

A DEMO OF AN INTEGRATED FUTURE

An introduction to the Ecological Demonstration Zone in Yangtze River Delta

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Insights & Recommendations

The Ecological Demonstration Zone (Demo Zone) offers institutional and policy advantages which attract headquarters, research institutions and R&D centers. Looking at the functional planning, industrial positioning, investment promotion and operation management, we recommend:

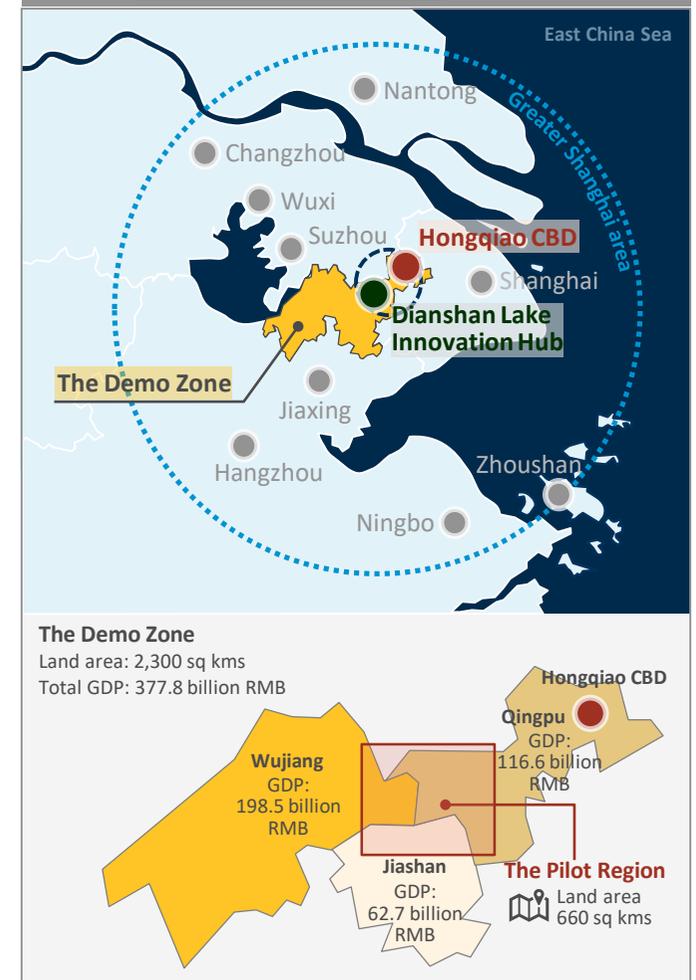
- > The Demo Zone executive committee should set clear industrial goals and positioning, as well as identifying business need in advance to better attract innovative industries and generate economic synergies.
- > We recommend green and smart technologies be widely adopted to help achieve the Demo Zone's goal of balancing sustainability and economic development.

A BREAKTHROUGH OF YRD INTEGRATION

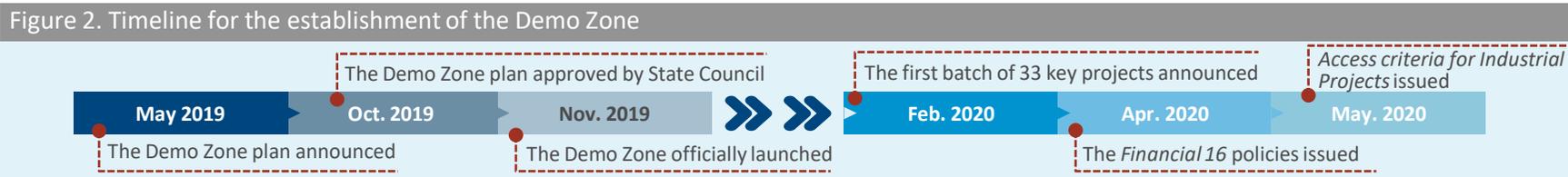
The integration of the Yangtze River Delta (YRD) has been one of China's goals since November 2018. As one of the largest mega city clusters, the YRD involves most major cities in Jiangsu, Zhejiang, and Anhui provinces, and the city of Shanghai. In November 2019, as a joint effort of the three provinces and Shanghai, the Ecological Demonstration Zone (hereinafter referred to as the "Demo Zone") was launched, which marked a breakthrough and milestone of YRD integration. Containing three regions from Jiangsu, Zhejiang and Shanghai that are adjacent to each other (Wujiang county in Suzhou, Jiashan county in Jiaxing, and Qingpu district in Shanghai), the Demo Zone focuses on breaking bottlenecks to integration such as the coordination of industrial development, collaboration in technology innovation, and the free flow of talent and capital. Its pilot experience should also provide lessons for the collaborative development of the entire YRD.

Five towns, Jinze and Zhujiajiao in Qingpu, Lili in Wujiang, and Yaozhuang and Xitang in Jiashan, covering a land area of 660 square kilometres, were selected as the Pilot Region.

Figure 1: Location of the Demo Zone



Source: Public information, Colliers International



NEW RULES SETOUT FOR TESTING

Aiming at addressing barriers to increased synergy, the Demo Zone is testing out governing innovations including collaborative management rules, facilitating free flow of resources, infrastructure improvement and deepening intra-government connections via shared tax and public services. These new rules apply consistent intra-regional urban planning and industry development, a joint effort on environmental protection, coherent financial and talent services, and improved railway and metro networks across the Demo Zone (see Figure 3). We foresee an additional series of pilot policies for further regional integration which will also build experience for future projects.

A SOLID PUSH FOR SUSTAINABILITY

The YRD not only has strong scientific research outputs, but also specializes in commercializing them: new technologies such as big data, cloud computing and AI are transforming traditional industries into new clusters of advanced manufacturing, biomedicine, new energy and new materials. This provides a solid base for innovative industries to grow in the Demo Zone. In February 2020, the first batch of nine key industrial projects in the Demo Zone were announced, and they were all innovation-focused, including Huawei’s R&D center located near Dianshan Lake in Qingpu (see Figure 5). We foresee an increasing number of technology headquarters, research institutes and R&D centers would choose to settle in the region.

The Demo Zone is also positioned to serve as a role model of balancing sustainability and economic development. According to the recently issued *Access Criteria for Industrial Projects*, only resource-saving and environment-friendly businesses were allowed in the region, with the most strict standards imposed for emissions, energy and water consumption. As the *Hub of Green Innovation*, the Dianshan Lake area is positioned to be the main cluster of innovative businesses in the Demo Zone.

Figure 3. The Demo Zone regional integration measures

Objectives and measures	
Concerted management rules	For preparing, approving and implementing of development planning
	For providing integrated services for industry development
For protecting ecological environment	
Free flow of resources	Finance <ul style="list-style-type: none"> To push for consistent intra-regional financial services To pilot joint credit issuance To establish dedicated financial institutions for the Demo Zone development
	Talents <ul style="list-style-type: none"> To issue coherent technical certifications To establish a consistent talent evaluation system To provide one-stop registration service for foreign talent
Deepened connections	Taxation <ul style="list-style-type: none"> To consolidate tax collection To pilot tax-sharing mechanisms
	Public services <ul style="list-style-type: none"> To provide coherent basic healthcare insurance To establish an intra-regional hospital alliance
	Infrastructure <ul style="list-style-type: none"> To improve intercity railway and metro networks To provide 5G network coverage in key areas

Source: Master Plan of the Demo Zone, the 16 Financial Policies of Demo Zone, Colliers International

Figure 4: Industrial base of Qingpu, Wujiang and Jiashan, 2018

	Qingpu	Wujiang	Jiashan
Key industry	logistics, trading, intelligent manufacturing, exhibition, IT	intelligent manufacturing	integrated circuits, connected vehicles, digital content
No. of high-tech companies	382	488	177
No. of patents granted	3,085	5,492	2,324

Source: 2019 Yangtze River Delta Digital Integration Report, Colliers International

CATCHING UP ON PUBLIC SERVICES

In order to attract innovative businesses and global talent, the Demo Zone is catching up on providing high quality services and amenities. The first batch of key public service projects in the region involves cultural tourism, education, healthcare and transportation. In the future, more projects are planned to further improve the convenience and connectivity while facilitating economic growth.

RECOMMENDATIONS: TAKE ACTION EARLY

Looking ahead, development in the Demo Zone should be higher quality. We therefore advise the government in four directions.

- > **Set clear industrial goals and positioning.** One of the main goals of the Demo Zone and the entire YRD is to generate economic synergies. The Demo Zone executive committee thus needs to promote a clear vision of the positioning and goals for industrial development by reviewing the value chains of key sectors that match the local industrial base.
- > **Work with industry to identify needs in advance.** Business parks in the Demo Zone will likely host most of the innovative industries in the Demo Zone. Therefore, the management committees and landlords should actively reach out to potential tenants to understand their needs and special requirements for properties and supporting facilities and refine their development plans accordingly.
- > **Apply green and health technology standards.** Since promoting a green economy and sustainable development are two main goals of the Demo Zone, green technologies and standards such as LEED, WELL and Sponge City recapture rainwater projects should be used to improve sustainability and stay ahead of the competition to attract quality businesses.
- > **Integrate smart solutions on planning stage.** As smart cities are becoming more prevalent, we advise landlords to adopt smart solutions and incorporate them early in planning stage. Having this conversation with all stakeholders, including choosing key applications and delegating functions, is extremely important for smooth implementation.

We also recommend enterprises that are in line with the Demo Zone's development plan to actively communicate their needs with the Demo Zone, in order to take the advantages of policy incentives.

Figure 5: The Demo Zone's first batch of key innovative industries projects

Location	Project Name	Industry
Qingpu	HUAWEI Qingpu R&D Center	Terminal chips, wireless networks, Internet of Things
	Precision Measurement Park	Integrated circuits
	Kingfa Global Automotive Materials Innovation and Development Center	New materials for automobiles
Wujiang	BOE Flexible Intelligent Display Terminal Project	Electronic equipment (displays)
	Innoscence Gallium Nitride Project	New semiconductor materials
	Advanced Functional Fiber Innovation Center	New fiber materials, high-end fiber materials
Jiashan	Yaozhuang Luxshare Intelligent Manufacturing Project	Consumer electronics, automotive electronics
	Lithium Werks Lithium Battery and System Integration Project	New energy
	YRD Future Town	Smart healthcare, artificial intelligence, digital economy

Source: public information, Colliers International

Figure 6: The Demo Zone's first batch of key public services projects

Industry	Project Name
Cultural tourism	Xitang Songcheng Performing Arts Valley
	Beautiful Countryside Project
	Jiangcun Featured Country Projects
Education	Lansheng Fudan School Qingpu Branch
	Suzhou University Future Campus
	Jiashan Fenghui School
Medical services	Fudan University Affiliated Obstetrics and Gynecology Hospital Qingpu Branch
	Wujiang-Shanghai Telemedicine Project
	Second People's Hospital of Jiashan
Transportation	Improve connectivity of public transportation
Government services	"One network for all" administrative services

Source: public information, Colliers International

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