

## Raft of innovative policies to ensure city's grand ambitions are fulfilled



Authorities in Chengdu explore methods used in the Sichuan FTZ before developing the city's own trade zone. PHOTOS PROVIDED TO CHINA DAILY

# Service industry at the heart of new trade zone

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Chengdu, the capital of Sichuan province, is committed to promoting innovation in the trade services industry to support construction of the China (Sichuan) Pilot Free Trade Zone.

The first combined bill of lading for the Chengdu-Europe Express Railway was issued in the FTZ to a Dutch exporter on April 6, only five days after the establishment of the zone. The document allows foreign exporters to receive their payments before buyers receive their goods.

The Chengdu-Europe Express Rail service, which became operational in April 2013, is the fastest and most frequently used cargo railway route linking the city to European countries as part of China's Belt and Road Initiative.

According to an overall plan released by the State Council on March 31, the FTZ must promote the development of an international multimodal transport model, launch pilot projects to issue combined

bills of lading with guarantee functions and explore a multimodal transport model that requires only one supporting document.

The first combined bill of lading marks a significant breakthrough in the FTZ's innovation in the trade in the services sector, according to Chengdu authorities.

### Trade in services

Chengdu's trade in services industry has reported significant growth over the past few years, due to strong government support and market demand.

Lyu Yuan, director of the trade in services department of the Chengdu Commission of Commerce, said that the city's average year-on-year growth of added value in the service sector reached 10.3 percent during the 12th Five-Year Plan (2011-15) period, surpassing the national average by two percentage points.

In 2015, Chengdu's added value in the service sector reached 570.4 billion yuan (\$83.2 billion), ranking fourth

among sub-provincial cities in China. The city is strongly positioned in tourism, computing and information, architectural design services and culture and entertainment sectors in China.

"The trade in the services industry has been growing rapidly in Chengdu in recent years," Lyu said. "The city is taking leading role in the trade in the services sector in central and west China."

Chengdu's trade in services businesses mainly focus on four areas: aircraft maintenance and repairing, service outsourcing, technology services and culture services.

Last year, local businesses reported \$1.49 billion in revenue from offshore outsourcing service projects. The city established 13 public service platforms to support 100 offshore outsourcing projects in 2016.

Chengdu Hi-Tech Industrial Development Zone's industrial throughput value of online gaming reached 10 billion yuan in 2016, an increase of more than 40 percent year-on-year.

**\$1.49**

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The local government has paid much attention to promoting development of the trade in services industry. Chengdu Commission of Commerce partnered with the city branch of the People's Bank of China to establish the Chengdu Financial Service Outsourcing Association in 2015. The association's aim is to promote interaction between financial institutions and software information enterprises.

Last year, cultural trade-related seminars were also arranged by Chengdu governments to help cultural businesses better understand the concept of service trading.

By the end of 2016, seven cultural bases were established in Chengdu and 30

companies were recognized as key cultural trade businesses. These actions promoted development of local intangible culture heritage such as traditional handicrafts, Sichuan Opera, folk music and dance.

Chengdu was listed as a national-level service trading innovation pilot zone in February 2016 by the State Council, the only such pilot zone in western China. The city is responsible for exploring innovative development in eight areas, including service trade management systems and upgrading of development models.

### Chengdu's role in supporting FTZ development

The 120-square-kilometer FTZ, launched on April 1, covers Chengdu Tianfu New Area, Chengdu Qingbaijiang International Railway Port and part of Luzhou city. About 100 sq km of the core and supporting areas of the FTZ are in Chengdu.

The overall plan lays out 159 reform tasks covering 24 areas of the FTZ. Among

those, Chengdu is responsible for 155 tasks.

In the next few years, Chengdu will implement measures such as streamlining and delegating power, strengthening supervision, supporting service and financial innovation and applying preferential policies that are being piloted in other FTZs to support its own FTZ development, according to the plan released by Chengdu Administration China (Sichuan) Pilot Trade Free Zone.

Chengdu Tianfu New Area and Chengdu Qingbaijiang International Railway Port will serve different functions during construction of the FTZ.

Chengdu Tianfu New Area will focus on developing a modern service industry, an advanced manufacturing industry, as well as high technology, airport and port service industries. The region will be a gathering place for modern businesses, a leader in the financial industry, a logistics center and an international aviation hub.

The Qingbaijiang Interna-

tional Railway Port area will focus on cultivating the port service and modern service industries. International merchandise transport, international freight forwarding, vehicle imports, and information, technology and exhibition services will be provided in the region.

The local government will spare no efforts to attract global experts to support its FTZ development.

Chengdu was one of the first cities in China to launch a pilot program for work permits for foreigners under the guidance of the central government. This pilot program is intended to streamline application and administration procedures and processes and to attract more high-level foreign experts to China.

The Chengdu Administration of Foreign Experts Affairs issued the first foreigner's work permit in Sichuan province to a professor from the Southwest Jiaotong University in November 2016, marking the completion of pilot work for the foreigner work process.



Chengdu takes a series of measures to promote trade facilitation in the construction of FTZ.

## Outside experience fine-tunes new FTZ

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As well as applying preferential policies that are being piloted in China (Shanghai) Pilot Free Trade Zone, Chengdu will also develop localized featured models to support the construction of the zone.

"We have planned different functions for different areas in Chengdu," said an official from the Chengdu Commission of Commerce. "We will develop Sichuan and Chengdu in featured ways in FTZ construction processes. We will make efforts to promote innovation and reform through pilot programs, and we expect to gain experience that can be applied in the rest of the country."

In 2014, Chengdu started to apply experience from the Shanghai FTZ's development in the Bonded Area of Chengdu Hi-Tech Industrial Development

Zone and Chengdu Airport Bonded Logistics Center. A report from PwC, one of the three parties that support Chengdu FTZ development, showed that Chengdu performed well in real practices.

In addition to applying existing experience, Chengdu explored development models that might better fit local conditions.

Xu Wen, PwC's business supervisor in Chengdu, commented positively on Chengdu's endeavors at the FTZ's establishment news conference last September.

"Based on Shanghai's experiences, Chengdu has achieved good results in developing an international, market-oriented and legal business environment by promoting administrative streamlining, delegating power, strengthening supervision and improving government services," Xu said.

Xu said Chengdu has promoted the development of oversight mechanisms to transform government functions. Chengdu also developed a social credit system, built an information sharing platform, promoted business registration reforms and encouraged organizations participating in market supervision to improve the region's business environment.

Chengdu not only cut unnecessary administrative procedures to provide more convenience to foreign investors but also set up supporting policies to encourage local businesses seeking opportunities in foreign markets.

According to Xu, the city has made great efforts to advance trade facilitation. For instance, it developed a hierarchical risk management system to improve clearance efficiency in customs.

Chengdu's domestic and foreign maintenance service industry also reported strong growth with strong support from the government. Hongfujin Precision Electronics (Chengdu) Co, a subsidiary of Taiwan Foxconn, has obtained approvals to repair iPads from

global market. In previous years, only locally made iPads were allowed to be repaired.

A large aircraft engine maintenance and repairing base is under construction. The first phase of the project will make Chengdu capable of repairing 300 aircraft engines per year. The capacity will be increased to 600 units once the second phase is completed.

Looking ahead, Chengdu plans to develop different functions in different areas to support its FTZ development. For instance, it plans to develop aircraft leasing and financial services in the Shuangliu area.

Tianfu New Area, known for its beautiful environment, will take measures to seize opportunities in the exhibition and conference industry. It will also promote the service industry's upgrading by combining conference with tourism. The Chengdu Science City, a technology hub in the region, will promote technology trade in new energy and biopharmaceuticals. There will also be an intellectual property court in Tianfu to accelerate the city's development in IP right protection.

The Chengdu Hi-Tech Industrial Development Zone will focus on supporting innovation of trade and business models in various fields, including online education and crowdsourcing, and actively participate in international regulation of the trade in services sector to become more globally competitive.

The Qingbaijiang region will focus on developing Chengdu-Europe Express Rail-related services to support FTZ's trading activities.

## Startups see bright prospects

By TANG ZHIHAO

Establishment of the China (Sichuan) Pilot Free Trade Zone will bring both tangible and intangible benefits for Chengdu's businesses and residents.

"The development of Chengdu Tianfu New Area will create rarely seen business opportunities to support our growth," said Liu Feng, assistant general manager of the Tianfu International Fund Town. The town was established by the Chengdu government in 2016 to support development of the local financial industry.

Liu said the town will develop four core functions, including wealth management and business incubation, to provide premium capital services to the FTZ.

Chengdu Tianfu New Area has set a goal of strongly supporting the development of emerging industries, including basic science, bioscience, information security, smart manufacturing, design and a modern financial industry to support FTZ construction. The Chengdu Science City, a technology hub in Tianfu New Area, will play a crucial role in supporting business innovation.

Local residents believe the FTZ can help to create job opportunities and enhance living standards.

"The establishment of the FTZ will attract more businesses to Tianfu New Area, especially to Chengdu Science City. It will help to create more jobs," said Chen Hanyao, a student at the University of Electronic Science and Technology, who



Young entrepreneurs stroll through Chengdu Tianfu Software Park.

plans to stay in Chengdu after graduation.

"We also expect to enjoy more cheaper imported products and better aftersales services," Chen added.

Liu Hongjian, a resident of Tianfu New Area, said: "Apart from those tangible benefits such as cheaper products and premium services, I believe there will be many intangible benefits which will bring changes to people's lives."

Liu said there will be better infrastructure facilities in Tianfu New Area and these will help to enhance livelihoods.

"The FTZ will push economic and social development in surrounding areas," he said. "I have a very positive attitude toward the FTZ."

Lin Songming, a startup operator in Chengdu Science City in the Tianfu New Area, was also positive about the effects of the FTZ.

"Premium office spaces and supporting facilities in Chengdu Science City impressed many startups, including me," he said. "I think Tianfu New Area will be a business accelerator. I can see a bright future here."