

Shanghai Flash

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Development Zones in The Yangtse Delta Region

General Introduction of Development Zones in China

The history of Chinese development zones goes back to the mid-1980s after the central government approved to set up four Special Economic Zones, i.e. in the cities of Shantou, Shenzhen and Zhuhai in Guangdong Province and the city of Xiamen in Fujian Province. Benefiting from the preferential economic development policies, all these coastal cities underwent fast growth, especially the city of Shenzhen, which has become one of the most modern cities in China from a remote small fish village within 20 years. Since then, China has entered an era of rapid development of various zones.

By saying various mean that nowadays there are many different titles and types of development zones other than the Special Economic Zones, such as ETDZ (Economic and Technological Development Zone), EPZ (Export Processing Zone), FTZ (Free Trade Zone), HIDZ (High-tech Industrial Development Zone), TIZ (Taiwanese Investment Zone), THR (National Tourist and Holiday Resort), and BECZ (National Border and Economic Cooperation Zone). Among them, ETDZ, EPZ, FTZ, and HIDZ are the most visible ones.

In addition to preferential economic policy, the development zones also share common advantages like convenient location, developed infrastructures, rich human resources and efficient management and services.

It is estimated that so far there are around 4,000 development zones of all kinds, national, provincial or local level. Some local governments are tempted by the impact of successful development zones. Despite their rather limited situation, they joined in the movement of setting up development zones. Evidently the development zones mushroomed all over the country in a short time period. According to official statistics, of the existing 3,837 development zones and industrial parks nation-wide, only 1,251 have received approval from the State Council or provincial governments. Those unqualified zones resulted in land-abuse, too-good-to-be-true preferential policies and failed operations of foreign companies in the zones. In August 2003, ten inspection teams were sent by the central government to the provinces to inspect the administration of development zones, land leasing operations and trading mechanisms over a period of two months. They were expected to overhaul the establishment of development zones and industrial parks and to try to correct the irregularities.

Decent development zones, however, are still very helpful when foreign investors consider to set up companies in China because of their advantages mentioned above. Nearly all the Development Zones offer a business income tax rate of 15% and the policy of “two years exemption and three years of halved-taxes” after the first profit-making year to manufactures. Some zones offer even more tax exemption on re-export. Different types of the zones have more or less the same preferential policy and efficient management and services. Nowadays factors such as transportation, cost and fee, and human resources are playing a more and more important role in selecting a proper zone. Most of the zones in Shanghai regions have been very well developed. It is an ideal place to set up companies in the zones of this area. However since Shanghai has become one of the hottest spots for investment in China during recent years, living expenses, land cost and fees of the zones in the Shanghai region have increased dramatically. The zones in neighbouring provinces, with short distance and convenient

transportation, are closely related to Shanghai. Living expenses, fees and costs are lower than those in Shanghai. Thus an alternative way for a company when considering to locate in the Delta Region is to set up a representative office in Shanghai, but locate its manufacturing line in the surrounding areas.

Followings are brief profiles of ETDZ, EPZ, FTZ, and HIDZ as well as general introductions of some major development zones in the Yangtse Delta Region. The zones mentioned below are recommended for small or medium sized companies. Though geographically a bit further from Shanghai, these zones have lower costs and are good enough for companies to build a manufacturing base. At the end of the article, there is a table of all the important zones in this region. Please check the websites providing detailed information about the zones. All websites are available in both Chinese and English. No matter what, observation and comparison on several zones are necessary before a decision is made.

ETDZ (Economic and Technological Development Zone)

An Economic and Technological Development Zone is a piece of land in the open city with developed basic infrastructures and investment situation of international standard. By absorbing and taking advantage of foreign investment, the zone becomes the essential territory based on new and high technological industries. It forms a modern structure within the city and its surrounding areas. By now there are 54 Economic and Technological Development Zones approved by the State Council.

Shanghai Jiading Industrial Zone

Located in the north-west of the city of Shanghai, the district of Jiading covers an area of 450 square kilometers. It is 25 km away from Wusong harbour and Shanghai Hongqiao Airport respectively. Express ways of Shanghai-Jiading, Shanghai-Nanjing, and Shanghai-Hangzhou connect Jiading with outside conveniently. The largest railway marshalling station in East China, Nanxiang Railway Station is 6 km away from the Industrial Development Zone. Electricity, gas, sewage treatment and communication facilities are sufficient in the zone.

Being a municipal industrial development zone, Jiading Industrial Zone is famous for its automobile industry. Shanghai VOLKSWAGEN Automobile Co. is located in Anting Town, Jiading district. Many other car industries manufacturing spare parts for VOLKSWAGEN have been set up and expanded. The first F1 race course in China, which is supposed to be completed in 2004, undoubtedly will enhance Jiading's fame as a Car City. The Shanghai government has planned to build the Anting Town into a German style satellite city.

Shanghai Nanhui Industrial Zone

Founded in 1994, the Nanhui Industrial Zone is located in the centre town of Nanhui district. It is 12 km away from Shanghai Pudong International Airport, 45 km from Hongqiao Airport, 40km from Waigaoqiao Port and 22km from Yangshan Deep port, where a modern New Port City is under construction.

The Zone has a planned area of 35.6km² with complete infrastructures. It is able to supply total power of volt 35,000, 350,000 tons of water per day, 8,000,000m³ gas daily, and discharges 150,000-ton sewage to the East China Sea. There are 7 colleges and schools such as Shanghai Topu Software and Information Technology Institute, Shanghai Technology College, Shanghai Industrial and Commerce Foreign Language Institute and so on, supplying rich human resources. 100,000 local habitants ensure an ample labour force.

Kunshan Economic and Technological Development Zone of Jiangsu Province

The Kunshan ETDZ was set up in 1985. It was nominated as provincial key development zone by the

Jiangsu Government in January 1991 and approved as state development zone by the State Council of P.R.C in 1992. The KETDZ emphasises on electric industry. There are around 500 companies from over 30 countries and regions including U.S.A, Germany, U.K, France, Japan etc. in the zone.

Located in the central part of the Delta Region, Kunshan is only 50km away from Shanghai. It takes about 40 minutes from Shanghai to Kunshan by Huning Express (Shanghai-Nanjing Express). A direct airport express connects Shanghai Hongqiao Airport and Kunshan conveniently.

Nowadays Kunshan has become one of the popular zones in the Delta Region, especially for Taiwanese. It is one of the best state ETDZs in China. After almost 20-year development, a beautiful modern Kunshan city has taken into shape with developed basic infrastructures of power, water, gas, sewage treatment, communication means and education facilities.

Jiangyin Economic Development Zone of Jiangsu Province

With the (0km) Yangtze River to the north, (25km) Wuxi to the south, (80km) Suzhou and (150km) Shanghai to the east, Jiangyi EDZ has a total planned area of 150 square kilometers, including 9 subordinate industrial zones featuring IT, biochemical, metal materials, shipyard and ship repair, power, petrochemical, new packaging materials, logistics, etc.

Jiaxing Economic and Technological Development Zone of Zhejiang Province

Jiaxing ETDZ is located along the eastern coast of China, on the border of Jiangsu Province, Zhejiang Province and Shanghai. It is 90km away from Shanghai, 90km from Hangzhou (Zhejiang), and 70km from Suzhou (Jiangsu). It takes one hour to the Shanghai Hongqiao Airport and one and a half hours to the Shanghai Pudong International Airport. A train line between Jiaxing and Shanghai will be completed in 2007.

Since the establishment in 1992, the Zone has attracted enterprises mainly in fields of machinery, auto parts, electronic, textile, and fine chemicals. Major enterprises in the zone are from Southeast Asia countries and regions such as Japan, Korea, Singapore and Taiwan region. Like the other ETDZs, Jiaxing ETDZ enjoys the common preferential policies on exemption and income tax. All the basic infrastructures of power, gas, water, sewage treatment and broad band internet services are well developed.

EPZ (Export Processing Zone)

Based on a thorough investigation in the practice of the developed countries in the management of processing trade, the State Council selected and approved 15 cities such as Guangzhou, Beijing and Dalian to pilot enclosed management schemes over export processing zones or EPZ in April 2000. The EPZ is intended to be a special enclosed area supervised by the Customs, offering efficient custom services for import and export. As a matter of fact, the establishment of EPZ is one of the major steps taken by China to expand its involvement in the international market and further open its market to the outside world. It is most helpful in the promotion of export, improvement in the management of processing trade, utilisation of foreign capital in a more active, practical, and effective way, and development of the local economy. In the EPZs, all procedures needed for import and export are available conveniently. Enterprise can find all necessary offices and agents in the Zone, including Customs, Commodity Inspection, Tax, Industrial & Commercial Bureau, banks, foreign trade, customs declaration companies, etc. How to efficiently help enterprises to finish all procedures is an important standard of the competitiveness of the zone.

Major EPZs in the Delta Region are in Shanghai and surrounding areas (refer to the attached table). At the beginning of 2003, four more EPZs in Shanghai were approved by the State Council, i.e.

Songjiang EPZ B, Minghang EPZ, Caohejing EPZ, and Qingpu EPZ. These EPZs are better facilitated and have customised policies according to different situations. For example, Qingpu EPZ emphasises on hi-tech export enterprises, Caohejing EPZ is expanding its area to Pudong due to lower cost and convenient transportation, Minghang EPZ is located in Fengxian, benefiting the most from Yanshan Deep Water Port in the future, and Songjiang EPZ B will take full advantage of the success of Songjiang A to be further developed in a short time.

Kunsan EPZ and Wuxi EPZ are the major zones in Jiangsu Province based on its well developed EDTZs.

FTZ (Free Trade Zone)

FTZ is a territory approved by the State Council to develop international trade and bonded operations, like the free trade zones in the world. Within the area, activities of foreign investment, international trade, bonded warehouses and processing for reexport are allowed. There are altogether 15 FTZs in China, welding China's economy with the world's economy.

Shanghai Waigaoqiao FTZ

Approved by the State Council in 1990, Waigaoqiao FTZ is the earliest and largest Free Trade Zone in China with a planned area of 10 km². It is located in the Northeast of Shanghai, neighbouring Waigaoqiao Port, with a convenient transportation network of bridges, channels, expressways, metros, and the newly built maglev. It takes 30 minutes to Shanghai International Airport. The zone has four major functions: export processing, modern logistics, international trading, and bonded commodity exhibition.

By the end of 2002, Waigaoqiao FTZ has attracted more than 6000 companies from 72 countries and regions. Many multinational enterprises are in the zone, including Swatch, Intel, Toshiba, Siemens, JVC, Sharp, IBM, Sony, etc. Among all the companies, 85 are on the Fortune Top 500 companies list.

HIDZ (High-tech Industrial Development Zone)

The HIDZ is based on intensive intelligence and open environment. It mainly depends on China's own scientific, technological and economic strength. The HIDZ is a concentrated zone established for purposes of transforming achievements of science and technology into practical force to the maximum extent, oriented at both domestic and overseas markets and developing China's new high-tech industries. There are 53 State HIDZs.

The major HIDZs in the Delta Region are Shanghai Zhangjiang Hi-tech Park, Jiangsu Suzhou National New & Hi-tech Industrial Zone, Jiangsu Wuxi National Hi-tech Industrial Development Zone in Wuxi New District, Jiangsu Nanjing Chemical Industrial Park in Jiangsu Province, and Hangzhou High-tech Industrial Development Zone in Zhejiang Province.

Established in 1992, after a ten-year development, the Zhangjiang HIDZ has formed its main industry in the software and pharmaceutical field, supported by the Park's national level bases: the National Shanghai Biotech & Pharmaceutical Industry Base, the National IT Industry Base, the National 863 Information Security Industry Base, and the National Technology Innovation Base. The leading companies in the Park in these fields include Legend company of China and Roche from Switzerland.

The development of Suzhou New District started in 1990. The New District was approved to be a national HIDZ in 1992. The pillar industries in the Suzhou HIDZ are electronics and information,

precision machinery, bio-medicine and new materials. By the end of 2002, more than 660 foreign projects have received approval. Logitech Electronic Co. from Switzerland is located in the Zone.

The Hangzhou HIDZ is trying to build another Silicon Valley in the Heavenly Land, Hangzhou. The Zone has been ranked among the top three out of 53 national HIDZs for 5 years. With an area of 85.64 km², the Zone was approved by the State Council in 1996. The core industries in the Zone are communication and information technology, software, and biotech. Motorola is accommodated in the zone.

Shanghai Zizhu Science-based Industrial Park

The Shanghai Zizhu Science-based Industrial Park is only at the beginning of its development. It is approved by Shanghai Municipal Government in 2001 with a planned area of 13km² for the first phase. Adopted Silicon Valley and Taiwan Hsinchu Science Park's concept, the Park is divided into three parts: University Area, R&D Base and Pujiang Forest Peninsula. The University area includes the whole Jiaotong University, one of the most prestigious universities in China, part of East China Normal University, the microelectronics Institute of Tsinghua University and the Taiwan Hsin-Chu Shanghai Engineering Research Institute.

Along the Huangpu River on its east and south banks, the Zizhu Park enjoys a convenient transportation network. The Guangang International Cargo Port is situated inside the science park. The Xingfengjing Expressway lies along the west of the park. It is 25km away from Shanghai Hongqiao Airport and 45km from Shanghai Pudong International Airport.

Now the structure of the first phase has taken shape. The park will focus on microelectronics, photoelectron, digital technology, nano-tech, optical fiber communication and life science. Besides the first phase, there is more land space reserved in Fengxian for future development.

Nanjing Chemical Industry Park

Centred around the petrochemical industry, the Nanjing Chemical Industry Park emphasises on six major fields of petroleum and natural gas chemicals, basic organic chemical raw materials, fine chemicals, high-molecular materials, bio-pharmaceuticals and new type chemical materials. The Park was officially approved by the State Development & Planning Commission after its establishment in 2001, becoming the second state level petrochemical base in China. The planned area of the park is 45 km².

The park has a shoreline of 10 km, along the Yangtse River there are 22 jetties of 1000T class or over, which can provide berthing for 3000-30000T vessels all the year round. Nanjing Harbor, the largest inland river container terminal in China, is 25km away from the park. A railway line and an oil delivery pipeline run across the Park from West to East. Several expressways through the Park connect conveniently with the surrounding cities. A chemical exchange centre is under construction. With the support of the transportation network, the Park is expected to be an important chemical product logistic centre in China.

Now the major companies in the Park include SINOPEC, Yantse Petrochemical Co., Ltd, BASF AG of Germany, Celanese AG of Germany, the BOC Group of UK, DSM Corporation from the Netherlands, etc.

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	Shanghai Songjiang Export Processing Zone	http://www.sjstp.com
	Shanghai Minghang Export Processing Zone	http://www.fscidz.gov.cn
	Shanghai Caohejing Export Processing Zone	http://www.caohejing.com
	Shanghai Zhangjiang Hi-tech Park	http://www.zjpark.com
	Shanghai Qingpu Export Processing Zone	http://www.greenin.com.cn
	Shanghai Lujiazui Finance and Trade Zone	http://www.shld.com
	Shanghai Zizhu Science-based Industrial Park	http://www.zizhupark.com
	Shanghai Xinzhuang Industrial Zone	http://www.shxip.com
	Shanghai Pudong Kangqiao Industrial Zone	http://www.pudong.com.cn
	Shanghai Jiading Industrial Zone	http://www.jdiz.com
	Shanghai Nanhui Industrial Zone	http://www.sn-iz.com
Jiang Su Province	Kunshan Economic and Technological Development Zone	http://www.ketd.com.cn
	Suzhou Industrial Park	http://www.sipac.gov.cn
	Suzhou National New & Hi-tech Industrial Zone	http://www.cs-snd.com.cn
	Wuxi New District	http://www.wnd.gov.cn
	Nanjing Jiangning Economic and Technological Development Zone	http://www.jndz.com
	Nanjing New and High Technological Development Zone	http://www.njnhz.com.cn
	Nanjing Chemical Industry Park	http://www.ncip-cn.com
	Jiangyin Economic Development Zone	http://www.zgfy-edz.com
	Changzhou Hi-tech Development Zone	http://www.cznd.org.cn
Zhejiang Province	Hangzhou Economic and Technological Development Zone	http://www.hetz.gov.cn
	Hangzhou High-tech Industrial Development Zone	http://www.hhtz.com
	Xiaoshan Economic and Technological Development Zone	http://www.xetdz.com
	Jiaxing Economic and Technological Development Zone	http://www.jxedz.com
	Ningbo Economic and Technological Development Zone	http://www.netd.com.cn
	Ningbo Free trade Zone	http://www.nftz.gov.cn