



Location Matters in China – now more than ever.

Here is a quick question: how many cities in China have a population of over one million people? Maybe 30, or 50, or perhaps even 100? Actually, according to recent estimates, there are now over 170 cities with a registered population of one million or more across the mainland, with that figure set to increase significantly over the next 20 years, proving that there is now far more to China than just the conurbations of Beijing, Shanghai, Guangzhou and Shenzhen. New growth centres of technology manufacturing, biotechnology innovation and software systems development have sprung up across the country with considerable speed over the last few years, creating at the same time both a tangible opportunity for engagement, partnership and collaboration, and also a real headache in terms of where exactly to begin the search for the location that best suits a company's strategy. And it is not just about hunting out the cheapest option, as many of these emerging centres will typically offer a distinctive specialism that builds on local skills, regional investment priorities, and provincial market preferences, with British businesses seeking to make the move into the Middle Kingdom needing to evaluate a number of different political, economic and technological factors.

Issues to consider include the number and type of high technology parks hosted by a regional city, specific tax and investment advantages offered by individual municipal governments for different types of newly incorporating ventures, and the linkages available with local universities and technical colleges that can ensure a ready supply of trained, high calibre talent. But there is help at hand to navigate through this maze of localities, as Ting Zhang, CEO of Cambridge-based China Business Solutions, explains. "The Chinese themselves are now reaching out to find new European partners in key knowledge sectors, including software, e-health, pharmaceuticals and biotechnology. Recently, we have hosted a number of events for visiting delegations from local authorities from across China, including Tianjin and Wuxi municipalities, and have met with officials from Wuhan (Hubei Province), as well as Shandong and Gansu Provinces. Each of them has been enthusiastic to explain the distinctive benefits offered by their own area, but they have also been keen to seek out different kinds of high tech firms from the UK that best overlap with their growing regional specialisations." Indeed, many international observers have already been quick to point out that the next stage of China's future growth is actually more likely to come from the expansion of capabilities in places like these, rather than from existing, traditional centres of urbanisation.

And the importance of carefully assessing location fundamentals in advance of market entry moves cannot be underestimated, observes Ting, pointing out that, "The business eco-system required to nurture a high-growth biotech firm is distinctly different from that needed to sustain a software product development company, and getting location decisions right first time can have a huge impact on downstream success, especially in China, which is where our experience can add real value to the decision-making process". The expansion of capabilities in tier-two and tier-three cities has been a particular feature of this last year, when the twin drivers of recession in traditional manufacturing export markets coupled with encouragement from central and local government under a series of stimulus programmes led a number of less well-known localities to direct development priorities toward science, technology and innovation, leading to rapid progress. But this increased sophistication and sector specialisation on the Chinese side also presents real opportunity for British firms, as successfully harnessing the power of the business-cluster concept is something with which many technology-led enterprises are particularly well versed.

With China rapidly moving up the technology and innovation value chain, there has never been a better time to consider the opportunities offered by the Chinese market, but it would seem that, now, the decision to enter the country is no longer just a matter of when, but *where*, implying that the mantra of “location, location, location” is as true in the Middle Kingdom as it is in the United Kingdom.

About China Business Solutions

China Business Solutions is a leading specialist advisory on China business development and collaborations based in Cambridge, England. Tel: +44 (0)1223-421968
<http://www.chinabusinesssolutions.com>