

German companies finding favorable conditions out west

Q+A | ASTRID SCHRÖTER

Astrid Schröter, liaison manager responsible for Sichuan and Chongqing areas at the German Chamber of Commerce in South and Southwest China, sat down with China Daily reporter Xu Xiao recently to discuss the experience of German companies in Chengdu as well as their perspectives on the city.

How many years have you been in China?

I have been in China with the German Chamber of Commerce for more than three years. Before I joined the Chamber, the time is even longer. In total, now about five years. My first visit to Chengdu was in 1996.

Of all the changes you have

seen in Chengdu, what impressed you the most, especially with regard to the investment environment for foreign companies?

When I was first here, I visited two German companies in 1996 and 1997. At that time, it was very rare to see some German companies here — mostly maybe three or four names here.

After that, the 12th Five-Year Plan (2011-15) was launched in 2011, so the biggest changes for foreign investment have accelerated in the past five years.

Now, there are many organizations, including the German Chamber of Commerce and the German Consulate General in Chengdu to provide all kinds of services and support

for German companies in the country.

So it is more favorable for them to come here now.

How many German companies are there in the region, which the Chengdu office of the German Chamber of Commerce is responsible for?

We have about 150 German firms in the region that we are responsible for in Sichuan and Chongqing. In Chengdu, we have about 110 and another 40 to 50 in Chongqing.

You might be a little surprised to hear this number because mostly you hear about some 20 names or even fewer.

They come because of the potential of the market. But not all of the companies have brought their entire staff here — many have come with sales

offices only.

Some 80 percent of German companies here are represented with sales offices.

What kinds of business are these companies engaged in here?

Mainly traditional German industries, such as machinery. Other major industries are the car industry, IT as well as pharmaceutical and chemical industries.

If you observe some German companies' performance after the global financial crisis, you will find that much momentum derives from the small and medium-sized companies.

What services do you provide to them?

We have mainly three pillars



ZOU HONG / CHINA DAILY

Astrid Schröter, liaison manager responsible for Sichuan and Chongqing areas at the German Chamber of Commerce in South and Southwest China

here. We offer advice to setting up a new firm, including market researches for a specific product or a specific industry, location-selection support and communication with industrial parks to see which one is favorable in terms of incentives and also with regard to the location of clients or potential clients of the companies.

To complement all of these, we organize investigation delegations both for German companies that want to do business here and for Chinese companies that want to seek cooperation with Ger-

man ones.

So we have inbound and outbound delegation services.

The second pillar is to provide information through the different channels that we have — for example, through interviews, through our magazines, through special reports and research that we launched in different provinces and in overseas countries.

The third part is connecting to everything that has something to do with the companies' networking opportunities.

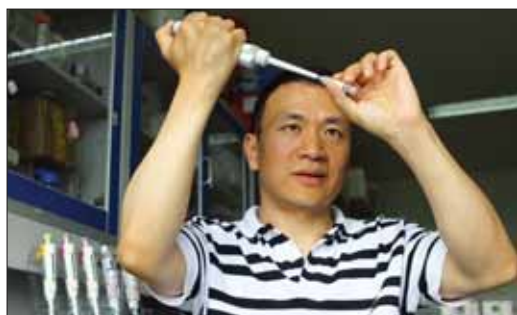
We maintain close relationships with the local authorities

as well as with the management departments of the high-tech industry zones, the city and provincial governments, the institutions below governments and foreign investors.

So when we have requirements from the German companies, we can quickly follow up with these.

Our services have a lot of features. So we can find credible information for potential clients, including Chinese customers of the German companies.

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Song Xu, R&D director at the Chengdu Foregene Biotechnology Company.

Returned scientist finds opportunity back home

By XU XIAO

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Song Xu is a busy man these days.

Song divides his time between teaching classes at Sichuan University and his work as R&D director at the Chengdu Foregene Biotechnology Company.

He and the company he founded specialize in two technologies. The first is called DNA single-column technology, which is exclusively produced by his company.

The second is called Direct PCR. It can be used to determine if food is pure or contaminated. This technology could be used by quality inspectors to detect the adulterants in some food.

In 2006, Song came back with a doctorate from Yale University to teach at Sichuan University, where he had gotten his undergraduate and master's degrees.

While teaching and conducting scientific research, he found that almost all the high-end agents are imported. He resolved to change this by creating his own business.

With the help of two former classmates who now work in financing and investment, Foregene was established in April 2011, with an initial investment of 2.3 million yuan (\$371,000).

Now investments total more than 6 million yuan. Almost all of the 30 staff members of the company are Chinese who have returned from overseas.

Currently, two leading experts in genetically modified rice use Foregene's agents. One is Yuan Longping, who has been nicknamed the "father of genetically modified rice", and the other is Zhang Qifa, a professor at Huazhong Agricultural University in Wuhan, capital of Central China's Hubei province.

"The Chengdu government provides us excellent services,

and I'm very satisfied," Song said. The local government has done everything to accommodate the company, he also noted.

"Investors in Chengdu are more willing to support those companies at the beginning level or that are rather mature. So it is relatively tougher for companies at the middle level, like us," he said.

He told reporters that the 2013 sales goal is to reach some 5 million yuan in sales revenue. He said he hopes to attract large investments to help the company capture a greater share of this potentially lucrative market.

His goal is to achieve a 30 percent domestic market share in the next three to five years.

Song said a lot of his colleagues are returning from overseas because they see new opportunities back home.

"In the US, it is relatively more stable. You can envision what you will be like in a couple of years. In China, there are more changes, and of course, more chances," he said.

"Biological companies in China lag behind those in some overseas countries, but actually there is not that much of a difference between good universities here and their competitors abroad."

Song has a lot on his plate, heading the company's research division while tutoring some 20 graduate students.

"I have had some problems making the transition from being a scholar to being a businessman," he said.

For example, old friends have become clients. Also, he said that in school he was more concerned with the theoretical implications of his research, but as the head of a company, he must think more about commercial application.

"As an overseas returnee, I think the most important thing is looking toward the future," he told reporters.

Intl companies see potential for Chengdu as IT hub

By ZHUANTI

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The breakthroughs made by industry leaders at this year's Fortune Global Forum in Chengdu have helped consolidate the host city's position as a high-tech and IT hub in western China, participants said.

At the forum, which closed on June 8, companies from around the world were able to see the potential of Sichuan's capital to become an innovation center and China's hub of mobile and cloud technologies. IT is already the core industry of the city.

US computer giant Dell opened its new operations site in Chengdu during the forum. The new facility will combine manufacturing, customer service and sales.

The site covers about 30,000 square meters in Chengdu's booming high-tech zone. Its 1,500-strong workforce will manufacture desktop computers for China, Europe and the United States, and its capacity is expected to reach 7 million units a year.

"Dell's Chengdu operations site is a milestone in Dell's 'Go West' strategy and underscores our deep commitment to the China market," said Admit Midha, president of the company's Asia-Pacific and Japan operations and chairman of Dell Global Emerging Markets.

The first shipments from the new facility are scheduled to start next month.

Dell is now China's largest provider of computers, including desktops and laptops.

The establishment of Dell's Chengdu facility is also



WANG WEIXI / FOR CHINA DAILY

Dell CEO Michael Dell inspected the company's base of operations in Chengdu during the recently concluded Fortune Global Forum.

expected to help attract worldwide suppliers to the city and to spur related manufacturing industries in the area.

The revenue of Chengdu's IT industry is 19 times what it was in 2001, according to a recent report, making the city China's fourth IT center.

Industrial revenue reached 377.7 billion yuan (\$61 billion), according to a report jointly published by Intel (Sichuan), the Sichuan Academy of Social Sciences, and the Chengdu Foreign Business Investment Association in late May.

More than 20 percent of computers, 50 percent of laptop chips, and 70 percent of iPads globally are made in Chengdu.

IT is now the city's biggest industry, according to the report.

China is a very important market for German

software company SAP AG, said Alex Atzberger, the firm's senior vice-president and head of emerging markets.

"Chengdu can be a hub of mobile and cloud (technologies) in China. Therefore it is important for SAP to have a development plan in this market," he said.

Atzberger said SAP has sent engineers to Chengdu to develop cloud services and other technologies, and it is also working with many partners based in Chengdu and other parts of western China.

"Clearly, the business in China is moving from the coastal regions to the west," Atzberger said.

SAP announced in 2011 it would invest more than \$2 billion by 2015 to expand its business in China. Atzberger is the mastermind behind

the investment plan and also responsible for its implementation.

Atzberger said it is important for the company to penetrate markets in different provinces because the level of economic development is uneven throughout the country.

He sees a good opportunity for Chengdu to become a center of innovation if the city can develop new cloud or mobile technologies.

"I believe Chengdu has the opportunities because of its geographical location, talented workforce and the fact that China is very strategic when it thinks about the development of cities," he said.

"So we are committed to China's agenda of growing in the west and also increasing our focus on investment."

SAP has a wide array of technologies, including

mobile and cloud technology as well as analytical capabilities based on its super-fast and memory-based systems, Atzberger said.

Commenting on China's urbanization, Atzberger said he feels encouraged by the central government's strategy of developing western regions.

Atzberger called on cities in western China to leverage its strength and develop new areas.

"You need to use what you are good at, but then you need to think about how you can use new technologies to make it better," he said.

With its expertise in technologies as well as solutions, SAP is targeting both state-owned companies as well as small and medium-sized enterprises in China.

Xinhua contributed to the story.

Base is the place for pandas

By ZHUANTI

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The Chengdu Research Base for Giant Panda Breeding is a must-see place in the Sichuan capital.

The base combines natural

scenery with manmade landscapes to create wonderful and humane living spaces for giant pandas, red pandas



LIFE IN CHENGDU

and China's other endangered animals.

The Giant Panda Museum along with satellite museums in the Research Center and Panda Hospital provide 7,000 square meters of educational space to foreign and domestic visitors.

It has worked with design companies from the United States to create modern, interactive learning experiences.

The center is popular among tourists from China and abroad. It is the recipient of donations from around the world.

Action movie star Jackie Chan donated a total of 1 million yuan (\$161,290) to the center in May 2009, and he has acted as a spokesperson for panda protection.



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Jackie Chan has acted as a spokesperson for panda protection.