

Buyers from South Asia browse goods at fair

Event combines trade talks with showcase of Chinese commodities

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A booming market in South Asia involving more than 10 billion yuan (\$1.59 billion) worth of trade was the topic of a summit in Chengdu, capital of southwestern China's Sichuan province in late September.

A trade delegation of more than 200 people from seven South and Southeast Asian countries joined their Chinese counterparts for a series of trade talks conducted between hundreds of companies from China and other Asian countries from Sept 22 to 24 at the second China-South Asia Economic Trade Cooperation Fair.

At this commodities fair, all kinds of products from China were on display, including wine, tea, jewelry, medicine and sporting products. Many products made in Chengdu are very popular in South Asian countries because of their high quality and reasonable price, such as diesel vehicle engines and farm tractors.

"In the past, they could be exported to South Asian coun-

tries through other companies in China's coastal areas, like Guangdong province," said Li Guang, an official with the Chengdu Commerce Bureau who is in charge of economic cooperation with foreign countries.

"But these countries want to have direct cooperation with our companies in Chengdu and then import more products to their booming markets. So these trade talks will be a great favor to this end."

In addition, representatives of more than 70 Nepalese companies engaged in China-related business flew to Chengdu to attend this fair, select products and make orders for China House, a large chain supermarket in Nepal, where five such chain stores have been built.

According to their developing schedule, 10 of these supermarkets will be opened in Nepal in the next two to three years, driving investment and goods procurement to reach millions of dollars in the future, which is a huge opportunity for products from Chengdu and China.

In 2010, this city saw its



Trade representatives from South and Southeast Asian countries have business talks and sign cooperation contracts with their Chinese counterparts at the second China-South Asia Economic Trade Cooperation Fair in Chengdu.

exports to South Asian countries reach \$1.1 billion, an increase of 10 percent.

Local companies from Chengdu were not the only ones drawn to the fair. About 150 companies came from Yiwu, East China's Zhejiang province, which is the largest wholesale petty commodity market in the world.

Market research conducted by experts in the past year found that the number of foreign passengers who take transfer flights from Chengdu to Yiwu could reach 100,000

every year because Chengdu is located at the center, connecting South Asia to China's eastern region.

"All of them, whether they are going back to Nepal or Pakistan, have carry-on luggage filled with commodities bought from Yiwu," said Chen Xiao, secretary-general of the Chengdu South Asia Association for Economic Trade Cooperation, which organizes this annual fair in Chengdu.

"Those products, too many to be transported by plane, will be sent back through trains or

other vehicles. The purchases made in this way could surpass 10 billion yuan every year," Chen said.

"We have noticed our role in promoting the business as a transit point among the booming markets in South Asian countries and Yiwu, China's small commodities center."

Compared to Yiwu, Chengdu possesses obvious advantages in terms of human resources and transportation.

"We have a shorter distance to these countries and have direct and frequent flights,

which makes trade easy and efficient, since the transport cost will be lower and (the distance) shorter," Chen said.

Furthermore, a new direct airline connecting Chengdu and Sri Lanka will be opened soon due to the expansion of trade between the two countries.

The organizing commission will cooperate with companies from Yiwu to hold an additional commodity fair in the future, where they can show more products.

In addition, these Yiwu

companies will invest in building an international trade center in Chengdu as their long-term trading base.

In this new trade center, a special area will be set up to demonstrate goods coming from South Asian countries.

"This fair will become a milestone for trade with South Asian countries, since more frequent and larger trades will be made through this channel. It will also help Chengdu develop as a new distribution center of Internet business," Chen said.

Southwest hub seeks closer ties with neighbors

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Chengdu will further consolidate the city's status as a leading economic center in China's southwest by opening itself up to more economic cooperation with South Asian countries, local officials said.

The capital city of Sichuan province has the largest economy in western China, and it is the closest major city to South Asia. Its GDP reached 550 billion yuan (\$87.5 billion) in 2010, accounting for more than 30 percent of the whole province.

It also ranks highest in terms of exports among the cities in central and western China, and the city has established economic relationships with 189 countries and regions in the world.

Additionally, the region's largest convention center is located in Chengdu, providing a platform for the series of trade talks and fairs with South Asian countries every year.

Chengdu's significant advantages in economy and its urban infrastructure make this city attractive. Some 200 of the world's top 500 companies have settled there, making it a hot spot for foreign and domestic investment as well as a top destination for

coastal industries seeking to relocate inland.

In addition to strong economic strength, more preferential policies have been implemented by the city and provincial governments. Promoting and strengthening economic cooperation with South Asia has become a major strategic task of Sichuan and was listed in the 12th Five-Year Plan, which guides the development of the area from 2011 to 2015.

Following this plan, Chengdu released more policies and took new steps, including hosting the China-South Asia Economic Trade Cooperation Fair annually and building a trade center to showcase goods from South Asia.

Companies from Chengdu have begun investing in infrastructure construction, tourism, hydropower development, and catering and recreation in South Asian countries in recent years. For example, they are seeking to cooperate in tourism with Sri Lanka, Nepal and the Maldives, all of which are world-famous tourist destinations.

In India, the value of contracts with companies from Chengdu has reached \$5 billion. Half of this comes from a contract to provide equipment for a power project, which was signed between

Abhijeet Group and Dongfang Electric Corporation, a domestic company specializing in manufacturing and electrical engineering.

At the same time, Chengdu is the first choice for these companies when they are investing in China. Given the city's advantages in the sectors of services, software, education and financial services, many international companies are looking to do business there.

Wipro Limited, an Indian multinational provider of IT, consulting and outsourcing services plans to build a new R&D center in Chengdu with more than 1,000 employees and then transfer 60 to 70 percent of its current services and projects out of India to this city.

IT companies are not the only ones finding opportunity in Chengdu. Companies involved in jewelry and tea are also expanding their presences in this booming market.

In addition, the domestic market in China has a large demand for raw materials, such as iron ore, manganese ore, copper and coal, which are abundant in South Asian countries. Together with other commodities like jewelry and jade, they account for a large portion of Chengdu's imports.



Commodities from South Asian countries on display at the fair are popular with visitors.

Provincial capital form crucial link

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As one of the most important economic, transportation, and communication centers in western China, Chengdu, has extraordinary advantages in terms of trade with South Asian countries.

Chengdu, capital of Sichuan province, is located at a hub connecting South Asia, Europe and Africa, making it an ideal stopping place for flights to and from these areas.

In addition, it is also a major railway junction city linking the eastern areas of China with

neighboring countries in Asia, performing a significant role in promoting economic cooperation among them.

In 2003, the State Council designated Chengdu as the country's western center of logistics, commerce, finance, science and technology, as well as a hub of transportation and communication, which led to great improvements in the transportation infrastructure.

Now, Shuangliu International Airport in Chengdu has direct flights to 29 overseas cities and regions, and it links to 69 domestic cities, placing it among the six largest

regional aviation hubs in the nation. The further expansion of the airport is under way, and the railway network is also improving, with new lines planned.

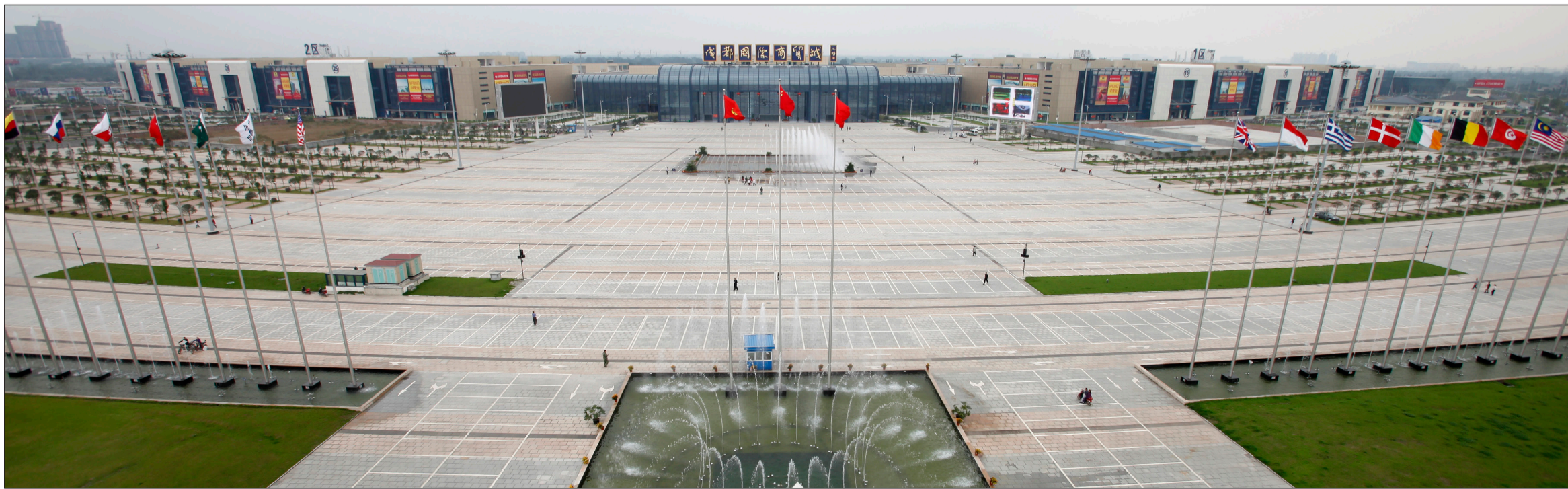
Convenient transportation has expanded the market to neighboring regions and countries. The number of commodity markets with annual sales surpassing 100 million yuan (\$87.5 million) has reached 37, of which 10 exceeded 1 billion yuan.

The city's markets extend to Shaanxi to the north, Tibet autonomous region to the west and they also cover many Asian

and African countries.

Thanks to its excellent traffic, Chengdu has made great strides in the development of high-tech industries, and 20 industrial zones have been set up. The government recently unveiled a plan to develop the biopharmaceutical sector, which is projected to achieve annual revenue of 90 billion yuan by the end of 2012.

The local government plans to attract overseas and domestic companies for service outsourcing and become a well-known service outsourcing base in China and worldwide.



View of Chengdu International Trade City, the venue for this year's China-South Asia Economic Trade Cooperation Fair.