

青島投資指南

GUIDE TO INVESTMENT
IN QINGDAO
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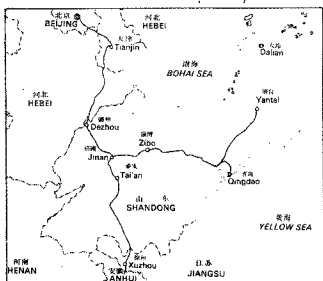
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PREFACE

Qingdao is a foreign—trade port renowned for its light and textile industries, ocean scientific research, scenic spots and tourism. One of the coastal cities open to the outside world, Qingdao is an economic centre and, as one of the cities independently registered in the state plan, it enjoys the provincial—level power of economic management.

While carrying out the policy of restructuring and invigorating the national economy and opening to the outside world, the Qingdao Municipal Government has, since 1984, devoted particular efforts to fully utilize its advantageous conditions for the promotion of economic and technological cooperation and exchanges with foreign countries. Encouraging achievements have been made in absorbing foreign investment and in importing advanced technology and management expertise. In the five years since then, the total number of contracts for importing technical equipment has reached 452, with a combined value of us\$ 349 million. Contracts were signed for 182 items involving a total of us\$ 490 million. At present, 38 Chinese—foreign equity joint ventures and cooperative business operations have gone into operation and yielded marked economic results. A growing number of foreign firms and businessmen are coming to Qingdao for talks on trade and cooperation. Now 28 foreign firms and banking institutions have set up resident offices in Qingdao.

In its efforts to turn Qingdao into a modern, prosperous socialist city with beautiful environments

and high levels of culture, science and technology, the municipal government, while actively bringing in foreign investment and advanced technologies to upgrade existing enterprises, has also stepped up the building of urban infrastructural and service facilities and opened up an economic and technical development zone as well as a new tourist zone. To improve further the environment for foreign investment, the municipal government has, according to provisions of relevant laws of the state, formulated local legislation concerning foreign investment and business activities, and set up Qingdao Municipal Foreign Investment Administrative Service Centre.

Opening to the outside world is the basic policy of Qingdao in its export-oriented economic development. We warmly welcome friends from all over the world to Qingdao on business or on sightseeing tours, we also hope with sincerity to increase economic and technical cooperation with any country and region in the world on the basis of mutual equality and benefit and for the purpose of common development and prosperity.



I. AN OVERVIEW

1. Geographical Location

Qingdao is located in the southeast end of Shandong Peninsula at 120° 9' 14" east longitude and 36° 4' 11" north latitude, with the Yellow Sea (Huanghai) to the south and east and the mainland to the north and west. Qingdao is the most important foreign—trade port located between the two major ports of Dalian and Shanghai. It is also the largest economic centre between the metropolises of Tianjin and Shanghai. It thus serves as a strategically important economic hub to link up the eastern part of the country with the west and the northern part with the south in the general framework of the country's domestic economy. As a foreign—trade port, the city also serves as a link between China with other parts of the world.

2. Districts and Population

Qingdao Municipality has under its jurisdiction Jiaozhou City, four counties (Jimo, Laixi, Pingdu and Jiaonan) and seven urban districts (Shinan, Shibei, Taidong, Sifang, Cangkou, Laoshan, and Huangdao). Covering an area of 10,654 square kilometres, the city has a population of 6,490,000. The city proper spreads over an area of 1,102 square kilometres with 2,007,000 residents.

3. Climate

Qingdao has a continental monsoon—type of climate, and it is situated by the sea, it has a bracing climate with warm winters and cool summers. The annual rainfall averages 775.6mm, and temperature

12.2°C.

4. Natural Resources

Covering a big area, Qingdao is richly endowed with natural resources. The present cultivated land spreads over 483,575 hectares, forest—land 129,000 hectares, coastal alluvial land 37,300 hectares and continental shelf 573,000 hectares. The local products include wheat, peanuts, cotton, fruit, vegetables, many kinds of fowls and domestic animals as well as aquatic products. There are about 30 kinds of mineral resources, including gold, graphite, marble and granite, etc.

Its large hinterland provides Qingdao with plenty of resources for economic development. And it is rich in mineral resources such as gold, diamond, natural sulphur, crude oil, graphite, coal and iron ore, etc. It is also one of the country's important producers of cereals, cotton, oil-bearing crops, fruit, silk, poultry and domestic animals, fish and salt.

5. Industries

Qingdao has quite developed industries. Now it has 2,778 industrial enterprises that fall into 141 categories. In 1988, the city's total industrial production amounted to RMB¥ 21.02 billion which comes to the fourth place among the big and middle cities in the country. The light and textile industries have a history of more than 80 years and possess a strong scientific and technical force with a longstanding reputation. Foodstuffs and beverages industries have traditional advantages. Qingdao Beer, Dry White Wine and Laoshan Mineral Water, etc. have won a good reputation both at home and abroad. Output of rubber products ranks second in the country in 1988. The chemical, electronics, machinery and building—material industries are well developed. Over 1,000 products have won medals for top quality given by the state

and government ministries or Shandong provincial government and Qingdao city, which are 30.1 percent of all products.

6. Agriculture

The development of the city's rural economy is rather rapid. In 1988, the total agricultural output value was RMB¥ 2.52 billion. Total grain output was 2,620,000 tons, peanuts 394,000 tons, fruit 250,000 tons, meat 110,000 tons, and aquatic products 172,000. With the development of the rural economy, more than 46,000 industrial enterprises have emerged at the township level. They turn out 208 kinds of products for export such as foodstuffs, garments, chemicals and building materials.

7. Commerce

The biggest commercial centre in Shandong Province, Qingdao is a major entreport of east, north and northeast China. In 1988, the city's total retail sales reached RMB¥ 6.65 billion. Now Qingdao has 100,000 shops, 436 free markets in the rural area and 45 markets in the city proper. Besides, the Comprehensive Industrial Goods Trade Centre and the Agricultural and Sideline Products Trade Centre have been set up in the city area, and they carry on both wholesale and retail business.

8. Foreign Trade

Qingdao is one of China's five biggest foreign-trade ports. According to the authorities of Qingdao Customs, in 1988, Qingdao's total imports and exports amounted to US\$ 4.75 billion. In 1988 the city bought RMB¥ 1.95 billion worth of goods for shipment abroad. There were more than 500 items of goods in 15 categories. They were sold to more than 140 countries and regions. With the approval of the State, Qingdao began to handle its export business directly from 1988.

9 Technology and Education

Qingdao has a fairly good technological and educational background. The city has more than 110 research institutions and 148,000 scientific and technical personnel. Among them, the maritime research force is specially strong, consisting of 15 research institutions and Ocean University of Qingdao is an important Institution of high learning in the country. It has many oceanographers who are well-known both at home and abroad. There are 3,440 schools of all kinds with a total enrolment of over 30,000. Fourteen of them are colleges and universities with an enrolment of 31,400. In 1988 Qingdao city has 510 scientific research fruits, among which 63 have reached international level, 11 are advanced or first created in the country, And 16 have won international reward.

10. Transportation and Communications

Transportation in Qingdao is fairly convenient. The fourth biggest port in the country deep and wide, ice-free all year round, Qingdao handled 31.54 million tons of goods in 1988. When the first phase of the construction in the Qianwan harbour area is completed, it will cope with 17 million tons of cargo annually. The Huangdao oil port, now being expanded, will have a capacity for handling 30 million tons of oil per year. Qingdao Ocean Shipping Company has a fleet of 51 ocean-going freighters, all above 10,000 tons, sailing to more than 300 ports in some 60 countries and regions. The CAAC Qingdao Branch flies to Shanghai, Beijing, Dalian, Guangzhou, Xi'an and Hangzhou, and it has inaugurated scheduled flights to Hongkong. A terminal of the Jiaozhou-Jinan Railway, Qingdao operates through passenger trains to Beijing, Shenyang, Tonghua, Shanghai, Wuhan, Lanzhou, Xining, Xuzhou, Jinan and Yantai. Highways branch out in all

directions from Qingdao. Communications in Qingdao have been greatly improved with a newly--installed automated telephone switchboard put into operation, and a direct international long distance call service has been inaugurated. And a satellite communication receiver is being built.

11. Water and Power Supply

Now the water supply capacity in Qingdao is 294,000 per day. To improve water supply on a long--term basis, the city has started a project to lead water from the Yellow River to Qingdao, and the city's water supply will be bolstered by another 300,000 tons a day.

The power stations in Qingdao have now a generating capacity of 497,000 KW. Two 210,000 KW generating units are being added to the Huangdao Power Plant to produce power for economic development and for civilian use. The first generating unit will be put into use by the end of 1989.

12. Qingdao Economic and Technical Development Zone

Qingdao Economic and Technical Development Zone is located on the western shore of the Jiaozhou Gulf; the zone occupies an area of 15 square kilometres. It aims at setting up knowledge and technology intensive Chinese--foreign joint ventures and cooperative business operations as well as wholly foreign--owned operations. Labor--intensive, export--oriented enterprises will also be built. The major items the zone will make are electric meters and instruments, light industrial goods, foodstuffs, textiles and garments and fine chemical products. Maritime exploration techniques will also be developed there. We welcome friends from various countries and regions in the world to the development zone and set up export--oriented operations or to open up different sections of the zone. The

construction of infrastructural facilities on the first two square kilometres of land in the zone has been completed since work started in March, 1985. A total of 150,000 square metres of industrial buildings, warehouses and residential houses have been built and put into use. Ninety contracts have been signed for starting Chinese—foreign equity joint ventures and cooperative business operations as well as joint ventures between Chinese enterprises by the end of 1988. Among which 26 are foreign investment enterprises. And 52 enterprises have been put into operation (14 of which are foreign investment enterprises). Now the setting up of an export—oriented processing area is being planned.

13 Tourism

Qingdao, a well known summer resort and tourist centre, has numerous historic sites and picturesque scenery. It is one of the eight cities in China for international meetings. Qianhai Beach and the Laoshan Mountain are two major tourist attractions in China. The municipal government has worked out a plan for developing Qingdao into a tourist region. More tourist spots and facilities are being planned and built, including 10 hill parks, the Stone Old Man (Shilaoren) tourist zone with its finished fundamental facilities on 1 square kilometre at the first stage, and Stone Cliff Hotel and Cross Missing of Sino—foreign joint venture. It is also planned to build an aquarium, a club on the sea, water sports fields, and to open new traveling lines both at home and abroad, thus progressively forming a tourist network with rational distribution, distinctive style, well equipped facilities and convenient transportation. In 1988 Qingdao received 60,000 foreign guests.

II. INVESTMENT ORIENTATION AND PRIORITIES

Qingdao's utilization of foreign investment, importation of advanced technology, establishment of businesses for processing with supplied raw material, assembling with foreign-supplied parts, producing according to samples or compensatory trade are aimed at increasing economic efficiency and focused on the international market. We welcome wholly foreign-ventured enterprise and we also welcome foreign friends to invest for the improving of existing enterprises to introduce advanced technology and management of foreign countries. Existing factories will be upgraded technologically with the aim of manufacturing new, fine-quality and value-added goods in a bid to progressively establish an export-oriented industrial system to bring a big, all-round economic growth to the whole city. Priorities will be given to channelling foreign investment into the textile and garment industries, light and foodstuff industries, rubber and chemical industries and electronics, meters and instrument industries and engineering industry. Foreign funds will be also used for the technological upgrading of such weak links as the power and transport industries as well as for farming, breeding of fish, poultry and livestock, and the processing of farm and sideline produce.

Key Area for International Economic and Technical Cooperation

TEXTILE ITEMS: velveteen, reversible velveteen, corduroy products, towels, towel coverlets, bathrobes, gowns, beach clothing, sport suits, stretch shirts,

knit—wear; comb spinning products, long silk interweave products; yarn dyed fabric products; rabbit hair yarn and products; cashmere spinning and products, linen fabrics; printing, dyeing and processing of extra—wide decorative cloth, woolen knitwear and its printing, dyeing and processing; polyacrylonitrile fibre and polyester and monified polyester fibre spinning and products; pure chemical—fibre imitation fur products and characteristic chemical fibre cloth, eider and silk garments; jeans and other garments.

LIGHT INDUSTRY ITEMS: leather and fur processing, leather shoes and trunks; vacuum vegetable—dryers and tinned food; beer, mineral water, soda and various kinds of wine; peanut products; pens, bicycles, sewing machines, clocks and quartz clocks; energy saving light sources and lamps and lanterns; toys; plastic products; high—grade glass and products; cellophane, paper making, and paper products; compound packing material such as aluminium foil, etc; leather hardware, garment hardware, hardware articles by daily use, tool hardware, building material hardware products; high—grade furniture; high—grade cosmetics.

ELECTRONICS INDUSTRY ITEMS: micro—electronic products, increasing the production of colour TV sets, colour kinescopes, video—corders; composed acoustics, videotape recorders, electronics vacuum components automatic office equipment, intergrated circuits; mobile communication equipment, digital speech communication, optical fibre communication equipment, sensors; electronics medical equipment; optical instrument, electronics measuring instruments, electronics special—purpose production equipments and magnet materials, etc.

CHEMICAL AND RUBBER INDUSTRY ITEMS: bromine extraction from sea—water, silica gel, expansion of soda ash production, petroleum products,

dye—stuffs and related products; powder coating, emulsion products; meridian tyre, bicycle coloured ribbon; conveyor belt; rubber products; efficient catalyst and auxiliary, weed killers, germicides, high—efficiency compound fertilizer and biochemical medicines, etc

ENGINEERING INDUSTRY ITEMS: steam turbines, automobiles and fittings; farm machinery, power equipments; chemical industry machinery; environment production facilities, machinery for the production of beverages and foodstuffs, packing machinery; casting machinery, forging machinery; plastic machinery; textile machinery; ship building; containers; steelmaking; metal processing; precision moulding production; precision numerically controlled machine.

HOUSEHOLD ELECTRICAL APPLIANCES: raising output of refrigerators and freezers; refrigerator evaporators; condensers; compressors; kitchen facilities.

BUILDING MATERIAL INDUSTRY ITEMS: glass fibres and related products; float glass; asbestos products; graphite products; talc products; marble products; granite processing, cement; high—grade paint.

ENERGY AND TRANSPORT ITEMS: building of two 300.000KW generating sets; ocean-going transportation; harbour construction, highway construction along the sea.

AGRICULTURE ITEMS: cultivation of special vegetables and flowers, grain, cotton, oil—bearing crops and new strains of fruit; fine breeds of domestic animals and fowls, breeding of high—grade fish, shrimps and shellfish; feed processing; feed additives.

III. STARTING FOREIGN—FUNDED OPERATIONS

The establishment of foreign—funded enterprises, or direct compensatory—trade undertakings, each involving an investment not exceeding US\$30 million, shall be examined and approved by the Qingdao Municipal Government. The establishment of foreign—funded enterprises, which involve an investment not exceeding US\$10 million, or direct compensatory—trade operations, each involving an investment not more than US\$20 million shall be ratified by county and district governments or bureaus under the jurisdiction of the municipal government. And they can also give approval for starting projects undertaking processing with supplied materials, assembling with foreign—supplied parts and producing according to samples no matter how big the investments is.

Qingdao Economic and Technical Development Zone enjoys equal right with the municipal government in ratifying such undertaking in line with the above—mentioned stipulations.

Qingdao Foreign Investment Administrative and Service Centre will be in charge of all procedures associated with the establishment of foreign—funded operations.

To establish Chinese—foreign equity joint ventures and cooperative operations, the formal documents shall be submitted to Qingdao Foreign Investment Administrative and Service Centre or the examination and approval organizations of the district and county (city) governments or bureaus under the jurisdiction of Qingdao Municipal Government by the Chinese partners according to the procedures as follows;

(1) Drawing up and rendering the proposition of the project, which will be okayed or not okayed within

30 days on the condition that the project investment is within the limits of examination and approval and its formalities are completed

(2) Application for the registration of the name.

(3) Drawing up and rendering the feasibility study report which contents should include fund, equipment, raw material, sale, payment for work, foreign exchange balance, etc. The report shall be drawn up by the both sides of the cooperative operation and it will be okayed or not okayed within 30 days on the condition that it is within the limits of examination and approval and its legal documents are completed.

(4) Rendering the contract and the regulations which contents include the proposition of operation, the feasibility study report and their authorized documents, the contract and the regulation of the operation as well as its complete appendixes; the certificate of the credit of fund for each side of partners; the member list of the board of directors.

To establish the wholly foreign-owned ventures, the following documents should be submitted together to Qingdao Foreign Investment Administrative and Service Centre:

(1) the application signed by chairman of the board or general—manager of the operation.

(2) the certificate of the credit of fund.

(3) the papers of authority of the legal representative signed by chairman of the board or general manager of the operation.

(4) the regulations of the operation.

(5) the certificate of the operation address.