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**A focus on Hebei Province: relationship with
Veneto Region**

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Ai miei genitori, a mio fratello ed a Simone, ai quali dedico tutti i miei successi.

La loro costante presenza mi ha permesso di raggiungere

i risultati ottenuti,

il loro sostegno morale non mi ha mai fatto esitare

sulla buona riuscita del mio percorso.

To my parents, my brother and Simone, I dedicate all my success.

Their endless support helped me achieve results,

their encouragement never let me hesitate in believing in.

Abstract

Hebei is situated in one of the China's major urban and industrial regions; its strategic geographic position and therefore ports on coastal areas facilitate trade and resources exchange, increasing economic development.

In addition to an overview on general economy, the first part of this work wants to give some information about primary, secondary and tertiary sectors, namely focusing on the importance of rural areas in Hebei Province, major industries, infrastructures and import and export business, showing the peculiarities of tourism industry too. Moreover, environmental issues are analysed, specifically pollution problems arising from the industrialization recently got under way.

The second part shifts focus towards Foreign Investment, a fundamental determinant to growth in China. Several policies were implemented to ease FDI access on supported sectors like manufacturing, therefore encouraging foreign companies to invest in Hebei Province, with the aim of boosting mergers and acquisition and seeking cooperation opportunities, focusing on construction of developed zones. Specifically, a forecast of the total amount of FDI in Hebei Province for 2020 is US\$ 6.9 billion.

Additionally, FDI influences Hebei export trade positively, improving structure of foreign trade. Regarding European investment, since 1991, over 100 companies from 13 European countries invested in Hebei. A case study of an Italian multinational company which invested in Zhuozhou (Baoding) is described, considering difficulties a foreign company could face when investing in China.

The third part is the key topic, which consists in analysing the agreement between Veneto Promozione S.c.p.A., a Society for internationalization and promotion of the Veneto economic system and the China Council of International Commerce Hebei Chamber of Commerce, an agreement existing from 1988 and renewed in 2013. One of the key point of the agreement was to favour commerce trade and industrial and economic cooperation between the business communities of Veneto and Hebei Province, allowing therefore the promotion of seminars and informative meetings on different topics, like food, environment and trade, "with the aim of maximising the information impact on both Veneto and Hebei Province businesses interested parties in starting or developing a relationship of acknowledgement and cooperation".

河北省位于中国最城市和工业地区之一，渤海地区。因为渤海地区的地理位置非常战略，在河北省的沿海地区的港口很多，因此这些港口促进对外贸易也提高经济发展。

除了经济概述以外，论文第一部分分析第一、第二、第三产业，特别提供关于河北省的农村、主要工业、基础设施、进出口业务和旅游业的资料，还分析工业化引起的环境问题。

第二部分是关于外国投资，就是一个对中国经济增长主要的因素。中国河北政府已经落实了一些政策为了促进在河北外商直接投资，比如制造业投资，因此为了鼓励外商投资。原因是提高兼并和收购、寻求新合作机会、促进开发区。预测 2020 年外商直接投资将超过 60 亿美元。并且，外商直接投资对河北出口贸易产生积极影响、改善对外贸易结构。关于欧洲投资，从 1991 年来自 13 个欧洲国家的 100 多家公司在河北投资。为了分析外商在中国投资时的问题，这个部分也提出一个关于一家意大利又称多国国公司在涿州（保定）投资的案例研究，。

第三部分是本文的重点，就是中国国际商会河北商会与意大利威尼托大区会促进中心友好合作协议。威尼托大区会促进中心，一个对威尼托大区经济体系安排国际化活动的公司，和中国国际商会河北商会 1988 年第一次签订了这个协议。

协议的重点是促进河北省与威尼托大区之间贸易及工业和经济合作和促成关于食品、贸易、环境讲座及推介会，为了“使得河北省及威尼托大区有关企业最大程度了解双方得情况，促成双方互相了解、发展合作”。

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Introduction

Before analysing the Italian presence in Hebei Province, investment data and moreover the cooperation activity between the two Regions, this work wants to give a general overview of Hebei Province, evaluating strengths and weaknesses. Thanks to its strategic position, Hebei Province serves as a distributor center for northern China, having advantages over the inland regions. Moreover, Hebei's resources advantages make the Province welcome some famous brands. Rich in resources, the northern Province is the cradle of heritage tourism, thus being the most typically representative cultural destination in China.

Industry increases at a steady pace, especially heavy industry. Iron and steel industry and coal industry are two of the key industries within the Province, while cement industry needs to be moved in other countries for excessive production. Moreover, Government issue projects to boost import & export activity and let the new Development Zones grow and grow (one the most relevant is Langfang Emerging Industry Demonstration Area), thus increasing employment rate, GDP and obviously attracting investments. As regard to infrastructures, specifically high-speed railways, one of the most ambitious project is the Beijing-Taihang Railway Project, expected to connect the North to the South of the Province by 2020.

However, although it's industrially developed, site of large sums of FDI, Hebei is still a rural area, where over 40% of population still works in agriculture, forestry and husbandry sectors. This brought to a revaluation of consumer demand in rural areas, thus bringing to light the importance of county economy in third sector too. Nevertheless, Hebei is still at the center of environment's storm, positioning on the front line of China's "war on pollution". Despite policies implemented by the Government to limit production and promote environmental pollution insurances, enterprises are still unwilling to pursue this path, therefore facilitating the air quality worsening. By 2013, Shijiazhuang city had the worst air quality, followed by Handan, Baoding and Tangshan, probably the result of Beijing-Tianjin-Hebei region development boosting.

From this perspective, a consideration on China's economy and particularly on Hebei's is essential: when Reform began in 1978, China embarked on a path of rapid economic growth, an astounding growth which mainly came from the reformed state-owned enterprises and the foreign-invested enterprises' birth. As China caught its potential, the sole goal became to exploit its resources, acquire technology, imitate Western management system. Namely, Hebei Government gave consideration at jointly invested projects and wanted to ease FDI access in the Province. In this framework, Italian Regions were sustained by entities who constantly worked to ease the cooperation and mutual knowledge, namely Istituto Italo Cinese, now Fondazione Italia Cina and Centro Estero Veneto, today called Veneto Promozione.

The first partnership promoted by the Istituto Italo Cinese President Vittorino Colombo was that one between Milan and Shanghai cities, signed in 1976. Since then about 50 partnerships between Italian and Chinese cities were signed until the first years of 2000. Italy and China have thus been establishing diplomatic and economic relationships for about 30 years, continuously confronting their two different but still similar cultures. Partnerships were followed by activities promoted by associations, Cities' Mayors, Chambers of Commerce, where delegations constantly visited the twinned Region or City to discuss about collaboration on economic and cultural sector. In this twinning framework, Veneto Region was probably more far-sighted than other Italian Regions, being one of the first to be in contact with the still rural and not developed Hebei Province. Its choice was visionary enough, as the north-east Province is actually one of the coastal Province Italian investments mainly concern. Both top textile, clothing, footwear and leather production areas, the two northern Regions first came in contact in 1986. At that time, both were picking up an internationalisation route, both were eager to know a different culture and cooperate in industrial production, using new machineries and techniques useful to improve production. Since the first agreement, a knock-on effect

brought to additional agreements between cities, namely between Handan and Padua, Venice Province and Tangshan and Verona and Baoding, thus leading to other entities interest in being part of the new cooperation project, for instance Banca Popolare di Verona. Ex-Istituto Italo Cinese President and Director represented during those years the main mutual knowledge spokesmen, keeping on writing letters back and forth to let the two northern Region know and better cooperate. This activity was sustained by the great effort of ex-Centro Estero Veneto, who helped by CCIPIT Hebei Sub-Council organized B2B meetings, workshops, visits in both Italian and Chinese factories. Thanks to the project "*OBIETTIVO CINA*", in 1995 a twinning agreement between Centro Veneto Estero and CCIPIT was in fact signed, thus marking the beginning of a long mutual cooperation. In this work, the main activities issued until 2012 are analysed, as the B2B meetings between Hebei and Veneto enterprises who discussed about cooperation on agricultural production, like Xintai honey, Cangzhou jujube, Zhangjiakou mushrooms etc. during Exhibitions organized in Veneto Region, like Agrifood and Verona Fieragricola. Moreover, other workshops and exhibitions, like Shanghai Expo 2015 housed additional business meetings on cooperation on housing sound isolation products, medical products, misting systems for dust suppression and so on, thus signing agreements and invest large sums of money.

1. Hebei Province: a general overview

1.1 Data on geographic, administrative and economic sectors

1.1.1 Geographic location

Hebei province (河北省) is located in the northern part of the North China Plain, extending into the Inner Mongolian Plateau; is east to the Taihang Mountains and north to the Yellow River. The name, in fact, means “north of the river”, referring to its location completely above the Yellow River. The Hai He watershed covers the northeast and the largest lake is Baiyangdian, located mostly in Anxin County. Beijing, the capital of China, and Tianjin, the important trading port in north China, are situated at the centre of the province, although are not part of it (since 1967 Tianjin has been carved out of Hebei as a self-administrating city with provincial status, a condition Beijing also enjoys). It adjoins Liaoning and Inner Mongolia in the north, Shanxi in the west and Henan and Shandong in the south, while the Bohai Sea lies to the east of Hebei. As its coastline extends 487 km, the Province had the possibility to develop industries as offshore petroleum oil drilling, marine chemicals, marine transportation and marine tourism.¹ The total area of the province is 190,000 km², occupied by a population of 74,250,000.² Shijiazhuang is the Capital of the Province since Tianjin became a direct-controlled municipality.

Most of the northwest area of Hebei is mountainous or hilly, while the central and south areas belong to North China Plain. Hebei has a monsoon climate of medium latitudes, which has dry and windy springs, hot and rainy summers and dry-cold winters.³



1. Hebei's geographical position

Hebei Province enjoys a strategic geographical position; thanks to its strategic location, Hebei serves as a distributor center for northern China. The coastal regions have in fact advantages over the inland regions both in terms of the economic development conditions and the investment environment. According to the theory of international production, location-specific factors affect the regional distribution of foreign

¹ R. Guo, *Regional China - A Business and Economic Handbook*, Regional Science Association of China, Palgrave Macmillan, UK, 2013, pp. 109-112.

² *An Introduction to China's Provinces, Municipalities and Autonomous Regions/ Hebei 2005 - The Year in Review*, 中国网, 2005, <http://www.china.org.cn/english/features/ProvinceView/167819.htm>.

³ L. Wang, J. Yang, P. Zhang, X. Zhao, Z. Wei, F. Zhang, J. Su, C. Meng, *A Review of Air Pollution and Control in Hebei Province, China*, *Open Journal of Air Pollution*, 2(03), Handan, China, 2013, p. 47.

investment; location-specific factors include infrastructure, especially transportation and telecommunication facilities, the level of industrialization, industrial structure and networks, economic policies, labor skills, and the legal and institutional framework.⁴ Moreover, when China switched its economic development focus from the Changjiang - Zhujiang Delta to the Bohai Sea, Tianjin and Hebei became two of the fastest developing areas in the country. As the hub of logistics, the port system plays an important role in increasing the region's economic development; ports, in fact, have significantly facilitated foreign trade in the Hebei and Tianjin areas by providing important resources for the development of energy and chemical industries. Due to the strong ties between Beijing and Tianjin, Tianjin port, for instance, plays an important role in the dual-nuclei urban group for the development of Beijing, Tianjin, and Hebei; its many advantages (e.g. geographic location, trade status, economic basis, marketing carrier) may enable it to become a leader in the Jing-Jin-Ji economy. Presently, there are five ports along the 640 km coastline of Hebei and Tianjin. They are Tianjin Port (the largest man-made deepwater port in China), Qinhuandao Port (the country's largest energy exportation port), Huanghua Port (a coal exportation port for Shenhua Group), Jingtang Port (a regional industry port), and Caofeidian Port (the key investment project of the National Eleventh Five-Year Plan).⁵



2. Economic powerhouse Regions

1.1.2 Administrative divisions

Administratively, the PRC is a unitary state, which means that the national government has ultimate authority over all lower levels of government. The PRC has twenty-two provinces, four cities considered equivalent to the provinces and directly administered by the central government (Beijing, Tianjin, Shanghai and Chongqing), and five autonomous regions (Guangxi, Inner Mongolia, Ningxia, Tibet and Xinjiang), with

⁴ L. G. Branstetter, R. C. Feenstra, *Trade and Foreign direct Investment in China: a political economic approach*, Journal of International Economics, (58), Elsevier, 2001, pp. 335-343.

⁵ Y. Sun, W. He, *A Study on Port Cooperation in the Tianjin and Hebei Areas Using Factor Analysis*, Journal of Comparative International Management, 11(02), Beijing, China, 2008, p. 23.

large concentrations of ethnic minority groups.⁶ Autonomous regions do have limited autonomy when it comes to some cultural and social policies, but are under the political and military control of the government in Beijing. There are also two special administrative regions (SAR) of the PRC: the former British colony of Hong Kong, which reverted to Chinese sovereignty in 1997, and Macao, a former Portuguese possession that became a SAR of the PRC in 1999. The SARs do have considerable political and economic autonomy. The island of Taiwan, located little over one hundred miles off the coast of south-eastern China, is a politically contested area. It became part of China in the mid-seventeenth century, but fell under Japanese control from 1895 until 1945. When the CCP won the civil war in 1949, its rivals, the Nationalist Party fled to Taiwan, where with U.S. support were able to establish a stronghold. Despite many political changes in both the mainland and the island and closer economic ties between the two in the intervening years, Taiwan still remains a separate political entity, although Beijing claims that is rightfully a province of the PRC.⁷

As mentioned above, the entire country is divided into provinces, autonomous regions and municipalities directly under the Central Government; these China's administrative units are currently based on a three-tier system, dividing the nation into provinces, counties and townships: the country is divided into provinces, autonomous regions and municipalities directly under the Central Government. A province or an autonomous region is subdivided into autonomous prefectures, counties, autonomous counties and cities; a county or an autonomous county is subdivided into townships, ethnic townships and towns. Municipalities directly under the Central Government and large cities are subdivided into districts and counties; autonomous prefectures are subdivided into counties, autonomous counties and cities. Autonomous regions, autonomous prefectures and autonomous counties are all ethnic autonomous areas.⁸

As Hebei is a Province, its administrative division consists therefore of prefecture-level divisions subdivided into county-level divisions then subdivided into township-level divisions. At prefectural level, there are 11 prefectural cities and one administrative region. At county level, there are 19 county cities, 96 counties, 6 autonomous counties and 47 districts. Township level is divided as follows: 939 towns, 954 townships, 51 ethnic townships, 241 subdistricts and one district public office.⁹

1.1.3 General economy

Hebei has seen a rapid annual average growth of economic development in recent years, ranking the sixth in the national GDP; it is strong in economy, agriculture and industry, and rich in resources. As one of the 13 major grain producers, Hebei takes a decisive position in supplying grain to the country. Its iron and steel industry, petrochemical industry and equipment manufacturing industry are the three importance pillars for

⁶ In addition to the Han minority, 55 other ethnic minorities also exist in China. After the founding of the PRC in 1949, the Chinese government began to introduce a system of regional autonomy for other non-Han ethnic areas. In Hebei Province, the population is mostly Han Chinese. However, 55 ethnic minorities are present in Hebei, representing 4.27% of the total population. The most important are Manchu (2.1 million people), Hui people (600000 people) and Mongol (180000 people).

河北省少数民族及宗教概况, 河北省政府信息公开专 - Government Information Opening Platform of Hebei Province, 中国河北 - www.hebei.gov.cn, 2009, <http://info.hebei.gov.cn/hbszfxgk/329988/330059/3736560/index.html>.

⁷ W. A. Joseph, *Politics in China, an Introduction*, Oxford University Press, NY, USA, 2014, p. 21.

⁸ *China through a Lens - Administrative division system*, 中国网, <http://www.china.org.cn/english/feature/38436.htm>.

⁹ 2016 年河北省行政区划, 行政区划网, 2016, <http://www.xzqh.org/html/show/he/37717.html>.

the province. Its output of steel, flat glass, penicillin and vitamin C runs the first in the country, boasting some famous brand names and resource advantages in coal, petroleum, iron, limestone etc.¹⁰

GDP for 2016 was 2 trillion and 249 billion 610 million yuan, up 6.8% from the previous year, increasing by 0.2 per cent from the first half of the year. The primary industry produced a value added of 236 billion 980 million yuan, increasing by 3.5%; the secondary industry 1 trillion and 75 billion 550 million yuan, a growth of 5.7%; and the tertiary industry 937 billion 80 million, a growth of 9%.

The agricultural production is stable and autumn grain crops develops at a steady pace, despite the impact of the 2016 flooding. Vegetable production grows fast, with a production of 57 million 72 thousand tons, a growth of 1.5%, which represents an acceleration of 0.5%, up 0.8% from the first half of the year.¹¹ The current situation in the livestock sector is dynamic;¹² there is a gradual implementation of pig production, at the same time the production of cattle, sheep and poultry continues to grow (the quantity of eggs produced reached 2 million 952 thousand tons, an increase of 3.8%, which represents an acceleration of 0.8% from the first half of the year). The main agricultural products of Hebei are cereal crops, such as wheat, maize, millet, and sorghum; and cash crops, such as cotton, peanut, soya bean, and sesame, are also produced.

Industrial production sees steady increase, profits of the enterprises in fact rise constantly. The major industries in Hebei are iron, steel, coke and cement; in 2011, 45.5% of the steel in the world was produced in China, out of which 24.0% was produced in Hebei. China's coke production accounted for more than 60% of the world, of which 14.5% was produced in Hebei, in addition Hebei's cement production was 6.9% of the national total amount. In 2013, the added value of non-state-owned economy in Hebei was 2.86802 trillion Yuan, accounting for 66% of the provincial GDP.¹³

During the last three quarters of the 2017, the industry value added was 843 billion 520 million yuan, an increase of 5.6% from the previous year, which means an acceleration of 0.5% from the first half of the year. Joint-stock enterprises production growth accelerated, reaching a value added of 708 billion 750 million yuan, up by 6.2% (an acceleration of 0.6% from the first half of the year).

The production of large and medium-sized enterprises increased, creating an added value of 516 billion 520 million yuan, a growth of 3.3%, which represents an acceleration of 0.2% from the period from January to August. Among the major seven industries, just five increased, while the other two declined. Equipment manufacturing industry, petrochemical industry, textile industry, building material industry, pharmaceutical industry produced an added value of 8.8%, 6.9%, 6.4%, 5.5% and 9.1% respectively, increasing 0.6%, 0.1%, 0.3%, 0.2% and 1.0% from the period from January to August. Iron and steel industry and food industry increased 2.6% and 3.5% respectively, a decline of 0.2% and 0.3% from the January-August period. Industry

¹⁰ W. Jigang, *Strategic Thinking on Optimizing and Upgrading Industrial Structure in Hebei Province*, 国务院发展研究中心 - Development Research Center of the State Council of the People's Republic of China, (142), Beijing, China, 2015, http://en.drc.gov.cn/2015-07/28/content_21432067.htm.

¹¹ 2016-2017 年河北省 gdp 排名一览表, 中国各省份 gdp 排名名, 智坤教育, 2016, <http://www.zktw.com/ZhiKunZiXun/620870.html>.

¹² In developing countries, livestock is evolving in response to rapidly increasing demand for livestock products. In developed countries, demand for livestock products is stagnating [...] Historical changes in the demand for livestock products have been largely driven by human population growth, income growth and urbanization and the production response in different livestock systems has been associated with science and technology as well as increases in animal numbers [...]

P. K. Thornton, *Livestock production: recent trends, future prospects*, PMC US National Library of Medicine National Institutes of Health, 2010, Abstract.

¹³ W. Jigang, *op.cit.*

efficiency continues to improve; from January to August, total industrial enterprises profit was 158 billion 440 million yuan, up by 23.6% from the previous year and 3.6% from the first half of the year.

Fixed assets and real estate investments are increasing at a steady pace, specifically the amount of investment in fixed assets was valued at 239 billion 310 million yuan, a growth of 9.7%, up by 0.4% from the January-August period: 117 billion 790 million yuan have been invested in primary industry, a growth of 15.4%, 1 trillion and 190 billion 510 million yuan in secondary industry, an increase of 7.6%, and 1 trillion and 51 billion 10 million yuan in tertiary industry, up 11.6%. State owned enterprises and holdings invested 510 billion 100 million yuan, a growth of 21.2%, while the amount of investment by individuals was 1 trillion and 809 billion 650 million yuan, an increase of 6.1%. Large projects play an important role; 5678 large projects have been approved with investments totalling 1 trillion and 454 billion 780 million yuan, while amount of real estate investment was 357 billion 960 million yuan, a growth of 13.6%.

In addition, consumer goods sector is growing; during the last 9 months, the total retail sales of consumer goods was 986 billion 920 million yuan, an increase of 0.3% from the first half of the year. Specifically, retail sales of consumer goods in towns was 769 billion 820 million yuan, an increase of 9.9%, while in rural areas was 217 billion 100 million yuan, an increase of 10.9%. Considering the main goods in wholesale and retail sale, motor vehicle, communication equipment and household goods increased respectively of 9.3%, 6.6% and 16.9%.¹⁴

1.1.4 Employment rate

High industrialized nation with a population that has an entrepreneurial touch, China has slowly grown into one of the world's most powerful economic giants. The economy supported by various sectors, for example, the large manufacturing industry has seen growth due to the huge human resource present in the world's most populous country. Actually, China is striving to create more than 50 million new jobs in urban areas over the five years to 2020, and it will also aim to hold the urban registered unemployment rate below 5 percent in the same period. The government has 13 million new urban jobs which were created in 2016, beating its target of 10 million; the official unemployment rate has been hovering just over 4 percent in recent years, even as China's economic growth slowed to 6.7 percent in 2016, its slowest in 26 years. Under the banner of "supply-side" reform,¹⁵ Chinese leaders are trying to cut excess factory capacity in the steel and coal industries, but have tried to avoid an abrupt slowdown in the economy, for fear of mass job losses. To create more jobs, the government wants to cultivate new growth drivers for the economy and develop industries with strong employment capacity. Moreover, the government is planning to support small businesses, labour-intensive manufacturing industries and services, using tax incentives and financial policy tools such as differentiated reserve requirements, back new industries such as information technology, high-end equipment, new materials, biotech and new energy vehicles.¹⁶

¹⁴ 2016-2017 年河北省 gdp 排名一览表, 中国各省份 gdp 排名名, *op. cit.*

¹⁵ China's policymakers proposed supply-side structural reform at the end of 2015 to resolve structural imbalance in the economy. Five tasks are: cutting industrial capacity, bringing down housing inventory, reducing leverage levels, lowering corporate costs and improving weak economic links.

Official stresses supply-side reform for China's economic work in 2017, 新华, 中文网, 2016, http://www.chinadaily.com.cn/business/2016-12/17/content_27698557.htm.

¹⁶ *China to add more than 50 million new urban jobs in 2016-2020: cabinet*, REUTERS, 2017, <http://www.reuters.com/article/us-china-economy-jobs-idUSKBN15L13O>.

Shifting focus towards Hebei Province, it should be noticed that its unemployment rate in 2015 was at 3.6%, lower than Shanghai (4%) and equal to Tianjin and Chongqing. For instance, data for Xinji, a county-level city with sub-prefecture-level city status, located under the administration of the prefecture-level city of Shijiazhuang for 2016 were generally positive: retention rate was at 85%, 90% for Shenke Electronics Co., Ltd. of Hebei.¹⁷ The average wage of a direct manufacturing employee has risen from approximately RMB 1,838 per month in 2010 to approximately RMB 1,960 in the first half of 2011. Hebei's minimum wage varies between cities and regions, but on average, rose by a small margin from RMB 600 and RMB 750 per month in 2009 to RMB 690 and RMB 900 for full time employees in 2010. For part-time employees, it varies from RMB 5.5 to 7.3 per hour.

In terms of comparative gains of labor, according to some researches real estate/housing, finance and communication/transportation/storage/postal service represent relatively optimal industries for employment, while in construction, hotels and restaurants, agriculture/forest animal husbandry/fishery and wholesale and retail industries, there has been excessive supply of labor.¹⁸

¹⁷ *List of Xinji employment trainee positions in 2016*, 河北就业网, 2016, [www.he.lm.gov.cn,http://www.he.lm.gov.cn/a/zhiyejieshao/jyxx/201611/28/6080.html](http://www.he.lm.gov.cn/http://www.he.lm.gov.cn/a/zhiyejieshao/jyxx/201611/28/6080.html).

¹⁸ F. Y. Forrest, T. Lixin, *Investment and Employment Opportunities in China*, CRC Press, Boca Raton, FL, 2015, pp. 107-8.

<i>Sectors (i)</i>	<i>Total Output of Sector (0.1 Billion Yuan)</i>	<i>Total Investment on Fixed Properties (0.1 Billion Yuan)</i>	<i>Employment (10,000 People)</i>
Total	24515.76	16389.3254	3962.42
Primary sector	2905.73	590.3648	1439.63
Secondary sector	13126.86	7462.5206	1319.83
Tertiary sector	8483.17	8336.4401	1202.96

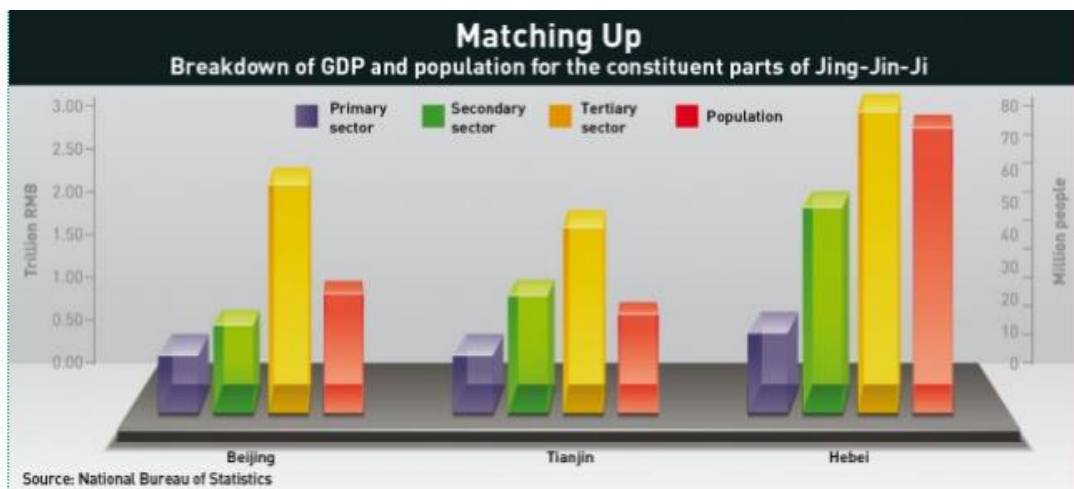
<i>Sectors (i)</i>	<i>Total Output of Sector (0.1 Billion Yuan)</i>	<i>Total Investment on Fixed Properties (0.1 Billion Yuan)</i>	<i>Employment (10,000 People)</i>
Industries (j)			
Agriculture, forest, animal husbandry, fishery	2905.73	559.6269	1439.63
Mining		439.7102	96.65
Manufacturing		5468.1058	791.02
Production/supply of electricity, gas, and water		668.9598	35.94
Construction	1356.48	53.7937	396.22
Communication, transportation, storage, postal service	2046.22	1521.2226	183.93
Information transfer, computer, and software areas		41.2495	17.93
# Information Transfer			
Wholesale and retail	1780.63	464.3961	326.44
Hotels and restaurants	338.91	147.7126	151.92
Finance	746.01	12.8319	29.53
Real estate/housing	918.02	3549.5818	10.42
Leasing and commercial services		109.7529	37.79
Scientific research, technology service, and geological survey		60.8801	12.21
Water conservation, environment, and public facility management		1396.5308	17.23
# Public Facility Management			
Residents and other services		51.3029	126.17
Education		149.1112	121.68
Health, safety, and welfare		112.2103	51.81
Social, sports, and entertainment		128.9332	17.39
Public administration and social organizations		147.4409	98.51

3-4. GDPS, Total Investment in Fixed Properties, and Employment Situation of Hebei's Three Economic Sectors and Industries (2011).¹⁹

¹⁹ *China Statistics Yearbook 2012*, 中华人民共和国国家统计局- National Bureau of Statistics of China, China Statistics Press, 2012.

1.2 A developed but still rural Province

As mentioned above, Hebei's economy is largely dominated by iron and steel manufacturing. However, despite this strong manufacturing base, over 40% of the population still works in the agriculture, forestry and animal husbandry sectors, with a large amount of these crops feeding Beijing and Tianjin;²⁰ in fact, nearly 80% of Beijing's growth comes from the services sector, Tianjin's is split roughly in equal measure between services and high-end manufacturing, but Hebei relies on manufacturing for over half of its growth, much of it heavy industry, and in 2014 over 11% of its GDP still came from the primary sector, namely grain farms and coal mines. Forty percent of Hebei's labor force works in the agriculture, forestry, and animal husbandry sectors.



5. Jing-Jin-Ji economic outlooks

Moreover, Hebei's residents account for two-thirds of Jing-Jin-Ji's total population of 110 million people, and 40% of province's population live in areas that are officially designated as rural.²¹ The capital Shijiazhuang has in fact rich soil and underground water, which are conducive to agricultural development; the city is characterized by three agricultural groups: the leading agricultural sector which produces wheat, pees and eggs, the developing agricultural sector which is associated with vegetables and meat production and the regional agricultural sector, which produces watermelon and carrots; the three groups constituted 55% of the city's agricultural output by 2010 (in 2001 Shijiazhuang's GDP was valued at US\$ 13 billion, US\$2 billion in agriculture).²²

²⁰ *China Data-Hebei*, 中国透视, 2017, <http://thechinaperspective.com/topics/province/hebei/>.

²¹ H. Lockett, *Together as One: Is Jing-Jin-Ji All That It is Touted To Be?*, CKGSB KNOWLEDGE, Beijing, 2016, <http://knowledge.ckgsb.edu.cn/2016/01/20/china/together-as-one-is-jingjinji-all-that-it-is-touted-to-be/>.

²² J. Y. Eng, *China Investment Environment & Strategies-The Key to Winning in the Greater China Market*, iUnivers, Inc., Lincoln, USA, 2005, p. 111.

1.2.1 Consumer demand in rural areas

After international finance crisis, China adopted a longstanding strategic guideline to face it, which consisted in expanding domestic demand; consolidating the achievements and confronting the brunt of international financial crisis, in fact, was an important task in the Twelfth Five-Year Plan period.²³

However, as mentioned above, primary sector is still prevalent in Hebei Province; considering this prevalence, a research on influencing factors of rural consumer demand was carried out in Hebei Province (Ma, Zhao, Xuan-2011) in order to explore the constraint factors of expansion of rural residents' consumer demand in Hebei Province. As rural resident is a gargantuan consumption group, the improvement of rural residents' consumption level and expansion of rural consumption market were considered the necessary choices of expanding domestic demand in China, namely a necessary choice in Hebei Province.

Amid the factors affecting rural residents' consumption in Hebei Province, it was found that total output value per capita (yuan), employment rate, income gap and the ratio of supporting the elderly and medical care spending per capita are correlative with rural residents' consumer demand in Hebei Province positively: with the increase of income and increase of employment rate, the rural residents' consumption will increase.

On the other hand, consumer price index, upbringing ratio of children, and one-year interest rate are correlative with rural residents' consumer demand in Hebei Province negatively: as the income level of rural residents is relatively low, while upbringing spending of children is relatively high, especially the educational expenditure, the households with high ratio of upbringing of children have relatively low consumer demand. Relatively, high interest rates will also make rural residents increase savings and reduce consumer demand.

In order to expand the consumer demand in rural areas of Hebei Province, some suggestions were given, like give priority to considering the expansion of employment opportunities and elevate holistic income level of residents, establish and improve the social security system as quickly as possible, actively guide income expectation and rational consumption of residents, spare no effort to develop the rural market, improve the consumption environment in rural areas and exploit the potential of consumption of rural residents. Taking into account the generally low income of farmers in Hebei Province, and large proportion of rural population on total population, increasing rural residents' income has great significance to increasing consumer demand of residents.

Develop county economy²⁴ in Hebei Province and increase rural residents' consumer demand is one of the key activity; the income level of farmers directly determines farmers' ability to pay in consumption market.

Currently, the relatively low level of income of rural residents in Hebei Province determines the shortage of consumption ability of rural residents in Hebei Province. Increasing the income of farmers is conducive to the increase of each item of consumer spending. Therefore, developing economy, increasing the income of rural residents and expanding the consumer demand of rural residents are the basic measures to promote the consumption level of rural residents to continue to rise, and to improve consumption structure increasingly.

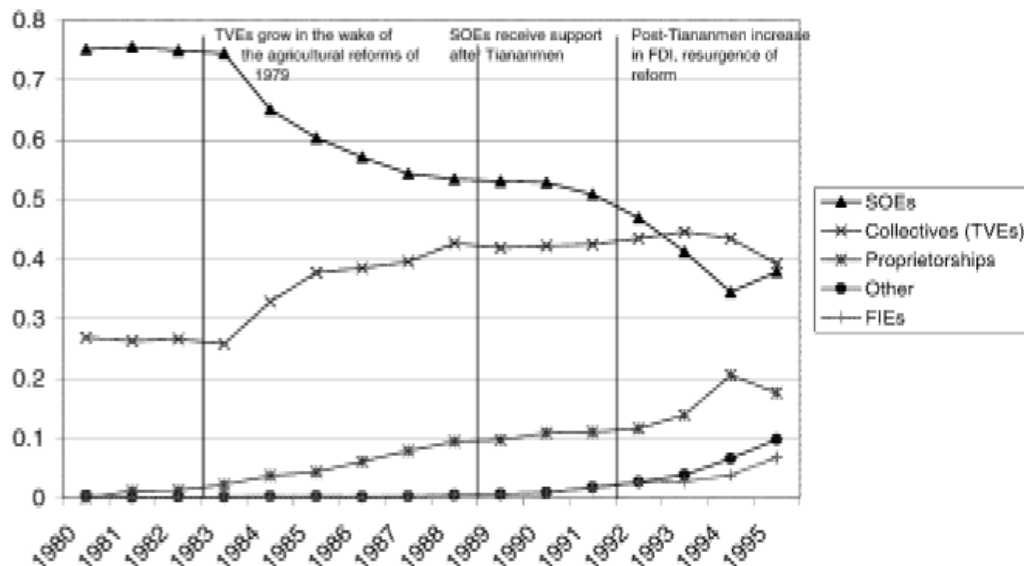
²³ The targets for the Twelfth Five-Year Guideline in 2011 were to grow of GDP by around 8%, 7% annual growth of per capita income, spend 2.2% of GDP on research and development by 2015, bring the population below 1.39 billion by 2015, readjust income distribution to stop the yawning gap, firmly curb excessive rise of housing prices, implement prudent monetary policy, intensify anti-corruption efforts, accelerate economic restructuring, and deal with the complex situations in development in 2011.

²⁴ The term "county economy" first appeared in the 1980s with China's administrative divisions and county-level administrative divisions, showing the link between city and countryside. County economy mainly refers to an economic system taking county as the centre, the villages as the link and the countryside as the hinterland; therefore, it directly bears on the rural economy.

Another suggestion was to expand rural commodity markets, and strengthen using the industry to nurture agriculture; at the same time, it should be clearly known that currently the demand of rural areas for industrial products and technology products is showing strong growth trend, and the rural demand is changing towards the demand structure of urban areas.²⁵

1.3 Industry contribution

Hebei's heavy industry is the most productive sector, experiencing a steady growth year upon year and contributing the gross industrial output, together with metallurgy industry, which includes the smelting and pressing of ferrous metals. Rich in resources, Hebei's iron and steel industry is one of the key industries within the province; in 2006, Hebei was the largest producer of iron and steel in China. Based in Hebei, Tangshan Iron and Steel Group, and the Handan Iron and Steel Group, are amongst the largest enterprises within the national industry. In addition to iron and steel, Hebei is also the largest producer of cement among all the other municipalities and provinces. Boasting a large quantity of mineral reserves, Hebei offers rich energy resources such as coal, natural gas and petroleum. Within the province, the supply of petroleum and natural gases comes mainly from the Jidong, Jizong and Dagang oilfields. Hebei Province has several technological development zones, which are Baoding Hi-Tech Industry Development Zone, Langfang Export Processing Zone, Qinhuangdao Economic and Technological Development Zone, Qinhuangdao Export Processing Zone and Shijiazhuang Hi-Tech Industrial Development Zone, and each of them has different key industries; metallurgy, machinery, electronics, chemicals and food processing are Qinhuangdao Economic and Technological Development Zone key industries, IT, pharmaceuticals, electronics and new materials are in Shijiazhuang Hi-Tech Industrial Development Zone, while Baoding Hi-Tech Industry Development Zone provides IT, electronics, new energy, new materials and biological engineering.²⁶



12.Changes in industrial output in Hebei Province, 1980-1995

²⁵ H. Ma, B. H. Zhao, Y. Xuan, *Research on rural consumer demand in Hebei province based on principal component analysis*, *Asian Agricultural Research*, 3(05), Baoding, China, 2011, pp. 55-8.

²⁶ R. Guo, *op. cit.*, p. 115.

However, the northerly province actually intends to move out its excess capacity in cement industry in other countries by 2023, namely 30 Mt, but the activity also covers excess production in the steel and glass industries. More recently, Chinese cement producers have started building their own cement plants or funding them outside of China. In October 2014 State Development and Investment Corp and Anhui Conch Cement Company fund a plant in Indonesia, in September 2014 ground breaking was held for a Chinese-funded plant in Kyrgyzstan, in June 2014 Huaxin Cement invested in Cambodia Cement. This was its second overseas investment following a project in Tajikistan in 2011.²⁷

Coal industry is profitable too; Kailuan, for instance, is one of the China's first modern coal mines with over 100 years of history, producing over 20 million metric tons of coal annually.²⁸ However, the coal industry of North China's Hebei province didn't profit from 2014 to 2016. During early 2014, in fact, the whole industry plunged into loss due to declining coal prices, structural adjustment of energy supply, and pressure in cutting redundant production capacity for environmental protection. However, in 2016 Hebei's coal industry has successfully turned profitable, after ending a two-year-plus loss, and was responsible for a 2.7 percentage-point growth in the provincial economy.²⁹

1.4 Trade profile: import and export

Hebei's top export products include cotton, fabrics, iron and steel and electrical & mechanical products to US, Russia, Japan, South Korea and India. Raw material and other primary products are imported from Australia, Brazil, US, South Africa and Germany. In 2014, its exports was around USD 36 billion, the import was around USD 24 billion.

After the state-owned Export-Import Bank of China (EXIM) opened in the provincial capital of Shijiazhuang in 2015, businesses and traders in Hebei benefited greatly. The bank was willing to inject 180 billion yuan (\$26.77 billion) in financial support for Hebei firm until 2015, therefore occupying an important position in China's export-and-import trade supporting system and playing a deceive role in developing and deepening foreign trade and economic cooperation with multilateral economies. However, Hebei is home to a diverse range of industries, contributing to foreign trade, adjustment of industrial structure, tourism, infrastructure, and the construction of the sports venues of the Winter Olympics in Beijing & Zhangjiakou, to be held in 2022. EXIM's main mandate is to facilitate the export and import of Chinese mechanical and electronic products, new and high-tech products, assist Chinese companies with comparative advantages in their offshore project contracting and outbound investment, and promote international economic cooperation and trade.³⁰

Focusing on EU, Northern China's Hebei Province's trade with the EU totaled 35.18 billion yuan (5.10 billion U.S. dollars) in the first ten months of the 2016, up 2.2 percent year on year, according to Shijiazhuang Customs. From January to October, Hebei's exports to the EU were valued at 23.82 billion yuan, a year-on-year increase of 2.3 percent, while its imports from the EU reached 11.36 billion yuan, up 1.9 percent year on year. In October alone, Hebei's exports to the EU reached 2.26 billion yuan and imports reached 1.11

²⁷ D. Perilli, *China rides out*, Global Cement, 2014, <http://www.globalcement.com/news/item/3070-china-rides-out>.

²⁸ F. Y. Forrest, T. Lixin, *op. cit.*, pp. 103-4.

²⁹ *Coal industry turns profitable after two-year loss in Hebei*, 中文网, Shijiazhuang, 2016, http://www.chinadaily.com.cn/business/2016-12/03/content_27558447.htm.

³⁰ *Export-Import Bank to inject cash in Hebei*, 河北省人民政府, 2015, <http://english.hebei.gov.cn/english/10718769/10756942/13591597/index.html>.

billion yuan, year-on-year increases of 2.8 and 19.5 percent, respectively. Hebei's exports of steel and photovoltaic products to the EU declined, while imports of high value-added or high-tech products, including electronics and photoelectronics products, increased rapidly; it's well known, in fact, that EU has been China's largest trading partner for more than a decade, while China is one of the biggest sources of imports for the EU (bilateral trade amounted to 3.51 trillion U.S. dollars in 2015).³¹

1.5 Infrastructures

Due to the great economic growth of Hebei Province, from 2016 Government implemented some policies in order to promote infrastructures, especially for tourism development. Some goals wanted to be achieved, like improve high-speed railway system, accelerate construction of expressway in Taihang Mountains and aviation construction, make the international airport of Zhengding become a strategic gateway in Beijing-Tianjin-Hebei area, accelerate construction of the airport of Chengde, reorganize and expand Handan, Tangshan and Zhangjiakou airports, promote the construction of some airlines as Xingtai and Hengshui, develop the Qinghuangdao, Tangshan and Huanghua ports and still, improve transportation for tourism development especially in some "focal points", like the new area of Beidaihe, Tangshan Bay International Tourism Island, Baiyangdian Lake and Hengshui Lake etc. However, Hebei Province projects are ambitious; Government wants to develop a "touristic route transportation", expand connections from Beijing to Langfang, Chengde and Zhangjiakou, accelerate the construction of special railways for tourists through the Zhangjiakou-Hohhot Railway Project³² and Zhangjiakou-Datong Railway Project, optimize tourist information system and connect Shijiazhuang, Qinhuangdao, Chengde, Zhangjiakou, Handan airports. Moreover, Hebei Province is willing to demonstrate to tourists it has efficient tourist sites and full facilities accommodations (is planning to build 1000 parking areas until 2018).³³

1.5.1 A stated goal: high-speed railways

Railway is one of the most developed sector in China. Seven of the world's longest railway tunnels are in fact located in Asia, including four in Japan and two in China. One of two are in Hebei Province: it's Taihang Tunnel. Taihang Tunnel is located in Taihang Mountains in China, is the fifth longest railway tunnel in the world (construction was completed in 2007); the 27.8 km long twin tube tunnel was built as part of Shijiazhuang-Taiyuan railway project to cross the Taihang Mountains, is the main infrastructure on the high-speed railway (250 km/h) Shijiazhuang-Taiyuan, located between Xiao Zhai e Yu Xian County stations.

However, high-speed railways in Hebei Province is not shortage; Jingjin railway-China for instance, has approved a 247-billion-yuan (\$36-billion) railway plan to improve transport links between the capital Beijing, the port city of Tianjin, and the neighboring province of Hebei, part of plans to integrate the three areas into a mega-city. With a total of 1,100 km (683 miles) in length, it's estimate to terminate over the years to 2020, being part of a wider plan that will stretch to 2030. The current population of the three areas is estimated at

³¹ H. Qiang, *North China's Hebei Province sees growth in EU trade*, 新华网, Shijiazhuang, 2016, http://news.xinhuanet.com/english/2016-12/01/c_135873883.htm.

³² 张呼铁路外资采购清 - Procurement Plan: Zhangjiakou-Hohhot Railway Project, <http://documents.shihang.org/curated/zh/335511488880732899/pdf/113195-PROP-P122319-PUBLIC-ZhanghuprocurementplanFeb.pdf>.

³³ S. Lei, *Hebei Province promotes tourism facilities: 10 starting points*, The People's Government of Hebei Province, 2017, <http://www.cangzhou.gov.cn/zwbz/zwdt/bmdt/wsb/429372.shtml>.

around 110 million, and by that time the so-called Jing-Jin-ji project will span 212,000 sq km (82,000 sq miles), or more than twice the size of South Korea.³⁴

Still, Beijing-Guangzhou high-speed railway made a 1,428-mile journey cut to a mere eight hours. The trains travel at an average speed of 186mph, passing through five provinces as they tear through the countryside. The world's longest line consists of four main divisions, running between the capital, Beijing, the central transport hub Zhengzhou in Henan province, Wuhan in central China, and Guangzhou, stopping in 35 cities and eventually reaching Hong Kong.³⁵

In addition, the 1,318km Beijing-Shanghai high-speed line connects the cities of Beijing, Shanghai and Tianjin, travelling across the provinces of Hebei, Shandong, Anhui and Jiangsu and connecting two of the country's most prominent economic areas and forms the busiest railway route. Opened in June 2011, only 38 months after construction began, this high-speed route runs parallel to the 1,464km Beijing-Shanghai main railway line, which is one of the most important in China, solely dedicated to passenger train operations.³⁶

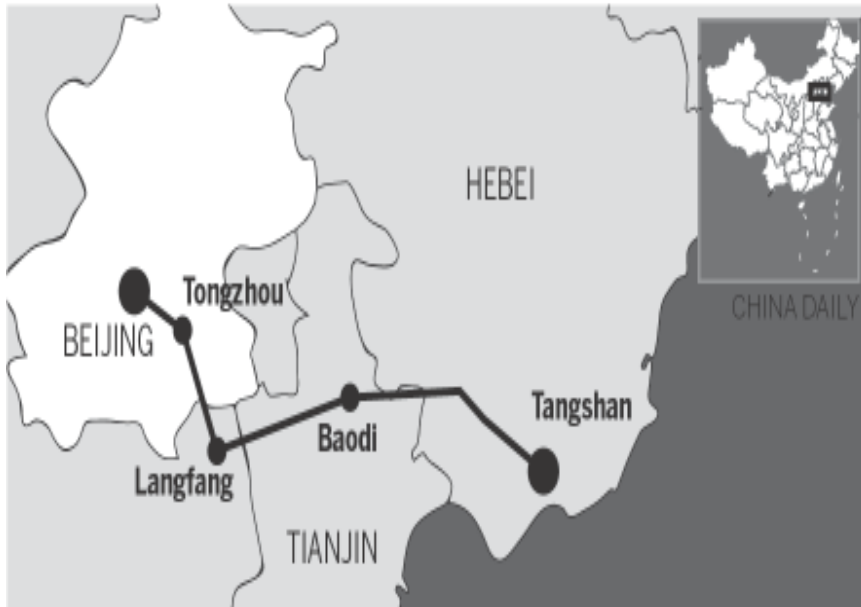
As mentioned above, projects are ambitious, but one of the most effective is thought to be the Beijing-Taihang Railway Project, with a 680 km length connecting Beijing to Taihang. The project is a significant element of the Beijing-Tianjin-Hebei integrated development plan, as the infrastructure connectivity will be beneficial to regional economic growth and make full use of tourist resources along the route. The railway, expected to be completed by 2020, has a 680 km length, connecting the North and South of the Province. The trains will travel at speeds of between 200 km per hour and 350 km/h and stop at eight stations in cities including Tianjin, and Langfang and Tangshan in Hebei. According to a railway construction plan for Beijing-Tianjin-Hebei released last year by a design unit of China Railway Corp, 24 intercity railways around Beijing, Tianjin and Shijiazhuang will be completed by 2050, eight of which will be finished by 2020. The railway starts from Zhangjiakou Zhuolu County, crossing Baoding, Shijiazhuang, Xingtai, Handan and other 17 counties; moreover, the railway will connect 53 4A zones, including the old site of Central Committee of the Chinese Communist Party, Laiyuan Baishi Mountain and other famous touristic points. This project represents a strategy to accelerate the development of Beijing-Tianjin-Hebei region, a measure to unify communications and transportations, improve services, facilitate connection and make industries develop, like iron and steel and cement industry. Still, the project is seen as a way to improve the peasants' economic situation, therefore promoting economic development and being a support for communications in the Province.³⁷

³⁴B. Goh, R. Woo, Y. Chen, M. Perry, C. Fernandez, *China approves \$36-billion railway plan for Jing-Jin-Ji megacity*, Reuters, 2016, <http://www.reuters.com/article/us-china-infrastructure-idUSKBN13N050>.

³⁵ *China opens world's longest high-speed railway line*, The Guardian, 2016, <https://www.theguardian.com/world/2012/dec/26/china-high-speed-rail-bullet-trains>.

³⁶ *Beijing-Shanghai High-Speed Line, China*, Railway-Technology.com, 2008, <http://www.railway-technology.com/projects/beijing/>.

³⁷ *太行山高速公路开工建设 将打通太行山南北交通大通道*, 中文网, 2015, http://www.chinadaily.com.cn/micro-reading/interface_yidian/2015-11-25/14357879.html.



6. The route of the future Beijing-Taihang high-speed railway

1.6 Tourism in Hebei Province: strengths and weaknesses

Since 1978, the economy of Hebei Province has achieved remarkable development and experienced unprecedented changes. However, with the economic development the contradiction of economic structure in Hebei Province highlighted; industrial structure in Hebei Province gradually tends to be rationalized, but compared with Guangdong Province, for example, the economic top-ranked province, Hebei, still has a long way to go. As the granary province of central China, Hebei Province should consolidate the status of the agriculture as the primary industry firmly, but to promote the economic growth, Hebei has to improve the development of tertiary industry, in which the tourism occupies a dominant position.³⁸

1.6.1 Heritage tourism

Hebei Province is one of the most typically representative cultural destination in China, with abundant high-quality cultural heritage resources rooting from its more than 4000-year history; the province is the only one in the country that boasts highlands, mountainous and hilly areas, plains, lakes and a coastline. According to the 3rd National Survey of Cultural Relics in China in 2009, there are more than 33,000 immovable cultural relics in Hebei, including 3 world cultural heritage and 168 key cultural relic protection sites at national level, ranked third by amount in China. Additionally, there are 930 cultural heritage units under the provincial protection or above, ranked second in China. Besides, 3,780 sites are protected under the city or county. Moreover, there are 89 museums and memorial halls of different types with more than 900 thousand pieces of collections, including nearly 80,000 precious antiques. Thus, Hebei province tops the country in quantity and type of cultural heritages, of which many heritages have already been well known at home and abroad, such as Zhaozhou Bridge,³⁹ East and West Mausoleum of the Qing Dynasty, Mountain Resort, etc. Based on the rich cultural heritage resources, the cultural industry in Hebei enjoys rapid development with 31.7% of average annual increase from 2004 to 2009. In 2013, the increased value of Hebei's cultural industry reached up to 95 billion RMB increased value with 20% growth rate.⁴⁰ In 2010, Hebei Provincial Government therefore increased the investment on the development of tourism from over 20 million yuan in 2009 to 200 million and supported more than 50 key projects. To be specific, Shijiazhuang stepped up the construction of Xibaipo Scenic Area⁴¹, Tuoliang⁴² & Wuyuezhai Scenic Area⁴³ and the Around-the-City Waterway System; Chengde set the goal of building itself into "an international tourist city" and increased its annual special investment on tourism to over 20 million yuan; Qinhuangdao implemented the strategy of "making tourism a mainstay industry" and strived to build itself into a "world-famous tourist city"; Zhangjiakou made tourism its principal industry and increased its annual special investment on tourism to 58 million yuan; Tangshan invested 50

³⁸ Z. Su, Y. Chen, *In the Process of the Economic Structure Adjustment in Hebei Province County Tourism Economic Development Research*, in *International Conference of Humanity and Social Science*, DEStech Publications, Lancaster, Pennsylvania, U.S.A., 2014, p. 289.

³⁹ The Zhaozhou Bridge is located in Zhaoxian County of Hebei Province; it is China's and the world's oldest and best preserved big stone arch bridge, having a far-reaching impact on the bridge building of later age.

⁴⁰ X. Huibin, A. Marzuki, S. Kostopoulou, *Destination Brand-Building of Cultural Heritage Tourism*, in M. C. Diman, *Opportunities and Challenges for Tourism and Hospitality in the BRIC Nations*, IGI Global, New York, 2017, pp. 175-6.

⁴¹ Shijiazhuang Xibaipo Scenic Area is located in Pingshan County, 80 km away from Shijiazhuang City, was built during Tang period.

⁴² Tuoliang Scenic Area, 138 kilometers away from Shijiazhuang, Hebei Province, is named for its camelback-shaped peak. The main peak is 2,281 meters high above sea level, and is the highest mountain in Shijiazhuang.

⁴³ Wuyuezhai (Five-peak) is named after the five peaks standing shoulder by shoulder and it is endowed with the scenes representative of the five greatest mountains in China (the five greatest mountains are: Mount Tai, Mount Hua, Mount Song, Mount Heng in north China, Mount Heng in south China).

million yuan to boost the development of tourism. In November 2010, the Ministry of Culture and the National Tourism Administration announced the first batch of state-level key performances of cultural tourism. The performance at the Wuqiao World of Acrobatics Park built by Wuqiao World of Acrobatics Travel Co., Ltd. based in Hebei Province was among them, entertaining more than 600 thousand foreign and domestic tourists every year.⁴⁴



7.Xibaipo Scenic Area, Pingshan County, Shijiazhuang - the bronze statues of the five leaders Mao Zedong, Liu Shaoqi, Zhu De, Zhou Enlai and Ren Bishi



8.Tuoliang Mountain, Pingshan County



9.Wuyuezhai, Shijiazhuang, Shijiazhuang

⁴⁴ H. Lin, Z. Hong, C. Lifang, H. Yangyu, C. Xuan, L. Fei, J. Zhi, *The Yearbook of China's Cultural Industries (2011)*, Time AACP, Hindmarsh, SA, 2016, p. 120.

Relying on the cultural resources (revolutionary Taihang culture,⁴⁵ grand Great Wall culture, Yan and Zhao culture⁴⁶ and Bohai culture), in 2014 Hebei received 0.315 billion domestic and foreign visitors in total and the total tourism income achieved 256.149 billion RMB, increasingly by 16.15% and 27.43%. Additionally, protection of cultural resources in Hebei Province has recently been given major boosts with, for example, 0.2 billion yuan allocation for protection of Shanhai Pass Great Wall,⁴⁷ 3 billion yuan for the restoration of ancient town of Shanhai Pass, 0.6 billion yuan for protection of Chengde Mountain Resort and neighboring temple cultural relics, 9.8 billion yuan for the construction of Chengde Royal Historical and Cultural City, more than 100 billion yuan for the construction of cultural tourism blocks such as Old Tangshan Street, and 100 billion yuan for the construction of Great Xibaipo Revolutionary Cultural Base.⁴⁸

1.6.2 The importance of county economy

In the process to the whole country's industrial restructuring, county economy accounts for the largest proportion, and county tourism plays a significant role in his development and in the national economic restructuring process itself. In addition, Hebei Province governs 47 municipal districts, 19 county-level cities, 96 counties and 6 autonomous counties. Since the whole province has 1970 villages and towns, the development of county tourism resources appears to be particularly important.

In International Conference of Humanity and Social Science, held in 2014, Hebei Province was analysed: the overall economic situation of county-level cities and villages (compared with prefecture-level cities) is considered relatively backward and the county-level finance strength relatively weak, while to ensure the basic position of primary industry and vigorously develop the secondary industry, the money put into tertiary is relatively less. In the first half of 2013, Hebei Province invested more than seven hundred million yuan to rectify tourist attraction and most of the funds were invested to 4-A level scenic spots;⁴⁹ however, due to the long-term historical reasons, the infrastructures of the county as well as the countryside are considered still inadequate. Infrastructures, in fact, are still in a stage of early development, the construction period is long with slow effect and the public service system is relatively defective.

Focusing on administration, the work presented in the Conference showed that Hebei Province has paid more and more attention to the economic development of the counties under the jurisdiction in recent years, but the main authority of county tourism is the tourist administration and specifically, the county's tourism is administrated by the county's tourism department, while rural tourism is in charge of rural cadres. Since a pronounced gap still exists between rural areas and the cities in the overall situation of economy,

⁴⁵ The Taihang Mountain(太行山) are a Chinese mountain range running down the eastern edge of the Loess Plateau in Shanxi, Henan and Hebei provinces. The Taihang Mountains were formed during the mountain-building processes of the Jurassic Period (i.e., about 200 to 145 million years ago). The ranges rise steeply from the North China Plain to an elevation of approximately 3,300 to 4,000 feet (1,000 to 1,200 metres) above sea level.

⁴⁶ The 250 years between 475 and 221 BC is called the Warring States Period because the region of the Zhou Dynasty was divided between 8 states (Chu, Qi, Yan, Han, Wei, Yue and Zhao.); in 221 BC Qin conquered them all.

⁴⁷ Shanhai Pass is the most Northeastern begging point of the Great Wall, was once a key military fortification of ancient China; is more than 26 kilometers long and 10 kilometers far from the now thriving hub of Qinhuangdao.

⁴⁸ X. Huibin, A. Marzuki, S. Kostopoulou, *op.cit.* p. 176.

⁴⁹ In China, tourist attractions rating system (旅游景区质量等级) is used by the Chinese authorities to score the quality of the attraction in terms of safety, cleanliness, sanitation, shopping and transportation (for instance distance to nearest airport). There are five categories: A (or 1A, the lowest level), AA (2A), AAA (3A), AAAA (4A) and AAAAA (5A, the highest level).

environmental hygiene and public facilities, most tourism professionals and management talents of high quality tend to stay in big cities instead of developing in rural areas.

Plus, China's county-level units are most closely connected with the country-side, and Hebei Province is an important grain-producing area in the North China Plain;⁵⁰ however, the development of urban areas and industrial construction has been committed for a long time, while the construction of infrastructure in counties and rural areas is almost in a stagnant stage. In recent years, with the development of tourism resources and the expansion of tourism vision, the infrastructures of county have been improved slightly, but the traffic is still relatively backward and the supporting facilities like hotels, restaurants and entertainment facilities are inadequate and low-grade. Due to all these reasons, it's difficult to attract urban people to tour in counties or rural areas.

Making a point, the development of industrialization fully reflects the huge benefits of resource integration, but actually the county tourism is still in the stage of peasant economy, thus the county tourism needs to strengthen the construction of industrial clusters. As the construction of industrial clusters requires long-term planning, Hebei Travel and Tourism Administration proposed guiding ideologies, development principles, objectives, industrial layout and product systems, industry supporting systems, marketing and protection of the development of Hebei tourism, which represent an overall planning for the development of county tourism. However, the specific construction process still requires the active research from county governments and town-level governments, therefore different counties cooperation could be a way to achieve the strategic objectives of mutual benefits and win-win cooperation; promote the confluence county tourism with primary, secondary and tertiary industries can help the development of key county tourism economy and push the development of the whole industrial clusters with the guiding of the leading counties.⁵¹

1.6.3 The role of tourism branding in the development of tourism industry

Generally, tourism branding⁵² has become one of the most characteristic tourist resource in tourist destination, the source for keeping the vitality of tourist products and sustainable tourism charm especially for the comparative intangible cultural product. From 2010, 10 key tourism brand strategies have been implemented in Hebei, of which 5 of them aim directly to cultural heritages, i.e. historical and cultural tourism brand, folk customs and art tourism brand, festival tourism brand, revolutionary tourism brand, and rural tourism brand. Besides, other tourism brands (leisure vacationing, ecological, commercial marine, and experience) are also closely related to the tourism surroundings established by cultural tourism. Moreover, authorities in Hebei are really concerned about tourism brand-building especially in recent years. From 2012, 3.3 billion RMB of special funds have been allocated to 4A destinations to upgrade the destination quality and marketing publicity, together with 0.3 billion RMB of financial subsidies from the government. In total, Hebei Province received 41 billion RMB of tourism investment in 2013 and 35 billion RMB in 2014.

⁵⁰North China Plain(華北平原), also called Yellow Plain or Huang-Huai-Hai Plain, is a large alluvial plain of northern China, built up along the shore of the Yellow Sea by deposits of the Huang He (Yellow River) and the Huai, Hai, and a few other minor rivers of northern China.

⁵¹ Z. Su, Y. Chen, *op. cit.*, pp. 289-291.

⁵² Tourism branding is a continuing process to create affective experiences through building a unique identity and sustaining consistent image that emotionally bond with residents and resonate with tourists.

L. A. Cai, W. Gartner, A. M. Munar, *Tourism Branding, Communities in Action*, Emerald Books, Bingley, UK, 2009, p. 9.

However, according to some research (Huibin, Marzuki, Kostopoulou, 2017) there are still some existing problems and barriers that restrict the sustainable development of cultural tourism in Hebei,⁵³ despite the long history and abundant cultural tourism resources, most of the local cultural tourism products are crossing a development process, which has failed to form a complete industrial chain, while the development of many excellent cultural tourism resources has remained at the superficial level, and its potentials have not been further explored. In major sections of the tourism industry, such as dining, accommodation, transportation, sightseeing, shopping and entertainment, cultural factors have not been given due attention or been developed systematically; this has not added value nor improve the attractions of the cultural tourism industry, and unable to cultivate and nurture cultural tourism brands.

In addition, because of the diverse cultural tourism resources, development of the cultural tourism industry involves multiple authorities in tourism, cultural relies, culture, architecture and even religion; departments related to business administration, municipal administration, planning price, health and public security also have certain administrative power over the development of the industry. These departments discharge their own duties independently, and rarely communicate or coordinate with other departments. Therefore, without full cognition of cultural tourism and a unified authority, relevant policies and measures made by these departments even conflict with each other, which to a great extent offsets the positive effects brought about by cultural tourism resources and integrated building of tourism brands more difficult.

Their research conclusion focuses on a cultural tourism marketing which has to use not only traditional marketing modes, but also follow inherent laws of cultural transmission; the cultural tourism in Hebei should establish a stereo marketing and promotion system, consider behavioural and consumption features of visitors from its target markets and integrate multiple marketing modes such as festival marketing, online marketing, conference marketing, virtual marketing, experience marketing and event marketing, on three-dimensional media, coordinate scenic areas (spots) and authorities, unify logos and propagation themes, and build its own cultural tourism brand.⁵⁴

⁵³ X. Huibin, A. Marzuki, S. Kostopoulou, *op.cit.* pp. 176-7.

⁵⁴ *Ivi*, pp. 183-5.

1.7 Environmental issues: negative impacts of economic growth

The top-touristic major steel-producing area of Hebei Province is actually at the center of environment's storm, drawing attention of the world opinion: in 2012, its total energy consumption is of 302 million tons of standard coal, producing main air pollutants like NO_x of 1.761 million tons, and SO₂ of 1.341 million tons respectively. The three indexes rank the second, the first and the third in the country respectively, among which coal consumption by the industries of iron, steel, building material and electricity accounts for 89.6% of the provincial total, nearly 20% higher than the national average.⁵⁵ Hebei is actually on the front line of China's "war on pollution", and has already promised to shut 60 million tonnes of steel capacity and slash coal consumption by 40 million tonnes over the 2014-2017 period.

1.7.1 Air quality in Hebei Province: history and API data

As mentioned above, Hebei is one of the most polluted provinces in China. According to the Ministry of Environmental Protection (MEP), for the severe fog-haze month of Jan 2013, seven of the top ten most polluted cities in China were in Hebei Province. Moreover, it is found that within the Hebei Province, the air pollution in the southern cities is much more severe than the northern cities.⁵⁶ Particulate matter (PM)⁵⁷ is undoubtedly the major air pollutant, sulphur dioxide and nitrogen oxide pollutions are also present, ozone pollution in larger cities, such as Shijiazhuang, is significant. Although Hebei Province has made a great effort in maintaining air quality, the pollutant emissions, such as sulphur dioxide and fly ash showed a notable increase in 2001 to 2006. However, after 2006 the emissions started to decrease due to the strict implementation of the national 11th Five Year Plan (FYP).⁵⁸

Hebei Province made a great effort on air pollution control since 1998, when air pollution control measurements focused on the key corporations, key industries and key regions, such as tourist regions and areas along the high way. A year later, eleven cities were all required to make the comprehensive air pollution control action plan, and the mobile emission controls were strengthened as well. In 2002, besides the continuous emission controls in major industries, the energy using in cities was paid more attention to and the central heating was pushed to spread in urban areas. However, even if in 2003 the provincial total amount control of SO₂ was started, according to the national control plan, it was found that the pollution emissions didn't decrease in the following three years, partially because of the unexpected rapid increase in energy consumption. In 2007, Hebei government released the Action Plan of the Comprehensive Controls of Flue Gas Emissions in Hebei Province, requiring all the emission instruments to reach the national emission standards before Jun. 2008. As the explosive increase in vehicle population in Hebei Province was noticed, its pollution control was strengthened as well: in 2008, the objectives of the Action Plan were accomplished and urban air quality was improved due to the flue gas cleaning, fugitive dust control and mobile source

⁵⁵ W. Jigang, *op. cit.*

⁵⁶ The air pollution burden of the southern Hebei area is particularly heavy because of its special location: as it is surrounded by the other three populated and industrialized provinces, Shandong, Henan and Shanxi. The steel, coke and cement productions of the four neighbored provinces are as large as 40.8%, 50.1% and 22.6% of the national total amount. That is to say that 18.6% of steel production in the world, 30.0% of the coke and 13.6% of the cement were yielded in this area, therefore the large industrial productions induce huge quantities of pollutants emission.

⁵⁷ Particulate matter (PM), also known as particle pollution, is a complex mixture of extremely small particles and liquid droplets that get into the air. Once inhaled, these particles can affect the heart and lungs and cause serious health effects.

⁵⁸ L. Wang, J. Yang, P. Zhang, X. Zhao, Z. Wei, F. Zhang, J. Su, C. Meng, *op. cit.*, pp. 47.

control. During the 2008 Beijing Olympics, lots of small industries, high-pollution plants were phase out or shutdown to ensure the good air quality in Beijing.⁵⁹ In 2010, the national SO₂ emission control objective was successfully accomplished and regional air quality jointly control and prevention were brought forward by MEP; in addition, Hebei government published the regional air pollution control guideline to accelerate the regional scale air quality improvement.⁶⁰

However, in January 2013, continuous, severe haze pollution happened in east and central China, attracting the most public attention. It is reported that the daily fine particulate matter (PM_{2.5}) concentrations in Beijing and Shijiazhuang has been over 500 µg·m⁻³, which is 6.7 times of the new China National Ambient Air Quality Standard (CNAAQs). In the statistics of the MEP, during January 2013,⁶¹ the ten most polluted cities were Xingtai, Shijiazhuang, Baoding, Handan, Langfang, Hengshui, Jinan, Tangshan, Beijing and Zhengzhou city, out of the reported 74 key cities all over China.



10. China's most polluted cities in January 2013

Data concerning air quality in Hebei Province are available from the governmental published Air Pollution Index (API), a non-dimensional number calculated according to the urban daily average concentrations of three pollutants: SO₂, nitrogen dioxide (NO₂) and coarse particulate matter (PM₁₀); it was API that provided the only publicly accessible urban air quality data from 2011.⁶² Before 2003, only Shijiazhuang, the capital city of Hebei was listed in the China's key environmental protection cities and had the API record on the

⁵⁹ For the August-September 2008 Olympic and the Paralympic Games held in Beijing, strict controls on pollutant emissions and motor vehicle traffic were imposed on Beijing and neighbouring provinces to the South to improve the air quality in and around the city. Satellite measurements over Beijing between July and September showed 43% reductions of tropospheric column nitrogen dioxide, compared to the past three years.

⁶⁰ L. Wang, J. Yang, P. Zhang, X. Zhao, Z. Wei, F. Zhang, J. Su, C. Meng, *op. cit.*, pp. 52-3.

⁶¹ January 2013- Among the ten most polluted cities, seven are within Hebei Province, People's Daily, <http://hebei.sina.com.cn/news/yz/2013-02-06/075733562.html>.

⁶² 中华人民共和国环境保护部 - 数据中心, Ministry of Environmental Protection of the People's Republic of China, <http://datacenter.mep.gov.cn/index>.

website of MEP (Ministry of Environmental Protection); Tangshan, Baoding and Handan did not start to publish their APIs until Feb. 2011. In general, air quality in Shijiazhuang city was visibly improved from 2001 to 2009: the number of the days with the APIs less than or equal to 50 (which is also “no key pollutant” day), and between 50 - 100 was notably increased from 0 and 93 in 2001, to 43 and 274 in 2012, respectively, while days having the APIs in 100 - 150 and 150 - 200 decreased, respectively, from 168 and 79, in 2001, to 44 and 2 in 2009. After 2009, the pollution level kept relatively stable: the frequencies of the APIs within 150 - 200 even increased from 2 days in 2009 to 10 days in 2012.

In general, Shijiazhuang city had the worst air quality that the average API in Feb. 2012 to Jan.2013 (83.3), then was Handan city, with the average API of 73.6 during the same period, while Baoding and Tangshan city had the average numbers of 70.8 and 69.4, respectively. At the end of 2010, there was a severe pollution episode in Shijiazhuang city, with the API of near 300 (as $420 \mu\text{g}\cdot\text{m}^{-3}$ of daily average PM₁₀). At the end of 2011, Shijiazhuang city didn't show big difference in pollutant character from 2010, but a highly polluted episode happened in Handan city that the largest API was as high as 348 (as $458 \mu\text{g}\cdot\text{m}^{-3}$ of daily average PM₁₀). In this month (Dec. 2011), the average APIs were 118.1, 102.9, 100.1 and 92.1 for Handan, Baoding, Tangshan and Shijiazhuang, respectively.

As discussed above, very severe haze pollution happened over east China in the winter of 2012, in which Beijing-Tianjin-Hebei area was one of the most polluted regions (the APIs reached the top limit-500, four times of the CNAAQs). One of the most possible reasons might be the special meteorological conditions, comparing with the former two years. Lots of investigations are needed before drawing a convictive conclusion of this episode. In Feb. 2012, the MEP released the new CNAAQs. In the new system, more pollutants are involved and API is replaced by Air Quality Index (AQI). From Jan. 2013, the MEP started to publish the real-time concentrations of SO₂, NO₂, CO, of all the national monitoring sites in the 74 cities including the capitals, major cities in Beijing-Tianjin-Hebei area, Yangtze River Delta, and Pearl River Delta, representing a great progress.

The largest scale of air quality observations over the Beijing-Tianjin-Hebei area were pursued by the Institute of Atmospheric Physics, Chinese Academy of Science (IAP, CAS). Twenty-five monitoring stations were established in northern China by IAP since 2009, out of which 16 were located in Hebei area: Shijiazhuang, Baoding, Tangshan, Hengshui, Cangzhou, Langfang, Chengde, Zhangjiakou, and Qinhuangdao; PM was the key pollutant in Tangshan, even in the Olympic period (Jun.- Aug. 2008), Zhuozhou and Baoding site showed the same characteristics that PM was the most important pollutant, Shijiazhuang, the capital city of Hebei, and Handan, the southeast city in Hebei, were the two most polluted cities. The PM₁₀ and PM_{2.5} concentrations in all observed periods were exceeding the CNAAQs.

As discussed above, Jan. 2013 was quite special and highly polluted. During this month, SO₂ pollution in Shijiazhuang was more severe than in Baoding, and NO_x was on the contrary. Comparing with Handan, O₃ pollution in Shijiazhuang city was more serious according to the limited data. In the comparison of Beijing, Tianjin and nine cities in Hebei (except Xingtai and Handan city), the highest daily PM₁₀ concentration appeared in Shijiazhuang of $600 \mu\text{g}\cdot\text{m}^{-3}$, four times of the national limit of. Heavy pollution episodes were characterized by nearly uniform concentrations over northern China and directly related to the strength and duration of the southern flows, but meteorological conditions of light wind, temperature reversion and low mixed layer were important contributors to the increase of PM too.⁶³

⁶³ L. Wang, J. Yang, P. Zhang, X. Zhao, Z. Wei, F. Zhang, J. Su, C. Meng, *op. cit.*, pp. 47-55.

1.7.2 An empirical analysis of the relationship between economic growth and environmental pollution⁶⁴

With China's rapid economic growth and the progress of its gradual industrialization, resources and environmental issues have become increasingly prominent; different provinces have different degree of pollution, regional environmental capacity has a limit, therefore when the discharge of pollutants exceeds this limit, environmental problems appear.

During the 1960s, Simon Kuznets proposed an "inverted U" curve on the relationship between the income gap and the economic growth. Then Grossman and Krueger introduced this curve to research the relationship between the environmental pollution and the economic growth, finding that environmental pollution emissions and economic growth also show the "inverted U shape". This relationship is the Environmental Kuznets Curve (EKC) hypothesis (Grossman 1991)⁶⁵. It is assumed that the pollution level of a country will rise with the development of the national income and the economy. When the economy develops to a certain degree, the level of pollution will decrease with the rise in income. A lot of research data show that the countries, such as USA, Japan, Taiwan, Europe, Hong Kong etc., are generally applicable to this curve hypothesis. However, most domestic scholars, in the study of the process of the relationship between pollution and economic growth in China, find it not suitable for Chinese situation. Some scholars believe that the shape of the KEC is not necessarily the inverted U shape. At some stage, the curve may be inverted U shape, may be horizontal, even banding (Hong 1999).

Hebei Province, as a big economic province, ranks top among all the provinces in China by GDP. Based on the data of 1991-2010, the average annual growth rate of the GDP of Hebei Province is as high as 16.7%. It is because that Hebei Province in recent 20 years adopted a dominant mode of economic development- "high growth, high pollution". Hebei Province hasn't escape the "pollution first, treatment after" used by the development western countries and the new industrialized countries. But in the long run, "high growth, high pollution" model of economic growth is not considered scientific, because this model of economic development will pay enormous social price. Definitely, high pollution brings about the economic loss and high growth is to provide material basis for the pollution treatment. If high growth benefit is larger than high pollution costs (loss), this approach is desirable; otherwise undesirable (Wu 2003).

According to the data in Hebei, before 2003, the per capita industrial emission in Hebei Province increased mainly because the region's oil chemical industry, cement and other large projects have not yet reached a certain scale. During the period from 2004 to 2010, the per capita emission increased with the economic development of Hebei Province and the high-speed growth.

Hebei industrial wastewater discharge per capita is broadly consistent with the environmental Kuznets curve. There has been a downward trend about the emission in the right side in the U-shape. A turning point

⁶⁴ In this section Environmental Kuznets curve is analysed, an economic model that is commonly used in the description of the relationship between environmental pollution and economic growth. The relation between economic growth and environmental pollution in Hebei Province during 1991-2010 is analysed here with reference to the EKC.

⁶⁵ The environmental Kuznets curve is a hypothesized relationship between various indicators of environmental degradation and income per capita. In the early stages of economic growth degradation and pollution increase, but beyond some level of income per capita (which will vary for different indicators) the trend reverses, so that at high-income levels economic growth leads to environmental improvement. This implies that the environmental impact indicator is an inverted U-shaped function of income per capita. The EKC is named for Kuznets (1955) who hypothesized income inequality first rises and then falls as economic development proceeds.

D. I. Stern, *The Environmental Kuznets Curve*, Department of Economics, Rensselaer Polytechnic Institute, NY, USA, 2003, <http://isecoeco.org/pdf/stern.pdf>.

was seen in the per capita industrial wastewater in Hebei Province which has passed the turning point, and is in a downward trend with its turning point in 2007. In the process of economic development of nearly 20 years in Hebei Province, the government gradually began to pay attention to environmental protection, and took corresponding environmental policies. However, in Hebei Province, the per capita industrial emissions and per capita solid waste are in gradually rising stage, especially the per capita emission in high growth stage: the turning points of the two have not come. The demonstration of the reality in Hebei in recent years is the haze disaster; Hebei, in the country's most serious haze-affected cities, occupies most number of the list. Therefore, for Hebei Province, the reduction of industrial waste gas and industrial solid waste emissions still have a long way to go.

Under the background of China's sustained and rapid economic growth, environmental protection and economic development are inevitably in the allocation of funds certain contradiction. According to the experience of developed countries, even in the period of the rapid economic development, the environmental protection investment accounts for 1% to 5% of the GDP, so that it can effectively control the environmental pollution. Although China's annual investment in environmental protection is increasing, the amount of investment accounting for the proportion of GDP is still not up to 1%. In Hebei Province in 2013, the public finance budget for energy saving and environmental protection is 5.12 billion yuan and the special environmental protection expenditure is 0.3564 billion yuan, less than 0.3% of the GDP in Hebei Province a year. Thus, the financial support in Hebei Province for environmental pollution expenditure, especially industrial waste, is not enough.

Through an empirical study on the economic growth and environmental pollution in 1991-2010 in Hebei, the per capita industrial wastewater and the per capita GDP interval data sample of Hebei Province are consistent with the hypothesis of environmental Kuznets curve, which proves the applicability of the EKC hypothesis in China. However, the inverted "U" curve relation between the economic growth and the environmental pollution is not a natural formation: it needs human's effort. This requires the government to formulate relevant reasonable policies as to promote environmental quality.

At present, many environmental indicators of Hebei Province are still in the rising stage model in the trend line. If the government does not take feasible environmental protection measures, the pollution condition in Hebei Province is still not alleviated and the environmental pollution emissions will continue to increase. There are many small and medium-sized enterprises in Hebei Province; in the scale effect of the economic growth, the increase of the number of the up-scale enterprises will reduce the environmental pollution level. Therefore, the government departments in the formulation of economic policies and the related industries planning, should change the behaviour in the past-pursuing one-sided economic growth, shifting to pay more attention to the economic benefit level.

Industrial organizations are a problem too, as Hebei Province still focus on the labour-intensive and capital intensive industry model. Some studies show that attention should be paid to the optimization and upgrade of industry structure, and gradually phase out backward production capacity, actively explore the construction of advanced industrial park, take a new road to industrialization, focus on cultivating and supporting the third industry and accelerate the upgrade and optimization of the existed service industry. Cleaner manufacturing and clean production should be promoted, and input in relevant science and technological innovation ability should be strengthened. Through the adjustment of the industrial structure and high input in science and technology, energy consumption, resource utilization, pollutant emissions can be reduced and environmental quality can be improved.

Good investment environment can avoid the occurrence of spillover effect in related foreign to a large extent.⁶⁶ To optimize the investment environment, there's the need to start from many aspects, but what is more important is to pay attention to green investment; China is currently in the pain of the economic transition period, so the optimization of economic growth mode in the future in big provinces, including Hebei Province, are inevitable. For reducing the duration of the pain, selection and introduction of the green investment are needed to be focused on in the investment-introduction stage. For some high-tech and energy-saving industries, clean environmental protection industry enterprises should be brought in vigorously and related serious pollution and backward foreign technology should be shut out timely.⁶⁷

1.7.3 Developing Environmental Pollution Liability Insurance

From the 1980s onwards we have seen firms both outsourcing and off-shoring production and services in their attempt to find cheaper labour costs. This has meant that south-east and east-Asia have benefited from their large and young populations to become the preferred assembler sites of the globe.⁶⁸ One of this country was China, one of the most polluted country in the world, and that's the reason because it's possible to introduce the concept of environmental insurance: environmental liability insurance is an economic policy carried out to solve environmental problems through modern insurance system. It was officially introduced in China only in 2006 as part of new market-based approaches for managing environmental risks. By 2012, trial applications of pollution insurance had been launched in 14 provinces and cities, consequently more than ten insurance companies have entered the pollution insurance market with their own products and contracts.

Since 1960's, the environmental liability insurance has been put into practice in many western developed countries, while in China, environmental pollution liability insurance was first introduced in the city of Dalian in 1991 and then in some other cities such as Changchun and Shenyang. However, it developed rather slowly. From 1991 to 1994, only 15 firms purchased environmental pollution liability insurance in Dalian and in 1992, only one firm purchased such product in Changchun. With increasing awareness of environmental issues and stronger government enforcement, the situation has improved in recent years. In 2007, China Environmental Protection Administration and the Insurance Regulatory Commission jointly issued "Environmental Pollution Liability Insurance Guidance" and proposed to establish environmental pollution liability insurance system during the "Eleventh Five-Year" period and extend it nationwide by 2015, which showed the government's determination to promote environmental pollution liability insurance in China. In 2009, Hebei Province issued Reducing Contaminant Discharge Regulations, which explicitly provided that environmental pollution liability insurance should be propelled among enterprises facing serious environmental pollution risks.

Actually, pollution insurance faces a number of challenges in China. The absence of a national law weakens the legal basis of pollution insurance, and poor technical support stagnates further implementation. Moreover, current pollution insurance products have limited risk coverage, high premium rates, and low loss ratios, which make them fairly unattractive to polluters. Meanwhile, low awareness of environmental and

⁶⁶ Spillover effect refers to the impact that seemingly unrelated events in one nation can have on the economies of other nations. The larger an economy is, the more spillover effects it is likely to produce across the global economy.

⁶⁷ S. Zhou, A. Patty, S. Chen, *Advances in Energy Science and Equipment Engineering*, Taylor & Francis Group, London, 2015, pp. 264-9.

⁶⁸ M. Mulej, R. G. Dyck, *Social Responsibility Beyond Neoliberalism and Charity*, (4), Bentham Science Publishers, Sharjah, U.A.E, 2015, p. 30.

social liabilities lead to limited demand for pollution insurance products by industrial companies, hence, the pollution insurance market is not yet flourishing in China.

By the end of 2011, 14 provinces and cities (Jiangsu, Hubei, Hunan, Chongqing, Shenzhen, Ningbo, Shenyang, Hebei, Henan, Yunnan, Shanghai, Sichuan, Fujian, and Shanxi) started applying pollution insurance trials. Some of the local governments in these pilot areas (i.e., Shanghai, Hebei, Henan, Liaoning, Chongqing, and Jiangsu) have launched local legislation on pollution insurance and have begun to explore and establish pollution insurance policies. Reflecting international developments, two types of local pollution insurance systems have developed in China: voluntary pollution insurance systems are practiced in Shanghai, Hebei, and Chongqing, where governmental policies “encourage” polluting companies to buy pollution insurance, while mandatory pollution insurance systems are present in Hunan and Jiangsu, where companies in specific sectors and of specific sizes have to buy pollution insurance so that they will not be confronted with punitive measures.⁶⁹

The reason of the extending of this policy is simple: accidental environmental contamination has become a serious problem in recent years in China. In 2011, liable parties paid CNY1.683 billion as compensation for the damage to the environment caused by Penglai 19-3-oil-field oil spill incident. Before this notorious accident, in 2010, the oil spill incident in Dalian Xingang and the contamination to Ting River also caused huge damage to the environment and the inhabitant. Known as green insurance, environmental pollution liability insurance is therefore a category of insurance that covers insured’s environmental liability risks. Among many economic policies dealing with environmental pollution problems, environmental pollution liability insurance is deemed to be an effective method in relieving environmental problems through modern insurance system. It should be involved in pollution control owing to its ability to price environmental risk, encourage precautionary measures and generate funds for environmental clean-up (Richardson, 2002).

1.7.4 A case study of Baoding

In April 2011, the environmental liability insurance program was launched in Baoding, which has been selected to be the only pilot city in Hebei province. On November 15th, 2011, Baoding Branch of PICC Property and Casualty Company issued environmental pollution liability insurance policies to 15 enterprises in Baoding, which is a milestone for the environmental liability insurance development in Hebei province. By the end of 2011, 52 enterprises purchased environmental liability insurance, having a great significance for extending this policy to other places in Hebei province. In April 2011, Baoding Environmental Protection Agency issued a notice on piloting environmental pollution liability insurance in Baoding and called for bids. Six insurance companies were chosen to compose the co-insurance body and by the end of 2011, 53 enterprises processing poisonous chemicals, discharging hazardous waste or related to heavy metals purchased environmental pollution liability insurance.

The study carried out in Baoding used in-depth interview as the major method. Four parties have been involved in the project of implementing environmental pollution liability insurance in Baoding: environmental protection department of the government (regulator), insurer (product supplier), enterprises (product demander) and insurance brokerage company (intermediary). The interviews, conducted in May 2012, involved 6 interviewees, all of them from the four parties involved in the developing environmental pollution

⁶⁹ Y. Feng, A. P. J. Mol, Y. Lu, G. He, C. S. A. van Koppen, *Environmental Pollution Liability Insurance in China: In Need of Strong Government Backing*, 43(5), PMC, 2013, pp. 687-702.

liability insurance project in Baoding. All the interviewees have taken part in the project directly; topics discussed during interviews are related each other and include attitude of the insured to the environmental pollution liability insurance, implementation mode and risk evaluation.

When talking about the decisive factor affecting the decision of purchasing such insurance product, all the interviewees mentioned the intervention of the regulator; regulator's important role in developing environmental pollution liability insurance is not only reflected by persuading potential polluters to purchase environmental pollution liability insurance, but also by improving it.

Insurance interviewees from enterprises showed little interest in purchasing environmental pollution liability insurance, although they are aware of the environmental pollution liability risk to some extent, owing to the underestimate of the risk and unsatisfactory insurance product. However, although all the interviewees were aware about the potential pollution risk to some extent, when it comes to the reality, they just shrugged it off. Some answers were like "I know there would be a big loss if pollution accidents happened, but do you think it will really happen? I didn't see any accident for decades..." It should be noticed that not only small and medium size enterprises underestimate their risks, but big sized enterprises also have this problem. It indicates that in China, potential polluters do not care too much about the environmental pollution liability risk not because they think the liability is too much for them to take, but because they didn't think the risk is serious at all.

Another relevant problem was that almost all the interviewees mentioned the unsatisfactory product. "I think the most important risk our company concern about is the liability coming from daily contaminant discharge. We have paid a lot for this. But I was told such loss won't be covered by insurance". In China nowadays, only a few insurance company provide relevant products in the area of environmental pollution liability which only cover accidental events caused in the boundaries of the insured's site, in addition, risks during transportation are still uncovered. Besides coverage, there are also complains about premium rate,⁷⁰ because is too high: basically speaking, premium rate should be set according to the loss probability. It is still very difficult for the insurer to get adequate information about it, furthermore, even if the premium rate has been set at an appropriate level, the exposures differentiate from firm to firm. Compared to those facing serious problems, enterprises with low-level risks would not like to purchase such an insurance product if risk control level was not taken into consideration when setting the specific premium rate. Standard risk evaluation is in fact the basis for premium rates differentiation, which is important for avoid adverse selection. Considering the current situation, it is unrealistic to rely solely on the insurance company; this is a new and highly technical field and the insurance company is lack of motivation since the prospect of its development is still uncertain. Considering the Congjun and Chik point of view, experts who carried out this study, the appropriate approach to solve this problem is government's taking the leading role, convening relevant experts and insurance companies to set the standard. (Experience from some other cities such as Dalian and Chongqing can be learnt from).

Coordination and cooperation is crucial for developing environmental pollution liability insurance in China too. For example, environmental pollution liability risk rising from hazardous chemicals in delivery, which accounts for large proportion of environmental pollution losses, is not covered by current environmental pollution liability insurance product, because traditionally it is under supervision of traffic management department other than environment protection department.⁷¹

⁷⁰ The premium rate is defined as an amount paid or required for an insurance policy.

⁷¹ L. Congjun, A. R. B. Chik, *Developing Environmental Pollution Liability Insurance: the Countermeasures - A Case Study of Baoding, Hebei Province, China*, in *2012 China International Conference on Insurance and Risk Management*, Qingdao,

1.7.5 Evaluation on Beijing-Tianjin-Hebei area

When we talk about coordination and cooperation, we cannot avoid discussing about the Beijing-Tianjin-Hebei region in the north into a world-class city cluster. Initiated by President Xi Jinping, the plan envisages the region as the next economic growth engine, and is expected to transform the whole Bohai Bay area into a zone of prosperity in coming decades. The long-term project will likely turbocharge growth by enhancing effectiveness of cities in the area, and it will also meld national capital Beijing, neighbouring Tianjin and Hebei province into an agglomeration of infrastructure-strong urban centers, promising unprecedented economies of scale, according to the National Development and Reform Commission. According to the China Daily, industries in the region are getting upgraded and transformed, cities are becoming inter-connected and inter-dependent, the Tianjin Pilot Free Trade Zone is attracting quality foreign investment and facilitating local Chinese enterprises' overseas expansion, high-end research expertise is getting connected with local manufacturing abilities and people's lives are improving all the time, thanks to the new economic activity related to the 2022 Winter Olympics, which will be held in the region.⁷²

However, due to the different administrative divisions, regional collaboration has many obstacles to overcome; difficulties may appear in the development plans and policies, improvement of industrial layout, distribution of population, traffic and infrastructure development, resources and energy efficiencies, and last but not least important, in managing air quality.

The Beijing-Tianjin-Hebei region has become one of the area most affected by the environmental pollution problem. During the year from April 2013 to April 2014, the air pollution in the Beijing-Tianjin-Hebei region exceeded the acceptable level more frequently than all other regions of the country, with Handan and Xingtai being the areas with most concentrated pollution. Meanwhile, it is also one of the regions with most serious water environmental pollution, rural surface source pollution and megacity environmental pollution; X. Li and Y. Wei, from Beijing Energy Conservation and Environmental Protection Center, gave some suggestions on environment development and protection in this large city group. They think the urban system planning of Beijing-Tianjin-Hebei should be conducted under the precondition of the bearing capacity of the resources environment, properly handle the relationship between urban construction, economic development and ecological environmental protection, rationally allocating resources. As for the cross-regional ecological environmental protection, the governments of the three regions should focus on coordination and jointly develop the regional pollution treatment and regional ecological recovery, and put forward planning strategies on the protection and rational development and utilization of water resources, intensive utilization of rural land resource, energy security guarantee, and the protection and rational utilization of inshore resources.

The legal system is the key to restricting the environmental pollution in the Beijing-Tianjin-Hebei region; the law-making of environment should be conducted under the precondition of "sustainable development" and under the principle of "focus on precaution, give priority to protection, attach equal importance to ecological construction and treat pollution." To perfect the regional environment monitoring network, it is necessary to establish an all-inclusive, 3-dimensional, and round-the-clock environment pollution and ecological environment monitoring system featuring rational layout, advanced equipment and complete functions in order to improve the real-time monitoring over environment pollution and conduct medium- and long-term

China,2012,

<file:///C:/Users/masterUser/Desktop/Tesi%20magistrale/Environement/casa%20study%20of%20Baoding.pdf>.

⁷² *Beijing-Tianjin-Hebei zone: Rise of new growth engine*, 中文网, 2017,

http://www.chinadaily.com.cn/bizchina/2017bch/2017-02/22/content_28298757.htm.

monitoring over ecological evolution and disasters, as well as the ability of giving warnings and conducting emergency over sudden pollution disasters. Moreover, it is necessary to perfect the ecological compensation mechanism: a part of the regional ecological compensation fund should be used for supporting the regional ecological construction projects, and a part of it should be directly used by the enterprises that have closed or cut production and their employees due to the construction of ecological environment, as well as the families that need to move for the sake of environmental protection.

To improve the environment quality, the three regions must follow the road of coordinated development, and the integration in the three regions must be conducted under the precondition of reasonable utilization of resources. The three regions must establish perfect policy and legal systems, unified standards and rational ecological compensation mechanism, and ensure the implementation of the planning and design contents through an effective consultation and coordinated mechanism.⁷³

1.7.6 Government reaction to the “war on pollution”

Data discussed above show clearly the disastrous pollution situation in Hebei Province; implementation of policies for economic growth and projects issued by the Government cannot remain indifferent to international organization and population, who start to look and growth as a threat. Activists and NGO try in fact to rethink their campaigns to engage with government, becoming more and more willing to be interviewed and show to the world how much the industrial pollution fills the air. The smog has therefore prompted the authorities to rethink and change the growth model and to take more stringent measures to fight pollution; it was Hebei Province itself that launched a fresh probe into steel overproduction in the city of Tangshan. Tangshan produces around 90 million tonnes of steel a year, more than the whole of the United States; it is on the frontline of the country's "war on pollution", and was seventh on the list of China's ten smoggiest cities in the first two months of this year. "The steel industry's capacity reduction targets need to be upgraded to reductions in actual production - only then will we see real improvements in air quality," said Lauri Myllyvirta, senior global campaigner at Greenpeace East Asia.⁷⁴

In December 2016, the Government announced to invest as much as 700 billion yuan (\$100.82 billion/82.03 billion pounds) on new projects, of its efforts to "upgrade" its heavy industrial economy. The new projects have a focus on "innovation" and would promote less industrially intensive sectors like renewable energy, financial services, information technology and logistics. However, local officials frequently complain that they need more support from the central government to help fund its restructuring efforts, cope with worker layoffs and promote cleaner sectors, but from another hand, sources demonstrate that Hebei has frequently struggled to implement directives from Beijing to close polluting industries, thus forcing the Ministry of Environmental Protection to heighten surveillance and identify several local steel firms that had failed to comply with emergency restrictions during a recent smog outbreak in the region.⁷⁵

⁷³ X. Li., Y. Wei, *Collaborated Development of The Beijing-Tianjin-Hebei Region To Improve Regional Environmental Quality*, (168), WITPRESS, 2015, pp. 343-5.

⁷⁴ D. Stanway, *China's Hebei province launches new probe into steel overproduction*, Reuters, Shanghai, 2017, <http://www.reuters.com/article/us-china-steel-tangshan-idUSKBN16Y0TY>.

⁷⁵ D. Stanway, S. Holmes, *China's Hebei plans \$100 billion investment in clean sectors in 2017*, Reuters, 2016, <http://www.reuters.com/article/uk-china-hebei-idUKKBN14D02P>.

Moreover, to address the mounting industrialisation-based ills of the Beijing-Tianjin-Hebei region, the Jing-Jin-Ji launched Action Plan for Prevention and Control of Air Pollution, which is a five-year plan (2012-17) involving cutting coal use, closing polluters, promoting cleaner production and controlling the number of private cars, with the aim to reduce average annual concentration of PM2.5 emissions (fine particulate matter) by at least 15% compared with the 2012 level and to reduce the proportion of coal used in total energy consumption to less than 50% through expansion of the natural gas infrastructure.⁷⁶



11.Trucks stranded near a highway during a polluted day in Shijiazhuang, December 2016.

⁷⁶ *China's Jing-Jin-Ji regional economic strategy: 2016 progress update - The prospects and challenges with co-ordinating economic development across Beijing-Tianjin-Hebei*, The Economist Corporate Network, JLL, 2016, p. 6, <http://www.joneslanglasalle.com.cn/china/en-gb/Research/ecn-jingjinji-2016-eng.pdf>.

2. Foreign investments framework

When Reform began in 1970's, China embarked on a path of rapid, breathtaking economic growth, opening up its economy to the rest of the world. The astounding growth is believed to have come from two main resources: the reformed state-owned enterprises (SOEs), now in the non-state sector, and the foreign-invested enterprises (FIEs). Since then, China saw a transition from a centrally planned Chinese economy towards a market-oriented one, which represented a gigantic economic, political, and social experiment.

Reform and open-door policy are two backbones of Chinese economic growth in the past quarter of a century, especially ownership reform which caused some fundamental organizational changes to the domestic Chinese firms; in addition, the astounding increase in the inflow of foreign direct investments has externally facilitated these changes as well as reshaped the competitive landscape of the China market as a whole. However, Reform signs an increasing competitiveness of Chinese firms (Zeng and Williamson, 2003); by 2005, 18 of them appeared on the list of *Fortune's* largest global 500 firms, like Sinopec, Haier, Lenovo. A 2002 *Asian Wall Street Journal* article described China's consumer-goods market as characterized by fierce competition and eroding margins for small and medium foreign investors, especially because their local Chinese counterparts are gaining competitiveness. China is considered the most competitive (consumer-good) market in the world (Chang, 2002). Similarly, in a large survey conducted by *Fortune (China)* in 2002, 83% of the responding foreign firms considered increasing competition as a major challenge facing their firms, high over such institutional factors as government relations, labor management, and policy uncertainty (Jinag, 2002).⁷⁷

	FDI (\$ bill)	Multinational share	State-owned share	Import share	Wage premium	Tariffs
Beijing	5.30	0.215	0.555	0.075	0.366	0.413
Tianjin	3.75	0.240	0.284	0.043	0.522	0.306
Coastal provinces						
Liaoning	5.38	0.042	0.389	0.022	0.475	0.227
Hebei	2.02	0.066	0.327	0.007	0.36	0.289
Shandong	8.51	0.054	0.274	0.007	0.308	0.282
Jiangsu	14.01	0.102	0.176	0.008	0.353	0.223
Shanghai	11.61	0.290	0.294	0.080	0.452	0.163
Zhejiang	4.01	0.075	0.082	0.010	0.27	0.240
Fujian	13.73	0.270	0.068	0.035	0.387	0.298
Guangdong	39.02	0.271	0.000	0.075	0.35	0.215
Guangxi	2.79	0.065	0.357	0.014	0.357	0.252
Hainan	4.00	0.204	0.054	0.348	0.436	0.172
Average	10.51	0.144	0.202	0.061	0.373	0.236
Inland provinces						
Heilongjiang	1.26	0.026	0.648	0.011	0.582	0.264
Jilin	1.07	0.062	0.576	0.054	0.367	0.174
Inner Mongolia	0	0.048	0.606	0.021	0.232	0.320
Shanxi	0.24	0.017	0.433	0.005	0.399	0.216
Henan	1.53	0.041	0.323	0.006	0.352	0.294
Anhui	1.2	0.032	0.292	0.005	0.578	0.241
Hubei	2.1	0.037	0.354	0.013	0.35	0.195
Jiangxi	0.91	0.041	0.495	0.008	0.468	0.257
Hunan	1.46	0.034	0.385	0.009	0.437	0.209
Guizhou	0.21	0.032	0.641	0.015	0.43	0.139
Yunnan	0.57	0.028	0.644	0.038	0.27	0.234
Sichuan	2.35	0.034	0.374	0.012	0.453	0.186
Tibet	0	0.000	0.725	0.250	0.621	0.321
Qinghai	0.02	0.006	0.827	0.005	0.463	0.157
Shaanxi	1.25	0.045	0.563	0.018	0.533	0.234
Gansu	0.22	0.040	0.645	0.013	0.396	0.146
Ningxia	0.1	0.093	0.665	0.006	0.352	0.170
Xinjiang	0.23	0.020	0.715	0.009	0.245	0.092
Average	0.82	0.035	0.551	0.028	0.418	0.214

13. Cumulative stock of FDI into China's 30 provinces, 1995.

⁷⁷ L. G. Branstetter, R. C. Feenstra, *op. cit.*, pp. 342-4.

Investment incentive zones	Location	Tax rate
Special Economic Zones—5 Zones	Shenzhen, Zhuhai, Shantou, Xiamen, Hainan	15% for all FIEs
Coastal Open Cities—14 Cities	Dalian, Qinhuangdao, Tianjian, Yantai, Qingdao, Lianyungang, Shanghai, Ningbo, Wenzhou, Guangzhou, Zhanjiang, Beihai, Nantong, Fuzhou	24% for FIEs in mfg industries
Economic Coastal Open Zones—10 Provinces and Cities	Guangdong, Fujian, Zhejiang, Jiangsu, Shandong, Tianjian, Hebei, Shanghai, Liaoning, Guangxi	24% for FIEs in mfg industries
Economic and Technology Development Zones—32 Cities	Dalian, Qinhuangdao, Yianjin, Yantai, Harbin, Qingdao, Lianyungang, Nantong, Minhang, Hongqiao, Caohejing, Ningbo, Wenzhou, Weihai, Xiaoshan, Fuzhou, Guangzhou, Nansha, Daya, Bay, Zhanjiang, Kunshan, Yingkou, Rongqiao, Dongshan, Shenyang, Changchun, Hangzhou, Wuhan, Wuhu, Chongqing, Beijing, Urumchi	15% for FIEs in mfg industries
Investment Districts for Taiwan Investors—4 Districts	Xiamen: Xinglin, Haicang, Jimei; Fuzhou: Mawei	15% for FIEs in mfg industries
Shanghai Putong New Area	Shanghai Putong New Area	15% for FIEs in mfg industries
Tax Bonded Areas—13 Cities and Areas	Shenzhen Futian, Shenzhen Shatoujiao, Shantou, Guangzhou, Xiamen, Fuzhou, Dalian, Ningbo, Zhanjiang, Waigaoqiao, Tianjin, Haikou, Qingdao	15% for FIEs in mfg industries
New High Technology Industrial Development Zones—52 Zones	Beijing, Wuhan, Nanjing, Shenyang, Tianjin, Weihai, Xian, Chengdu, Zhongshan, Changchun, Harbin, Chengsha, Fuzhou, Hefei, Baoding, Anshan, Jilin, Guangzhou, Chongqing, Hangzhou, Mianyang, Baoji, Guilin, Zhengzhou, Lanzhou, Shijiazhuang, Daqing, Guiyang, Jinan, Shanghai, Caohejing, Dalian, Luoyang, Zhuzhou, Shenzhen, Xiamen, Hainan, Suzhou, Wuxi, Xiangfan, Baotou, Changzhou, Foshan, Huizhou, Zhuhai, Urumchi, Nanning, Qingdao, Weifang, Zibo, Kunming, Taiyan, Nanchang	15% for FIEs in Hi-tech industries
State Tourist Districts—11 Districts	Dalian Chinshihtan, Qingdao Shilaoren, Tai Hu, Hangzhou Zhi Jiang, Shanghai Hengsha Dao, Fujian Wuyis Shan, Meizhou Dao, Guangzhou Nan Hu, Kunming Dian Chi, Shanya Yalong Wan, Bei Hai Yintan	24% for FIEs in the district
Provincial Capitals—18 Open Cities along the Yangtze River—6 Cities	Urumchi, Nanning, Kunming, Harin, Changchun, Xian, Shijiazhuang, Taiyuan, Hefei, Nanchang, Zhengzhou, Chengdu, Guiyang, Huhhot, Lanzhou, Xining, Wuhu, Wuhan, Hongqing, Yueyang, Yinchuan, Jiujiang, Huangshi, Changsha	24% for FIEs in mfg industries
Border Open Cities—13 Cities, Towns and Counties	Heihe, Suifenhe, Hunchun, Manzhouli, Erenhot, Tacheng, Bodong, Pingxiang, Wanding, Hekou Shi, Ruili Xian, Dongxing Zhen, Yining	24% for FIEs in mfg industries
Suzhou Industrial Park—1 Park	Suzhou	15% for FIEs in infrastructure projects

14. China's investment incentive zones and their tax rates

From this perspective and taking advantages of the reforms, by the year 2000 China was recipient of more than 20% of the total FDI in developing countries and more than 5% of total FDI in the world; in January 2005, a total of 512,504 foreign-invested enterprises had been approved to set up their operations in China, with a cumulative actual investment of US\$ 566.2 billion.⁷⁸ After China's admission to the WTO in December 2001, and therefore the increase of this country a trade partner, inflows and foreign investments in China increased

⁷⁸ Foreign investments laws are controlled by Foreign Investment Industrial Guidance Catalogue (enacted for the first time in 1995), which represents measures on access of foreign investments and determine whether foreign investments in relevant industries are subject to the approval of MOFCOM. However, NDRC and MOFCOM recently released a draft 2016 version of the Catalogue, implementing the previous categories of access to investments and substituting them with a *Negative List*, opening up a significant number of currently restricted and prohibited sectors.

R. Cavalieri, *Lecture di diritto cinese – quadro di riferimento legislativo e fiscale per gli investimenti stranieri in Cina*, Chiomenti Law firm, Cafoscarina, Venice, 2013, pp. 80-5.

rapidly; a total of 43,664 FIEs were approved in 2004, an increase of 6.3% from 2003. The total realized foreign investment was US \$ 60.6 billion, an increase of 13.3% from 2003.⁷⁹ Foreign Direct Investment (FDI) has therefore contributed a great deal to China's extraordinary growth by injecting capital into the economy, creating jobs, transferring technology and knowledge, enhancing trade, bringing in competition for local enterprises, improving the quality of local labor and intermediate goods suppliers, and connecting China's gradually opening economy to the global market. For over a decade, China has been the second largest recipient of inward FDI in the world behind the United States. In 2009, China received \$95 billion, which is 8.5% of the world's total.⁸⁰

Trust of trust, professionalism, technology, and price competition in international business negotiations were all important factors in post-WTO China. The success factors appear to be in a transition from political orientation to a combination of cultural and technological orientation in the post-WTO China: Chinese firms are now active in taking initiatives in contacting foreign companies for technical information, thus encouraging more direct contact with end users instead of communication via foreign trade corporations.⁸¹

2.1 Foreign investments in Hebei Province

2.1.1 Hebei attractiveness: data

The eastern region is a developed area in China compared to the other regions. Provinces in the eastern region have unique competitive advantages such as developed infrastructure and economy, advanced manufacturing and information technology, mature market, and a long history of FDI by multinational corporations. Besides being more diverse, these provinces also enjoy higher FDI spillover effects.

Above all Provinces of China, Hebei, Tianjin and Shanghai in the eastern region, Jilin and Anhui in central region, and Sichuan, Yunnan and Chongqing in western region are preferred provinces to attract FDI. Liaoning and Hebei are typical manufacturing provinces in China, thus profit efficiency changes for Liaoning and Hebei are considered important factors to improve their FDI attractiveness. Moreover, Hebei province and Shandong province are considered bottlenecks of the eastern region, which give them more room to improve the overall efficiency of input factors. Variation in FDI attractiveness among the eastern provinces suits the development of various types of industries, which means that the eastern provinces have great potential development space; since the east is more developed compared to other regions of China, FDI attraction begins early and has grown gradually.⁸²

As mentioned above, most of Hebei's FDI has been channelled into the manufacturing industry, followed by real estate, transport, storage and postal service, farming, forestry, animal husbandry and fishery, and rental and business services: cities such as Shijiazhuang, Tangshan, Qinhuangdao and Langfang still continue to receive large amount of foreign investments, while a growing number of investments are pouring into

⁷⁹ D. Xu, Y. Pan, C. Wu, B. Yim, *Performance of domestic and foreign-invested enterprises in China*, Journal of World Business, (41), Elsevier, 2005, pp. 261-271.

⁸⁰ M. Pan, *Three essays on FDI in China*, ETD collection for University of Nebraska, Lincoln, 2011, <http://digitalcommons.unl.edu/dissertations/AAI3450110>.

⁸¹ T. Fang, V. Worm, R. L. Tung, *Changing success and failure factors in business negotiations with the PRC*, International Business Review, (17), Elsevier, 2007, p. 167.

⁸² L. Ming, X. Zhao, H. Deng, K. Tan, *DEA analysis of FDI attractiveness for sustainable development: Evidence from Chinese provinces*, Decision Support Systems, (56), Elsevier, 2013, pp. 406-416.

Handan and Chengde. Foreign investments that have established their presence within the provinces include Microsoft, GM and Siemens.⁸³

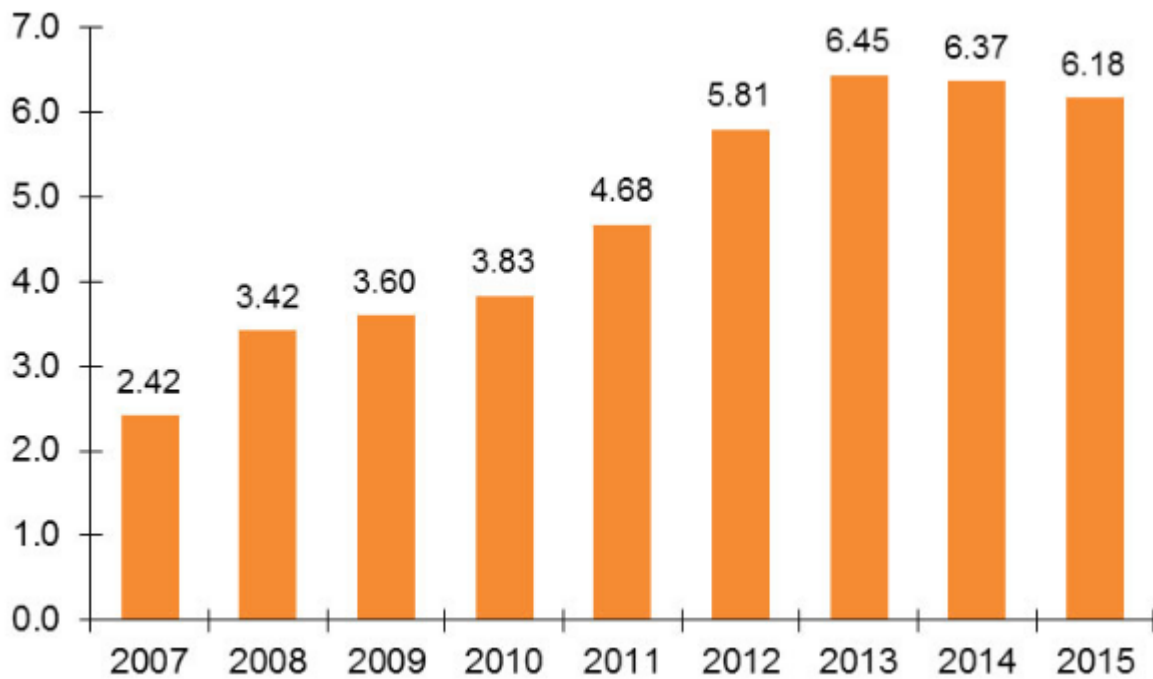
Focusing on Hebei, in 2007 it utilized USD 2.4 billion in FDI; as investors began to realize the potential of the province, it has realized nearly a 50% increase. As discussed in the first chapter, its economy benefits from a strong logistics industry, several state/provincial level development zones and other economically incentivized areas, and a large skilled workforce that is fed by its 88 universities and approximately 863,000 students; for 2009 FDI reached USD 3.598 billion. According to statistics from the provincial government's official web site, the use of foreign capital in the province in 2010 saw a year-on-year growth of 1.6 percent to US\$3.69 billion from 2009. Moreover, the province is looking to upgrade its industrial structure and transform its development mode through the increasing FDI attraction. Moreover, in 2010 China's Hebei Province issued a new document that encouraged the acceleration of foreign direct investment (FDI) into the region; the document concerned the implementation of related fiscal measures, land use policies and favorable systems for FDI inducement, and set up a series of five-year goals with regards to the volume of foreign capital use, capital attraction from outside the province, foreign trade, and outbound FDI. The document also clarified several aspects of related favorable policies, as Government budget support to the foundation of the "Open Economy Development Fund", gave major consideration of jointly invested projects and wanted to ease FDI access to the province, encouraging foreign company bond issuance for financing purposes in order to boost mergers and acquisitions. Sectors that the government still gives the most support to are traditionally strong sectors in the province such as equipment manufacturing, petrochemical and pharmaceutical, strategic emerging industries such as new energy, high-end equipment manufacturing, biopharmaceutical, new-generation communication, new material, green technology and green automobiles, modern services including modern logistics, financial insurance, recreation and tourism, also exports of agricultural products, textiles, electrical products and high-tech products and still promotes overseas resource exploitation, enterprise establishment and M&As by Chinese enterprises.⁸⁴

In 2015, the bulk of FDI flowed into manufacturing, which accounted for 62.2% of the total utilized FDI. Among all industries of the services sector, real estate took up 10% of the actual investment in 2015 while transportation and storage took up about 9.5%. Apart from Shijiazhuang, Tangshan, Qinhuangdao and Langfang which are traditionally popular destinations for foreign investment, Handan and Baoding have emerged to become attractive destinations for foreign investors in recent years.⁸⁵

⁸³ R. Guo, *op. cit.*, p. 114.

⁸⁴ *Hebei Province Urges More FDI Attraction*, China Briefing, 2010, <http://www.china-briefing.com/news/2010/12/21/hebei-province-urges-more-fdi-attraction.html>.

⁸⁵ *Hebei: Market Profile - Major Economic Indicators*, HKTDC RESEARCH 經貿研究, 2017, file:///C:/Users/masterUser/Downloads/hktdc_1X0G29ZA_en.pdf.



15. Utilised FDI of Hebei

As regards to the main investors in the Province, Hebei province's statistics bureau reported that, in 2012, the main source of Hebei's foreign direct investment (FDI) was Hong Kong, whose FDI was worth \$3.65 billion, for a year-on-year increase of 35.4 percent, and accounting for 62.8 percent of the province's total FDI for the year; in 2014, actual investment by Hong Kong enterprises amounted to US\$3,403 million, accounting for 55% of the total, while other major sources of investment were Japan and Germany. Actually, the province has 112 projects involving more than \$10 million worth of Hong Kong investment each and which have received the capital. That brings the total investment to \$3.12 billion; by the end of 2012, Hong Kong enterprises accounted for 35.1 percent of the total number of foreign enterprises in Hebei.⁸⁶

2.1.2 FDI impact on economic growth: reaction to FDI surging

The impact of FDI on economic growth is one of the most controversial topics in the literature of international political economy. Moreover, the developmental economics literature showed how FDI motivations change in step with the host country's economic development (Dunning, 1986; Narula, 1996); the investment development path shows that less developed countries attract mostly resource seeking and efficiency seeking FDI in product markets or labor-intensive production tasks, but as their technological infrastructure improves, they attract FDI in greater value-added activities. Likewise, Ozawa's (1992) notion of the stages of economic development also links the pattern of FDI to the host country's stage of development. A country in pre-take-off stage attracts FDI in primary product and labor-intensive sectors, while one in the take-off stage attracts it in medium or large capital-intensive sectors. Additionally, the notion

⁸⁶ Hong Kong tops Hebei actual FDI, 河北省人民政府, 2013, http://www.chinadaily.com.cn/m/hebei/2013-03/06/content_16285234.htm.

of “fit” within the mainstream strategy literature emphasizes the alignment of the firm’s strategy with its external environment (Andrews, 1971; Chandler, 1962); for instance, geographical location, logistical infrastructure, power, low wages, and vocational skills are more important for the manufacturing sector, but communications, IT infrastructure, and technical skills are more critical for the high-technology sector, thus MNEs usually select FDI locations that have good infrastructure and other attributes that best match their firm strategy. Moreover, governments often enhance the attractiveness of remote areas by offering more lucrative investment incentives (Mudmabi & Navarra, 2002), broad-based and designed to attract general-purpose investments that promote basic economic development. FDI incentives can take the form of tax holidays and concessions, subsidized land, lower power tariff, protection against cheaper imports, relaxation of majority ownership, local content, and profit-repatriation regulations. Particularly, studies have shown that host country’s tax rates are among the most significant factors affecting the volume and location of FDI (He & Guisinger, 1993; Hines, 1996; Tung & Cho, 2001). However, Government incentives cannot compensate for the lack of intrinsic location advantages such as economic and political environment, good infrastructure, etc. (Sethi et al., 2002). Furthermore, prerequisites for the high-technology sector such as communications, IT infrastructure, and technical skills are far more stringent than those for the manufacturing or extractive industry sectors. Developing countries especially seldom meet those prerequisites. One of the primary motivations for developing countries to attract foreign direct investment (FDI) is in fact to obtain advanced technology from developed countries and then base on this to establish domestic innovation capability. Under its “market for technology” policy, China has been the largest recipient of FDI among the developing countries in the 1990s.⁸⁷ (China’s FDI attractiveness was effective only from 2000 to 2002 and 2005 to 2006). Technology diffusion plays a central role in the process of economic development; it can take place through a variety of channels: imports of high-technology products, adoption of foreign technology, acquisition of human capital through various means. Besides these channels, some experts consider foreign direct investment by multinational corporations (MNCs) a major channel for the access to advanced technologies by developing countries; growth rates in developing countries are, in part, explained by a ‘catch-up’ process in the level of technology, and in a typical model of technology diffusion, the rate of economic growth of a backward country depends on the extent of adoption and implementation of new technologies that are already in use in leading countries. MNCs are among the most technologically advanced firms, accounting for a substantial part of the world’s research and development investment. Findlay (1978) postulates that foreign direct investment increases the rate of technical progress in the host country through a ‘contagion’ effect from the more advanced technology, management practices, etc. used by the foreign firms. Still, Wang (1990) incorporates this idea into a model more in line with the neoclassical growth framework, by assuming that the increase in ‘knowledge’ applied to production is determined as a function of foreign direct investment (FDI). A study of the negotiations of the Swedish multinational corporation Ericsson⁸⁸ with Chinese customers conducted in the 1990s, with the purpose to examine empirically the role of FDI in the process of technology diffusion and economic growth in developing countries, showed in fact that FDI is an important vehicle for the transfer of technology and contributing to growth. However, the research shows that the application of

⁸⁷ K. Cheung, P. Lin, *Spillover effects of FDI on innovation in China: Evidence from the provincial data*, China Economic Review, (15), North- Holland, 2005, p. 25.

⁸⁸ Ericsson is a world leader in telecommunications. In 1999, it had net sales of US\$26 billion and a global market share for mobile infrastructure of 30%, while in China it had 40% market share. In 1894, the company made its first shipment of 2000 desk telephone handsets to Shanghai, and re-entered into the Chinese market in 1984 by delivering its AXE-10 exchange to the Beijing post and telecommunications authorities. Since 1985, Ericsson’s China activities have experienced an explosive growth and is now a major foreign player in the Chinese telecommunications infrastructure.

this more advanced technologies also requires the presence of a sufficient level of human capital in the host economy; it was found that there is a strong complementary effect between FDI and human capital, that is, the contribution of FDI to economic growth is enhanced by its interaction with the level of human capital in the host country. Empirical work was motivated by a model of endogenous growth, in which the rate of technological progress is the main determinant of the long-term growth rate of income. Effects of FDI on domestic investment were investigated too. In principle, this effect could have either sign: by competing in product and financial markets MNCs may displace domestic firms; conversely, FDI may support the expansion of domestic firms by complementarity in production or by increasing productivity through the spillover of advanced technology.⁸⁹

From this perspective, specifically on relationship between FDI and economic growth, some hypotheses were recently implemented; according to the modernization hypothesis, FDI promotes economic growth by providing external capital and through growth and spreads the benefits throughout the economy. It is the presence, rather than the origin of investment, that is considered to be important, because FDI usually brings with it advanced technology, and better management and organization. Hence, in the modernization hypothesis, FDI is, in fact, the most critical engine for economic growth in developing countries. Contrary to this modernization hypothesis, the dependency hypothesis, while admitting a possible short-term positive impact of the flow of FDI on economic growth, contends that there is deleterious long-term impact of FDI on economic growth, as reflected in the negative correlation between the stock of FDI and growth rate. In the short run, an increase in FDI enables higher investment and consumption and thus contributes to economic growth. However, as FDI accumulates and foreign projects take hold, there will be adverse effects on the rest of the economy that reduce economic growth; this is due to the intervening mechanisms of dependency, in particular, "decapitalization" and "disarticulation."

However, earlier studies failed to clarify the causation of the relationships between economic growth and FDI inflows: most studies assumed that FDI inflows stimulate economic growth (the FDI-led growth hypothesis). Such a relationship might be expected because FDI can enhance those factors which usually play an important role in promoting economic development: investment, technical progress, and, in the new growth theory, R&D, the accumulation of human capital and various positive externalities. However, the causation may go in the other direction: rapid economic growth attracts FDI (the growth-driven FDI hypothesis). This hypothesis suggests that economic growth is likely to improve the domestic investment environment and increase opportunity for boosting profits. Accordingly, the growth makes it possible for TNCs to exploit economies of scale. In the longer term, growth associated improvements in human capital, labor productivity and infrastructure are likely to increase the marginal return of capital and, thus, the demand for domestic and foreign investment; moreover, improved economic performance should also generate profits and encourage their reinvestment. In the case of China, three regions can be categorized: the coastal, the central and the western, and each region consists of a number of provinces. They are distinguished not only by geographic features and distance from the coast, but also by social and economic characteristics such as the level of economic development, the degree of economic openness, industrial structure, factor endowments, and economic policies. Indeed, the demarcation of three regions has been widely used framework for analysis of regional development in China as well as the policy framework of the Chinese government for regional development.

⁸⁹ E. Borensztein, J. De Gregorio, J-W. Lee, *How does foreign direct investment affect economic growth?*, Journal of International Economics, (45), Elsevier, 1997, pp. 115-8.

However, China is a special case: the surprises, disappointment, and frustration on the part of Western business people are not strange, as it is the world's largest emerging market, largest Communist bureaucracy, and oldest culture. These unique features make China a unique case in international business that calls for special academic and managerial attention. Sino-Western business negotiation is a key dynamic of the Sino-Western business relationship and knowledge about the Chinese negotiating practices in the Sino-Western business negotiation process will generate insight into the Chinese business mindset, increase the success rate of Western businesses with China, and strengthen the Sino-Western business relationship.

With the growing importance of the Chinese domestic market to the world economy, and its attraction as a low-cost production base, a large number of international companies have established operations there. Partly because of a shortage of trained and experienced managers and technical experts in the People's Republic of China, and partly because many foreign companies want to keep direct control of key functions, there are a large number of non-Chinese staff working in foreign-invested enterprises including joint ventures, representative offices, wholly owned subsidiaries and branch offices. A posting to China is not, however, always straightforward. The problems faced by expatriate managers in dealing with Chinese culture, politics and economics have been pointed out by several authors (see Tung, 1983). Despite the difficulties faced by expatriate managers operating across cultures, relatively few companies appear to offer cross-cultural training (Black and Mendenhall, 1990). It has been suggested that between 16 and 40 % of all expatriate managers end their foreign assignments early because of poor performance or their inability to adjust to the foreign environment (Black, 1988); in addition, nearly fifty per cent of the expatriates who do not return at an early stage perform at a relatively low level of effectiveness. A research was issued on this topic, dealing with expatriate managers in the People's Republic of China and studying how their experiences are shaped by the cultural environment in which they work. Using qualitative analysis, experts focused on different issues, like culture shock, language barriers, miscommunication with local staff, staff turnover, empowerment and motivation and teamwork.

As economic development is often linked with pervasive, and to some extent predictable (Inglehart and Baker, 2000), many researchers believe that the value system in China is changing and that these changes will fundamentally reshape the beliefs and attitudes of the Chinese workforce. Child and Warner (2003), for example, argue that Chinese people, especially the younger generation, have been exposed to new economic and social forces such as increased consumerism, access to the internet (albeit government controlled) and contact with foreign companies and their staff. Such exposure might be expected to encourage them to deviate from traditional Chinese cultural norms and values. Focusing on language, for instance, instead of being an efficient vehicle of communication, the "common" language of English becomes sometimes an obstacle for true understanding (Scheu-Lottgen and HernandezCampoy, 1998). Chinese communication, like English, is situated in and influenced by its culture: we interpret words and actions through a cultural filter, whether this is a conscious or unconscious process (Goodall 2002). The Chinese see their language not only as a cultural tool which has historically influenced Japan, Korea, Indo-China and other areas, but as a way of transmitting cultural values, thus the close link between language and culture gives Chinese people a strong motive to increase the currency of the Chinese language.

In each of areas mentioned above, research shows that both Chinese and expatriate talk about their frustrations and, occasionally, their proposed solutions. Guiding hypothesis was that the more the expatriate managers "fits" the crosscultural context in which he or she find themselves, the greater their managerial effectiveness. "Reality" is in fact socially created: it is perfectly possible for a foreign manager in China to believe that he or she is doing the right, but for this action or attitude to be interpreted negatively. A focus on task to the exclusion of social relationships can seem inhuman; the exhortation to take responsibility and

show initiative can look unreasonable and frightening, the invitation to “brainstorm” simply masks the realities of decision-making power, and a demand for quick answers in a meeting is simply to push for glib answers, to substitute noise for real thinking. It is clearly not enough to simply transfer ‘Western’ practices without reflecting on what they might look like through different cultural lenses.⁹⁰

From this perspective, a case study on this topic is analysed; as this work especially focuses on Italian investments in Hebei Province, which will be discussed in detail in the third chapter, Mr. Enrico Lelli, Operation Manager of Italian multinational Seko was interviewed. Seko subsidiary in China was born in 2004 after a direct investment in Zhuozhou, located in Baoding. Zhuozhou, still today a mostly rural area, represented at that time a strategic possibility for the multinational to grow, a “white paper” where Italian investors could operate, supplying the peristaltic market, taking the *localization advantage* through low labour-cost and therefore purchasing finished products totally produced in the same chain, located in the Zhuozhou site. Seko China is equipped with 280 employees in total, among these 180 are “direct” employees. However, at the beginning Seko managers had to face a lot of problems in managing them: as discussed above, cultural gap is often an obstacle to stipulation of collaboration and friendly relationships between employers and employees, a situation which turns worst when the “occupied” area is a rural area, therefore a place where the most parts of citizens are not educated and thus never had the possibility to travel and visit even the nearest city, Beijing. Additionally, among young hired engineers, the majority have not work experience and therefore have difficulties to put in practise what they studied during university years (this is the reason because Seko provides a more than one year training course). Another difficulty comes: language. Although employees mostly speak English, everyone is Chinese; as discussed above Chinese often see their language as a way of transmitting cultural values, thus expressing their feelings and eventually frustration in another language could be limiting. As Mr. Lelli admitted, his first own foreign investor approach was to communicate to employees an imposing and frightening role, to create a terrifying atmosphere in the hope to solve the problems and correct their mistakes. However, he slowly realised that cultural gap obstacle is not simple to overcome, namely Chinese employees are mostly too much shy to admit their lack of understanding and recommendations. From this perspective, Mr. Lelli changed his approach and tried to be a guide for Chinese new employee, mostly engineers, who have difficulties to perform under pressure, particularly in a rural area far away from the sparkling big centers development.

Make an investment in China means get used to different cultural framework, establish relationships with employees who think differently, and above all who recently started to know the 外国人 and confront with him. Chinese employees are mostly shy about accept a mistake or disobey an order, for many people the foreigner is still a “weird, invader boss”; this is the reason because most of the times foreign managers have difficulties in managing subsidies in China and establish a good atmosphere; however, understand differences and cooperate would solve most of the troubles.

As showed before, Hebei Province is thus a mostly rural but still productive and developed area: a recent study showed that FDI had a positive influence on export for Hebei Province, increasing export trade and modifying its structure and products distribution. But what is the Chinese point of view? How did the Government react to the bulk of investments? A research issued by some Chinese expert states that foreign firms are still unwilling to share their technology knowledge, as a result Chinese competences remain limited. However, from the developing Countries perspective, increase technological knowledge, be surrounded by qualified personnel and improve R&D structures could have an effect of mutual collaboration and knowledge,

⁹⁰ K. Goodall, N. Li, M. Warner, *Expatriate managers in China: the influence of Chinese culture on cross-cultural management*, Working Papers Series, Cambridge Judge Business School, Cambridge, UK, 2007, pp. 1-20.

bringing advantages for both parties; namely, in the case of Hebei this research's scholar point of view shows the necessity to promote investments mostly in the secondary sector, not only from Hong Kong or Taiwan but from European countries and America. In countries like Hong Kong, Macao and Taiwan there is in fact a massive production of labor-intensive goods, which could represent an obstacle for the improvement of exports structure. Therefore, as there are more products exported by foreign enterprises than products produced by national enterprises, competition on the market starts to exist between foreign enterprises and domestic ones.

From another perspective, the competition could bring into light that domestic Chinese firms have not competitive strength, thus appears the need to start doing business differently and modify techniques to penetrate foreign market while hold the domestic one. It's given that the discrepancy is due to higher level of experience owned by foreign companies, higher technology knowledge and advanced machineries, still to a different perception in market and optimum markets insight which allow them to have more stable relationships in the trade market. Still, labor cost in Hebei Province is lower for foreign firms, products cost is lower and therefore competitive strength in the international market is higher. Additionally, foreign firms are developing a tendency to adopt sole proprietorship using greenfield investments, which represents a competitive advantage too. However, the biggest problem for domestic firms is that they use a different approach when acquiring knowledge: if foreign firms mostly take advantages from low labor cost, domestic firms have a long way to go in familiarising with new Western management methods and therefore their process of growth goes slowly and limit the possibilities for the Province change.⁹¹ From this perspective, the Government recently implemented some policies against bulk of FDI inflows, namely in the rural industry; during the last years, over-reliance on imported high-tech agricultural machineries have in fact provoked SOEs discontent, especially in Hebei, Henan and Shandong which actually use the greatest number of agricultural machineries in China, thus starting to be scared by excessive presence of foreign producers in the agricultural sector. Consequently, Government issued the "Made in China 2025" plan, whit the aim to modernize national economy in a decade; in 2015 in fact Chinese Government announced that by 2025 90% of Chinese agricultural machineries will be totally produced internally.

Chinese agricultural mechanization rapidly grew during the last ten years, since in 2004 Chinese Government started to provide subsidies for the farmers with the aim to purchase equipment. The plan worked: in 2014, the total turnover in this sector reached 400 billion, thus becoming the world's largest market in the world for agricultural machineries. The plan could be thus seen as a discourage investment from foreign firms' perspective; however, although it promotes local purchase, there are still many opportunities for foreign companies, since national high-tech agricultural equipment presence is not abundant. Chinese equipment is in fact mostly present in low-tech firms, thus national firms are not able to sustain the Government strategy; therefore, they "justify" equipment import considering it as technology provide with the aim to achieve the modernization goal. This is the reason because there are not particular restrictions in the trade access: actually, there are 147 international mechanical companies in China, 8% of the total companies, which contribute 12% of the total production.⁹²

Thus, from one hand the Hebei Government wants to protect local production and improve domestic technology and knowledge, from another hand still wants to commend and reward high tech export, offer

⁹¹ 马永胜, 外商直接投资对河北省出口贸易的影响研究, 百度文库, <https://wenku.baidu.com/view/d62953ae0c22590102029d92.html>.

⁹² *Hebei, Henan and Shangdong first for agricultural machineries*, ISPI, 2015, <http://www.ispionline.it/it/focuscina/hebei-henan-e-shandong-prime-macchine-agricole-14211>.

subsidies and tax incentives, access to financing, land accommodation, give general preferential treatment in government servicing to foreign enterprises engaged in public facilities construction, and still wants to provide environmental protection, offer significant subsidies on research staff salaries, equipment adjustment costs, technical books/materials, and testing/trials of new products for R&D enterprises and still significant. To attract high tech industries, the Shijiazhuang Municipal Government for instance offers tax subsidies for the High-Tech R&D, technology transfer, technological development, technology consultation and related services, tech-intensive and intellectual-intensive projects, and enterprises establishing within the Shijiazhuang High-New-Tech Industry Development Zone, but also tax subsidies for foreign agriculture, forestry, and animal husbandry enterprises.⁹³

2.1.3 Issue projects to attract foreign investors

Every region in China, including Hebei, has government run investment promotion authorities that promote trade and foreign investment in that region. While the Ministry of Commerce of the People's Republic of China (also known as MOFCOM) has authority for investment in greater China, many regional authorities will also offer additional incentives to foreign companies looking to invest in specific industries. As mentioned above, Hebei Province wants to grow; Government continues to provide incentives to attract foreign investments, is opened to acquire new management methods and technology transfer and still stipulates agreements with different Countries all over the world. Moreover, to improve and facilitate the growth process, the People's Government of Hebei Province is approving some projects under the consideration of overall situation of provincial economic and social development by Hebei Party Committee and Provincial Government. Namely, the Government approved on the 62nd executive meeting the provincial Hebei Langfang Emerging Industry Demonstration Area.

Situated on the third engine of economic development in China — the golden triangle of “Circum-Bohai & Circum-Beijing-and-Tianjin”, Hebei Langfang Emerging Industry Demonstration Area is located in the fringe area of Beijing, Tianjin and Hebei Province and central area of Bohai Rim, with Beijing in the north and Tianjin in the east; it is 20km to downtown of Langfang and 60km to Beijing and Tianjin respectively. The area covers a total planning area of 72.96 square kilometres with initial area of 10 square kilometres; within the radius of 120km, there are two municipalities of Beijing and Tianjin and three medium-sized cities of Tangshan, Baoding and Cangzhou. The advantaged geographic location, convenient transportation, perfect infrastructures, rich land resources and pleasant ecological environment helped to encourage and promote investment policies as well as high-standard planning, moreover, the design of the Demonstration Area have provided advantageous development conditions for economic take-off of the Demonstration Area, which makes the Demonstration Area an ideal place for investing and starting business. Since the foundation in September of 2010, Hebei Langfang Emerging Industry Demonstration Area, as an up-and-coming star that sets precedent for opening-up of Langfang and takes the lead in Circum-Capital Economic Circle to innovate and advance ceaselessly, has attracted businessmen from multi-countries and regions including the USA, UK, Denmark, HK, Macao, Taiwan and many domestic provinces and cities to come here for investigation and investment in industries such as electronic information, new energy, new materials, high-end equipment manufacturing, emerging service industry. Hebei Langfang Emerging Industry Demonstration Area takes emerging industry clusters, high and new technology industrial incubation and low-carbon economy leading as functional orientation; according to the construction standard of domestic top class industrial park and

⁹³Understand China, <http://understand-china.com/manufacturing/hebei-investment-incentives/>.

low carbon ecological intelligent new city, the aim is to build an Emerging Industry Demonstration Area of 21st century with sustainable development, a low carbon ecological intelligent new city with full vitality, excellent energy efficiency and aromatic herbs and the “new industrial bright pearl of Beijing, Tianjin and Hebei, economic stimuli pioneer of Hebei Province, ecological and intelligent new town of Langfang”. From this perspective, Hebei Langfang Emerging Industry Demonstration Area is going to take business-friendly, business-rich, business-relieved and business-loved as purposes to constantly perfect regional investment environment and improve service level.⁹⁴

However, Hebei Langfang Emerging Industry Demonstration Area is not the sole project implemented by Hebei Government; Technology Park Project for instance is adhering to the "unified planning, phased implementation, five areas (R & D area, science and technology industrial area, comprehensive service area, business services and education and training area, complete living area) interactive development", with an estimated total investment of US\$ 500 million and an expected annual output value of US\$ 500 million dollars. Still, the current Dachang Industrial Zone has planned 500 acres of Technology Park, and the park has realized the "seven-connection and one-leveling"; Dachang Hui Autonomous County is under the jurisdiction of Langfang City, and it is the latest minority autonomous county from capital Beijing. It has Tongzhou district, Beijing on its west separated by a river (Chaobai River). In March 2006, approved by Hebei Provincial People's Government, Dachang Industrial Park upgraded to a provincial development zone; in the "Big Beijing's new blueprint", Dachang Industrial Development Zone is located in the intersection of the Jingdong axis and the eastern development zone, being a planned modern manufacturing and high-tech industrial base. Excellent geographical location and favourable investment costs have made it become the most potential costs depression and a modern industrial park with the biggest investment value of Jingdong.

Hebei Government goes toward Europe too, implementing the “project of European Industrial Park of Energy Efficiency and Environmental Protection”, with a total investment of 1.587 billion in which 1.063 is expected to be foreign investment. After the completion of this project, the revenue is expected to be 1.07 billion dollars and the annual tax 320 million dollars, thus helping 5000 people to find jobs.

With the deep implementation of the national strategy “Beijing-Tianjin-Hebei collaborative development”, “Ecology Protection” is listed as one of the three main important fields, which Beijing-Tianjin-Hebei collaborative development needs to break through first. On May 2015, Department of Environmental Protection of Hebei Province, Langfang Municipal Government and German Eurasian Energy Efficiency Investment Co., Ltd. signed in fact MOU of Constructing “Langfang-Europe Industrial Park of Energy Efficiency and Environmental Protection”; under the unified leadership of the municipal government and the strong support of the municipal environmental protection bureau, Langfang Emerging Industrial Demonstration Area carries out as discussed above various works actively, introducing German technologies of energy efficiency, renewable resources and environmental protection into the park. Main constructions of the park in fact are not only energy-saving high-tech industrial base but still environmental friendly. Actually, supporting facilities including road network, heating station, water supply plant, sewage disposal plant, sewage pumping station, electric substation, and service center for fuel gas, correspondence and business incubation have been build and put into use, thus being able to attract and support large scale projects.

Among the multiple projects implemented by the Hebei Government, Bazhou Sino-Germany Industrial Park is one of the most important. Focusing on mechanical equipment and automotive component manufacturers invested by German or other foreign companies, it aims to build a German industry cluster and to become

⁹⁴ 河北廊坊高新技术产业开发区, 2016, <http://lfsfq.gov.cn/cn/index.asp>.

the “official” demonstration of Sino-Germany industrial park; actually, there is no large scale German industrial zone in Northern China, but taking into account that German manufacturing companies have globally leading competitive advantages, this industry cluster according to estimations could substantially enhance the level of local industry through convenient transportation network and complete fundamental structures. Estimated investment is US\$200 million, including US\$1 50 million of foreign investment, with a projected gross value of industrial output of UD\$300 million.⁹⁵

More recently, China Government is planning to establish a new special economic zone in the Hebei Province to promote integration with the neighbouring cities of Beijing and Tianjin, the Xiongan New Area; it is estimated to be of the same national significance as the Shenzhen Special Economic Zone, which helped kick-start China's economic reforms in 1980. The new special economic zone is located around 100km south-west of Beijing, close to Shijiazhuang. Actually, Beijing is in fact trying to curb population growth and relocate industries and other non-capital functions to Hebei, as part of its efforts is to curb pollution and congestion, a strategy to integrate the development of Beijing, Tianjin and Hebei for a better economic structure, cleaner environment and improved public services and as a way to transform the region into a new growth pole. The Xiongan New Area covers the counties of Xiongxian, Anxin and Rongcheng, and is home to Baiyangdian, one of the largest freshwater wetlands in north China. The combined gross domestic product of the three counties was about 20 billion yuan (S\$4 billion) last year, or less than 1 per cent of Beijing's gross domestic product, according to local government data. Moreover, the new area has geological advantages, convenient transportation, ample resources and lots of room for development; moreover, is expected to include markets, schools, research institutions and hospitals, which will be relocated from Beijing.

Xiongan New Area aims to rival the two special economic zones in Shenzhen and Pudong in southern China founded by Mr Xi's predecessors Deng Xiaoping and Jiang Zemin (Shenzhen has grown from a fishing village into a bustling city, while Pudong has turned from a wetland into China's financial hub) thus marking for the first time the idea for a new zone came directly from Mr Xi.⁹⁶

However, a pollution scandal broke out recently, setting off alarm bells in the area. Recently, a local environmental NGO, Liangjiang Huanbao, released a report, claiming that nearly 20 giant toxic ponds where untreated wastewater has been dumped — covering an area of 300,000 square meters in total, or the size of 42 soccer pitches — were found in Nan Zhao Fu town, a small town close to Xiongan New Area in Hebei Province. Actually, the recent scandal was just a new breakout of an old problem. Hebei Province, where Xiongan New Area is located, has been suffering from comprehensive environmental pollution — air pollution, water pollution, and soil pollution — for many years; water pollution is a longstanding issue, as for soil pollution, in 2011, Hebei launched a provincial plan to cope with heavy metal pollution; six years later, in 2017, Hebei issued a another grand plan called “Pure Land Action” to keep coping with soil and heavy metal pollution (See Chapter 1).

One of many reasons to choose Xiongan is precisely its anonymity. “Just like a piece of white paper, this area, with low population density, low level of development, and sufficient space to grow, owns the basic condition to develop on a high starting point with high standards” (Xu Kuangdi, leader of Expert Advisory Committee on Beijing -Tianjin-Hebei Development). However, the Xiongan Area future is still uncertain;

⁹⁵ 中国廊坊政府门户网站, 2016, <http://english.lf.gov.cn/html/ig/kipp/1154.html>.

⁹⁶ *Xiongan is China's new special economic zone*, Xinhua, Reuters, 2017, <http://www.straitstimes.com/asia/east-asia/xiongan-is-chinas-new-special-economic-zone>.

despite that caution, immediately after the announcement the real estate market in Xiongan soared sky-high, with thousands of investors rushing to Xiongan to buy properties. The investment frenzy instantly led to a government crackdown, consequently real estate transactions were completely stopped and all housing intermediary sales centers closed.⁹⁷



16. Pollutes ponds in Hebei, near the site of Xiongan New Area-华北地区发现超级工业污水渗坑 面积约 17 万平方米

However, despite pollution difficulties, the Government still try to encourage foreign investors through the implementation of economic and technological cooperation projects, like construction of the section in Hebei of an expressway from Xuanhua to Dadong, and other projects issued by Hebei located enterprises in collaboration with Hebei Government institutions, as development of an iron-zinc mine at Sanyizhuang by Hebei Yangyuan Zhengyang Mining Co. Ltd, construction of animal medicine-producing factory of the Animal Husbandry Administration of Hebei Province, development of serial maize products containing high protein to be constructed abroad by the Bureau of Agriculture of Hebei Province, construction of a trailer-manufacturing factory abroad by the Zhangjiakou Trailer General Factory of Hebei Province.⁹⁸

2.2 Cooperation between Italy and China

2.2.1 Data on Italian investments

In previously discussed international framework, where Hebei Government keeps on implement policies and issue projects to attract foreign investors while protecting the domestic production abundant, Italy still

⁹⁷ DD. Wu, *A Closer Look at China's 1,000-Year Project: Xiongan New Area*, The Diplomat, 2017, <http://thediplomat.com/2017/05/a-closer-look-at-chinas-1000-year-project-xiongan-new-area/>.

⁹⁸ 中国网, <http://www.china.org.cn/english/features/55623.htm>.

plays an important role; Italy and China have been establishing diplomatic and economic relationships for about 30 years, signing agreements of mutual cooperation and collaboration and confronting their two different but still similar cultures.

From an economic point of view, in 2007 Italy was ranked 18th among world's biggest investors in China, for a value of US\$ 350 million, a growth which started from 2002 (in the period from 2002 to 2006 Italian investments in China increased by 95%): actually, there are almost 2.000 Italian companies in China. However, 75% of Italian investments is made by big companies, just 10% by SMEs. 40% of Italian companies in China are representative offices, 22% joint-ventures, 21% WFOE (Wholly Foreign Owned Enterprises). Over 70% of Italian companies invested less than € 5 million, over 20% less than € 1 million, and over 3/4 of Italian investments mainly concern 5 coastal Provinces: Shanghai, Jiangsu, Shangdong, Hebei and Tianjin, although Italian enterprises are in 25 Chinese Provinces.⁹⁹

The contribution of net trade to growth between Italy and China in 2007 was up 27,7% from the previous year, exceeding US\$ 31 million. Moreover, Chinese products import in Italy was US\$ 10,2 million, up 18,7% from the previous year (US\$ 8,6 million); Italy is therefore tied for 23th in supplying Country in the world, 3rd in Europe after Germany and France. Export in 2007 increased by 32,6%, reaching US\$ 21,2 million; in export, Italy is tied for 12th in client Country, 5th in Europe, after Germany, Netherlands, U.K. and Russia. Mechanical products to China in 2007 account for 50,6% of Italian exports into China, but textiles and clothing, chemical and footwear are still relevant.

2.2.2 Similarities between clusters

Italy and China are both top textile, clothing, footwear and leather production countries; however, as the fragmentation in producing processes for these industries is high, experts state that it would be useful to review the competition among industries, namely between Italian industrial districts and Chinese industrial clusters.

In recent years, Italian districts recorded a significant evolution, shifting from a local-orientated system and therefore from a system of production chains mainly concentrated at a local level to an international-oriented system and reference network centers. On the other hand, focusing on Chinese clusters, during the last 40 years of economic growth Chinese enterprises operated in textile and clothing sectors, concentrating their attention on coastal Provinces, thus joining production chains at international level.

Wide production networks thus bring together Italian industrial districts and Chinese clusters, reevaluating Italy-China relationships in these sectors and considering potential cooperation in production sector more than mere competition on final products. From this perspective, Italian industrial districts competitive allocation must be considered on international basis, thus focusing on higher value-added activities (quality production, design, technology development) which could guarantee wide profit margin and growth through coordination and cooperation among international enterprises.

Italian industrial districts represent a competitive advantage in manufacturing industry from 80's; since then they took a progressive internationalization path (Conti and Menghinello, 1998) which revolutionized production chains, followed by more organized governance models (foreign direct investments and

⁹⁹ CINA E OLTRE. *Piccola e media impresa tra innovazione e Piccola e media impresa tra innovazione e internazionalizzazione*, Italian Trade Agency, Lodi, 2008, <http://www-3.unipv.it/wwwscpol/forumiei/convegnocina/cimini.pdf>.

international agreements) which helped top industrial districts enterprises to become a point of reference in international production networks perspective, therefore having a different role in different developed countries (De Propris, Menghinello, Sudgen, 2008). The decomposition of producing process in phases allocated in different places brought to the reinforcement of productive relations, still looking at the main industrial district; following this new model, enterprises started to cooperate with specialised sub-contractors within and without the district.

On the other hand, the Chinese economy growth during the last 30 years brought to different types of production organization; the Chinese “new industry” (Di Tommaso, Bellandi, 2006) was characterized by national and international factors, while territorially some regional groups concentrated on coastal areas started to represent the economic development core, including industrial clusters which vary in fields of expertise and local characteristic (Bellandi and Lombardi, 2009). Some important factors in the new system were Chinese invested capital (public and private), big public enterprises and their privatization, foreign enterprise and thus know-how transfer, local enterprises and universities agreements and localisation areas (Jiang, 2003; Li and Fung, 2006; Sun, 2007).

This dichotomy between “local” and “international” brought to a reevaluation of Italian industrial districts and their position in the international production fragmentation (Arndt and Kierzkowsky, 2001), and therefore to benefits and challenges which could emerge from their presence in international value chain (Gereffi and Korzeniewicz, 1994). However, experts agree in the possibility of cooperation and collaboration between Italian districts and Chinese clusters (Di Tommaso, Belandi, 2006) and point out how much Italian enterprises pay attention on advantages in services and infrastructures they can take from Chinese clusters’ position, especially those linked to Hong Kong and Shanghai metropolitan hubs (Orlandi and Prodi, 2006). In recent years, market shares in Made in Italy sector show in fact a significant growth of China and a good Italian production in textile, clothing and footwear industry, despite the reduction of exported products. The analysis, conducted in 1995-2008 period, shows data on Italy exchange in a qualified developed countries framework, where all the production chain phases of traditional industries were successful: Italian production was successful in international markets in complementary and instrumental production too, mainly in textile, clothing and footwear industry, namely the machinery-tools sector and specialised ones were the only to grow and consolidate in the 1995-2008 period. In this framework, Italy and China started to come in contact: the several “district” in Chinese Provinces, specialised in textile and clothing industry, start to differentiate one from another for some local economy peculiarities. However, the integration process between Italian and Chinese production is relevant in final and semi-finished products initiated by Italian districts. In this framework, internationalization process and attention to China was stronger in provinces of Padua and Treviso (much more than Bari and Ascoli Piceno) still in finished and semi-finished products.

Focusing on Italian districts, analysis gave a framework of on the most relevant zone: Prato textile district continued to pursue a strategic internationalization path in local production, especially in yarn production; differently, Como district concentrated attention on fabrics, while Biella district on both fabrics and yarn. Clothing districts in Modena, Reggio Emilia, Treviso and Vicenza pursued a rapid internationalization path too, while Teramo district process was slower. However, Biella and Prato districts had in the analysed sectors advantages on China, especially in textile products and used machine-tools; competition appeared fierce in the case of Ascoli Piceno district in leather and footwear industry, differently from Avellino, while Treviso kept top position in utilised machineries.

As regards China, Chinese industrial clusters, as discussed above, were mainly concentrated on coastal areas, namely textile production was concentrated in the main three Yangtze River areas, like prefectures of

Shanghai, southern part of Jiangsu and Northern part of Zhejiang; however, the Pearl River Delta surrounding Hong Kong and Bohai Bay Rim covering Beijing-Tianjin and Liaoning, Hebei and Shandong Provinces actually are the main growth poles which include both traditional and high-tech sectors.¹⁰⁰

2.2.3 Projects of mutual collaboration and cooperation

As mentioned above, Italy and China started to establish relationships and sign agreements since 1980s. Actual data show a significant presence of Italy in China, confirming a willing to cooperate and grow from both parties. As discussed, similarities between Chinese districts and Italian industrial clusters confirm collaboration of both Countries in the international production process, which needs to be sustained and implemented by projects the two Government want to issue. Still, one of the Chinese Province where Italy is most present is Hebei, the Bohai Area where current international attention is mostly orientated to; since 1988 Hebei Province signed agreements with Italy, namely with Veneto Region (relationships between Hebei and Veneto will be discussed in the next chapter). However, the rich and developed Province recently attracted the attention of several Italian Regions; for instance, in Friuli-Venezia Giulia some forms of collaboration recently appear. In October 2013, the Confcooperative Unione di Pordenone President and member of Regional authorities Virgilio Maiorano, General Secretary and Agriexport Friuli Consortium President Riccardo Fioretti and Fedagri FVG President Giorgio Giacomello guided in fact a delegation in Singapore and Hebei Province for a collaboration in wine and dairy sector. The initiative, in collaboration with Pordenone Chamber of Commerce, was taken after the official invitation sent by Huang Bo, President of CCPIT (China Council for the Promotion of International Trade) of Hebei Province for a visit at the enterprises interested in wine and dairy production in Hebei Province, the delegation was officially received by Prefecture Government of the Zhangjiakou city.¹⁰¹

As regards to Lazio Region, relationships born in 1998 still exist today, for example “Fiera di Roma” in collaboration with Lazio Region and Lazio Innova S.p.a promoted in 2015 participation to “The 22th China Tianjin Fair and PECC International Trade & Investment Fair” 2015 Edition at Tianjin Meijiang Convention and Exhibition Center; Italian enterprises who participated had their own space in the Show Room, available in the Tianjin Free Zone, thus having the possibility to offer their Made in Italy products to the Chinese customers.¹⁰² Still in Lazio Region, the Italian Small and Medium Enterprise Confederation for handcraft industry, born in Latina in 2007 to represent and protect national enterprises, officially showed up to the public through a meeting-workshop titled “Hebei Province meets Latina”, with the aim to inform about their mission and goals and particularly addressing to handicraft SMEs to help them in the new international framework.¹⁰³

However, a lot of activities are still organized by Italian enterprises and organizations in Hebei Province, in order to maintain diplomatic relations and promote Italy goods trade in China, namely in Hebei, and vice-versa. For instance, in June 2009 “Agenzia per la Cina” (意大利中国经济工业贸易合作协议) organised in

¹⁰⁰ S. Lombardi, S. Menghinello, *Il posizionamento competitivo dei distretti industriali italiani e dei cluster industriali cinesi nelle filiere produttive internazionali del made in Italy*, ICE Report, 2009, pp.269-277, http://www.ice.gov.it/statistiche/archivio_rapporti/2009/Rapporto%20Ice%202009%20-%20Lombardi%20%E2%80%93%20Menghinello.pdf.

¹⁰¹ CONFCOOPERATIVE Pordenone, 2013, https://www.pordenoneconfcooperative.it/primo_piano_dettaglio.php?id=144.

¹⁰² Fiera di Roma, 2015, <http://www.fieraroma.it/pdf/progettiinternazionali/fieraroma-bando-tianjin.pdf>.

¹⁰³ *Confimpresa Latina presents: Hebei Province meets Latina enterprises*, 2007, <http://www.telefree.it/news.php?op=view&id=44279>.

Shijiazhuang the first International Leather & Fur Exposition, in collaboration with MOFCOM and Chinese Food Import & Export Chamber of Commerce; Deputy Minister for Chinese Trade, Qiu Long, President of Beijing Chamber of Commerce (CFNA) Mr. Jianguo, an Italian delegation guided by Agenzia per la Cina President, Mr. Tschang and other international diplomatic entities attended the event. As confirmed Mr. Jianguo, the exhibition's aim was to innovate technology approach, representing a possibility to introduce leather and fur industry to the international market, face it and thus know it; additionally, the event wanted to promote technology development, keep up with the new consumption patterns tendencies and facilitate enterprises' international development. Actually, China is the world's biggest leather and fur articles producer: in 2008, import & export engaged more than 16.000 enterprises. However, Shijiazhuang was chosen because this specific area represents one of the most important production Province in this sector in China, although as confirmed the Shijiazhuang Zhang Diankui this market still needs quality improvements. During the ceremony Mr. Jianguo and Mr. Tschang signed a memorandum of understanding to support Italian and Chinese enterprises' economic relationships in the Animal-by product sector, Native Produce and Agri-Food, an important counterattack against international economic crisis; on the one hand, Italian enterprises in difficulty could take advantages from a growing China, on the other hand Chinese enterprises express more and more interest in strategic agreements with Western excellences, namely with Italy which is considered privileged partner for its competencies like design, life quality, industrial and environment technologies. Innovation and cooperation are the two "key words" to overcome the financial crisis afflicting both multinational and SMEs.¹⁰⁴

However, the key point of this work is the relationship between Veneto Region and Hebei Province, a partnership started in 1988 which still exists today. Several activities were implemented to support the partnership, for instance in 2015, an Italian delegation was sent in China with the aim to create relations between Italian and Chinese enterprises, as the Chinese priority actually is to acquire technological know-how for their investments in machineries, protect environment and produce energy efficiently. The delegation participated to Expo 2015 in Shanghai and met Hebei Government, who recently launched a technology scouting programme to reduce polluted emissions in the air, treat water, manage waste (namely plastics, pneumatics and muds) and turn waste into energy. On the other hand, a Chinese delegation was sent in Italy in 15-19 June 2015 period; the Hebei Government, after the agreement signed between Hebei Environment Protection Federation and the Venetian EEGX (an Italian Scientific and Trade Association whose statutory purpose is to promote the international exchange of technologies and know-how in the areas of Environment and Energy) sent the official delegation composed by industrial parks' directors and companies directors and guided by Hebei Government directors: the scope was meet Italian enterprises, evaluate technologies through personal visit in the same enterprises and therefore discuss about potential partnership and collaboration.¹⁰⁵ Still, Italy-China Foundation and Veneto Region held in 2013 preparatory meetings for SMEs who need help in their internationalization process; meetings wanted to draw up a programme for the promotion of Veneto's products, namely concentrating attention on rural and agri-food sector development and promotion of tourism. The programme included other entities, as Cà Foscari University of Venice, Veneto Promozione, Unindustria etc. and focused on scientific collaboration, human resources and trade management and territory promotion. In December 2013 and January 2014, the Foundation implemented the project on acquisition of knowledge and traineeship sectors: China is a new strong competitor for enterprises' strategic development, for both dimension and growth rate factors; however, Italian enterprises

¹⁰⁴ Agenzia per la Cina - 意大利中国经济工业贸易合作协会, 2009, <http://www.agenziacina.com/docs/cronistoria.pdf>.

¹⁰⁵ *International delegations exchange*, 2015, <https://www.linkedin.com/pulse/scambio-di-delegazioni-imprenditoriali-italia-cina-maggio-padoan>.

often ignore these characteristics, looking at China as a threat more than an opportunity. Doing business with China is not a simple matter: cultural gaps, blurred economic and politic frameworks, differences in purchasing process could represent obstacles for Italian enterprises who get used to different “western” scenarios. From this perspective, Italy-China perspective implemented a project on agri-food traineeship for Veneto Region enterprises in collaboration with Hebei and Jiangsu Provinces.¹⁰⁶

¹⁰⁶ Italy – China Programme , Veneto Region, 2013,
[file:///C:/Users/masterUser/Downloads/2560 AllegatoA_265193.pdf](file:///C:/Users/masterUser/Downloads/2560%20AllegatoA_265193.pdf).

3. The partnership between Hebei Province and Veneto Region

3.1 The beginnings

In the previous sections a general overview of the two countries' peculiarities was given; namely, Hebei economic development was analysed, data on Italian investments were provided, similarities between the two industrial clusters were identified. However, this work's aim is to investigate on an historical relationship between two of the industrial clusters, which is that one between Hebei Province and Veneto Region, still existing today and representing a solid point of reference for mutual investments and collaboration.

From one hand, Veneto Region has been demonstrating for a long time its ability to play an important role in the world economy, still enhancing its integration in greater contexts and being far-sighted in its decision process; when China was a far unknown reality, Veneto was in fact one of the most far-sighted Italian Regions, thus being brave enough to cross the border and cooperate with a new reality to increase economic growth. From the other hand, as discussed above, due to its strategic geographic position, projects and favourable policies issued by the Government, Hebei Province is more and more attracting attention and therefore investments. Although many Italian Regions are recently shifting their focus towards Hebei Province, issuing activities and sending missions to promote a mutual collaboration, the relation between Hebei and Veneto still keeps its strength in the wider globalized framework.

Historically, the two clusters first came in contact in 1986, and two years later, on 17th May, a twinning agreement was signed in Venice by Veneto Region President Carlo Bernini and Hebei Province Vice-Governor, thus giving birth to a solid friendship and stable cultural and artistic cooperation.

Two of the most relevant entities in this twinning process were "Veneto Promozione", at that time "Centro Estero Veneto" who worked for the Veneto Chamber of Commerce and "Fondazione Italia Cina", ex-Istituto Italo Cinese.

Particularly, since 2011 Veneto Region and Veneto Unioncamere (an entity constituted by all the Veneto's Chambers of Commerce for agriculture, industry and handcraft production) set up Veneto Promozione Scpa, a limited company which absorbed the International Center of Veneto Region Chamber of Commerce competencies and actually manages all the initiatives and funding for tourism and manufacturing products' promotion, working for the enterprises' internationalization. Its *mission* is in fact to promote activities for the Veneto economic development evaluating all the productive sectors, from agricultural production to infrastructures and services, still organizing meetings between Veneto enterprises and potential partners through the Region participation at international exhibitions and Fairs, workshops both in Italy and overseas, educational tour and reception of foreign delegations. Moreover, to achieve the internationalization goal and thus strengthen the business culture, Veneto Promozione coordinates workshops for international trade knowledge and meetings with experts, providing information about internationalization activities and financial assistance. The main goal is thus to spread economic culture and let the SMEs operate and consolidate its presence in the international market, still maintaining friendly relations with both immigrants' communities in Veneto and Italian communities abroad, and to promote specialised and innovative services for contracts' issues, joint-ventures, seeking partners, transports, customs, insurance etc.¹⁰⁷

From this internationalisation perspective in industrial, cultural and economic areas, Vittorino Colombo deserves specific mention; Italian Government Deputy and Senator, he was Minister for Foreign Trade in 1968 and 1969, moreover known for the constitution of a "new path" for Italian politics, economic and diplomatic relations with China, and thus for his friendship with the key players of that time: Zhou Enlai, Zhao Ziyang, Hu Yaobang, Li Peng, Jiang Zemin and Deng Xiaoping.

¹⁰⁷ Veneto Promozione Scpa Statute, 2011,

https://www.venetopromozione.it/sites/default/files/allegati/statuto_veneto%20promozione.pdf.

Although China is actually a current topic, in 1960's it was a totally unknown reality, with emblematic political system and no similarities with other social and economic context. However, the fearless catholic Colombo, who politically sustained the Christian Democratic Party was brave enough to cross the threshold of an agnostic, communist Country, strongly impressed by Chinese culture, territory, extension, population, ideology to the extent that he was Economic Adviser for Hebei Province. Sustained by the slogan "The vessel bow must look towards Beijing", he found in 1971 the "Istituto Italo Cinese" (a year after the institution of diplomatic relations between China and Italy), a bridge for knowledge sharing and cultural, economic and political experiences between two cradles of civilisation. Still, he was able to hold different conversations on Catholic Church, therefore facilitating the first opening of a Church in China (南堂) after a long time of prohibition.¹⁰⁸ Moreover, the project was supported by other relevant Italian key players, as Giulio Andreotti who visited China several times, and some "parastatal" associations, like "Associazione d'amicizia del popolo cinese con l'estero", founded in 1995 and supporting 300 twinning agreements between many Countries' cities and Provinces.

As confirmed in an interview Mr. Mauro Stefani, in charge of memoranda of understanding and international agreements at Veneto Region International Relations, Communication and Sistar Department, improved relations between Italy and China, mainly on economic and cultural side more than linguistic one, were supported by historical background defined by Marco Polo and Matteo Ricci roles in the exchange and mutual knowledge activity. After the 1980's Reform, and thus the re-establishment of Italy-China contacts, Embassies and Chamber of Commerce were the first entities eager to promote meetings and projects.

However, the *Istituto* activity was continued by the "Fondazione Italia Cina", born in Milan in 2003 as the union of Italy-China Chamber of Commerce and the same *Istituto* (supported by the charter member Veneto Region) thanks to the stubbornness of the actual President Cesare Romiti, who desired to improve Italy presence in China and achieve a different strategic positioning, sustaining Italian enterprises in China and promoting Made in Italy production.

3.1.2 An equivalent bodies system

Twinning with Chinese Provinces and cities means establish a strict and mutual interest relationship, evaluate cultural issues and know Chinese political system. However, this kind of agreements usually needs a specific resolution which specifies the willing to establish relations, and still a proponent sponsor. Istituto Italo Cinese was in 1979 the first twinning between a Chinese city and an Italian one (Shanghai-Milan) sponsor, followed by others which kept on supporting; having relationship with China means knowing cultural and political matters, and this is the main reason for the continuous effort and action carried on by Istituto Italo Cinese, pioneer and thus expert institution in Italian-Chinese relations, always assisted by the Italian-Chinese Chamber of Commerce.

From this perspective, thanks to Fondazione Italia Cina who provided for this study a number of correspondence letters between Hebei Province cities' governors and Veneto cities' mayors, as well as representative entities of Chambers of Commerce, organization and Veneto Government, we can see how relationships between the two Countries developed to the extent that reached both Countries' cities too, thus keeping on maintain the *equivalent bodies system*.

One the first correspondence provided was taken on February 1987, when the President Colombo reported to President of Verona Savings Bank, Professor Gino Barbieri his impressions on China interest in cultivating

¹⁰⁸ C. Romiti, C. Baoshun, *Ricordo del Presidente Vittorino Colombo*, Mondo Cinese, (127), Centroriente, 2006, http://www.tuttocina.it/Mondo_cinese/127/127_rico.htm#.WSFqE4jyi00.

relationships with Italy. Moreover, Colombo expressed his willing to exploit cultural activities for mutual collaboration and knowledge, as providing scholarships for both Chinese students and professors who wanted to study in Italy and organizing meetings to allow them acquiring a higher knowledge of Italian culture. Some days later, the Istituto Italo Cinese Director, Mr. Carlo F. Butti, who since 1971 was the supported of relationships between Milano and Shanghai followed by Lombardia Region with Tianjin, Bari with Canton, Parma with Shijiazhuang etc.,¹⁰⁹ contacted Veneto Region President, Professor Carlo Bernini to propose him a twinning with Hebei Province, whose Foreign Exchange Balance was already positive thanks to relationships with Veneto enterprises.

These introductory contacts were fruitful: one of the first twinning activity was in fact issued on 21th May 1987, when a twinning agreement between Hebei Province and Veneto Region was signed by the President of Hebei Province Association for Cultural Exchange with Foreign Countries, Mr. Li Wenshan and Veneto Government President, Mr. Umberto Carraro, subsequently planning a Hebei delegation visit in Veneto for September 1987 and thus clarify the agreement key points (See Appendix B). The agreement was followed by a memorandum of understanding for economic, scientific, technological and cultural exchange, signed between Hebei Province Handan city and Padua city; a delegation for cultural and economic exchange, guided Mr Li Wenshan visited Padua in that period, thus signing the agreement with the aim to cooperate in several sectors and encourage development for both parties (See Appendix C).

In May 1988, official twinning agreement was in fact signed by Handan Mayor Bai Lutang and Padova Mayor Paolo Giaretta.

During the same period, Mr. Colombo wrote to Verona's Mayor Gabriele Sboarina to inform him about both Countries' delegations meetings followed by the twinning agreement between Veneto Region and Hebei Province and still, that one between Padua and Handan, the result of a precious and careful time spent by Chinese representatives in Fiera di Padua. Colombo thus presented to Mr. Sboarina a request made by one of the delegations who previously visited Padua, namely made by Mr. Li Zeng Hua, Vice-Director of Baoding Municipality Foreign Office, i.e. a twinning agreement between Verona and Baoding, historical capital of Hebei Province and strong location for industrial activities in several sectors. Some months later, in October, the Istituto Italo Cinese Director, F. Butti started to move ahead to obtain the necessary documentation, thus asking for a general overview of Verona to allow Baoding delegation knowing better the city.

In the later November "Banca Popolare di Verona" expressly communicated to the President Colombo his willingness to represent the main partner of Veneto-Hebei relationships, actually demonstrating the evolution speed and quality of the previous agreement; more and more organizations, banks, enterprises started to shift focus towards Hebei Province, to know their culture and let them know their own culture too, with the aim to be linked with a "weird" but still similar reality. A few days later Hebei Governor in fact communicated to Istituto Italo Cinese his intentions to send a six people delegation in December to help deepening the two cities' relations, still through the collaboration of Verona and Baoding Mayors and Banca Popolare di Verona President. In this framework, the Director F. Butti proposed a twinning between Baoding and Verona Province, to increase possible exchange and moreover face economic issues when managing visit and workshops in both Italy and China.

At the beginnings of 1989, the twinning system was totally renovated: the mutual knowledge process had been further explored namely through Handan-Padua, Venice Province-Tangshan city, Verona-Baoding, and thus new proposals started to be elaborated, for instance meetings between Hebei delegations and Fiera di Padova.

However, 1989 was a destabilising period for the mutual relationships. Tiananmen Square massacre provoked disastrous effects on collaboration with Italy: Chinese Government showed a totally disagreement

¹⁰⁹ For all twinning agreements between Chinese and Italian cities see Appendix A.

to political reforms, thus depriving the population of democracy and freedom. During the Protest months, citizens were kept in the dark of what was happening in Beijing: no newspapers, no TV, except for Canton. Who had not the possibility to listen to a foreign broadcast wasn't aware of the massacre. This was the moment when evident differences between the two Countries came to being, the manifestation of a Country where these values never existed and will not exist for a long period of time.

From this perspective, Istituto Italo Cinese did not give up, conversely insisted for more contacts, more cultural exchange, more meetings, network, moreover more business, to give Chinese citizen and organizations the possibility to know a free and democratic Country. Namely, the Director F. Butti, supported by the FMVJ (Fédération mondiale des villes jumelées) President, Pierre Mauroy, explicitly asked Verona, Padua, Treviso Mayors and Venice Province President a recovery agreement with respectively the city of Baoding, Handan, Yangzhou (Jiangsu) and Tangshan, not to justify what happened, but to sustain all those who still believed in freedom, democracy and renovation.

Somehow, the Director communications were fruitful: followed by the twinning proposals between Venezia Region-Tangshan and Verona-Baoding, a delegation from Hebei visited Venezia on December to deepen knowledge of the two Italian Provinces. Moreover, Veneto Region accepted Chinese students as guests for the entire year, offering them Italian language classes and still university courses; on the other hand, six Italian students studied in Hebei Province during 1990. Still, mutual exchange happened in 1989 and 1990 in several sectors, like music and football. Moreover, during December, Venezia Province President Stefano Petrio met Hebei delegation to sign a memorandum, thus marking the prelude of twinning between Venezia Province and the Tangshan, in the presence of Venezia Chamber of Commerce, API and Industrial Associations.

The same delegation met Verona Cultural Councilor and Banca Popolare di Verona; to re-establish relations between Verona and Baoding, it proposed to the companies some joint-venture projects. Moreover, the representative entities discussed about participation of Hebei Province to Verona agriculture and agri-food Exhibition, agreed on their participation at Padova Fiere and discussed with API representatives, therefore visiting the Canguro shoe factory in Verona, pallet producer company Mussati, and Tecnimont, to explore possible future collaborations.

Although Tiananmen events hindered political reforms, followed by suspension of cooperation programs (except for the agreement signed between Piemonte Region and Sichuan Province), China still wanted to pursue the economic development path, from the other hand CEE Governments reflected on the suspension programs' destroying effects on China and Chinese development. Therefore, two years later China began re-open to Western part of the world through mutual trust and moreover mutual need, and GEE Governments repealed suspension measures. (See Appendix D for Italian delegations in China and vice-versa between 1990 and 1991).

As President Butti communicated to Environmental Counsellor Mr. Adriano Zanoni, twinning agreements showed remarkable economic results: more exchange, more investments, more joint-ventures, more knowledge of both Countries' technicians and researchers. After the Hebei delegation visit in Verona and Venezia, agreements on pressure vessels co-production were in fact signed, followed by a joint-venture set up located in Handan for foundries production.

As mentioned above, current Istituto Italo Cinese and Veneto Promozione were at that time and are still now the main supporting institutions which demonstrated their efforts to establish relations between the two Countries and namely between Veneto and Hebei, collaborating and coordinating cooperation activities and mutual knowledge.¹¹⁰

¹¹⁰ All the information regarding historical agreements between China and Italy were provided by ex-Fondazione Italia Cina General Secretary Professor Alcide Luini personal files.

3.2 The Italian delegation in Shijiazhuang

With reference to the equivalent body system discussed above, an additional cooperation agreement was signed by Hebei Sub-Council of China Council for the Promotion of International Trade Vice-President He Qixiang and Centro Estero delle Camere di Commercio del Veneto Vice-President Santo Passaia on 20th May 1995, still keeping on maintaining a useful system to develop both economies and culture.

As the reader can see (Appendix E), taking into account the two Regions' entrepreneurial systems, the aim was to establish mutual relations of economic, commercial and technology cooperation, therefore achieving mutual advantages. Moreover, the two Governments wanted to encourage economic and commercial information, thus evaluating investment opportunities and legislative references, promoting mutual cooperation proposals through workshops, fairs exhibitions, technological symposia in both Veneto and Hebei locations and assisting economic and commercial delegations.

However, the agreement was the result of project issued by different entities and named "*OBIETTIVO CINA*", when a group of people from different organizations left for Shijiazhuang for the 12th-22th May, 1995 period, to know its reality and thus outline key reference points for the agreement. The *mission* was realized under the Regional Government Program for economy promotion for the year 1995 by Veneto Region and "Centro Estero Veneto" (now Veneto Promozione, as mentioned above), demonstrating the positive results that integration and cooperation between public entities can give the community, namely when dealing with a China, where the collaboration between central and local Governments is essential to establish long-term relationships and stable presence on the foreign trade market.

As stated Doc. Pier Luigi Bolla, Veneto Region Tourism Counsellor, Veneto presence at the International Exhibition of 1995 in the Hebei Capital city Shijiazhuang and the famous newspaper "*Il Gazzettino*" Chinese edition publication increased Veneto enterprises economic contacts and relations with Hebei Province; in 1994, Chinese foreign trade totalized US\$ 236,7 billion, exports reached US\$ 121 billion, and still GDP and thus welfare increased, a new middle-class with purchasing power was born and infrastructures developed, all factors showing evident progress which therefore attracted Veneto interest.¹¹¹ Moreover, mining industry reserves amount was 12,1 billion tons, the main located in Kailuan coal mines (Tangshan), Fengfeng Mining District (Handan), Jingxing County (Shijiazhuang), Xingtai, Chengde; over 100 metallurgical companies were located in Hebei Province, mainly producing iron, coke, steel, cold-rolled steel, refractory materials, gold, copper, lead and aluminium products, and still, 49 hydroelectric and power plants were located along Handan-Shijiazhuang and Beijing-Tianjin-Tangshan-Zhangjiakou networks. In 1995, marble and perlite reserves amount was particularly high, limestone deposits amount was 2,68 billion of tons, while cement, crystal and ceramic quality was excellent. Ceramic and crystal export amount in fact was between 70% and 90% of the total Chinese amount, thanks to several factories in Hebei territory like Qinhuangdao Yaohua Glass Machine Manufacture Co. Ltd, Qinhuangdao Tucheng Glass Technology Co. Ltd, several Qinhuangdao Glass Factories, Tangshan Jidong Cement Co. Ltd, Qixin Cement Plant, Tangshan Cement Machineries Factory, Tangshan Cement Factory and Handan Cement Factory, all of these still existing today and obviously improved. Hebei was one of the most important petroleum area too: Hangu petrochemical plant and Xinji chemical plant produced lubricating oils, while Xiahuayuan calcium carbide plant and Cangzhou fertilizer plant were important fertilizers, agrochemical products, chlorine, calcium carbide, rubber, plastic and chemical minerals producers. However, textile production was Hebei industry dominant sector, with areas mainly located in Shijiazhuang, Handan and Baoding working on cotton, wool, flax manufacture. Still,

¹¹¹ Regione Veneto, Centro Estero delle Camere di Commercio del Veneto, *Obiettivo Cina: il Veneto incontra l'Hebei: incontri d'affari per imprenditori a Pechino e Shijiazhuang, 12-22 maggio 1995*, Veneto (Regione), Centro Estero delle Camere di Commercio del Veneto, Venezia, 1995, pp. 5-8.

pharmaceutical industry was prosperous for the high availability of raw materials for medicines: Anguo City (located in the southern part of Baoding) is still famous to be Chinese Medical Capital, one of the three main trade pharmaceutical center in China (actually the North China Pharmaceutical Plant, located in Shijiazhuang, is the main Chinese antibiotic producer producing the world's highest amount of penicillin). Light industry, electronic industry, transports knew during the middle 1990s a rapid development in Hebei Province, one of the first Chinese Province opened to foreign trade and collaboration with foreign Countries (in 1984 the Chinese Council of State ratified Qinhuangdao port openness). As export trade was still focused on traditional sectors, like handcraft production, light industry goods, textile products, household articles and mechanical and metallurgical articles with low added value, since 1984 Hebei Province organized 13 international Fairs to expand economic and technological exchange all over the world, thus establishing cooperation relations with over 120 Countries and 1200 commercial partners and keeping stable and profitable market shares; about 40 different Countries started to invest in Hebei in light industry, textile sextile, mechanic, steel, chemical, pharmaceutical, agricultural and zootechnical sectors since 1993, when 1007 foreign companies were located in Hebei territory. As regards to Development Areas, during the 1990s some of them already existed and attracted foreign investors with their new technology infrastructures and tax incentives, for instance Qinhuangdao, the first one, was built in 1984 (the same foreign trade openness period), representing a favourable area for those Chinese and foreign investors encouraged to invest in export products or those for the replacement of more important goods, and still in infrastructures, commercial sector, real estate, computer industry and tourism, using public-private entity modality, cooperation or self-sustaining capital form. Since 1991, Council of State accepted two more Development Areas in high-tech development zones: Baoding and Shijiazhuang. The latter concentrated the most intellectual personalities and the best high-tech Institutes, like Ministry Electromechanical Industry Institute, Radiative Technology Development Center Academy of Science and Province Agroforestry Academy, 16 Universities and 10.000 specialized technicians.

The rapid Hebei economic growth in all these sectors and its world-wide contacts thus stimulated the project issued by Veneto Government: the official delegation left Venice on 12th May, visiting first Beijing and then Shijiazhuang. The delegation was officially accepted by the Mr. Yao Chin Lung, President of China International Trust and Investment Corporation (CITIC), founded in 1979 with the aim to carry out private merchant banking activities, which reached € 3.000 billion capital in 1995, actually providing financial services, resource and energy, manufacturing, engineering contracting and real estate, achieving during 2016 profit attributable to ordinary shareholders of HK\$ 43,119 million. During 1990s CITIC, located in Beijing, was active in several areas, like import-export, real estate activities, tourism, economic consultancy, capital participation in industrial companies and banking activities. When the Italian delegation arrived in Beijing, Vice-President Yao Chin Lung demonstrated wide knowledge of Italy, particularly of Veneto economy and its relationship with Hebei Province; he showed its willing to establish trade relations on cachmere and silk products and therefore asked for a collaboration to use machineries for textile production and technological supplies, in addition to tourism cooperation. Moreover, the meeting was useful to discuss about Veneto goods purchasing on Chinese markets, like Murano glass products, while Centro Estero Veneto focused attention on the possibility to introduce brief Italian language courses for a good preparation in industrial and commercial area, so that Chinese students could have the possibility to get internships in Veneto companies.

However, one the most relevant moment of the delegation visit in China was its meeting with the twinned CCPIT President, An Chengxin, who pointed out his interest in visit Italy and factories' machineries for textile manufacturing. Still, "Associazione cinese per i rapporti di amicizia con i paesi stranieri" Vice-President Chen Haosu, supported by European Department Director Zhu Qigui showed a great interest for Veneto reality, to the extent that he fluently spoke Italian. Moreover, Professor Marco Ceresa from Cà Foscari University of

Venice illustrated some particular cultural and linguistic realities, followed by the collaboration between CCPIT and Cà Foscari University proposal to overcome cultural and linguistic barriers.

Meeting's aim was mostly to establish mutual cooperation and collaboration for both areas economic growth, therefore a relevant role was represented mainly by entrepreneurs, who showed Chinese entities a product range of clothing, refrigeration, furniture, ice-cream device, hosiery and still cotton production machineries, plastic products, industrial laundry machineries, wood goods, jewellery, household appliances, housing and foodstuffs.

The meeting represented an historical stage for Hebei-Veneto relationships, as the Italian delegation after Shijiazhuang Exhibition visited several local enterprises, among them NCPC, one of the greatest pharmaceutical enterprise which actually works mainly on cephalosporin projects and reached 4 million RMB investments in 2016; its products during 1990s were allocated in Italy too. Moreover, some Italian researchers in 1991 studied and analysed specific plants located in Shijiazhuang, producing several types of antibiotic.

The delegation visit was fruitful: for instance, in 1995 a joint-venture between MOFTEC (producing leather goods and fur directly dependent from Chinese Economy and Foreign Trade Ministry) and a Veneto enterprise producing cashmere goods was born.

During the middle 1990s', Hebei Province was still undeveloped: communication problems, lack of distribution channels and preparation in trade issues, high duty amounts, no financial support were all destabilizing elements which could discourage foreign investors: however, Veneto Region kept on believing in the cooperation project, identified the Province's strengths and trusted in Hebei development programs. The north-east area was in fact stubborn enough to establish cooperation and expand import-export network, exploiting natural resources availability while obtaining new foreign technology; Hebei is actually one of the most industrialized area in China, attracts foreign investors and keeps on broaden its collaboration horizons. In 2004, a cooperation agreement was in fact signed between Centro Estero Veneto and CCPIT, and 2013 CCPIT and the new Veneto Promozione renewed the agreement of mutual collaboration signed in the previous 1994 (See Appendix F).

3.3 Initiatives and contacts with Hebei Province

As mentioned above, Centro Estero Veneto was one of the most relevant institutions which contributed to the twinning agreement and economic cultural relationships between Veneto and Hebei. It collaborated and still collaborates with Hebei Foreign Affairs Bureau and the same CCPIT for issuing several activities in both Italy and China.

According to the diplomatic system, when a Country is invited to attend a conference, a workshop, or to visit companies and promote products in another one, it will be surely "obliged" to extend a return invitation; an exchange delegation system was therefore encouraged by Centro Estero Veneto since 1998, when an economic mission from Veneto Region visited Shijiazhuang, thus inviting in Venezia Mestre a delegation from Shijiazhuang a year later. From then on, a mutual meeting exchange began, mainly in Shijiazhuang, Beijing, and still Venezia Mestre, Venezia, Verona.

However, delegations from both Countries mainly confronted each other on issues regarding the first sector: agricultural goods. As discussed in the first chapter, Hebei Province GDP is mostly based on cultivation of seeds, mushrooms, fruit, thus Government keeps on investing in agricultural machineries while acquiring necessary technology. Delegations from Hebei Province in fact have been attending "Verona Fieragricola"

since 2000, with the aim to set up business meetings with Italian companies in order to establish a mutual investment network; Fieragricola is an international two-year event organized in Italy, dealing with several areas like mechanics, zootechnic and services for companies, thus offering a full overview of agriculture. Thanks to the main mechanical agriculture companies' participation, the great Exhibition is fruitful for all those investors and enterprises' owners who want to keep up on technological and processing innovations, and moreover permits to directly get in touch with the end-user, i.e. the farmer; the Fair thus represents an international showcase, a chance to establish long-term relationships, new paths, an opportunity to enhance company's impressions and create business strategies.

From this perspective, in 2004 a Veneto institutional-economic delegation visited Hebei Province to promote Veneto image and Veneto production districts system in China. Subsequently, in 2005 a Hebei Province delegation attended another agricultural Exhibition organized by *Verona Fiere*, "Agrifood", the International Exhibition of Fresh Produce, Safety and Typical Agro-Foods. The Exhibition is mainly organized to promote Made in Italy production, to find new commercial partners and thus let foreigner visitors know innovations and constant growth.

Namely, the 42-member delegation visited the Exhibition to promote more than 2000 products from Cangzhou, Tangshan, Xingtai, Chengde, Zhangjiakou and Qinhuangdao, including seeds, grains, fungi, nuts, reed for handicraft production, dehydrated vegetables, and still pots and beverage. In 2005, the delegation discussed with Toscana and Veneto Region representatives in order to cooperate with more than 30 Italian companies in agricultural sector and thus take advantages from business opportunities. Projects for €6 million 620 thousand amount were issued, mainly for Xingtai honey, Cangzhou jujube, Zhangjiakou mushrooms, leather coats and wine production cooperation; moreover, these meetings have been always chaired by significant entities, as Italy Vice-Minister of Health, Chairman of the Commission on Health and Welfare and Vice-President of CCPIT, thus demonstrating the importance of the cooperation for both companies and official institutions. Still in 2005, the Hebei official delegation in fact met in Venice the Veneto Counsellor for SMEs, Counsellor for economics politics and still visited Thiene Veneto Agricoltura, a Quality and Agri-Food Technologies Institute with food analysis, ferment production, agri-food products transformation and machineries' production for food industry competencies.

Regarding the project proposals of Hebei Trade Delegation in 2005, all were issued to promote agricultural products: *storage and keep the freshness of the date project* to introduce the equipment, fund or/and new technologies from foreign countries such as by vacuum treatment to keep the date fresh, to build a store with the capacity of 6 million Kg date, or import 5 production lines to develop new kind products of date series foods for a 10 million US\$ total investment, *deep processing project of the small date and organic food*, *project of producing the haw dry wine and its beverage* to analyse how haw can be used for foodstuff production and its use as medicinal material, *the project for breeding fatstock cattle and its deep processing system*, to build up producibility of beef product for the same amount of cattle, and still projects for deep processing mushroom, bee products, peanuts, chestnut, corn powdered, soya curing products, capsicum, organic vegetables and apple and vinegar drinks.

Centro Estero Veneto continued to be the main cooperation activities spokesman: in 2006, State owned Assets Supervision and Administration Commission met Veneto companies in Marghera to discuss about management of financial risk, moreover, as mentioned above, a Hebei Province delegation attended Verona Fieragricola in order to set up business and institutional meetings in agreement with Veneto Region Government. 34 representatives from Cangzhou, Tangshan, Xintai, Chengde, Qinhuangdao, Langfang, Shijiazhuang and Zhangjiakou presented the same products showed in the previous year plus chemical fertilizers, red wine and leather goods in order to discuss about cooperation activities and promote investment meetings in collaboration with Tuscany Region (namely Tuscany dairy breeding center), Veneto Region, Italy Craft Trade Association and Italy Minister of Health, thus reaching €7 million amount trade

agreements for Cangzhou fur products, Qinhuangdao red wine and Langfang dehydrated vegetables. The official meeting was in fact attended by more than 50 enterprises representatives to reach agreements and knowledge of both Countries production in agricultural sector. As happened in the previous year, project proposals of Hebei Trade Delegation therefore mainly concerned agricultural products, like vegetable wholesale market, building export base for tomato products, plant high quality purple clover and still enhance pear juice, chestnut, malt paste, flower, haw biological healthy products production, building high-grade vegetables base for keeping vegetable fresh and the *Yida food zone* to purchase advanced equipments and thus enlarge the production for honey-dipping fruit meat.

Differently, in 2007 exposition of products quantity was reduced, and more attention was paid to discussion on cooperation in agricultural and particularly in animal husbandry sector, therefore allowing both parts acquire higher knowledge about foreign Countries production standards, technology, supply and demand, moreover development trends, thus having the possibility to capture every business opportunity. With more than 80 enterprises who attended the meeting, 2007 year represented a starting point for a real mutual collaboration in agricultural sector, namely on Langfang cattle and breed technologies and maize co-production processes. However, collaboration was not limited to agricultural sector: some of the Chinese enterprises who attended the business meeting were Bazhou Deda Plastic Zhimu Limited Company, producing fabricated rubber products, plastic products, punching press, agricultural plastic articles, plastic raw materials, Xin Lin Sprocket Limited Company located in the Development Zone of Shijiazhuang, producing chains, gear wheels, synchronous pulley, the developed chains Factory located in Renqiushi and Xinhua Machinery Manufacturing Limited Company located in Dingzhou producing similar products.

Among Italian enterprises, Aetolia Ltd. was represented by Luca Soranzio to promote products and sign collaboration contracts in Hebei territory through Joint Ventures, although it already had contacts with China for both import and export trade; located in the Province of Verona, it produces housing sound insulation, floating products, shock-absorber materials for tennis courts and sport areas, piping insulation and sound-absorbent facilities.

From the other hand, AB Analitica, located in Padua and producing diagnostic systems and urea breath tests, attended the meeting in order to find distributors and promote their products for a new technological collaboration with China. Still, Envicon, from Verona, was there to share and acquire new technology, thus leading to an improvement for its allergic patients' medicines, and moreover to develop together a saving fuel and water technological system using the circular economy. Mr. Cabilli Daniele represented Fita Limited Company, and attended the meeting to find new suppliers for mechanical drive products, similarly Nuovagomma Limited Company aim, producing rubber, plastic and polyurethane products, was to sign exclusive supply agreements with Chinese representatives, similarly to Stormwater Italia Ltd, producing rainwater treatment system installations.

However, except for products' promotion and several projects, and strong presence of Hebei Province at Verona Fieragricola, Centro Estero Veneto issued activities on environmental area, namely "Progetto Ambiente Cina" was encouraged through several workshops, like "Ambiente: La nuova sfida della Cina- Quali prospettive per le aziende italiane?" organized in Padova with Hebei Province institutional delegation speech via video-conference from Beijing and Veneto institutional-economic delegation visit in Shijiazhuang for the same purpose. The project continued in 2009, when Veneto Region attended with 9 enterprises presence the CIEPEC (China International Environmental Protection Exhibition and Conference)¹¹² in Beijing in order to discuss on environmental problems, a fair for environmental technologies sector co-sponsored by Ministry of Environmental Protection, Ministry of Housing and Urban-Rural Development and the People's

¹¹² China International Environmental Protection Exhibition & Conference (CIEPEC), sponsored by the Ministry of Environmental Protection, is the most prestigious environmental show in China as well as the world's famous event for environmental technologies, products and services.

Government of Beijing Municipality, organized by China Association of Environmental Protection Industry (CAEPI). During the event, Italian Trade Commission organized an Italian pavilion, where Centro Estero Veneto had its own area, in order to promote their presence among institutions, bodies and companies interested in meeting Italian companies, and thus organize B2B meetings during the fair; moreover, Veneto companies exhibited advanced technologies, products and management experience connected with the environment protection. Companies were: Environmental Consulting Ltd (Padua), for environment consulting and project, Thetis Lts, engineering and environmental services company, Idrobase Ltd., producing and selling power washes, Area Impianti Ltd., producing plants for industrial smokes' treatment, Veneta Impianti Ltd, producing plants and machineries for intake, filtration and energy recovery, Orsan Ltd for remediation products and heat insulation, Orion Ltd, producing plants monitoring air and water pollution and 3F Chimica Ltd, producing chemical additives for water treatment.

As discussed above, Centro Estero Veneto kept on issue projects and workshops to promote the two Countries' contacts, particularly between Veneto and Hebei; one of the most favourable context to feed relationships and promote cooperation agreements was Shanghai Expo 2010, when Centro Estero gave a relevant contribution in organizing institutional and economic visits at pavilions. Due to increasing of population living in the cities, 2010 exposition theme was *"better city, better life"*, namely discussion was focused on the way to improve life quality in an urban context and discuss on urban planning and new towns sustainable development. At that time, Italian Chamber of Commerce, Centro Estero Veneto, Cà Foscari University of Venice showed interest in pursuing a better cities' environment project, therefore organized some B2B discussions on cities' urban system, specifically between Veneto and Hebei companies (See Appendix G).

Environmental issues were the main conference topic still during a Veneto Region delegation visit in Shijiazhuang in September 2010, mainly focused on discussion among institutions and moreover among companies; after visiting the new Hebei Developed Zone and thus acquiring knowledge of new technologies, Hebei industrial structure and scale and policies issued by Government on industrial production, 17 Veneto companies discussed about further collaboration with 89 Hebei companies. For instance, Fortom Chimica Ltd, using developed technologies, shows how it is possible to recycle industrial waste complying with national and international rules, and thus pursue a "recovery" concept which is feasible thanks to final consumer common decency. At that time, Fortom Chimica Ltd. requested a collaboration with Hebei Hengyuan Pump (河北恒盛实业股份有限公司) and Shijiazhuang Huanxiang Environment Equipment Limited Company (石家庄市环祥环保设备有限公司) on liquid waste recycling; still, Taffarello Engineering Company using "Italian Prefab" (绝色建设) model, promoted the idea to let all the working teams with different competencies use a unique programme and model in every different place of production. The company discussed about the project with Botou Xinli Yuan Real Estate Development Ltd (泊头鑫利源房地产发展有限公司), then considering the possibility to issue the "Prefab in Cina" (中国绝色建设). And still, Kemindustry Company, producing equipment for air pollution reduction, presented its new technologies and functions to Hebei Zhengtong Import and Export Ltd (河北政通进出口贸易有限公司).

In 2011, some Veneto companies attended CIEPEC; as mentioned above, some of them had contacts with Hebei Province since 2009, like Area Impianti Ltd, Envicon Ltd, Thetis S.p.A., some new appeared. BTB Elettroidraulica Ltd, for instance, produces water pumping systems, drinkable water treatment plants and wastewater treatment plants, Eurven Ltd/Gruppo Euromeccanica Ltd, leader of eco-divide compactor-recycling, Forrec Ltd, producing industrial grinders, shredders an systems for a solid waste recycling area, Idrotech Ltd, producing industrial fogging systems, misting modules, spare parts, accessories and components of misting systems for dust suppression, temperature reduction, cooling, humidification and disinfection, Nuova Clodia Costruzione Ltd, specialized in technologies for treatment of contaminated sites,

Panta Rei Ltd, leader company in the design, realization, start-up and maintenance of domestic and industrial water and wastewater treatment plants, and S.A.I.T.A Ltd, operating in water and wastewater too. ¹¹³

¹¹³ All the information regarding activities issued by Veneto Promozione and Hebei Province were provided by Mrs Antonella Piva, Asia-Pacific Department Responsible, and Mr. Chang Jia, from CCPIT Hebei Sub-Council.

Conclusions

As discussed in the last chapter, relationships between Veneto Region and Hebei Province never stopped to be fruitful since the beginnings of 1980's.

Hebei Province is located in a strategic position; as the hub of logistics, it ranks the sixth in the national GDP, being strong in economy, agriculture and industry, moreover rich in resources. As recently the attention moved towards the Bohai Sea, Hebei became one of the fastest developing areas in the Country, thanks to the projects issued for infrastructures, high-speed railways and import & export development. These factors made Hebei Province a strong FDI attraction for those investors who embarked an internationalization path.

Mainly channelled into manufacturing and farming industry, FDI in Hebei see a steady growth, thus bringing the Government to implement favourable policies but still maintaining some domestic production plans; Hebei absorbs technology and knowledge, tries to peer Western management techniques, organizes meetings, signs agreements, but never abandons the patriotic sense and constant fear of foreign presence in China.

From this perspective, Italy found its own integration path: cradle of culture just as much as China, international industrial districts located in Italy found some similarities with the China ones, namely those of Padua, Treviso, Vicenza and Hebei Province. Both following a progressive internationalization path, thus shifting from local-oriented system to production chains at international level, the two countries started to be in contact. From one hand, Hebei Province was eager to grow, from the other one Veneto has been one of the most far-sighted Region in Italy, understanding the great potential of a far but still near Province.

Some events and entities helped the progressive contact process, namely Fondazione Italia-Cina and Promozione Veneto, who constantly cooperated to facilitate the two Regions contacts, being thus the main spokesmen. Particularly, the President Vittorino Colombo was one of the first entity who bravely encouraged relationships and held debates on sensitive matters with the key players of that time, as Zhou Enlai and Deng Xiaoping. Truly trusting in the great potential of the two Countries cooperation, he never hesitated to believe in these two different Countries contacts, even when Tiananmen events discouraged Italian Regions' Government representatives to confirm the signed cooperation agreements.

Similarities between the new-born international industrial clusters both in Veneto and Hebei, the encouragement of Vittorino Colombo who was Economic Adviser for Hebei Province, Veneto Promozione activities all contributed to the progressive contacts between Veneto Region and Hebei Province, following a path of an equivalent bodies system; starting from the first twinning activity issued in 1987 when a twinning agreement was signed between Hebei Province and Veneto Region, relationships' evolution was in fact characterized by a following twinning agreement signed between Padova and Handan cities, followed by the agreement between Veneto Promozione S.c.p.A and CCIPIT, signed in 1995 and renewed in 2013.

Agreements were not isolated occurrences, on the contrary brought to B2B discussions between Veneto and Hebei enterprises, thus allowing cooperation activities in production and large sums of investments until the recent years.

Enterprises are evaluating the importance of cooperation, grasping different types of knowledge from each other; "facilitators" in the past were fundamental in the agreements process, being still today relationships' spokesmen in an almost steady process.

Appendix A- Historical twinning agreements between Italy and China cities

1	Shanghai	Milano	1979/06/25
2	Nanjing	Firenze	1980/02/22
3	Suzhou	Venezia	1980/03/24
4	Guangxi	Sicilia	1982/06/14
5	Shenyang	Torino	1985/02/12
6	Benxi	Modena	1985/03/07
7	Tianjin	Lombardia	1985/05/09
8	Qinhuangdao	Pesaro	1985/11/05
9	Guangzhou	Bari	1986/11/12
10	Changzhou	Prato	1986/06/06
11	Liaoning	Emilia-Romagna	1987/05/29
12	Shijiazhuang	Parma	1987/09/22
13	Wuhu	Pavia	1988/01/25
14	Hebei	Veneto	1988/05/17
15	Handan	Padova	1988/05/18
16	Henan	Puglia	1988/06/03
17	Shaanxi	Treviso/p	1988/07/20
18	Bengbu	Bergamo	1988/09/06
19	Sichuan	Piemonte	1990/02/27
20	Shenzhen	Brescia	1991/11/12
21	Shandong	Marche	1992/07/08
22	Shanxi	Abruzzo	1992/09/16
23	Jiangsu	Toscana	1992/09/18
24	Yancheng	Chieti	1992/10/01
25	Weihai	Biella	1993/10/28
26	Yuncheng	Lanciano	1995/09/20
27	Shaaxi	Umbria	1995/11/29
28	Xinji	Solofra	1997/08/19
29	Fujian	Napoli/p	1998/06/12
30	Panzhuhua	Terni	1997/03/10

31	Beijing	Roma	1998/05/28
32	Jiangsu	Veneto	1998/06/22
33	Yanzhou	Rimini	1999/03/16
34	Nantong	Civitavecchia	1999/12/01
35	Chengdu	Palermo	1999/12/03
36	Taicang	Rosolina	2000/02/23
37	Huaiying	Lucca	2000/09/27
38	Dafeng	Ascoli-Piceno	2000/10/20
39	Suqian	Brindisi	2001/10/25
40	Taian	Torino	2002/04/12
41	Yunnan	Lodi/p	2002/06/08
42	Wenzhou	Prato	2002/07/26

Appendix B- Memorandum for economic, scientific, technological and cultural exchange between Hebei Province and Veneto Region

**中国河北省与意大利威尼托大区
经济、科技、文化交流意向书**

以河北省对外文化交流协会会长李文珊为团长的河北省经济文化交流代表团，于五月十四日至二十二日在威尼托大区进行了友好访问，并就两省区开展经济、科技、文化和建立友好省区关系事宜进行了友好磋商。

一、双方根据平等互利的原则，在经济、贸易、科技、文化、教育等方面，开展多种形式的交流与合作，以促进河北省与威尼托大区的繁荣昌盛。

二、双方一致同意在经济技术交流的基础上，积极探索建立友好省区问题，力求早日缔结友好省区关系。

三、为了增进了解和友谊，威尼托大区政府主席 应河北省人民政府邀请，将在九月率代表团访问河北省，进一步磋商建立友好省区事项。

四、本意向书一九八七年五月二十一日在威尼斯签订。

河北省经济文化交流代表团团长

威尼托大区政府

河北省对外文化交流协会

会 长



(签 字)

主 席



(签 字)

河北省人民政府外事办公室

中國河北省邯鄲市与意大利威尼托大区巴多瓦市经济、科技、文化交流备忘录

以河北省对外文化交流协会会长李文珊为团长的河北省经济文化交流代表团,于五月十四日至二十三日在威尼托大区巴多瓦市进行了友好访问,并就邯鄲市与巴多瓦市开展经济、科技、文化交流和探讨建立友好城市关系事项进行了友好磋商。

一、双方根据平等互利的原则,在经济、科技、文化等方面,开展多种形式的交流与合作,以促进双方的繁荣昌盛。

二、第一步开展经济、科技、文化交流,在此基础上,双方在适当的时间和地点进一步探

Appendix D- Italian delegations in China and Chinese delegations in Italy between 1990 and 1991

Delegazioni italiane in Cina nel 1990 e nel 1991:

fine Giugno 90, del Segretario Generale della Farnesina, Amb. Bottai;
fine Luglio 90, del Direttore Generale del Ministero Commercio Estero, Dr.Sarti de Letta;
inizio agosto 90, del Presidente Sen.Vittorino Colombo;
inizio Settembre 90, del presidente del gruppo D.C. della Camera, l'attuale Ministro Scotti;
metà Novembre 90, del Sottosegretario delle Poste e Telecomunicazioni, On. Raffaele Russo;
febbraio 91, del presidente della Commissione Esteri del Senato, on. Piccoli;
aprile 91, il sen. Orlando Presidente, dell'Associazione Italia/Asia;
aprile 91, dell'Assessore Industria della Regione Lombardia, sig.Forcellini;
giugno 91, del sottosegretario agli Esteri, sen. Vitellone, per la firma dell'accordo culturale;
luglio 91, del ministro De Michelis;
luglio 91, del sottosegretario Mincomes, on. Rossi;
agosto 91, del vice-segretario del PSI, sen. Amato e dell'on. Intini.

A metà settembre p.v. il presidente ANDREOTTI riceverà a Pechino una laurea honoris causa.

Alle visite di queste delegazioni sono da aggiungersi, forse per Voi più importanti, quelle della città di Bologna, della Regione Piemonte e, prossimo ottobre, della Regione Veneto, tutte nell'ambito dei rispettivi gemellaggi.

Delegazioni cinesi in Italia nel 1990 e nel 1991:

ad inizio settembre 90, del Vice-ministro degli Esteri;
a metà novembre 90, del Ministro della Chimica;
il 20 Novembre 90, del Vice-ministro della Giustizia;
a metà Novembre 90, del Governatore della People's Bank of China;
a fine Novembre 90, del Vice-ministro del Commercio Estero;

ai primi di aprile 91, una delegazione guidata dal Primo Vice-1°Ministro ed allora Sindaco di Shanghai, Zhu Rongji, invitata dal Comune di Milano nell'ambito dell'ormai ventennale gemellaggio con la capitale industriale cinese e ricevuta tra gli altri dal Presidente Andreotti, dal Ministro De Michelis e da Cesare Romiti;
a luglio, del Ministro del Commercio Estero Li Lanquin; in questi giorni è in corso la visita del v.ministro dell'industria tessile;
a giugno, il sindaco di Wuhu a Pavia;
a luglio, il v.sindaco di Hanzhou a Como;
in questa settimana, una delegazione economica di Shenzhen a Brescia nell'ambito dei rispettivi gemellaggi.

Appendix E - Cooperation agreement between CCIPIT Hebei Sub-Council and Centro Estero delle Camere di Commercio del Veneto, 1995

**ACCORDO DI COLLABORAZIONE TRA
IL CENTRO ESTERO DELLE CAMERE DI
COMMERCIO DEL VENETO E LO HEBEI
SUB-COUNCIL DEL CHINA COUNCIL FOR
THE PROMOTION OF INTERNATIONAL
TRADE (CCPIT DELLA PROVINCIA
DELLO HEBEI)**

NEL QUADRO DEI RAPPORTI DI AMICIZIA DERIVANTI DALL'ATTO DI GEMELLAGGIO SOTTOSCRITTO A VENEZIA IL 17 MAGGIO 1988 DAL PRESIDENTE DELLA REGIONE DEL VENETO E DAL PRIMO VICE-GOVERNATORE DELLA PROVINCIA DELLO HEBEI, IL CCPIT DELLA PROVINCIA DELLO HEBEI E IL CENTRO ESTERO DELLE CAMERE DI COMMERCIO DEL VENETO HANNO CONVENUTO, SULLA BASE DI AMICHEVOLI CONSULTAZIONI, DI DEFINIRE UNO STABILE RAPPORTO DI RECIPROCA COLLABORAZIONE CONCORDATO COME SEGUE:

- 1) STABILIRE RECIPROCHE RELAZIONI DI COOPERAZIONE ECONOMICA, COMMERCIALE E TECNOLOGICA, SULLA BASE DELLE SPECIFICITA' DEI DUE SISTEMI IMPRENDITORIALI AL FINE DEL PARITETICO E RECIPROCO VANTAGGIO;
- 2) FAVORIRE L'INTERSCAMBIO D'INFORMAZIONI ECONOMICHE E COMMERCIALI CORREDATE DA RELATIVE DOCUMENTAZIONI E FORNIRE RECIPROCAMENTE CONSULENZE SULLE DIVERSE POLITICHE COMMERCIALI ED ECONOMICHE, SULLE OPPORTUNITA' D'INVESTIMENTO E SUI PRINCIPI LEGISLATIVI DI RIFERIMENTO. CIASCUNA DELLE DUE PARTI S'IMPEGNA AD ASSISTERE L'ALTRA PER OGNI SPECIFICA RICHIESTA RELATIVA AD INFORMAZIONI DI CARATTERE ECONOMICO E COMMERCIALE;
- 3) PROMUOVERE LE CONCRETE RECIPROCHE PROPOSTE DI COLLABORAZIONE COMMERCIALE, TECNOLOGICA ED INDUSTRIALE E DI ASSISTERLE CON TUTTE LE INFORMAZIONI NECESSARIE;
- 4) OFFRIRE MUTUA ASSISTENZA E SUPPORTO PER TUTTE LE ATTIVITA' DI CARATTERE ECONOMICO E DI PROMOZIONE COMMERCIALE COME SEMINARI, MANIFESTAZIONI FIERISTICHE E SIMPOSI TECNOLOGICI CHE CIASCUNA DELLE DUE PARTI VOGLIA ORGANIZZARE RECIPROCAMENTE NELLA REGIONE DEL VENETO E NELLA PROVINCIA DELLO HEBEI;

5) ASSISTERE ORGANIZZATIVAMENTE LE DELEGAZIONI ECONOMICHE E COMMERCIALI DI ENTRAMBE LE PARTI DURANTE TUTTE LE FASI DI PREPARAZIONE E REALIZZAZIONE PERSEGUENDO IL MASSIMO BENEFICIO RECIPROCO;

6) GARANTIRE LA DISPONIBILITA' E LA COLLABORAZIONE DI STRUTTURE E PERSONALE PER LA REALIZZAZIONE DELLE ATTIVITA' MENZIONATE NEI PRECEDENTI PUNTI;

7) SVILUPPARE LE ATTIVITA' DI COOPERAZIONE PREVISTE DAL PRESENTE ACCORDO, NEL PIENO RISPETTO DEI PRINCIPI NORMATIVI CONTENUTI NEI GIA' INTERCORSI PROTOCOLLI D'INTESA TRA L'ITALIA E LA REPUBBLICA POPOLARE CINESE E TRA LA REGIONE DEL VENETO E LA PROVINCIA DELLO HEBEI;

8) SOVRINTENDERE ALLA PIENA APPLICAZIONE DEL PRESENTE ACCORDO CON LO SVILUPParsi DEI RECIPROCI RAPPORTI DI COOPERAZIONE. LE PARTI, DOPO AMICHEVOLI CONSULTAZIONI, POTRANNO APPORTARE MODIFICHE E AGGIUNTE AL PRESENTE ACCORDO.

9) L'APPLICAZIONE DEL PRESENTE ACCORDO SARA' PERMANENTEMENTE NOTIFICATA ALLE RISPETTIVE AUTORITA' GOVERNATIVE DELLA REGIONE DEL VENETO E DELLA PROVINCIA DELLO HEBEI CHE NE ASSICURANO IL PATROCINIO;

10) IL PRESENTE ACCORDO E' REDATTO IN DUE VERSIONI, RISPETTIVAMENTE IN LINGUA ITALIANA E CINESE, AMBEDUE AVENTI LO STESSO VALORE;

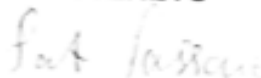
11) IL PRESENTE ACCORDO TROVA APPLICAZIONE A DECORRERE DALLA DATA DELLA FIRMA .

FIRMATO A SHIJIAZHUANG (HEBEI-R.P.CINA) IL 20 MAGGIO 1995

HEBEI SUB-COUNCIL OF
CHINA COUNCIL FOR THE
PROMOTION OF INTERNATIONAL
TRADE



CENTRO ESTERO DELLE
CAMERE DI COMMERCIO
DEL VENETO



友好合作协议书

根据中国河北省与意大利威尼托大区于1988年5月17日在威尼斯签署的两个省区之间友好协议的精神，为了促进双方的贸易发展和经济技术合作，中国国际贸易促进委员会河北省分会（即中国国际商会河北商会）与意大利威尼托大区商会外贸中心达成友好合作协议如下：

一、双方以两国经济优势互补为基础，以平等互利为原则，建立长期的促进贸易和经济技术合作的友好互助关系。

二、双方互换经济贸易情报和资料并在经贸政策、投资环境和有关法规方面提供诚实的咨询。一方要求另一方提供经贸信息时，另一方尽最大努力给予协助。

三、双方互相介绍经贸合作伙伴并交流有关信息。

四、双方对在对方国主办的经济技术合作讨论会、经济技术合作项目洽谈会及商品展销会等活动，给予真诚的协助。

五、双方对来访的经贸考察访问团组，在准备和接待工作中提供方便条件。

六、双方指定各自相应的机构和人员，负责上述条款涉及的日常工作。

七、双方根据本协议所开展的业务应遵守两国间及两省、区间的协定和协议的原则。

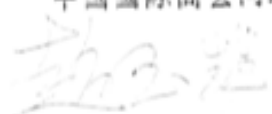
八、双方同意对本协议的执行情况互相监督。随着合作的发展，可协商对其内容进行必要的修改和补充。

九、本协议的实施将在双方政府的支持和关心下进行。

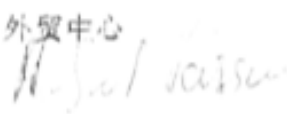
十、本协议以中文和意文写成，两种文本具有同等效力。

十一、本协议自双方签字之日起生效。

中国国际贸易促进委员会河北省分会
中国国际商会河北商会


一九九五年五月二十日

意大利威尼托大区商会
外贸中心



一九九五年五月二十日

中国国际商会河北商会与意大利 威尼托大区商会促进中心友好合作协议

中国国际商会河北商会与意大利威尼托大区商会促进中心，以下简称“双方”

--- 鉴于在中国河北省和意大利威尼托大区的经营者之间发展双边经济合作的重要性；

--- 意图通过现代高效的援助形式而获益，发展互惠互利的友好合作；

--- 考虑到河北省与威尼托大区的商机；

双方同意达成如下协议：

--- 双方同意，在有利于促进双方及各自公司间建立良好经济关系并达成协议的前提下，就国际经济、贸易及合作的信息进行交流，特别是提供第一级信息（如法规的基本信息、公司地址、经济概况等）；

--- 促进有利于河北省与威尼托大区之间商业贸易及工业和经济合作的援助；

--- 促进每年互派官方代表团、商界人士及经营者进行交流，为商务会议和其他有关活动提供必要服务（如办理签证、安排食宿等）；

——就所有有利于促进河北省和威尼托大区公司之间经济关系的必要信息进行交流，就市场信息进行交流：经营者名录、行业规范、常见的商业行为，以及工商业合作的机会；

——促成举办关于互惠双方经济现状的讲座及推介会，使得河北省及威尼托大区有关企业最大程度了解双方的情况，促成双方互相了解、发展合作；

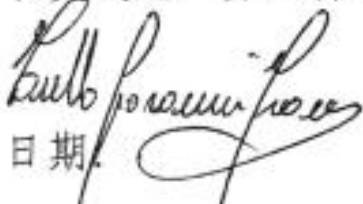
——发起并组织人员培训活动、开设经贸管理者和职员课程，研究调查微观及宏观经济现状，使信息在威尼托大区和河北省商业体制中的作用发挥到最大。

本协议自签署之日起生效。如其中一方欲终止协议，需在该协议期满前三个月内予以书面通知。

意大利威尼托大区商会
促进中心

会长

吉奥瓦尼 弗兰科马赛洛



日期

17/09/13

中国国际商会河北商会

会长

张力红



日期：

AGREEMENT OF MUTUAL COLLABORATION

between

VENETO PROMOZIONE S.c.p.A. - ITALY

and

China Council of International Commerce Hebei Chamber of Commerce

Veneto Promozione S.c.p.A. and the China Council of International Commerce Hebei Chamber of Commerce, hereinafter referred to as "the Parties",

- considering the great importance of the development of a bilateral economic collaboration between economic operators of the Veneto Region - Italy and Hebei Province - China;
- having the intention of benefiting from modern and efficient forms of assistance for the development of a reciprocally advantageous friendly cooperation;
- taking into consideration the economic opportunities of Hebei Province and Veneto Region;

Now therefore the Parties agree as follows:

- both parties agree to exchange information involved in international economy, trade and cooperation that may be interesting or important to the establishment of better economic relations and agreements between the Parties and their firms, in particular providing the information of first level (basic information about laws and regulations, addresses of companies, general economic profiles, etc.);
- to facilitate assistance to favour the commercial trade and industrial and economic cooperation between the business communities of Veneto and Hebei Province
- to promote the exchange of missions for official delegations and businessmen and economic operators, to be scheduled every year, giving the necessary service for the realisation of business meetings and for any other organising related aspect (visa, accommodation, etc.);
- to exchange all information necessary for the increase of economic relations between the Veneto and Hebei Province firms and any information regarding the respective markets: list

of economic operators, norms, common commercial practices, along with opportunities for commercial and industrial collaboration;

- to promote seminars and informative meetings on the reciprocal economic realities with the aim of maximising the information impact on both Veneto and Hebei Province businesses interested parties in starting or developing a relationship of acknowledgement and cooperation;
- to sponsor and organise personnel training activities, managerial and staff courses of economic offices for the study and investigations of the micro and macro economic realities with the aim of maximising the information impact on both Veneto and Hebei Province business systems.

The present agreement has validity from the moment of the undersigning and it is tacitly renewed year by year, unless one of the Parties expressly requests its termination giving notice within 3 months of its expiration.


For Veneto Promozione S.c.p.A.

For China Council of
International Commerce
Hebei Chamber of Commerce

The President

Mr. GIOVANNI FRANCO MASELLO

Date


17/09/13

The President

Mrs. Zhang Lihong

Date



Appendix G- Meetings between Veneto Region and Hebei Province during Shanghai Expo 2010

“河北—威尼托”企业经贸洽谈会企业对接表

意方企业		中方企业	洽谈人员
BUSSATTI TRASPORTI SRL		中外运空运发展股份有限公司	赵总
C.ME. ELETTROMECCANICA S.N.C.		鑫谷光电股份有限公司	谷经理
		霸州市旭丰光电科技有限公司	张总经理
		廊坊福稳光电有限公司	龚程杰经理 于安贵经理
		河北省金立翔电子工程有限公司	刘经理
		河北远辉光电科技有限公司	崔经理
		河北中数程通科技公司	张总
CE ELECTRO SRL		金山变压器有限公司	谷经理
		河北省新河县商务局	
		三河远东电子有限公司	韩伟经理
FABER MOBILI SRL		沧州利君利家具有限公司	
		磁县玉山家具有限公司	马玉山
		磁县宝森家具有限公司	张志东

		平安家具体	
		河北省新河县商务局	
FERRO MURANO SRL		河北政通经贸有限公司	
		河北省新河县商务局	
		灵瑞玉器	
GIORGIO GIRELLI		沧州世纪博华装饰公司	
		鑫谷光电股份有限公司	谷经理
		廊坊市新世纪装饰工程有限公司	王君功经理
		腾阳设计装饰有限公司	王经理
		金大陆装饰设计有限公司	
		君睿建筑装饰工程有限公司	王经理
LAMPE SRL		石家庄翔飞节能灯具厂	李树超
		飞利浦（中国）有限公司石家庄办事处	

		恒达灯具有限公司	
		霸州市旭丰光电科技有限公司	张总经理
		廊坊福穗光电有限公司	
LUIGI BEVILACQUA SRL		廊坊市新世纪装饰工程有限公司	王君功经理
		沧州利君利家具有限公司	
		鑫谷光电股份有限公司	谷经理
		沧州世纪博华装饰公司	
		君睿建筑装饰工程有限公司	王经理
		腾阳设计装饰有限公司	王经理
		金大陆装饰设计有限公司	
LUNARDELLI ANGELO		石家庄佰氏安门业有限公司	马云平
		石家庄三松自动门有限公司	张经理
		沧州利君利家具有限公司	

		磁县玉山家具有限公司	马玉山
		磁县宝森家具有限公司	张志东
		平安家具城	
MANTOAN LUCE SRL		飞利浦（中国）有限公司石家庄办事处	
		恒达灯具有限公司	
		石家庄鹏飞节能灯具厂	李树超
		廊坊福穗光电有限公司	
		霸州市旭丰光电科技有限公司	
NASONMORETTI SRL		河北省新河县商务局	
		灵瑞玉器	
		河北政通经贸有限公司	
PICCOLI SRL		恒达灯具有限公司	
		石家庄鹏飞节能灯具厂	李树超

		飞利浦（中国）有限公司石家庄办事处	
		河北省金立翔电子工程有限公司	
		河北中数程通科技公司	
PORTALP SRL		石家庄三松自动门有限公司	张经理
		石家庄佰氏安门业有限公司	马云平
		磁县玉山家具有限公司	
		磁县宝森家具有限公司	
		平安家具城	
PROMOTEC SRL			
SATE SYSTEMS AND ADVANCED TECHNOLOGIES ENGINEERING SRL		秦皇岛	
SIRMAX SPA		河北省新河县商务局	
VENICE HOME		君睿建筑装饰工程有限公司	王经理

COLLECTION SRL		廊坊市新世纪装饰工程有限公司	王君功经理
		沧州世纪博华装饰公司	
		鑫谷光电股份有限公司	谷经理
		腾阳设计装饰有限公司	王经理

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