

# Foshan: Foreign talent, advanced products

## Transformation for famed Pearl River Delta manufacturing hub

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During an overseas business trip two weeks ago, the strong investment promotion team from the Foshan Bureau of Commerce surprised their hosts in the United States, including a senior executive at IT giant Oracle and a Stanford law lecturer.

The US hosts were impressed when Nicolas Santo, a 26-year-old Uruguayan, presented his business card with the title of international investment promotion consultant for the government of Foshan.

Although it is common to meet expats working for foreign businesses or as English teachers in China, it is still highly unusual to see a foreign face in the government.

In addition to Santo, another three foreigners work in the investment promotion team from Foshan, Guangdong province — two from the United Kingdom and one from Mexico. “People we met in the US were very interested in knowing more about our practice of employing foreigners. Our international team has become a signature of Foshan,” Zhou Zhitong, chief of the Foshan Bureau of Commerce, told China Daily.

Mei Gechlik, a law lecturer and founder of the China Guiding Cases Project at Stanford University, had planned to have a 30-minute talk with Zhou but changed her mind after seeing Santo, asking the bureau chief about his international team for about an hour.

“Foshan is building an open, international business environment,” Zhou said. “The employment of foreign talent shows the Foshan government’s determination and their



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CHIEF OF THE FOSHAN BUREAU OF COMMERCE

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### International vision

“We didn’t hire the foreign staff as a publicity stunt,” said the bureau chief. “They have brought much-needed help to our investment promotion and further opened up our minds to new ideas for developing Foshan’s economy.”

Santo has been working with great zeal to prove his value in helping the city become a popular destination for investment and help in the transformation from a traditional manufacturing city into an advanced equipment manufacturing base in the Pearl River Delta.

The young Uruguayan is a Montevideo University law graduate and earned a master’s degree from Tsinghua University, where he studied China’s “going global” strategy. He also spent a year as a visiting scholar at Harvard University



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Foshan Bureau of Commerce Chief Zhou Zhitong (second from right) and his foreign colleagues with Harley Seyedin (center), president of AmCham South China.

researching Sino-Latin American economic relations.

As a foreigner, Santo is familiar with the names and titles of Chinese and local government leaders and keeps track of the latest policies.

He is also very familiar with the latest economic and industrial dynamics in Foshan and Guangdong.

He mentioned quite a few companies that have grown into strong local players.

“For example, Keda Clean Energy Co in Foshan was named one of the next top 100 Chinese global giants by the Association of Chartered Certified Accountants,” Santo said.

He is good at collecting information from foreign media and professional institutions to make a close analysis of Foshan’s industries.

“Recently, the governments of Guangdong province and Foshan have positioned the city as a global equipment manufacturing hub,” Santo said.

### Manufacturing base

The Guangdong provincial government made a strategic decision in August to build an industrial belt for advanced equipment manufacturing in the region west of the Pearl River and set a goal of achieving output worth 2 trillion yuan

(\$327 billion) by 2020.

Miao Wei, minister of Industry and Information Technology, showed support for the industrial belt, saying it will be included in China’s 13th Five-Year Plan (2016-20) during a meeting in Zhuhai, Guangdong province.

The plan will cover the five cities of Foshan, Zhongshan, Jiangmen, Yangjiang and Zhuhai. And there is “no doubt” that Foshan — already the industrial hub in the region — will play the “core and leading” role, according to Zhou of the Foshan Bureau of Commerce.

“We have a solid foundation

in the manufacturing sector. We also have an international business environment and a welcoming attitude to international talent, which is shown by cooperative projects such as Foshan Sino-German Industrial Services Zone and, of course, my bureau’s employment of foreigners,” he said.

Equipment manufacturing is already a core industry for Foshan, which produced 418.3 billion yuan (\$68.4 billion) worth of products in 2013. The output is expected to reach 1 trillion yuan by 2020.

The city has 932 foreign-invested businesses engaged in equipment manufacturing.

Their combined investment has reached about \$11.54 billion.

Lu Yi, acting mayor of Foshan, told China Daily that the city will set up a development fund for the equipment manufacturing industry, which means at least 10 million yuan will be invested every year to support technological development starting in 2015.

Intelligent manufacturing, energy conservation and environmental protection equipment, new energy equipment, vehicle manufacturing, marine engineering equipment and industrial services will be prioritized, according to Lu.

## Equipment manufacturing fuels new growth

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Located at the heart of the booming Pearl River Delta region, the Guangdong city of Foshan is a compelling destination for equipment manufacturers because of its solid industrial foundation and huge local demand.

Adding to the success of manufacturers is strong support and efficient services from the government, according to local entrepreneurs.

“Generally speaking, government officials in Foshan have a strong sense of serving businesses and are used to doing that,” said Zhou Zhitong, chief of the Foshan Bureau of Commerce.

Andritz Group, an Austrian manufacturer, has operated in Foshan for 17 years.

“The local government is very proactive and supporting,” said Thomas Schmitz, president of Andritz (China) Co headquartered in the city.

The company, which supplies equipment for the pulp and paper, hydroelectricity and metals industries, had difficulties when it planned to build new workshops in 2010.

The new facilities had to be built near its headquarters for efficient management, but the company had difficulty in finding land in the central dis-

trict of Foshan.

“Local governments at all levels tried their best to help Andritz solve the problem,” said Han Xiaoxing, advisor to the president of the company.

They have helped Andritz find three new sites since 2011, all near the company’s headquarters. Its manufacturing area in Foshan has tripled.

The governments in Foshan are more efficient and service-oriented compared with some other cities in China, said Han.

At an entrepreneurs gathering in Foshan on June 14, Schmitz remarked that he was very pleased to help attract other foreign companies to invest in the city.

“We enjoy very good support from and cooperation with the local governments,” said Schmitz.

Besides overseas companies, local manufacturers have also received great support from the governments in Foshan.

“We think the local governments in Foshan attach great importance to the development of equipment manufacturing industry and they help us a lot,” said Zhen Ronghui, CEO of Guangdong Yizumi Precision Machinery Co.

Main products of Yizumi Co include injection molding machines for manufacturing plastic products and die casting machines for producing



The Yizumi Precision Machinery Co factory, which supplies plastic injection molding and die casting machines to meet local demand and beyond.

metal components in automobiles.

### Complete chain

Located near Guangzhou, Hong Kong and Macao, Foshan has developed equipment manufacturing for decades and boasts a complete demand and supply chain.

There were more than 7,500 advanced equipment manufacturers in the city by 2013.

“Equipment manufacturing in Foshan is complete in a diverse range,” said Zhen of Yizumi.

Yizumi purchases most of its raw materials, including 50-ton casts, from other manufacturers in the city.

“The location provides good access to a very wide range of local suppliers, which are crucial to our business. It’s also a

close location to many of our key customers in the pulp and paper area,” said Schmitz of Andritz.

Before renowned as manufacturing base for home appliances, furniture, ceramics and plastic products, Foshan has now placed more emphasis on making equipment used by consumer goods producers.

With policies and planning by the local government, equipment manufacturing is now a pillar industry in the city.

Local statistics show Foshan’s equipment manufacturers made products valued at more than 400 billion yuan (\$65.4 billion) in 2013, about 24 percent of the total industrial output in the city.

The Guangdong provincial government announced in May that it would set up an advanced equipment manufacturing zone on the west bank of the Pearl River and make Guangdong a world-class equipment manufacturing hub.

Local officials said Foshan will play a leading role in the zone that includes five cities in Guangdong.

Total industrial output in Foshan’s equipment manufacturing industry is projected to reach 1 trillion yuan by 2020.



## HOME TO FOREIGN BUSINESSES

The Foshan Sino-European Industrial Services Zone (above) is a destination for domestic and foreign businesses providing services ranging from R&D and design to testing, certification, training, conventions and exhibitions for manufacturers in the city.

With a total area of about 1 square kilometer, Foshan European Industrial Park (below) is a base for advanced manufacturers from Europe and other regions offering incentives including reduced rents and subsidies for research.



The new production site for Andritz in Foshan has local architectural elements.