



STRATEGIC ANALYSIS INC.

**ECONOMIC DEVELOPMENT
ZONES IN CHINA**

FIRST COMPREHENSIVE ANALYSIS AND COMPARISON

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BACKGROUND

As we all know, China has become the factory of the world and the economy is growing at substantial rates.

The development of the Chinese market in the last several years has exploded and many industry segments are growing at exponential rates. As a result, companies:

1. Are rushing to position themselves to serve this rapidly growing domestic market
2. Taking advantage of the low cost of production to serve not only China and Asia, but other parts of the world
3. Positioning themselves to defend against strengthening local competition in China that if not checked will eventually spread to other parts of the world

In order to develop an effective strategy for growth in China, corporations need a complete understanding of financial, economic, legal and governmental issues impacting on their decision to select local sites for production, warehouses and so forth.

As a result, SAI's China staff has completed the first comprehensive comparison of 40 important economic development sites throughout China.

STUDY GOALS AND OBJECTIVES

The objective of the study is to provide the first comprehensive analysis of the leading economic development sites in China.

This comprehensive analysis of about 1400 pages will allow subscribers to:

1. Cost effectively compare the various sites in China and quickly identify the most attractive sites for development
2. Understand better competitors' existing and planned construction plans at sites in various economic zones throughout the country
3. Quickly review and advise business units within the corporation about the general benefits of different economic zones throughout China

An outline of the study is provided in Table 1 and a list of zones covered in Table 2.

Strategic Analysis will use its on-the-ground staff in offices in Beijing and Shanghai to comprehensively:

1. Survey all published information from ministries of local and eight government agencies

2. Access SAI's nonconfidential databases developed over ten years of assisting clients in China
3. Conduct field interviews with key members of the various economic development authorities throughout China; corporations who have successfully vested in these economic development zones and other knowledgeable industry experts to develop a comprehensive understanding of the benefits of locating in the various zones

SAI's staff of experts conducting the project have on average over ten years of industry experience in China. Most have technical backgrounds and business degrees, and have worked with multinational corporations to assist them in developing strategies for growth in China, including identification and evaluation of plant sites.

STRATEGIC ANALYSIS INC.

SAI, a leading international consulting firm, has been in business for over 25 years and has 140 employees in 12 offices around the world. With its headquarters in the Greater Philadelphia area, SAI has international centers of operations in Brussels, Mexico City; Tokyo; Singapore; and Mumbai.

SAI's Greater China operation, headquartered in Beijing with an operations office in Shanghai, has operated for ten years. SAI has a staff of over 20 professionals with technical degrees in chemical and mechanical engineering, chemistry and polymer science; and graduate business degrees. SAI's staff is Chinese and Taiwanese nationals with understandings of business practices and local culture and appropriate language skills that allow them to effectively develop the information and analysis required for this unique subscription service.

SAI's staff in China also works with multinational corporations around the world to:

- Develop strategies for China
- Identify and evaluate sites for production facilities
- Assess market opportunities for products and services
- Identify and evaluate acquisition and joint venture partners
- Develop complete understandings of the distribution systems and the most effective approach to the market
- Analyze customer segments throughout China to understand the best approach and value proposition
- Identify and analyze raw material sources

IF YOU WOULD LIKE TO SUBSCRIBE

This unique analysis is now available at a discounted price of US\$3,000. The report is on a CD and one hard copy of the report is provided.

If you would like to subscribe, fill in the attached subscription agreement and return by fax or email. SAI will invoice immediately for the total cost of the study. Subscribers will pay the invoice within 30 days of receipt.

If you have questions about the program, please contact the following people:

Mr. Gregory A. Ramsey, Chief Operating Officer
Strategic Analysis Inc.
2208 Quarry Drive, Suite 100
West Lawn, PA 19609-1158
Phone: 610-320-6100
Fax: 610-320-6101
Email: gramsey@strategicanalysis.com

IN CHINA:

Ms. Anne Chi, President
Strategic Analysis Asia
806-808, Tower A, Freetown Building
58 East 3rd Ring South Road, Chao Yang District
Beijing, PRC 100022
Phone: 86-10-5867-4455
Fax: 86-10-5867-3976
Email: achi@strategicanalysis.com

IN SINGAPORE:

Mr. Greg Downes, Vice President
Strategic Analysis Asia
Level 31
Six Battery Road
Singapore 049909
Phone: 65-6550-9827
Fax: 65-6512-1440
Email: gdownes@strategicanalysis.com

IN INDIA:

Mr. Swapn Swarup, President
Strategic Analysis India Pvt. Ltd.
707-708, JMD Pacific Square
Adjacent Sector 15
Near 32nd Mile Stone
NH-8, Gurgaon 122 001 India
Phone: 91-124-405-1114
Fax: 91-124-222-4963
Email: sswarup@saiindia.net

OUTLINE

ANALYSIS OF ECONOMIC DEVELOPMENT ZONES IN CHINA

I. OVERVIEW

- **LOCATION**

- **DEMOGRAPHICS AND CLIMATE**
 - Population
 - Geographic coverage
 - Climate

- **ECONOMICS**
 - GDP 2003
 - Total foreign investment
 - Contracted foreign capital
 - Registered foreign capital
 - Foreign trade 2003

- **MAP OF REGION**

- **ENLARGEMENT OF AREA**

- **LAYOUT OF DEVELOPMENT ZONE**

II. ECONOMIC AND TECHNICAL DEVELOPMENT AREA

- **HISTORY AND DESCRIPTION**
 - Site history
 - Zone focus
 - Management
 - Total land space

- **LAND ZONING AND AVAILABILITY**
 - Land zoning
 - Land availability

- **LAND COST AND BUILDING REQUIREMENTS**
 - Land cost
 - Land administration fee
 - Deed tax
 - Land ownership
 - Plot coverage
 - Weight support/unit area

- **TYPICAL BUILDING COST**

Typical building cost for:

- Single story factory building
 - Common light steel structure
 - Concrete structure
- Two story factory building
 - Common light steel structure
 - Concrete structure

Other costs

- Land surveying fee
- Design fee
- Quality inspection fee
 - Concrete structure
 - Frame structure
 - Common light steel structure

- **TAXES AND DUTIES**

Annual property tax

Import duty on equipment

Income tax:

- Standard rate
- Exemptions

Import duty on raw materials

Export tax and duties on finished products

Individual income tax

Business tax

Value-added tax (VAT)

- VAT rate
- Refunds

Convertibility of currency

Remittance of retained earnings and management fees to corporate

Tax on dividends

- **FEES AND INSURANCE COSTS**

Business registration fee

Industrial insurance

- **TYPICAL LABOR COSTS**

Unskilled

Minimum wage

Skilled

Management

Benefits

- Pension
- Medical care
- Unemployment insurance
- Injury insurance
- Maternity insurance

- **AVAILABILITY OF LABOR**
 - Universities and education centers
 - Selected schools
 - Unskilled and skilled workers
 - Specialized occupations

- **SUPPORTING INDUSTRIES/SERVICES**
 - Human resource services
 - Mechanical workshops
 - Accounting and auditing companies

- **EXPATRIATES**
 - Quality of life
 - Hotels
 - Housing
 - Hospital
 - Schools
 - Typical costs
 - Average international school's tuition
 - Monthly rent for an apartment
 - Typical price for a home

- **GOVERNMENT APPROVAL PROCEDURES**

- **TIME AND COST OF GOVERNMENT APPROVAL PROCEDURES**
 - Timing
 - Cost

- **TRANSPORTATION**
 - Highways
 - Rail
 - Sea
 - Air

- **TRANSPORTATION COST**
 - Shipping companies
 - Cost of shipping
 - Land transportation cost
 - Additional shipping fees
 - Customs
 - Port
 - Trade inspection
 - Port unloading
 - Miscellaneous port

- **ELECTRICITY**
 - Power supply
 - Cost
 - Private thermal power plant

- **WATER**
 - Municipal water
 - Other water sources

- **OTHER UTILITIES**
 - Coal
 - Steam
 - Natural gas

- **COMMUNICATIONS**
 - Advanced telecommunications

- **ENVIRONMENTAL MEASURES**
 - Wastewater treatment
 - Sewage treatment plant
 - Water pollutants
 - Air emission

- **MAJOR PROJECTS/COMPANIES IN THE ZONE**

- **ASSESSMENT OF THE ZONE**
 - Degree of user-friendliness
 - Degree of satisfaction of existing companies

Table 2

ECONOMIC DEVELOPMENT ZONES PROFILED

Region of China	Site
NORTHEAST	Changchun Economic and Technological Development Zone Dalian Economic Development Area Donggang Economic Development Zone Harbin Development Zone Shenyang Economic and Technological Development Zone Yingkou Economic and Technological Development Zone
NORTHERN COAST	Langfang Economic and Technical Development Zone Qingdao Economic and Technical Development Zone Qinhuangdao Economic and Technological Development Zone Tianjin Economic and Technological Development Area Tianjin Xiqing Economic and Technological Development Area Yantai Economic and Technological Development Area Zibo Hi-tech Industrial Development Zone
EASTERN COAST	Changshu Economic Development Zone Changshu Southeast Economic Development Zone Changzhou National Hi-tech District Kunshan Export Processing Zone Lianyungang Economic and Technological Development Zone Nanjing New and Hi-tech Industrial Zone Nantong Economic and Technological Development Area Ningbo Daxie Economic and Technological Development Zone Ningbo Economic and Technical Development Zone Ningbo Hi-Tech Park Shanghai Chemical Industry Park Shanghai Minhang Economic and Technological Development Zone Shanghai Waigaoqiao Free Trade Zone Shaoxing Paojiang Industrial Zone Suzhou Industrial Park Wuxi-Singapore Industrial Park Zhangjiagang Economic Development Zone Zhangjiagang Free Trade Zone
CENTRAL	Hefei Economic and Technological Development Area
SOUTHWEST	Chengdu Economic and Technological Development Zone
SOUTHERN COAST	Dongshan Economic and Technological Development Zone Fuzhou Economic and Technological Development Zone Guangdong Zhaoqing High Tech Industrial Development Zone Guangzhou Economic and Technological Development Zone Shenzhen High-Tech Industrial Park Zhanjiang Economic and Technological Development Zone Zhuhai National Hi-Tech Industrial Development Zone

ECONOMIC DEVELOPMENT ZONES IN CHINA

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