

Welcome to Dalian, China's high-tech hub

September 16 2009, by Joelle Garrus



File photo of the city of Dalian in northeastern China's Liaoning province. Once a simple port city on China's northeast coast, Dalian is now the hub of the country's booming outsourcing and IT industries, with dozens of the world's top high-tech firms on site.

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In little more than a decade, the city -- located where the Bohai and Yellow Seas meet -- has become home to seven massive business parks, spread out along 30 kilometres (20 miles) of rolling green hills.

About 70,000 people work here for more than 700 companies, more than half of which are foreign-owned or contain foreign capital, according to officials, who say that more than 2,000 companies could be

set up here by 2013.

"Dalian has become China's number one spot for outsourcing", both in terms of call centres and management facilities, said Chuck Shi, deputy director of the high-tech zone.

The Chinese port city is following in the footsteps of Bangalore, which became India's high-tech hub and the world's back-office for outsourcing and off-shoring, with 650 foreign and domestic IT firms on the city register.

The result of Dalian's focus on IT has been that economic growth has topped the already impressive national average in recent years, and the city for the second time recently hosted the World Economic Forum's "Summer Davos in Asia".

"The theme of this year's meeting was the resumption of growth. We've faced up to that test pretty well. We posted 11.6 percent growth in the first half," said the city's Communist Party boss, Xia Deren.

The city's main high-tech complex, Dalian Software Park, is home to about 470 companies, 40 of which are on the Fortune Global 500 list.

General Electric was the first foreign company to set up shop, and others quickly followed: US computer giants such as Dell, Hewlett-Packard and IBM; Finnish [mobile phone maker](#) Nokia; and Japanese electronics firm Sony, to name a few.

In 2007, Dalian scored a major win by attracting Intel, the world's leading producer of semiconductors. The US giant has invested 2.5 billion dollars in a wafer factory here -- its first such facility in Asia.

Xia said at the time that Intel's move could help "kickstart the

development of the northeast" Liaoning, Jilin and Heilongjiang provinces, which used to rely on heavy industry that underwent restructuring in the 1990s.

The transformation of Dalian from a naval construction site and a petrochemicals hub to a high-tech centre came in large part thanks to one time mayor Bo Xilai, who later became China's high-profile trade minister.

But even if the decision was political, the money has all been private.

The next phase of the Dalian Software Park -- four times bigger than the current complex -- should be completed within 10 years, with a total of about 15 billion yuan (2.2 billion dollars) invested.

Some of the city's more than 20 universities -- many of them specialising in science, technology or foreign languages -- are expected to set up there, giving Dalian an extra competitive advantage.

The port is hoping to draw even more call-centre and outsourcing business from both South Korea and Japan -- each a stone's throw away -- by offering a highly-trained workforce with top-notch language skills.

Curtis Eubanks, chief of British Telecom's call centre here, told AFP at the 10th anniversary of the park last year Dalian was an unbeatable location.

"Dalian has an impeccable reputation in this area. Amassing such a talent pool in other countries, or even elsewhere in [China](#), would be more difficult and more expensive," Eubanks said.

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