

# Fast times for Zhanjiang tech zone

## Big projects, foreign firms and govt stimulus package



The once-sleepy port of Zhanjiang is now bustling as the city becomes a new gateway to and from China.

LI BO / FOR CHINA DAILY

By ZHENG CAIXIONG  
in Zhanjiang, Guangdong

zhengcaixiong@chinadaily.com.cn

Zhanjiang Economic and Technological Development Zone is showing increasing appeal to foreign investors as local authorities make new efforts to improve the business environment.

In addition to further simplified administrative procedures for examinations and approval, the Zhanjiang city government has introduced a series of preferential policies to encourage foreign companies to set up or expand facilities in the zone.

The government has also established award grants to overseas companies in the zone for investment recommendation, technological renovation and exports.

According to its future development plan, the zone is expected to produce products worth

more than 300 billion yuan (\$48.78 billion) a year in five years and more than 500 billion yuan in the next decade, entering the top 10 development zones in China.

As a new economic engine in Guangdong province, the zone would play a bigger role in speeding up economic growth in the west of the province.

Due to the poor infrastructure, the western region now lags far behind the prosperous Pearl River Delta region that borders Hong Kong and Macao.

With 496 square kilometers and a population of more than 300,000, the zone includes the city's Donghai, Naozhou, Dongshantou and Nanping islands.

It is now home to more than 2,500 operations funded by overseas investors, including those from North America, Europe, East Asia, Northeast Asia, the Middle East, as well as Taiwan and Hong Kong.

**1**  
million tons  
throughput at Zhanjiang Port  
when it opened in 1956

**180**  
million tons  
throughput in 2013

**20**  
maximum PM2.5 air-quality  
reading

**15**  
million tons  
of crude oil to be processed  
annually

Global names including Coca Cola and PepsiCo have set up production facilities in the zone.

A mega iron and steel facility and a huge petrochemical project are now under construction on 286 sq km Donghai Island, the fifth-largest in China and the biggest in Guangdong.

Construction on the iron and steel project will be completed by Baosteel Group in September 2015. It will have an annual capacity of 10 million tons of steel.

The China-Kuwait petrochemical project will be able to refine 15 million tons of crude oil and produce more than 1 million tons of ethylene a year when production starts in 2016.

Meanwhile construction on a new airport will begin in 2015 and be completed in 2017, local authorities said.

In addition to the steel and petrochemical industries, the zone also plans to attract more foreign companies in high-tech,

paper-making, marine biomedicines, machinery, garments, electric appliances and beverages, authorities said.

Located in the Leizhou Peninsula and facing Hainan province, Zhanjiang has abundant resources in agriculture, aquatic products, tourism, minerals, crude oil and natural gas.

A major coastal city on the mainland, Zhanjiang has a coastline of 2023.6 kilometers and an ocean area of more than 20,000 square kilometers.

In addition to the petrochemical and energy industries, Zhanjiang is also a major producer and exporter of sugar and aquatic products.

In 2010, the zone was designated as a provincial-level high-tech zone and a provincial-level zone for the recycling economy.

In 2011, it was listed as an important destination for industries transferring from the Pearl River Delta region.

# Latest innovations employed in mega projects

By HU YUANYUAN

in Zhanjiang, Guangdong

huyuan@chinadaily.com.cn

Baosteel Group plans to complete construction on the first blast furnace system of its massive iron and steel facility in Zhanjiang in Sept 2015, ahead of schedule.

The project requiring an overall investment of more than 50 billion yuan (\$8 billion) will turn out 8.2 million tons of iron and 8.7 million tons of steel, said Sheng Genghong, general manager of Baosteel Zhanjiang Steel Co Ltd.

"Everything moves on smoothly as planned and I am confident we will finish construction ahead of schedule. Originally we planned to have the first blast furnace system go into operation in Dec 2015," said Sheng.

Even with overcapacity in the steel sector, Sheng said "what we really need is to upgrade the industry by kicking out the outdated capacity and improving product quality to enhance competitiveness".

The Ministry of Industry and Information Technology recently announced new targets to reduce obsolete capacity. Compared with the government report delivered by Premier Li Keqiang in March, the new goal is 1.7 million tons higher.

According to Zhang Tieshan,

a senior analyst from industry information site Mysteel.com, the central government faces such serious environmental problems that policies to eliminate obsolete steel mills had to be revised.

The lack of rational distribution of factories also leads to extremely high costs in the steel sector.

Guangdong is famous for its manufacturing industries as it plays an important role in the country's auto and electronic appliances industries, and all of these industries need steel.

"After the establishment of the Zhanjiang Baosteel project, it is not necessary for companies in those industries to transport steel from northern China, greatly cutting their costs," said Sheng.

That is one reason the top management at Baosteel decided to reduce production in Shanghai and set up the new project in Zhanjiang.

"Guangzhou Iron & Steel Enterprises Group has shut down its Zhujiang and Baihedong complexes," said Sheng.

One of the major challenges of the project, Sheng said, is to cope with the increasingly strict criteria in environmental protection.

### Clean production

He said state-of-the-art technologies will be applied to remove nitrous oxide and sulfur from



The first blast furnace system of the Zhanjiang Baosteel project is scheduled for completion in Sept 2015.

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waste gas. The facility will also employ advanced equipment to collect dust.

By recycling, multi-purpose utilization rate for solid waste will surpass 99 percent, while the internal recycling rate in the steel plant will reach 32.5 percent, both highly challenging standards to reach.

A three-party coordinating committee will be set up among the two mega projects in Donghai Island and the city government to address the issues in

building a circular economy, said Zhanjiang Mayor Wang Zhongbing.

The second massive project is an oil refinery built and operated by Sinopec and Kuwait Petroleum Corp.

A core design institute and an expert committee are also necessary, Wang said.

The steel plant and oil refinery will operate on a circular system using each other's waste while sharing infrastructure to improve efficiency. The plants are being

built only 500 meters apart.

One plan is to use hydrogen from the steel mill's coke-oven gas to serve as a catalyst in the petrochemical plant, according to Sheng.

The recycling economy also reflects Zhanjiang's efforts in balancing environmental protection and growth, according to Wang.

Pollution is inevitable in the course of industrial development, Wang said, but the important thing is to keep emissions in check.

# Refining giant: Sinopec links with Kuwait Petroleum

By ZHENG CAIXIONG  
in Zhanjiang, Guangdong

Construction of a giant China-Kuwait petrochemical project is underway on Donghai Island in the port city of Zhanjiang, in the west of Guangdong province.

Local authorities said the Sinopec and Kuwait Petroleum Corp project is designed to process 15 million tons of crude oil annually and produce more than 1 million tons of ethylene.

The refinery that will use crude oil from Kuwait is due to be completed and operational by 2016. The ethylene production facility is due to start operating in 2017, according to authorities.

A cornerstone-laying ceremony for the 59 billion yuan (\$9.6 billion) project was held in Donghai on Nov 18, 2011.

The facility is the largest Sino-foreign petrochemical project to be built on the Chinese mainland.

"The petrochemical project has great significance in enhancing the country's energy safety and further boosting economic growth in the western part of Guangdong, which borders the Guangxi Zhuang autonomous region," said a local official.

Economic development in western Guangdong lags far behind the prosperous Pearl River Delta bordering Hong Kong and Macao, due to poor communication and other infrastructure facilities, the official said.

Zhanjiang, which faces Hainan province in the south, is one of the 13 prefecture-level cities in Guangdong with a per capita GDP below the national average. Its GDP is expected to expand by at least 15 percent annually to reach 400 billion yuan in 2016, according to the city's development plan.

The official said the petrochemical project was also expected to help build Zhanjiang — a major aquatic product base in China — into an industrial powerhouse in Guangdong and help further expand Zhanjiang's economic ties with other parts of the country and the rest of the world.

Zhanjiang is the southwestern gateway for Guangdong province to expand its cooperation with Southeast Asia.

After the project begins operation, it is expected to bring in an annual income of more than 100 billion yuan and pay 20 billion yuan worth of tax annually to the State, according to the official.

He said the project would use new and advanced imported equipment and would introduce advanced technology to ensure emissions and discharges meet the State's requirements. He said the project could become a role model for China's petrochemical industry.

A large amount of money has been invested in environmental protection and the project will adopt the most advanced standards in energy-saving and emission reduction in the world.

"Zhanjiang's environment and air quality will remain intact after the petrochemical project begins operation in the future," the official said.

The project passed strict environmental protection assessments by the Ministry of Environmental Protection before construction started.

Zhanjiang boasts the best quality of coastal water in the country and is ranked among the top three areas for air quality from 113 large and medium-sized cities.

A special committee was set up among the city government and operators of the city's steel and petrochemical projects to build a State-level demonstration zone on Donghai island, which is also expected to be a tourist attraction.

Industrial waste from the petrochemical project will be recycled and treated to meet the State's requirements in the following years.

"We hope Donghai Island will always boast its ecological beauty, while Zhanjiang will not only become an emerging economic power, but also a city with blue sky and clean water," the official said.

# Clean path from timber to fine paper

By ZHANG ZHAO

in Zhanjiang, Guangdong

zhangzhao@chinadaily.com.cn

A subsidiary of Shandong Chenming Paper Group Co Ltd, Zhanjiang Chenming is a national key paper manufacturing project approved by the State Council.

With an investment of 15 billion yuan (\$2.4 billion), the company started construction in November 2009 and began operation in January 2012.

It is one of the world's largest and most advanced facilities spanning forestry to pulp and final paper production.

The company has a wide range of products including art paper, newsprint, copier paper and flat gloss coated papers.

Its capacity of 650,000 tons of art paper is fed by a fast-growing forest base covering 200,000 hectares.

As one of the top 500 companies in Guangdong province, Zhanjiang Chenming uses the world's most advanced pulp and paper facilities that lower consumption of energy and water in the production process.

Pulp waste is collected and reused as materials to generate power, and the effluent is discharged only after it is processed to meet national standards.

The company has also established online monitoring system for effluent and smoke that uploads real-time data automatically.

The company is planning a second phase with investment of 11 billion yuan.

The new project will cover an area of 100 hectares and will generate 11.4 billion yuan in annual revenue of when complete while creating more than 2,100 jobs.