

**CHINA MOVES UP THE MANUFACTURING VALUE-ADDED CHAIN:  
IMPLICATIONS OF THE NEW MINIMUM INDUSTRIAL  
LAND PRICE REGULATIONS**

CBRE Research

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China's low-cost export driven development model served it well for the past two decades, helping millions escape poverty and transforming the country into the world's unquestioned export powerhouse.

However the limitations and the environmental, social and economic costs of the model have become increasingly apparent in recent years - environmental degradation, wrenching social change and the tensions arising from the unequal regional distribution of the fruits of China's success pose real threats to the long-term sustainability of its economic and social gains.

A number of recent regulatory moves on the part of the Chinese Central Government have begun sending a clear message that this earlier development model's usefulness is coming to an end. What then, will take its place?

In recent years China has embarked on a strategic restructuring, setting its sights on repeating its success in low-end manufacturing in industries higher up the manufacturing value added chain - a move that has involved an accelerating series of shifts in policy designed to help the country achieve a more sustainable model of growth.

The Central Government views this move up the manufacturing chain as a means of achieving critical socio-economic goals, including progress in resolving profound environmental and social problems, enhancing domestic R&D capabilities, increasing economic productivity, and spurring domestic consumption.

In September 2006, Vice Premier Wu Yi laid out the Chinese leadership's vision of the nation's economic future in a speech at the International Investment Forum. After summarising recent developments in the world economy, Vice Premier Wu noted that the "industrial shift highlighting trade in services, service outsourcing, high-end high-value-added manufacturing and R&D [were] especially eye-catching" and had "generated rare and precious development opportunities for China to complete its economic restructuring and foster an innovation-oriented nation".<sup>2</sup>

**INDUSTRIAL LAND POLICY'S ROLE IN THE  
SHIFT TO THE NEW MODEL**

Its control of land and land policy gives the Central Government a potent means of achieving its economic ends: it used a liberal land policy to

jump-start China's economic transformation, and is now tightening land policy to navigate the country towards a more sustainable path of economic growth.

Issued in December 2006, the "Circular on Issuance and Implementation Standards for Minimum Granting Price for Industrial Land", sets minimum prices for industrial land and requires that land be transferred solely through the public processes of bidding, auction or listing.

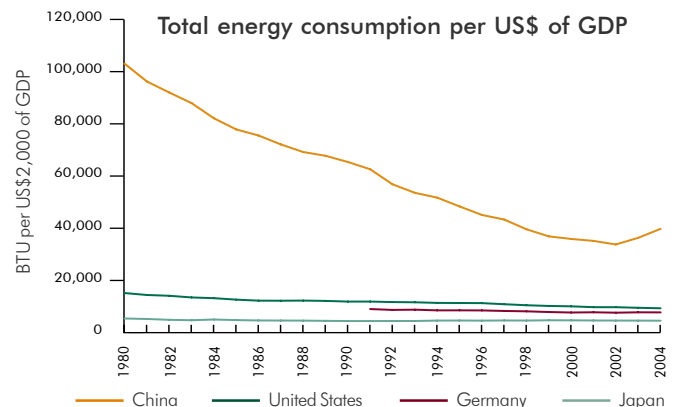
The release of this new regulation, representing a concerted effort to severely curtail the formerly ubiquitous local government practice of offering land at minimal prices in order to attract investment and boost GDP, also gives local governments the power to shape investment flows to suit the Central Government's economic and social objectives. These include favouring industries that add greater value to local economies by paying higher wages, increasing economic productivity and providing greater

opportunities for technological spillover.

Increasing industrial land costs marks the end of the era of "investment and development at all costs", deterring manufacturers looking solely for the cheapest location to set up shop, curtailing greenfield development by cost-sensitive - and resource intensive - light manufacturing industries, and allocating China's limited land resources to industries that bring more benefits to local communities and the country as a whole.

*"The solution to major issues in the economy lies in deepening reforms of the economic system, but for now, approaching the problems in land use is the most direct and efficient way" Sun Wensheng, Minister of Land and Resources, September 2006<sup>1</sup>*

**China remains far less energy efficient than other economic powers**



Source: US Energy Information Administration

# CHINA MOVES UP THE MANUFACTURING VALUE-ADDED CHAIN: IMPLICATIONS OF THE NEW MINIMUM INDUSTRIAL LAND PRICE REGULATIONS

Directly impacted by the new regulations, manufacturers engaged in labour intensive, lower value-added industries are increasingly likely to choose to leave China's larger urban areas, and some may eventually choose to reduce their scale of operations in China as a whole, in pursuit of lower costs. The government hopes that their place will be taken by specialised manufacturers or engineering, R&D and IT facilities.

Low-cost manufacturing served as a highly successful growth engine in the first phase of China's evolution away from socialist central planning and towards a market economy. However, as the 20th century drew to a close, it became increasingly evident to China that the largest financial rewards and influence lay in raising the knowledge-intensive component within the overall ambit of its industrial activity.

During the 1990s the incremental steps which China's manufacturing industry made towards achieving this goal - manufacturing the components for and assembling higher-end products, achieved significantly higher margins than its low-end manufacturing activity.

And China has already demonstrated in dramatic fashion that assembling higher-end goods can quickly lead to other opportunities as suppliers relocate to be near manufacturers and lengthening supply chains attract other manufacturers and suppliers seeking to increase efficiency by integrating operations. This virtuous cycle spurs further technology spillover and productivity jumps - and China advances up the manufacturing chain.

This is the essence of the new growth model, and a process that the Chinese government is actively working to accelerate.

## A WORK IN PROGRESS

When CCP General Secretary Deng Xiaoping engineered China's re-integration with the world economy in the late 1970s, the provision of inexpensive land was one of China's major competitive advantages in attracting manufacturers, and the granting of land use rights on a low-cost basis was a cornerstone of China's export-driven growth strategy, itself directly modeled on the outstanding economic successes of Japan and the four Asian dragons.

As provinces, cities, counties and districts competed against each other to attract investment and boost local GDP, the government simultaneously invested huge amounts in the sectors it considered best positioned to drive GDP growth - infrastructure, export-related industries and real estate development.

The economic transformation that emerged from the heat of this competition fundamentally altered the world economy - in the 1980s

China carved out a position as the world's foremost low-cost manufacturing base, and in the 1990s it moved further up the value-added chain to become a leading manufacturer of consumer electronics.

The speed of this shift from labour-intensive low-tech production to high-tech manufacturing has been unprecedented, and high-tech exports continue to comprise an ever larger portion of China's exports: exports of high-tech products (including computers, electronics, aerospace technology and telecom equipment) grew 31.8% in 2005 - and accounted for 28.6% of all exports according to China's General Administration of Customs.

PRC companies are a growing force in engineering design, software development, computer manufacturing and a number of other fields of value-added manufacturing. Deutsche Bank recently estimated that high-end exports by Chinese manufacturers, including telecommunications equipment, software, ships, machinery, high-tech electronic components, auto parts and automobiles, will continue to grow at an average rate of 30-40% per year over the next three to five years, with strong growth in some exports, including cars and software outsourcing, likely to last even longer.

Deutsche Bank also notes that high value-added exports are far less vulnerable to wage increases, market saturation and the reduction or cessation of VAT rebates than low-margin manufactured goods. Increased land costs should also be added to this list. Indeed, many of the negative factors impacting light manufacturers, including mandatory wage increases in some regions, the reduction or ending of VAT rebates for certain goods and increased land costs - are the direct result of Central Government initiatives.

### The negative environmental effects of China's rapid economic growth have been enormous

- nearly 700 million Chinese lack access to safe drinking water
- 16 of the 20 cities with the world's worst air pollution are in China
- 7.4 million working days lost to air pollution related health problems each year
- air pollution is responsible for an estimated 300,000 to 500,000 premature deaths per year
- estimated annual cost of health impacts due to air pollution: RMB 43.8 billion
- acid rain now affects one-third of China
- estimated economic cost of acid rain in 2000: RMB 110 billion
- conservative estimate of economic costs of air and water pollution: 3.5-8% of GDP (1997)
- extent of China's land degradation "has few parallels in the rest of the world"

Sources: UNDP; World Bank; WHO; State Environmental Protection Administration

## ENVIRONMENTAL CONCERNS AND COSTS

The speed and scope of China's economic growth have been breathtaking, but decades of the "development at any cost" mentality have resulted in severe environmental problems that must be addressed before they rise to economically ruinous levels. In the stark words of the United Nations Development Programme "a disquieting number of Chinese localities are operating dangerously close to [the point] where short-term gains imperil all future economic growth".<sup>3</sup>

Local governments have expropriated enormous quantities of land from farmers and others, and the building boom and associated pollution

### The land issue:

- arable land accounts for just 14% of China's land area
- China lost eight million hectares of arable land between 1996 and 2006
- China currently has 122 million hectares of arable land
- Ministry of Land and Resources officials have been quoted as saying 120 million hectares of arable land is the base minimum to ensure food security for the country

### The response:

- new nationwide land regulatory system to be put in place: nine regional offices\* will ensure that local policies and measures conform to national laws and regulations
- ban on construction of certain large commercial and entertainment facilities, small industrial projects and low density residential buildings on arable land announced December 2006
- land-use tax exemption for joint ventures and wholly foreign-owned firms ended
- new land-use rate set at triple the previous rate, established in 1988
- large cities: annual rate will range from RMB1.5 to RMB30 psm depending on location and type of use
- medium cities: rate will range from RMB1.2 to RMB24 psm
- small cities: rate will range from RMB0.9 to RMB18 psm
- counties, townships and mining areas: rate will range from RMB 0.6 to RMB12
- over next three years, State Council to develop comprehensive land-use registry, surveying all land parcels and classifying their use in order to protect agricultural land, allow for coherent development of land zoned for other uses

\* In Beijing, Shanghai, Shenyang, Nanjing, Jinan, Guangzhou, Wuhan, Chengdu and Xi'an.

Sources: State Environmental Protection Administration; Xinhua News Agency

have eaten up land China can ill-afford to lose. Pollution, rapid urbanisation and over-development are also intensifying age-old ecological problems such as desertification, flooding, and drought.

The undercurrent of concern about the long-term costs of unfettered development has increased in recent years, with awareness growing at the highest governmental levels that action is required if China hopes to avoid stunting its economic potential. Undoubtedly, the decision to adopt a new economic growth model has been driven at least in part by a major shift in Central (if not local) government environmental thought and policy.

Evidence of this new and more environmentally aware attitude is abundant: the State Environmental Protection Administration will spend around US\$160 billion on environmental protection between 2006-2010, twice the amount spent in the previous five years. The 11th Five-Year Plan (2006-2010) includes key environmental targets related to energy efficiency, water consumption, discharge of major pollutants and development of cultivated land.

### Key environmental targets in the 11th Five-Year Plan (2006-2010)

- Reduction of energy consumption per unit of GDP by 20% compared to 2005 levels
- Reduction of water consumption per unit of industrial added value by 30% compared to 2005 levels
- Total acreage of cultivated land to decline by just two million hectares, from 122 million hectares in 2005 to 120 million in 2010
- Reduction of total discharge of major pollutants by 10% compared to 2005 levels

Source: Guidelines of the Eleventh Five-year Plan

And in February 2007 the National Development and Reform Commission promulgated a "Program of Action for Sustainable Development in China in the Early 21st Century" which includes both a plainspoken assessment of the challenges confronting China and wide-ranging policy objectives - the first items under the "Priority Areas" heading being "economic development", "social development" and "resource allocation, utilization and protection".

In the area of land policy, the objectives call for China to "improve land asset management, deepening land-use restructuring by aggressively introducing a market-oriented approach to land-use rights, improving the land pricing system and land tax system, and promoting efficient land use, improving the land property system and safeguarding the contractual rights of farmers".<sup>4</sup>

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The NDRC "Program of Action for Sustainable Development" lists China's "greatest challenges" and "major problems that urgently need to be resolved"

## Greatest challenges:

- conflict between rapid economic growth and voluminous consumption of resources and ecological deterioration
- social development lagging behind economic development
- widening disparities between different regions in social and economic development
- constraints posed by a large population and scarce resources
- inconsistencies between some existing laws, regulations and policies and actual needs for sustainable development

## Major problems requiring urgent attention include:

- aging of the population is accelerating
- social security system is inadequate
- economic structure is less than rational
- operation system of the market economy needs to be improved
- clean energy has a low share in the total energy consumption
- serious waste exists in the exploitation of natural resources
- environmental pollution is serious

Source: National Development and Reform Commission

The PRC Government has also repeatedly linked its desire to evolve into an "innovation-oriented" nation to environmental improvement, underlining its view that the two policy objectives are mutually supportive, if not inseparable, and of the utmost importance to the nation.

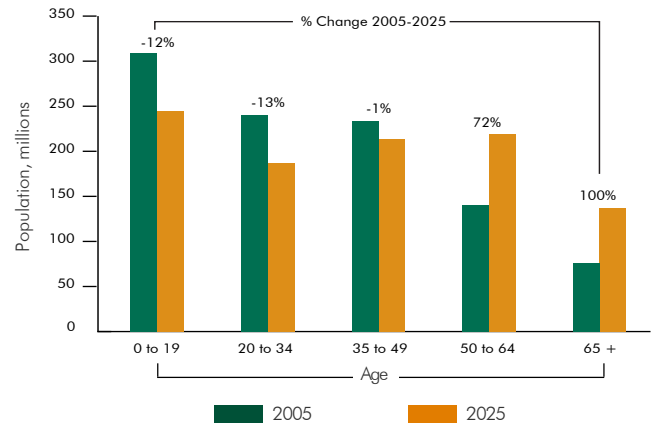
## CAUSES FOR CONCERN

There are a number of other social and economic structural pressures also prompting the move to the new growth model: China's GDP growth remains heavily dependent on exports, government spending and foreign investment, sources of growth that are unsustainable over the long term and distort the country's economic structure.

What's more, the need to maintain economic growth is ever-present in leaders' minds - jobs must be found for the millions of "surplus workers" (an estimated 14 million in 2006), not least those laid off by state-owned enterprises.

China's population is also aging, and analysts have warned that the population will peak in 2025, ending China's demographic bonus and requiring a significant reallocation of resources to support the elderly.

## China's Aging Population



Sources: US Census Bureau; Deloitte Research

In addition to averting a looming environmental crisis that would have profound socio-economic implications, the Central Government therefore hopes to find a sustainable basis for GDP growth that will allow it to reduce social tensions due to regional disparities in development and spread the benefits of the prolonged economic boom to more of China and a larger percentage of the population.

Meanwhile other countries, including Vietnam and Bangladesh, are undercutting China's costs in certain sectors, though this is not as worrying as it once would have been - processing and light-manufacturing are the least lucrative forms of industrial activity in modern economies, and China is discouraging such industries through numerous disincentives, not the least of which is the new industrial land policy.

Export growth in low-end goods also appears to be at or near its limits, with Deutsche Bank research showing that growth in exports of many low-margin products is slowing to single digit levels as markets become saturated. In 2005, for instance, China exported four-fifths of all toys imported into the US, 54% of US footwear imports and 29% of US garment imports.

Though possibilities for growth are limited in these sectors, Deutsche Bank argues that there is far more export potential in higher-value added goods since Chinese manufacturers' market penetration in global markets is below 10% in products such as auto parts, integrated circuits and software.

What's more, China's competitors in these higher-end goods are Japan and Korea, against whom it still enjoys significant cost advantages. Average land costs in China, for instance, are one-fifth those in Korea and one-tenth those in Japan, according to Deutsche Bank.

Raising industrial land prices therefore enables China to deter cost-sensitive low-end manufacturers while keeping land costs well below those of its

primary competitors in higher value-added manufacturing, remaining attractive to industries that add more value and have stronger potential for growth. A successful move to higher value-added industries would therefore maintain the momentum in exports that is a crucial driver of GDP growth.

And since companies further up the chain also pay higher wages, the shift could also spark increases in domestic consumption, helping to achieve other fundamental government goals, including a better balance between investment and consumption, and the domestic and overseas markets - developments that would also be welcomed by China's major trading partners.

## INVESTMENT

Government investment, another cornerstone of GDP growth, must eventually be reduced - it cannot function as a perpetual-motion machine. In addition to being inefficient, it increases government risk and distorts markets. Hence, the focus of government investment is also being progressively shifted - to R&D, as in many developed countries - to contribute to the new growth model. By tightening land control the Central Government is also attempting to compel local governments to rein in development by selecting a smaller number of projects that are more viable, thereby reducing fixed-asset investment and using land more intensively and efficiently.

In January 2006, the government unveiled a 15-year "Medium-to Long-Term Plan for the Development of Science and Technology", detailing plans to increase "indigenous innovation" and make China an "innovation-based society" by 2020, and a world leader in science and technology by 2050.

Among other things, the plan sets out China's ambitious R&D spending plans - by 2020 it will invest 2.5% of GDP in R&D, up from 1.34% in

2005, in the effort to achieve scientific superpower status and increase technology's contribution to economic growth to 60%.

China has also devoted significant policy muscle to realizing these targets. One analysis of the innovation plan notes that the implementation framework encompasses "preferential taxation, high-technology industry zones, and the assimilation of foreign technology. It also includes important policies to strengthen and diversify funding for science and technology, make expenditures more efficient, and develop the nation's human resources for science and technology".<sup>5</sup>

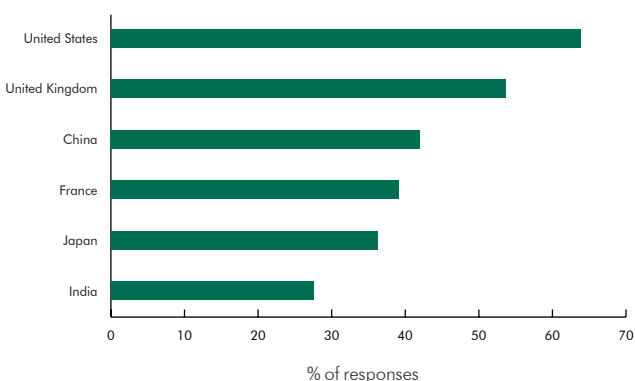
The analysis notes that "at the very least, if China reaches its spending goals for R&D, it will have become a global scientific centre", while pointing out that "spending alone does not guarantee scientific distinction and technological prowess". The policy's drafters realise this and "have sought to encourage ongoing institutional and cultural change as a means to achieve the plan's goals".

Like numerous other recent policies, the innovation plan therefore encourages economic resources to migrate to more productive sectors higher up the manufacturing chain, just as earlier elements of this "forced" - or at least strongly encouraged - migration policy, helped China, with much aid from foreign investors, to work its way up the value-added chain at a blistering pace.

Consider the case of R&D centres. In 1992 there were no foreign-owned R&D facilities in China - there are now over 750. Motorola, the path breaker in this area in 1993, now has 17 such facilities. In a 2004-2005 UNCTAD survey of the largest global R&D investors, respondents ranked China as the world's most attractive location for foreign R&D.

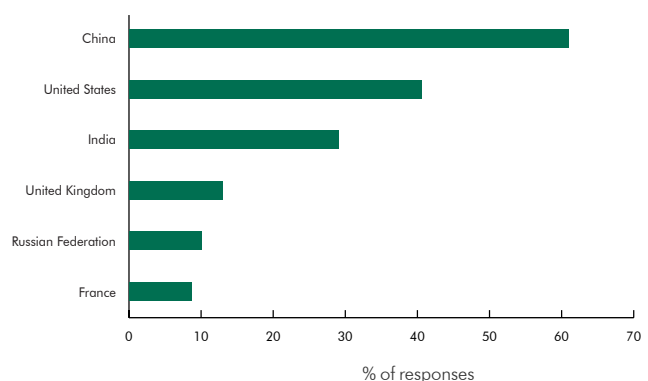
This is just one example of the results possible - and the speed with which they can be achieved - through the use of tax and other incentives.

**Current locations of foreign R&D facilities**



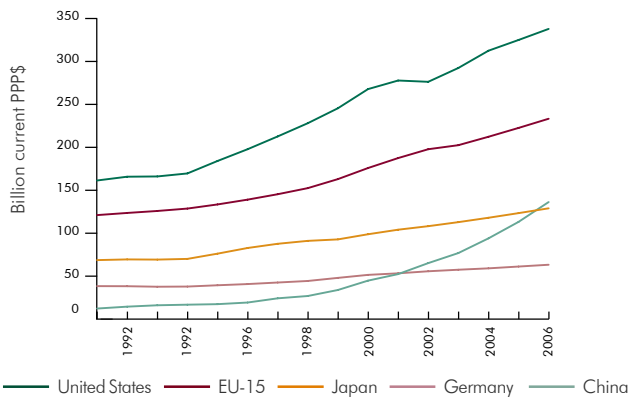
Source: UNCTAD

**Most attractive locations for future foreign R&D facilities, 2005-2009**



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## Gross domestic expenditure on R&D



\* Figures for 2005 and 2006 are projected on the assumption that growth of R&D expenditure will be the same as average growth over 2000-2004.

Source: OECD

## CARROTS AND STICKS

As China works to engineer a growth spurt in high-end manufacturing similar to that it achieved in consumer electronics and light manufacturing, the Central Government is deploying the full array of incentives and disincentives at its disposal.

As in the past, the government is attempting to harness foreign investment in aid of its move up the value-added chain, moving away from accepting any and all incoming investment to picking and choosing investors and industries which add the kind of higher value it is presently seeking.

In her remarks at the International Investment Forum, Vice Premier Wu emphasised that foreign investment will play an important role in the transition to the new development model, and stated that China's economic restructuring requires the government to offer "further encouragement for foreign investors to invest in R&D centers, high-tech industries, advanced manufacturing and energy saving environment protection industries, as well as modern agriculture, modern services and service outsourcing, in the technological transformation and upgrading of traditional industries, and further incentives for multinational companies to establish regional headquarters, sourcing centers, logistics centers, operation centers and training centers in China".<sup>6</sup>

Pending changes to the corporate tax regulations will also reinforce the bias towards higher value-added industries by providing tax incentives and disincentives for certain industries.

Drafts of the new Corporate Income Tax law, on the agenda at the March 2007 session of the Standing Committee of the National People's Congress, have not been circulated, but based on public information and speeches by government officials PriceWaterhouseCoopers believes that:

- "Future preferential tax treatments would gear primarily towards encouraged industries and activities. High-tech industry, infrastructure projects, agriculture, forestry and fishery projects, energy and water preservation activities, environmental protection activities and venture capital businesses may be granted different forms of tax incentive ranging from tax holiday, reduced tax rate, tax credit, super deduction etc."
- "General tax holidays on manufacturing enterprises and export oriented enterprises are expected to be abolished with grandfathering arrangements available to existing foreign invested enterprises".<sup>7</sup>

## INDUSTRIAL LAND POLICY

In the second half of 2006 the PRC government made several significant changes to industrial land policy.

In September the State Council released the "Circular of the State Council on Relevant Issues Concerning Strengthening Land Control", which the state-run China Daily described as "a string of measures to rein in rampant illegal land use, restrict the transfer of farmland for construction, and prevent the overheating of the economy".<sup>8</sup>

Changes included stronger penalties for local officials involved in illegal land transactions and measures safeguarding the interests of farmers whose land is expropriated. In a key measure with added teeth, the Circular also required that revenue from land sales be included in local budgets (where it can be examined by higher authorities), rather than simply spent as off-budget revenue, the previous practice.

The Circular also announced that the Central Government would establish minimum prices for industrial land use rights - and in December the Ministry of Land and Resources issued the "Circular on Issuance and Implementation Standards for Minimum Granting Price for National Industrial Land", which established these minimum prices and the related implementation standards.

In addition to specifying the minimum price standards that local governments must use as of January 2007, the Circular states that industrial land must be sold through bidding, auction or the process of listing, and stresses that local land resource administrators may not offer discounts based on factors such as differences in land sources or development levels.

The Circular's clear intent is to end, or at least seriously curtail, the practice of offering land at below market value in order to attract investment. At the same time, the mandatory new transfer mechanisms give local governments greater control of the market since they set all bidding criteria,

a powerful means of deterring low-end industries and favouring higher value-added industries. Central Government preferences in this respect could not be clearer, and local governments can be in no doubt about the path the Central Government is increasingly pressuring them to take.

Whether they will do so is another matter. Implementation remains a serious concern - as highlighted by a number of recent reports in the state media. In September 2006 the China Daily reported that a 2005 Ministry of Land and Resources survey of 16 cities had determined that nearly half of new land under development was acquired illegally, with the figure as high as 90% in some cities.<sup>9</sup> In December, another article noted that since 1999 local governments had been responsible for 20% of the country's illegal land use cases, involving 60% of the land that had been illegally developed.<sup>10</sup>

As in many other areas, enforcement of Central Government directives is also patchy, varying from district to district according to differences in capacity, ability and motivation. There are, however, signs that the government is increasingly serious, in addition to the string of high-profile articles on land policy since July 2006, a December 2006 Xinhua News Agency article announced that the Central Government had sent inspectors to 12 provinces to "whip local governments into line" on land policy, and reported the arrest of several officials for taking bribes, approving irregular land deals and failing to stop construction of projects that had not been approved.<sup>11</sup>

## EFFECT OF THE NEW POLICIES

The new industrial land policies are expected to have a positive impact on the development of China's industrial real estate market by increasing transparency and professionalism. By allowing international investors to compete on more equal terms with local investors, they will also create a more level playing field and drive standardisation of real estate market practices, giving developers, large-scale manufacturers and third-party logistics companies more confidence in acquiring land through public markets. Such companies will undoubtedly include a growing number of foreign developers.

In certain developed cities the average market price for industrial land is already higher than the minimum prices established by the Circular. Hence, in the short-term the new minimum prices will not have a significant effect on prices for industrial land in cities such as Beijing and Shanghai.

The policies will, however, have an immediate impact on land prices in many second and third-tier cities, pushing the market price for industrial land above the recently established minimums.

Over the longer term, the adoption of the public bidding method and setting of minimum land prices will increase industrial land prices, thereby increasing the total costs of industrial real estate and rents for industrial properties.

Hence, the new measures are likely to cause some primary processing industries to shift away from China towards lower-cost countries such as Vietnam. However, it remains to be seen if the new industrial land policy will be strictly implemented across the country and whether a broad shift of low-cost manufacturing away from China will actually occur.

## China's New Standards

The new minimum granting prices for the fifteen grades of industrial land

RMB per square metre (site area)

Land class	1	2	3	4	5	6	7	8
Minimum granting price	840	720	600	480	384	336	288	252

Land class	9	10	11	12	13	14	15
Minimum granting price	204	168	144	120	96	84	60

Source: Ministry of Land and Resources

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## CONCLUSION

The road to sustainable economic growth and China's emergence as a service economy based on higher value-added industry is certain to have its share of bumps, one potential sticking point being that GDP growth remains the major criteria in the evaluation and promotion of government functionaries, some of whom will remain inclined to bypass the new measures and stick with the "development at all costs" model.

However the new industrial land policy is just one of many policy changes encouraging economic resources to move higher up the manufacturing chain in order to further the leadership's socio-economic agenda - and head off serious problems that threaten the great gains China has made over the past three decades.

The agenda is being hammered home at the highest levels: in his annual report to the National People's Congress in March 2007, Premier Wen Jiabao told the delegates "we need to greatly improve the quality and efficiency of economic growth. We must attach great importance to saving energy and resources, protecting the environment and using land intensively".<sup>12</sup>

## NOTES

- <sup>1</sup> "Taxes, fees on land use increased", *China Daily*, 8 September 2006.
- <sup>2</sup> Wu Yi. "To Adhere Firmly to Reform and Opening-up Is an Established Basic National Policy of China". 2006. Available at [www.uschina.org/public/documents/2006/10/wu-yi-speech.pdf](http://www.uschina.org/public/documents/2006/10/wu-yi-speech.pdf) (accessed 9 March 2007).
- <sup>3</sup> Stockholm Environment Institute and United Nations Development Programme, China. 2002. *China Human Development Report 2002: Making Green Development a Choice*. Hong Kong: Oxford University Press (China).
- <sup>4</sup> National Development and Reform Commission. *Program of Action for Sustainable Development in China in the Early 21st Century*. 2006. Available at <http://en.ndrc.gov.cn/newsrelease/PO20070205395147608553.pdf> (accessed 9 March 2007).
- <sup>5</sup> Cong Cao, Richard P. Suttmeier, and Denis Fred Simon. 2006. *China's 15-year Science and Technology Plan*. *Physics Today* (December). American Institute of Physics.
- <sup>6</sup> Wu Yi. "To Adhere Firmly to Reform and Opening-up Is an Established Basic National Policy of China". 2006.
- <sup>7</sup> PriceWaterhouseCoopers. 2007. *Update on Development of the New Unified Corporate Income Tax Law*. *China Tax / Business News Flash* (2007 Issue 1 January). PriceWaterhouseCoopers.
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- <sup>10</sup> "Nation sends out inspectors to monitor land use", *Xinhua News Agency*, 18 December 2006.
- <sup>11</sup> "Nation sends out inspectors to monitor land use", *Xinhua News Agency*, 18 December 2006.
- <sup>12</sup> Benjamin Kang Lim and Chris Buckley, "China's Wen stresses green growth, rural welfare", *The Washington Post*, 5 March 2007.

## PRC OFFICES

### Hong Kong

34/F, Central Plaza  
18 Harbour Road  
Wan Chai, Hong Kong  
Telephone: (852) 2820 2800  
Facsimile: (852) 2810 0830

Suites 2109-12  
21/F Sun Life Tower  
The Gateway, 15 Canton Road  
Tsimshatsui, Kowloon  
Hong Kong  
Telephone: (852) 2820 8100  
Facsimile: (852) 2521 9517

### Beijing

**People's Republic of China**  
Suite 1203-1205, 12/F  
Beijing Fortune Plaza, Tower A  
7 Dong San Huan Zhong Road  
Chaoyang District, Beijing 100020  
People's Republic of China  
Telephone: (86) 10 5820 9288  
Facsimile: (86) 10 5820 9088/9188

### Shanghai

**People's Republic of China**  
Suite 3201, 3203-3206  
32/F, K. Wah Center  
1010 Huai Hai Middle Road  
Shanghai, 200031  
People's Republic of China  
Telephone: (86) 21 2401 1200  
Facsimile: (86) 21 5403 7519

Unit 1004, 10th Floor,  
Azia Centre  
1233 Lujiazui Ring Road  
Shanghai 200120  
People's Republic of China  
Telephone: (86) 21-2401 1200  
Facsimile: (86) 21 5047 1171

### Guangzhou

**People's Republic of China**  
Suite 1401-1402, Guangzhou  
International Electronics Tower  
403 Huanshi Road East  
Guangzhou 510095  
People's Republic of China  
Telephone: (86) 20 2883 9200  
Facsimile: (86) 20 2883 9248

### Chengdu

**People's Republic of China**  
Suite 2906, Building A  
Times Plaza  
No. 2, Zong Fu Road  
Chengdu 610016  
People's Republic of China  
Telephone: (86) 28 8667 0022  
Facsimile: (86) 28 8667 2121

### Tianjin

**People's Republic of China**  
Room 903, Tower A  
The Exchange  
No. 189, Nanjing Road  
Heping District  
Tianjin 300051  
People's Republic of China  
Telephone: (86) 22 8319 2178  
Facsimile: (86) 22 8319 2180

### Shenzhen

**People's Republic of China**  
Suite 2404-05  
Excellence Times Square Building  
Yitian Road, Futian District  
Shenzhen 518048  
People's Republic of China  
Telephone: (86) 755 3302 9801  
Facsimile: (86) 755 3302 9811

### Hangzhou

**People's Republic of China**  
Suite 1201, 12/F,  
Anno Domini Plaza  
North Tower, 8 Qiu Shi Road  
Hangzhou 310007  
People's Republic of China  
Telephone: (86) 751 2880 6818  
Facsimile: (86) 751 2880 8018