

## Taicang's 14<sup>th</sup> Five Year Plan for Sino-German SME Cooperation

Policy Update | September 2021

On July 7<sup>th</sup>, 2021 Taicang local government published the document **“Further deepen the economic and trade cooperation with Germany: 14<sup>th</sup> Five Year implementation plan on building a Sino-German cooperation demonstration zone for small and medium sized enterprises (SME)”**<sup>1</sup> (hereinafter called the Plan).

Taicang is one of the most prominent industry hubs for Sino-German cooperation in China. In 2008 the city was recognised as the nation's first “Sino-German base for business cooperation” by the Federal Ministry for Economic Affairs and Energy (BMWi) and the Ministry of Commerce of the People's Republic of China (MOFCOM). In 2012 it was awarded the title “first Sino-German demonstration zone for SME cooperation” by the Ministry of Industry and Information Technology of the People's Republic of China. With an area of 810 square kilometres and a total population of 1.03 million this city in Jiangsu Province has become home to more than 388 German companies until 2021. German enterprises in Taicang have an annual industrial output of over 50 billion RMB (approx. 6.5 billion EUR)<sup>2</sup>.

The Plan sets out new objectives and implementation steps for the medium-term development of Taicang's cooperation with Germany.

### **What the local government plans to achieve**

#### **Main goals**

Overall, the plan promotes the creation of a Sino-German (Taicang) SME cooperation demonstration zone. Moreover, it aims to strengthen the general exchange and cooperation between Taicang and Germany.

By the end of the 14th Five-Year Plan period in 2025, a national demonstration area for cooperation with German companies is planned to be built, spanning a total of 500 German enterprises, among them over 80 hidden champions and 20 regional headquarters. The share of German investment shall exceed 25% of all foreign investments.

#### **Further key targets of the Plan**

- Creating more than 20 cooperation carriers (such as platforms, industrial parks) with German partners, with the total construction area used for cooperation exceeding 2 million square meters.
- Hosting more than 100 matchmaking activities to attract foreign direct investment from Germany, aiming to attract over 200 German enterprises to register in Taicang. Taicang local government aims to secure foreign capital worth one billion USD (approx. 800 million EUR).

<sup>1</sup> Original text of the plan (CHN):

<http://www.taicang.gov.cn/taicang/zfwj/202107/e30cd3703c094e54a4172816e60dbcf.shtml>

<sup>2</sup> Introduction of Taicang city (ENG): <https://www.germancentretaicang.com/en/german-centre/location/> and <https://www.swisscham.org/taicang-city/>

- Making Taicang home to at least 50 German-owned high-tech enterprises and 20 newly built German-owned R&D institutions.
- Convincing 10 German technology giants, 5 enterprise technology centres, and 3 new smart factories to relocate to Taicang. Moreover, 30 smart demonstration factories (including 10 provincial smart factories) and 200 smart manufacturing projects should be created. The government also plans to actively participate in the formulation and revision of 10 international, national, local and sectoral standards.

## The “Five Roles” of Taicang

According to the Plan, Taicang’s development should fulfil **five purposes** to become a national-level Sino-German demonstration zone.

### 1. Policy pilot zone for the China-EU Comprehensive Agreement on Investment (CAI)

- a. promote the first local implementation of the agreement’s regulations in Taicang once the CAI formally comes into force.

### 2. Sino-German "dual carbon" action demonstration zone

- a. ensuring that regulations for carbon peak and carbon neutrality targets are enforced. It also strives to expand cooperation with German partners in the fields of new energy vehicles, finance and insurance, and education, as well as to build an internationally competitive green industry system.
- b. incorporating German concepts for the construction of a green and low-carbon city.

### 3. Piloting area for promoting mutual exchange between German and Chinese companies

- a. establish a two-way cooperation mechanism, increase the participation of German-owned enterprises in the domestic cycle of the Chinese Dual Circulation strategy.
- b. promote the integration of local enterprises into the supply chains of German enterprises.
- c. reach in-depth cooperation in capital, management, technology, research, and development.
- d. drive Taicang local enterprises to invest in Germany.

### 4. Dual-system talent training innovation zone

- a. deepen the localisation of dual-system education and promote the integration of talent management into the industrial chain.

### 5. Demonstration area for cooperation between Chinese and German cities

- a. foster exchanges and cooperation with cities in each German state in the fields of trade and commerce, science and education, culture, and city construction.

We hope you have enjoyed reading this Policy Update and welcome your comments and suggestions. Your feedback to [info@i40-china.org](mailto:info@i40-china.org) is highly appreciated. More policy products are available in our [Download Area](#). More information about the Sino-German Industrie 4.0 Cooperation can be found on our Project Website [www.industrie40-china.org](http://www.industrie40-china.org).