

Snapshots of Inner Mongolia

This vast region of northern China has rich resources of energy, minerals and agriculture that cannot be ignored. Two cities of the region featured in the recent CBC report on China's regional cities, as offering particularly good opportunities to UK business.

Baotou



- Population 2.1m
- GDP (2005) Yn84bn (£8bn)
- GDP per capita (2005) Yn 40,500 (£4,000)
- FDI (03-05 average) US\$260m (£168m)

BAOTOU is the largest industrial city in Inner Mongolia, with a fast-growing economy. It is an important logistical and distribution centre of northern China, situated fairly close to the population centres of northern China - Beijing is 550 km away. Baotou has strong energy and chemicals sectors, and is a national centre for the mining of rare earths, and related manufacturing. Also economically important are the iron and steel industry, and aluminium-based smelting and manufacturing.

Baotou's modern industries include metallurgical processing, heavy machinery, chemicals, power generation, wool textiles and dairy. It is striving to become a key centre of northwestern China for machinery, power generation, coal-based chemicals, rare earth and building materials.

The municipal government is encouraging

the development of manufacturing capabilities in high-precision, heavy-duty bearings, rolling stock components, wind turbine generator components and heavy vehicle components.

Foreign Investment

Baotou receives more foreign investment than any other city of Inner Mongolia, with the majority of investment coming from Hong Kong, Taiwan and Japan. Other investors are the UK, France, Germany, USA, Canada and Australia.

Foreign investment is mainly in the sectors of power generation (including wind power), gas production, mineral exploitation, aluminium refining and aluminium hub manufacturing (for motor vehicles).

Opportunities

- Metallurgical processes: design; technical consultancy; component manufacturing
- Wind power: technical consultancy; component manufacturing; software
- Power generation: clean energy technologies ranging from design to key equipment selling
- Pollution-control technology: equipment manufacturing; software; technical consultancy; training
- Infrastructure upgrading: investment; public project management; technical consultancy

Useful contacts in Baotou

Local Government

- Baotou Government portal: www.baotou.gov.cn
- Baotou Economic Commission: www.btetc.gov.cn
- Baotou Development and Reform Commission: www.btfwg.com

Development Zone

- Baotou National Rare Earth Hi-tech Industrial Development Zone: www.rev.cn

Ordos



- Population 1.4m
- GDP (2005) Yn55bn (£5bn)
- GDP per capita (2005) Yn 39,300 (£3,900)
- FDI (03-05 average) US\$260m (£168m)

ORDOS (also spelt Erdos and E'erduosi) is situated close to Inner Mongolia's larger cities of Hohhot and Baotou. Disposable income and retail consumption are relatively low; however the city is enjoying very rapid economic growth. A Chinese academic survey in 2009 assessed it as the city with the highest growth potential in China

Coal exploitation, energy and chemicals are the main contributors to the city's economy. Ordos has rich coal, gas and mineral reserves.

Despite the significance of the coal industry, the city is best known for its cashmere. Textiles contribute about 9 per cent to the city's industrial output. Ordos, a major cashmere fashion brand, produces over 30 per cent of the world's cashmere garments.

The automotive industry is also developing. Huatai Group has its manufacturing base in Ordos, which has an annual capacity of one million diesel engines and 50,000 cars.

Foreign Investment

Most of Ordos's foreign investment has come from Hong Kong and Japan. Investors include two Fortune 500 companies: Mitsubishi and Shell. FDI covers a wide variety of sectors, including power generation, metallurgical processes, gas purification and coal to liquid technology. UK investment is small and mainly engaged in wool textiles and metal recycling. The local government is keen to encourage further FDI inflows to

upgrade technologies in sectors such as new materials, metallurgy, gas and coal chemicals, power and biopharmaceuticals.

Opportunities

- Clean energy: coal gasification
- Wind energy: component manufacturing; software; technical consultancy
- Bio-diesel: component manufacturing; technical consultancy; training
- Oil and gas: oil recovery technology; storage and transmission technology; key component manufacturing
- Logistics: investment in storage and transportation facilities and management

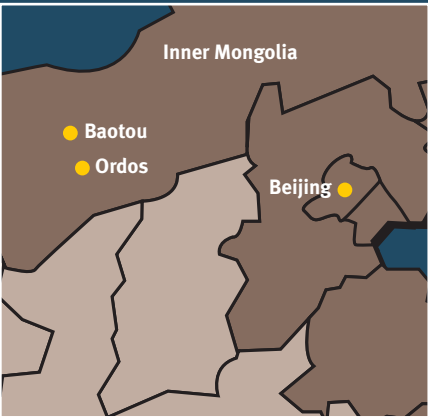
Useful contacts in Ordos

Local Government

- Ordos Commercial Bureau: www.ordoscom.cn
- Ordos Economic Commission: www.ordos.cn
- Ordos Development and Reform Commission: www.ordosfgw.gov.cn

Development Zones

- Inner Mongolia Mengxi Hi-tech Industry Park: www.mengxigroup.com
- Ordos Dongsheng Economic & Technological Development Zone: +86 477 8380 996



Useful Contacts

UK Support

- British Embassy: www.uk.cn
- UK Trade & investment: www.uktradeinvest.gov.uk
- China-Britain Business Council: www.cbcc.org
- British Chamber of Commerce: www.britcham.org



The report 'Opportunities in China's Regional Cities' was recently delivered by CBCC on behalf of UKTI. It is available online.

Statistical source: *China City Statistical Yearbook, 2004-2006.*



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