

Advantages and Characteristics of State Economic and Technological Development Zones

Directly approved by the state council, Economic and Technological Development Zones (hereinafter referred to ETDZs) are pivot economic regions of China. The government offers supports in the fields of land, revenue and finance and makes special arrangements in economic and legal system, rights and important project examination and approval. Their advantages and characteristics are:

- Economic regions with foreign investment most centralized
- Regions with economic developing most rapidly
- Regions with capital and technology intensive enterprises, hi-tech industries in the leading place
- Regions with most development potential and obvious geographic advantages
- Regions with advanced infrastructures and sound support system
- Regions in line with international practice and regions of high standard of opening-up
- Regions with good investment policies and legal environment
- Regions with good economic system advantages

Over more than twenty years' construction, state-level Economic and Technological have spread from littoral to inland and become special economic regions. They are regions with foreign investment most centralized, economic developing most rapidly, most vigorous market, most mature investment environment, newest operative system and best economic benefits.

Economic regions with foreign investment most centralized

The 54 ETDZs have developed a total area of around 400 to 500 square kilometres, which is only a portion of country land with their accumulated foreign direct investment accounting for 15% of the whole country. In some cities, 30% to 40% FDI is from ETDZ. Statistics show that over 200 world famous transactional enterprises have invested more than 400 industrial projects and received generous returns.

Regions with economic developing most rapidly

It is widely recognized that state-level ETDZs have become new economic places. Throughout the past years, the major economic indices remained rapid increases, much higher than the average increases of the country. For example, In the year of 2002, 49 China's national Economic and Technological Zones (ETDZs) scored a GDP of 310 billion Yuan, industrial value added of 220 billion Yuan (Accounting for 71% of GDP), total industrial output of 790 billion Yuan, tax revenue of 50 billion Yuan, foreign trade value of 53.6 billion US\$, of which export value of 27.5 billion US\$, contractual foreign investment of 15 billion US\$, actually-utilized foreign investment of 7.7 billion US\$, up by 29.4%, 28.3%, 25.5%, 23.1%, 36%, 33.8%, 31%, 23.4%, 10 to 20 percentage points higher than the national growth margin respectively. The growth rate is obvious in 16

middle and western ETDZs in particular, even 10 to 20 percentage points higher than eastern ETDZs. In some cities, half of the economic growth is provided by ETDZs.

Regions with capital and technology intensive enterprises, hi-tech industries in the leading place

ETDZs lay emphasis on capital-intensive, technology-intensive, hi-tech and production export enterprises. The investment scale of every project in the zones is twice than that of the whole country. A large number of investment projects are large projects with investment capital over 10 million US\$, some of which over 30 million US\$ or even over 100 million US\$. Hi-tech production value occupies a large proportion in some ETDZs. The industrial structures become increasingly reasonable. At present, industrial chains are taking shape and all kinds of hi-tech industrial park and business pioneering park are emerging. Most of zones have established incubator, business-pioneering centre. Moreover, some set up science and technology venture fund to support hi-tech projects.

Regions with most development potential and obvious geographic advantages

State-level ETDZs are located in the major economic cities and transportation pivots, boasting an apparent geographic advantage, convenient transportations, rich energies, water and human resources. These provide a profound base and huge development potential.

Nowadays, state-level ETDZs have formed a strong economic power. They are confident of prospect.

Regions with advanced infrastructures and sound support system

Over around ten years' development, the infrastructures in the zones are increasingly improved. An international standard investment environment and one-stop service system has been established. A large number of zones have passed the attestation of ISO140000. Moreover, the legal system in the zone is taking shape and all the service and social functions are becoming mature.

On the basis of "7 Circulations and 1 Level", the theory of "New 9 Circulations and 1 Platform" is presented. 9 Circulations are circulations of information, market, rules, fittings, logistics, capital, talents, technologies and services. 1 platform is China economic platform in 21 century. Many ETDZs have established their own websites and implemented online government service. Developing finance and modern logistics, strengthening human third party industries, optimizing human environment and protecting natural resources are important goals of ETDZ.

Regions in line with international practice and regions of high standard of opening-up

ETDZs have grown up in the market economy, more adaptive to the rules of market economy and WTO. Under the macro guidance of the centre government, ETDZs take a different economic operation mode to ensure enterprises in the zone have full freedom to determine their management. After China's entry into WTO, ETDZs further perfect their economic operation system, predigest approval procedures, reduce administrative fees, reinforce the role of intermediate agencies and enhance the service function of government organs. ETDZs have become regions in line with international practice and of high standard of opening-up.

Regions with good investment policies and legal environment

According to the law, all the productive foreign funded enterprises are levied by the income tax rate of 15% and allowed an exemption and reduce term. More details can be seen the preferential taxes table on this website. The provincial people's congresses have passed administrative regulations on economical and technological development zones, which provide a reliable legal guarantee for ETDZs. With the improvement of foreign economic and legal regulations, the legal environments in the ETDZs are optimized.

Regions with good economic system advantages

Their economic system has the following advantages:

1. State-level ETDZs are approved by the state council and authorized fully by the government. It Serves as "Windows and bases" in the fields of opening-up, capital attraction, export enlargement, hi-tech development and regional economy promotion.
2. As an assigned organization by municipal government, the administrative committee employs the economic rights, enjoying a comparative large limit of authority.
3. ETDZs set up streamlined organs, heighten working efficiency and economize administrative expenses.
4. The administrative committee focuses on economy, taking projects as lifeline and thinking everyone as investment environment.
5. ETDZs renovate the concept of land using and try out the way of land-using charge. ETDZs also have a solid financial basis to indirectly compensate high land exploiting costs.
6. ETDZs lay emphasis on their service function. All kinds of One Stop services have come out. At present, many ETDZs are established online foreign investment

promotion and online government service system to create a real international investment environment.

7. ETDZs made reforms in labour management. A set of new measures has been carried out in the zone, which also fundamentally changed people's ideas of choosing a job. The profound transforms in ideology bring a huge potential for the sustained development of ETDZs.
8. In environment protection, a portion of ETDZs has passed ISO14000 environment management authentication standard, becoming regional environment protection demonstration zones.
9. To make full preparation for the entry into WTO, ETDZs positively carry through the transformation of government functions to meet the requirements of WTO rules.

Source from *China Development Zones*