment in close, 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 and playing the role of a powerhouse over a large area. 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 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 achievement either for airport or Huadu District” has been carried out. By 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 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, Huadu will become a world famous Airport City.

### 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 Headquarter 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. 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 GGEC 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
http://www.panyu.gd.cn/eng/jsp/index.jsp

Industrial Development and Investment Promotion Focus
At present, Panyu is implementing the strategy of “maintain the developing momentum of primary industry, give priority to 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.

Spatial 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 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. The western part will focus on developing modern tourism by utilizing resort resources.

I. Automobile and Accessories Industry

Full support is given to the base construction for Guangzhou Automobile Industrial Group with its self-own brand. This base is for both R&D and manufacturing, with an investment of 6.8 billion 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 Paynyu Dongchong Automobile Accessories Industry Park will be promoted in order to attract automobile accessories enterprises to settle down.

II. Biopharmaceutical Industry

Biopharmaceutical industry has formed a good foundation in Panyu. In 2007, number of enterprises above designated size has reached 12, with a total output value of RMB 550 million yuan. Those enterprises 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, covering western medicine, Chinese traditional medicine, health care products, and medical machines. Currently, an area of 2.19 million m² in Hualong Town which is in the northeast of Panyu. It is exclusively planned to be a biopharmaceutical base. Various projects such as stem cell program have been launched here
so far. And it’s ready to bring in more bio-pharmaceutical R&D institutions and production enterprises.

III. Digital Family & Digital TV Industry

Digital Family & Digital TV Incubation Base in Guangzhou Higher Education Mega Center is co-founded by the government of Panyu, Sun Yat-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), Digital TV Center (Graduate School of Tsinghua University in Shenzhen). These 5 centers along with more than 30 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 m², 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 are being made by the government of Panyu to invite more investment in this field.

IV. 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% 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 Startoon Animation Game Industrial Park with total investment of about 500 million yuan. The park covers a land area of 190,000 m², with gross floor area of 380,000 m². Soon it will be equipped with an innovative ecological park of about 50,000 m² and a warehousing and logistics district of about 40,000 m².

V. Characteristic Industry Group

Jewelry processing and lighting & audio are two characteristic industries of Panyu.
With more than 200 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 of Guangdong Torch Program. The export value of jewelry was USD 1.324 billion in 2007. The amount of jewelry processed in Panyu constituted more than 50% of jewelry sales and transit trade of Hong Kong.

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 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 for each. And Ruifeng audio equipments are destined to be used in the main venue of 2008 Peking Olympic Games.

VI. 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 very important to let their development better serve main economic regions such as Guangzhou City, Pearl River Delta, and Guangzhou-Hong Kong-Macao Megalopolis. At present, development focus is 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 m2 along Metro Line 3 & 4 and Yingbin Road, to build Shaxi Wholesale Market, to establish Guangzhou International Commodities Exhibition & Trade Center. Panyu is striving to establish 3 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 common development of manufacturing, real estate, commerce and tourism.

Nansha Development Zone (Nansha District)

http://www.gzns.gov.cn/

Industrial Development and Investment Promotion Focus

I. Automobile and Auto-parts Industry

With Guangzhou Toyota taking the lead, efforts will be made to develop automobile assembly, engine and accessories production, new vehicle and auto-parts R & D, logistics, trade and service industries to form the automobile industrial chain that boosts the auto-parts development of neighboring regions. An auto-parts supplying circle of the Pearl River Delta with Nansha as the center will be built to facilitate the development of Guangzhou Toyota.

II. Petrochemical Industry

Carrying out the idea of harmonization among production development, environment protection, and adhering to the principle of building up a large, intensive and modern base, Nansha is devoting on building a world-class petrochemical industrial base. The joint project of Sinopec and KNPC with capacity of 15 million tons of refining oil and 1 million tons of ethylene is schemed to be launched. The preparations are right on the track now. The program of crude oil quay has been primarily set down, and the feasibility programs of refining oil and chemical industry have been nearly completed. Located at Huangge, Xiaohu Chemical Industry Park has become a base for storage, transporting, distributing and producing petrochemicals and is equipped with necessary facilities for chemical industries such as industrial trenches, sewage processing plants, steam and industrial gases’ suppliers, etc. Xiaohu petrochemical quay, the largest special petrochemical quay in the region, has been built up and put into production. Other large-scale middle and lower stream projects of petrochemical such as Continental Colophony from Singapore, Taishan Petrochemical Storage and Transportation, lubricant of Nippon Oil Corporation, PVC of Tosoh Corporation, Yutian Chem, Sartomer’s special type acrylic ester from France, etc. are all included on the list.
The investment promotion focuses will be on the oil refinery, ethylene and its processing products (such as PE, PP and PVC), palm oil and its processed products, fine chemistry, pharmaceutical chemistry, electronic chemicals and other chemical products in the middle stream.

III. Service Outsourcing
Basing on the outsourcing base of which Nansha IT Park is the principal part, businesses have been launched which include industrial R & D, production design, software system development and application, system integration, database construction, facilities rescue, construction and maintenance of database, customer service center, electronic training, exam & measure service and businesses.

The investment promotion focus is to outsource industries of IT, multinational financial service, modern logistics service, software R & D, technology support, investment consultation, management consultation and HR service.

IV. Electronics Information Manufacturing
The Nansha Arasor communication technology project producing electronic components has been launched. Eight R & D centers of HKUST have been put into use or under construction. The Institute of Industry Technology Guangzhou & Chinese Academy of Sciences has been built up in Nansha and of which the key laboratories and international R & D center are prepared to be constructed.

The investment promotion focus is to introduce a set of hi-tech leading projects of photo-electronic communication, IC, plane display, electronics to form the electronic information industrial chain.

V. Biopharmaceutical Industry
Biopharmaceutical industry has been developed very well in Nansha. Lonza Guangzhou Nansha Ltd was established and is wholly owned by Lonza Group Ltd. Lonza Guangzhou Research and Development Center Co., Ltd. consists of 14 laboratories which is the most consummate laboratory group equipped with the state-of-the-art analytical instruments of South China. The project of RabMab immunohisto chemistry agent of Ascend biotechnology Co., Ltd. has already been launched. The iatrology investigation program on stem cell and rebirth of South China is under construction.

The investment promotion focus will be on the introduction of the companies developing
VI. Port-logistics
With the completion of ten tonnage berths of 50,000-100,000 tons, Nansha Port will ultimately become the biggest hinge port in South China and serve the Pearl River Delta and especially the cargos in & out of the west bank of the Pearl River. In the year of 2007, the cargos handling capacity of Nansha Port has amounted to 77.03 million tons, growing by 56% while the handling capacity of container reached 4.55 million TEU, growing by 80% as compared with that of the year of 2006. Nearly 30 international and domestic sea routes have been started which lead to America, Europe, Japan, Australia, Southeast Asia and etc. Nansha is now forging ahead with the construction of the bonded logistics park on Longxue Island, non-bonded logistics park and the river-sea combination transportation park. Logistics businesses like storage, terminal service, especially the businesses tailored for Nansha Port development including value added logistics projects and transportation of large scale raw materials will be introduced. Businesses of logistics, storage, distribution, tax-free processing, transportation, load and unload, agency, import & export and etc will be boosted. The transportation of oceanic container, domestic land container, the third party and the fourth party logistics service will also be developed. As a result, it will become a modern world-oriented logistics base backed by the Pearl River Delta.

VII. Machinery and Equipment
The keystone of this field is to develop large-scale power equipment, large-scale chemical industrial facilities, port operation machinery, environment protection machinery, railway transportation equipment, numerical control machinery and whole set equipment. With the construction of Mitsubishi Heavy Industries Dongfang Gas Turbine, Launching-out base for Nuclear Power facilities of Dongfang Electric Corporation, Guangzhou Herrenknecht Tunnelling Machinery and high and ultra-high voltage transmission and distribution equipment of Xi’an Electric Engineering Co., Ltd., the other machinery enterprises and related industrial chains are promoted, which makes Nansha a production and R&D base of Guangdong Province.

VIII. Shipbuilding Industry
Based on the long coastline, and led by China State Shipbuilding Corporation (CSSC), the large-scale shipbuilding and repairing yards are being built to fulfill the demands of building
oil tankers above 300,000 dwt. The shipbuilding base with a capacity of 3 million dwt on Longxue Island is to be put into trial-production in 2008. With the whole base being put into production, the single shipbuilding capacity of Guangzhou will be raised from 60,000 to 300,000 dwt and make Nansha the third largest modern shipbuilding base allover China.

**Investment promotion focus:** shipbuilding of large scale and marine engineering; repairing projects of containers, large-scale steel structure production and shipping; developing enterprises and manufactures relating to shipping industries; developing marine engineering industries.

**Guangzhou Development District**

*(Luogang District)*

http://www.getdd.gov.cn

**Industrial Development and Investment Promotion Focus**

Currently, Guangzhou Development District (GDD) is dedicate to promote the harmonious development among advanced manufacture, hi-tech industry and modern services industry. Efforts will be made to promote the industrial structure transfer from the manufacture-oriented industrial chains to value-oriented cluster ones. The aim is to further enhance the industrial leading position, to promote the transfer from traditional services industry to modern services industry, to strongly develop modern agriculture, and to construct a modern industrial system.

I. IT Industry

Electronic information manufacture industry is one of mainstay industry in GDD. By the end of 2006, GDD information industry cluster had a total of 366 electronic information enterprises, accounting for 11.16% of the total enterprises in the district, realizing a total business income 57.586 billion yuan, accounting for 20.92% of the total business income of the district. Among the 23 categories of electronics and information industry, the computer peripheral equipments, main boards and printing circuit boards have the obvious advantages, accounting for 64.78%, of which the computer peripheral equipments accounting for 30.43% of the entire industry. A few international leading enterprises took a prominent position in the industry, such as the Lighton Group which has an occupation of 27.11% of the entire industry. The business income of Dazhong computer group is accounting for 16.26% of the
entire industry, the representative companies such as Guangdong Vtron Electronics Co., Ltd., Comba Telecom Co., Ltd. had owned many patents and some of the products had formed a industry standard.

**The investment promotion focus**: The introduction of the hi-tech leading projects of optoelectronic communication, integrated circuits, LCD, electronic appliances.

**II. Headquarter Economy**

After more than 20 years of developments, GDD has fostered a pool of management talents and gathered a number of leading projects. A cluster of mainstay industries has been formed. The infrastructure has been perfected to build in an eco-friendly environment both suitable for business and living. Now, GDD is planning to construct “the base of regional headquarter” with a batch of high-quality office building area in order to attract company headquarters with the policy “*Interim Procedures for Guangzhou Economic and Technological Development District to Encourage the Development of the Headquarter Economy*”.

**The investment promotion focus**: The introduction of the regional headquarter of multi-national companies and private enterprises, a batch of financial centres, logistics centres and operation centres.

**III. Service Outsourcing**

By taking the advantage of Guangzhou as the state outsourcing base as an opportunity, GEDD has formulated “*Views on the Development of Service Outsourcing in Guangzhou Development District, Guangzhou Hi-Tech Industrial Development Zone, Guangzhou Export Processing Zone, Guangzhou Free Trade Zone*”, and the leading working group of outsourcing has be established. Via relying on Hi-tech Industrial Development Zone, efforts will be put on the emphasis of the development of IT service outsourcing, financial outsourcing for multinational corporations, modern logistics outsourcing, research and development of software products, technical support outsourcing, investment and management consulting business outsourcing, human resources service outsourcing and other outsourcing industries.

**IV. Bio-pharmaceutical Industry**

Bio-pharmaceutical industry is one of the mainstay industries of GDD. By taking the advantage of being a state pharmaceutical exporting base, GDD puts emphasis on the
development of bio-pharmaceutical industry base. The Guangzhou municipal government and the administrative committee of GDD jointly invested 1 billion yuan to set up “Guangzhou Science and Technology Venture Investment Company” and the “Guangzhou Venture Investment Company”. The investment is inclined to the biological medicine projects. GDD has also acquired a number of venture capital companies such as Guangzhou Development District Jianchuang Investment Company, Wutong Fund Management Company, American IDG Company and the listed company South Science & Technology City in financing. Among which, Guangzhou Science and Technology Venture Investment Company has corporated with UOB to set up China’s first biological engineering investment funds.

The investment promotion focus: the introduction of international leading-level bio-pharmaceutical technology development companies and biopharmaceutical companies

V. New Energy and Energy-saving Environmental Industry

As an emerging industry, new energy and energy-saving environmental industry is another industry base that the GDD is trying to build. By the end of 2006, there had been 38 new energy and energy-saving environmental enterprises, achieving a total operating income of 1.2 billion yuan. Among the 5 categories of new materials industry cluster of the district, energy saving technology accounts for a large proportion of 87.15%. The representative enterprises, including Guangzhou Disen heat Technology Ltd., (to develop and produce new type of clean fuel), Guangzhou Huade New materials Ltd., (to develop and produce a series of air-conditioning refrigeration products) and Guangzhou HongYing Energy Technology Ltd., (to cooperated with Chinese Academy of Science Energy Development Institution to develop magnetic unhindered motors).

VI. Modern Service Industry

GDD is actively promoting the harmonious development among modern manufacturing, hi-tech industry and modern service industry to put more emphasis on the modern service industry. Guangzhou Free Trade Zone has won the state bonded logistics park. By relying bonded logistics park in the Free Trade Zone, the basic functions will be performed. The first is to put under the supervision of the customs and inspection agencies. Goods will be directly transported in or out of the Logistics Park, achieving four functions of domestic and international transit, international allocation, distribution, international procurement centre and international trading. By giving full play of the policy advantages of the Free Trade Zone, the focus will be laid on modern logistics, support services for engineering equipment,
information services, technical services, industrial real estate, industrial advisory services and other production service projects. The aim is to develop the business of allocation distribution of import and export commodities, to become a regional logistics of bulk commodities, production materials and build the eastern Guangzhou logistics base.

GDD has implemented the “Planning Scheme for Guangzhou Economic & Technological Development District Innovative Financial Park”. Cooperated with science city ABC Group, Guangzhou Technology Innovation Base, Guangzhou International Business Incubator and other zones, GDD will redouble the effort of business attraction of financial industry. Meanwhile, efforts will be made to give full play of GDD's rich ecological resources to actively develop ecological leisure tourism industry with a moderate development of the supporting living houses. Besides, headways will be made to vigorously bring in accountants, lawyers, investment advisers, financial, insurance and other intermediate agencies. Steps will be taken to introduce the life services industry, to speed up the formation of regional life supports, including introducing large shopping malls, hotels, restaurants, to integrate the Luogang New Town Commercial Centre, Science City Business incubator, GDD Bigang Commercial Centre, GDD Western Section Business Centre to form a north-south development axis of commercial centers.

Conghua County-Level City

http://www.conghua.gov.cn/

Industrial Development and Investment Promotion Focus
The industry layout will be further optimized by depending on the Industrial Base and the advantages of environment resource and five big zones (Taiping Industrial Park of Conghua Economic Development Zone, Pearl Industrial Park of Conghua Economic Development Zone, Liuxi Hot Spring Tour Holiday Zone, Headquarters Business Zone, Logistics Zone) and seven big industrial bases (Motor Spare Parts Industrial Base, Motorcycle Industrial Base, Medicine and Cosmetics Industrial Base, Jewelry Industrial Base, Electronic Telecommunication Industrial Base, Higher Education Research Development Industrial Base and Agricultural Industrialization Base) will be built. In the south, high technology industry and high-grade, commercial, residential district 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. In the
central district, commercial trade, culture and real estate industry will be fostered.

I. Key Industry

i. Conghua automobile and auto parts industry

Conghua Automobile and Auto Parts Industrial Base is located in the Pearl Industrial Park of Guangdong Conghua Economic Development Zone. The Base covers a planned area of 12.67 square kilometers. The phase 1 project covers an area of 6.67 square kilometers. All the supplies of roads, water, electricity, telecom, gas, sewage and land leveling have been completed and available for the investors. And the enterprises inside the base enjoy perfect service facilities such as business administration, tax, bank, hospital, school, house and hotel, etc. Conghua City Government has formulated favorable policies of industry development.

At present, the project with the first period investment invested by Guangzhou Automobile Group Co., Ltd. and Hino Motors Ltd. has been settled in the base. The project mainly produces top-grade trucks and tractors. It will be put into operation in 2009. At the same time, more than 10 enterprises of auto spare parts like Wanli tire, Keangsi spare parts, Wandun motivity and Kunjiang motor spare parts have settled in Conghua. Conghua Automobile and Auto Parts Industrial Base will be the modern competitive industrial base on researching and manufacturing commercial vehicles, trucks and parts.

ii. Bio-pharmaceutical industry

Conghua County-level City Bio-pharmaceutical Industrial Base is located in the east district of Pearl Industrial Park and the beautiful “Pharmaceutical Valley” of Wenquan Town. It covers an area of 6000 mu. The base will mainly specialize in prepared Chinese medicine, biological medicine and chemical medicine industry. It will be constructed as a medical base in accordance with GMP standards with integration of research and development, manufacturing & sales and industry culture. At present, such famous pharmaceutical organizations and enterprises which have their own intellectual property rights and advanced skills either nationwide or worldwide as the Research Center on Traditional Chinese Medicine (TCM) of Guangzhou Pharmaceutical Holdings Limited, LifeTech, JiaHe, Xian Qian, ZhenHe, etc., have all been stationed there.

iii. IT industry

Conghua IT Industrial Base was founded with Huaruan Software College of Guangzhou University as its core. Its planned area will be 1900 mu. The base is consisted of several
scaled, scientific and research, competitive and chained industrial parks with relatively well-established service systems. It will develop cartoon industry to form core high-tech industry as Guangzhou is the national cartoon industrial base and Conghua has boasted favorable industrial foundation.

iv. Jewelry industry

Conghua Jewelry Industrial Base is close to Pearl Industrial Park of Guangdong Conghua Economy Development Zone. The base covers an area of 500 mu in the first period. Many enterprises such as Conghua East Unicorn Diamond Ltd., Wing Ziao Diamond Cutting Works, Guangzhou Ziao Wing Diamond Co., Ltd., Top Gold International Ltd, etc. have been established in the base with 5500 employees. In recent years, export of Conghua jewelry has been increasing. In 2007, the jewelry export value of the whole city reached USD 613 million, occupying 45.9 % of the products export value of Conghua. Guangzhou Ziao Wing Diamond Co., Ltd. is investing HKD 40 million to build a big jewelry zone with manufacturing, processing, touring and shopping, covering a planned area of 70 mu. The jewelry zone can accommodate 20 sales enterprises of jewelry processing and receiving more than 5000 visitors.

II. Key Investment Zones (Bases) and Projects

i. Taiping Industrial Park of Conghua Economy Development Zone

It covers a planned area of 10 square kilometers. The main industries in the park are cosmetic, pharmacy, machine, food, fine chemical, etc. There are 125 foreign enterprises such as Avon, Unilever, C-Bons, Softto. The total investment is about 4 billion yuan and the investment intensity is 1.513 billion yuan per square kilometer. The total industrial production value reached 8.42 billion yuan in 2007.

ii. Pearl Industrial Park of Conghua Economy Development Zone

Founded with an area of 45.6 square kilometers, it is the biggest industrial zone in Conghua City. Pearl Industrial Park is approved as the important construction project of Guangzhou City, the important construction-planning project of Guangdong Province, and important construction project of high technology industry base. The Park insists on the principle of “ecology first, environment protection first” to build a model industrial zone of ecology of provincial and national level. The key industries are automobile, motorcycle, auto parts and motorcycle, machinery, cosmetic and electronic information, etc. At present, there are 65 enterprises with a total investment value of about 9.6 billion yuan.

iii. Conghua Liuxi Hot Spring Tour Holiday Zone (Conghua Hot Spring Health
Valley)

The zone crossing Liuxihe’s banks is located in the Liuxi Riverside of the north of Guangzhou. Its south is near the well-known Conghua Hot Springs, the north, near the Liuxihe National Forest Park named as "second Lushan Mountain". It is like a beautiful flower in backyard Guangzhou City. Its planned area is 29.28 square kilometers. There will be international business conference area, public leisure area and more than 20 functional facilities projects. The zone will be built into a public entertainment place with world-class health care, leisure, tourism, culture, arts, literacy, leisure resorts and luxury business centre in Pearl River Delta and Hong Kong, Macao, Japan, Korea, Europe and the United States as a whole.

The proposed projects for foreign investment are as follows: The Construction of Infrastructure and Relative Facilities of Economic Zones, the Manufacturing Spare Parts for Guangqi Hino Commercial Vehicles, the Production and High-tech Cooperation of motorcycles, and other kinds of functional areas like water therapy areas, international conference area, public leisure area and middle –high class hotels in Health Valley of Liuxi Hot Spring Tour Holiday Zone, the R & D Center of Bio-pharmaceuticals, the Manufacturing of high-quality jewelry and gifts, the projects on cartoon creative industry, the project on high mountain flowers and the planting of fresh flowers, the projects on processing of vegetables dehydration and the projects on processing of fruits, etc.

Zengcheng County-level City

http://www.zengcheng.gov.cn/default.htm

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 regional development of Guangzhou, more and more citizens are turning their eyes to Zengcheng for apartment and property investment. Meanwhile, many large real estate companies have also settled in the region. With improvement of its popularity, Zengcheng has also developed its beautiful natural environment, making ecological tourism its new economic growth highlight. Currently, Zengcheng adopts the strategic planning and functional division of the three "functional circles" in the south, the middle and the north,
"invigorating the south, developing downtown areas and promoting the north", so as to facilitate its overall, coordinated and sustainable development in its economic and social aspects.

I. New Industries

Xintang area will be built in the south as the leader and develop as per the high standards for a national innovative industrial park. By taking a new road to industrialization and making great efforts to adjust and optimize the industrial structure, the aim is to promote the formation of an advanced manufacturing sphere and create a new industrial zone in the south of Zengcheng.

The cluster development is promoted with the automobile industrial base in eastern Guangzhou as the leader. By making Zengcheng Plant of Guangzhou Honda Automobile as the leading position, we will develop the clusters of manufacture of automobile industrial, motorcycles and related accessories, as well as the new and high industries of electronics & information, bio-engineering, new materials, optical, mechanical & electronic integration. The conglomeration functions of the High-Tech Technological Industrial Base should be enhanced including the Shitan Industrial Zone and other industrial bases.

II. Modern Service Sectors

With the downtown areas of Zengcheng as the core, we will 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, promote the formation of an urban living sphere and construct downtown areas in the middle for the cultural industry.

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, work will be done to promote the cultural facilities around Zengcheng Plaza, 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, the aim is
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. Urban Agriculture and Ecological Tourism

With the provincial scenic spot of Baishuizhai in the north as the leader, the 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, thus facilitating the complementary, interactive and harmonious development in the southern, middle and northern areas.

In line with the goal of constructing an "Excellent Tourist City in China" and the philosophy of building a "millennium-old scenic spot", initiatives will be taken to integrate the ecological and cultural resources in the 800 square kilometers (covering the three towns of Paitan, Xiaolou and Zhengguo as well as a part of the middle areas). The aim is establish a large ecological country park with international standards. The formation of the tourism layout will be promoted including one river (Zengjiang), two roads (from Zengcheng to Paitan and Zhengguo respectively) and five scenic spots (Licheng, Baishuizhai, scenic spots featuring with the fairy of Ho Hsien-ku, as well as delicate ancient houses). We will expedite the construction and investment promotion for star hotels to enhance the handling capacity of the tourism market, promoting the formation of related tourist services of cartering, accommodation, traffic, sightseeing, shopping and entertainment.
Business Environment
Business Environment of Guangzhou

Being the Southern Gate of China and the hub in South China, Guangzhou is the capital as well as the political, economic, technological, educational and cultural center of Guangdong Province.

Located at 113°17’ East Longitude and 23°8’ North Latitude, Guangzhou resides in the southeastern part of Guangdong, along the north brink of the Pearl River Delta very adjacent to Hong Kong and Macao. The Pearl River, the third largest river in China, runs through the downtown. The city enjoys the sub-tropical monsoon climate with the average temperature ranging from 20 to 22 degree centigrade, abundant rainfalls and an agreeable weather. Besides, flowers bloom round the seasons and evergreen trees and rich material resources entitles the city as the “Flower City”. Currently, the city governs such 10 districts as Yuexiu, Haizhu, Liwan, Tianhe, Baiyun, Huangpu, Huadu, Panyu, Luogang and Nansha and 2 county-level cities Conghua and Zengcheng with a total area of 7,434.4 square kilometers, out of which the 10 districts cover an area of 3,718.5 square kilometers, 50.02% of the total. The city’s permanent residents exceed 10 million, 7.5 million of whom have local household registers.

As a well-known cultural city with the history of more than 2,200 years as well as the starting point of China’s ancient Marine Silk Road, Guangzhou boasts a long history of foreign exchanges. In the Qin and Han Dynasties, Guangzhou was the famous trading port in the world. Starting from the 1950s, a total of 102 sessions of the Chinese Export Commodities Fair (renamed China Import and Export Fair since 2007), the biannual event that falls on spring and autumn respectively, has been successfully held in the city.

I. An Economic Overview
Since the reform and opening up was initiated, Guangzhou has enjoyed a fast and sustainable growth. The city’s gross product has increased by 45 times (calculated at comparable price) from 4.309 billion yuan in 1978 to 705.078 billion yuan in 2007 and its GDP Per Capita, by 21 times (calculated at comparable price) from 907 yuan to 71,219 yuan in the same period. With sophisticated industrial clusters and a strong industrial foundation, Guangzhou has been one of the country’s key manufacturing bases. Its industrial development has entered into a new stage which features with heavy and chemical industries. The three pillar industries, namely automobile, petrochemicals and electronic information, have constituted a modern industrial system with a complete range of products, excellent comprehensive auxiliary service, and strong scientific research and development capability. Meanwhile, biomedicine has been developed into a new pillar industry while hi-tech and modern service industries emerge as a new growing highlight of Guangzhou’s economy. In this way, Guangzhou has strengthened its economic impacts on surrounding regions as the trade, finance, technology and information center in South China.

Guangzhou has a huge consumption market and a commodity-distributing center as well. The city ranks the first among the top ten Chinese cities with over 100,000 retailing stores, or 25.7 retailing stores per 1,000 people. Its diversified commercial network consists of large-scale shopping malls, warehouse-like wholesale or retailing supermarkets and terminal markets. In 2007, the total retail sales of consumer goods was 259.5 billion yuan and the wholesale and retail sales realized 1099.658 billion yuan. In wholesale and retail sale trades above designated size, the retail sales of automobiles increased by 25% and those of various kinds of jewelry and goods for education, office, sports and entertainment purposes, by more than 30%. Statistics released showed that Guangzhou plays a significant role in China’s consumption market. Meanwhile, the city, with its strong influence, exerts direct and leading impacts on the consumption of 40 million wealthy consumers in the Pearl River Delta.

II. Transportation

As the transportation hub in South China, Guangzhou has been equipped with complete transportation infrastructure, including state-of-art Baiyun International Airport, Guangzhou Port that lists among the top ten ports in the world, and the network of railways, expressways and quick urban rails extending in all directions. By 2010, Guangzhou will have basically completed the construction of a modernized traffic network featuring “three ports and two quick ways” (airport, seaport and information port as well as expressways and quick rails).

i. Sea transportation
Guangzhou Port is the largest comprehensive hub port in South China. Starting from the sea outfall of Pearl River to the port lay Humen Port District, which neighbors Hong Kong, Xinsha Port District, Huangpu Port District and Downtown Port District in sequence. The port connects over 300 ports in 80 countries and regions around the world. With its location at the intersection of Dongjiang River, Xijiang River and Beijiang River. The port joins railways, expressways and airports to create a highly developed traffic network in the city. In 2007, the throughput of the port reached 341 million tons, among which the container throughput hit 9.2036 million TEU, up by 38.3% Currently, the port has accelerated its construction of Nansha Port District to realize its development from a hinterland port to a sea port, growing itself into a modernized international port as well as the largest modern logistics hub in South China.

ii. Land transportation
Beijing-Guangzhou Railway, Guangzhou-Maoming Railway, Guangzhou-Meizhou-Shantou Railway, Guangzhou-Shenzhen Railway, Guangzhou-Kowloon Quasi High-speed Railway, Guangzhou-Zhuhai-Macao Railway and Wuhan-Guangzhou Passenger Line under construction form an all-directional railway network. New Guangzhou Railway Station under construction will become one of the four passenger transport railway centers in the country and the top-level station in Asia with the largest scale.

Guangzhou also boasts a highway network with the downtown as center, National Highway 105, 106, 107, 205 and 324 as major arteries, and three inner rings as links, all of which connects all national highways leading to over 97% counties, towns and cities in Guangdong Province as well as other neighboring provinces and cities. Rapid development of the city’s traffic facilities and expressway construction contribute to the main skeleton of a quick urban transport network. They consists of inner rings, round-city highway, North Second-ring Highway, New International Airport Highway, the first phase of Huanan Nan Lu, Guangyuan Dong Lu and four radial lines of inner rings.

The construction of Guangzhou Metro has been accelerated on a full scale. In 2006, the operation mileage of metro lines amounted to 116 kilometers, which exceeds that in Beijing for the first time and gets close to Shanghai. By 2010, Guangzhou will get possession of nine metro lines with the total mileage of 255 kilometers that covers all districts of the city and major cities in the Pearl River Delta.

iii. Air transportation
Located in the northern part of Guangzhou and 22 kilometers away from city downtown, Baiyun International Airport, the first large-scale modernized airport on the Chinese
mainland designed and built in conformity to the hub airport mode, has been named by Civil Aviation Administration of China one of the three hub airports in the country. The new airport, joining the railway station and Nansha Port, has strengthened the city’s role as a transportation hub. The airport can satisfy all needs for the maximum takeoff weight of the largest airplane. In 2007, the passenger throughput of the airport reached 30.9551 million person-time, ranking the second among all mainland airports and become one of the large-scale hub airports worldwide.

III. Public Utility
Over the recent years, Guangzhou has continued strong investment in urban public infrastructure construction. As a result, public utilities including electricity, water, gas and public transportation, public and tourist facilities covering various fields like education, culture, hygiene, sports and information have enjoyed stable and further development.

i. Urban informationization
With world-level information infrastructure, Guangzhou is one of the three major communications hubs, internet-exchange centers and international online portals in the country. Quite a number of telecommunications and network operators including Guangzhou Telecom, Guangzhou Broadband, Unicom, Tietong, Yeston and Great Wall Broadband have opened IP broadband intra-city network in the city. A high-quality broadband network with high broadband width, citywide coverage, high reliability security, advanced technology and full services has been built. The optical fibers have been laid in various residences and certain office buildings while platforms for broadband data and interactive video have been completed. The prevalence rate of urban telephone program control, urban telephones and mobile phones ranks the top among all capital cities of the nation. With the comprehensive index of urban informationization reaching 87%, Guangzhou has made substantial progress in building itself into a national informationization model city.

ii. Postal services
Guangzhou serves as a key hub for the country’s post communications from where mails can reach more than 190 countries and regions in the world. Postal services here have extended to Express Mail Service, speed post, stamp collection, postal savings and international exchange. In 2007, postal service revenue reached 23.616 billion yuan.

iii. Urban environment
Guangzhou has boasted an increasingly improved urban image and environment. Verdant mountains, clear water, blue sky, green grassland, flowers and trees all find their places here.
Large-scale environment sanitation infrastructure has been improved, which provides a solid foundation for daily disposal of household waste with the decontamination rate of 82.8%, the daily household sewage disposal capacity of 1.918 million tons and the household sewage disposal rate for central downtown of 82.34%. Public toilets are open to the public for free. A total of 85% buses and 100% taxis make use of clean energy. Air quality keeps stable at above the national second standard criteria. At present, Guangzhou has successfully become the National Sanitary City.

Guangzhou Municipal Government has given high priority to environmental protection. A series of rules and standards based on the state and the province's environmental protection laws and regulations have been established. According to the rules and standards, construction projects, especially those with pollution, shall undergo environmental protection approval during every stage of their construction. Meanwhile, they have to carry out the water pollutant and air pollutant emission licensing system. Nowadays, the city has implemented the strategy of "the secondary industry giving way to the development priority of the tertiary industry in urban downtown" to speed up the removal of industries with lagging productivity growth and strengthen guidance on enterprises’ technological upgrading during their relocation. In 2007, the city has put under good control various energy saving and emissions reduction indexes. Energy consumption for per 10,000 yuan gross product, chemical oxygen demand and sulfur dioxide emission fell by 4%, 2.2% and 8.8% respectively. The consumption for standard coal and water decreased by 200,000 tons and 3 million tons. The city has had the desulfurization capacity of 98,000 tons/year, closed 19 cement-plants and removed lagging productivity of 5.33 million tons.

iv. Medical service
Guangzhou has been provided with a complete medical service system. In 2007, the city had 2,605 medical institutes of various kinds, among which there were 227 hospitals with 51,600 beds and 77,400 health professionals, 29,600 of whom were licensed doctors (including licensed doctor assistants). The maternal and baby mortality rates remained low at 3.95/100,000 and 5.24‰. The government has set up the compensation mechanism for public health in community and a service system based on large-size hospitals support medical institutes in nearby communities. The inspection, alarm and emergency handling capacities in public health emergencies have been enhanced continuously.

IV. Human Resources
Guangzhou has been equipped with abundant human resources. There are 63 ordinary
tertiary schools, including Sun Yat-Sen University and Jinan University, with 679,300 undergraduates of three-year and four-year schooling, 11 adult tertiary schools, 24 ordinary tertiary schools and research institutes qualified for enrolling graduate students which have accommodated 49,800 graduate students, and 107 secondary vocational schools with 237,400 students. The schools have entered into the cooperation with more than 200 research institutes, universities and academic groups in 20 countries and regions.

Moreover, Guangzhou has introduced a huge flow of excellent talents as well as workers with rich working experience and sophisticated skills. The number of talents who hunt their jobs in the South China Market of Human Resources alone amounts to 300,000 each year. With its fast development, bright prospects and good business-initiating environment, the city has attracted a great number of talents from home and abroad to meet all demands for personnel of various levels from different enterprises.

V. The Investment and Trade Promotion

Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality serves as the authority under Guangzhou Municipal Government in charge of the city’s foreign trade and economic cooperation, so the bureau is responsible for formulating foreign trade and economic cooperation policies and promoting trade and investment. In the meantime, it is held liable to work out the development plan for foreign trade and economic cooperation, make approvals to foreign-invested projects, attract investments, monitor operations for foreign trade and coordinate enterprises’ investment in areas outside Guangzhou.

China Council for the Promotion of International Trade Guangzhou Branch and Guangzhou International Investment Promotion Center are institutions responsible for the city's international trade and international investment respectively. The official website of Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality is www.gzboftec.gov.cn and the website of Guangzhou Municipal Board for International Investment is www.investguangzhou.gov.cn have been launched to promote the city’s trade and investment.

Foreign trade and economic cooperation departments in districts and county-level cities within the jurisdiction of Guangzhou have all established trade and foreign investment promotion institutions. They make great efforts to promote the city’s sound investment environment: to introduce major investment attraction projects of the districts and the cities; to organize investors from home and abroad, to give assistance to market research before investment and find partners; to make arrangements for contacts with governmental departments, institutions and chambers of commerce; to undertake various
investment promotion and publicity campaigns to offer investors the latest and the most detailed investment documents and multi-media materials; and 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.

**VI. Convenient Customs Clearance**
Guided by the Convenient Customs Clearance Policy and the city’s Convenient Customs Clearance Coordination Leading Group, Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality has actively joined inspection and quarantine authorities at Guangzhou Port to work out a series of measures for easy clearance and improve trade facilitation.

**i. To adopt measures to make efficient customs clearance**
Guangzhou Customs and Huangpu Customs have realized the mode of “declarations to the local custom authority and clearance at the ports” and publicized “one customs and one-stop” monitoring procedures. For law-abiding enterprises, special clearance facilitation procedure, trust evaluation and trust check have been applied. Inspection and quarantine departments have set up special windows for declaration, carried out facilitation measures such as one-stop declaration, “quick check and approval”, the green channel, cross-customs one-stop clearance and electronization of declaration documents, put into use the inspection and quarantine electronic monitoring system and promoted categorized management and inspection exemption. Guangzhou Tiger Head Electronic Group Co., Ltd. has become the first exporter exempted from inspection in the city. Guangzhou Border Control Department has brought forward online check on outbound ships and made it possible for ships to unload their goods at anchor. Exchange control departments have expanded the use of the “automatic approval function of the online verification and writing off system” so that 80% can obtain automatic approval. Marine authorities have pushed forward electronic informationization of port inspection and put into trial use the “the management system for ships carrying passengers and goods.” Harbor departments have improved the port clearance environment and strengthened the comprehensive competitiveness of ports. Guangzhou Port Group has set down the Nansha Port joint meeting system to facilitate the clearance in the port.

**ii. To make coordination among relevant authorities**
Guided by the Convenient Customs Clearance Policy, port departments have entered into closer cooperation on clearance. Firstly, Guangzhou Customs, Huangpu Customs,
Guangdong Airport Group and Guangzhou Port Group have signed the cooperation memorandum. It specifies a few clearance methods and high-quality supervision and monitoring services including “mutual acknowledgement of manifests, on-the-spot clearance”, “mutual help for supervision and data sharing”. Secondly, the Customs and inspection and quarantine departments have signed the cooperation memorandum to set up a special team for cooperation between the two authorities and optimize their management and information resources. With regard to management on enterprises with high integrity, the two authorities have realized differences in their criteria on the enterprises, informed the other party of their list of the enterprises and their credibility status, recognized the credibility status and offered convenience for the enterprises’ easy clearance. Moreover, the two authorities have exchanged information about operations of enterprises under their jurisdiction, launched the cooperation mechanism against trafficking and violation. Thirdly, Guangzhou Customs and Huangpu Customs have launched the clearance cooperation mode, formulated data co-establishment and sharing after research, mutual help for supervision and mutual acknowledgement of manifests, and framed the one-stop clearance monitoring procedures. Lastly, the Customs and foreign trade departments have furthered joint supervision over processing trade and realized integration of approval and monitoring.

iii. To accelerate the construction of Guangzhou electronic port

Electronic accounts data about import and export information flow, capital flow and commodity flow originally controlled by various local administrations, have now gradually been restored in a public data center. The aim is to realize a data sharing and exchange on an unified, secure and highly efficient electronic platform. Besides, the cross-department and cross-industry data verification by the administrations through the Internet is being realized step by step. In this way, the overall efficiency of the administrations will be improved.

iv. To lay stress on convenient customs clearance at Baiyun International Airport

In 2007, the Convenient Customs Clearance Coordination Leading Group put forward at a working meeting the idea of accelerating the construction of the Convenient Customs Clearance at major ports. As a result, high priority has been given to such construction at Baiyun International Airport. All port inspection departments have formulated a series of measures to improve the clearance efficiency at major ports like Baiyun International Airport. With the help of the measures, air customs clearance has made great progress. The customs at the airport have realized air customs clearance for fresh and live goods so the clearance can be accomplished at 33 out of 53 air routes at the airport. Furthermore, the
strategies of “clearance at various places and inspection at the airport” and “truck flights” have been promoted. The “cross-border quick clearance” system has been started. US Northwest Airlines has been the first enterprise to be included in the system by officially launching the Hong Kong-Guangzhou cross-border quick clearance truck expressway. Guangzhou Customs, Huangpu Customs and Airport Group have signed the memorandum that pledges to implement the strategy of “mutual acknowledgement of manifests, on-the-spot clearance” in a hope to upgrade passenger transfer procedures at the airport.

The city’s Convenient Customs Clearance Office, based on its research and investigation, has set down *Suggestions on Further Improvement of the Goods Clearance Working Efficiency at Guangzhou International Airport*, in which nine detailed measures have been proposed, namely to improve the goods clearance procedures, increase the goods transfer efficiency, innovate the inspection and quarantine mode at the airport, accelerate the construction of air freight stations, boost the ground service quality, efficiency of the airport and airlines, realize the interconnection and information sharing between the airport and port authorities, upgrade the working system of goods clearance service time, take clearance facilitation measures for high integrity enterprises and set aside funds for the Convenient Customs Clearance for goods at the airport.

**v. To establish the quantitative statistics system of easy and convenient customs clearance at major ports**

The Convenient Customs Clearance Coordination Leading Group has led the customs, inspection and quarantine departments, border inspection authorities, Baiyun Airport and Guangzhou Port to work out *Suggestions on Establishment of the Quantitative Statistics System of the Convenient Customs Clearance at Major Ports of Guangzhou*, which specifies statistical items, departments responsible for statistics, clearance time and statistical methods. The system has been put into trial use since the third quarter of 2007 to provide a quantitative basis for improvement of clearance efficiency.

**vi. It has been approved by the State Council that Guangzhou Bonded Logistics Garden and Nansha Port District open up to the outside.**

Government departments of customs, foreign trade, development and reform, state tax, inspection and quarantine have boosted the construction of Guangzhou Bonded Logistics Garden and Nansha Bonded Logistics Center. Currently, the State Council has approved construction of Guangzhou Bonded Logistics Garden in Guangzhou Bonded Area. The garden, with an area of 0.507 square kilometer, will join New Huangpu port in logistics services. Nansha operates its import and export of goods according to the mode of public
bonded warehouses and export-supervised warehouses. The feasibility study report for Nansha Bonded Logistics Center has already been submitted to the State Council for approval. Led by the Development and Reform Commission of Guangzhou Municipality, the Controlling Plan for Logistics Gardens of Guangzhou has been formulated by related government departments. A total of 20 million yuan has been allocated as seed funds for the service industry, especially for the construction of bonded logistics gardens. Effective measures have been worked out by Guangzhou Harbor Bureau to standardize the conducts of port service providers and port & shipping enterprises, accelerate the development of sea-going channels and further the opening of Guangzhou Port' water areas. In the "Approval of the Opening Up Nansha Port of Guangzhou ,Guangzhou province" issued by the State Council on December 7th, 007, the opening-up of waters and coast lines in Nansha Port and Automobile Port is permitted. Moreover, with the auxiliary facilities of Great Clearance being steadily optimized, the development of Great Clearance in Guangzhou has thus been guaranteed solidly.

vii. To improve the supervisor system with user’s evaluation as core criterion
Since the establishment of the Convenient Customs Clearance Supervisor mechanism by the end of 2006, 34 supervisors have been employed from foreign trade enterprises, cargo agents, transportation companies and clearance firms. During three symposia, the supervisors positively acknowledged progresses in recent years made by port inspection and quarantine authorities in clearance reform and improvement of clearance efficiency. Various port authorities have given great support to the mechanism with a belief that it helps them obtain a clear idea of the true situation and listen to suggestions directly. In the second half of 2007, the Convenient Customs Clearance Office chaired the supervisors’ symposia to listen to their opinions and suggestions on clearance at Guangzhou ports. Officials of port authorities paid great attention to the opinions and suggestions. For example, officials of Guangdong Entry-Exit Inspection and Quarantine Bureau made special arrangements based on the opinions and suggestions. They held a symposium with officials of the bureau's branches and directors of the Convenient Customs Clearance Office to review the opinions and suggestions. Guangzhou Customs brought forward measures for enterprises to enjoy clearance facilitation services, clearance methods to solve the problem in goods transition between customs, and the solutions to different export invoices and processing trade writing-off forms submitted by enterprises.

VII. Administrative Services
In order to upgrade administrative efficiency and public service, optimize the administrative operation mechanism, innovate the mode of administrative management and service, and promote legal administration, Guangzhou Municipal Government has set up Guangzhou Administrative Service Center, which covers various governmental departments for the convenience of enterprises and citizens.

The service center, run by Guangzhou Administrative Management Office, offers one-stop services. Mainly serving for the enterprises, the center pools major departments for enterprises’ investment, operation and management. A total of 31 governmental departments including Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality, Bureau of Urban Planning, Project Construction Committee, Traffic Committee and Bureau of Land Resources and Housing Management open 201 service windows in the center to provide as much as 730 administrative services. Besides, the center prints approval procedure cards that guide citizens to follow the procedures. Every department in the center also prints pamphlets and guidebooks for every service item for free. What’s more, the center offers a great variety of electronic information services such as automatic inquiry systems, LCD display systems and queue management systems. Meanwhile, the website of the center is launched so that citizens may visit the online approval system for online pre-inspection, application, consultancy, feedback, inquiry, complaint and public information about administrative service and news. The website also publishes legal basis, application materials, procedures, time period, legal basis for charging and charging standards for service items in the center and provides form downloading services.

The center adopts various measures to ensure its monitoring efficiency. A hot line for complaint is launched there. Citizens may dial +86-20-38920133 to complain or report to the center. Furthermore, the electronic monitoring system supervises the personnel’s work with electronic eyes and record and monitor the handling process with an interior electronic system. Guangzhou Bureau of Supervision and Legal Affairs Office set up the administrative efficiency monitoring station and the administrative law enforcement monitoring office in the hall of the center respectively. Opinion boxes are installed in the center to collect citizens’ complaints and suggestions, for which designated personnel make replies. A service evaluation device is put on the counter of each employee in the center, which displays three buttons “Very Satisfied”, “Satisfied” and “Not Satisfied”. After receiving services, citizens may evaluate the services immediately by pressing corresponding buttons. Moreover, an administrative hall is set up on the seventh floor of the center. In the hall, there is an exhibition hall “Charming Guangzhou” which demonstrates introduction pamphlets of
Guangzhou and its districts and county-level cities, schemes of key projects, important archives and historical documents. An information inquiry center is located there. It will provide books on governmental information of various kinds and introduction of investment environment. Also, an electronic research zone is established to provide services for reference to governmental documents, Guangzhou University Digit Library and information about urban planning and landscape. Last of all, the center initiates an investment promotion zone where Guangzhou Municipal Board for International Investment is located.

VIII. Intellectual Property Right (IPR) Protection

In 2007, Guangzhou made the following efforts for IPR protections: first, to enact IPR protection policies to complete the system of IPR protection laws and regulations suitable for the development of market economy. With this effort, Methods of IPR Protection at Guangzhou Exhibitions, Countermeasures to Strengthen IPR Protection in Software, Cartoon and Animation Industries and Guangzhou Outline for IPR Protection (2006-2007) were framed. Secondly, the responsibility system for administrative law enforcement has been implemented to reinforce law enforcement and protection on key industries in the city. Thirdly, the IPR protection system has been improved. With the construction of IPR protection at the grassroots level, every district and county-level city have adopted quite a few measures to polish up the IPR protection system. Industrial associations have also made new progress in setting up IPR departments. Guangzhou Invention Committee, IPR Research Association and Industrial Design Promotion Committee were restructured, South China International IPR Exchange Center was launched and Guangzhou IPR Experts and Consultants Group were under construction. The establishment of these institutions has effectively provided more channels for IPR protection efforts. Lastly, more efforts were put on administrative law enforcement. The city made preparations for founding of Guangzhou Public Security IPR Liaison Office and IPR Judicial Appraisal Institution with an aim to reinforce the working mechanism between administrative law enforcement and criminal justice. Meanwhile, the city struck a crackdown on counterfeited patents and imitated patents. Law enforcement campaigns such as “Barrier Campaign for IPR Protection”, “Rhinoceros Campaign” and inspections on Chinese herbal medicine markets were launched, mainly targeting at 28 major professional markets in the city.
In 2007, Guangzhou received 12,057 patent applications, among which there were 2,894 applications for invention patents, increasing by 7%, accounting for 24% of the total, and 8,524 applications for granted patents, up by 33.2%, 846 of which are for granted invention patents, with an increase of 20%.

**IX. Public Explanation Meetings to Publicize Laws, Regulations and Policies**

In order to make publication of the China’s latest laws, regulations and policies to foreign-invested enterprises and help them understand changes in policies, Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality has insisted since 1999 on hosting a quarterly public meeting for explanation of laws, regulations and policies. By the end of 2007, similar meetings had been held for 34 times in nine straight years, which have enhanced exchanges between foreign- invested enterprises and the city’s governmental departments.

In 2007, the bureau hosted in Guangzhou and Hong Kong five public explanation meetings covering customs supervision regulations, import of mechanical and electrical equipment, processing trade, enterprise income tax laws and labor contract laws to publicize to foreign-invested companies the People’s Republic of China Enterprise Income Tax Law, the People’s Republic of China Labor Contract Law, Amendment of The Harmonized Commodity Description and Coding System, the 2007 version of the People’s Republic of China Import & Export Tariff Regulations, and Commodity Lists of Product of Processing Trade in Restriction by Ministry of Commerce and China Customs. At the same time, the meetings proposed countermeasures during the policy transition period and the principle of processing trade upgrading and introduced import facilitation measures for mechanical and electrical equipment. During the meetings, over 2,000 copies of publicity materials were released. The meetings, warmly welcomed by the companies, witnessed the huge number of visitors that amounted to 1,600 person/time.
Policies
Relevant Websites for Policy Consultation

If you want to learn the relevant policies related to foreign trade and economy, please feel free to consult: http://www.gov.cn or http://www.mofcom.gov.cn;
As to the relevant policies and rules released by the Guangdong Provincial Government, please refer to http://www.gd.gov.cn or http://www.gddoftec.gov.cn
For more information related to the policies and rules issued by Guangzhou Municipal Government, you are welcome to the websites: http://www.gz.gov.cn or http://www.gzboftec.gov.cn