

Time for some economic restructuring

By ZHANG ZHAO

For decades, Heilongjiang province has focused on resources and materials like coal, crude oil, and cement, but now its government wants to modernize the economic structure.

In 2010, the province had a GDP of 1.02 trillion yuan (\$155.6 billion), an increase of 12.6 percent over 2009's figure, and 75.6 percent higher than the one five years ago.

But, Wang Xiankui, the governor, has said that their short industrial chains mean low industry profits.

"So, we need a major reform in the economic structure for faster, sounder development. And we're planning a series of key projects."

For one thing, the province will improve traditional industries like farm product processing, chemicals, mining and forestry.

They believe they can make food processing more intensive so that it can have annual sales worth more than 160 billion yuan (\$24.4 billion) by year's end.



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WANG XIANKUI
HEILONGJIANG GOVERNOR

The provincial government is planning a number of industrial clusters for oil refineries, coal chemicals processing, and bio-fuels, with annual sales estimated at as much as 183 billion yuan.

Mining is expected to add another 100 billion yuan, by developing a number of large mines for copper, gold, lead, zinc, graphite and marble.

Its forestry products processing is also being improved, especially for wood, herbal medicines, and fruits, with annual GDP expected to

reach 94 billion yuan this year.

At the same time, the provincial government will keep an eye on emerging sectors with a strategic importance, in things like new materials, new energy, bio-pharmaceutical products, and modern equipment and vehicles.

Key sectors include nuclear and wind power, vaccines, high-powered engines, small aircraft, and high-speed cargo trains.

One other new growth area is the service sector, which includes tourism and finance.

With that in mind, the government is encouraging banks and other financial institutions to expand into the countryside, and to offer small loans.

Some companies are looking at getting listed this year.

The province will build around 50 large wholesale markets over the next five years. Harbin and Daqing will be pilot cities in the area of service outsourcing, according to government plans.

Heilongjiang is located in a cold part of China so, naturally, it sees ice and snow-related



Harbin's Mayor Zhao Yunpeng speaking at inauguration ceremony for the Harbin Hafei Airbus Composite Manufacturing Center's new facilities, on Feb 27.

ZHAO YUNPENG / FOR CHINA DAILY

industries as a major cultural calling card. But, it expects to give prominence to other cultural areas like mass media, animation and cinema as well.

"The private sector has long been a weak spot in our economy," said the governor. "But there's great potential in that sector and it will become

a major force behind our economic growth."

The government plans to build "bases" to encourage locals to start their own

business. Many emerging industrial sectors will be open to private companies, and small and medium-sized enterprises will be given greater chances.



Local people enjoying a leisurely moment in Harbin, the capital city of Heilongjiang province.

Petroleum still big in Daqing, but the city broadens its outlook

By HAO NAN

Daqing, in Heilongjiang province in China's northeast, is hoping to take advantage of its membership in the World Energy Cities Partnership (WECP) to help develop its economy over the next five years.

The city has an abundance of petroleum reserves and local officials have mapped out a plan to support petrochemical industry growth.

They expect to double annual sales revenues to 200 billion yuan (\$30.4 billion) by the end of the five-year period. At the same time, sales of modern equipment, which includes oil facilities, are expected to reach 100 billion yuan, by 2015.

Because the Daqing oilfield is the biggest in China, it still plays a significant role in oil supplies and energy security for the country.

In reaching the local government's sales target, they need to increase oil production — an annual output of about 40 million tons during the five-year period. Officials say they will make an effort to make production more orderly by removing buildings that obstruct gas pipelines and meeting oil exploration needs.

One other goal is improving Daqing's petroleum industry chain. The government plans to come up with policies that support large projects, for instance, increasing ethylene production, and it wants to help local companies develop cooperative relationships with the China Petrochemical Corp (Sinopec).

Part of that plan involves

attracting more investment to promote processing industries. The funds will mainly be used for oil-related areas like synthetic rubber, refining and plastic additives.

The local government also wants to increase the financial role of non-petroleum industries, from 2010's 48 percent to 60 percent, by the end of 2015, as part of the restructuring.

It has its sights set specifically on 10 industries, with plans to increase annual sales to 10 billion yuan each, over the next five years. They include the agricultural products processing, modern logistics, culture, and tourism sectors.

In addition, the government is keeping an eye on major projects involving vehicles, farm implements, and milk powder.

Industrial parks are in the planning stage or are being built to help with the city's economic transformation. One example is the national innovation technology zone. This park will be home to automobile manufacturers, the culture industry, and emerging industries.

This year, the start of the 12th Five-Year Plan, the city government has 256 industrial projects, big and small, each with more than 10 million yuan in backing. And, 45 are expected to be completed within the first half of the year.

The petrochemical, equipment manufacturing, and food processing businesses will continue to contribute to GDP growth — expected to be around 12 percent — in the coming years, the government says.

Harbin looking for domestic, foreign investors

By HAN TIANYANG

Local authorities in the northeastern city of Harbin are looking for money, a large amount, to invest in regional industrial projects to boost the economy in 2011, according to a city government report in January.

Officials expect the GDP of Harbin, capital of Heilongjiang province, to go up more than 12 percent this year, the first year of the 12th Five-Year Plan (2011-2015).

They also expect Harbin's foreign capital this year to increase 10 percent, while that of Chinese investors could go up 30 percent, according to the report.

Harbin has some strength in the industrial sector, in the area of equipment manufacturing, pharmaceuticals, and food.

Some of its better-known enterprises are the Harbin Pharmaceutical Group Co Ltd, Harbin Cable Works, Harbin Aircraft Industry Co Ltd, and Hafei Automobile Group.

This year's key projects will cover nuclear power equipment, new-energy vehicles, and civil aviation

facilities.

The government said it is encouraging local companies to cooperate with domestic and overseas counterparts. It has also said it will increase market access to private capital and support the growth of small and mid-sized enterprises.

One important chance to boost trade, for local authorities and enterprises alike, is the annual international economic and trade fair to be held in Harbin later this year.

The city government is expecting to increase exports abroad, especially to the neighboring country of Russia.

It has some traditional advantages in the area of Sino-Russian trade, and it wants to attract companies from other provinces, or even other countries, to set up export facilities in Harbin this year.

The city government is looking for a 15-percent increase in trade with Russia this year.

One other area the city government is looking at is technical innovation. It plans to put 3.5 billion yuan into two innovative industrial parks.

The government also hopes

to win a National Intellectual Property Work Model City award through its efforts to increase the number of patent applications by 10 percent.

Tourism development

Thanks to its scenery, Harbin has a great amount of untapped potential in the tourism business, and the government plans to work on this year and in the future.

Local officials know well that tourism could be an important driver in their

economic development, and in changing their industrial structure, improving the environment, and bringing up local incomes.

They want to make the best use of their water resources and are planning a wetlands tourist festival this year, with the idea of building a new tourism brand, in addition to the traditional winter attractions.

The goal is to increase local tourism revenues by 20 percent this year.

Harbin is in an area famous

for its rich black soil, which is ideal for growing grain, so it is an important agricultural center. By 2015, the local government expects to add 1.7 to 2.5 billion kilograms to its grain output.

This year, the local government expects to increase subsidies for farmers so they can buy more agricultural machinery for use on their lands. It will also push the development of facilities that manufacture agriculture machinery.



Workers on the assembly line of FAW Harbin Light Vehicle Co Ltd, which recently moved to the Hanan new industrial town, in Harbin. The company has instituted new programs to streamline its management and production process.

Hingan Mountains pioneers in low-carbon lifestyle

By ZHANG ZHAO

The Heilongjiang provincial government plans to build the nation's first low-carbon economic demonstration zone in its Greater Hingan Mountains.

The mountain area is one of China's major timber sources

and has provided 120 billion cubic meters of timber. But, uncontrolled development of the area over the past four or five decades has led to ecological devastation.

The government's new plan is intended to change all that, while integrating local industries such as farming, mining,

wood processing and tourism.

The area is home to more than 2,000 species of animals and plants, making it an ideal base for biotechnology-related industries, such as organic food, using fewer pesticides and is higher in quality.

More than 40 different types of mineral resources have been

found in the area. The coal reserves alone amount to 120 billion tons.

Thanks to the ecological and natural resource advantages, the local authorities believe that a low-carbon economy is the key to development for the future.

They are planning a low-carbon economic system and

will take another five years to establish a low-carbon industrial cluster based on farming, forestry and trading.

They figure that local people will have got used to a low-carbon lifestyle by that time, and that the rates of resource consumption and pollution emissions will be far lower than the economic growth rate.

From 2021 on, the government figures it will take another 10 years to complete the low-carbon economic model, with zero pollution for the demonstration zone.

Plantations are being added now to restore the plant system, which includes trees, bushes, and grass.

A clean, re-cycled energy system is in the works, with plans for a water control project with 5 billion yuan (\$760.5 million) in backing to make better use of water from local rivers.

The waste from wood processing will be used as a resource for other industries to cut pollution and costs.

Another addition will be a smart grid — an electric power network using digital technology, which saves energy, cuts costs, and increases security.



Local government plans to adopt a low-carbon economic development model for the Greater Hingan Mountains.