

Large projects bring neighbors closer together

By LI WENFANG in Zhanjiang
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The large-scale iron, steel and petrochemical projects under construction in Zhanjiang present new opportunities for economic cooperation with ASEAN to reach a higher level, said Mayor Wang Zhongbing.

Located on Donghai Island in Zhanjiang, a petrochemical complex built with joint investments from the China Petroleum & Chemical Corp and the Kuwait Petroleum Corp is scheduled to go into operation in 2014.

Its initial investment is 59 billion yuan (\$9.35 billion), and it has a designed capacity of 15 million tons of crude oil and 1 million tons of ethylene annually.

Construction began in late May on the 69.6 billion yuan Baosteel Zhanjiang Iron & Steel Co project, which is designed to turn out 9.2 million tons of iron and 10 million tons of steel annually.

There is room for a second phase of the project, which is planned to go into operation in 2015.

The leaders of the Baosteel Zhanjiang Iron & Steel project also aspire to make it the most energy-efficient low-emission facility of its kind in the world, with about 11 percent of the investment spent on energy conservation and environmental protection, said Yan Longbao, chief planner and senior engineer of the project.

The two projects are expected to draw an additional 460 billion yuan in investments in related industries.

"We welcome investment into industries related to the iron and steel and petrochemical projects," Wang said.

The city has planned a 47 square kilometer iron and steel industrial cluster, including 17 sq km for the Baosteel Zhanjiang Iron & Steel Co and 30 sq km for related industries.

Steel industrial parks are also planned in several parts of the city - Leizhou, Suixi, Lianjiang and Wuchuan - to develop the industries of machinery, shipbuilding, offshore engineering equipment, auto parts, home appliances, metal packaging and information technology, he said.

ASEAN is a net importer of steel, and China is its second largest source, said Tan Ah Yong, secretary-general of the Southeast Asian Steel Industry Association. He suggested that cooperation in steel between China and ASEAN be carried out in technical, strategic and trading aspects.

With a vast combined population, China and ASEAN

15 million tons
of crude oil the Donghai petrochemical complex is designed to produce annually

10 million tons
of steel the Baosteel Zhanjiang Iron and Steel Co project is expected to produce annually

38 categories
of products that the Sino-Kuwaiti project will offer

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WANG ZHONGBIN
ZHANJIANG MAYOR

form a huge market for steel, and much space still exists for further growth, said Yang Zunqing, deputy secretary-general of the China Iron and Steel Association.

Yang suggested that exchanges between the two bodies be enhanced in technology and trade as well as among enterprises and personnel.

Zhanjiang is building a 50 sq km petrochemical cluster on Donghai Island and petrochemical industrial parks in Suixi and Wuchuan, which will accommodate the manufacture of ethylene, propylene, refined chemicals, organic materials, synthetic materials and new packaging materials.

The Sino-Kuwaiti project will offer 38 categories of products, which can be further processed in an extended industrial chain, said Shi Xianping, deputy director of the China Petroleum and Chemical Industry Planning Institute.

Donghai Island forms part of the 469 sq km Zhanjiang Economic and Technological Development Zone, which drives the industrial development of the city.

Also, as a high-tech industrial zone and a circular economic zone, the Zhanjiang Economic and Technological Development Zone has released a series of favorable policies to attract investment.



Government leaders mark the opening ceremony of the 2012 China-ASEAN Economic and Trade Cooperation Zhanjiang Activities on June 18.

Zhanjiang forms bridge to ASEAN

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Located in the southwestern region of Guangdong province, the coastal city of Zhanjiang is poised to expand cooperation with members of the Association of Southeast Asian Nations.

"As Zhanjiang works to become international, it is making the first step by working with its close neighbor, ASEAN, across oceans and plays a part in the China-ASEAN Free Trade Area to further its opening-up," said Wang Zhongbing, mayor of the city.

"ASEAN is an important partner of Zhanjiang in trade and investment, with complementary relations in resources and technology," Wang said during a recent China-ASEAN economic and trade event held in Zhanjiang.

The large-scale iron, steel, petrochemical and paper manufacturing projects under construction in Zhanjiang have been the driving force behind the partnership, he said.

To expand cooperation, the Zhanjiang government plans to organize trade missions to ASEAN members and promote bilateral trade in home appliances, furniture, agricultural and aquatic products, cultural products and oceanic biological technologies.

The city welcomes investment from ASEAN into the Zhanjiang Fenyong Economic Zone in such fields as alternative energy, electronics, new materials, pharmaceu-

ticals and oceanic industries, local officials said.

A China-ASEAN industrial park for furniture manufacturing in Lianjiang and a China-Thai modern agricultural park in Suixi are scheduled to host new investment projects.

Local authorities will organize a yearly conference on cooperation between small and medium-sized enterprises in China and ASEAN and hold the first conference of Chinese businesses in ASEAN.

The city government will try to attract more headquarters of companies from ASEAN countries for trade cooperation and increase investment by local companies in ASEAN, Wang said.

Zhanjiang will actively participate in the China-ASEAN sub-regional partnership and take part in the construction of the Pan-Beibu Gulf Economic Cooperation Zone, the city's leaders said.

Huge potential

Due to the uncertainty and instability arising from the global economic downturn, it has become a natural choice for emerging economies to strengthen their cooperation, said Xu Ningning, executive deputy secretary-general of the China-ASEAN Business Council Chinese Secretariat.

Trade between China and ASEAN topped \$400 billion last year, and ASEAN was the largest destination of overseas investment by Chinese companies, he said.

Zhanjiang was named an important city when Guangdong province, which accounts for about one-fourth of China-ASEAN trade, began its strategy of cooperating with the intergovernmental body in 2010.

While China-ASEAN trade grew by 6.7 percent in the first four months of this year, trade between Zhanjiang and ASEAN surged nearly 76 percent during the same period. This indicates great potential in cooperation between Zhanjiang and ASEAN, Xu said.

Thalerngsak Vongsamorn, minister counselor of the office of commercial affairs of the Thai Embassy in China, said he believes vast opportunities for mutual benefit lie in cooperation with Zhanjiang, especially in the areas of steel, pharmaceuticals, shipping and logistics.

Considering that the earliest starting point of the so-called "marine Silk Road" for China's trade with South and Southeast Asia located in Xumen county, Zhanjiang has had close exchanges with ASEAN since China's reform and opening-up, especially after the establishment of the China-ASEAN FTA, Wang said.

One of the earliest coastal cities to participate in China's reform and opening-up and a major hub port along the southwestern coast of the country, Zhanjiang is also closer by water to ASEAN member countries than any other city on the Chinese mainland.

Trade between Zhanjiang and ASEAN grew 27.2 percent last year to hit \$430.56 million, including \$290.69 million in exports from Zhanjiang, an increase of 50.4 percent, according to official statistics.

Aquatic products, sugar, glass products and steel constitute the major export items from Zhanjiang to ASEAN. Coal, paper pulp, soybean and manganese ore are ASEAN's chief exports to Zhanjiang.

Cooperation in shipping has been strengthened by the formation of a line connecting Vietnam, Zhanjiang, Hong Kong, Japan and South Korea in late 2010.

Trade links extend from the Port of Zhanjiang to Cambodia, Thailand, Malaysia, Singapore, Indonesia and the Philippines.

As of the end of last year, ASEAN companies had invested \$100 million in the southern coastal city in areas such as agricultural processing, machinery, appliances, equipment, property development and chemicals.

Ten Zhanjiang companies have invested in ASEAN industries, such as aquatic feed, agricultural plantation and processing, poultry and cattle processing, education and fishing.

Apart from the traditional sectors, cooperation between Zhanjiang and ASEAN should also expand into the industries of modern manufacturing, tourism and services, Wang said.

Office to promote trade ties in SE Asia

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The Zhanjiang representative office of the China-ASEAN Business Council Chinese Secretariat was established during the 2012 China-ASEAN Economic and Trade Cooperation Zhanjiang Activities, which officially began on June 18.

A project by the Thai CP Group was designated a demonstration zone for China-ASEAN modern agricultural cooperation.

46 sq km
area of the Fenyong Economic Zone of Zhanjiang

15 billion yuan
annual output value that the joint venture is expected to generate

The Port of Zhanjiang was identified as a base for China-ASEAN shipping and logistical cooperation, and the Fenyong Economic Zone of Zhanjiang was named a China-ASEAN Economic Development Zone.

Covering an area of 46 square kilometers, the Fenyong Economic Zone was originally an overseas Chinese farm and became an economic zone in March this year.

It was named as a China-ASEAN Economic Development Zone in the memorandum signed in March between the Overseas Chinese Affairs Office of the State Council and the Guangdong provincial government.

According to the plan, an outlay and industrial system will primarily take shape in the zone in 2017, and its annual industrial output will reach 50 billion yuan (\$7.86 billion) in 2020.

The zone is designed to be home to advanced oceanic, energy, materials, electronics and pharmaceutical industries as well as industries related to steel and petrochemicals, trade, logistics, and services.

The zone has forged a cooperative relationship with four universities in Guangdong and six provincial or ministerial research institutes. It also serves as a base for training and employment for five vocational schools in the city.

It enjoys an advantageous location as well as a favorable policy and ecological environment. Preferential policies have been drafted for both a provincial high-tech zone and an area for Chinese professionals who have returned from overseas, said Chen Anming, a member of the standing committee of the city's Party committee.

The Chia Tai (Zhanjiang) Modern Agriculture Investment Co, a joint venture co-invested in 2010 by Thai CP Group and the State-Owned Assets Supervision and Administration Commission of Zhanjiang, aims to produce 100 million broiler chickens and 1 million pigs annually. It is also engaged in meat processing and shrimp farming.

With a total investment of 12 billion yuan, the project is expected to generate an annual output of 15 billion yuan, create more than 100,000 jobs and contribute more than 550 million yuan in taxes every year after it is fully operational.

The demonstration zone for China-ASEAN modern agricultural cooperation, located in a chicken processing and raising area of the project, is set to help promote the project and facilitate the construction of it, said Ji Xiongqian, general manager of the company.

Medicine, shipping drive growth of coastal city

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The pharmaceuticals, shipping and logistics industries are considered to be promising new frontiers for cooperation between Zhanjiang and the Association of Southeast Asian Nations.

The city's Fenyong Economic Zone plays a key role in cooperation with ASEAN in the pharmaceutical industry.

Chen Yuansheng, chief of the Guangdong Food and Drug Administration, said he expects rapid growth in the next five years for the biological and pharmaceutical markets.

Chen said there is great potential in biological technologies, oceanic pharmaceuticals, smart medical equipment and the modernization of traditional Chinese medicine.

He pledged his administration will try best to create a fair and orderly market environment and provide efficient support to the development of Zhanjiang.

If the populations of China and ASEAN member states were combined, they would total over 2 billion, meaning the pharmaceutical industry holds huge potential, said S Pushpanathan, former secretary-general of the ASEAN Secretariat.

With bilateral trade hitting \$4.3 billion, ASEAN was the third-largest pharmaceutical export market for China.

He suggested that an organization be set up to link up the pharmaceutical industries of China and ASEAN



The shipping industry is one of key areas between Zhanjiang city and the Association of Southeast Asian Nations.

and strengthen legislation to ensure the safety and quality of pharmaceutical products.

During the 2012 China-ASEAN Economic and Trade Cooperation Zhanjiang Activities, the Fenyong Economic

Zone signed an agreement with the Guangdong Pharmaceutical Industry Association to build a platform for exchanges between the pharmaceutical industries of Guangdong and ASEAN.

Zhanjiang is blessed with a deepwater port, the largest in southwestern China.

The port is equipped with 125 berths, including 34 deepwater berths, with two 300,000-ton crude oil docks,

a 250,000-ton iron ore dock and a 150,000-ton coal dock are in place.

With its yearly throughput exceeding 155 million tons of goods in 2011, the port is connected to more than 100 countries and regions.

The city has signed port cooperation memorandums with a number of inland Chinese cities, including Chengdu, Wuhan, Guiyang, Chongqing and Hefei.

Zhanjiang is also a transport hub in South China, linking the southwestern region and Hainan province, with extensive networks covering air, railway and road transport.

The city government plans to inject 55.8 billion yuan (\$8.8 billion) worth of investment to upgrade the transport network during the 2011-2015 period.