Xinjiang has been designated as the “core area” of the Silk Road Economic Belt. It is an important part of the old Silk Road and shares borders with eight countries: Afghanistan, India, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Russia and Tajikistan.

Xinjiang aims to develop into a transport hub and a centre for financial, logistics, culture and education. It is currently focused on the development of three specific passageways and three bases linking the cities of Hami, Kashgar and Urumqi to the major economic centres in China.

The “three passageways” and “three bases”

- Three passageways: northern, central and southern passageways will link the three economic circles on the east coast – the Bohai Bay (Beijing, Dalian, Tianjin), the Yangtze River Delta (Shanghai) and the Pearl River Delta (Guangzhou, Hong Kong, Shenzhen) – with Kazakhstan, Pakistan, Russia and Tajikistan via key cities in Xinjiang.

- Three bases: bases will be established focusing on oil and gas production and processing; coal, coal power and the coal chemicals industry; and wind power.

The China-Kazakhstan Horgos Frontier International Cooperation Centre is Xinjiang’s only cross-border free trade area and offers preferential policies by way of a bonded zone, reduced import duty and VAT, and free movement of people. It will be further developed to promote trade and connectivity between China and Kazakhstan and to expand across central Asia, the Middle East and on to Europe.

“Xinjiang aims to develop into a transport hub and a centre for financial, logistics, culture and education”
Financial & Professional Services

Xinjiang aims to become a major financial centre on the Silk Road Economic Belt, with Urumqi at the centre with Kashgar as a sub-centre. The city of Horgos is also being planned as an offshore RMB settlement pilot zone. Xinjiang plans to establish a platform for financing, and foreign exchange transactions, and has already carried out cross-border RMB settlement with over 60 countries. More pilot financial services projects are being encouraged in Kashgar Economic Development Zone and Horgos Economic Zone.

The establishment of the Xinjiang Bank is also expected to promote the development of a local financial market, and there are plans to initiate an international petroleum trading centre.

Infrastructure

To implement construction of the three passageways, work will focus on the China-Kyrgyzstan-Uzbekistan Railway (which starts in Kashgar), the China-Kazakhstan Road, the China-Tajikistan Road and the Urumqi Airport pilot project.

Xinjiang will also strengthen the construction of a provincial network of roads and motorways and it is estimated that infrastructure investment in Xinjiang will exceed RMB 800 billion (£80 billion) in 2015.

Opportunities are foreseen for UK companies in design, cost management, project supervision and supply chain support.

Energy

Xinjiang is important nationally for its energy and mineral resources, especially as the resources have not yet been fully exploited. One project is the construction of the China-Central Asia Natural Gas Pipeline (D Line), which starts in Turkmenistan and ends in Xinjiang with a total investment of around £4 billion.

It is expected to create thousands of jobs for countries along the route. Xinjiang also plans to speed up implementation of the West-to-East Gas Transmission Project (3rd, 4th and 5th Lines).

Opportunities will also be found in other projects, including the exploitation of hydropower resources, sewage treatment, and grading and quality-divided use of coal and natural gas.

Logistics

Xinjiang will develop a number of international trade and distribution centres, cross-border markets and storage centres, and logistics parks in key cities such as Urumqi, Kashgar and Yining.

This includes the construction of the Kashgar Economic Development Zone, Urumqi Economic & Technological Development Zone (Touhetun District) and Horgos Economic Development Zone to develop international multi-modal transport and logistics hubs.

UK companies experienced in the management of logistics and warehouses, the internet of things and information technology may find opportunities here.

The China-Central Asia Natural Gas Pipeline will start in Turkmenistan and end in Xinjiang with a total investment of around £4 billion.”
Private (mainly diaspora) capital investment has had a strong influence on development in Fujian, accounting for 69% of the economy in 2013. The main sources of foreign investment come from overseas Chinese in Hong Kong, Taiwan and South-East Asia. In 2013, foreign investment from Hong Kong and Taiwan amounted to US$9.875 billion, accounting for 90.2% of the total contracted foreign investment in Fujian Province. In 2013, actual paid-in capital from Hong Kong and Taiwan was US$5.745 billion, accounting for 72.5% of the total provincial paid-in amounts.

In terms of the future, the government’s current economic development plans (set out in the 12th Five-Year Plan) centre on the development of inland areas through urbanisation, industrialisation and agricultural technology. Another important factor in Fujian’s current phase of development is the Taiwan Straits Economic Zone, which aims to strengthen economic cooperation with Taiwan by developing more advanced manufacturing, and the service sector, as well as the wider integration of transport and infrastructure designed to boost cross-strait trade flows.

Overall GDP has tripled between 2005 and 2012, exceeding RMB 2 trillion in 2013. However, owing to the spatial distribution of industry – much of which is concentrated along the coastline opposite Taiwan where there is easy access to ports – the south-eastern part of Fujian, which comprises the five cities and counties of Fuzhou, Putian, Quanzhou, Xiamen and Zhangzhou, is the economic hub of Fujian, accounting for 76% of the province’s GDP in 2012. Xiamen is the wealthiest city in Fujian (and also one of the wealthiest in China) with GDP per capita of US$13,279. By contrast, the average figure in the rural, mountainous inland area is below US$2,000.

Fujian’s Role on the Maritime Silk Road

Fujian Province is designated as the “core area” of the 21st Century Maritime Silk Road, particularly with a view to China’s cooperation with ASEAN countries on transport links, trade and investment and the marine economy. Fuzhou, Quanzhou, Xiamen and Zhangzhou are given as the key cities in the province as regards the development of OBOR.

There are three large projects under way, all sponsored by the China-ASEAN Maritime Cooperation Fund: the China-ASEAN Marine Product Exchange (headquartered in Fuzhou with branches in Indonesia and Thailand); Xiamen University’s Malaysian campus; and fishing industry cooperation between China and Indonesia. Fujian has also established economic and trade cooperation zones in Cambodia and Kenya, and it plans to build more along the trade route, including in Laos and Sri Lanka.

"Xiamen is the wealthiest city in Fujian (and also one of the wealthiest in China) with GDP per capita of US$13,279"
Marine and Fisheries

By 2020, Fujian will have 850 oceangoing fishing boats, with an annual production output of 750,000 tonnes and a value of RMB 10 billion (£1 billion). There are plans to build up to 15 overseas aquaculture bases, eight pelagic fishery bases in the province, and 15 fishery bases offshore.

Cooperation with OBOR-related countries such as Indonesia, Madagascar, Myanmar and Tanzania will be stepped up in areas from overseas fishery bases to marine tourism, marine biomedicine, deep-sea fishing and the processing and distribution of aquatic products. The development of the Fujian Cross-Straits Blue Economic Experimental Zone is to be accelerated and a China-ASEAN maritime cooperation centre established.

Creative, Culture and Tourism

Fujian places importance on cultural exchange with countries along the Maritime Silk Road. Besides Xiamen University’s Malaysian campus, there are plans to build Confucius Institutes in Indonesia, Sri Lanka and the Philippines. The establishment of an exchange and exhibition centre for the Maritime Silk Road in Quanzhou, and the Creative Industries Centre of Cross-Strait Marine Culture in Meizhou Island, Putian, is aimed at boosting artistic creativity, cultural tourism and the creative industries.

Fujian has huge potential in tourism and cultural heritage projects, where UK companies can provide training and consultancy services relating to art, museums, preserving cultural and historic heritage, and building restoration. Companies in the media and creative sector can cooperate with local companies on broadcasting and production, digital and internet technologies, master planning and industrial and architectural design.

Fujian Free Trade Zone (FTZ)

The pilot free trade zone aims to develop new industries in the region to strengthen economic cooperation in particular with Taiwan. The zone was launched in March 2015 and comprises three areas in or near the capital city Fuzhou and the coastal cities of Pingtan and Xiamen. The impact of this can already be seen in recent Taiwanese investments in commercial banks in Xiamen and infrastructure investment in Pingtan Economic Zone, as well as closer manufacturing and transport links which will boost cross-strait trade flows. From Taiwan’s perspective, the imperative to boost its own economy and existing close economic ties mean Fujian is a natural choice for investors.

Transport and Logistics

Fujian is accelerating the construction of high-speed railways through Fuzhou, Quanzhou and Xiamen (e.g. the Jiyouguan line and Fuxia high-speed rail), as well as a port group connecting Fuzhou, Ningde, Putian, Quanzhou, Xiamen and Zhangzhou.

The Fujian Pilot Free Trade Zone is envisaged to deepen economic cooperation with Taiwan and eventually to contribute to trade, investment and cultural exchange across Asia-Pacific.

These areas signal opportunities for UK companies to lend their technical expertise and experience in international logistics.
The ancient Silk Road started in Shaanxi Province. It is a major point of the OBOR initiative and emphasis will be placed on improving transport infrastructure and networks, international trade and logistics support, finance and business services, as well as research institutes, culture and tourism.

In 2014, Xian Xianyang Airport introduced 72-hour visa-free transit for visitors from over 50 countries to stimulate its tourist and business sectors.

The rail freight link from Xian to Western Europe, via Almaty and Moscow, benefits from simplified customs clearance at international borders between countries along the route, and a new route is planned to link Xian to the eastern sea port of Qingdao in 2015.

Xian’s Xixian New District is a national-level approved district, which offers preferential benefits to companies from countries along the OBOR route, including tax breaks or exemptions and most-favoured-nation (MFN) treatment. Bonded zones include Xian International Trade & Logistics Park and Xian High-Tech Zone. An Energy Finance Centre is due to open here in 2015, enabling renminbi settlement for energy trading.

In 2014, Xian Xianyang Airport introduced 72-hour visa-free transit for visitors
Transport, Logistics and E-Commerce

An aviation services and logistics hub is being planned, which will see the further development of Xian’s existing aviation sector and other auxiliary maintenance and air-service sectors. The Xian National Aviation Experimental Zone will be centred around Xianyang Airport, and the “aviation town” in Xixian New District is to be developed.

UK companies throughout supply chains in the aviation and logistics sectors may find opportunities to exchange technology, management skills and training services with local companies.

Xian is one of the cities experimenting with e-commerce for cross-border trade. Local platforms enjoy beneficial trade policies in the Xian International Trade & Logistics Park, which UK logistics and e-commerce firms could capitalise upon.

Financial and Professional Services

Offshore banking and cooperation funds with central Asian countries are planned, and companies in Xian International Trade & Logistics Park and Xixian New District are expected to be allowed to open free trade accounts for two-way cross-border RMB pooling.

Some UK financial sector companies are already in Xian, and new opportunities are likely to emerge as it further develops its regional and cross-border financial services sector.

Energy

Shaanxi Province is seeking to develop further cooperation with Central Asian countries, through the export of various equipment and technology to boost energy production efficiency. For example, Shaanxi Yanchang Petroleum Group has obtained exploitation rights for an oil field in Kyrgyzstan.
The western province of Gansu is centrally located on the Silk Road Economic Belt and is among China’s most important provinces for new energy development projects (solar and wind power), metals, agricultural production and food processing.

Lanzhou, the capital city, will be a key point on the Silk Road Economic Belt. Two important trade fairs take place there; the Lanzhou Investment & Trade Fair (which is due to be renamed as the China Silk Road Expo in an effort to boost links with Central Asia) and the Silk Road (Dunhuang) International Culture Expo.

Processing and logistics are expected to be streamlined with the approval of Lanzhou New District, which has been approved as the first national district in West China, and the establishment of Lanzhou New District Comprehensive Bonded Zone and Wuwei Bonded Logistics Centre.

“Gansu is among China’s most important provinces for new energy development projects”
Energy

Equipment manufacturing companies, especially those exporting petroleum-refining equipment, should look at how to expand production and sales in Central Asia. Major energy infrastructure projects are underway, such as the Jiuquan-Hunan 800KW direct-current transmission project, which is the most extensive component of China’s West-to-East Electricity Transmission Project.

Further west-to-east gas pipeline projects are also being stepped up, with a fourth line awaiting approval, and the provincial plan also includes the construction of fifth, sixth and seventh lines, as well as product oil pipelines, crude oil pipelines and oil and gas pipelines to Central Asia.

Agriculture

Agriculture and food production and processing are major industries in Gansu Province, especially beef, potatoes, tomatoes, corn and vegetables. The city of Zhangye has become a major centre for food exports, and the establishment of Zhangye International Logistics Park will improve cold-chain storage and logistics, vegetable sorting and processing.

Other agricultural projects in Gansu include Lingtai Modern Beef-Cattle Industrial Park and the Gansu Irrigation and Water Conservancy Project. Gansu is also planning to invest in Central Asian and Middle Eastern countries to establish centres for the demonstration and marketing of agriculture and produce.

UK companies with related agricultural technology and management experience should explore cooperation with local companies.

Transport

Gansu’s transport infrastructure is in need of major improvements, and plans have been approved for Lanzhou Zhongchuan Airport to become an international airport for passengers and freight with new flights to Central Asia.

Gansu’s first international freight link (Wuwei-Almaty) is now in regular operation and another (Lanzhou-Almaty) will open, enabling the transport of goods through Kazakhstan to Europe with significantly shorter transit times and lower logistics costs.
Qinghai is aiming to strengthen and promote its textiles and light manufacturing industries"
Infrastructure

The provincial government aims to accelerate road, rail and air projects, as well as the establishment of power and utilities infrastructure networks, with total projected investment equivalent to £230 billion.

New motorways will connect the major cities of Golmud, Haidong and Xihai to Xining and there will be further improvements to rail links, such as the Qinghai-Tibet (Xining-Golmud section), Golmud-Chengdu and Xining-Chengdu lines.

Xining and Golmud airports will open up more routes to the Middle East and South Asia. A number of new airport projects are being planned in Qinghai for Delingha, Guoluo, Huangnan, Huatugou, Qilian and Qinghai Lake.

Culture & Tourism

Qinghai has a rich cultural heritage as a stop on the old Silk Road, and today the focus is on the development of sightseeing, expedition and adventure tourism, including resorts in Guide, Huzhu and Minghe.

Opportunities for UK businesses may arise in the design and development of specialist tourist facilities, infrastructure, products and services.

A modern air, rail and road network is planned to bolster Qinghai’s role as a strategic logistics and warehousing centre”
The north-western inland province of Ningxia is comparatively under-developed, but it is actively developing opportunities with Middle Eastern and Islamic countries by taking advantage of religious and cultural similarities.

There are three priority projects: the China (Ningxia) Inland Opening-Up Pilot Economic Zone, the Yinchuan Comprehensive Bonded Zone and the China-Arab States Expo. The capital city, Yinchuan, is set to be a key hub on the Silk Road Economic Belt.

“The capital city, Yinchuan, is set to be a key hub on the Silk Road Economic Belt”
Logistics

Planning for the further development of Yinchuan Hedong International Airport is underway, and Yinchuan is opening up air routes to certain Arab countries.

Direct or transit international passenger flights include to Cairo, Doha, Dubai, and freight flights across the Middle East and Central Asia. This may provide openings for UK logistics and supply-chain firms doing business in both China and the Middle East.

Energy

The Ningdong Energy & Chemical Base in Yinchuan is being developed as a major energy and chemicals base to provide up to 130 million tonnes of coal and 20 million KW of installed electricity capacity by 2020.

A coal liquefaction project amounting to 4 million tonnes per annum and an 800 KW power transmission project between Ningxia in West China and Zhejiang in East China is under construction as part of the West-to-East Electricity Transmission project.

UK companies could help provide technology and solutions in these areas, as well as advanced management and consulting services.

ICT and E-commerce

Ningxia launched its first e-commerce platform in late 2014, which promotes retail between China and various Arab countries. Such platforms may give UK traders and suppliers (especially in food and beverage) new channels to Western China and the Middle East.

In 2014, two cloud computing bases were set up in Ningxia in cooperation with global web service operators to tap into the city’s advantages in geology, climate and energy.
Sichuan sits at the intersection of the OBOR and is already a transport and logistics hub with an important role linking Central, South and South-East Asia. Its "2-5-1 Action Plan" sets out six ways for Sichuan to participate in OBOR, covering the cities of Chengdu, Dazhou, Mianyang, Nanchong and Yibin.

Under this action plan, Sichuan will select 20 countries and 100 key enterprises with which it hopes to foster 50 major bilateral investment programmes.

Key export sectors include: petroleum, chemicals, machinery, electronics, textiles, building materials, construction (contractors and equipment), as well as the promotion of Sichuanese culture and cuisine.

Sichuan has already cooperated with France, Germany and Singapore to establish specific industrial zones in the province. Sichuan companies are also making overseas investments, for example in a thermal power station in Pakistan, a water conservation project in Sri Lanka, coal-fired power station projects in Indonesia and Vietnam, and oil and gas exploitation in Turkmenistan.

"Sichuan sits at the intersection of the OBOR and is already a transport and logistics hub with an important role linking Central, South and South-East Asia"
Sichuanese manufacturers are being encouraged to seek mergers and acquisitions in order to facilitate this, which may present opportunities for UK companies through trade, joint ventures or investment.

Infrastructure

Sichuan is accelerating railway construction, with the Sichuan-Tibet and Chengdu-Golmud railways and the Chongqing-Kunming and Chengdu-Xining high-speed lines all to be completed by 2020.

Chengdu will invest RMB 70 billion (approx. £7 billion) to build a new airport; there are plans for others in Bazhong and Leshan in 2015, and in Ganzi and Langzhong by 2020. UK companies will find opportunities in these projects.

Advanced Engineering

OBOR presents an opportunity for Sichuanese companies to export engineering, construction, mining and agricultural machinery. Sichuan needs to upgrade its technologies as it wants to use OBOR to move up the advanced engineering value-chain.

Sichuanese manufacturers are being encouraged to seek mergers and acquisitions in order to facilitate this, which may present opportunities for UK companies through trade, joint ventures or investment.

Culture and Tourism

Sichuan is a renowned tourist destination in China, and there are plans to expand this sector in association with tourism in Tibet. UK companies may find opportunities in the development of projects such as the Ya’an Eco-Culture Area and Panzhihua-Xichang Holiday Resort.
Chongqing is the far-western hub of the Yangtze River Economic Belt, and a major industrial centre and pivotal strategic point on both the 21st Century Maritime Silk Road and the Silk Road Economic Belt. Over the next five years, Chongqing plans massive investment to develop transport, logistics, finance, and scientific and educational centres.

It will also reinforce cooperation with Sichuan Province through the creation of a joint Cheng-Yu Economic Zone, which will cover a cluster of industries including automobile, IT, consumer goods, oil and gas and petrochemicals.

The Chongqing-Xinjiang-Europe freight rail link is becoming well established (approximately 90% of China’s rail cargo to Europe travels by this route) and the Lanzhou-Chongqing railway will be implemented by the end of 2015, giving more rail routes to Central Asia and Russia.

Chongqing is focusing on cooperation with European countries to enhance its advanced manufacturing capability and to further its interest in new energy and new materials.

Chongqing will further explore financial cooperation with Central and Eastern Europe in cross-border RMB business. There will be support for Chinese firms in competitive local industries, such as automotive, chemical, materials and energy, to expand to South and South-East Asia.
Infrastructure

Chongqing is expected to invest £120 billion in infrastructure projects by 2020, mainly in high-speed railway (e.g. the Chongqing-Kunming line), new airports (e.g. Wushan Shennüfeng Airport) and trade zones (e.g. Chongqing Xiyong Comprehensive Bonded Zone).

Chongqing will continue to accelerate its urbanisation projects and develop city clusters to improve public facilities and social infrastructure, plus more retail, residential and commercial buildings. It will also focus on reducing energy and utilities use and cleaning up the environment.

UK companies may find opportunities in areas such as project planning, PPP projects, architectural design, urban planning, landscape design, building and civil engineering to lend their expertise in energy efficiency, new technologies, new materials, green technologies and environmental protection.

Advanced Engineering

Chongqing has highlighted certain pillar industries, centring on ICT and electronics, automotive and high-end engineering equipment. Specifically, there are plans to form 10 new pillar industries including integrated circuits, flat-panel displays, robotics, new materials, new energy and smart vehicles, biomedicine and environmental protection.

Chongqing aims to become a major import centre for European vehicles, which will boost auxiliary industries such as testing, servicing and logistics.

UK companies may look to Chongqing for opportunities in developing new joint R&D centres and manufacturing bases, particularly in the aforementioned subsectors, as well as opportunities in technical consultancy and technology transfer. UK companies with international experience could also help local automotive firms develop their overseas businesses.

Logistics and E-Commerce

Chongqing is aiming to develop into a major centre for the various service sectors, focusing on logistics, e-commerce, ICT support and business outsourcing.

It plans to build large centres in the districts of Banan, Jiangjin and Yubei, and three business service-outsourcing clusters in the New North Zone, Lianglu Cuntan Bonded Port Area and Xiyong Comprehensive Bonded Zone. It also plans financial clusters in Danzishi, Jiangbeizui and Jiefangbei to improve financial services and to promote product innovation.

The Chongqing Liangqiang New Area is envisaged as a gateway for overseas companies to invest in underdeveloped western regions of China. Five pillar industries are supported there: electronics and information, automotive, high-end manufacturing, aviation and biomedicine.

UK companies may find opportunities to support Chongqing’s development as a major business outsourcing and professional services hub for Western China and the broader South-East Asia region. This could include logistics (from planning and management to e-commerce), ICT and software services (cloud computing facilities and data centres), and partnerships, training and support for local financial and professional service providers.
OBOR OPPORTUNITIES

Yunnan Province

Yunnan Province in China’s South-West shares borders and links with Laos, Myanmar and Vietnam, and it is well positioned to be a key location for OBOR initiatives in the region as a gateway to South-East Asia and India.

Its OBOR plans already include its role in the development of the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor and the Greater Mekong Sub-Region (GMS) cooperation. Specifically, these plans are to enhance links between China and neighbouring countries by way of rail, road, air, water, energy and telecoms networks.

Kunming, the provincial capital, is designated as the key city for OBOR. One key initiative is a cluster around the Dianzhong Urban Economic Circle (which also covers the cities of Chuxiong, Qujing and Yuxi) which will prioritise six key themes and sectors: automotive (new-energy vehicles and auto parts), biomedicine, ICT, new materials, new energy and energy efficiency, and environmental protection.

Kunming plans to accelerate the construction of its Comprehensive Bonded Area to boost trade with neighbouring countries. This includes the Kunming Export Processing Zone, incorporating the Yunnan Ziyun Qingniao International Culture Expo Park, which is under consideration for elevated status as an international free trade zone for China-ASEAN cross-border trade.

The Yunnan-Guangxi Border Pilot Zone for Comprehensive Financial Reform was launched in 2013 and includes nine cities: Baoshan, Dezhou, Honghe, Kunming, Lincang, Nuijiang, Pu’er, Wenshan and Xishuangbanna.
**Infrastructure**

Yunnan will focus on the construction of road, air, utilities and telecoms networks, with total investment forecast to exceed £11 billion in 2015 alone. New motorway and high-speed rail links will be developed, along with the new Kunming South Railway Station.

The province will also strengthen its aviation networks by speeding up airport construction and launching more international routes to South and South-East Asia. Yunnan is also working with Laos, Myanmar and Thailand to build a 550-mile international shipping channel on the Lancang-Mekong River by 2025.

UK companies can find opportunities in Yunnan as contractors or partners on infrastructure projects not only in the province itself but also across South-East Asia, drawing on established regional expertise, connections, capabilities and facilities. UK companies may also look to help local companies expand overseas by providing professional services and support.

UK consultancy Arup designed Kunming Changshui International Airport, the fourth-largest in China, which opened in 2012.

**Financial & Professional Services**

The Yunnan-Guangxi border pilot zone for comprehensive financial reforms was established and launched at the end of 2013 in an effort to push for financial innovation and greater cross-border use of the renminbi in South Asia.

The pilot zone includes nine cities and prefectures in Yunnan (Baoshan, Dezhou, Honghe, Kunming, Lincang, Nujiang, Pu’er, Wenshan and Xishuangbanna).

The pilot zone is designed to work on a number of financial reforms, such as promoting innovation in cross-border RMB business, cultivating a multi-tiered capital market, promoting the development of an insurance market and bolstering cross-border cooperation in financial infrastructure construction.

UK companies with wide networks, expertise and experience in cross-border RMB business are likely to find opportunities to assist local companies to expand overseas by providing advisory services on financial and legal issues related to cross-border trade and aspects of investment including loans, factoring, bulk commodities, currency exchange, risk management, capital market financing and consulting for overseas mergers and acquisitions.
The important east-coast province of Jiangsu will focus on the development of port and transport hubs to strengthen international industrial cooperation. In 2014, trade volume between Jiangsu and the 64 countries along the OBOR routes accounted for 10.5% of that of all of China, and outbound investment from Jiangsu to these 64 countries amounted to US$4.8 billion (£3.1 billion).

The two key cities in Jiangsu for the OBOR initiative are Lianyungang and Xuzhou. Lianyungang is a port at the eastern end of the New Eurasia Bridge, which will link Chinese and overseas markets both by rail and sea. Xuzhou is an inland transport hub at the intersection of two main railway lines, five national motorways and 11 provincial motorways.

Jiangsu will focus on the development of port and transport hubs to strengthen international industrial cooperation.”
Two new projects include the Sino-Kazakhstan International (Lianyungang) Bonded Logistics Park and the St Petersburg-Lianyungang Gateway.

Transport and Logistics

A freight line linking Lianyungang port directly to Kazakhstan via Xinjiang opened in 2015, and five more railways will be built in Jiangsu by 2017, including a high-speed passenger line linking Xuzhou and Lianyungang in the east with Xinjiang in the west. Another freight line runs from Suzhou, along the New Eurasia Bridge route, connecting Jiangsu to Warsaw via North-East China and Russia. It is currently the world's fastest rail freight route.

Two new projects include the Sino-Kazakhstan International (Lianyungang) Bonded Logistics Park and the St Petersburg-Lianyungang Gateway.

The logistics park has grown into an important storage and servicing area for cargo going along the route. The St Petersburg-Lianyungang Gateway is a 5,000-mile road project due to be completed by 2017, which will link China's east coast with Kazakhstan and Russia. It is estimated that cargo will take only 10 days to travel from Lianyungang to St Petersburg, as opposed to 14 days via the North East China-Russia route, or 45 days by sea.

Countries along the route will cooperate by granting customs clearance and carrying out CIQ (China Inspection & Quarantine) inspections to facilitate cross-border trade.

Advanced Engineering

Jiangsu Province is among China’s strongest in advanced engineering, and its enterprises are actively involved in outbound investment. The giant Xuzhou Construction Machinery Group currently operates in 20 countries along the OBOR routes, while Sutong Construction Group and Wilson (Nantong) Group have signed construction projects in Sri Lanka and India respectively.

Professional UK engineering firms could cooperate with Chinese partners on project bidding and management, particularly those calling for international standards, technologies and competencies.

Financial and Professional Services

China's domestic banks will extend credit for OBOR projects, mainly in engineering, infrastructure, telecoms and energy. The Industrial and Commercial Bank of China (ICBC) in Jiangsu has expressed a desire to cooperate with UK law firms on large-scale cross-border projects.

Jiangsu’s well developed state and privately owned companies are likely to be active investors along the route and will need the full range of financial and professional services the UK has to offer.
Zhejiang, on China’s east coast and the south side of the Yangtze River Delta, is one of China’s most developed provinces. The relatively wealthy and international cities of Hangzhou, Ningbo, Wenzhou and Yiwu are positioned as its key cities in the OBOR initiative.

Zhejiang is taking advantage of its ports to become an import distribution centre. The provincial government is prioritising the port integration of Ningbo-Zhoushan, as well as the development of Yiwu International Inland Port and the China Hangzhou Cross-Border E-Commerce Comprehensive Pilot Area (see below).

Yiwu also plans to increase investment in transport networks and to develop into a major fast-moving consumer goods (FMCG) and e-commerce distribution hub, as well as an inland port.

Hangzhou, home to Alibaba Group, is China’s leading city for e-commerce. The China Hangzhou Cross-Border E-Commerce Comprehensive Pilot Area was approved in 2015, and 32 new measures have been announced to simplify inspection and customs clearance and cross-border payment and settlement. Fifteen e-commerce platforms have already registered in the zone as well as some 250 enterprises, including the leading players, Alibaba and JD.com.
E-Commerce

The pilot e-commerce area in Hangzhou will require management expertise and ideas for innovation. British experts in resource management, logistics management, data exchange and management, exchange settlement and tax consulting may well find opportunities to participate in its development.

Financial and Professional Services

Zhejiang’s well developed state and privately owned companies are likely to be active investors along the route and will need the full range of financial and professional services the UK has to offer.

Hangzhou is a leading city in China developing PPP for financing projects. Many UK financial and professional service companies already have offices in Zhejiang.

Transport and Logistics

With the port integration of Ningbo-Zhoushan and the development of a joint sea-and-land transport network in Zhejiang, more opportunities will be open to British companies in areas such as port construction and management, logistics services and construction consulting.

Ningbo-Zhoushan port already accommodates over 200 shipping routes to 600 ports in 200 countries, and in 2014 it become the world’s fifth-largest container port. The two cities of Ningbo and Zhoushan will continue to cooperate on port development and integrated river-ocean transport.

The Yiwu-Madrid freight railway link was launched in 2014, connecting two FMCG distribution centres and eight countries: China, Kazakhstan, Russia, Belarus, Poland, Germany, France and Spain. It is currently the world’s longest freight train route and the full journey takes approximately 21 days.
OBOR OPPORTUNITIES

Guangdong Province

The coastal powerhouse of Guangdong announced its plan for OBOR in 2015, which outlined nine key sectors including infrastructure, energy production and resources, agriculture and fishing, advanced manufacturing and professional services. Total investment is expected to reach RMB 360 billion (£36 billion) by 2017. The key cities in Guangdong are Guangzhou, Shantou, Shenzhen, Zhanjiang and Zhuhai.

Guangdong’s overall priorities are:

Developing a world-class port cluster: led by Guangzhou and Shenzhen, with Chaozhou, Shantou, Zhanjiang and Zhuhai, and with further cooperation with Hong Kong, this should become a pivotal part of the 21st Century Maritime Silk Road.

Integration of the Guangdong-Hong Kong-Macau Big Bay Area: the shipping industry and cross-border infrastructure will be developed here, taking advantage of financial and professional services in Hong Kong and Macau.

“Guangdong is developing a world-class port cluster and plans to continue its integration of Guangdong-Hong Kong-Macau Big Bay Area”

Guangdong Pilot Free Trade Zone: covering Hengqin (Zhuhai), Nansha (Guangzhou) and Qianhai (Shenzhen), this zone will integrate Hong Kong and Macau into the development of the “Bay Area Economy”.

There are plans to set up a provincial-level Silk Road Fund to support local companies in outward investment, and trade with neighbouring ASEAN countries will be stimulated by industrial parks for agriculture, manufacturing and services.
**Infrastructure**

Guangdong aims to increase and improve its global shipping and aviation hubs, strengthening the construction of port infrastructure and increasing the number of international air routes in Guangzhou and Shenzhen.

The development of the port cluster and further expansion of Guangzhou Baiyun International Airport, which has been designated as a global logistics hub, will facilitate trade with neighbouring countries.

Additionally, Guangzhou and Shenzhen are expected to develop into international ports for the leisure and cruise ship market.

Guangdong Province has also begun its overseas expansion and cooperation along the OBOR routes, for example in the financing and construction of the Pakistani port of Gwadar, where it has obtained 40-year management rights. There will be a wealth of opportunities in maritime and logistics infrastructure projects, and also potentially in working with Guangdong stakeholders in third markets such as ASEAN and South Asian countries along the Maritime Silk Road.

**Energy and Resources**

Guangdong is already investing in energy and resources along the OBOR routes.

Guangdong Zhenrong Energy plans to build an oil refinery in Myanmar worth nearly £2 billion, which will produce 5 million tonnes of crude oil per year; Dongsong Energy Group has invested around £350 million in mineral exploitation and development in Uganda; and China Southern Power Grid has invested in a power plant project in Vietnam.

The provincial government is also focusing on electrical engineering and solar photovoltaic projects in Silk Road countries.

UK renewables companies in the offshore wind supply chain, mainly in the installation of O&M cabling and the design of substations, may find opportunities at China Southern Grid’s 200MW wind farm in Zhuhai. China has an ambitious programme for offshore wind with a total of 34GW planned (which, for example, equates to £3 billion in cabling alone).

Opportunities for UK companies are expected to lie in consultancy, engineering and technical advisory services.

**Agriculture**

The city of Zhanjiang plans to support Indonesian sisal hemp and Sri Lankan sugarcane projects, and Nongken has invested in banana plantations in South-East Asian countries including Indonesia and Malaysia. The provincial government also wants to help local companies to develop marine fishing and breeding facilities in OBOR countries.

UK companies may find opportunities to assist Chinese companies on specific projects in the fishing industry and to work in third countries along the OBOR routes where these Chinese firms already have a strong presence.

There are plans to set up a provincial-level Silk Road Fund to support local companies in outward investment"
Hainan province is a major tourist destination. The OBOR initiative emphasises the further development of tourism in Hainan and the improvement of port facilities in the two major cities of Haikou and Sanya.

Sanya Airport Economic Zone has been established as a hub for shipping, logistics, warehousing, transport, e-commerce and finance. It is also focusing on expanding its leisure and tourism sectors (e.g. luxury cruises, sailing, flying/air sports).

Hainan is also aiming to encourage foreign investment and partnerships for the establishment of high-quality medical institutions (particularly cosmetics and rehabilitation).
Tourism

In 2010, the National Development and Reform Commission (NDRC) released a 10-year plan to develop Hainan into a “global top-tier island resort”, which called for over £10 billion to be spent on infrastructure and a six-fold increase in tourism revenue by 2020.

Both Sanya and Haikou are accelerating the construction of international cruise ports to enable cruise tours of Hainan Island and new routes from Hainan to South-East Asian countries.

The Sanya Atlantis Resort, a one-stop tourism project which is expected to be in operation in 2017, encapsulates the upgrading of the tourism industry in Hainan and will help to promote the development of related industries.

UK businesses will find investment and cooperation opportunities in a number of sectors, ranging from travel tourism (natural-based/cultural/medical tourism) to hospitality and catering, transport and sport.

Infrastructure and Property

Hainan’s real estate market has seen several booms and busts. It has traditionally been a popular location for investors, and as disposable incomes elsewhere in China grow there is likely to be increasing demand for real estate in Hainan, both from tourists and second-home owners.

Opportunities in infrastructure will accompany this. UK companies, including Atkins, Arup, Mott MacDonald and others, have won contracts to design and build airports, hotels and resorts here.

Retail

The world’s largest duty-free shopping complex, Haitang Bay, opened in Hainan in 2014. Visitors to Hainan can now buy up to RMB 8,000 (£800) of goods duty-free, making prices competitive with Hong Kong. In 2013 there were 36 million visitors to Hainan, 97% of whom were from elsewhere in China.