

Enterprise

Case Study: Liaoning Integrated Environmental Programme (China)

Background

Liaoning Province is located in the North East of China, bordering on North Korea, and with coastline on the Yellow Sea. It is dominated by coal mining and heavy industry and is one of the most industrial regions in China, with a concentration of raw materials and production of capital good for other industries throughout China. Such industries inherently cause environmental problems, which are compounded by the use of outdated and inefficient processes and equipment.

The Liaoning Integrated Environmental Programme was launched to assist in the transition towards a more efficient economy. The priorities were:

- Reduction of industrial pollution;
- Reform of public enterprises in traditional sectors;
- Use of improved technology;
- Attraction of foreign investment;
- Development of the private sector.

The programme was composed of seven lots, covering environmental awareness, urban planning, water resource management, air quality management, energy management, cleaner production, and industrial restructuring and investment promotion.

Project Information

Donor: European Commission DGI
Value: € 5,500,000
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Initial Situation

The "Industrial Restructuring and Investment Promotion" element of the Liaoning Integrated Environmental Programme (LIEP) – Lot G - was part of a major €40million five-year regional programme in the Liaoning Province of North East China. The overall LIEP framework had three main objectives:

- to contribute to the development of environmental planning, management / enforcement and environmental awareness;
- to promote cleaner production, waste minimisation and recycling, energy efficiency and alternative energy sources; and
- to support economic and social restructuring.

Key Customer Requirement

Through these three objectives, the client wanted to provide an integrated approach to address the serious environmental problems facing Liaoning Province, which is a highly industrial region with a population of more than forty million.

Our Response

With regard to Lot G, the industrial restructuring component was targeted towards large public enterprises in traditional sectors, in the major cities of Shenyang, Anshan, Benxi, Fushin, Liaoyang and Fuxin whereas the investment promotion component was targeted towards SMEs within potential growth sectors.

A clustering approach was introduced (including training, cluster analysis and mapping methodology and implementation) and proved highly successful in promoting investment in the pilot sectors of biotechnology and information technologies.

Assistance was also provided on SME legislation, policy and research, direct support to Chinese SMEs, training and

consultancy for Chinese experts, state agencies, government officials and SME managers in inward investment techniques, western marketing and promotions skills.

The project also advised the Provincial Government on how to organise and co-ordinate the effort between investment promotion agencies.

In addition, it supported the formation of an EU international network to open up a route to attract foreign investors and to enable local Chinese companies to export.

Finally, a number of research projects were developed with the Chinese government counterparts who received training in western methods for measuring sustainability of economic development.

Improvements Achieved

Outputs from the project included:

- policy measures to facilitate and stimulate industrial investment;
- an efficient mechanism for investment promotion;
- introduction of a clustering approach for key sectors (in particular biotechnology);
- a trained group of Chinese consultants with skills in business support and economic development;
- the holding of a Liaoning "Innovation and Investment Week", an annual event to promote the Province at an international level.

Conclusions / Summary

This 5-year project was the largest EU initiative in North East China at the time and assisted Liaoning province to move towards a cleaner industrial base whilst promoting investment in new sectors such as biotechnology and information technologies.