



PROFILE

SHANDONG'S HIDDEN GEM

Madeleine Sturrock and Liu Yingbing analyse Zibo's manufacturing development and its importance in intellectual property protection

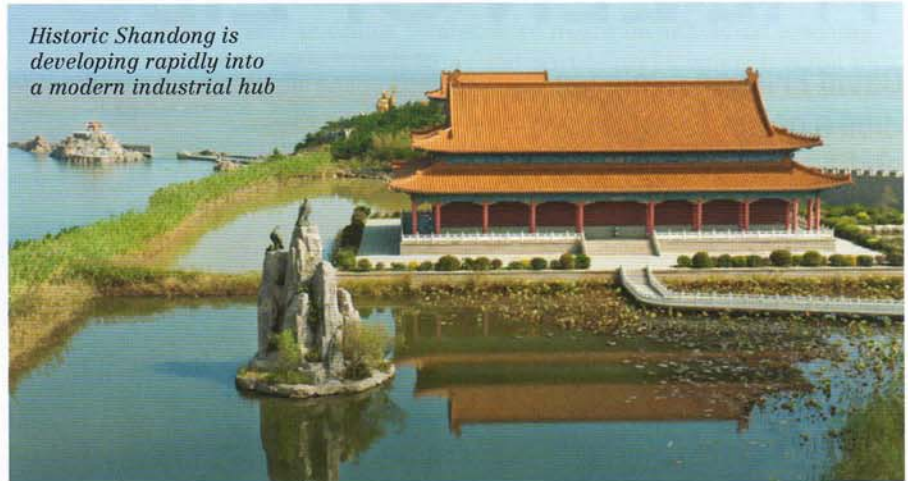
Once the 2,000-year-old birthplace of Qi culture, Zibo in Shandong Province has grown into a dynamic commercial centre. Long known for its abundant natural resources, Zibo today specialises in major ceramics manufacturing and the advancement of ceramic-related technology.

Together with its established trade history and central location, the city has an excellent transport infrastructure, sharing an equidistant international airport with provincial capital Jinan. Zibo also has a stop on the new high-speed rail network, which connects all Shandong's major cities including the capital, itself a stop on the Beijing to Shanghai express.

Zibo offers lower setup and labour costs compared to better-known locations such as Beijing, Shanghai and Guangzhou, as well as government incentive policies for foreign investments. In the latest "China City Competency Report," Zibo was ranked fourth nationally with regard to cost advantage. Many "Fortune 500" companies already have an established presence, including Siemens, General Electric, Tesco, Wal-Mart, AGC, Mitsubishi Heavy Industries, and Merrill Lynch.

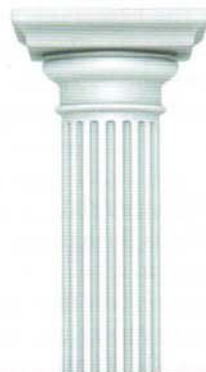
While manufacturing remains the foundation of Zibo's economic development, the local government has also embraced cutting-edge industries such as biochemicals, pharmaceuticals, new materials and organic

Historic Shandong is developing rapidly into a modern industrial hub



ZIBO'S PILLAR INDUSTRIES

Ceramics
Pharmaceuticals
Chemicals
New Materials
Machinery
Textiles



processing. The medical industry has become a major force in Zibo, now Asia's largest production and export base of antipyretic-analgesics, as well as being home to top chemical and pharmaceutical companies such as Bayer.

In addition, Zibo has one of the 50-odd State-level High Tech Parks. Built in 1992, the fast growing Zibo National New & High-tech Industrial Park houses over 400 foreign enterprises amongst 4,000 companies specialising in a wide range of industries from new materials and biomedicine to electronics and fine chemicals.

Twinned with Surrey in 2010, delegations from Zibo have visited the UK to promote trade and cultural exchanges. However, UK entities still remain thin on the ground, with Tesco one of the few major companies to have a presence in the city. **F**

IPR Initiative

Intellectual Property Rights (IPR) has been a common cause for concern in foreign investments in China. The State Intellectual Property Office has named the Zibo National New & High-tech Industrial Park (ZNNHIP) to carry out a national IPR pilot programme to promote China's development in this area. Even amidst the global financial recession, ZNNHIP has achieved an annual industrial output growth rate of around 30 per cent since its inception, but IPR remains a concern. The programme is scheduled to last for three years, and started on 1 January, 2011.

During this period, observers expect the park to establish a sound IPR management mechanism, create a favourable IPR environment and formulate a series of IPR policies and regulations.

Madeleine Sturrock and Liu Yingbing are MD and PA of PanCathay Consulting, a China consultancy which has major clients in Shandong Province and the city of Tianjin. For more information please visit: www.pancathay.com