

A hand is shown in the lower right corner, holding a white puzzle piece. The background is a bright blue sky with scattered white clouds, transitioning to a green field at the bottom. Several other white puzzle pieces are scattered across the sky, some appearing to float or be in motion.

# **“Go West” and Sichuan’s Investment Opportunities**

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August 2011**

# I. Introduction of West China and Sichuan Province

## 1. West China

- Including 12 provinces, municipalities and autonomous regions
- Area: 6.85 million km<sup>2</sup> accounting for 71.4% of the national total.
- Population: 360 million, accounting for 26.9% of the national total.
- GDP in 2010: 7.4343 trillion RMB, or 18.68% of the national total.

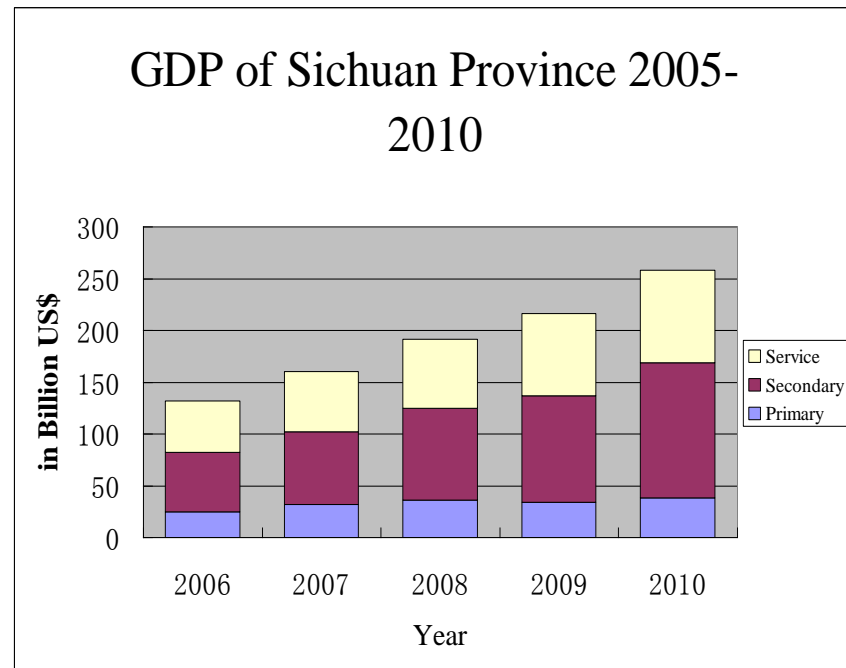


## 2. Sichuan Province



- Located in the southwest of China and the upper reaches of the Yangtze River.
- The most populated and economically developed province in western China.
- Area: 485,000 km<sup>2</sup>.
- Population: nearly 90 million.
- Special advantages: resources, technology and market.
- Major economic indicators accounting for between 1/4 and 1/5 the entire West.
- Important strategic location in West China.

- GDP in 2010: 1.68986 trillion RMB, up 15.1%.
- FDI in 2010: \$ 7.01 billion, up 69.8% y-o-y.
- No. of newly approved FDI enterprises: 379.
- Total no. of foreign invested enterprises: 9293.
- No. of world's top 500 companies in Sichuan: nearly 200.
- Foreign trade in 2010: \$ 32.78 billion, increasing 35.6%.



8/15/2011

“Go West” and Sichuan’s Investment Opportunities

- Consulates in Chengdu: USA, Germany, France, Korea, Singapore, Thailand, Pakistan, the Philippines and Sri Lanka.

## II. the Western Development Strategy (“Go West” Campaign)

### 1. Preferential investment policies for western provinces, but not their eastern counterparts

#### (1) Tax

- 15% corporate income tax for encouraged industries
- exemption from land tax, customs duties and import VAT.

#### (2) Land

- charging only 10% -15% of the lowest national standard land use fees for industrial purposes



### **(3) Mining**

- Non-oil and non-gas mineral resources mining royalties incentives: free for the 1<sup>st</sup> year and half for the 2<sup>nd</sup> and 3<sup>rd</sup> year.
- Non-oil and non-gas mineral resources mining under encouraged category resource compensation fees free for 5 years.

### **(4) More relaxed investment terms**

- Operating life of business project: 40 years
- Minimum registered capital of trade company: 30 million yuan.
- The proportion of RMB loans that domestic banks may provide Sino-foreign joint ventures or foreign business in infrastructure projects or fixed asset investment with a competitive edge were raised to 120% of Chinese investment and 100% of foreign registered capital.

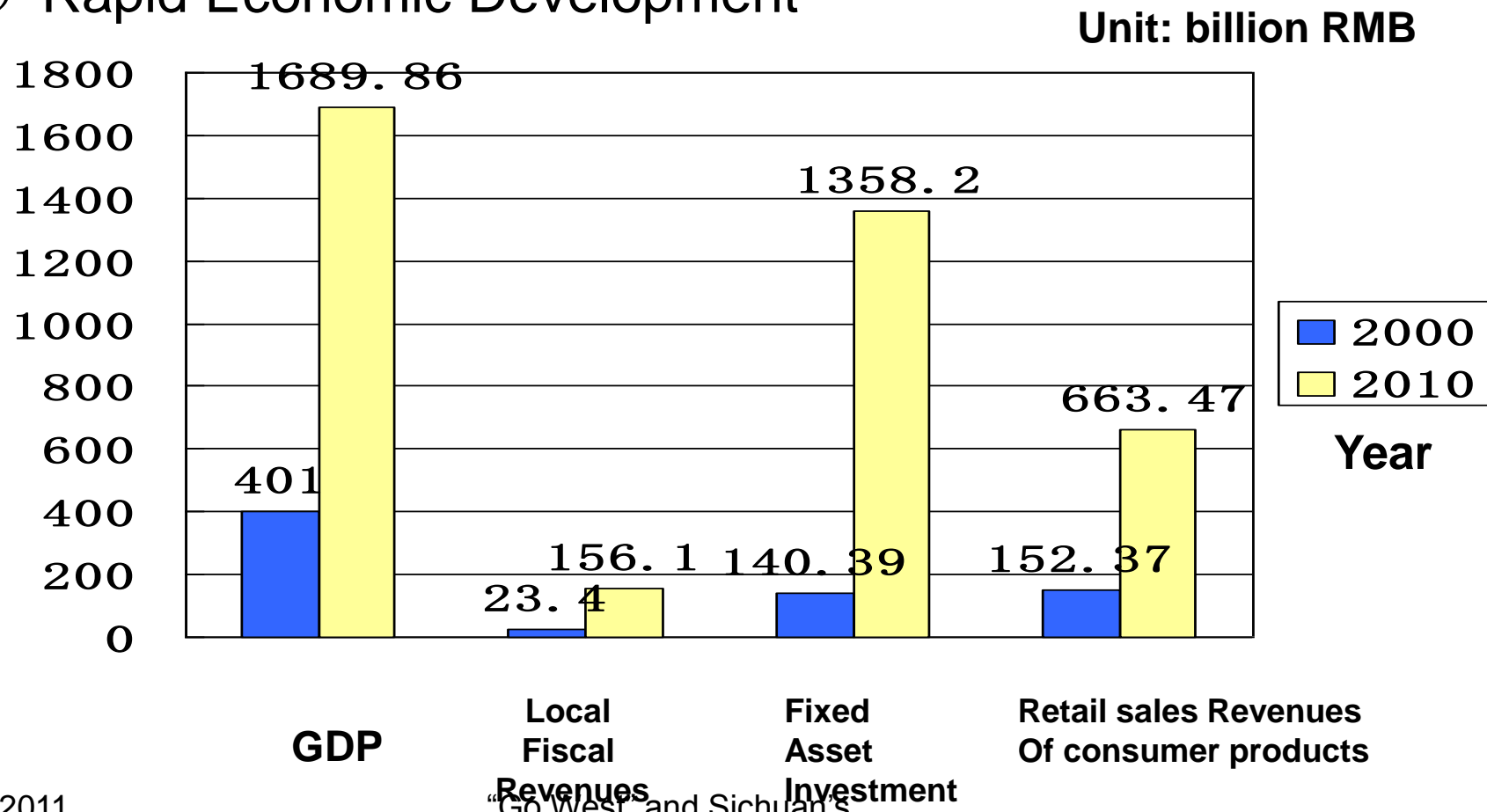
## **21 Items included in the "Midwest Industrial Catalogue for Foreign Investment" enjoy preferential policies to encourage foreign investment, including:**

- Development and production of vegetable seeds, fruit seeds
- Deep-processing of pigs, cattle, sheep, and poultry
- Manufacturing of auto parts, cranes, excavators and other construction machinery
- Development and production of digital medical equipment and key components



## 2. Main Achievements in Sichuan since the initiation of the Western Development Strategy

### (1) Rapid Economic Development





## (2) Breakthroughs in infrastructure development.

- Railway: total mileage 3547 km, 25 projects with 3000 km are under construction.
- Expressway: 2681 km operable, 34 projects with 3212 km are under construction.
- Port: Luzhou Port Phase II and Yibin Port are put into operation.
- River port container capacity: 100 million TEUs.
- Total installed power capacity: 42.32 million kilowatts, increasing more than 2,600 kilowatts.
- Natural gas production capacity: 2.1 billion m<sup>3</sup>, increasing 16 billion m<sup>3</sup>.



### (3) Rapid development of industries

- Key industry development: electronic information, equipment manufacturing, tourism, agriculture, etc.
- Industrial added value in 2010: 684.05 billion RMB, 4.9 times higher than a decade ago.
- Tourism revenues in 2010: 188.609 billion RMB, 7.3 times higher than a decade ago.



### 3. Incentives for the next decade

- A New round of western development policy measures are being developed. They will be formally promulgated and implemented within this year. Among them, the preferential tax policies will be greater than before. The most Prominent are:
- 15% corporate income tax rate for industries encouraged by the state.
- resource tax modified from a volume-based regime to a price-based one for coal, crude oil and natural gas.
- the implementation of differentiated land policy, more available lands for the western region in the annual national planning of land use.



Sichuan  
port

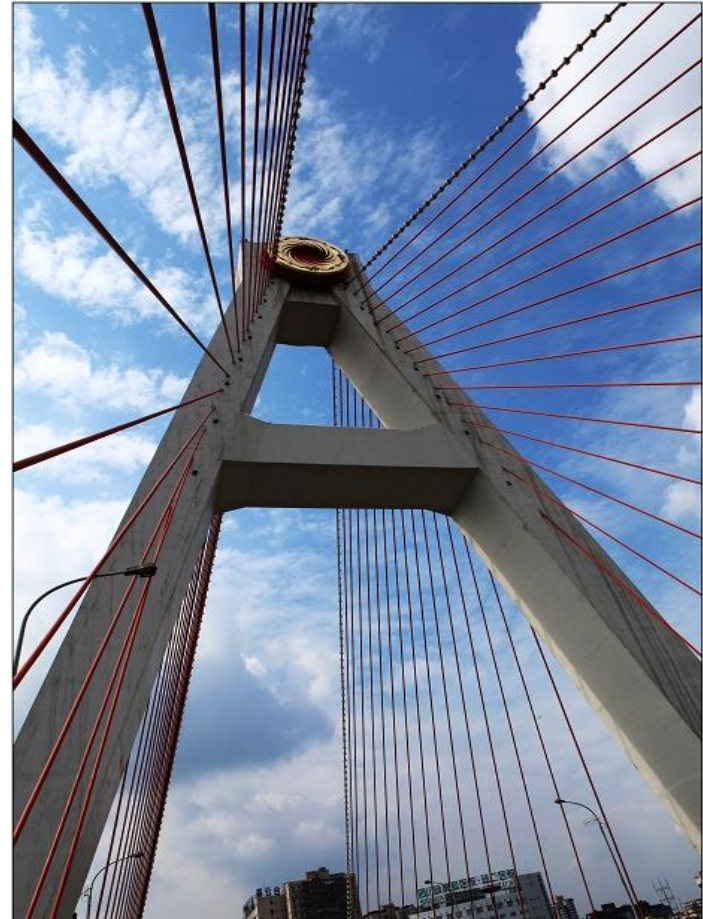




# III. Investment advantages for Sichuan and West China

## 1. General advantages of West China

- Energy & resources
- Huge Market
- Geographical location
- Cost advantage



## 2. Sichuan's comparative advantage

### (1) A good living environment

- Mild climate, humid, average temperature between 14 °C -19 °C, average annual precipitation 900-1200 mm. cool Summer and warm winter; the provincial capital Chengdu is known as one of China's most livable cities.

### (2) Market accessibility

- Sichuan is not only home to a huge market of nearly 90 million population, but also has access to the Southwest's 250 million urban population in six provinces, as well as the 2.2 billion people in Southeast Asia, South Asia, and Central Asia.





### (3) A good industrial mix

- Sichuan's industrial clusters such as electronic information, equipment manufacturing, energy, electricity and others have major advantages.
- **Modern service industry:**
- Microsoft, Nokia, Huawei have set up their R & D center in Sichuan.
- IBM China put their global delivery center in Sichuan.
- Retail giants such as Wal-Mart, Carrefour and others are all doing outstanding business in Sichuan.

## (4) Convenient logistics & transportation

- Asia's largest railway container station.
- 15 direct international passenger and freight routes from Chengdu to Amsterdam, Frankfurt, Bangalore and others.
- Maersk, UPS, DHL, nearly 50 well-known logistics enterprises have settled down here.





## (5) Relatively factor costs

- The cost of land, public utility, labor is 30% lower than in coastal cities.

## (6) Rich in human resources

- 92 colleges and universities and more than 30 national R & D bases.
- provide 200 thousand college students annually and 10 thousand high-end professional and technical workers.
- The employee turnover is stable.



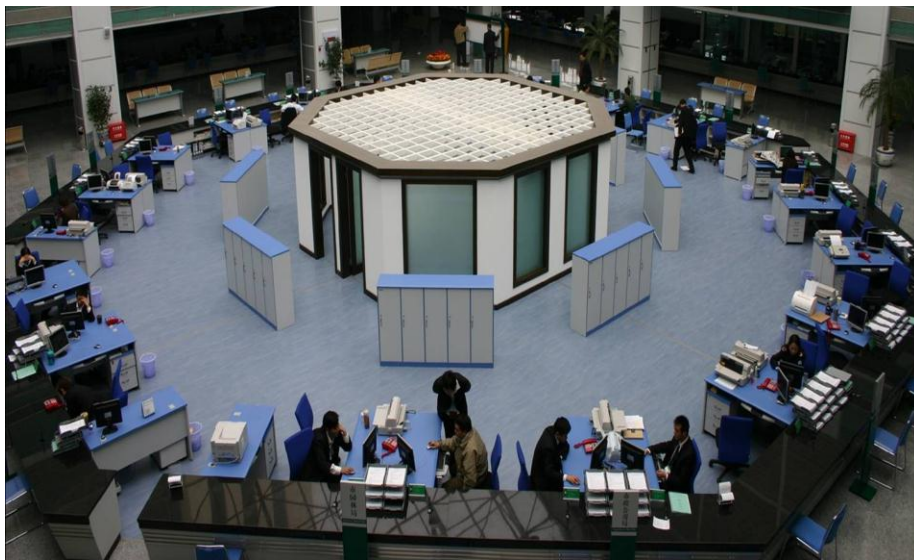


## (7) Complete financial services

- 46 banking institutions, 57 insurance companies, 42 securities companies, 28 financial back-office outsourcing companies
- The number of foreign banks and foreign insurance institutions ranks No. 1 in central and western China.
- Financial trading volume ranks the first in West China.

## (8) Transparent and efficient government services

- The least red-tape approval process of all provinces in China, one of the most efficient administration processes



07/13/2011

Go West and Sichuan's  
Investment Opportunities

# IV. Development Prospects of West China and Sichuan's 12<sup>th</sup> Five Year Plan

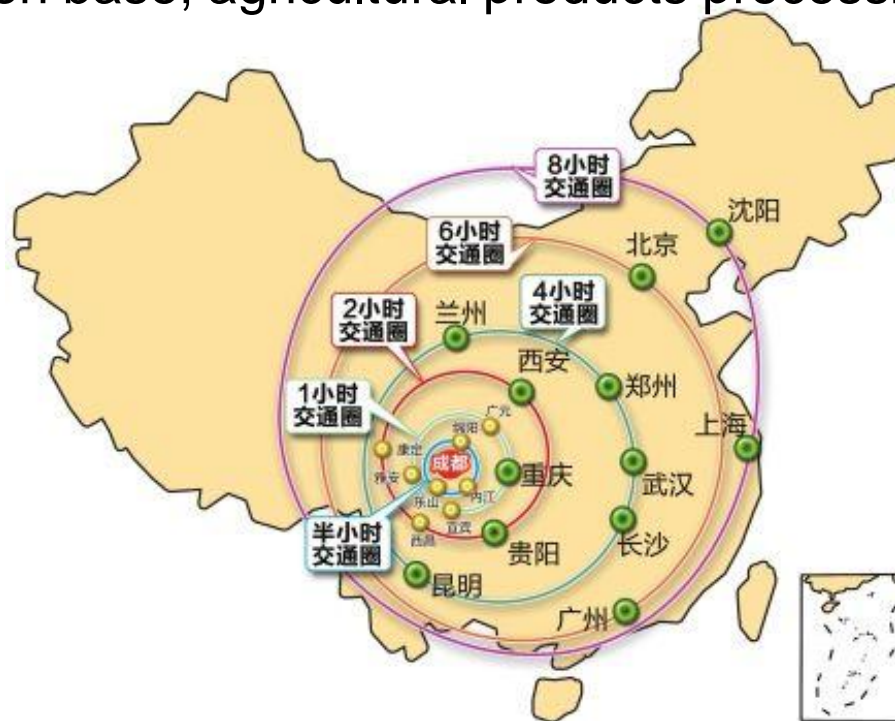
## 1. Development Prospects of West China

- Objective: a more complete infrastructure, a mature modern industrial system, important national energy base, resources deep-processing base, equipment manufacturing base and strategic emerging industries base;
- Higher living standards and quality, basic public services significantly improved, narrowed the gap with the eastern region; a big step forward on the ecological and environmental protection.



## 2. Sichuan's 12th Five Year Plan

- Strategic Positioning: Highland in China's west, merge into the whole country and the world.
- One hub: The north-south, east-west, rivers-seas, integrated transport hub.
- Three centers: the western logistics center, business center and financial center.
- Four bases: an important strategic resource development base, modern manufacturing base, technological innovation and industrialization base, agricultural products processing base.





### 3. Key industries in Sichuan

- Focus on the development of electronics & IT, equipment manufacturing, energy, electricity, oil and gas, chemicals, vanadium and titanium steel, food and beverage, and modern medicine, modern service industries.
- Nurture aerospace, automotive manufacturing, biotechnology and other promising industries.



## V. Investment tips for Australian businesses

- Good market research; Attention to market changes
- Strategic vision, with a view to West China, the whole China, Asia and the world.
- Do not be too conservative; Be more active and decisive
- Make good use of professional services, but don not forget government relations and official channels

## VI. Services provided by CCPIT Sichuan Council

- Market research
- Marketing strategy consulting
- Policies and regulations consultation
- Relations coordination
- Project follow-up and services



A close-up photograph of two hands shaking in a firm grip. The hands are positioned in the center of the frame. The person on the left is wearing a dark suit jacket and a light blue dress shirt. The person on the right is wearing a dark suit jacket and a white dress shirt. The background is a light blue color with a faint, semi-transparent world map. The map shows the continents in a darker shade of blue. The overall composition is clean and professional, suggesting a business agreement or a formal welcome.

**Welcome to Sichuan**

**Thank you!**