

**THE TIANJIN BINHAI NEW AREA AS
CHINA'S NEXT GROWTH POLE**

CHIEN Shiuh-shen & YANG Mu

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Executive Summary

1. The Tianjin Binhai New Area (TBNA), dubbed “Pudong” or “Shenzhen” of north China, was included in China’s 11th Five-Year Program (2006-2010) as part of the country’s effort to boost regional development of the Bohai Gulf Region in particular and the northeast and northwest China in general.
2. The project can be seen as China’s third economic growth pole in the 21st century following Shenzhen of Guangdong and Pudong of Shanghai, the economic powerhouses of the country’s southern and eastern coastal areas in the 1980s and 1990s respectively.
3. Administratively, the TBNA consists of three districts as well as three economic zones. The former includes Tanggu District (塘沽区), Hangu District (汉沽区) and Dagang District (大港区) while the latter consists of Tianjin Economic-Technological Development Area, Tianjin Port Free Trade Zone and Tianjin Port as well as parts of Dongli District (东丽区) and Jinnan District (津南区).
4. The TBNA has strong national support. It was declared an ‘experimental zone for comprehensive reform’. The special support comes in the form of land use rights (such as allowing peasants to sell land use right directly and benefit from the proceeds), preferential industrial policies to certain high-tech investment and domestic-funded enterprises, and extension of financial support.
5. Three unique financial tools to boost the TBNA can be specifically identified: the Bohai Industrial Investment Fund (渤海产业发展基金), the Bohai Bank (渤海银行), and the over-the-counter market (柜台买卖中心) in China. The first two have already been established while the last is in the pipeline.

6. The Bohai Industrial Investment Fund aims to serve as venture capital for mainly innovative enterprises of transportation and energy projects. The Bohai Bank is designed to cater for the development of the Bohai Gulf region. The over-the-counter market that Tianjin is proposing will be the first of its kind in China to deal with equity transactions of unlisted public companies in Shanghai and Shenzhen stock markets.
7. There are at least four challenges facing the TBNA -- underdevelopment of its hinterland, uncoordinated development policies between Tianjin and neighbor regions, development zone competition within Tianjin, and diminishing environment capacity.
8. The lack of coordination from within Tianjin and between Tianjin and other regions has resulted in duplicated developments and cut-throat competition in the Bohai Gulf Region in general and in Tianjin in particular. The dependence on water diverted from the Yangtze River Basin or from desalination is also challenging the sustainable development of Tianjin.
9. Business opportunities in TBNA are aplenty especially in the high-tech and environmental industry, water-related business and port infrastructure sector. It is expected that Tianjin Port Development Holding Limited and TEDA (Tianjin Economic Development Area) International Holding will be making another round of fundraising soon.