

Reclaiming past glories

If you ask people what is China's third city, most will hesitate. They know that Beijing is China's number one city and everyone has heard of Shanghai. But they are not sure about the third. As Madeleine Sturrock writes, the answer is Tianjin, a city of 10m people.

At the end of this year Tianjin will celebrate its 600th anniversary. The city is planning great things to celebrate this event and, alongside, there are huge development plans for the city. In March the biggest delegation from Tianjin for more than a decade visited the UK, bringing with it a list of development projects worth US\$2bn, which include the development of the port and a new riverside development for the city, amongst other projects.

Tianjin has a new mayor, Dai Xianglong, formerly the governor of the central People's Bank of China. He brings a new vision to the city. Tianjin has also been ranked by Mofcom as having the most successful development zone in China; TEDA, the development zone in question, is not about to give up first place.



Tianjin will be the location for some of the football matches in the 2008 Olympics. Indeed, football seems to be a particularly avid pursuit of the locals, with the TEDA team in the premier league. It has a major cargo airport which will carry much of the freight for the games. And, with the new light rail which is to be built between Beijing and Tianjin, journey times will be cut to 30 minutes so it may well provide a convenient, economical place to stay.

Tianjin's 600th birthday

Tianjin was originally a garrison town and a major port. It grew in importance when the capital was moved to Beijing during the Mongol Empire. Traditionally, the Chinese looked down on commercial and mercantile pursuits, favouring instead literature and culture. But Tianjin had been a commercial centre for centuries, and thrived largely because it was a port and also a major producer of salt.

By 1860 its industrial production and trade volume was second only to Shanghai. However, the wealthy merchants of Tianjin weren't blind to the advantages which culture and education brought to its citizens. It was the merchants who funded the first university and many of the schools in Tianjin (besides funding the fire brigade and other social institutions such as orphanages). Tianjin now has 37 universities and technical colleges, many research institutes and no shortage of qualified technical personnel.

So what has Tianjin to offer the foreign company? Its geographical location (major seaport and close to the capital), transportation network (rail transport hub and major highways to all of north China) and its strong manufacturing base are all good reasons to give it further consideration.

Standard Life is currently the UK's biggest investor in Tianjin city. Its joint venture with Heng An was a marriage made, if not in heaven, at least in the higher echelons of the Chinese leadership. Standard Life had been offered a licence and then introduced to Heng An. Each was pleased to discover that the other had similar company aims. Heng An Standard Life spent almost a year recruiting and training staff before finally opening for business. The first policies were sold in December 2003 and the company now has 160 staff, all fully trained. Heng An Standard Life formally opened in March.

The joint venture says it had no difficulty recruiting suitable staff from the well educated pool of talent in Tianjin. The 10 expat staff, who still remain in Tianjin to guide the company through its early stages, are expected to return to the UK at the end of this year. On the general experience of setting up the joint venture, Andy Clachers, the customer service general manager, said, "None of us would have swapped this experience for anything else. The schooling (for foreign children) is first-class and far surpasses anything my kids would have received in the UK. The availability of leisure and entertainment is improving all the time. My children are being coached in swimming by an ex-Olympic competitor."

The British Embassy in Beijing has put Tianjin in what it calls the 'Premier League', along with other major cities. This entails, among other things, assigning an Embassy officer to cover the city, in this case Gareth Hoar. He is responsible for keeping in touch with the local government officials and the industry in the area.

Tianjin reported record investment growth last year. With over US\$3.5bn of contractual investment from overseas, this amounted to a 74 per cent increase on 2002. It also boasts the highest return on investment in the country. Tianjin is definitely a city to watch.

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Familiar, yet different

In terms of history and culture, Tianjin is a surprising place. The city itself has a familiar feel for Europeans. This is because Tianjin became a treaty port in 1860 and nine national concession areas were granted. The British concession was the largest and many of these buildings still remain. The old offices of HSBC, Jardines and Swires can still be seen on what was Victoria Road and is now Liberation Road. The old British Club is now the headquarters of the Tianjin People's Congress. And the Astor Hotel, while it has seen better days, still has a Victorian feel about it.

One woman, a famous writer and broadcaster called Hang Ying, has tried to save the concessions from the expansive plans of several generations of leaders hankering after a field of skyscrapers. Her little museum on Hebei Road (previously Wellington Road) is a tribute to the unique atmosphere of Tianjin at the turn of the 20th century. She has collected books, photos and other memorabilia and is a fount of knowledge about the various buildings which still exist.

But this is to overplay its Western past. Tianjin also has some very interesting relics of its own Chinese history. Yang Liuqing is the preserved home of a wealthy merchant official of the 19th century. It is an intricate puzzle of courtyards, drawing rooms, dining rooms, and bedrooms. It even has its own school and theatre. Tianjin also has a culture street, much like Liulichang in Beijing, reconstructed in the style of the original city. There are the traditional temples and a good antiques market. There is also a food street where one can eat Tianjin delicacies such as goubuli baozi, loosely translated as 'the buns that the dogs ignore'!

TEDA's appeal

TEDA, which has been in existence for 20 years, consistently comes top of the economic and technology zones.

Every year China's Ministry of Commerce (Mofcom) conducts a comprehensive assessment of China's development zones which covers: economic strength, infrastructure facilities, operational costs, human resources, and environmental impact and technological innovation. For the last six years, TEDA (the Tianjin Economic and Technological Development Area) has been ranked first of all zones in China. To date, it has attracted close to 4,000 foreign-funded enterprises with a combined

contractual investment of US\$18bn. TEDA is also the zone with the highest rate of return on investment in China.

TEDA, a state-level approved zone, is situated to the east of the city, close to the port and free trade zone. The original area is well developed and is now supplemented by a further industrial area and three specialist zones: a chemical industry park, a scientific industry park and a microelectronics zone. All these zones are under the TEDA management, an authority with 20 years of experience in handling inward investment.

TEDA is 180km from Beijing and is linked by an expressway. The journey takes about one and a half hours. There are plans for a further expressway to cut the journey time. TEDA is linked to the rest of China through six expressways and a network of rail links.

Tianjin port, on TEDA's doorstep, is the largest port in northern China and a very important link for investors in TEDA. Tianjin also has the largest airport for cargo in the north.

TEDA has investments in most industry sectors. It is the largest producer of mobile phones and related components in China. Following the investment by Toyota, it is also one of the largest automotive manufacturing bases in China. It is also a major base for the pharmaceutical industry. Glaxo SmithKline first set up a JV in Tianjin in 1984, which was followed by a second 11 years later. GSK says that the location is important for the company because of the easy access to Beijing (the regulatory and administrative centre for the industry), as well as being an important clinical and academic medical centre. As Peter Bains, GSK's president of global business strategy said, "It has been our experience that Tianjin is not just looking to attract the greatest number of foreign investors, it is also looking to help support and build the most successful investments. That is why over half of our recently invested capital has been in TEDA."

TEDA is also strong in the food and beverage industry. Kang Shifu is a brand of instant noodles probably known to every household in China. The brand, which belongs to a Taiwanese firm, was first established in China through a small investment in TEDA in the early 1990s. It is now a multinational company with 40 per cent of the instant noodle market in China. Other investments in the sector include Nestle and Coca-Cola.

This year is TEDA's 20th year of operation. Looking to the future the zone has several objectives, one of which is the aim to strengthen the logistics industry. Another is the goal to improve service to SMEs and privately owned companies. A third ambition is to improve still further the living environment for investing companies and their staff: there are already two international schools and

a world class cardiovascular hospital but this is just the start. TEDA Chairman Li Yong said, “We have worked very hard at TEDA to make the investment process as simple as possible and the living conditions comfortable and enjoyable. Now we want to do more to make TEDA a place where every investor can realise their potential.”

For further information, see www.teda.gov.cn and www.investteda.net

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