

Mineral-based Sanmenxia forging new economic model

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The city government of Sanmenxia in Central China's Henan province is searching out a new path to economic development to lessen its dependence on natural resources.

Located near the border with Northwest China's Shaanxi province, Sanmenxia is rich in mineral resources including gold, coal and aluminum ore. Underground gold reserves and output within the city rank second nationwide.

Natural resource-based industries have accounted for more than 70 percent of the city's GDP for many years, but most of the production is inefficient and generates little profit, said Yang Shuping, Party secretary of Sanmenxia.

"The price of two tons of aluminum oxide is lower than one iPhone," Yang said. "But if we made the aluminum into airline materials, the price would increase dramatically."

Some 66 minerals have been

found in the city. It has the biggest reserves of 15 minerals among the 18 cities in Henan province, according to a 2011 government report.

"Sanmenxia is a typical resource-dependent city that relies too much on the development of natural resource-related industries," Yang said. "Natural resources are limited and we have to set up some new industries to replace the current ones."

The local government established a 100 square kilometer industrial zone in 2006 that is now home to 135 enterprises, mostly centered around aluminum processing, energy-saving illumination, equipment manufacturing and agricultural processing.

About 12,000 employees currently work at companies in the zone.

City administrators are now developing strategies to improve customs services and transportation to attract more general business, tourism and high-tech industries.

"It's tough and arduous

work for the local government to transform economic development," Yang said.

He vowed to make full use of the city's rich natural resources to develop industrial hubs for high-quality aluminum processing, vehicle component manufacturing and fruit processing.

Sanmenxia is also a prime apple growing region, so a number of companies making products from the fruit have been established at a total investment of 1.47 billion yuan (\$231.2 million).

Apple pectin — used as gelling agent and stabilizer in food — made by Sanmenxia's Fuyuan Pectin Industry Co accounted for more than 80 percent of the country's total last year.

The apple juice production line at Henan Luck Food Industry Co is one the most advanced in Asia and can produce 50,000 tons of apple juice annually, according to the local government's work report for 2011.

To attract more high-tech

companies to move from coastal regions, the local government has increased the speed of infrastructure construction and has established a transport network that includes a high-speed railway and highways.

The network is expected to improve commodity transportation and logistics, which will help attract both talented professionals and high-tech industries nationwide, Yang said.

The city also plans to establish at least two commercial streets in each of its administrative counties, while ensuring international-brand commodities are also available.

It plans to develop a central business district near the Sanmenxia station on the Zhengzhou-Xi'an high-speed railway, which is expected to be finished in three years.

The planned 8 square kilometer central business district will offer high-end commodities, financial facilities, tourist transportation and leisure services, the work report said.



PHOTOS PROVIDED TO CHINA DAILY

Yang Shuping (right), Sanmenxia Party secretary, visits Mianchi county.

Culture-related industries will be encouraged by the local government and grow to contribute more than 5 percent of the region's GDP growth in five years, the report said.

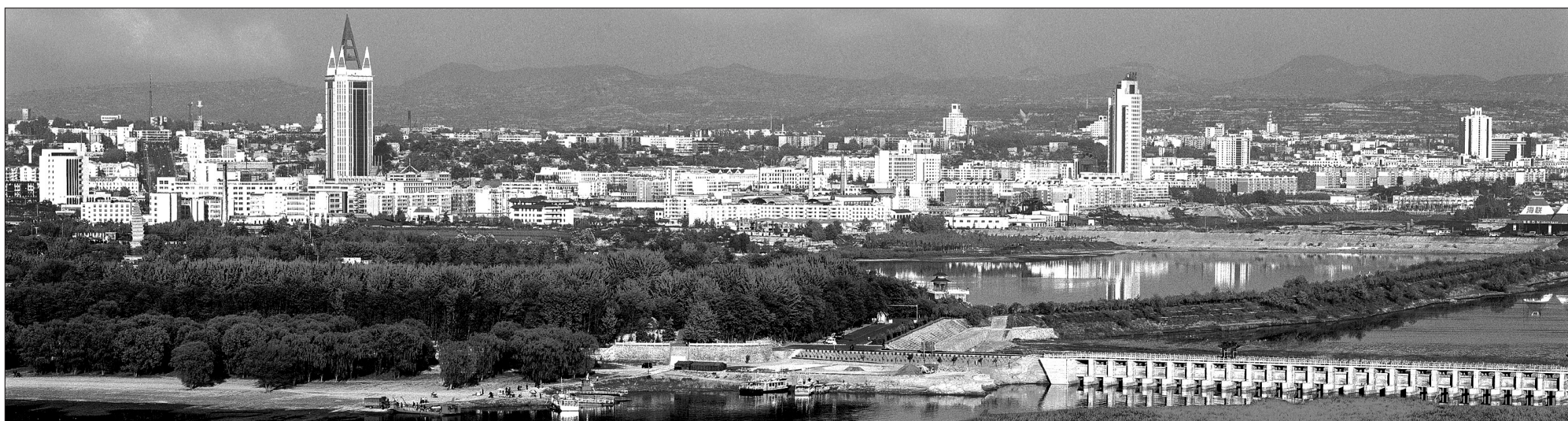
Following a visit to the city, Henan Party Secretary Lu

Zhangong said Sanmenxia "used to rely heavily on mineral resources, but it has managed to find a way to upgrade its industry."

Rapid economic growth has brought direct benefits to locals, with the income

of urban residents rising by 13.5 percent and rural income increasing by 19.7 percent in 2011, according to the government report.

Ma Shouguo and Qi Xin contributed to this story.



Sanmenxia has grown into a developed city based on its gold, coal and other underground natural resources, but city leaders are now looking to more sustainable industries.