

The Chinese El Dorado – Yangtze River Delta

Yangtze River Delta (YRD) is a compound area consisting of 15 above-district cities in Jiangsu, Zhejiang Provinces and Shanghai city. If you are already in China, you must have new names of cities, which are buzzing in your ears, nourishing business debates with peers and both economical and urban development discussions. They are Hangzhou, Suzhou, Nanjing, Ningbo... and they will most probably make their international media breakthrough in the years to come.

Always marching towards economic integration, the YRD bares the fastest economical growth, and the delta is recognized by the world, as one of the top 6 city strips. Among the 35 cities with the strongest economy, 10 are in the Yangtze River Delta, while half of the top 100 counties with strongest comprehensive strength are also in this delta and 4 reach the top 10. Let's quickly focus on strategic aspects of this region, which are symbols of the YRD's exponential development, International business hub status and future prosperity.

First of all, let's look at some facts regarding infrastructure and transportation. To give you an idea, it is in this relatively small area (compared to the whole of China) that 20% of the total Chinese population commute daily on 15% of China's total expressways. Mentioning also Shanghai's status of largest cargo port worldwide (Ningbo's standing in 4th position) and managing the heaviest air traffic flow in China. This highly developed infrastructure contributes to people, as much as goods, and we will see that trade related figures are mind-blowing when taking a close look to the YRD. In terms of investments, the 4.5 billion USD Maglev project (fast train) linking Hangzhou to Shanghai speaks for itself. As the most expensive infrastructure related investment ever approved by the Chinese government, the YRD demonstrates once again its attractiveness to public and private investors. Moreover, Hangzhou's Bay Bridge finished mid 2008 has become the world's longest sea-spanning bridge, with an investment of another few billion dollars. With such incredible infrastructure projects, the Yangtze River Delta area aims to be sixth largest urban zone following Paris, London, New York, Tokyo and Chicago.

To all businessmen that we are, nothing speaks better than clear economic facts; GDP, FDI, trade figures, all of which highlight this region's attractiveness. The GDP of the YRD, to start, has been growing on an average of 14.7%, accounting for almost a fifth of China's total GDP in 2007 (RMB 20.94 trillion). As one of the growth engines of the region, Shanghai

can celebrate 15 years of double-digit growth rate, while in the meantime, the Jiangsu province takes over the second place in terms of largest provincial economy (following closely Guangdong province) benefiting from a GDP (124 Billion USD in 2006) growth rate with 5 percentage points more than the national average (15.4%). Zhejiang privileged economic position has brought it up to having the highest provincial income per capita in China, with the province's GDP growing by 14.1% in 2006.

Our main interest is inevitably figures relating to foreign business endeavors in the sparkling Chinese environment. Regrouping half of China's Foreign Direct Investment, and 40% of China's export value, the Yangtze River Delta can boast of an astonishing foreign asset concentration and a dominant position in foreign trade. We can focus on two of the most successful cities of the YRD, to illustrate its attractiveness in terms of foreign presence; Hangzhou and Suzhou.

Some facts:

- Hangzhou specializes in new high technology industries, having created 4 development zones that regroup 100,000 private enterprises. The 53 Fortune 500 companies and the 6,120 foreign funded projects (76 countries are represented) highlight the 34% FDI growth reaching 6 billion USD in 2006. Developing exponentially, this is one of the leading second-tier cities of China.
- Suzhou positions itself as China's new high technology business incubator, with one Singapore and one Chinese invested development zone regrouping 110,000 private enterprises. The fact the 7 million inhabitants of this area live 35 minutes of fast-train away from Shanghai, that it is exporting to 140 economies (113 of the Fortune 500 Companies), and that it is the second most FDI attractive city in China (37 Billion USD in 2007) makes it a compulsory transit point to anyone thinking of doing business in China.

Finally, having agreed on the economical competitiveness of the YRD, let's remember that it is still, its human resources and its consumption habits that stimulate the region. Consumers from the YRD do benefit from developed distribution hubs and consumption patterns moving towards services, with private consumption value growing around 18% every year (800 billion RMB in 2006). In addition, with a very high income level compared to the rest of China and a large inflow of foreigners, YRD represent China's largest, most sophisticated consumer market.