

WORDS CRYSTAL REID

A FERTILE LAND FOR PLUCKY SEEDS

Best known as the home of pandas, the business scene in Chengdu is anything but black and white



Modern skyscrapers border the Jin River near Anshun Bridge in central Chengdu

First inhabited more than 4,000 years ago in the 18-10th centuries BC, Chengdu, the capital of China's southwestern Sichuan province, is an ancient city with modern means. Glass-fronted skyscrapers loom large beyond the sweeping caves of a regenerated old town, while multi-lane highways stretch long and straight in contrast to the milky-green, meandering Jin River. Surrounded by the fertile lands of the Sichuan Plain and overlooked by the Tibetan Plateau, a cornucopia of fresh vegetables, meat and fish from the encircling farms long ago earned Chengdu the nickname of the "Land of Abundance". Now, as one of the most important economic hubs in China, it is business opportunities that are growing fast and sustaining this city of 18 million – but is this rapidly maturing market truly a land of plenty for all?

In recent years, Chengdu has benefited from a flurry of domestic and international investment thanks to President Xi Jinping's signature One Belt One Road Initiative, which seeks to reopen trade routes along the ancient Silk Road and spread economic growth towards the "wild west" of China. City officials found this initiative dovetailed nicely with already established beneficial policies of the Yangtze River Delta Economic Zone, ultimately resulting in speedy development, local innovation and international interest.

Today, the business landscape is typified by the IT back offices and R&D centres of big international players like Siemens, Nokia, SAP, IBM, Volkswagen and Apple alongside smaller boutique tech companies and start-ups. An almost incomprehensible 41,000 new companies were registered last year as Chengdu's GDP reached a whopping RMB1.5 trillion (US\$212 billion), rising by 8 per cent year-on-year, 1.4 per cent higher than the national average. Newer foreign start-ups are snapping at the heels of locally grown success stories like Chengdu gaming firm Tap4Fun, beautifying phone app Camera360, and Huochebang, known as the Uber of trucking.

With a strategic position at the start of the so-called Southern Silk Road, which connected Sichuan province to South Asia more than 2,000 years ago, Chengdu has a long legacy of trade with the wider world. As China seeks to attract overseas talent in the realms of technology, science, healthcare and innovation, local policies have focused on drawing in foreign business and expertise. Despite still having a relatively small expat population (around 17,000 compared to 100,000 in Beijing and 200,000 in Shanghai), 285 Fortune 500 companies had a presence in Chengdu by the end of 2018, with foreign trade volume increasing by more than 26 per cent from a year earlier to RMB498 billion (US\$70 billion). Chengdu is now ranked 71st in the world in terms of international outlook (up 27 places since 2017), according to the latest report from the Globalization and World Cities Research Network.

'Foreign companies need a USP that can't be copied,' says Ronnie Kuppens



'We foresee a bright future in the city's hospitality sector,' says Michael Ganster

Silicon Valley-style facilities abound in the Tianfu New Area, which opened its green gates to innovative businesses in 2011 as part of the Chengdu Pilot Free Trade Zone. Dotted around a patchwork of lakes, cycling tracks and open spaces sit dozens of HQs, incubators and co-working spaces adorned with inspiring entrepreneurial statements like "Imagine" and "Accelerate" alongside Steve Jobs and Einstein quotes. Benefits for companies working here and in the adjacent Chengdu Hi-Tech Zone include massive tax cuts, free or heavily subsidised rent, and even multimillion-dollar grants for "extremely outstanding" projects. There are even specialist buildings staffed by foreigners to help new-in-town professionals untangle the web of available perks.

Hoping to help budding business owners get, and stay, ahead of the game is Allen Sanchez, who founded the Chengdu branch of Le Wagon – a global bootcamp franchise aimed at fostering skills in the technology and start-up scene – in the Chengdu Hi-Tech Zone 2017. Sanchez registered Le Wagon Chengdu as a Wholly Foreign Owned Enterprise in less than three months, taking advantage of a virtual address and a policy that did away with the need for liquid capital. Since then the programme has seen 64 students graduate from its nine-week courses, and two companies, both providing WeChat development services to foreign businesses, founded thereafter. At least half of those signing up for the courses – which cost RMB36,000 (US\$5,000) in Chengdu as opposed to RMB44,000 (US\$6,170) in Le Wagon's other China locations of Shenzhen and Shanghai – come from outside the city. "Generally these people are interested in seeing a different side of China and not just the big east-coast cities," says Sanchez.

"Chengdu is exciting and growing fast and they want a more authentic China experience."

While the cost of starting up, salaries and living are much lower than in cities along the east coast, it's not always plain sailing for truly new companies looking to get off the ground in Chengdu. Ronnie Kuppens, managing partner of Maxxelli Consulting, which helps businesses relocate to Chengdu, says he's seen many smaller ventures fail because local competition is fierce and incentives are largely focused on established global players in high-tech and innovation industries.

"The majority of normal companies don't get any benefits, and even for those that do, the margins are small and the market changes quickly. It's hard to compete with multinational and Chinese companies that have more access to cheap capital and can do things a lot faster and cheaper than you," he says. "Foreign companies need to focus on the Chinese middle class and have a unique selling point that can't be copied to really succeed here."

Sanchez also admits that a dearth of local talent means it's still easier for foreign companies to set up in the first-tier cities of Beijing, Shanghai and Shenzhen, but says the local government is working hard to attract overseas-educated Chinese with targeted policies and a low cost of living. According to a report by LinkedIn in June 2018, Beijing and Shanghai are rapidly losing their dominant position in attracting overseas returnees in the face of growth in second-tier cities, Chengdu and Hangzhou in particular. "The government is doing a lot and it's working. I'm seeing more and more people coming back from Chengdu," says Sanchez.

Anita Lai is testament to this trend. Having pursued further education in the US and Europe, she moved

'The government is doing a lot and it's working,' says Allen Sanchez



CLOCKWISE FROM ABOVE LEFT: A panorama of modern Chengdu; the entrance of the metro station in Tianfu Square; and Chengdu Shuangliu International Airport

back home and last year established SheLeads, a mentorship programme for both local and foreign women. For just RMB799 (US\$112) per person to cover basic materials, new mothers, middle managers and fellow overseas returnees are matched with female mentors with decades of experience in a wide range of sectors. Lai has witnessed mentees make huge professional strides during the three-month programme, but says the city as a whole still has a way to go before it reaches the Western standard of professionalism she's trying to nurture with the scheme.

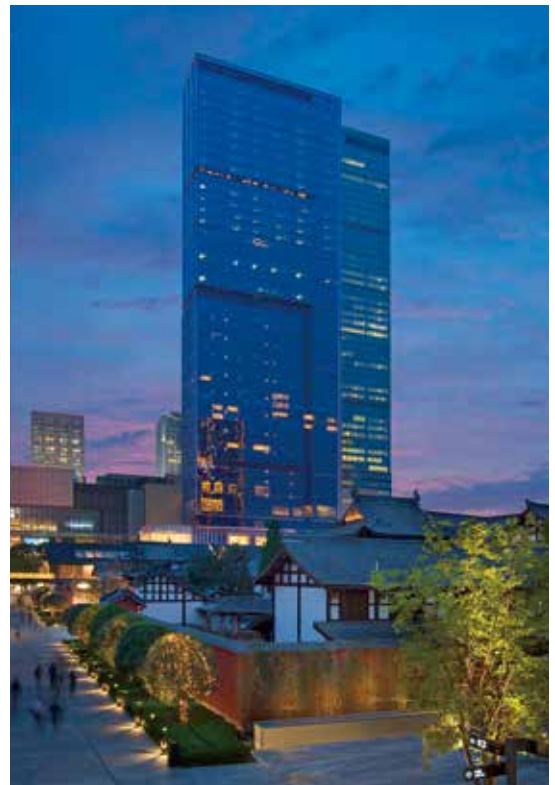
While attractive to many, Chengdu's famous work-life balance – it is consistently voted the happiest city in China – often manifests itself in bad punctuality and poor efficiency, she admits, creating headaches for ambitious start-ups. "Chengdu is developing fast, but coming from abroad I see it's not quite there yet. There are a lot of entrepreneurs here and that doesn't always chime well with Chengdu's laid-back lifestyle."

This easygoing reputation has, however, served Chengdu well in other sectors, proving a huge draw for tourists and providing ample opportunities for those working in hospitality. With its panda breeding base, UNESCO recognition as a city of gastronomy and reputation as a party hub, Chengdu welcomes an estimated 100 million tourists a year, making it one of the most visited cities in China. Chengdu Shuangliu International Airport leads its counterparts in central and western China by serving more than 355 cities, 118 of which are international. Having become the first city in western China to introduce a 144-hour visa-free scheme and with the opening of a second airport slated for 2021, this sector is only expected to grow further.



'Everything happens so fast; you can see changes every day,' says Anita Lai





Niccolo Chengdu hotel in Chun Xi Road business district has seen its proportion of leisure guests rise from 57 to 65 per cent since it opened in 2015, despite an increasingly saturated market, with the W Hotel, Hilton’s Xiexin and Canopy by Hilton all entering the city this year alone. “Chengdu continues to aggressively promote the city both domestically and internationally and it remains a popular choice driven by the food, the pandas and the relaxed nature of the Chengdunese people,” says Niccolo Chengdu general manager Michael Ganster. “We foresee a bright, growing future in Chengdu’s hospitality sector.”

Also setting up shop in 2015, Canadian Jordan Porter founded Chengdu Food Tours after falling in love with the city on a study programme. While his English-language food tours have grown in popularity with the steady increase of foreign tourists, the restaurant scene has evolved from one characterised by family-run “fly eateries” (because the patrons buzz in and out like flies), to one of rapid gentrification.

Along Chengdu’s hippest streets of Shamao Jie and Tangba Jie, nostalgia reigns supreme. Hole-in-the-wall restaurants serving up *jia chang cai* (homestyle cooking) have been pushed out by novelty hotpot joints designed to look like old-school Chengdu in a clean, bright and ultimately Instagram-friendly way. But while some traditional eateries may be literally losing ground in terms of high-value real estate, Porter doesn’t see much local resistance. “Chengdu is benefiting big time from all



‘Chengdu is benefiting big time from all the attention,’ says Jordan Porter



CLOCKWISE FROM TOP LEFT: Chun Xi Road with clock tower building; Niccolo Chengdu hotel; and a Chengdu hotpot in a Sichuan chafing dish

the attention,” he says. “Busy is good for the economy and people are happy. I never hear locals complain.”

As far as Lai is concerned, such rapid development is the main reason people are drawn to Chengdu in the first place. Companies – both local and foreign – that can adapt and thrive in a fast-changing, highly competitive market may just find themselves perfectly placed. “Everything happens so fast and you can see changes every single day,” she says. “Those who seize the opportunities as the city is developing can really make things happen.” **BT**