



The industrial city of Foshan is vowing to offer the kind of favorable policies found in a free trade zone in an aim to boost its economy. PHOTOS PROVIDED TO CHINA DAILY

City takes a must-do step for the future

Integration with Guangzhou enables de facto free trade zone to be established

By SUNYE

sunye@chinadaily.com.cn

If you look at the list of the country's designated free trade zones, Foshan is not on the list.

However, the city in South China's Guangdong province, which is best known for its home decoration and electric appliance industries, promises to offer all the perks of a free trade zone, according to local officials.

"The city is launching a de facto free trade zone as an answer to the times," Zhang Kaiji, director-general of the Foshan Bureau of Commerce told China Daily. "We are adjusting ourselves to meet the requirements of businesses and working hard to create a friendly environment."

Foshan is a close neighbor of Guangzhou, the capital of Guangdong province, and the two cities have started to integrate with each other in the last few years, to take advantage of their synergies and better distribute resources.

Seizing the opportunity of the two cities' integration, Foshan is also incorporating the favorable policies of the Guangdong Pilot Free Trade



Zone, part of which is located in Guangzhou, which was approved by the central government in April 2015.

The city has thus vowed to facilitate investment, trade and customs clearance, as well as carry out financial reform and innovation, the same as other free trade zones.

"Foshan has always been a city big on innovation, it's always among the first to adjust to the times," Zhang said.

Since its plan to emulate other free trade zones was launched late last year, the city has already implemented several measures, and procedures have been simplified for enterprises looking to do business in the city.

According to the local government, the time for a project

to get approval has shortened from more than 200 working days to 48 days on average.

While the number of times applicants have to go to various government departments for approval has been reduced from 28 to two. The fees payable have also been reduced and a cross-platform digital administrative system has been launched to offer further conveniences to businesses.

Such substantial improvements in efficiency are not only applicable to companies. The procedures for personal businesses have also been simplified via an all-encompassing digital platform. The city has rightly called the initiative a "one-stop shop", as residents now only have to go to one service window to complete the administrative requirements.

For customs clearance, Foshan has launched "Internet Plus" technologies to greatly simplify procedures. The local government said that all clearance procedures can now be done at one service window, service fees have been reduced and there are customs officers working around the clock.

When it comes to financial innovations, Foshan is working to facilitate cross-border investment and leases, as well as two-way cross-border exchanges of renminbi funds.

"Working on this de facto free trade zone plan has made it possible to lower costs and offset what we used to lack," Lu Yi, Party chief of Foshan, said at a recent meeting. "This is a must-do step for future development."



Working on this de facto free trade zone plan has made it possible to lower costs and offset what we used to lack."

Lu Yi, Party chief of Foshan



Representatives of Foshan's ceramic enterprises meet to forge an integrated industrial platform.

'Made in Foshan' made for the home

By SUNYE

"Everything you see in a house, you get it here. Everything you don't see, so long as it's in a house, you also get it here," said Zhang Kaiji, head of the Foshan Bureau of Commerce.

Foshan, the city adjacent to Guangzhou, capital of Guangdong province, is home to the lion's share of both China's home decoration and electrical appliance industries.

Midea, Galanz and other giant household appliance manufacturers are based in the city. Foshan Lighting, as its name suggests, also hails from the city, as do many other producers. Ceramic tiles are a specialty of the city, and the local output accounts for the largest share of the country's total.

From plumbing to furniture, the city boasts the country's best manufacturers. It's also home to the renowned housing property developer Country Garden and is the base for Foshan Haitian Flavouring & Food, the largest manufacturer of soy sauce in the world.

Whether it is furniture, building materials, household appliances, lighting, home textiles, or plastic products, Foshan produces it.

"The complete industrial chain of 'made in Foshan'

means that for buyers the city is a one-stop market," according to Liu Xiaoming, deputy chief of the bureau of commerce.

"There is no need to strenuously search for suppliers, they are all within reach here," Liu said. "And Foshan is the label for reliable quality."

Foshan plans to go one step further with its home decoration and appliance industries, whose output amounted to more than 700 billion yuan (\$106.8 billion) in 2015, with exports worth \$23.4 billion.

The city is developing business-to-business and online-offline platforms to directly connect suppliers and buyers. It will also provide logistics, financing tools, e-commerce channels and various other conveniences for buyers.

For suppliers, the initiatives mean less excess production and smaller inventories, as information will flow more smoothly and transparently.

The initiatives have already been implemented in the city's ceramic tile industry, with a new platform integrating financing, big data, logistics, and e-commerce, as well as other Internet Plus services, launched on March 1.

Participating companies are expecting the platform to generate 100 billion yuan in

revenue this year, according to the Foshan Bureau of Commerce.

"We hope the platform will lend valuable experience to other industries on how to deal with shifts in growth models and supply-side reform," said Lu Yi, Party chief of Foshan.

But brick-and-mortar markets are still crucial. There are now more than 100 such markets for the home decoration and appliance industries in the city, including massive markets in Lecong township, where buyers from around the world come to shop. The city also plans to set up experience centers and showrooms for one-stop shopping outside their home base. Places in Africa and South America may soon witness such outlets, said Liu, the deputy chief.

Such overseas outlets are expected to enhance a global purchase chain and boost exports. According to the bureau of commerce, the industry's exports to Africa reached more than 58 billion yuan in 2015 and exports to Latin America reached 21 billion yuan.

"With the new initiatives, we hope the manufacturers can discover synergies, cut their production costs and contribute to the brand strength of Foshan," Zhang said.

New moves carry forward a pioneering spirit

By SUNYE

In today's economic climate, most Chinese cities that once relied on low value-added, export-oriented growth models need to transform their economic structure.

Foshan is no exception. The city is a manufacturing hub in South China, whose overall industrial output amounted to 2 trillion yuan (\$305 billion) in 2015. It has long been, and still is, one of the country's top cities for the home decoration and electrical appliance industries, with a total output amounting to 700 billion yuan in 2015.

Even with such profitable industries, the city is constantly designing new ways to diversify.

One of these has come with the newly opened high-speed railway that connects Guangdong province, the Guangxi Zhuang autonomous region and Guizhou province. Foshan is the hub for an economic cooperation pilot zone among the three regions that was established as a result of their newly enhanced transportation links.

The pilot zone, designed for further integration of the

Pearl River Delta region and to answer the needs of the Belt and Road Initiative, will be a testing ground for innovative policies and new ways of social governance.

It is set to connect the areas from Southwest China to South China with not only high-speed trains but also a more extensive and efficient network of water, air and land transportation.

Plans for complementary development among the three regions are expected to come into effect soon. Foshan, as well as much of Guangdong, has long been one of the country's leaders in trade and manufacturing, while Guizhou has valuable energy and mineral resources and Guangxi is best known as an agricultural base. Smooth leveraging of their strengths and better allocation of their resources would be in favor of their overall development, according to a government assessment of the pilot zone.

A newly bonded region is also expected to bring industries from developed areas such as Foshan to the less-developed inland areas, and create a continuous route for travelers to savor a shifting landscape from coasts to

forests and deep mountains within a day.

Internet Plus

Besides going westward inland, Foshan is also pursuing an "Internet Plus" strategy.

In 2015, Foshan introduced an action plan to establish intelligent manufacturing by 2025. It also launched a plan to make the city go "full Internet Plus" last year, in a bid to better connect the players to the market.

Customs clearance has been greatly simplified thanks to the coupled benefits brought by the Internet and reduced procedures. That simplicity is now taking over many other facets of doing business in the city.

Various industry platforms that will enable participating entities to have up-to-date, transparent information on relevant services from logistics to financing are being set up.

E-commerce, which thrives not only in the country but also across borders, will further prosper as the city continues to encourage integration and development of industry chains by providing financing services, logistics, storage and other services.

"One of the keys to cope

with economic transition is focusing on high-added value items," said Liu Xiaoming, deputy director of the city's bureau of commerce.

Human resources is one of the reasons why Foshan is emerging as an up-and-coming center for environmental protection, new energy, new materials, biopharmaceuticals and other sunrise industries.

Moreover, a national-level high-tech industrial development zone, a Sino-German industrial service zone and a financial services zone are all progressing swiftly.

All these endeavors haven't gone unrecognized.

The Financial Times' investment promotion publication, fDi magazine, ranked Foshan first on the Chinese mainland in terms of its foreign direct investment strategy and one of Asia's most coveted destinations for FDI last year.

And the city has pledged to take greater strides in the future.

"Even since the late Qing Dynasty (1644-1911), Foshan has been a pioneer in responding to what the times call for and meeting the challenges of different times," Liu said. "It still has that pioneering spirit today."



Lu Yi (center), Party chief of Foshan, meets delegates from Chinese and German cities in September 2015 for establishing a Sino-German industrial cities alliance.