

# A city now hardwired for success

## Capital of Sichuan home to many high-tech giants

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Chengdu further consolidated its position as a major IT hub in China when it hosted a large software trade event in early April.

From April 11 to 12, China Soft 2013 drew more than 3,000 participants to the capital of Sichuan province, including such big names as Sandy Gupta, Microsoft China's national technology officer, and Fan Ruiqi, president of Huawei Technologies storage products.

Founded in 2003 in Cheng-

### NUMBERS

**175**

billion yuan  
in revenues last year, up  
from 6.6 billion yuan  
in 2003.

**40**

percent  
annual growth over the past  
five years.

**70**

percent  
of Intel's staff  
are local hires

du, China Soft is one of four major software events across the country.

"It has spurred and bore witness to the development of the city's software and IT industries," said a local official.

Official statistics show that Chengdu's software and IT service industries had revenues of 6.6 billion yuan (\$1.07 billion) in 2003, a figure that rose to 175 billion yuan in 2012. The industry has maintained annual growth of more than 40 percent over the past five years.

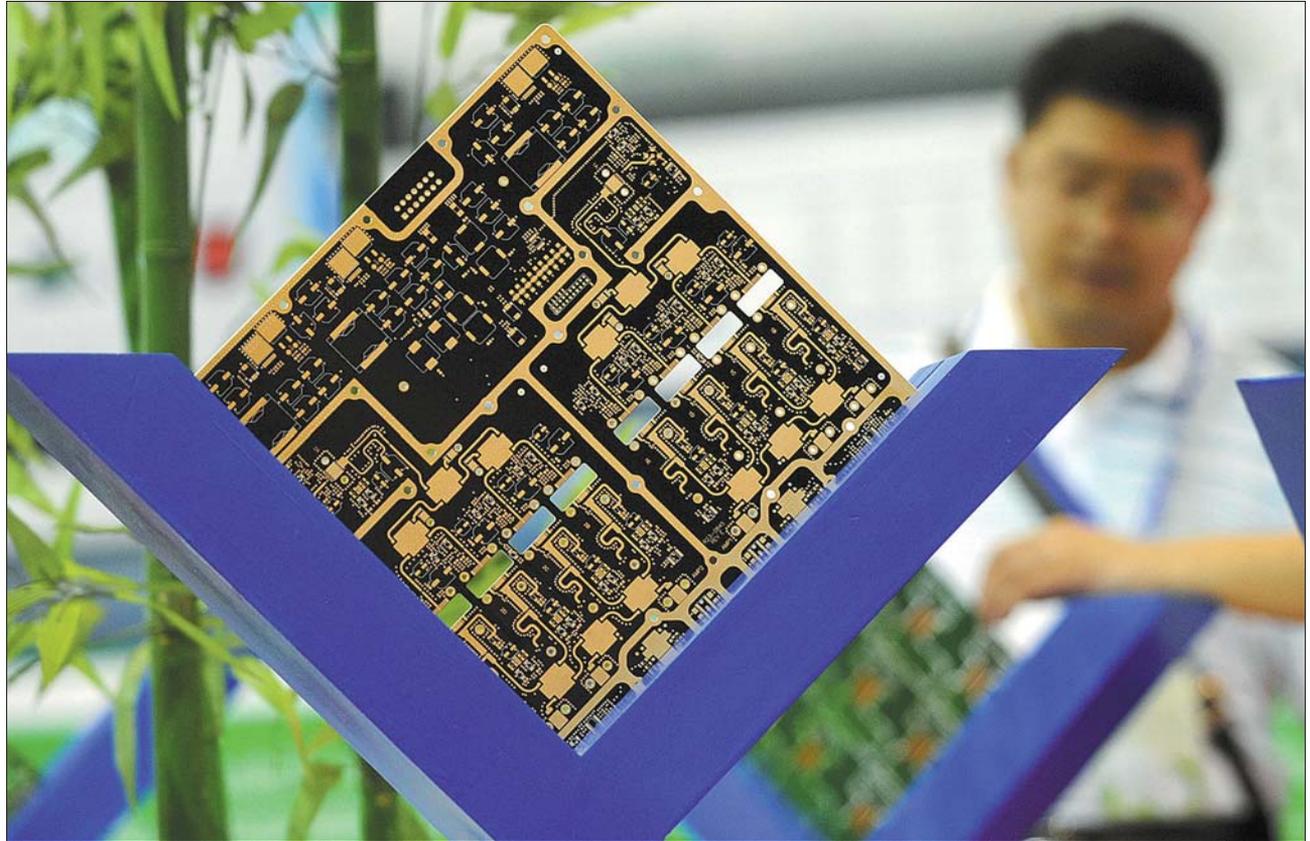
The city has also made great strides in improving its infrastructure for IT and software development over the past decade.

Among the milestones is the 3.7 million-square-meter Tianfu Software Park in the Chengdu Hi-Tech Industrial Development Zone. Started in 2005, it is Asia's largest specialized business IT park and one of China's top 10 centers for the software industry.

Chengdu is now home to operations by more than 400 domestic and international software and IT enterprises including IBM, SAP, NEC, Cisco, EMC, Philips, Dell, Huawei, Ubisoft, Alibaba, Maersk, Siemens, Ericsson and Tencent.

Fan from Huawei said at the China Soft 2013 that his company relocated to Chengdu a month before and decided to make the city the headquarters of its storage products, according to Chengdu Daily.

One of the latest to join



A visitor examines products at an electronics fair in Chengdu last August, held as the city emerges as a major IT hub in China.

XUE YUBIN / XINHUA

the IT and software giants in Chengdu is China's largest search engine Baidu. On April 12, it unveiled its technical center for cloud developers, the largest of its kind nationwide, at the city's high-tech industrial development zone, the West China Metropolis Daily reported.

In addition to free office space, developers at the center will also have access to testing equipment and favorable policies, helping cut costs in

research and development for new startups, the report said.

The center is expected to boost entrepreneurship in Chengdu's mobile Internet sector, said an official at the development zone.

Statistics show that Chengdu is now home to more than 500 mobile Internet enterprises with a total staff of 20,000.

The rise of Chengdu as a high-tech hub is partly due to its talent pool. The city is

home to many renowned universities including Sichuan University and the University of Electronic Science and Technology of China.

They provide the quality new talent to the industry, said Gu Yi, Intel's public affairs director for western China, who noted that more than 70 percent of its 3,000 employees are locals.

The world's major chipmaker is one of the first multinational IT giants to make a home in Chengdu. It first announced its

plan to establish a plant in the city in 2003.

In January this year, the Chengdu unit rolled out its 1-billionth chip, showing the facility has ramped up since producing 480 million chips by 2010.

He said the city government has been helpful, especially in times of adversity.

"We used to transport our chips to Hong Kong by air but they were cancelled when the Wenchuan earthquake struck

in 2008," said Gu.

"Seeing this, the government immediately organized flights for Intel and several other IT companies in Chengdu. With its help, we quickly restored our daily transport to Hong Kong."

According to Gu, the Chengdu factory has become the largest chip packaging and testing center among Intel's five global facilities and also one of the three largest wafer pre-treatment plants in the world.

## Foreign media eyes the 'rising star' in west China

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As a rising star on China's economic landscape, Chengdu's rapid development has caught the attention of overseas media.

The city's achievements in industry, financial services, the creative sector and experiments in privatization of farmland have been reported in a number of foreign outlets.

### AFP

Entrepreneurs in China's southwest are dreaming of turning the city of Chengdu into the world's next Silicon Valley as the government encourages more investment outside the booming coastal regions, the AFP reported in December last year.

Small startups as well as big-name western companies have flocked to the metropolis of 14 million people, attracted by cheap labor costs and favorable government investment policies and hoping to tap into China's rapidly expanding consumer market.

And the Silicon Valley dream is becoming reality as the city, already a hi-tech manufacturing hub, seeks increasingly to become a magnet for software development and innovation.

Between one-third to one-half of the iPads sold worldwide are assembled in Chengdu, while computer giant Intel makes up to half of its chips in the city.

Far from the booming coastal regions, Chengdu can offer perks through the government's "Go West" development program, with incentives for startups such as one-year interest-free loans.

So far it has attracted about 29,000 companies to

its 130-square-kilometre (50-square-mile) "hi-tech development zone", including about 1,000 foreign enterprises.

Chengdu is also developing a nearby "Software Park" as the city aims to go beyond manufacturing and become a centre of innovation.

With five nearby universities focusing on science and technology, cafes and restaurants around the development zone have become networking hotspots for software programmers.

"The best reason (to come to Chengdu) is the education environment. The region has great universities," Xiong Jie, the director of Thoughtworks, which runs an Internet site for a group of Australian insurance companies, told AFP.

"Only China and India have this talent pool. We have grown very fast, we started with zero people in April and now we have 50."

Chengdu highlights the changing nature of the technology scene in China, where Beijing, Shanghai and the metropolis of Shenzhen near Hong Kong have long been the center for the country's IT industry.

Multinationals have traditionally set up in those areas, initially making products for export but increasingly tapping into the country's lucrative domestic markets.

### Global Finance

Global Finance, a monthly magazine in New York, called the capital of Sichuan province "China's new boomtown" in a March 14 article.

"Chengdu is among the most vibrant spots in China despite the overall decline in the country's economic growth this year," said the magazine.

It noted the fourth-largest city in China is getting a boost from two powerful forces — the "Go West" policy from the central government and local government efforts to attract industries.

The central government policy encourages companies and labor to migrate from the more prosperous east coast to western provinces, while industry brought in by the local government is helping Chengdu catch up with coastal cities.

"The industries arriving in Chengdu are well positioned for the economic transformation that China is trying to enact — moving from export-driven to domestic consumption," says the Global Finance article.

Chengdu is attracting more value-added service companies while the east coast cities are filled with export-oriented industries that are on the decline, it says.

### The Banker

The Banker, a banking and finance resource edited in London, set its sights on ambitious plans for Chengdu Financial City in a story last June.

"Chengdu, the first city in the world to issue paper currency, is today not only a major trading and communications hub, but it is also positioning itself as the core engine for the development of financial services in western China," says the article.

"Much of the CDFC looks similarly green and agricultural like Pudong 30 years ago. But just as Pudong developed seemingly overnight into a megacity, the CDFC now looks set to do the same," wrote Stephen Timewell, editor emeritus of The Banker, who also witnessed the striking changes



Farmers in Renshou county of Chengdu discuss the master plan for Tianfu new district. Part of the nation's "Go West" strategy, plans for the Tianfu new district envision a livable new city fueled by modern manufacturing, high-end services and a quality lifestyle.

ZHANG QUANNENG / FOR CHINA DAILY



Young girl participates in an art event at the Jinsha Site Museum early this year. Chengdu's cultural industry is expected to be another pillar of the city's fast growing economy.

WANG JUN / FOR CHINA DAILY

in Pudong district in Shanghai in the 1980s.

### zaobao.com

Zaobao.com, of the Singapore-based Chinese-language newspaper Lianhe Zaobao, reported that the city's creative industry is expected to become another pillar in its fast-growing economy.

Chengdu has announced

its ambition to become central and western China's most influential "Capital of Culture" by 2020, said the article.

The city's creative industry is expected to maintain average annual growth of 23 percent or above in the coming years and surpass 70 billion yuan (\$11 billion) in revenues by 2015, some 6 percent of the city's GDP, said the report.

To meet the goals, the city government has undertaken a series of innovative measures that includes creative industry business parks and office buildings. The sector is expected to be driven by creative designs, literature and original artwork. Animation and computer games will also become established industries, said the article.

## Leaders of the new zone vow it's now 'ecology first'

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But planners say there is no need to be concerned that this major project will fundamentally alter the laidback character of the Sichuan capital and make it into another industrial behemoth.

In addition to concentrating on industrial and economic growth, Zeng of the Chengdu Institute of Planning and Design, said leaders on the new zone plan to put "ecology first".

"From the site selection to the planning concepts, ecology is always the most important thing," she said. "The new zone is located in the hilly areas, so the city's vast farm lands are protected."

Unlike most other existing industrial zones in China, Zeng said the planners have "incorporated urban life into industries", which is a key innovation of the new zone.

"Those existing 'new zones' focused mainly on industries and have fallen short in terms of urban service and other public amenities. But the Tianfu New Zone will be like a community with sufficient basic needs like shopping malls, cinemas, and restaurants. It tries to achieve work and life balance for residents and professionals inside," she said.

Public transit, especially the bus system, will be the principal means of travel in the new zone.

"Connections between the subway and buses are seamless because we expect public transit to account for more than 50 percent of the total traffic," Zeng said.

"We are making a different new zone."