

Zhanjiang's inspiration for 'green' growth

World-class recycling, designs and efficiency from Germany

By **LI WENFANG**
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The government of the Guangdong port city of Zhanjiang is extending a warm welcome to German investors, highlighting opportunities in the mega steel, petrochemical and papermaking complexes under construction in the city.

The iron and steel facility by Baosteel Group, the leading steel maker in China, is scheduled to be operational in September next year with an annual capacity of 10 million tons of steel, said Zhanjiang Mayor Wang Zhongbing at an investment promotion seminar held in Dusseldorf, Germany on July 2.

The facility is focused on the market in South China as well as Southeast Asia in industries including automobiles, home appliances, construction, shipbuilding and machinery, said Chen Qiang, assistant to general manager of Baosteel Europe.

The petrochemical joint venture between Sinopec and Kuwait Petroleum Corp will include a refinery to process 15 million tons of crude oil

a year and an ethylene plant with annual output of 800,000 tons. Operation of the refinery will begin in 2016 and the ethylene plant will go online in 2017.

Both the steel and petrochemical facilities are located on Donghai Island, the fifth-largest island in China.

Papermaking plants in Zhanjiang by Chenming Group and Guangdong Guanaco High-Tech Co will have combined capacity of 3 million tons of paper products.

Rich opportunities

"With the construction of steel, petrochemical and papermaking projects accelerating, investment opportunities will abound in sectors including materials for steel production, auto parts, machinery, electronics, propylene, chemicals, packaging and printing as well as forestry equipment and logistics," Wang said.

As Zhanjiang plans to develop a park using recycled byproducts and even waste from the steel and petrochemical complexes only 500 meters apart, the city looks to Germany for inspiration.

"We will draw on the experience of industrial parks in Germany to reduce the burden on the environment from local industries in Zhanjiang and raise efficiency in the use of resources."

Germany is advanced in manufacturing and not only has world-class production technologies and management expertise, but also rich experience in the circular economy, Wang said.

"We welcome German companies to expand their operations in the circular economy park and professionals to participate in its planning, design, research and management."

The Zhanjiang government is highly concerned with the balance between the steel



COUNTRY REPORT



FACTS

Location: South China's Guangdong province
Size: 13,200 sq km
Population: 7.85 million
Coastline: 2,023.6 km



Zhanjiang delegation visits a SMS Siemag plant in Germany.

PHOTOS PROVIDED TO CHINA DAILY

industry and environmental conservation, Wang said.

German company SMS Group has finished design of main equipment for the hot rolling production line at the Baosteel plant in Zhanjiang, said Burkhard Dahmen, CEO of SMS Siemag and spokesman of the managing board of SMS Holding GmbH.

Environmental protection has become a priority in the steel industry in China, he observed. SMS Group is one of the several foreign equipment suppliers to Baosteel's complex in Zhanjiang.

The steel project in Zhanjiang follows an environmental management philosophy by using 116 mature and reliable energy-saving designs and devices, Chen said.

The purpose is to create a "green steel enterprise with the lowest emissions, the highest efficiency, and uses recycling and sharing," he said.

The steel industry in Germany, with the largest output in Europe last year, has become

more sustainable in the past decade, said Hans Jürgen Kerhoff, president of German Steel Federation.

Alexander Babich, head of the department of ferrous metallurgy at RWTH Aachen University, said his department has been researching a number of environmental technologies such as blast furnace top gas recycling and reduction of superfine particulate matter emission that can help Zhanjiang.

Maritime Silk Road

Zhanjiang is also set to benefit from the country's strategy to build the "21st-century maritime Silk Road", Wang said.

He said Zhanjiang was one of the hubs of the ancient maritime Silk Road that linked the Pacific and Indian Oceans 2,000 years ago.

With over 2,000 km of coastline, the city is blessed with natural berths deep enough to carry 300,000-ton vessels and is planning to raise the capacity to 400,000 tons.

Zhanjiang Port has two

300,000-ton crude oil docks, a 250,000-ton iron ore dock and a dock capable of handling 800,000 containers a year.

Trade between Zhanjiang and Germany hit \$37.31 million last year. Goods exported to Germany included machinery, electronics, aquatic products, ceramics and garments while imports from Germany included machinery, electronics, pulp, steel products and plastics.

Prawns worth \$312,000 were exported to Germany last year, 3.5 times the figure the previous year.

Zhanjiang is a Chinese city that offers both business opportunities and an agreeable living environment, Wang said.

The city ranked fourth among 190 Chinese cities in average PM2.5 readings in the first quarter of this year in a report released by Green Peace in April.

The city also has sub-tropical weather, beaches and a variety of seafood.

SMS SIEMAG MILL FOR NEW STEELWORKS

On June 27 Baosteel Zhanjiang Iron & Steel Co Ltd placed an order with SMS Siemag for the supply of a new 2,250 mm hot strip mill. The mill is to be built at the new steelworks in Zhanjiang.

Designed to produce 5.5 million tons of hot strip annually, the finished products range in thickness from 1.2 mm to 254 mm and from 800 mm and 2,100 mm wide.

Products include high-strength structural steel, tubing and pipe.

Because the steel industry produces 8 percent of global carbon dioxide emissions, a necessary condition for the new hot strip mill was technologies that conserve of nature

and resources.

As a result the finishing mill is equipped with numerous technology packages and eco-plant components.

Commissioning of the hot strip mill is scheduled for the end of 2015. The mill will be a new standard of effective and economic hot strip production worldwide, said SMS Group.

During the last 10 years, SMS Siemag has received 10 orders for high-performance hot strip mills in China.

It is the second for Baosteel. The first was commissioned at the end of the 1980s and has produced more than 120 million tons of hot strip to date.

Outreach to modern solutions

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To further promote trade and investment, the city government of Zhanjiang opened a trade office in Karlsruhe, Germany on June 30.

Located at the German Chamber of Industry and Commerce Greater China office, it offers a "window through which we will be able to see what German businesses need, what they want to know and what they are interested in for better cooperation", said Mayor Wang Zhongbing at the opening ceremony in Karlsruhe.

"Starting today, businesses in Zhanjiang and Germany will become closer," he added.

The government hopes to attract more German companies including small and medium-sized enterprises.

With steel, machinery, petrochemicals, papermaking, home appliances and aquaculture fueling its economy, Zhanjiang shares a similar economic mix with Germany, Wang said. Industries, urbanization and consumers in Zhanjiang are creating a lot of opportunities for foreign investment, he said.

With extensive links to German businesses, especially SMEs, the German chamber known as AHK facilitates connections in Zhanjiang,



PHOTOS PROVIDED TO CHINA DAILY

Wang Zhongbing, mayor of Zhanjiang, and Sabine Dietmeier, general manager of AHK Greater China, at the opening ceremony in Karlsruhe, Germany.

said Sabine Dietmeier, general manager of AHK Greater China.

AHK serves over 3.6 million companies at home and more than 3,000 of the 5,000-plus German companies in China, where it has five offices.

As costs increase in large Chinese cities, German companies are looking at smaller cities and for investment opportunities, Dietmeier said.

An agreeable living environment is important in German businesses, which value the quality of life and environmental protection, she added.

More and more German companies intend to invest in China and vice versa, said Sonja Müller, director of East Asia international business at the Chamber of Commerce

and Industry in Frankfurt am Main, which has more than 100,000 corporate members.

Her organization will cooperate with other business organizations to address the needs of German companies in Zhanjiang, she said.

With large German companies already operating in China, most of those now seeking help from AHK are SMEs she said.

Facing greater risk in investing abroad than large players, SMEs have higher demand for immediately available services, Müller said, adding that sufficient information and connections will help them make decisions.

Trade offices in Germany like the one by the Zhanjiang government will play a valuable role, she said.



The trade office in Karlsruhe offers a window through which we will be able to see what German businesses need, what they want to know and what they are interested in for better cooperation."

WANG ZHONGBING
MAYOR

At the opening ceremony, Mayor Wang also pledged higher efficiency in serving the corporate sector.

Q+A | **OLIVER REGNER**

Chamber head: Precision finding wide opportunity

In an interview with China Daily reporter Li Wenfang, **Oliver Regner**, executive director and member of the board at German Chamber of Commerce South and Southwest China, talked about the business potential of Zhanjiang and interest in investment by German companies.

What is the prospect for economic and trade cooperation between Germany and Zhanjiang?

Zhanjiang is profiting from a unique geographical and economic location. Situated at the crossroads of three Chinese provinces and as a deepwater port heading directly to the South China Sea and Southeast Asia, it offers a wide range of opportunities.

Are the giant steel, petrochemical and papermaking projects under construction in Zhanjiang creating the potential for cooperation?

German business relies greatly on quality and precision. So it may be less the pure size of the projects but rather Zhanjiang's strong will to implement technologically advanced and sustainable structures. There is an abundance of potential areas of cooperation

like environmental technologies and chemical industries as well as modern industrial services.

Zhanjiang intends to develop a circular economic park involving the steel and petrochemical projects. Does Germany possess such technology for Zhanjiang to draw on?

Germany started circular economic and ecological initiatives decades ago. The lack of natural resources and space in the midst of the Europe, as well as innovative ways of thinking, pushed such developments. Zhanjiang has explicitly asked the Germans to provide such technologies.

What is your assessment of the investment environment in Zhanjiang?

We will see how far Zhanjiang is prepared to go in providing investment incentives. For sure, the preconditions are excellent.

Have you been to Zhanjiang?

As the German Chamber of Commerce for the south and southwest of China we have to cover not only Guangdong province but also locations like Sichuan or Chongqing. So I have not had the chance

to visit all the important localities in the region. But colleagues of mine have been there and were deeply impressed.

Do you see any change in the way local Chinese governments try to attract foreign investment in the past few years?

Local governments are more professional. For a long time I have suggested that Germany should not only serve as a benchmark for China but could focus more on learning from China. Numerous Chinese success stories in attracting foreign investment speak for themselves. German investors would be interested in investment incentives, preferential treatment, administrative efficiency, the quality of the infrastructure and the availability of qualified workforce.

What has your organization done in bridging businesses in Germany and China?

We are a facilitator and accelerator for Sino-German business relations. The German chamber approach in every target market is a bilateral one. So, we are not only working for German business — we also support partners and clients in our host countries.