



Splashing out: a multi-billion yuan investment is set to make Yantai's marine-led economy a reality.

Out of the red and into the blue: seachange for Yantai

By Li JIAXIA

YANTAI: During his inspection tour of Shandong in April of this year, President Hu Jintao made a commitment to support the area's development strategy of "building a 'blue' Shandong Peninsula Economic Zone." As a coastal city, with a 900 km-long coastline, Yantai sees fully utilizing its marine capabilities as crucial to its future development.

Acknowledging its importance, Sun Yongchun, secretary of the Yantai Party committee, said: "Developing the Shandong peninsula's blue economic zone is a great opportunity for Yantai."

On August 18, the Guidelines for Building the Yantai Blue Economic Zone were published and opened up for public comments. According to the guidelines, Yantai will accelerate the pace of its drive toward a marine-reliant economy. This move comes back of the city's abundant marine resources and aims to make Yantai one of the leading areas for hi-tech marine industries.

The proposals in the guidelines include the development of high-end port industrial agglomerations, establishing the area as an international travel and leisure resort and creating a showcase for ecologically-friendly marine innovations.

Yantai has a number of obvious advantages and strengths when it comes to the development of a "blue economy": Ranked second in the province,

Developing the Shandong peninsula's blue economic zone is a great opportunity for Yantai.

SUN YONGCHUN
Secretary of the Yantai Party committee

Yantai has a 900 km coastline and 26,000 sq km of developable sea area, a figure almost twice that of its land area. Its existing resources in ports, coastline, islands, biology, tourism, mining and sea all combine to give the city great scope for developing its "blue economy".

Its 2008 marine economic output reached 94.3 billion yuan, a year-on-year increase of 18 percent. The main business income of the port industries amounted to 349.1 billion yuan, a 29 percent increase over the previous year.

According to the Shandong provincial government's plan, an industrial zone for the marine equipment manufacturing industry will be developed in the Longkou Bay area, focusing on developing marine engineering equipment, as well as several other related sectors - including a manufacturing industry, a port chemical industry, an energy industry and a logistics industry. A new marine energy industry cluster will also be set up in

Laizhou to develop the salt and salt chemical sectors, as well as the offshore wind energy industry.

There are rich coastal wind resources in Laizhou, highly suitable for the development of a wind power industry. At present, the capacity of a number of established wind power projects has reached 200,000 kilowatts, notably among those projects sited in Datang, Huidian, and Huaneng.

In addition, Laizhou has 34 different varieties of identified mineral resources, of which, there are 1 billion cubic meters of underground brine reserves. The level of exploitable reserves is some 660 million cubic meters, representing an annual output of 2 million tons of crude salt. Laizhou is also an important center for gold, stone processing and exports.

Yantai plans to focus on developing six important sectors over the next five to ten years, including a coastal tourism base, a marine science center, an educational and cultural quarter, a port logistics division, a marine equipment manufacturing facility, a circular economic heavy chemical industry base and a marine bio-industry base.

Also listed as a priority is Yantai's focus on promoting the construction of the west ports of Yantai, Longkou and Laizhou.

These sites are envisaged as forming a contemporary cluster of marine industries, including maritime transport

logistics, ship and marine engineering equipment manufacturing, modern marine fishery, marine culture and tourism, an eco-chemical industry, port processing and manufacturing, marine bio-industry, marine new energy and mining industries, a comprehensive seawater utilization industry, and a series of marine environmental protection initiatives.

The Yantai "blue economy" has developed rapidly since the beginning of the year. In the first four months, the city's marine economy output value reached 28 billion yuan, an increase of 14 percent over the same period last year, according to statistics of the Yantai Ocean and Fishery Bureau.

In the first four months of 2009, the shipbuilding and marine machinery manufacturing industry production value came to 3.9 billion yuan, an increase of 17 percent year-on-year.

There have also been 26 projects in the shipbuilding sector, representing a total investment of more than 14 billion yuan. Some 16 of these projects are already under construction.

In the first quarter of the year, the shipbuilding industrial output value of the development zone's combined area amounted to 960 million yuan. Merely Daewoo Shipbuilding contributed 658 million yuan of output value, with an export value of \$19,200. At present, some 35 ancillary enterprises have chosen to open operations in the area.



Set to transform the city's economy: an artist's impression of the hi-tech development zone.

Ambitious hi-tech zone mooted

By WANG QIAN

Plans for the 48.8-sq-km Yantai Hi-tech Development Zone in the east of the city are set to be unveiled as the local government continues efforts to make Yantai an "eco-friendly, hi-tech city".

Liu Hongbo, secretary of the working committee for the zone, said the blueprint calls for industrial parks dedicated to research, new business incubation and technical innovation to provide advances in services, manufacturing, tourism and culture-related enterprises.

He added that transport to the new zone will be convenient as it is only 15 km from the city center, 10 km to the Yantai Airport and 15 km from the city's port.

Designed to serve as the eastern gateway to the city, the zone is projected to have 100 30-story buildings lining both sides of Science and Technology Road, a cluster that

will become a modern symbol of the city.

Development situation

Emphasizing on the capability of independent innovation, the zone has its sights on high-end manufacturing, bio-pharmaceuticals, new materials, electronic information and modern services. It will embrace the software, finance, insurance and creative cultural sectors.

The city is already home to a State-level innovation center, a Sino-Russian scientific and technology cooperation center, China Agricultural University, Yantai University and four national scientific research institutions.

The number of scientific research and education institutions form a strong foundation for development in many fields, including marine science, the environment, new materials and bio-medicine.

Prospects

The long-term plan calls for

the zone to attract top global companies from home and abroad as well as at least 10 national research institutes for high-end manufacturing and services. It is committed to establishing 10 leading hi-tech businesses over five years.

The population of the zone is projected to grow to 110,000 people by 2015 and 250,000 in 2020.

The development plan calls for Yantai to reach the following milestones:

- 2012: Its first-phase innovative technology zone will be completed to offer an "innovative hi-tech industrial system".

- 2014: A "charming and dynamic coastal eco-friendly city" and leading hi-tech zone will take form.

- 2015: The output value of hi-tech industries will reach 8 billion yuan, accounting for more than 75 percent of the total.

- 2030: Hi-tech output value will reach 40 billion yuan, accounting for over 90 percent of the total.

High-end cluster set to transform city's fortunes

By WANG XIANTAO

YANTAI: A new "high-end" development initiative was unveiled in Yantai late last week. The scheme will see the Shandong-based coastal city catapulted to the frontline of the country's industrial centers.

Commenting on the scope of the plan, Zhang Jiangting, mayor of Yantai, said: "This strategic development initiative will establish an advanced industrial cluster prior to 2012. By 2015 it will have developed its own independent capacity for innovation and expansion."

Under the terms of the plan, Yantai will nurture and support a raft of the world's leading brands. This will see the city establish a series of high-end industrial zones and businesses. These will include new hi-tech industries, advanced manufacturing companies and a modern services sector, all working in close proximity to create a new and innovative industrial chain.

The move would focus on the development of five hi-tech sectors in particular - biotechnology, electronic information,

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ZHANG JIANGTING
Mayor of Yantai

new materials, new energy, energy-conservation and environmental protection.

Currently the turnover of these sectors, during the first six months of 2009, accounted for 189.3 billion yuan (\$27.8 billion), with 77.3 billion yuan (\$11.3 billion) coming from the existing Economical and Technological Development Zone. This represented year-on-year increases of 14.1 percent and 18.5 percent respectively.

Wang Xiuxun, deputy director of the Yantai Municipal



LG production facilities in Yantai: 30 million mobile phone handsets on produce on-site annually.

Foreign Trade and Economic Cooperation Bureau, said: "In the first half of the year a large number of locally made hi-tech products were exported to South Korea and Japan. These were worth \$1 billion and \$270 million respectively and showed increases of 120 percent and 83 percent."

The structures of the equipment manufacturing industry, including the city's shipping, marine engineering, auto parts, special equipment, metallurgical and chemical sectors, are expected to be optimized in order to achieve a target revenue of 400 billion yuan (\$58.8 billion). This would entail an annual growth of 12 percent and would also require more than 70 percent of its industrial output to comply with advanced national standards by 2011.

In line with the initiative, the modern services sector - involving logistics, financial services, tourism and exhibitions, service outsourcing and the cultural and creative industries - would receive a significant boost. As would companies working in the manufacture of 10 "priority" products - automobiles, mobile phones, computers, foodstuffs, gold, wines, boats, MDIs, chemical fibers and nuclear power equipment.

Currently the city is home to a variety of high-end companies, including the Foxconn Industrial Park (FIP), the Dongyue Auto Works (DAW), LG and the Doosan Corporation, all of which have been expanding rapidly.

With an investment totaling \$1.2 billion and an output value exceeding 70 billion yuan (\$10.2 billion) as

of last year, the FIP consists of a cluster of computers, game machines and mobile phone businesses and is estimated to turn over 168 billion yuan (\$24.7 billion) of annual output, including \$10 billion of annual foreign exchange earnings, by 2010.

Among the city's other high-end companies, DAW now produces 300,000 sedan cars annually, whilst LG has a throughput of 30 million mobile phones per annum. In the industrial sector, Doosan is now the largest domestic mechanical digger manufacturer, producing 10,000 machines each year.

Work has already begun on new industrial clusters, including dedicated sites for the nuclear power generating equipment, offshore petrol platform and auto parts industries.

Coastal foreign trade top slot

By LI ANNA

The port city of Yantai's foreign trade in the first six months of 2009 grew to \$13.77 billion, the fastest among the nation's 14 coastal cities open to the outside world.

More than half of the total, some \$7.85 billion, was exports, according to Yantai Bureau of Foreign Trade and Economic Cooperation (BOFTEC).

Yantai's share of Shandong's imports and exports also rose for consecutive months from 19.7 percent in January to 26.1 percent in June.

Yu Dong, administrator of Yantai BOFTEC, told China Daily that structural transformation enabled foreign trade to grow as the city switched from textiles and agriculture to machinery and electrical goods.

A large number of Yantai products now have self-developed intellectual property rights and high scientific and technological content. In the first half of this year, \$2.97 billion in products with new technologies were exported, an increase of 32.5 percent over the same period of 2008.

Regional advantages also played a role in the port city's continued development.

Yantai has convenient

shipping routes to nearby South Korea, which itself registered trade improvements in the first half of the year, further consolidating its position as Yantai's No 1 trade partner.

South Korea has supplanted the United States as Yantai's top export market as well as its biggest source of imports.

According to statistics from Yantai Customs, trade with South Korea totaled \$3.61 billion in the first half of the year, accounting for 26.3 percent of the port city's combined imports and exports. Mechanical and electrical goods accounted for more than 80 percent of the trade.

Imports and exports by the city's top 10 enterprises in the first six months totaled \$8.34 billion, a 5.7 percent year-on-year increase and 60.6 percent of Yantai's foreign trade.

Foreign investment also remained steady in the first half of the year, with 19 deals signed for projects valued over \$10 million along with three new projects by Fortune 500 companies and fresh capital invested in expansion by 71 enterprises.

Yu added that Yantai's import and export trade continues to be robust with South Korea, Japan, Europe and the Middle East.