



Ministry of Foreign Affairs

*Report*

# Economic Overview of Sichuan Province

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## Opportunities for Dutch Companies in Sichuan



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Dutch companies that want to do business in China would do well to consider inland China, of which Sichuan is the key area. Sichuan has a developed industrial base, a large and educated workforce, and is developing links with other Chinese domestic markets as well as international markets, among which Central Asia, South Asia and Europe. With its relatively low manufacturing and labour costs, production benchmarks and abundant resources Sichuan offers opportunities for a wide variety of businesses. Next to that the recent opening of pilot free trade zones will give Dutch entrepreneurs more freedom to do business in China. Based on the content of this report and the fact-finding trips conducted by the Netherlands economic network in China most opportunities in Sichuan can be found in among others the following sectors:

**Agri-food:** in the field of pig breeding, for Dutch suppliers of food processing machines and high-end agriculture.

**Creative industries:** in the digital gaming sector and animation sector of Chengdu.

**Energy sector:** in the sectors of natural gas and new forms of energy such as biomass, solar and wind energy.

**High-tech:** in aerospace & aviation, electronics & information technology, software & service outsourcing, the automotive sector, and new materials.

**Horticulture:** in the south-western part of Sichuan that borders with Yunnan, Liangshan Yi Autonomous Prefecture.

**Petrochemical industry:** in the natural gas chemical industry, petrochemical industry, the sulphur, phosphorus, titanium chemicals industry, salt chemical industry, new fluosilicic material, downstream products of chlor-alkali chemical and dedicated chemical products.

**Life Sciences:** innovative and technological expertise in general, medical devices, pharma & biotech, health services like e-health and elderly care.

## Contents

This report provides an overview of the economy of China's south-western Sichuan Province, covering both current and future developments. We introduce the key cities, their contribution to the province's economy, and the main industries.

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I.

# Introduction of Sichuan Province and its Economic Plan

Sichuan, known as ‘the province of abundance’, is one of the largest provinces and located in China’s southwest. The province is considered as the most important province of western China, acting as an economic corridor that connects the hinterland of south-western China to south and central Asia. Sichuan covers an area of 485,000 square kilometres, similar in size to Spain. With a population of over 80 million inhabitants Sichuan is China’s third most populated province. The province is divided into 21 prefecture-level and 183 county-level divisions.

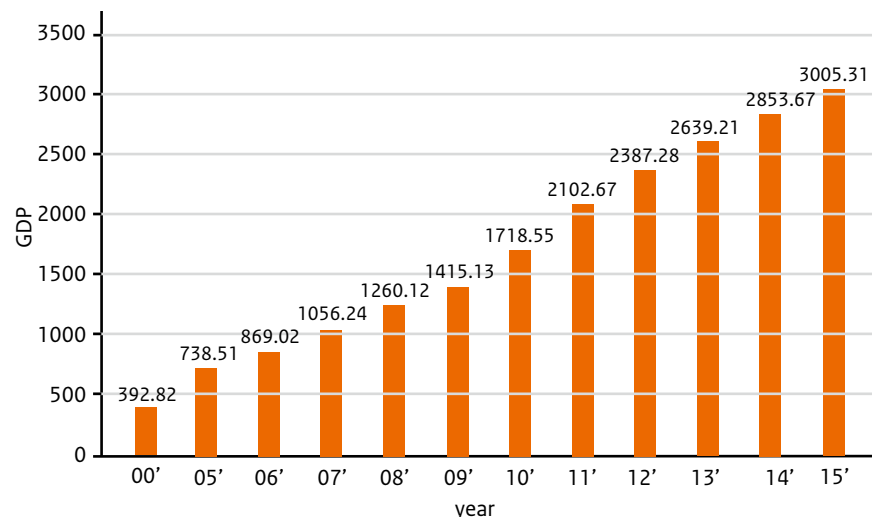
Sichuan Province is the economic powerhouse of western China. Its GDP growth has been continuous, despite suffering an earthquake in 2008. In order to increase development in western China the Chinese government launched the ‘Western Development Program’ also known as the ‘Go West’ policy in 2000. The Chinese state has invested heavily in the development of infrastructure, increasing incentives to invest in the region, the development and promotion of education, and ecological protection. Over the years Sichuan has benefited greatly from this program. The 2016 GDP growth rate was 7.7%, which is higher than the total growth rate of China of 6.7%. Having surpassed the GDP of 3 trillion RMB, Sichuan is now the 6<sup>th</sup> ranked province by GDP. The per capita disposable income in 2015 for urban residents in Sichuan was 26,205 RMB (an increase of 8.1%) and 10,247 RMB for rural residents (a 11.0% increase). Sichuan was the first province in western China to attract foreign direct investment (FDI) and is the leading export base in the region. In recent years foreign trade has grown rapidly and FDI has strongly increased. Currently at least 299 of the global Fortune 500 companies have invested in the region, 278 of them are stationed in the provincial capital Chengdu.

Furthermore, Sichuan Province has the largest consumer market in western China, comprising over 80 million people.

### Sichuan Province quick facts

Major airport	Chengdu Shuangliu International Airport (4 <sup>th</sup> in China)
Major port	Luzhou port
Major export items	Electronic components, aviation equipment, automobile spare parts, electrical appliances, steel products, machinery
Major export markets	United States, Hong Kong, India, Russia, Indonesia, Japan, Europe
Number of Consulate-Generals	16 (3 <sup>rd</sup> in China)
Number of overseas tourist	2.7 million (+12.5%)

(Source: Sichuan Statistical Yearbook 2016)

**Nominal GDP Sichuan Province 2000-2015 (in billion RMB)**

(Source: Sichuan Statistical Yearbook 2016)

**Main economic indicators Sichuan Province 2015**

Population (million)	82.04
GDP (billion RMB)	3,005.31
Economic growth rate	7.9%
Per capita disposable income for urban residents	26,205 RMB (+8.1%)
Per capita disposable income for rural residents	10,247 RMB (+9.6%)
Utilized Foreign Direct Investment	10.44 billion USD
Trade import (-> Sichuan)	USD 18.24 billion
Trade export (Sichuan ->)	USD 33.35 billion

(Sources: Sichuan Statistical Yearbook 2016)

Large industries in Sichuan that play an important role in China are the agricultural industry, the spaceflight and aviation industry, ICT, high-tech industry, the bioengineering industry, the nuclear industry, the stomatology industry, bio-medicine, Chinese traditional medicine, tourism and Chinese liquor.

In recent years Sichuan's speedy development, its (labour)cost advantages (the cost of manpower in Sichuan is 60-70% of that of coastal areas), presence of a large talent pool, and the growing consumer market have been attracting more and more foreign companies to the region and as such foreign direct investment has increased significantly. In 2015 utilized FDI stood at 10.44 billion USD. Hong Kong is the leading investor in Sichuan. Taiwan and the United States are also big investors in the province. As China has liberalized the retail and wholesale distribution sector, the number of foreign retail enterprises such as Carrefour, Itoiyokado, Parkson, etc. in Sichuan Province have greatly increased. There has also been a large increase in automobile companies, mainly in the cities of Chengdu, Mianyang, Nanchong, and Luzhou. Sichuan is the leading export base in western China. Sichuan's five biggest trading partners are the United States, European Union, Japan, ASEAN, and Hong Kong.

Regarding Sichuan's official relationship with the Netherlands, the cooperation in economy and trade has grown stronger and closer in recent years. The total export-import volume between Sichuan and the Netherlands has been rising year by year. As of 2015, more than 40 companies with foreign investments from the Netherlands have set up businesses in Sichuan. These Dutch SMEs and MNCs have mainly focused on the areas of agriculture,



electronics, chemicals, IT, environmental protection, and consultation. Among the multinational corporations of Dutch origin that have either invested or set up business in Sichuan are KLM, Akzo Nobel, DSM, Philips, Shell, and Unilever.

Chengdu signed a sister-city agreement with Maastricht in 2012, focusing on tourism, culture, education, and life sciences. In June 2014, the province of Limburg and Sichuan Province signed a sister-province agreement, opening up the opportunities for businesses in both provinces related to life sciences, the chemical industry, agriculture, and logistics. Since 1998 Sichuan has established a sister-province agreement with the Dutch province of Friesland. The agreement aims to find cooperation opportunities in the fields of agriculture (especially dairy and potato farming), tourism, and water.

#### Economic and trade relations between Sichuan and The Netherlands

	2012	2015
Total export Sichuan	38.46 billion USD	33.35 billion USD
Export from Sichuan to the Netherlands	2.66 billion USD (6.9 % of total export)	1.66 billion USD (5% of total export)
Total import Sichuan	20.66 billion USD	18.24 billion USD
Import to Sichuan from the Netherlands	99.8 million USD (0.5% of total import)	48 million USD (0.3% of total import)
Inward FDI	10.55 billion USD	10.44 billion USD
Inward FDI from the Netherlands (NL -> Sichuan)	467.97 million USD	750 million USD

(Source: Sichuan Statistical Yearbook 2016, [sccom.gov.cn](http://sccom.gov.cn))

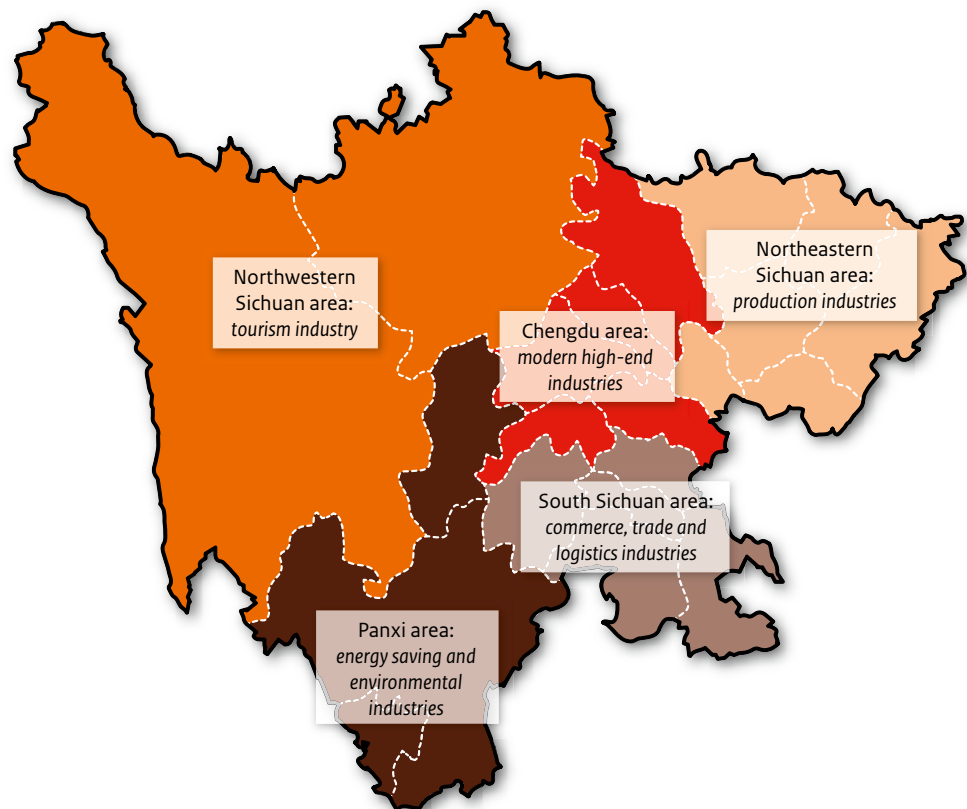
### Sichuan Pilot Free Trade Zones

On the 1<sup>st</sup> of April 2017, the national government opened seven more provincial free trade zones. Sichuan was one among the seven provinces chosen to open up these pilot free trade zones. Currently there are three zones in Sichuan of which two, Tianfu New Area and Qingbaijiang Railway Port Area, are located within the administrative area of Chengdu, whereas Chuannan Lingang Area is located in Luzhou. The Tianfu FTZ will focus on high-tech, innovation and airport-related economic development, the Qingbaijiang FTZ will be focused on railway logistics and the Luzhou FTZ will have a focus on port logistics. In these areas there will be less hurdles for foreigners to do business in certain industries and there will be beneficiary policies concerning the transport of goods.

## Sichuan's Economic Plan

Sichuan is aiming to build a Multipolar Development Pattern via which 10 cities or autonomous prefectures surpass a GDP of RMB 200 billion within five years. Another five cities' or autonomous prefectures' GDP should increase to over RMB 150 billion.

According to this Multipolar Development Pattern, Sichuan will be divided into 5 different economic regions with each a unique focus, as can be seen in the figure below.



The Chengdu-Chongqing Economic Zone as well as the Tianfu New Area are marked as economic key areas.

Seven focus industries have been selected by the provincial government: electronics and information technology, mechanical engineering, food industry, oil-, gas-, and chemical industry, metallurgy, energy and the automobile industry.

Furthermore, a process of urbanisation has been set out so the population in cities will exceed the number of people living in rural areas. Environment protection and low-carbon-economy are key in this process.

Sichuan is a main transport-hub in Western China and to maintain this position, it is investing in highways, waterways, high speed railways, and a second international airport in Chengdu.



## Sichuan's Unique Features

In short, Sichuan's economic development has seven features that are unique to the province:

1. Abundant energy and mineral reserves provide Sichuan with strong economic advantages
2. Vibrant industrial bases accompanied by comprehensive infrastructure are Sichuan's growth engines
3. The large talent pool and strong R&D support in Sichuan form a strong foundation for future development
4. Strong agricultural roots create opportunities for the modernisation of China's food supply
5. Sichuan's role as an integrated service hub for western China increases the importance of the province on a national level
6. Chengdu's rural-urban reforms open China's path towards further urbanisation and development
7. Sichuan counts six national level Economy and Technology Development Zones, four national level High-Tech Development Zones and two national level Bonded Zones



**II.**

**Sichuan,  
'Province of Abundance',  
Main Industries**

## Natural Resources

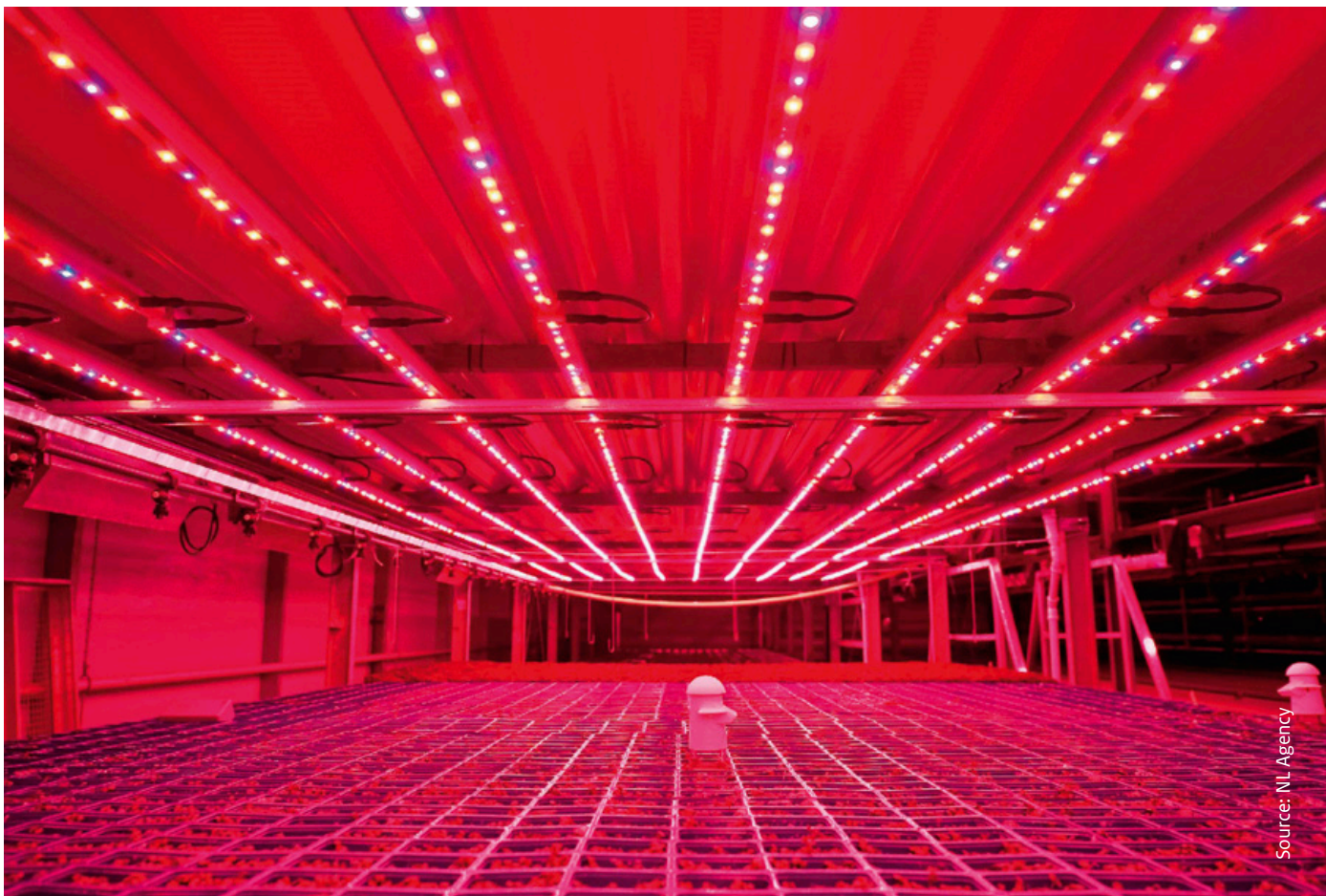
The region has an abundance of natural resources. Among others Sichuan has the largest reserves of natural gas, lithium, titanium, vanadium, and silver in China. Almost all sorts of mineral resources are present in Sichuan, both metallic and non-metallic deposits, such as copper, iron, platinum, nickel, aluminium, salt, coal, cobalt, sulphur, and tin.

Investment areas that are encouraged include: the sulphur, phosphorus, and titanium chemicals industry, the salt chemical industry, the petrochemical industry, the natural gas chemical industry, investments in new fluosilicic material and investments in downstream products of chlor-alkali chemical and dedicated chemical products.

## Agriculture

Sichuan is one of the largest agricultural bases in China for commercial grains and a supply base for vegetables and non-staple foodstuff. It is also a high quality agricultural production area, as well as a processing and distribution centre for agricultural products in western China. The main agricultural products include wheat, rice, peach, rapeseed, sugar cane, citrus fruit, Chinese herbs, and (sweet) potato.

Sichuan is China's leading province in total number of cattle and pigs and is one of the largest bases for pork production in western China. Moreover, it is China's second largest lumber area. Valuable forests are located on the peripheral highlands that surround the basin area and on various hills within the basin. The western part of Sichuan still holds much of its original forest cover. The most important products produced from the forests and wood are white wash, Tung oil, and a variety of herbs that are mainly used for the production of Traditional Chinese Medicine (TCM).



## Horticulture

In the south-western part of Sichuan lies Liangshan Yi Autonomous Prefecture. This region borders Yunnan Province and is an important agricultural area. The subtropical climate offers good opportunities for horticulture. This area has four different climate types: in the subtropical climate zone, the average temperature exceeds 18°C. This area has abundant tropical crops such as bananas, mangos, pawpaw, and sugarcane. In the middle and northern subtropical climate zones mainly grains and oil are being produced. In the cool, humid temperate zone herbal medicines grow very well.

## Traditional Chinese Medicine (TCM)

Sichuan has more than 5,000 different kinds of herbs. Many senior Traditional Chinese Medicine doctors are located in Sichuan; it has become China's second largest output of TCM products. There are over 130 pharmaceutical companies and the province is strong in R&D in the field of TCM. Chengdu has been selected by the Chinese Ministry of Science and Technology to set up the first state-level Modernized Science and Technology Industry Base for TCM. Various Hong Kong firms have invested in the modernisation of TCM. Famous local medicine manufacturers include Di'ao Group Company and Di'kang Group. As one of China's top 3 biodiversity centres, Sichuan traditionally is a strong industry base for China's bio-pharmaceutical sector. However, further innovative and technological expertise is strongly needed to develop this industry and to make Sichuan internationally renowned in this area.

## Industry and High-Tech

Sichuan has the most developed industrial sector in western China. The province is a major industrial centre, focussing on both heavy and light industries. Sichuan's heavy industries include the energy, coal, iron and steel industries, and are considered as the dominating sectors in the region. Heavy industries accounted for 67% of the gross industrial output value in 2013. The province's light industries include among others food, building materials, wood processing, and silk processing. There are two state-led development zones focused on both the heavy and light industry in Sichuan, located in Chengdu and Mianyang.

The gross production scale of high-tech products is the largest in western China. Over the last couple years, high-tech products accounted for more than 50% of its total trade in value terms. Especially the production of telecommunication and electronic equipment and computers has increased rapidly in recent years. Sichuan is experiencing a high-tech boom as the ICT industry is growing fast and because of the set-up of R&D operations by large enterprises such as Siemens, Nokia, IBM, and Motorola. The manufacturing industry is also a key industry in the province and greatly contributes to the growth of the region's GDP. The most important sectors within the high-tech industry include: aerospace and aviation, electronics, information technology, software, service outsourcing, the automotive sector, and new materials.



## Infrastructure and Logistics

Sichuan is a major transportation hub in western China. It may be a landlocked province but it has one of the best logistic networks. In recent years great efforts have been made to improve and expand Sichuan's infrastructural network as the mountainous terrain remains a challenge for the transportation of goods. A complete transportation network has been shaped, linking highways, railways, inland river transportation, and aviation. Chengdu Shuangliu International Airport is the 4<sup>th</sup> largest airport in China. It is constantly expanding its international air connections for both passenger and cargo traffic. Furthermore, Sichuan has an extensive highway and railway network. The Chengdu Railway Container Central Station, constructed in 2010, is the largest railway container station in Asia.

The Chengdu-Europe high-speed railway opened at the beginning of 2013. It is the fastest cargo passage from China to Europe, running from Chengdu to Lodz in Poland. Since the end of 2016 the route has been extended to include the city of Tilburg in the Netherlands. In total it will take 15 days to transport goods from the Netherlands to Chengdu by train. Sichuan's major port is located in Luzhou, a city in the south-eastern part of the province along the Yangtze river. Luzhou Port is one of the 28 main ports along the Yangtze River. There are also smaller ports in Nanchong, Leshan, Guang'an and Yibin. Yibin Port is one of the six key ports along the Yangtze River in state planning. Through the Yangtze River these ports have access to Chongqing, Wuhan, Nanjing, and Shanghai. There are national highway connections between Chengdu and Shanghai and Chengdu and Beihai. Regional highways connect Chengdu to its surrounding provinces.



## Energy

The most important sectors within the energy industry include natural gas and new forms of energy such as biomass, solar and wind energy.

### Natural gas

Sichuan is one of the major natural gas production provinces in China. Foreign companies are encouraged to participate in the upstream (exploration) and downstream (processing and purification) parts of the natural gas sector. The Chinese companies Sinopec and PetroChina dominate the gas reservoirs in Sichuan. They are looking for foreign know-how, especially in exploration of high-sulphur and non-conventional natural gas reservoirs. PetroChina cooperates with Chevron to develop high sulphur gas fields in Sichuan and with Shell in jointly developing tight gas reservoirs.

### New energy

Due to its geological features, Sichuan is a nationally important province for hydropower projects and research, wind power generation, and lately also nuclear power generation research. Power is generated from various small and medium-sized thermal and hydroelectric plants spread across Sichuan. They generate enough power to provide for local needs and the excess is added to the national grid for consumption in the eastern parts of China. Sichuan houses the third biggest turbine manufacturer, Dongfang Electric, active in both hydropower and wind turbines, a cluster of wind power equipment manufacturers, and the China Nuclear Power Institute.

Chengdu is a national high-tech industry base for 'new energy', approved by the National Development and Reform Commission. In new energy, Chengdu differentiates between biomass, solar, and wind. Key research institutes that provide research and technology support are e.g. the Nuclear Power Institute of China, the Southwestern Institute of Physics, and the Southwest Electric Power Design Institute. The principal development trends and investment promotion areas in the new energy sector of Chengdu are: focusing on developing production equipment, energy storage and traction batteries, smart grid etc. Apart from that there will be a focus on introducing multinational and industry-leading companies that focus on technical research & development, system integration, and key parts manufacturing for new energy automobiles and semi-conductor lighting.



## Service Sector

Between 2008 and 2015 the number of private enterprises in Sichuan more than doubled, from 286,000 to 641,700. The province has the largest consumer market in western China, comprising over 80 million people. It also has access to both the consumer market of China's southwest (about 250 million people) and the consumer markets of south Asia, Southeast Asia and central Asia (in total about 2.2 billion people). Especially Chengdu's service sector is growing significantly. Chengdu has been promoting itself as the management headquarters of large business groups and companies that provide important services. The Chengdu municipality greatly invests in major infrastructural initiatives to accommodate the further development of the city's service sector. Furthermore, Sichuan has an abundance of major tourist sites that attract large numbers of national and international tourists. As such the tourism industry is considered as a pillar industry that greatly contributes to Sichuan's economy.





**III.**

## **Sichuan's Main Cities**

## Sichuan's Main Cities

This section features the most important cities in Sichuan Province, the main industries, and development zones. Chengdu is the provincial capital and Sichuan's most important city. Apart from Chengdu, Sichuan has numerous cities which are developing at a fast pace and which offer a wide range of opportunities.



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### Economic indicators of major cities in Sichuan

Cities	GDP 2015 (billion RMB)	GDP 2014 (billion RMB)	Industrial output* 2015 (billion RMB)
Chengdu	1080.1	1005.7	1193.3
Mianyang	170.03	158	244.4
Deyang	160.51	151.6	305.9
Yibin	152.59	144.4	202.4
Liangshan	131.48	131.4	119.2
Luzhou	135.34	126	180.9
Leshan	130.12	120.8	153.4
Ziyang	127.04	119.6	118.4
Zigong	114.31	107.3	170.4
Meishan	102.99	94.5	137.2
Panzhihua	92.52	87.1	154.6
Suining	91.58	81	117.8

(Source: Sichuan Statistical Yearbook 2016)

\* For all state-owned enterprises and other firms with annual sales over 20 million RMB

## Greater Chengdu Area

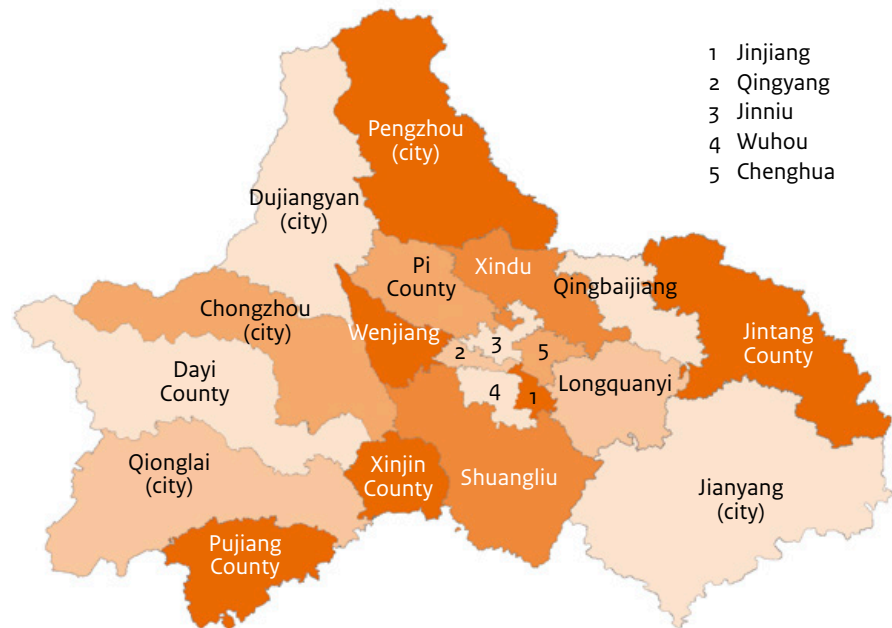
### Chengdu 成都

Chengdu is the provincial capital of Sichuan and one of the most important economic and financial centres in western China. Chengdu has a population of over 14.6 million inhabitants, making it the fourth largest megalopolis of China. In 2015 Chengdu's GDP was 1080.1 billion RMB, with a year-on-year increase of 7.5% making it the 8<sup>th</sup> city in terms of GDP. Chengdu's per capita disposable income that year for urban residents was RMB 33,476 and RMB 17,514 for rural residents. In 2015, Chengdu was responsible for approximately 36% of Sichuan's total GDP.

#### Chengdu quick facts 2015

Population	14.7 million
GDP	1080.1 billion RMB
Per capita disposable income for urban residents	33,476 RMB (+8%)
Per capita disposable income for rural residents	17,514 RMB (+8.6%)
Economic growth rate	7.4%
Total import & export volume	39.6 billion USD
Fixed Asset investment 2015	700.7 billion RMB
Utilized FDI	7.52 million USD

(Source: Sichuan Statistical Yearbook 2016, Chengdu Investment Guide 2016)



### Chengdu business and living environment

Chengdu is one of China's top cities for foreign investment; it is listed in Asia-Pacific's top ten 'best foreign investment strategic cities'. As part of the opening-up policy and the 'Go West' program to further develop western China, Chengdu has received much government support. In 2012, the State Ministry of Industry and Information Technology granted Chengdu the title of 'renowned software city in China'. Furthermore, Chengdu is the centre for commerce, trade, finance, and science and technology as well as the transportation and communication hub of western China.

A ranking by the Global Times published in August 2014, showed that Chengdu leads among the top 10 cities with the best business environment based on media attention, investment environment, government policies, and cultural environment. It is also ranked the most international second-tier city in China, where first-tier is defined as Beijing, Shanghai, Guangzhou and Shenzhen, by Maxxelli.

The 'China50' report published by Jones Lang LaSalle in 2012, listed Chengdu in the new '1.5 tier' (transitional) cities. The report ranks Chengdu as the largest office market, second largest retail market and premier real estate market. The report also showed that Chengdu has strong growth potential for the logistic property sector. Chengdu is not solely a city for business; it is also a very pleasant place to reside. During the last couple of years, Chengdu has been listed every year in the top-10 of 'happiest cities in China', in 2014 at place 9 according to "China's Economic Life Survey" released by CCTV, and place 1 according to a survey done by the China Association of Mayors. Furthermore, William Mercer, one of the largest consulting firms in the world ranked Chengdu 7<sup>th</sup> on the list of cities with highest standard of living in 2014.

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A study in Fortune magazine focusing on foreign investment showed that Chengdu is the leading city in China regarding business costs, integrated commercial environment, labour supply, and quality of life. As such Chengdu has become known for its favourable policies, low-cost labour resources, vast consumer market, and pleasant living conditions. Apart from attracting numerous multinational corporations (MNCs) and foreign investors, Chengdu has attracted many nations to set up consulates and chambers of commerce. The number of consulates grew to more than 10 as per the beginning of 2015. In order to further develop its international relations Chengdu has established twinning city relationships with sixteen foreign cities around the world, Maastricht being one of them.

Chengdu has a highly efficient service-style government that has been contributing greatly to the development of Chengdu's local and international business environment. Its ambition is to further develop a broad public transit network, decrease the number of private cars and to lower carbon emissions. By setting preferential taxes and realty rates in special development zones the Chengdu municipality aims to increase creativity. The municipality is also known for its liberal visa policies. Chengdu is a pioneer in 'hukou' (China's household registration system) reform so that migrant workers have greater access to urban benefits and basic medical insurance coverage. These efforts are also made in order to draw more top talent from China and abroad towards the city.

Getting approval to set-up a business in Chengdu is not a difficult or long process. There are various preferential policies for companies in this region that no longer exist in the developed eastern part of China. For example, companies that are engaged in industries that are encouraged by the Chinese government enjoy a 15% tax cut in company income tax rate. Projects that invest in infrastructure, environmental protection, and energy and water conservation are greatly favoured by the Chinese government and as such are entitled to enterprise income tax exemption for the first three years and just 50% of the tax for the following three years.

Chengdu is regarded as one of China's best R&D bases, having over 2,700 research institutions and vocational and technical colleges. Chengdu has more than 80 state level R&D centres, 52 higher education institutions and more than 800,000 technical professionals. Chengdu has also been one of the first state level cities in China for innovation as approved by the Ministry of Science and Technology. The city has the largest number of universities and colleges in western China, with almost 1 million enrolled students.

Chengdu is the largest city in western China with an advanced logistical infrastructure. Its proximity to Central Asia and Europe will further promote its logistics sector. Developments in electrical equipment manufacturing are expected to strongly increase the direct exports by airfreight. Chengdu International Airport is connected with airports in more than 160 cities in the world and is the fourth international air hub of China. Furthermore, the airport has an annual cargo handling capacity of 1.5 million tonnes.

Chengdu plans to open its second airport in 2020 with a planned transportation of 80 million people and 2 million tonnes of cargo each year. This will make Chengdu the third city in China with a second airport after Beijing and Shanghai. Focus is on building one network and one logistic information platform. Logistic parks and centres are currently being built in Chengdu.

Improved railway connections will spur a rapid growth in rail cargo of commodities and consumer goods. In 2013 the Rong'ou (蓉欧) railway connection between Chengdu and Lodz, Poland became operational. This express provides a weekly service (of around 50 wagons carrying multi-sized containers), reaching Poland in 11 days with freight costs of only a quarter when compared to air-freight costs. Chengdu will continue to expand its infrastructure network. As of 2015 the high-speed railway line between Chengdu and Chongqing has been put into use reducing travel time to less than two hours.





Furthermore, Chengdu has finished construction on a direct highway to Lijiang, the most popular tourist attraction in Yunnan, which will boost the cities' tourism and greatly increases the ease of reaching Yunnan for both people as well as goods. Infrastructure in Chengdu itself will also be made more convenient as the amount of metro lines will be expanded from 4 to 21 by 2030.

Chengdu is considered as a well-positioned city for further economic opening and development. The Chengdu municipality has mapped out five development zones along the region's major roads, rivers and railways. It has named Tianfu New District as one of western China's five key new districts. The Tianfu New District and the Chengdu-Chongqing Economic Zone are both great attempts at linking the success of the development of both Chengdu and Chongqing to the smaller cities in between them.

### Chengdu's pillar industries

Electronics and Information/ICT

High-tech: automotive, aerospace, high-performance fibre and new materials

Agri-food

Life Sciences

#### *Electronics and Information/ICT*

Chengdu is strong in R&D and ICT, specializing in integrated circuits, photoelectrical display, digital audio and video equipment, and optical communications production. It has attracted industry leaders like Foxconn, IBM, Intel, Motorola, TI, Huawei and ZTE. Information technology is one of Sichuan's science and technology key priorities: focus is on gaining core technology in IC and key components, large software, broadband wireless mobile technology, next generation internet technology, smart transportation, information security etc.



**Software and service outsourcing**

Chengdu has been attracting large investments in the service outsourcing sector. It has a huge talent base in software engineering and the local government is deeply involved in developing this sector, e.g. through the successful Tianfu Software Park, which is located in Chengdu's High-Tech Development Zone.

**Animation and gaming industry**

The gaming industry in Chengdu has been strongly developed in recent years. Most of the activities take place in the aforementioned Tianfu Software Park. The city is part of a major national strategic plan to inject vitality into the animation and gaming sector. Chengdu wants to attract multinational and industry-leading as well as start-up companies by concentrating on development of internet gaming, video gaming, and mobile phone gaming.

Industry Cluster Area	District
Lu Xi IT Innovation Park	Xinjing County / Tianfu New Area
Dayi Electronic Information Industry Park	Dayi County
Chengdu Hi-tech Zone (West)	Jinniu District
Wuhou New City E-commerce Cluster	Wuhou District
Chengdu Hi-tech Zone (South)	Chenghua District
Chengdu Shuangliu Civil & Military Industry Park	Shuangliu District
Pidu Smart City	Pidu District

*High-Tech Industry***Automotive**

Chengdu has an extensive industrial manufacturing industry with a sophisticated automobile manufacturing industry in south-eastern Chengdu. Divisions of renowned international as well as local automobile manufacturers such as Volkswagen, Volvo, Dongfeng Peugeot-Citroën, and Toyota are located in this area. Furthermore, some 200 vehicle component manufacturers are active here.

**Aerospace**

Chengdu is an important aeronautical manufacturing and research hub. Large international as well as national corporations that have established business in Chengdu include Airbus, Boeing, China Avic Avionics Equipment, and General Electric. Also, China's most advanced military jets are designed and manufactured in Chengdu. Traditionally, Sichuan and Chengdu in particular have a strong aerospace industry due to the strategic inland location. Specialties are precision engineering and R&D, as well as high-tech electrical and communication equipment for the aerospace cluster.

**New materials**

Chengdu is a national base of high-performance fibre high-tech industry, approved by the Ministry of Science and Technology. The city boasts top universities and research institutes such as Sichuan University, Southwest Jiaotong University, the University of Electronic Science and Technology of China and the Institute of Chemical Physics, that provide scientific and technological support for development in this sector. Many famous international enterprises have set up their branches in Chengdu such as DuPont, Dow Chemical, and Wacker Chemie. Chengdu will develop its new materials industry and attract investments focussing on introducing multinational enterprises, industry-leading enterprises, and innovative medium and small-sized enterprises by concentrating on high-performance fibres and composite, electronic information, new building, rail transport, and chemical materials.



Industry Cluster Area	District
Chengdu Tianfu International Airport City	Jianyang City / Hi-tech Zone East
Jianyang Aerospace Park	Jianyang City
Jianzhou Modern Equipment Park	Jianyang City
Huaizhou City Intelligent Manufacturing Park	Jintang County
Tianfu New Zone Qionglai Industry Park	Qionglai
Chengdu Smart Manufacturing Park	Chongzhou City
Dayi Smart Equipment Industry Park	Dayi County
Chengdu Aviation Engine Industry Park	Pengzhou
Chengdu Green Chemistry Industry Park	Pengzhou
Chengdu Modern Materials Industry Park	Qingbaijiang
Chengdu Economy Technology Development Zone	Longquanyi
Tianfu New Area Shuangliu Airport High-Tech Industry	Shuangliu

#### Life-Sciences

Chengdu is home to nearly 400 biomedical enterprises that cover various aspects of the industry, for example modern applications for traditional Chinese medicine, synthetic drug production, and pharmaceutical research. Blood-based products and major transfusion products manufactured in Chengdu accounted for one-third of the nation's market share. Furthermore, the city's pharmaceutical and manufacturing industries' gross annual output ranks first in West China.

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Chengdu is regarded as a metropolitan area for bioscience employment. Ten universities offer a major in pharmaceutical sciences and 13 offer a major in chemistry. 12 vocational and technical colleges offer secondary technical training in pharmaceuticals and nearly 15,000 professionals in various fields are trained each year. Chengdu has the world's largest clinical education training centre, which is certified by the American College of Surgeons in Asia.

The pharmaceutical industry is emerging in Chengdu. Some examples: 92 medical enterprises have each achieved an annual turnover exceeding 10 million RMB per year. Initial public offerings have been successfully launched by at least four companies. The Chengdu Institute of Biological Products is collaborating with the not-for-profit PATH Foundation to develop vaccines and Di'ao Xinxuekang, produced by Di'ao Group, which has received GMP certification from the Netherlands and is positioned to be the first therapeutic traditional Chinese medicine to enter the EU market.

Industry Cluster Area	District
Renmin South road Innovation & Finance Center	Wuhou
Chengdu Tianfu International Biology City	Shuangliu / Hi-tech Zone South
Chengdu Medicine City	Wenjiang
Chengdu Health Science Industry Cluster	Wenjiang

#### Agri-Food

Chengdu has a broad agriculture and natural resources industry thanks to the superior natural environment and abundant resources in the region, known as Dujiangyan. Chengdu is located in the core area of the Dujiangyan Automatic Irrigation Area. As such this region is an important production base of high-quality agricultural products and an important processing centre and logistics distribution centre in western China.

Chengdu mainly produces cereals, oil, fruits, vegetables, and teas. Livestock and poultry are also important sectors within the agricultural industry. The development of organic farming and the so-called 'high-end' agriculture are sectors that have recently become of greater interest.

The science and technology key priorities in agriculture are: new breeds of animals and plants, aquatic products and disease control, food processing and modern storage and transportation technology, environmentally friendly fertilizers, eco-agriculture, modern agricultural equipment, agricultural precision and information, and modern dairy production.

Industry Cluster Area	District
Chengdu Longquan Mountain Peach	Longquanyi
Qionglai Green Food Industry Park	Qionglai City
Qionglai Modern Agriculture & Crop Farming Industry Park	Qionglai City
Sichuan Dujiangyan Economy Development Zone	Dujiangyan City
Chengdu Pujiang Fruit Modern Agriculture Industry Park	Pengzhou City
Chengdu Urban Modern Agriculture Hi-tech Zone	Wengjiang

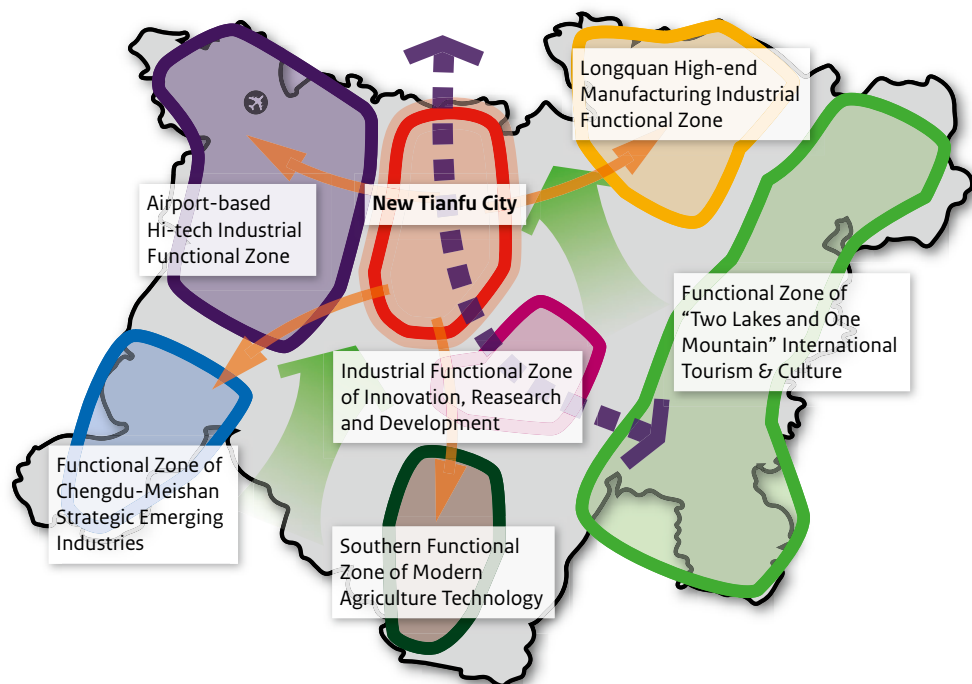


## Tianfu New Area 天府新区

The Tianfu New District is an immense project that aims to speed up Chengdu's development towards a modern, international and environmentally-sound city focused on finance, trade, and living. Geographically, it encompasses several zones, e.g. the southern part of the Chengdu High-Tech Development Zone, the Chengdu Economic and Technological Development Zone, and the Southwest Airport Economic Development Zone.

The Tianfu New Area covers Chengdu city itself and the cities Meishan and Ziyang, with a planned area of 1578 km<sup>2</sup>. As of the end of 2014, the Tianfu New Area is officially a state-level new area. Development of the area is an important step in strengthening the 'Go West' policy. The New Area has a transportation network which connects the new city with Shuangliu International Airport as well as important metro networks, major roads and railway stations.

The electronic information industry will be the leading industry and will be focused on running bigger and stronger high-tech industries - in equipment manufacturing, energy, biotechnology, and new materials. Within the high-end manufacturing base automobile manufacturing and R&D will have priority, but also aerospace, energy conservation, engineering machinery, and environmental protection equipment. It is the aim that Tianfu New District will develop into an industrial sister city of Chengdu by 2020 and to have transformed into a modern residential and commercial city by 2030.



### Important development zones in Chengdu:

Chengdu Economic and Technological Development Zone

Chengdu High-Tech Industrial Development Zone

Chengdu-Chongqing Economic Zone

## Deyang 德阳

Deyang is located in the northeast part of Sichuan and lies 50 km from Chengdu and 46 km from Mianyang. It is an industrial, wealthy city. Two large local corporations are the Erzhong Heavy Machinery Company and the Dongfang Electrical Company. Furthermore, there are various high-tech industries that contribute to Deyang's economy. There are plenty mineral resources such as natural gas, limestone, phosphorite, and coal. Because of its large natural gas reserves, Deyang has become the civilian and industrial natural gas supply base of the Chengdu economic circle. Furthermore, an 'international pilot city, new energies and new manufacturing' program has been established in Deyang. Transportation in and around the city relies on highways and railways.



### Pillar industries:

Chemical industry  
Equipment manufacturing  
Food manufacturing and processing

### Most important development zones:

Deyang Economic Development Zone  
Deyang Equipment Manufacture Base

### Quick facts 2015

Population	3.51 million
GDP	160.5 billion RMB
Per capita disposable income for urban residents	27,049 RMB (+7.6%)
Per capita disposable income for rural residents	12,787 RMB (+9.5%)
Economic growth rate	5.9%
Fixed Asset Investment	98.13 billion RMB

(Source: Sichuan Statistical Yearbook 2016)

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## Meishan 眉山

Meishan is located in the middle-eastern part of Sichuan and lies just one hour to the south of Chengdu. Minerals such as gold, silver, copper, iron, zinc, coal, gypsum, and mirabilite are plentiful. Reserves of mirabilite amount to 65 billion tons, making it the largest production base of mirabilite in China. Furthermore, the city is known as the town of Chinese bamboo weaving, loquat, navel oranges, and high-quality rice. Transportation relies on highways, railways, and waterways.



### Pillar industries:

Food and food processing  
Chemicals  
Aluminium  
Construction materials  
Wood processing  
Machinery

### Most important development zones:

Meishan Chemical Development Zone  
Sichuan Meishan Economic Development Zone

### Quick facts 2015

Population	3.00 million
GDP	103 billion RMB
Per capita disposable income for urban residents	26,395 RMB (+8.4%)
Per capita disposable income for rural residents	12,756 RMB (+9.9%)
Economic growth rate	9.0%
Fixed Asset Investment	103.24 billion RMB

(Source: Sichuan Statistical Yearbook 2016)

## Mianyang 绵阳

Mianyang is the second largest city in Sichuan and is located in the north of the Sichuan Basin, 98 km from Chengdu in the heart of the Chengdu-Chongqing Economic Zone. It has a well-developed transportation infrastructure and it is an important traffic hub in northern Sichuan. Mianyang is considered one of China's major centres for the electronics industry, also known as the 'Western Silicon Valley of China' as it is an important base for national defence, scientific research and production. Mianyang has abundant human resources, having 12 colleges and universities and 18 research institutes. Well-known research institutions include the China Academy of Engineering Physics, and the China Aerodynamics Research and Development Centre.



### Pillar industries:

Electronic information  
Metallurgy  
Auto and auto parts manufacturing  
Building materials  
Biopharmaceuticals  
Food processing  
Aerospace

### Quick facts 2015

Population	4.77 million
GDP	170 billion RMB
Per capita disposable income for urban residents	27,170 RMB (+8.2%)
Per capita disposable income for rural residents	11,349 RMB (+0.7%)
Economic growth rate	7.6%
Fixed Asset Investment	115.41 billion RMB

### Most important development zones:

Mianyang Economic and Technological Development Zone  
Mianyang High and New Technology Industrial Development Zone

(Source: Sichuan Statistical Yearbook 2016)

## Ziyang 资阳

Ziyang is located in the middle-eastern part of Sichuan and is known as a heavy industry base that mainly focuses on the automotive and train industries. The area has abundant natural resources. Over 40 rivers run through the city's lands, and forests cover 47%. Ziyang is an important production base for fruits, special aquatic products, and special livestock and poultry, for example the Giant Salamander and freshwater pearls. It is also the top production base for lemons in China. The city lies fairly close to Chengdu, Chongqing, Leshan, Neijiang, Suining, and Deyang and has convenient access to transportation.



### Pillar industries:

Automotive  
Food processing  
Pharmaceuticals  
Textiles  
Building materials

### Quick facts 2015

Population	3.57 million
GDP	127 billion RMB
Per capita disposable income for urban residents	26,424 RMB (+8.3 %)
Per capita disposable income for rural residents	12,284 RMB (+10.1%)
Economic growth rate	6.2%
Fixed Asset Investment	104.57 billion RMB

### Most important development zone:

Sichuan Ziyang Economic Development Zone

(Source: Sichuan Statistical Yearbook 2016)



## South Sichuan Area

### Leshan 乐山

Leshan is located in the southern part of Sichuan and lies 150 km from Chengdu. It is known as a popular tourist attraction in Sichuan, especially because of the Giant Buddha and Mount Emei. Leshan is a major power-generating centre in Sichuan due to its abundant hydroelectric resources with a high potential power generating capacity. The city continues to develop into a more market driven economy. As such it looks for cooperation with international corporations to achieve this goal. Transportation in Leshan mainly relies on highways and waterways. It is further developing transportation and communication facilities at a fast pace.



#### Pillar industries:

Medicine and chemistry  
Electronics  
Construction and decorating materials  
Tourism

#### Most important development zone:

Leshan High-tech Development Zone

#### Quick facts 2015

Population	3.26 million
GDP	130.1 billion RMB
Per capita disposable income for urban residents	26,361 RMB (+8.7%)
Per capita disposable income for rural residents	11,649 RMB (9.9%)
Economic growth rate	7.7%
Fixed Asset Investment	98.78 billion RMB

(Source: Sichuan Statistical Yearbook 2016)

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### Luzhou 泸州

Luzhou is located in the south-eastern part of Sichuan, at the junction of Sichuan, Yunnan, Guizhou, and Chongqing. It has abundant mineral resources. Reserves of coal amount to more than 7 billion tons, accounting for 33% of Sichuan's total reserves. The reserves of pyrite and natural gas amount to 3.2 billion tons and 65 billion cubic metres, accounting for one fifth and one twelfth of the country's total respectively. Luzhou is also an important production base for grain, traditional herbal material, and Chinese liquor (famous rice wine called Baijiu). The chemical industry is mainly focused on natural gas production. The city has developed a national chemical gas industry system. Furthermore, Luzhou has a great machinery construction industry and is an important agricultural production base that mainly produces rice, litchi's and longan fruits, poultry, tea, TCM ingredients, and cured tobacco. Transportation relies on highways, waterways, and air transportation.



#### Pillar industries:

Chemicals  
Machinery  
Energy  
Liquor manufacturing

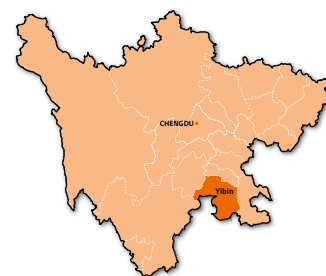
#### Quick facts 2015

Population	4.29 million
GDP	135.3 billion RMB
Per capita disposable income for urban residents	26,656 RMB (+8.6%)
Per capita disposable income for rural residents	11,359 RMB (+10.3%)
Economic growth rate	7.4%
Fixed Asset Investment	146.37 billion RMB

(Source: Sichuan Statistical Yearbook 2016)

## Yibin 宜宾

Yibin is located in the southern part of Sichuan. It has abundant anthracite reserves that amount to 3.6 billion tons accounting for 25% of Sichuan's total. The city is also an important transportation hub of Sichuan. Expressways, waterways, and airlines are conveniently accessible. Moreover, Yibin is the first port city along the Yangtze River. Shuifu (which lies in Yunnan Province) and Leshan are connected with Yibin by waterways.



### Pillar industries:

Energy  
Chemicals  
Machinery  
Liquor production

### Most important development zone:

*Yibin port development zone*

### Quick facts 2015

Population	4.49 million
GDP	152.6 billion RMB
Per capita disposable income for urban residents	26,207 RMB (+7.9%)
Per capita disposable income for rural residents	11,745 RMB (+9.8%)
Economic growth rate	5.7%
Fixed Asset Investment	129.55 billion RMB

(Source: Sichuan Statistical Yearbook 2016)

## Zigong 自贡

Zigong is located in the mid-south of Sichuan and lies 160 km southeast of Chengdu. It is the third largest city in Sichuan. The city was founded in 1939 thanks to its salt industry. Mineral resources such as coal, petroleum, natural gas, brine, rock salt, limestone, and shale gas are abundant in this area. Transportation in Zigong mainly relies on highways, railways and waterways.



### Pillar industries:

Machinery  
New materials  
Salt production

### Most important development zones:

*Zigong Bancang Industry Park  
Zigong Equipment Manufacture Base  
Zigong High-tech Industrial Development Zone*

### Quick facts 2015

Population	2.77 million
GDP	114.3 billion RMB
Per capita disposable income for urban residents	26,267 RMB (+8.8%)
Per capita disposable income for rural residents	12,088 RMB (+9.4%)
Economic growth rate	6.5%
Fixed Asset Investment	63.9 billion RMB

(Source: Sichuan Statistical Yearbook 2016)



## North-Eastern Sichuan Area

### Suining 遂宁

Suining is located in the eastern part of Sichuan. Among others, this area has large mineral resources such as petroleum, natural gas, well salt, gold, and limestone. Furthermore, forests cover 32% of the city's lands. Suining is an important provincial production base of grain, cotton, oilseeds, pigs, fruits, vegetables, and herbal medicines. Animal husbandry is also an important industry, which is the second largest contributor to the agricultural sector of Suining. The city is also well known for its logistics and electronics industries. Transportation mainly relies on highways and railways.



#### Pillar industries:

Food and beverages  
Textiles and garments  
Chemicals  
Electrical machinery

#### Quick facts 2015

Population	3.29 million
GDP	91.6 billion RMB
Per capita disposable income for urban residents	25,012 RMB (+8.1%)
Per capita disposable income for rural residents	11,379 RMB (+9.8%)
Economic growth rate	13.1%
Fixed Asset Investment	101.16 billion RMB

(Source: Sichuan Statistical Yearbook 2016)

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## Panxi Area

### Liangshan 凉山

Liangshan Yi Autonomous Prefecture is located in the southwest part of Sichuan and borders Yunnan Province. It is an important agricultural area. Especially the area bordering Yunnan Province offers opportunities in horticulture due to the local climate. Xichang, the political and economic centre of Liangshan, is located along the middle section of the Chengdu-Kunming Railway. Xichang is also an important Satellite Launch Centre in China with a spaceport located about 64 km northwest of the city.



#### Pillar industries:

Horticulture  
Non-ferrous metals  
Ferrous metals  
Non-metal materials  
Building materials  
Hydro-energy

#### Quick facts 2015

Population	4.68 million
GDP	131.5 billion RMB
Per capita disposable income for urban residents	24,084 RMB (+7.7%)
Per capita disposable income for rural residents	9,422 RMB (+11.3%)
Economic growth rate	7.7%
Fixed asset investment	107.32 billion RMB

(Source: Sichuan Statistical Yearbook 2016)

## Panzhihua 攀枝花

Panzhihua is an important developing industrial city located in the southern part of Sichuan. There are 39 varieties of proven mineral resources, including: coal, vanadium-titanium magnet, limestone, dolostone, graphite, and granite. Reserves of coal and vanadium-titanium magnet amount to 369 million tons and 6.7 billion tons respectively. Panzhihua is home to Pangang, also known as the Panzhihua Iron and Steel Group. It is the leading steel company in China's southwest, the largest vanadium product manufacturer in China and the second largest globally. Due to its superior meteorological resources, Panzhihua is also rich in farm crops such as rice, grain, corn, sugar cane etc. and a key early-seasoning vegetable supply base, supplying large amounts of vegetables such as cucumber, eggplant, tomato, and fresh kidney beans. The city aims to develop the growth of subtropical fruits such as early-mature tangerines, pomegranate, late-mature mangos, litchi's and longan fruit.



### Pillar industries:

Mining  
Iron and steel  
Vanadium-titanium  
Energy and chemicals  
Horticulture

### Quick facts 2015

Population	1.23 million
GDP	92.5 billion RMB
Per capita disposable income for urban residents	30,362 RMB (+8.5%)
Per capita disposable income for rural residents	12,861 RMB (+9.3%)
Economic growth rate	6.2%
Fixed Asset Investment	64.45 million RMB

(Source: Sichuan Statistical Yearbook 2016)



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