

Subsidies for new headquarters operations

By HAN TIANYANG

hantianyang@chinadaily.com.cn

The Chengdu government recently released a new policy to attract company or regional headquarters to the western hub city.

The initiative offers a wide range of incentives in finance, government services, logistics and human resources to encourage companies to locate their headquarters to the capital city of Sichuan province.

Companies that set up headquarters for the Asia-Pacific region in the city or with registered capital of more than 1 billion yuan (\$160.3 million) in Chengdu are eligible for tax breaks and other benefits totaling 30 million yuan.

Those with registered capital of more than 500 million yuan or those that establish headquarters for China operations can receive 20 million yuan in subsidies.

Companies that make an extraordinary contribution to the city's service industry will receive up to 50 million yuan.

The government said it will improve services to companies with headquarters in Chengdu by offering smoother administrative procedures. Companies will also get considerable subsidies for expenses in buying or leasing office space in the city, said local officials.

Top managers and technicians at newly established headquarters can also benefit from the policy when they relocate to Chengdu and place their children in local schools.

The latest policy is part of Chengdu government's strategy to develop the so-called "headquarters economy" and strengthen its service industry. The goal is to make Chengdu an attractive, modern metropolitan city that houses a cluster of corporate headquarters.

More than half of the For-



PHOTOS PROVIDED TO CHINA DAILY

The growing financial hub in downtown Chengdu. The city has rolled out a new policy that encourages companies to establish national or regional headquarters.

tune 500 companies had operations in Chengdu by the end of 2013. More investors are expected due to the city's pivotal position as the gateway to China's western market, its advanced business environment and solid industrial foundation, local officials said.

French insurer Groupama decided to set up its China headquarters in Chengdu when it started business in the country. Later its local joint venture with China's AVIC Capital also located its headquarters in the city.

"Chengdu is the hub of western China and has huge growth potential," said Ruan Jiang, assistant president of the joint venture Groupama Avic Insurance.

"We have shared in the fast growth of the finance industry in Chengdu as well as in the entire western market," Ruan said.

The joint venture reported triple-digit growth for three consecutive years from 2011 to 2013. Insurance premiums of the company totaled more than 1.5 billion yuan last year.

Good government service and policy in Chengdu has contributed to the company's success, Ruan said.

Many of the important products from Groupama Avic — such as insurance for fisheries, poultry and pig farms — are first tested in Chengdu and then applied to other cities in China.

"Thanks to the effective

mechanism in encouraging innovation in Chengdu, we are able to transplant advanced agricultural insurance products from the Western world to China," Ruan said.

Vought Aircraft Industries Inc, a US manufacturer of aerostructures, also established its China headquarters in Chengdu.

"We made the decision because Chengdu has good business environment and government services. Also, it is an important city for aircraft manufacturing," said the company's China chief Lee Mitchell.

Lee said he has fallen in love with the city since he arrived in 2012. Living in an international community in the city and walking to work, he said he has

developed a habit of observing Chengdu's changes on the way. "Chengdu is making progress every day and the growth here is amazing.

"The city has become more beautiful and the business infrastructure here keeps improving," he said.

Domestic companies that want to tap the vast western region also recognize Chengdu's economic importance.

Ctrip.com International Ltd, the largest online travel agency in China, opened its southwestern headquarters building in April.

An executive in the company said that it was a unanimous decision in the company to make Chengdu its southwestern base.



Chengdu is the hub of western China and has huge growth potential."

RUAN JIANG
ASSISTANT PRESIDENT OF GROU-
PAMA AVIC INSURANCE

Last year more than 2 million tourists traveled to Chengdu and Sichuan province through Ctrip, confirming the firm's optimism about prospects for the region's tourism, he said.

The executive also said that

Ctrip will recruit more employees in Chengdu and further expand its presence in the southwest.

In addition to bringing in investors from outside, support for local startups and enterprises is another important dimension in Chengdu's plan to develop "headquarters economy", local officials noted.

The government is increasing support for homegrown companies in Chengdu and encouraging them to expand beyond the city, said Zhang Jinquan, deputy director of the Chengdu Bureau of Commerce.

"It has positive significance in improving Chengdu's position in the global economy," he said.

HOW MUCH DOES A DROP OF WATER MEAN TO AQUATIC LIFE?



UCCEP International Cartoon Competition
on Environmental Protection
国际环保漫画·插画大赛

CHINADAILY
中国日报

Public Interest AD: 009
LI DONGHANG AND MA XUEJING / FOR CHINA DAILY