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The China-ROK Yantai Industrial Park is set to become a model project for economic cooperation between China and the Republic of Korea after the signing of the China-ROK Free Trade Agreement in June last year.

According to the FTA, the China-ROK Yantai Industrial Park and the Saemangeum Development Zone in the ROK will be the major destinations for bilateral investment, trade cooperation and information exchanges.

Entrepreneurs from the ROK have moved rapidly to seek development opportunities in the park. During the first five months of this year, a batch of ROK-backed projects had established facilities in the park, bringing the contractual investments from ROK enterprises to \$166 million, a year-on-year growth of 143.6 percent, according to the commerce bureau of Yantai. Asiana Airlines Inc is among the ROK firms backing projects in the park.

Zhang Yongxia, mayor of Yantai, said the government will continue to foster an international business environment by streamlining customs clearance procedures and making market access easier for foreign companies.

"We aim to develop the industrial park into the best investment destination in China for South Korean enterprises and the largest distribution center for South Korean goods in China," said Zhang.

Covering 32 square kilometers, the China-ROK Yantai Industrial Park consists of two parts, focusing on bioscience, intelligent manufacturing, auto manufacturing, marine technology and high-end service industries.

The 10-sq-km eastern part is dedicated to the modern service industry while the 22-sq-km western part focuses on advanced manufacturing and port-related industries.

"The park will promote the industrial upgrading of both sides," said Yu Dong, director of the commerce bureau of Yantai.

Lauren Jee-enn of Yantai Luye Bobath Rehabilitation, a joint venture between Luye Medical Group in Yantai and Bobath Memorial Hospital in Seoul, said the Yantai branch, which includes departments of rehabilitation, neurology, traditional Chinese medicine and nursing, has expanded Bobath's business chain.

Yu said Yantai boasts convenient transportation links and solid industrial foundations to promote the park's cooperation with the ROK.

Facing the ROK across the Yellow Sea, Yantai, through its international airport, operates more than 120 flights to and from Incheon and Pusan in the ROK every week, and 13 ships run weekly between the Port of Yantai and major ROK ports including Incheon and Pyeongtaek.

Roughly 50,000 people from the ROK live and work in the city and it has sister city relationships with five ROK cities, including Incheon and Kunsan.

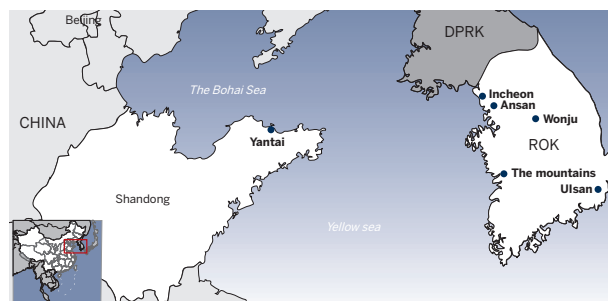
Yantai's pillar industries, such as machinery manufacturing, electronic information and food processing, as well as emerging industries including equipment manufacturing, energy-saving and environment protection, creativity and animation design are in tune with the ROK's industrial structure.



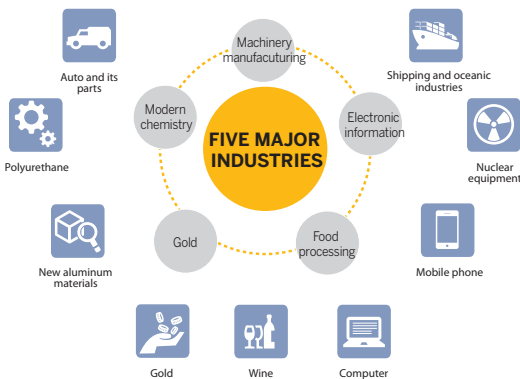
The Yantai China-Republic of Korea ferry vows to boost its services from Yantai to the ROK. PHOTOS BY WANG QIAN / CHINA DAILY

PARK SET TO BE ECONOMIC COOPERATION MODEL

Yantai aims to become major investment destination for Republic of Korea firms thanks to new industrial park and free trade agreement with the ROK



MAJOR INDUSTRIES IN YANTAI



The ROK has developed into Yantai's main foreign trade partner and its largest source of foreign capital and tourists. The city's foreign trade with the ROK reached \$11.08 billion last year.

Nine Fortune 500 companies from ROK including LG, Doosan and Hyundai have established branches in Yantai.

"The park aims to become an international-class industrial park that integrates the functions of developing industrial clusters, entrepreneurship and free trade by 2025," said Yu.

To reach this goal, Yantai's government, as well as the Shandong provincial government, has introduced

preferential finance, trade, investment and shipping policies to support companies in the park.

The Yantai government has also established a 1 billion yuan (\$149.6 million) development fund for the China-ROK Yantai Industrial Park to build infrastructure and support startups and innovations.

Statistics show the park has helped Yantai attract \$5.56 billion worth of ROK investments for 3,651 projects, mainly in the construction machinery, auto and other advanced manufacturing industries, as well as the energy-saving and biotechnology sectors.

Changyu sets out grape expectations for global growth strategy

Winemaker Changyu has vowed to continue its 'go global' strategy, despite the continuing global economic slowdown, said company executives.

"We have prioritized the brand's globalization and targeted consumers from the younger generation — these are our brand's foremost strategies," Changyu General Manager Zhou Hongjiang told China Daily.

Yantai-headquartered Changyu, which has a 124-year history, saw its revenue peak at 6 billion yuan (\$983.6 million) in 2011 and then level out to 4.16 billion yuan in 2014.

Last year Changyu saw its revenue hit 4.65 billion yuan, up 12 percent year-on-year.

During the first quarter this year, the company's revenue continued its upward trend since 2015, reaching 1.88 billion yuan, up 3.12 percent year-on-year.

The growth in 2015 was achieved in spite of both slower overall economic growth and the entry into the Chinese market of foreign wine producers following the lifting of some tariffs and the reduction of tariffs on those from others, this year.

According to Zhou, Changyu will not be hampered by the economic slowdown in its efforts to 'go global'.

Last year, it completed the acquisition of a majority stake in Spanish wine company Marques del Atrio for an undisclosed amount.

The company also bought a 90 percent stake in Bordeaux-based Chateau Mirefleurs for 3.33 million euros (\$3.54 million) in 2015.

Changyu's moves come on the back of a concerted buying strategy in the United Kingdom, Germany, and other European channels between 2010 and 2014, and the company is set to step up its momentum.

In addition, company insiders indicated that it will continue to buy stakes in winemakers in Chile, Australia and France in the near future.

The company general manager said: "Changyu will expand its winemaking scale, market share portfolio and, in the meantime, its overseas resource integration. In addition, international market channels are on an upward trend."

According to Zhou, Changyu's global vision and moves are more traditional than innovative and carries the reputation of the domestic wine industry.

"The growth of Changyu represents the history of China's wine industry as a whole," he said.

The winemaker, which was established in 1892 by Zhang Bishi, takes its name from his surname Zhang (Chang) and the Chinese character Yu, which means prosperity.



Changyu General Manager Zhou Hongjiang

Toward the end of the Qing Dynasty (1644-1911) the company built Asia's first underground chateau, the Grand Cellar, in Yantai in 1894, at the behest of the emperor, Guangxu.

In 1914, three years after the Qing government was overthrown, Changyu shipped its wine overseas. The wine hit the markets of Southeast Asia, North America and the Middle and South Americas, Zhou said.

In addition, Chinese-produced Cabernet Gernischet has allowed Changyu to write a new chapter in the variety's global history, Zhou said.

In Changyu's museum, visitors can still see the emperor's original, handwritten decree, as well as modern China's founding father Sun Yat-sen's handwritten inscriptions to the company.

They can also marvel at the visionary strategies of founder Zhang Bishi as he sought to expand the company overseas.

The winery has had a renaissance in recent decades.

Chateaus and vineyards have been built in Yantai, Liaoning, Beijing, Shaanxi, and the Xinjiang Uygur and Ningxia Hui autonomous regions since 1996.

The company held the groundbreaking ceremony for its new production base in Yantai in 2012, and it is expected to go into operation late this year with a production capacity of 400,000 tons annually.

Now Changyu, which has the largest share of the Chinese wine market, can be found in leading overseas retail markets and stores, including Waitrose in the UK, UK royal wine seller BBR, hotels such as Dubai's seven-star hotel Jumeirah and restaurants in the US city of Beverly Hills.

"Chinese people's spending on wine ranks top in the world, but the Chinese wine market still has enormous potential. Imported wine has, due to reduced and, in some cases lifted tariffs, brought fierce pressure for us, but I expect to see benign competition, because only in this way can the market become stronger," Zhou said.

YANG CHENG AND WANG QIAN



Republic of Korean reporters pay a visit to the underground wine cellar at the Changyu Museum during the recent "Discover Yantai" media tour.

City turns cultural preservation into an art form

IAN CALLISON



Zhu Manhua displays some of her paper cuts.

include steamed bread, a brightly colored type of bread sculpture, traditional weaving and detailed stone sculptures. It's amazing to see so many art forms on display, and equally impressive to watch artists perform their crafts in the city's many shops.

Yantai is also home to the Cultural Creative Industry Park, a center for the production of a vast array of artworks. Located in Zhifu district, this park primarily focuses on animation and advertising, though students and professionals create a number of other art forms, both traditional and modern. The Chinese government sponsored the Cultural Creative Industry Park in an effort to reinforce Yantai as a cultural center.

The park contains a six-story building and attracts creative enterprises from across Shandong province to use its facilities, including computer labs, a magazine printing center, a photography studio and a ceramics room.

As a result, one artist might be finger painting calligraphy while in

another someone might be designing a magazine. Artists have produced beautiful seashell-adorned jewelry, handmade clay teapots, and functional, modern takes on the traditional Chinese dress, the *qipao*, or *cheongsam*.

Of course, one of the most important and widespread elements of Yantai culture is wine. As the birthplace of wine culture in China, Yantai maintains a massive influence over the domestic wine industry.

Prior to this trip, I had no idea that China produced any wine at all. However, as we drove through the Shandong countryside and saw Changyu's lush vineyards and European-style chateaus, I was immediately reminded of Italian wine country.

I was pleasantly surprised by the prominence of wine in Shandong.

I sampled five Changyu wines while at the museum, and was delighted with each of them. There is a reason why this century-old company has become a cornerstone of the Chinese wine industry.

With its blending of the old and the new, Changyu's wine production is like so many other elements of Yantai culture. I was extremely impressed with Yantai and its devotion to maintaining long-lasting traditions while pursuing modernity.

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What they say

Editor's note: Republic of Korean reporters on the recent "Discover Yantai" media tour shared their insights into the emerging city and its booming ties with the ROK. **Yang Cheng** and **Zhao Ruixue** report.

"Before I came to Yantai, I had little knowledge of the China-ROK Yantai Industrial Park. After our in-depth interview there, I believe the ROK media will spur a new wave of reporting on both the park and Yantai-ROK trade ties. I advise industrial parks in Yantai to develop their special feature sectors in order to compete with both local parks and those in the ROK in terms of attracting investment." **Park Junghwan**, editor-in-chief, *Business Korea magazine*

"I lived in Yantai for three years previously. The media visit and interviews here left another very strong impression on me. The picturesque coastal scenery is unforgettable." **Park Saeyoung**, correspondent, *Munhwa Ilbo*

"After the interview, I understood that Yantai plays an important role in China's Belt and Road Initiative and was impressed by the booming bilateral trade. I hope more cultural links and exchanges are established." **Sin Dongjoo**, reporter, *The Segye Times*

"Although China's economy has experienced a slowdown in recent years, the city of Yantai has been racing forward at a breakneck pace. After seeing it first hand, I now realize that Yantai has developed into a remarkable center for international trade, in particular Sino-ROK trade. The partnership has seemingly seeped into every corner of the city, surfacing in industry, culture and even education."

Ian Callison, reporter, *China Daily*

"Yantai is very clean and beautiful. The city is a nice place to live. Before this trip, I had no idea there was so much communication and cooperation between Yantai and the ROK. I believe Yantai and the ROK will both have a brighter future, especially in the fields of trade and economic cooperation." **Im Chaeyeon**, reporter, *JoongAng Ilbo*

"Yantai has beautiful sea and clean air. I hope to have a chance to live in the city for some time. Only by visiting the city can you realize just how much potential there is for cooperation between Yantai and the ROK. The Hua'an International ROK Town, which will be completed in 10 years, will be a win-win project for both Yantai and the ROK." **Yun Eunsook**, reporter, *AJU News*

"Yantai is a good place to live. I like the food and fruit here very much. I am also impressed by the positive attitude the local government has adopted towards promoting cooperation with the ROK." **Lee Jiyeon**, reporter, *Newspim*

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