

Sichuan Economy and Trade Trends

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Macro Economy

Development Priorities of Strategic Emerging Industry This Year Determined

Issued by Sichuan Provincial Economic and Information Commission, the *Guidance Directory of Strategic Emerging Industry (Product) Development (2014)* defined the development directions of 6 major strategic emerging industries of new generation of information technology, new energy, high-end equipment manufacturing, new material, biology and energy conservation and environmental protection industries, and 46 key fields including 471 major products and 236 key

technologies.

In the first quarter of the year, the output value of 6 major strategic emerging industries in Sichuan Province reached RMB135.98 bln, with year-on-year growth of 15.3% and main leading indicators higher than that of in above-scale industries of the province. According to the annual working plan of Sichuan Provincial Economic and Information Commission, the province will give great impetus to the scaling-up and marketization of 100 key products in this year.

The *Guidance Directory* is serving as the guideline for strategic emerging industry development of the province and basis of implementation of preferential policies. Moreover, it will be adjusted dynamically in accordance with actualities of strategic emerging industry development of Sichuan Province. (Sichuan Daily reported on May 6th)

Key Project Investment of RMB128.9 Bln in the First Four Months Completed in Sichuan

The accumulative total of investment of 500 key projects in previous 4 months in Sichuan reached RMB128.9 bln, taking up 31% of annual planning and 2% higher than that of in same period last year. The amount invested in April reached RMB 46.3 bln.

Speaking of these key projects, the total amount invested of 50 projects mainly expedited in previous 4 months reached RMB22.7 bln, taking up 17.6% of amount invested for provincial key projects, among which the investments for 38 projects under continued construction hit RMB20.2 bln, investment of RMB 2.474 bln were given for 9 newly-commenced projects, and 3 preliminary working projects are being implemented orderly.

In light of cities and prefectures, the investment completing progresses of 14 cities including Meishan, Mianyang, Guangan, Suining in previous 4

months have already surpassed the average progress. The amount invested for projects bound by objective responsibility defined and signed between municipal governments and provincial government reached RMB 74.072 bln, taking up 31.92% of annual plan.

Speaking of the projects, the completed investments for newly-commenced projects in previous 4 months reached RMB32.4 bln, taking up 31.65% of annual plan. The constructions of 51 projects including Ya'an-Kangding Expressway, Ya'an People's Hospital Restoration and Reconstruction Project, Dazhu Naibu Sports Industrial park and Yibin Hengxu Machinery Manufacturing Industrial Park have been kicked off, taking up 34.46% of total newly-commenced projects. (Sichuan Daily reported on May 13th)

Above-scale Industrial Added Value Rose 9.4% YoY in First Four Months

Unlike the slight dropping of above-scale industrial added value nationwide, the above-scale industrial added value of Sichuan Province increased by 0.5% comparing with that of in March. In previous 4 months, the year-on-year growth for above-scale industrial added value increased by 9.4%, picking up 0.2% comparing with that of in the first quarter. Automobile industry and electronic information industry continue leading the growth of industrial economy.

By industrial sectors, in previous 4 months, among 41 industrial divisions, the added values of 33 of them were keeping a rising tendency with a larger growing dimension than that of in the first quarter. Automobile industry and electronic information industry are still serving as the two main pillars for industrial economic growth stimulation. Specifically, the added values of automobile industry increased by 20.2%, computer, communication and other electronic equipment manufacturing industries

increased by 16.7% and general equipment and special equipment manufacturing industries increased by 12.5% and 12.2% in respective.

By product category, the growth of key industrial product output remains favorable, particularly, the outputs of polycrystalline silicon and railway locomotive increased by 242.5% and 388.9% in respective.

Speaking of investment, from January to April, the whole-society fixed-asset investment reached RMB 686.25 bln, increasing 13.2% year-on-year, particularly the growth of tertiary industry investment topped all, up 17.7%. In regard to consumption, the total retail sales of consumer goods of Sichuan Province in previous 4 months reached RMB 359.21 bln, with year-on-year growth of 12.8%, 0.8% higher than national average level. (Sichuan Daily reported on May 20th)

Provincial Retail Sales of Consumer Goods Increased 12.8% YoY in Previous Four Months

From January to April, the total retail sales of consumer goods of Sichuan Province achieved RMB359.211 bln, with year-on-year growth of 12.8%, 0.8% higher than national average level in growth rate and 0.1% increasing than that of in the first quarter. In the context of growth rate of national retail sales of consumer goods dropping of 0.1% in April than that of in the first quarter, Sichuan Province picked up 0.1% against the tide with year-on-year growth of 12.9%, 1% higher than the national average level in the corresponding period.

By product category, automobile and clothing sales pulled up the consumption level in general. In previous 4 months, 16 major commodity categories, except silver and jewelry goods which shared a slight sales dropping on year-on-year basis, the other 15 major commodity categories all had increasing sales volumes year-on-year growth. In April, sales volume of automobile products achieved RMB 12.99 bln, with

year-on-year growth of 31.2%, pulling up 3.8% of provincial economic growth, the sales volumes of petroleum and petroleum products driven by automobile sales increased by 11.1% on year-on-year basis, 10.8% higher than last year and up 9.4% comparing with the first quarter respectively. By seizing the chance of changing garments according to the season, the sales volume of clothing product throughout the province rose 10% to RMB2.28 bln, 8.1% higher than that in the first quarter.

Favorably changing of consumption structure; the effect of catering enterprise transformation and restructuring gradually became visible as the revenue of catering enterprise of the province in April increased by 9.8% on year-on-year basis, with year-on-year growth of 11.6% for catering enterprises above designated size, 1.8% higher than the catering consumption growth rate of the province in the first quarter. The 11.6% was also deemed as the first double-digit growth since March of last year. Regionally speaking, the growth rate of rural consumption continued taking the lead in race. In April, growth rate of provincial rural market retail sales value was 0.6% higher than that of in urban area on year-on-year basis. (Sichuan Daily reported on May 22nd)

Foreign Trade

New UK Visa Application Center Debuting in Chengdu

On May 5, the new UK visa application center (Chengdu) was inaugurated at Raffles City, Chengdu. The scale and admitting ability of new UK visa application center are doubled, from which the waiting time for visa applicant will be shortened tremendously. Visa applicant can also apply for prioritized visa service which can shorten the visa processing period to 3 to 5 days.

The UK visa application center in Chengdu, founded in 2005, serves as one of 12 visa application centers established by UK in China. The center in Chengdu was newly allocated to the 4th floor of Tower I at Raffles City, Chengdu in March this year. The number of seats arranged at the waiting area in the new Center is increased to 42 rather than 8 before; the number of counters for receiving visa processing materials is increased to 6. According to center staff, the applicant will only take about half an hour to complete the visa application procedure from queuing up after enters the center.

The visa application center also offers "prime time" appointment service in addition to routine working hours, applicant selecting this value-added service is allowed to submit materials between 5PM to 7PM on Thursday. This summer, the center will present you the 24-hour visa service as well. (Sichuan Daily reported on May 6th)

Chengdu Realized Seamless Link with the World

In May, the two-way operation of high-speed freight train from Chengdu to Europe entered the countdown stage. Last month, Chengdu railway port has been acted as national temporary ports opened to outside, which cleared the last hurdle of two-way operation of high-speed freight train from Chengdu to Europe. This year, Chengdu will spare no effort to open the direct passenger flight lines from Chengdu to USA, Russia, and other lines from Chengdu to Moscow, Paris, Istanbul and Dubai are being talked over and facilitated. From air to land, the economic, trade and cultural exchanges between Chengdu and the world are becoming increasingly close. (Sichuan Daily reported on May 9th)

HSB Chengdu Branch Opened

On May 13th, HSB (China) Chengdu Branch was opened in Chengdu. So

far, branch facilities of 14 foreign banks have been settled in Sichuan Province, the number of foreign banking units and business scopes in Sichuan Province ranks the first in central west China.

HSB (China) will take full advantage of linkage effect between the mainland and Hong Kong to make more contributions to the financial constructions in Chengdu, Sichuan and the western China by playing a bridging role, including services of loans and deposits, trade, cash management and RMB and foreign currency services.

At present, banks from USA, UK, France, Australia, Singapore, Japan, Korea and Thailand as well as Hong Kong and Taiwan have settled their banking premises in Chengdu. (Sichuan Daily reported on May 15th)

ANZ Chengdu Branch Settled

On May 27th, ANZ (China) opened its branch bank in Chengdu to have its investment in western China further expanded, and from which Sichuan enterprises would be more convenient to open their overseas markets. With exceptional competitive advantage in financial services for bulk commodity, agriculture and energy sectors, ANZ will be particularly conducive to the going-aboard strategy of Sichuan enterprises.

ANZ (Chengdu) Sub-branch Bank will lay emphasis on providing corporate clients with all-round banking services including trade and supply chain financing, funds management, loans and deposits and wealth management, etc.,

Before then, ANZ established its background operation center in Chengdu solely in China in March, 2011. The center is the wholly-owned subsidiary of ANZ Bank Group, providing ANZ global clients with account opening, payment operation and account checking services. (Sichuan Daily reported on May 28th)

“Enterprises Going Abroad” Harvested Turnover of USD 42 Mln in Europe

On May 26th, the European economic and trade promotion activity lasting for 10 days finally dropped down its curtain. Trade orders worthy of USD5 mln were obtained by 27 enterprises. Moreover, intentions in the fields of energy conservation and environmental protection investments and mould making projects were also reached between Sichuan enterprises and counterparties in Germany.

It can be observed from all indications that the cooperation between Sichuan Europe is undergoing a hot trend and the pace of opening-up to western development is accelerating. Since the commencement of “Enterprises Going Abroad” activity, Sichuan province has organized 121 enterprises to go to Europe for economic and trade promotion activities for 7 times from January to May this year with intended turnover of USD42 mln and 8 concluded cooperative projects. The journalist noted that during the 56 sessions of “Enterprises Going Abroad” activities arranged in this year, nearly 20 of them were European business-related. Holding such an intensive investment promotion activity specifically for a certain region is really unprecedented in Sichuan. (Sichuan Daily reported on May 31st)

Key Projects

Qingbaijiang Avenue Northern Extension Finished

The thorough opening of northern extension of Qingbaijiang Avenue on May 20th symbolizes the forming of first free cross-district arterial road in Chengdu-Deyang-Mianyang economic belt. Through the northern extension of Qingbaijiang Avenue, the distance from Qingbaijiang to Deyang now only requires about 20-minute drive.

The northern extension of Qingbaijiang Avenue starts from the 4th section

of Huajin Avenue in Qingbaijiang, ends at Jingyang Avenue in Deyang and is linked to Chengdu-Qingchengshan (Jintang) fast lane with design speed per hour of 80km/hour. The total length of the northern extension is about 4.8km, among which the road length in urban area is 800m with lane width of 50m built in line with urban road standard and outside the city is 4km with main lane width of 38m according to highway construction standard. (Sichuan Daily reported on May 21st)

Industries

Entry-exit Passenger Flow of Chengdu Airports Topped One Mln in 120 Days

The passenger flow volume of Chengdu airports topped one mln on that day morning, up 40.7% year on year.

According to statistical data, the passenger flow volume of Chengdu airports broke one mln person-times in 170 days last year, while it only takes 120 days to achieve this in 2014, with the sorties of entry-exit flights up to 6,560 and a maximum of daily passenger flow up to 12,472 person-times.

In recent years, Chengdu airports have seen a booming development, with 74 accessible international and regional routes, 23 non-stop passenger air routes, 27 non-stop freight air routes, 24 transit and chartered passenger air routes, over 400 entry-exit sorties every week, 26 settled airlines, ranking the No. 1 in central and western China in terms of international routes and navigable cities. (Sichuan Daily reported on May 4th)

Lithium Industry Alliance Established

Sichuan lithium industry alliance as initiated by 16 companies was established in Suining.

The alliance of lithium industry functions to accelerate the integration of

“production, research and application” in Sichuan, a province rich in lithium resources, and to make full use of resources for the improved comprehensive use efficiency, in an attempt to forge Sichuan into a “Lithium Valley” with the largest industry scale, the highest technological level, the best economic benefit, the lowest energy consumption, and optimal ecological environmental protection.

The alliance, based on R&D projects, achievement transformation, and deep processing and application of lithium salt products, pools resources and focuses on key generic technologies and major technical bottlenecks in the industry; carries out resources and achievements sharing and complements each other’s advantages; and defines responsibilities, rights and interests with diverse and multi-layered forms of cooperation. All parties of the alliance shall give full play to industrial and technical advantages and perform their own duties, together making the projects a success; actively guide the commercialization of research findings and drive the construction of industrialized projects; and jointly build and improve the platform of public innovation and achievements popularizations, giving impetus to the sustainable and sound development of Sichuan lithium industry. (Sichuan Daily reported on May 12th)

The First Central-Western International Bonded Treasury to Be Opened in Chengdu in Late Sep.

The first central-western international bonded treasury is to be put into operation in Chengdu Airport Bonded Logistics Center in late September. After the official operation, the treasury will be capable of holding 300-ton gold and 2,000-ton silver at most. It’s estimated conservatively that the annual volume of imports and exports will reach over USD 1 bln, and in the next three or five years it is expected to reach USD 6~10 bln. Shuangliu International Bonded Treasury, with a floorage of 2,000m², is constructed in strict accordance with ISO ASTM *Standard Classification*

for Bank and Mercantile Vault Construction, and has been certified by the UL. At present, the hardware facilities are still under construction. Apart from the deals of gold, silver and other precious metals, the treasury is also a place for multiple businesses such as the operation, safeguard, storage and transaction of jewelry, notes, securities, culture and art collectibles, and luxuries.

The treasury will play a role in the formation of the industrial chain of precious metals, characterized by an integration of transportation, processing and sales. Meanwhile, the treasury will expand the function of Chengdu Airport Bonded Logistics Center; attract multinational enterprises, well-known corporations, international emerging industries, and large-scale investment projects; and provide a platform for bonded delivery of precious metals and cultural bonded businesses in Sichuan and even the whole central and western China, making Chengdu more prominent as a financial center in central and western China. (Sichuan Daily reported on May 16th)

RMB3.5 Bln Invested in Cloud Computing Center in Chengdu

Owing to the cooperation of IBM and Sichuan Huaxun Zhongxing Technology Co., Ltd., a cloud computing and big data service center was settled in Chengdu on May 18th.

This project involves smart medical treatment, smart education, smart energy, green construction, cloud computing, and SMEs incubation. It will be utilized for smart governmental affairs, smart industries and smart livelihood projects. The cooperation will promote the urban management level in central and western China, improve regional investment climate, and propel regional structural adjustment and industrial transformation and upgrading. The principal role of IBM is to supply strategy consultancy and technical support.

It is estimated that by 2015 the scale of global cloud computing industry will reach USD 94 bln while the construction scale of Chinese smart cities up to RMB two tril. (Sichuan Daily reported on May 20th)

HSBC as the First Foreign Bank to Provide Cross-Border Concentration of Foreign Exchange Fund in Sichuan

On April 28th, HSBC Bank (China) Co., Ltd. announced that it had assisted New Hope Liuhe Co., Ltd. to carry out the “pilot operation and management of foreign exchange fund centralization of MNC HQ”, established the first bi-directional and automatic system of cross-border cash concentration among Sichuan state-owned companies, and started the bi-directional concentration of cross-border foreign exchange fund. Thus, HSBC has become the first foreign bank in Sichuan handling such business since the pilot program was launched. (Sichuan Daily reported on May 21st)

China-Denmark R&D Center of New Energy and Environment Protection Founded in Chengdu

On May 26th, the China-Denmark R&D Center of New Energy and Environment Protection was founded in Chengdu with the cooperation of Horsens, a sister city of Chengdu, and the VIA University College of Denmark. The Center, integrating the research, transfer and application of new energy, is to set up a durable service platform with multi-cooperation for Chinese and Danish institutions of higher education, industrial parks, environmental protection enterprises, and scientific research institutes, enhancing bilateral exchanges and cooperations in the technological innovation of environmental protection.

Denmark is leading in the development and utilization of renewable energy sources, especially in wind power generation and biomass-fuelled CHP systems. Furthermore, Horsens enjoys prominent advantages in water treatment, energy storage, and solar energy development and

utilization. The center will further impel international cooperation and the transformation and upgrading of energy conservation and environment protection industries. (Sichuan Daily reported on May 27th)

Industrial Service Alliance of Chengdu E-commerce Association Founded

On April 24th, Industrial Service Alliance of Chengdu E-commerce Association was founded in the “Trusted E-commerce Forum” of the 12th China International Software Cooperation Conference. Over 200 traditional enterprises attended the meeting and negotiated with e-commerce service companies to discuss the development and demand of e-commerce.

In 2013, the volume of e-commerce surpassed RMB 400 bn. with more than 8,000 e-commerce application companies and the rate of e-commerce utilization among SMEs reached 50%. (Sichuan Daily reported on May 25th)

Convention & Exhibition Economy

The 3rd China (Sichuan) International Tea Fair Opened

On May 7th, the 3rd China (Sichuan) International Tea Fair and Purple Clay, Ceramic and Tea Sets Exhibition opened in New International Convention & Exposition Center, Chengdu Century City. Almost 400 enterprises attended the fair from more than ten provinces and regions like Sichuan, Yunnan, Guangxi and Hunan.

The tea fair covers an area of 40,000m², the largest scale in history, and prepares four themed exhibition halls, i.e. Sichuan’s Famous Tea Exhibition Hall, Yibin Morning Tea and Tea Culture Exhibition Hall, China’s Ten Famous Tea Exhibition Hall, and Tea Ceremony Artworks Hall. Sichuan tea enterprises also installed their exhibition halls such as

Zhuyeqing Tea, Emei Xueya Tea, Sichuan Tea Group, Chuan Hong Group, Yuehua Tea, Mengding Royal Tea, etc.

The fair will be open for ten days, and over ten activities are to be launched during the event including China Tea Industry Development Forum, Promotion Conference for Main Producing Areas of Sichuan Tea, tea art and tea ceremony performance, and tea culture lecture. (Sichuan Daily reported on May 8th)

CCPIT Sichuan Council

Chairman Li Gang Met Greg Munyai, the Minister-Counselor of South African Embassy in China

On the morning of May 8th, 2014, Chairman Li Gang met Greg Munyai, the Minister-Counselor of South African Embassy in China.

Chairman Li Gang expressed sincere welcome to Minister-Counselor Greg Munyai. He pointed out that the economic communication and cooperation between Sichuan and South Africa is long-standing and full of development potential. In 2013, the total volume of trade between Sichuan Province and South Africa exceeded USD 320 mln. CCPIT Sichuan Council attaches great importance to the economic communication with South Africa. In 2010 and 2012, several delegations led by the leaders of CCPIT Sichuan Council went to South Africa to take part in exhibition and relevant economic and trade activities. In June, a mission of over 30 Sichuan companies headed by Chairman Li Gang will go to South Africa and attend “South African International Trade Exhibition”. Chairman Li Gang sincerely invited South African enterprises to participate in “China · Sichuan Imported Commodity Fair” held in every June in Chengdu. Greg Munyai showed his gratitude for Chairman’s warm reception and welcome for chairman’s future visit. He mentioned that the bilateral economy and trade communication are

becoming more and more intimate and frequent. In October, South African Embassy in China will organize 60 enterprises to Sichuan to hold a commodity exhibition. He hoped that CCPIT Sichuan Council could invite relevant local companies to negotiate and cooperate with South African counterparts.

“Sichuan–Turkey Entrepreneurs’ Meeting” Held in Chengdu

On May 27th, 2014, CCPIT Sichuan Council held the “Sichuan – Turkey Entrepreneurs’ Meeting” in Chengdu. The meeting was attended by more than 50 persons including Yi Yang, the Vice-chairman of CCPIT Sichuan Council, Mr. Osman, the Director of Global Economy Relation Department of Turkey Industry and Commerce Association, and representatives of both sides from industries like food, textile, finance, building materials, household appliances, metal, and tourism.

Member enterprises of CCPIT Sichuan communicated in depth with Turkish counterparts on investment, plant construction, and import and export trade, such as New Hope Group, Changhong, Honghua Group, Sichuan Textiles I/E Corp., Sichuan Shuguang Group, Chengdu Xingyu Precision Casting Co., Ltd.