

# District puts innovation at heart of growth drive

An ideal economic model for G20 leaders to examine

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It took only a few years for Guangzhou OED Technologies, a Chinese enterprise engaged in the production of electronic paper, to develop the world's first graphene electronic paper. The company was established in 2008 in Nansha, a southern district in Guangzhou, the capital of Guangdong province.

"Our major technological breakthroughs are due to a number of factors, principally our increased efforts in research and development, and a sound and healthy business environment, especially in the technology and innovation sector in the booming Nansha district," said Chen Yu, chief executive officer of Guangzhou OED Technologies.

Compared with traditional e-papers, e-paper made of graphene is more pliable and its higher light transmittance means that it produces much brighter optical displays, according to Chen.

"The new e-paper uses graphene and is expected to not only boost the use of the material worldwide but also help expand the commercial scale of the e-paper industry," said Chen.

After returning from the United States in 2005, Chen began working at the Guangzhou-based Sun Yat-sen University, where he led a team in the research and development of e-paper display technologies.

"E-paper display technology is of great importance to the process of industrial upgrading in the Pearl River Delta region," said Chen.

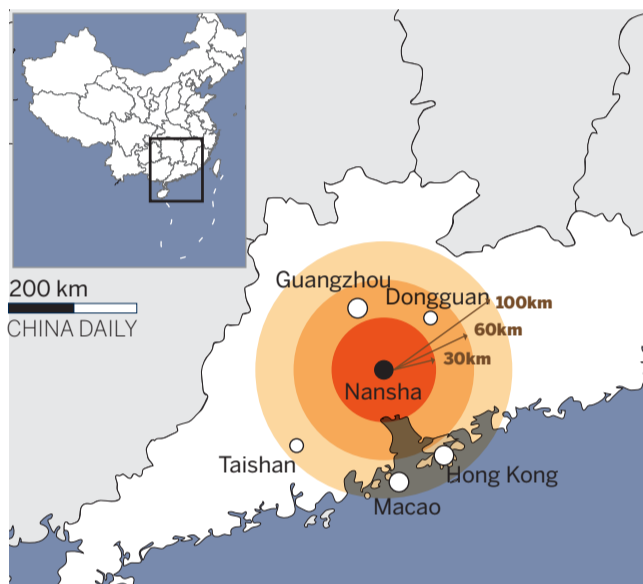
Chen established the company in 2008 with the support of angel investors in Nansha district, which is now part of the Guangdong Pilot Free Trade Zone.

"The local government has created a sound and healthy business environment for tech startups, which has helped us grow at a rapid rate and enabled us to develop advanced technologies," said Chen.

The company is now one of the two major electronic paper display producers and suppliers in the world, engaged in the research, development, manufacture, assembly and marketing of thin film electrophoretic displays, primarily panels for



Chen Yu, chief executive officer of Guangzhou OED Technologies, examines graphene electric paper. The company, based in Nansha district, boasts the world's first such product. Nansha has taken the lead in technological research in Guangdong province. PHOTOS PROVIDED TO CHINA DAILY



e-readers, electronic shelf labels and other related low-power display applications.

Dozens of high-tech companies similar to OED Technologies have emerged in Nansha in recent years, due to huge local government investment aimed at creating a stable and nurturing business environment.

Nansha, which is also a pilot zone for nationwide self-innovation, is positioned to become a base for high-tech and strategic emerging industries, as well as a hub for international technology and innovation.

Nansha might be an ideal model for G20 leaders to examine as they seek innovative solutions for their economies,

according to insiders.

The district, with an area of 803 square kilometers, is currently developing six technology and innovative bases in its Qingsheng, Mingzhu Bay, Huigu, Wangqingsha, Sanmin Island and the Eastern Pearl River areas.

Within the six innovative bases, 76 local high-tech companies engaged in information technology, energy-saving and environmental protection and biochemical and pharmaceutical sectors have emerged as catalysts for the local economy.

"A number of local companies have become industry leaders, thanks to increased investment in technological research, both from the companies themselves and the government in recent years," said

Xie Ming, deputy director of the Nansha Development Zone Administrative Committee.

Seven local companies have also been listed on the New Third Board, or National Equities Exchange and Quotation System, which serves as a national share transfer system for small and medium-sized enterprises to transfer shares and raise funds.

The local government has in recent years introduced a series of supportive and innovative measures to encourage high-tech industrial development.

The measures have proven effective even amid the economic slowdown.

Last year alone, the Nansha district government invested 532 million yuan (\$79.96 million) in technological research, a more than seven-fold increase on 2010, according to local government sources.

The district has now established three national-level laboratories, with 65 innovative platforms covering various engineering and technological projects.

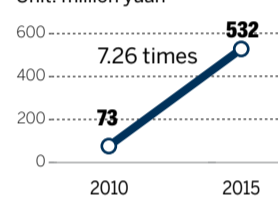
According to the local government, an investment fund for the innovation industry has been established in Nansha, from which 500 million yuan will be allocated within the next three years to help introduce international investment organizations.

"The investment fund will help support the development of more SMEs, especially in the technology and innovation sector," said Xie.

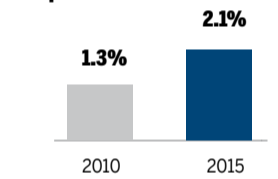
## HIGH-TECH SECTOR ON THE UP

Govt investment in R&D

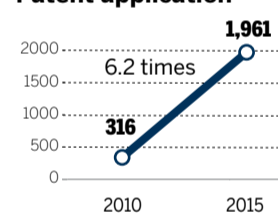
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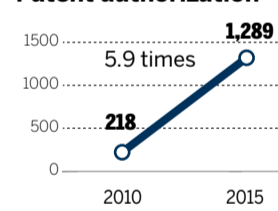
## Local companies' and research institutes' investment in R&D as part of GDP



## Patent application



## Patent authorization



Source: Guangzhou Nansha district government

ZHOU YANG / CHINA DAILY

# Company benefits from zone's supportive initiatives

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An increasing number of domestic and international companies are focusing on Nansha district, part of the Guangdong Pilot Free Trade Zone, in Guangdong province looking for new businesses development opportunities and investments.

As part of the ongoing restructuring of State-owned enterprises in China, COSCO Shipping Bulk Co, formed by the merger of COSCO Bulk Carrier Co and China Shipping Bulk Carrier Co, is now the world's largest bulk vessel fleet in terms of both number of vessels and deadweight tonnage.

The new company was officially launched in June in the Nansha New Area in Guangzhou, part of the Guangdong Free Trade Zone that was established last year.



Ding Hongdu (left), Nansha Party chief, inks an agreement with COSCO Shipping Bulk.

Starting from Nansha, Liu said the company will look to strengthen its business network throughout Europe, Australia, Singapore and Japan while undertaking research to explore opportunities in emerging markets such as India.

The COSCO Shipping project is one of 68 projects established in the Nansha New Area by 41 Fortune 500 companies, including L'Oreal, which established R&D and manufacturing bases, and China Railway Construction Co Ltd, which

set up its South China headquarters in the area.

Experts believe such large-scale projects will continue to attract small-and-medium sized companies there. In the first half of the year, 6,005 companies have registered in the area with more than 42.92 billion yuan (\$6.4 billion) of registered capital.

Zheng Tianxiang, professor at the Center for Studies of Hong Kong, Macao and the Pearl River Delta at Sun Yat-sen University in Guangzhou, said the launching of COSCO Ship-

ping will not only bring its fleet and shipping ability, but also its cargo source and market.

It could also attract related business engaged in the selling and leasing of vessels and insurance to the area, he noted, adding that a shipping financial center will also be established in the area.

In order to attract such companies to the Nansha New Area, the local administrative office has formulated a range of supportive policies, including a shipping industry fund to solve logistics fundraising problems.

Ding Hongdu, Party chief of Nansha district, said the government has injected 400 million yuan into the first stage of the fund.

Improved logistics measures and facilities have helped attract the more than 870 cross-border e-commerce traders that had registered in the area by the end of June, he said.

Among the traders are a number of domestic e-commerce giants, such as Tmall and JD's e-shop for international goods, as well as Suning's online store.

Li Jinling, vice-president of Top Ideal, a supply chain man-

agement company located in Nansha, said their order numbers have soared from dozens per day to more than 10,000.

She added the company's imported goods warehouse covering more than 7,000 square meters is constantly full.

Shipping is just one industry being supported by and thriving in Nansha New Area, which has also attracted more than 530 financial companies, including 13 branches established by China's "Big Four" State-owned banks and other commercial banks.

Enterprises engaged in advanced manufacturing are setting up in the zone, including Gac Toyota Motor Co Ltd, which is building a factory with a production capacity of 220,000 units.

A number of leading companies are currently in discussion with the zone's authorities about establishing operations there, including the China State Shipbuilding Corporation, Herrenknecht AG, a leading German manufacturer of tunnel-drilling machines. The eventual aim is to form an industrial cluster of high-end manufacturing.



A local quality inspection officer checks out a product sample.

# Helping to provide a leading platform for international trade

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Nansha New Area is working to facilitate international trade through innovation as it aims to build an open and convenient platform for businesses from across the globe.

The efforts are aimed at securing increasing trade cooperation with the G20 economies, whose leaders gathered in Hangzhou for an international summit on economic cooperation.

The new area, located in Guangzhou, the capital city of Guangdong province, is part of the Guangdong Pilot Free Trade Zone, which also includes Qianhai in Shenzhen and Hengqin in Zhuhai. More than 140 innovative achievements have been made in Nansha since its official launch as a free trade zone in April 2015.

In one such achievement, for example, by integrating internet technology with traditional customs clearance, Nansha has facilitated swifter and more convenient customs clearance procedures. The new system cuts out the need to physically travel to customs offices.

"Our business has increased 50 percent year-on-year thanks to the enhancement of (customs) efficiency," said Qu Yanqian, deputy general manager of Nansha-based Guangzhou Runshun International Transport Agency Co Ltd.

"An increasing number of enterprises have been attracted to go through customs in Nansha. As a result, the number of international shipments has grown considerably there."

The new area has also advanced innovation in cross-border e-commerce supervision and speeded up the process of export tax rebates, shortening the period from 20 working days to just three.

According to a research report by the Institute of Free Trade Zones of Sun Yat-sen University in Guangzhou, Nansha ranked first in "innovation in trade facilitation systems" among the country's four free trade zones. The other three zones are in Shanghai, Tianjin and Fujian province.

Such innovation has propelled Nansha's economy to achieve rapid growth. The GDP growth rate of the new area has ranked first among all areas in Guangzhou for 10 consecutive quarters, according to the local government.

An increasing number of enterprises have been attracted to set up offices in Nansha. Official statistics show that more than 10,800 enterprises had registered in Nansha in the first year after it formally became a free trade zone in late 2014.

In the first half of this year, the number of newly registered enterprises in the area reached 6,005, with registered capital hitting 42.9 billion yuan (\$6.4 billion).

In addition to introducing innovative measures to promote international trade in Nansha, the Guangzhou government has also pledged to turn the new area into the city's sub-center.

## 10,800 enterprises

had registered in Nansha in the first year after it became a free trade zone in late 2014

Ren Xuefeng, Party chief of Guangzhou, said Nansha New Area has the foundations and market conditions necessary to become the city's sub-center as it possesses location, ecological and policy advantages. It is not only part of the Guangdong Pilot Free Trade Zone, but also one of the country's national-level new areas.

Nansha should seize the opportunity to build the sub-center, and attract the high-level resources necessary to make it a demonstration area that leads Guangzhou's future development, Ren said.

Mao Yanhua, deputy head of the Institute of Free Trade Zones of Sun Yat-sen University, said Nansha has been the geographical center of the Pearl River Delta region, but the area needs to improve its transportation system.

To this end, the government has poured 156.1 billion yuan into 38 large infrastructure projects in the area in an effort to build a transportation network between Nansha, Guangzhou's city center and the surrounding areas.



## Thumbs up

A Hong Kong couple show their delight at the efficient service in Nansha's duty-free shops. The district, part of the Guangdong Pilot Free Trade Zone, offers duty-free policies to customers. Products there range from vehicles to household utilities.