Fighting Africa's biggest epidemic

Guangdong company spearheads efforts to help prevent and eradicate killer disease

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Chinese medicines could well prove to be the panacea for African nations in tackling malaria, a disease that accounts for the greatest number of deaths on the continent.

While big donors such as the US-based Gates Foundation and British drugmaker GlaxoSmithKline are spearheading the fight by spending huge amounts on long-term solutions such as preventive vaccines, valuable support is also being provided by Chinese drug firms with medicines that seek to stop the disease at the carrier stage.

PHARMA

Leading Chinese efforts is Guangdong New South Artepharm Co, which has taken a twin-pronged approach to fighting malaria in Africa. The company, a unit of the Guangzhou-based diversified business enterprise Guangdong New South Group Co, plans to tackle the disease with its artemisinin-based anti-malarial medicines and also increase awareness about the disease on the ground with its spirited public campaigns.

"We have been stepping up our overseas marketing efforts, actively participating in trade shows and establishing offices in the malaria-endemic areas of Africa, Southeast Asia and South America," says Chen Yuejin, vice-president of Guangdong New South Group.

Founded in 1994, the privately held company is engaged in manufacturing traditional Chinese medicine, property development, hotel services, energy development and financial services.

Its business extends across more than 20 cities in the Chinese mainland along with overseas locations such as Singapore, Australia, Kenya and Nigeria. According to Chen, the company has offices in 16 African countries, with the largest presence being in Nigeria, with representative offices in Abuja, Lagos and Kano.

Chen says the company has also embarked on a brand-building initiative through public campaigns and advertisements in buses and on the radio. The real efforts will also focus on getting the company co-opted as an anti-malarial bulk drug supplier for international organizations, governments and charitable groups, which account for 70 to 80 percent of the global anti-malarial medicine market.

Malaria is Africa's deadliest disease, killing more than 600,000 people every year, mostly children. Billions of dollars are spent every year to find new ways to check the spread of the disease in Africa. The Chinese efforts will no doubt prove valuable, experts say.

Guangdong New South made its foray into anti-malarial medicine in 2006 by teaming up with the Guangzhou University of Chinese Medicine. The company decided to market Artemisinin, an anti-malarial drug extracted from artemisia annua, or sweet wormwood plants that are native to China.

According to company officials, Guangdong New South has extensive sweet wormwood plantations in Fengshun county, Meizhou, Guangdong province, along with extraction units. The company has already applied for patent protection in 57 countries for its anti-malarial medicines and is a registered supplier in 14 African countries, Cambodia and Myanmar.

Chen says that after extensive clinical trials in the African island nation of Comoros, the company perfected what is now called the "Fast Elimination of Malaria through Source Eradication".

"We achieved remarkable results," Chen says, adding that the trials took place on the island of Moheli in Comoros, where 23 percent of the 36,000 residents were carriers of plasmodium, the parasite responsible for human malaria.

All residents on Moheli took the malaria medicine twice daily, and in four months the percentage dropped to 0.33 percent, he says. "Three years after the trials, the plasmodium carriage rate fell to just 1 to 2 percent."

"We repeated the trials in Anjouan, another island with a population of 310,000, last year and succeeded in bringing the plasmodium carriage rate down from 19 percent to 0.5 percent," Chen says, adding that the process would be extended to other parts of Comoros soon.

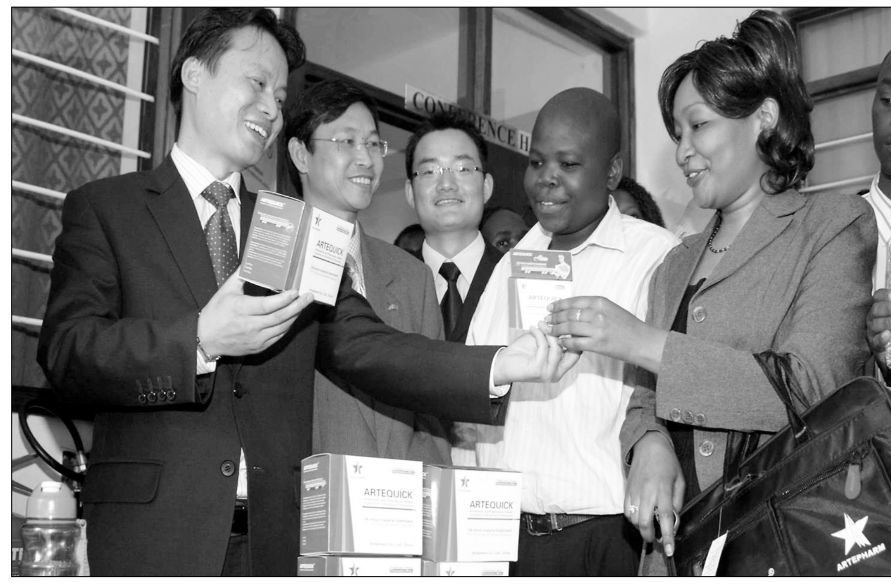
Guangdong New South delivered 24 million yuan ($3.94 million) of anti-malarial medicine in June to the Ministry of Health to support China's global efforts in tackling malaria.

"Ninety percent of the 660,000 malaria deaths reported worldwide last year occurred in Africa. The disease still kills one African child every minute," says Luis Sambo, the regional director for the World Health Organization in Africa.

Chen from Guangdong New South says that apart from marketing efforts, the company is also investing in free trade zones to attract more Chinese investors to Africa.

Guangdong New South has through its fully owned unit in Lagos acquired a 51 percent stake in China-Africa Investment Co from State-owned Guangdong Xinguang International Group. China-Africa Investment operates the Nigeria Ogun Guangdong Free Trade Zone in Ogun, Nigeria. The zone covers an area of 100 square kilometers and houses more than 30 enterprises.

"The zone will be attractive for Chinese companies that are planning expansion in Africa," says Chen.



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VICE-PRESIDENT, GUANGDONG NEW SOUTH GROUP

PHOTOS PROVIDED TO CHINA DAILY

Top: Guangdong New South Group promotes its anti-malaria medicine in Nigeria. Above: Residents on the island of Moheli take the malaria medicine twice daily. In four months the percentage of carriers dropped to 0.33 percent from 23 percent.

New business link forged from historic bond

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In Nov 1945, when Kim Gu, president of the provisional government of the Republic of Korea, finished six years of exile in Chongqing and left for home, he expressed his gratitude to the Chinese government in an open letter for its "generous" financial support, especially when China itself was also experiencing extreme hardship.

INDUSTRY

That wartime friendship has not been forgotten by South Koreans, in that many still choose to pay a visit to the site of their exiled government when they visit China.

Now, as Chongqing, the largest city in China by population, opens itself to the world in pursuit of economic progress, memories of those dark days are frequently cited as an important emotional link between the two East Asian countries, which have a tradition of building business ties on personal relationships.

South Koreans are not only guided by old alliances, but are also lured by the exciting business opportunities in western China, which is still relatively underdeveloped compared with the eastern coastal region.

In September 2011, the two governments signed an agreement to launch the Sino-Korean Industrial Park in Chongqing Liangjiang (Two Rivers) New Area, the third national development area approved directly by the State Council after Shanghai's Pudong New Area and the Binhai New Area in Tianjin. It is also the third industrial park jointly built with a foreign country, after ones in Suzhou and Tianjin, both in collaboration with the Singapore government. This gave South Korea a foothold in a strategically important growth engine in China.

"In the 1980s, watch Shenzhen; in the 1990s, watch Pudong; in the 2000s, watch Binhai; in this new decade, watch Liangjiang." The catchphrase repeatedly propounded here, crystallizes a feeling of pride and expectation that, for too long, the inland mega city, a temporary capital during World War II, had been resting on former glories and envying the prosperity of once less-er-known cities, such as Shenzhen and Suzhou, brought about by their proximity to the international market. Now, finally, it is Chongqing's time.

In the past decade, the "go west" campaign launched by the central government changed the landscape of the less-developed western provinces — highways, railways, bridges and airports have been built on a massive scale; GDP growth has been faster than their eastern counterparts for the past six years; and people's incomes have grown considerably.

Chongqing has more reasons to be optimistic. In 2010, a 1,200 square kilometer area across from the north bank of the city's central Yuzhong peninsula was pinpointed as a "New Area", a national-level pilot zone to test new policies, introduce foreign investment and drive future growth.

As China opens up more, expanding from the east coast to areas along major rivers and borders, Chongqing is well positioned as the largest city on the upper stretch of the Yangtze River, China's golden waterway.

It is also the starting point of a strategic inter-continental railway line, crossing north through the Xinjiang Uygur autonomous region, Kazakhstan and Russia to Duisburg in Germany. After the route opened, Chongqing suddenly found itself at the forefront of opening-up to the European market.

"We do not regard ourselves as an inland city. We consider Chongqing as a *yanbian* (along the border) city," says Hao Ming, deputy director-general of the administrative committee of Liangjiang New Area, which houses the Sino-Korean Industrial Park.

"Foreign companies do not regard the western area only as a production base. Rather, they deem it as the gateway to a 300-million population market."

Hao's views are shared by many Korean businessmen working in Chongqing, attracted by what they see as a huge and largely untapped market.

"It is definitely the center of the western region," says Chang Maeng-Keun, factory director and vice-president of Hankook Tire Group, which is investing $954 million in the Sino-Korean Industrial Park.

Completed this June, the first phase of the project has a production capacity of 2,400 truck tires a day. When the second phase is finished in early 2015, the company expects to produce another 16,000 car tires a day.

Hao says the fact the investment was made before there was a whole-car production factory in the city underlines Hankook's eagerness to access the market. Although Chongqing is an auto parts and motorcycle manufacturing hub, less than 30 percent of Hankook's tires are sold in western China.

Because most of Hankook's products are either transported by trucks or ships to other markets, sound infrastructure was another reason why Hankook settled on Chongqing, Chang says.

The Chongqing plant is Hankook's third in China, after Huai'an in Jiangsu province and Jiaxing in Zhejiang. Chang has overseen both these factories for more than 10 years. He says Chongqing's electricity and gas prices are 30 percent cheaper than for the eastern plants. He claims that although the company pays the same wages for Chongqing workers, they are more diligent and efficient.

However, it isn't all smooth going. When Hankook decided to open the factory in Chongqing, China's GDP growth was still above 10 percent. This year it has dropped to less than 8 percent and tire sales are currently lower than expected. China's labor costs have also risen significantly since the factory was built, which forced the company to increase investment in automatic equipment.

Xing Jun, a team leader of Chongqing Yuhan Lithium Ion Battery Materials Co, a wholly-owned subsidiary of SK Group, also says the key reason for his company investing $100 million in the Sino-Korean Industrial Park is the potentially huge market of the western region.

That belief persuaded him and SK Group heads to persist even in 2012, when the fallout of former city chief Bo Xilai's corruption case was at its worst and unnerved many investors.

"What we care about is not the ups and downs of a single person, but the fundamentals of Chongqing, and the fundamentals of Chongqing remain intact," Xing says.

His company will start production in the first quarter of 2014 producing 2,400 metric tons of battery materials a year. SK Group is also in a joint venture building a chemical plant and semiconductor plant in suburban Chongqing.

According to Chongqing government data, by the end of last year, 107 South Korean enterprises had registered in the municipality with an implemented investment of $316 million. Fortune Global 500 companies such as Hyundai Motor Company and Pohang Iron and Steel Co Ltd are negotiating with the Chongqing government over major deals.

Closer business ties have also resulted in increased demand for travel with the number of direct flights between Chongqing and Seoul increasing from two to four a week.

However, officials of the Liangjiang New Area say attracting foreign investment was not its main focus. They are more concerned with fostering industry conglomeration.

JI JIN / CHINA DAILY

Hankook Tire Group has invested $954 million in the Sino-Korean Industrial Park in Chongqing Liangjiang New Area. The company now has a production capacity of 2,400 truck tires a day and is expected to produce another 16,000 car tires a day in early 2015.

FACTBOX

Liangjiang means "two rivers" in Chinese and refers to the Yangtze River and Jialing River that converge at Chongqing at the head of the Yuzhong peninsula, the heart of the city.

In June 2010, the State Council approved a 1,200 square kilometer area across from the north bank of the peninsula as Liangjiang New Area, a pilot zone to test new policies, introduce foreign investment and drive future growth.

The district is the third state-level development area approved directly by the State Council after Shanghai's Pudong New Area and the Binhai New Area in Tianjin.

Liangjiang has been set five major missions: a pilot area for comprehensive urban-rural reform in the hope of narrowing the gap between urban and rural areas; an inland base for advanced manufacturing and modern services; a regional financial and innovation center; an important door for opening-up inland China; a window for scientific development.

According to a 2012 development report, Liangjiang achieved annual GDP growth of 20.4 percent, outpacing the 20.1 percent recorded in Binhai, and Pudong's 10.4 percent, and far outstripping the national average of 7.8 percent. In the first half of this year, industrial output in the new area surged 35.1 percent year-on-year to hit 159.5 billion yuan ($26 billion), well above the city's average growth.

Electronic information, automobiles, high-end manufacturing, aviation and biomedicines have been identified as the region's five pillar industries. Finance, conferences, bonded zone and logistics are designed to be the four core functional areas for Liangjiang.

The region needs to attract about 100,000 highly skilled workers to sustain its development. Some 400,000 jobs will be on offer by 2015, according to Liangjiang's administration. Chongqing is home to 8 million migrant workers, half of them working in coastal cities. The local government is using every means to bring them back, including the construction of affordable housing projects and the provision of free training programs.