



DEZAN SHIRA
& ASSOCIATES

XIAMEN



Welcome to Xiamen!



*Alberto Vettoretti,
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Our firm has long handled investments into Xiamen, and it remains a key manufacturing hub with excellent port facilities to this day. Xiamen is also the site of the annual China International Fair for Investment & Trade - CIFIT which takes place in the city every autumn.

Please find within data and statistics concerning Xiamen itself as a destination for foreign direct investment.

Should you be interested in investments, legal or tax advice in setting up operations in Xiamen, then please contact our firm at info@dezshira.com or visit us at www.dezshira.com.

We look forward to hearing from you !

With best wishes

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Resources From Dezan Shira & Associates



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2point6billion: www.2point6billion.com
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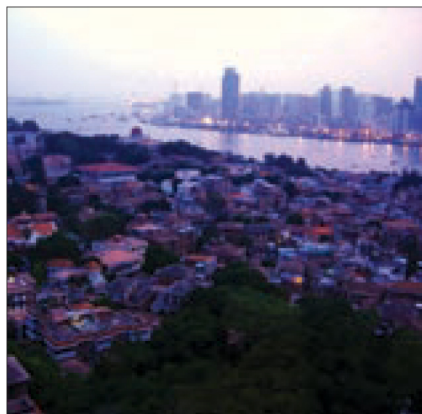
XIAMEN

Located in the southern part of Fujian province and on the west coast of the Taiwan Straits, Xiamen has long been a traditional trading port and famous tourist coastal city in Southeast China.



Fast facts

- one of China's original four special economic zones since 1981
- Xiamen port ranks 8th among the top ports in China and 30th among the world's top 100 ports
- is the world's largest supply base for raw tungsten materials
- is the world's largest sunglasses manufacturing base, exporting 120 million each year
- is an important base in Fujian province for making medium and large-sized modern container vessels and yachts



Xiamen by numbers

| Item | Unit | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|----------|--------|--------|--------|--------|--------|--------|--------|
| Population | m people | 1.344 | 1.372 | 1.42 | 1.47 | 1.53 | 1.6 | 2.43 |
| GDP | RMBbn | 55.64 | 64.8 | 76.01 | 88.32 | 102.96 | 116.24 | 137.53 |
| Proportion : primary industry | % | 4 | 3.4 | 2.6 | 2.3 | 2 | 1.6 | 1.3 |
| : secondary industry | % | 53.4 | 55.8 | 58.4 | 59.3 | 55.6 | 54 | 53.5 |
| : tertiary industry | % | 42.6 | 40.8 | 39 | 38.4 | 42.4 | 44.4 | 45.2 |
| GDP <i>growth year on year</i> | % | 12 | 15.5 | 17.2 | 16 | 16 | N/A | 16.1 |
| Compared to national | % | 7.3 | 8 | 9.1 | 9.5 | 9.9 | 10.7 | 11.4 |
| Per capita GDP (all residents) | RMB | 40,968 | 46,589 | 53,621 | 60,175 | 45,758 | 49,887 | 56,595 |
| Fixed asset investment | RMBbn | 19.19 | 21.17 | 24.46 | 30.47 | 40.16 | 66.21 | 92.8 |
| <i>Growth year on year</i> | % | 9.64 | 10.34 | 15.5 | 24.3 | 31.8 | 66.5 | 40.1 |
| Industrial production value | RMBbn | N/A | N/A | N/A | N/A | N/A | N/A | 64.32 |
| <i>Growth year on year</i> | % | N/A | N/A | N/A | N/A | N/A | N/A | 16.7 |
| Per capita disposable income of urban residents | RMB | 11,365 | 11,768 | 12,915 | 14,443 | 16,403 | 18,513 | 21,503 |
| <i>Growth year on year</i> | % | 8.27 | 14 | 10 | 11.8 | 13.6 | 12.9 | 16.2 |
| Compared to national | | 8.5 | 13.4 | 9 | 7.7 | 9.6 | 10.4 | 12.2 |
| Per capita cash income of rural residents | RMB | 4,425 | 4,722 | 5,152 | 5,647 | N/A | 6,868 | 7,637 |
| <i>Growth year on year</i> | % | 9.8 | 6.7 | 9.1 | 9.6 | N/A | 10.2 | 11.3 |
| Retail sales | RMBbn | 18.65 | 21.51 | 23.03 | 26.03 | 27.19 | 31.49 | 36.21 |
| <i>Growth year on year</i> | % | 8.3 | 11.93 | 15.9 | 13 | 16 | 15.8 | 15 |
| Exports | US\$bn | 6.05 | 8.79 | 10.55 | 13.95 | 17.27 | 20.51 | 25.6 |
| <i>Growth year on year</i> | % | 10.6 | 35.19 | 20 | 32.2 | 23.9 | 18.8 | 24.6 |
| Imports | US\$bn | 4.57 | 6.39 | 8.16 | 10.16 | 11.31 | 12.28 | 14.23 |
| <i>Growth year on year</i> | % | 9.7 | 39.78 | 27.6 | 24.6 | 11.5 | 8.7 | 15.8 |
| Contracted FDI | US\$bn | 1.27 | 1.51 | 1.67 | 1.1 | 1.3 | 2.3 | 3.27 |
| <i>Growth year on year</i> | % | 26.7 | 18.3 | 11 | 57.7 | 22.7 | 79 | 41.6 |
| Used FDI | US\$bn | 1.15 | 1.19 | 1.24 | 0.57 | 0.7 | 0.95 | 1.27 |
| <i>Growth year on year</i> | % | 11.8 | 3.2 | 4 | 35.1 | 24.1 | 34.9 | 33.2 |
| New FIEs | No | 343 | 380 | 374 | N/A | 364 | 567 | 474 |
| <i>Growth year on year</i> | % | 32.4 | 10.79 | -1.58 | N/A | N/A | 55.77 | N/A |

Located in the southern part of Fujian province and on the west coast of the Taiwan Straits, Xiamen has long been a traditional trading port and famous tourist coastal city in Southeast China. Since a special economic zone was established in the city, its economy has experienced sustained, rapid and coordinated growth. It enjoys provincial level autonomy and local legislative power in economic administration. It has become one of the most important ports in the country for international and cross-straits trade.

History

Brief overview

- during the Song dynasty (960-1279 AD), the city was known as a viable international seaport
- in 1387, the Ming dynasty used it as base against pirates, and was part of Quanzhou
- it was the first port of trade first used by Europeans in 1541
- was one of the five Chinese treaty ports opened by the Treaty of Nanjing (signed in 1842) at the end of the First Opium War between Britain and China
- was China's main port in the nineteenth century for exporting tea; as a result, the Amoy dialect had a major influence on how Chinese terminology was translated into English and European languages
- in 1949, Xiamen became a provincial city then upgraded to a municipality
- was made a Special Economic Zone in 1980

Geography

Brief overview

- Xiamen is located in southeastern Fujian province looking out to the Taiwan Strait



and bordering the cities of Quanzhou and Zhangzhou to the north and south

- it encompasses 1,565 square kilometers with a population of 2.3 million
- six districts are under the city's jurisdiction; the districts of Siming and Huli form the Special Economic Zone

Infrastructure

Xiamen has a well-developed system of railway and highway transportation links with the rest of China. It has established economic and trade relations with 162 countries and regions worldwide. In the last few years, Xiamen has invested more than RMB30 billion in infrastructure construction.

Road

There are two major bridges linking Xiamen island that allows easy access to highway traffic and transportation. The Fuzhou-Xiamen and Zhangzhou-Xiamen highways link Xiamen with every part of Fujian province and with provinces of Guangdong, Jiangxi and Zhejiang. There are also container freight services available between Xiamen and Shenzhen and Hong Kong.

Railways

Xiamen is connected to all parts of the country through the Yingtan-Xiamen railway, which is linked to the nationwide railway network. There are direct passenger services available between Xiamen and Shanghai, Nanjing, Hefei, Fuzhou, Nanchang and Yingtan. In addition to the Xiamen Railway Station, the Xiamen North Railway Station, in Gaoqi has been extended for the transport of import and export goods.

Air

With 62 air routes, the Xiamen Gaoqi International Airport is a main air hub in East China with flights to a number of destinations in Asia and most large domestic cities.

It can handle a total of 6.28 million passengers and 201,300 tons of cargo.

Ports and waterways

Xiamen port is one of China's top 10 ports with 80 berths of various sizes. There are navigation routes from Xiamen to 60 ports in more than 40 countries and regions. Ferry service links Xiamen island and Gulangyu island.

Since 2007, there has been ongoing construction of the Xiamen Xiang'an tunnel. When it is finished it will have a total length of nine kilometers, including a 5.95 kilometer submarine section, at a total cost of RMB3.2 billion.

Economy and investment climate

Since opening up in 1980, the city has enjoyed foreign direct investment that has spurred more jobs, factories and export opportunities for local companies and multi-national corporations.

More so, Xiamen has benefited from investment coming from Hong Kong, Macau, Taiwan and Korea. In 2007, the city's GDP reached of RMB137.53 billion, an increase of 16.10 percent. Per capita GDP was RMB56,595 and total retail sales came at RMB36.21 billion.

Electronics information, machinery and chemical are the three main industries in the city accounting for more than 40 percent of the city's total industrial yield. During the same period, total industrial production value amounted to RMB64.32 billion.

Xiamen has produces 12 million mobile phone sets annually. It is the leading maker of digital TVs, faxing machines, auto audio, disc players, telephones, compact discs, transformers, capacitors, IC fix frames, relays and photo-electric equipment.

Its other major industries include fishing, shipbuilding, food processing, tanning, textiles, machine tools manufacturing, chemical industries, financial and telecommunication services. Global brands GE, Kodak, Dell, Phillips, NEC, Boeing and TDK all have investments in the city as part of some 7,751 FDI projects established here in 2007. Total contracted value for the period amounted to US\$3.27 billion while used FDI was US\$1.27 billion.

Xiamen is one of the biggest manufacturing bases for engineering machines in China. The manufacturing industry has boomed in the

recent years and the government has given priority to five categories of business, including automobiles and engineering machinery, aircraft maintenance, shipbuilding, T&D equipment and metal processing.

The local government also plans to bolster the following businesses: aromatic hydrocarbon chemicals, light sensitive materials and fine chemicals and tire rubber.

Xiamen has 180 machinery and metallurgy companies and is well-established in engineering machinery, power distribution equipment, buses, tungsten products and aviation maintenance. The city and its surrounding areas are the top producers of display panels in the world.

It is the Asia headquarters for two major multi-national companies: Kodak and Dell. In the past the city has received around 10 percent of the total Taiwan investment in the mainland but in the last two years this has been reduced by around half. Foreign investors contribute an estimated 60 to 70 percent of the city's GDP.

The city wants to attract more investment in the areas of engineering machinery, power distribution equipment, aviation maintenance, hard alloy, automobile, ship maintenance and building, and new tech mechanical products

The numbers of foreigners living and working in Xiamen continues to expand enticed not only by business opportunities but by the comfortable living conditions and climate. The city has a large Taiwanese and Korean community.

Development zones and port

Xiamen is one of China's first four special economic zones granted the right to manage its own economic affairs while offering preferential investment policies to foreign enterprises. Since the full opening of the zone in 1984, all aspects of Xiamen's society and economy have developed fast. During the next ten years, Xiamen will continue to improve its economy and expand port facilities.

Xiamen Port

Xiamen Port ranks 8th among the top ports in China and 30th among the world's top 100 ports. The deepwater port is located on Xiamen Island

which is at the mouth of the Jiulong River and has excellent connections to the mainland. The coastline of the port area stretches 40 kilometers comprising 114 10,000 ton deepwater berths, where the water can reach over 17 meters in depth. It is the 4th port in China with the capacity to handle the sixth-generation large container vessels.

The port comprises six port areas: Heping, Dongdu, Haitian, Shihushan, Gaoqi and Liuwudian in Tongan. There are 81 berths of big, medium or small tonnage, including 16 deep-water berths, of which six operate containers over 10,000 tons. There are nine container terminals. The inner port can accommodate 100,000 ton ships while 50,000 ton ships can pull in for loading and unloading. The port has navigation routes to Hong Kong, Japan, Korea, Kaohsiung and Singapore and ocean routes to the Mediterranean Sea, Europe and America. It is the first port in China to handle direct shipping to Taiwan.

The world's top 20 shipping companies have all established operations in Xiamen which cover 68 shipping routes serving and over 50 countries, serving almost all the major ports in the world. In addition, passenger services also operate from Xiamen to Hong Kong, Guangzhou, Shanghai and Wenzhou. The port is able to handle 90 million tons of goods annually and will become an important seaport in the southeast coast of China.

Xiamen Special Economic Zone

The zone was founded in October 1980 and was inaugurated in 1981. In March 1984 the State Council expanded the zone to extend the whole of Xiamen island, including Gulangyu island, covering an area of 131 square kilometers with special policies for a free port. In 1988, Xiamen was listed by the central government among the several municipalities enjoying an independent status in state economic planning. By May 1989, Xiamen's Xinglin and Haicang districts were designated as investment areas for businessmen from Taiwan, also implementing policies prevailing in the zone.

The zone places focuses on an export-oriented

economy and the industries of tourism, commerce and real estate. Foreign-funded enterprises have gradually become the main force in its economy and the zone is now in cooperation with more than 140 countries and regions.

Xiamen Haicang Investment Zone

Haicang, a part of Xiamen, encompasses a planned area of 100 square kilometers and is situated on the tip of the South-Fujian Triangular Area, separated from Xiamen island by the sea. Haicang is 287 nautical miles to the north of Hong Kong, and 564 nautical miles to the south of Shanghai. In 1989, Haicang was designated as an investment zone for Taiwanese businesses but also attracts investment from other countries and regions.

The zone focuses on the high and new technology industries and has a multi-functional and comprehensive industrial seaport. The bay has a five-kilometer coastline with a water depth of 10 meters. The east district of the zone is linked to Xiamen island by Haicang Bridge. The railway and State National Highway 319 pass through the zone in addition to the new 86-km-long highway which connects to the Fuzhou-Xiamen-Zhangzhou Expressway and the State Highway 324.

More than 400 foreign companies have invested in the zone including Kodak, Toyota, Electrolux and GM. Average investment is US\$2 million; labor cost is around RMB1,600 per month.

The zone is divided into four districts: Haicang New Urban District, Haicang Port Area, South Industrial District and Xinyang Industrial Zone. The latter zone has a total area of 30 square kilometers and major industries include machinery, electronics, fine chemicals, building materials, and plastic and rubber industries, with a total output value of more than RMB10 billion.

Xiamen Torch Hi-Tech Industrial Development Zone

The zone was established in 1990 and with the quick development of the past 10 years, it has gradually evolved into one major zone comprising 11 parks. The East Industrial Area encourages

the following sectors: electronic information, software, machinery, electrical engineering and biomedicine. Conveniently located 20 minutes from downtown the park has seen the investment of more than 1,100 companies including Panasonic, Dell, ABB, Fujitsu.

Travel and tourism



- has previously been voted China's cleanest city, and has many attractions including the surrounding countryside scenery and pleasant tree-lined beaches
- major attractions include Gulangyu (Piano Island), botanical gardens and the Buddhist Nanputuo Temple, dating back to the Tang Dynasty
- the city's four main tourist areas are Gulangyu, Southern Putuo, Wanshi Hill and Jimei
- sub-tropically maritime in climate, Xiamen is warm with an annual average temperature of 21 C

Resources

Government organizations

Xiamen Government

Website: www.xiamen.gov.cn

Xiamen Foreign Investment Bureau

Address: 14-15/F, Foreign Trade Bldg., No.15, Hubin Bei Road, Xiamen 361012
Tel: (592) 505 4860, 505 4856
Email: xmfiecip@public.xm.fj.cn
Website: www.fdi-xiamen-cn.com, www.xmfdi.gov.cn

Xiamen Investment Promotion Agency

Add: 14/F, Foreign Trade Bldg., No.15, Hubin Bei Road, Xiamen 361012
Tel: (592) 511 7081, 511 2381
Fax: (592) 511 2317
E mail: xipa@xipa.com.cn
Website: www.xipa.com.cn, www.xipa.org

General information

Website: <http://xiamency.cn>

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Tel: (592) 5185 603 ext. 310
Fax: 592 5185-755
Email: info@xiamenguide.cn
Website: www.xiamenguide.com

Development zones

Xiamen Haicang Investment Zone

Address: New Residential Area, Haicang Investment Zone, Xiamen 361026
Tel: (592) 605 1027
Fax: (592) 605 1048
E-mail: hcbgs@haicang.com
Website: www.haicang.com

Xiamen Torch High-technology Industrial Development Zone

Website: www.xmtorch.gov.cn

Xiamen Xiangyu Free-Trade Zone

Tel: (592) 603 6831
Fax: (592) 603 5830

Xiamen International Container Terminals

Address: 108 Jiangang Road, Haicang Investment Zone, Xiamen 361026
Tel: (592) 689 0888
Fax: (592) 689 0601
Email: xict@xict.com.cn

Investing in China can be Bureaucratic



Ask Dezan Shira & Associates for Help

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