

ECONOMIC CHARACTERISTICS

★ **Manufacturing** Zhejiang has unparalleled comparative strength in processing and manufacturing. Local products such as textile and apparel, leather and chemical fiber, machinery & electronics, equipment manufacturing, food and beverage in particular are very popular in domestic and international market. Currently the province is undergoing an industrial innovation, featuring the speeding up construction of advanced manufacturing base, new road to industrialization, and transformation from a manufacturing power to innovation power.

★ **Private Economy** 70% of the province's GDP, 60% of its tax income and 90% of new jobs are created by the private sector. Indexes such as total value of private economy, sales income, total retail sales of social consumer goods and export value have been in the country's leading position for many years consecutively. In 2011, 144 of China's Top 500 Private enterprises are based in Zhejiang, the largest number in China for 13 consecutive years.

★ **Cluster Economy** Zhejiang enjoys obvious advantage in manufacturing industry clusters that yield 60% of the province's industrial output. Typical examples are textile industry in Shaoxing, software in Hangzhou, home appliances in Ningbo, leather shoes in Wenzhou, motor and auto parts in Taizhou, hardware in Yongkang, and commodity goods in Yiwu.

★ **Market** Zhejiang is home to various markets. The indexes of aggregate annual turnover, number of markets whose sales exceeds 100 million yuan, and turnover of single market rank the first in China. In 2011, the aggregate turnover of 4,212 commodity markets hits US\$ 224.5 billion, leading in the country for 21 consecutive years. Among these markets, 210 each have turnover more than 1 billion yuan and 25 each more than 10 billion yuan. The turnover of wholesale markets, e.g., Yiwu China Commodity City, Shaoxing China Light Textile City, Yongkang Hardware City, Shengzhou Ties Market, and Haining Leather City are second to none in respective sector across the country.

INDUSTRIAL CHARACTERISTICS

★ Traditional Industry

Light textile stands as one of Zhejiang's pillar industries, whose economic aggregate, export earnings and total profit stay ahead in China. Textile industry clusters are formed, in Xiaoshan (chemical fiber), Yuhang (home textiles), Ningbo (garment), Shaoxing (textile), Shengzhou (ties), and Zhuji (socks). Textile markets that include all lines of product have become China's logistics centers of textile and exert widespread impact. For example, Shaoxing China Light Textile City and China Silk Market are the most influential textile markets in China.

Machinery is the leading industry of Zhejiang Province, whose turnover accounts for 31% and profit 31% of the provincial's total industrial turnover and profit. In 2011, its sales revenue, ranks 4th, tax 5th and export volume 3rd respectively in China. Technologies used in producing feature products, e.g., air separation plant, special industrial steam turbine, electric dust collector and surface grinder, are the most advanced at home and abroad. The province also has the largest export of power tools, bearing, hand tools, industrial chain, low-voltage appliance and standard parts in the country.

The Encouraged Investment Sectors

The provincial government encourages the foreign investor to invest in sectors such as high-end manufacturing, high tech industry, modern service industry, new energy, energy-saving and environmental protection, and service outsourcing; and encourages multinational companies to establish functional organizations like regional headquarters, R&D center, procurement center, financial management center, settlement center, and cost and profit accounting center.

14 Provincial Industry Agglomeration Areas

Source: 2011—2020 Zhejiang Provincial Master Plan for the Development of Industry Agglomeration Areas

Hangzhou Greater River East Industry Agglomeration Area prioritizes advanced manufacturing industry, high-tech industry and modern service industry.

Hangzhou City-West Scientific and Innovation Industry Agglomeration Area prioritizes advanced manufacturing industry, high-tech industry, modern service industry, leisure tourism and ecological agriculture.

Ningbo Hangzhou Bay Industry Agglomeration Area prioritizes advanced manufacturing industry, modern service industry, sports leisure industry and modern ecological agriculture. **Ningbo Meishan International Logistics Industry Agglomeration Area** prioritizes bonded warehousing, intermediary trade, transit shipment, and value-added processing industry.

Wenzhou Oujiang Estuary Industry Agglomeration Area prioritizes new strategic industry, high-tech oriented traditional industry, modern service industry and high-efficiency agriculture.

Huzhou South Taihui Lake Industry Agglomeration Area prioritizes new strategic industry, advanced manufacturing industry, and modern service industry.

Jiaxing Modern Service Industry Agglomeration Area prioritizes modern service industry and advanced manufacturing industry.

Shaoxing Binhai Industry Agglomeration Area accelerates strategic new industry, modern service industry and ecological leisure sightseeing agriculture.

Jinhua Emerging Industry Agglomeration Area prioritizes advanced manufacturing industry, new industry, characteristic high-quality agriculture, and producer services industry.

Quzhou Green Industry Agglomeration Area prioritizes advanced manufacturing industry, modern logistics industry and producer services industry.

Zhoushan Ocean Industry Agglomeration Area prioritizes harbor logistics, harbor industry, coastal tourism, marine technology and modern fishery.

Taizhou Bay Recycling Economy Industry Agglomeration Area prioritizes resource recycling, harbor petrochemical, pharmaceutical chemicals, equipment manufacturing, modern service industry and ecological agriculture.

Lishui Ecological Industry Agglomeration Area prioritizes advanced manufacturing, ecological tourism and high-quality agriculture.

Yiwu Trade and Service Industry Agglomeration Area highlights international trade as its core business, and develops modern service industry including logistics and financial business.

★ Major Industry

Building material industry covers a whole range of products. The industrial structure of raw materials and products, e.g., traditional building material and its product, non-metallic minerals and further processing, and inorganic non-metals has been readjusted. New materials, especially the chemical building material and architectural wood products, have become a growth point for the new building material industry of Zhejiang Province, and makes it a key manufacturing base in China.

Chemical industry boasts China's largest international crude oil processing and fluorochemical manufacturing base. The production capacity and output of glyphosate pesticide and dyestuff is in the leading position in Asia. The output rate of fine chemical industry is on China's top list. A modern industry of diverse products, sectors, and distinct features has taken shape.

IT industry in the new century grows rapidly at an average yearly rate of 25%, becoming a pillar industry of strategic importance and growth point. In 2011, the IT industry draws US\$ 142.75 billion, among which US\$ 14.08 billion is from software. The industrial added value hits US\$ 29.1 billion, 6% of the province's GDP. The industry ranks high nationwide in terms of scale.

Medical industry features advanced R&D, production capacity and efficient medical circulation system. Major economic indexes, e.g., the output, export delivery value and profit, continue to take the front ranking in China.

★ High-tech Industry

The industry witnesses a fast growth featuring software, communications, microelectronics, biomedicine, modern agriculture and new materials and energy. The annual output of high-tech industry in Zhejiang stands at US\$ 202.8 billion, increasing by 22.8%. There have been 4,011 high-tech enterprises certified at the provincial level (re-certified according to the new regulation) since 2008. More than 1,000 state-level Torch Program projects are being conducted.

★ Profit by Industrial Enterprises

In 2011, profits of industrial enterprises above designated size reached US\$ 47.69 billion, an increase of 9.9% over the previous year, among which state-owned and state-holding enterprises reached US\$ 6.44 billion, increasing by 15.3%, stockholding enterprises reached US\$ 5.53 billion, increasing by 11.1%, Hongkong, Macao and Taiwan and foreign invested enterprises reached US\$ 13.92 billion, dropping by 3.2%, private enterprises reached US\$ 17.28 billion, increasing by 16.4%.

★ Major Industry