

# 100 PATH TO GLORY

## SHANDONG SURFS OCEAN ECONOMY FOR HIGH-QUALITY GROWTH

The province is looking to exploit its maritime resources to boost exports and trade and discover new sources of revenue

By ZHAO RUIXUE in Jinan and LI YANG

**L**iu Jiayi, Party chief of Shandong province, has compared the pursuit of high-quality development to a steady uphill trudge, saying that each step must be deliberate because a stop-start style is doomed to failure.

He said the eastern province has no option but to forge ahead in the face of difficulties because it has no opportunities to take a break, feel proud or slacken its efforts, nor any reasons to hesitate or look back.

Zibo city, a chemical industrial hub in the central area, is the epitome of the recent efforts the province has made to pursue quality development.

Jiang Duntao, Zibo's Party secretary, said that over the past three years, the number of chemical industry parks has fallen from 28 to six, while the number of related companies has declined from 1,135 to 524.

In the first half of 2019, Shandong's GDP growth dropped to 5.4 percent, the lowest level for more than 10 years.

However, the "sacrifice" has proved worthwhile because not only has pollution been controlled effectively and carbon emissions reduced, but more funds and supportive policies have been routed to 10 key industries in the province.

More importantly, local governments and the people have realized that while shutting down outdated production facilities temporarily affects economic growth, the move echoes current trends and is conducive to sustainable, long-term development.

In the past three years, the number of high-tech enterprises in Shandong has exceeded 14,000, or 3.5 times that in 2015.

Also, the production value of such businesses has accounted for 5.1 percent of the total production value of manufacturing enterprises in the province whose annual revenue is more than 20 million yuan (\$3.12 million).

### New growth drivers

Zhou Lianhua, director of the Shandong Development and Reform Commission, said the

province has explored a path with Shandong characteristics to replace the old growth drivers with new ones while maintaining economic growth.

During the period of the 13th Five-Year Plan (2016-20), consumption of standard grade coal per 10,000 yuan of Shandong's GDP fell from 0.71 metric tons to 0.56 tons.

Moreover, the province contributed 6 percent of national GDP while accounting for just 1.2 percent of the country's total energy consumption.

Last year, despite the novel coronavirus outbreak, the added value of the 10 key industries grew by 6.6 percent year-on-year, and the provincial economy hit 7.3 trillion yuan — similar to that of the Netherlands — a rise of 3.6 percent from 2019.

Moreover, four of the 10 key industries — information technology, high-end chemical engineering, high-end equipment manufacturing, and new energy and new materials — saw annual net profits rise by 75.4 percent, 32 percent, 25.8 percent and 29.9 percent respectively last year.

Fei Hongping, a researcher of industrial and technological economies with the National Development and Reform Commission, said Shandong is promoting the development of its 10 competitive industrial clusters by cultivating entire industry chains and a rules-based business environment consisting of companies, institutes, financial bodies and other service agencies, rather than simply supporting several leading companies.

"This is an obvious characteristic of the path Shandong has

explored to replace its old growth drivers with new ones," Fei said.

Shandong still has a long way to go to realize high-quality development, though.

Its work report for this year said the provincial economy remains unbalanced because the contribution of the new economy is still low and innovation has not yet become a robust growth driver. In addition, some institutional obstacles are still preventing the market from playing a decisive role in distribution of resources.

The provincial government has vowed to roll out more supportive policies to attract talent and prompt funding to flow into innovation and green businesses.

Fei said governments and businesses in the province need to further open their minds and there should be a thorough reform of the distribution system for land, talent and funds.

Last year, Shandong's foreign trade volume exceeded 2.2 trillion yuan. During the period of the 13th Five-Year Plan, its foreign trade grew by an average of 8.1 percent per annum.

In addition, the proportion of Shandong's foreign trade in the national total rose from 6.1 percent in 2015 to 6.8 percent last year, when overseas investment in the province was \$17 billion. Meanwhile, its share in such investment nationally rose from 6.9 percent in 2015 to 12.2 percent last year.

### Foreign investment

The provincial government said that during the period of the 14th Five-Year Plan (2021-25), Shandong will expand opening-up and try to drive foreign investment growth above the national average to become a magnet for foreign investment.

The provincial commerce department said it will try to make breakthroughs in intergovernmental and business cooperation with Japan and the Republic of Korea.

This activity will focus on areas such as high-end equipment, information technology, new energy cars, biomedicine, industrial design and financial services. Also, China-Japan-ROK economic and trade cooperation demonstration zones will be developed in the province.

Shandong will also take advantage of its free trade pilot zones to explore new reforms. It will deepen cooperation with members of the Shanghai Cooperation Organization in fields such as energy, resources, infrastructural facilities and production capacity, while building new international cooperation platforms for the Belt and Road Initiative and becoming a "gateway to the ocean" for SCO members.

It will also build international industrial and trade parks to facilitate cooperation and will launch more air and ocean routes to Japan and the ROK, while more freight trains will travel to central Asia and Europe.

It will also implement a six-hour customs clearance policy under the framework of the Regional Comprehensive Economic Partnership and strengthen coordination of ports, customs and logistics companies to form an efficient trade service system for Japan and the ROK.

The moves are part of Shandong's plan to become a "golden passage" connecting Japan and the ROK in the east, Central Asia and Europe in the west and Southeast Asia in the south.

In the next five years, Shandong will try to expand its cross-border e-commerce market sales and offshore trade.

The province aims to attract investment from the world's top 500 companies — so far, 219 of them have invested there. It is also encouraging multinational corporations to move their headquarters to the province to build economic growth through them.

The province has pledged to implement a pre-investment establishment national treatment system and a negative list administration system for foreign investment. It will also further expand market access for foreign investment in finance, telecommunications, education, medical care and culture.

It also plans to improve promotion of and services for foreign investors while protecting the legal rights and interests of foreign businesses in accordance with the law.

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“A whole industry chain featuring honeysuckle flowers has taken shape in the village, covering everything from breeding high-quality strains to research and development of related traditional Chinese medicines and food.”

Liu Jiakun, Party secretary of Jiujianpeng village in Linyi, Shandong province

With a population of more than 100 million, the eastern province of Shandong is known for its strong manufacturing sector and agriculture. The Port of Qingdao is ranked fifth in the world for handling capacity. The city has China's first national marine laboratory and the Pilot National Lab for Marine Science and Technology (Qingdao). Shandong also has many Red Tourism sites, including the Yimeng Revolution Memorial Hall and the East China Cemetery of Revolutionary Martyrs in Yimeng.

## Rural vitalization blooms as province's latest project

By ZHAO RUIXUE in Jinan and LI YANG

By using a three-pronged approach to poverty alleviation, Shandong made its own contribution to China's unique efforts to end extreme poverty.

Now, the province has undertaken a new mission to propel rural vitalization. From 2016 to last year, the province allocated more than 32 billion yuan (\$5 billion) to support poverty alleviation work, while officials have been working at the grassroots as Party secretaries to guide overall rural development.

By the end of 2018, the province had completed its poverty alleviation mission by lifting more than 2.51 million rural residents living below the provincial poverty line out of poverty. In 2019, the province introduced measures to consolidate the results and ensure that no one fell back into poverty.

In line with central government requirements, Shandong has set a five-year grace period to keep policies consistent and stable as part of efforts to prevent any relapses into poverty.

### Old bases, new life

Linyi city has long been known for its "Yimeng Spirit", a feeling cultivated during the liberation struggle of the 1930s and 40s.

Before the founding of New China, more than 1.2 million of the 4.2 million people living near the Yimeng Mountains made efforts to support the army, which was led by the Communist Party of China, and more than 200,000 of them joined up to fight.

Their spirit of hard work, self-improvement, selflessness and dedication was dubbed the "Yimeng Spirit". Since then, that spirit has inspired generations, and it still shines today in many ways, including in the fight against poverty.

In Linyi, 451,000 people were lifted out of poverty during the period of the 13th Five Year Plan (2016-20), while the average annual net income rose from 2,566 yuan in 2016 to 7,481 yuan in 2019.

Jiujianpeng, a village in Linyi's Pingyi county, was once one of Shandong's poorest settlements as a result of its harsh natural environment. In recent decades, it has seen great changes in both its environment and people's livelihoods.

Liu Jiakun, Party secretary of Jiujianpeng, said the village has devised a development pattern based on the growth of tourism, agriculture and medicine.

"In 1984, we started water treatment and afforestation programs to turn our village into a better place with electricity, running water and roads," Liu said.

All households in the village now have access to the improved infrastructure, including paved roads and indoor toilets.

The village has given full play to Pingyi's rich honeysuckle resources, and the county styles itself as China's home of the bloom. "A whole industry chain featuring honey-

suckle flowers has taken shape in the village, covering everything from breeding high-quality strains to research and development of related traditional Chinese medicines and food," Liu said.

Support will be strengthened through targeted efforts to develop industries, create jobs and improve infrastructure and public services in areas where people have been relocated.

The plain between the Yellow River and its dikes is prone to flooding, especially in July and August, which has lowered crop yields and necessitated expensive repairs to farmers' houses.

Now, more than 600,000 people who lived on the flood plain in the province have been relocated to new communities in safer locations that feature recently built workshops, kindergartens, community service centers and schools.

After moving to a new house in Sanhe village, Heze city, last year, Su Lijing quit her job in an auto parts factory in Nanjing, Jiangsu province, and returned to her hometown to work at a factory that makes blankets. "I have a good house and can earn the same as in other cities," she said. "More importantly, I can be with my child."

Her 11-year-old son is studying at the primary school in the new community. Every morning, he and Su leave home together, and she heads to work after seeing him to the classroom.

### Food security

Last year, the total production value of Shandong's agricultural sector was 1.02 trillion yuan. It was the first time the figure had exceeded 1 trillion yuan in any provincial-level region, according to the Shandong Bureau of Statistics. In addition, the province's agricultural output has topped all such regions since 1990.

Thanks to its developed agricultural science and technology, the province irrigates 6 percent of China's cultivated land but only uses 1 percent of the available irrigation water. Its output of grain, fruit, vegetables, aquatic products and peanuts accounts for 8 percent, 9 percent, 10 percent, 11 percent, 13 percent and 16 percent respectively of the national total.

Last year, despite the COVID-19 epidemic, its agricultural exports were worth 125.74 billion yuan, a rise of 1.9 percent from 2019.

In 2019, science and technology contributed 64.56 percent of the added value of agriculture in the province, 5.36 percentage points higher than the national average.

For instance, Shouguang county, which supplies more than 9 million metric tons of the nation's vegetable needs, is also a major supplier of advanced crop-planting technology across the country.

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## Qingdao vows to become major marine hub

By XIE CHUANJIAO in Qingdao, Shandong, and LI YANG

Thanks to its natural advantages as a harbor for North China's vast hinterland, Qingdao became a strategic stronghold in Asia that was coveted by different colonial powers for a long time.

The city, located in the south of the Shandong Peninsula, was occupied by Germany and Japan from the late 19th century until the early 20th century.

In 1919, the warlord-led Beiyang government (1912-28) recognized Japan's inheritance of previously German-run interests in the city at the Paris Peace Conference. That triggered the May 4th Movement, an anti-imperialist campaign that swept the country that year.

Since the founding of New China in 1949, Qingdao, now one of the country's top 10 city economies, has won renown as major port, a coastal economic, transportation and cultural hub, and a tourist destination.

With its 711-kilometer coastline and 49 natural bays, the handling capacity of the Port of Qingdao is ranked fifth in the world, while the city occupies a leading position in China in marine sciences and technological and industrial development.

Since the 1980s, the marine economy has gained the attention of the central authorities, and its development, along with that of related industry, science and technology, has become a national strategy.

The ocean has also endowed Qingdao with unique cultural elements and shaped its character as an open, inclusive city. Local people have a strong awareness of the sea, so Qingdao has a solid foundation to develop its ocean-based economy and become a modern international marine city.

Several events marked some of the key steps in the city's development in that direction.

For example, in 2011, the State Council, China's Cabinet, approved



Qingdao, Shandong province, is known for its fine examples of colonial architecture. PROVIDED TO CHINA DAILY

the Shandong Peninsula Blue Economic Zone Development Plan, which guarantees Qingdao the status of a leading city when the zone is built.

Meanwhile, in December 2013, the Ministry of Science and Technology approved a proposal to establish the Pilot National Lab for Marine Science and Technology (Qingdao).

The facility came into operation on Oct 30, 2015. As China's first national marine laboratory it represents an important part of the national system of innovation for marine science and technology.

In June 2014, the State Council approved the founding of the Qingdao West Coast New Area. Located on the west coast of Jiaozhou Bay, it includes the entire administrative area of Qingdao's Huangdao district, covering an area of about 2,096 square kilometers on land and about 5,000 sq km in the ocean.

In December that year, the Qingdao Blue Silicon Valley Development Plan was officially approved by the central authorities.

Along with the Hongdao Economic Zone, established in Qingdao in 2012, the "one valley and two zones" will provide key support for the development of the marine economy.

On June 12, 2018, President Xi Jinping visited the pilot lab. He

stressed that to become a maritime power, the country must pay more attention to understanding the ocean and accelerate the pace of innovation in marine science and technology.

On July 11 that year, the CPC Qingdao Committee and the Qingdao government issued action plans in line with Xi's instructions. They were designed to develop Qingdao's marine economy and accelerate the construction of an international ocean city.

Meanwhile in December last year, the central authorities approved the establishment of the China-Shanghai Cooperation Organization Economic and Trade Cooperation Demonstration Zone in Qingdao.

It is expected to grow into a platform for international cooperation in logistics, trade, investment and business and cultural exchanges.

It will make Qingdao an important player in economic and trade cooperation between Asia and Europe and strengthen connectivity between China and SCO members.

The demonstration zone covers all of Qingdao, while the core is located in Jiaozhou, covering 61.1 sq km.

The zone's long-term goal is to become a pilot platform for local governments and SCO members to

promote two-way investment and trade, strengthen economic and trade cooperation under the framework of the Belt and Road Initiative, and create a new window for opening-up in the new era.

Last year, amid the challenges brought by the COVID-19 outbreak, Qingdao worked hard to keep its socioeconomic development on the right track by sticking to the principle of putting people and lives first to win the battle for epidemic prevention and control.

Authorities estimate that last year the added value of the city's industrial sector rose by about 5.5 percent from 2019. Also, the added value of the service sector is expected to account for about 62 percent of the city's GDP, and annual grain output will top 5 million metric tons.

The transformation of old and new growth drivers has been accelerated, and the driving force of development continues to grow stronger. The number of unicorns — startups worth more than \$1 billion — in the city has reached 10, while the number of listed companies has risen by 17 to 67.

The city has also hosted the 2020 East Asia Maritime Cooperation Platform Qingdao Forum, Qingdao International Ocean Week and other international activities.

Last year, it signed contracts for 24 key projects with a total investment of 45 billion yuan (\$7 billion). The construction of the maritime cooperation center in the SCO demonstration zone has been accelerated, and 17 of the 18 key tasks related to the marine economy in the Qingdao Pilot Free Trade Zone have been implemented and achieved early results.

Last year, the city attracted investment of nearly 300 billion yuan, up 49.6 percent from 2019, and its GDP rose by 3.7 percent, hitting 1.24 trillion yuan. This year's GDP growth target has been set at 8 percent.

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