



# Dongguan

*Dongguan, located between Guangzhou and Shenzhen, is the Chinese Mainland's leading centre for export processing in labour-intensive, light manufacturing industries. In 2005, Dongguan was the Chinese Mainland's fourth leading exporting city behind Shenzhen, Shanghai, and Suzhou. Foreign investment has been an important driver of Dongguan's development, with the vast majority of Dongguan's industrial output supplied by foreign-invested firms. Dongguan factories produce an enormous range of goods and have made Dongguan one of the world's leading manufacturing centres. In recent years, Dongguan has been among the leaders in the Greater Pearl River Delta region in terms of GDP growth.*

## Dongguan in figures \*

Total area (square kilometres)	2,465
Interim Census Population 2005 (million persons)	6.56
Registered Population 2005 (million persons)	1.66
Total GDP in 2005 (US\$ billion)	26.65
– GDP in primary sector (US\$ billion)	0.28
– GDP in secondary sector (US\$ billion)	15.05
– GDP in tertiary sector (US\$ billion)	11.32
Real GDP growth 2005 (percent)	19.3
Official per capita GDP in 2005 (US\$)	4,029
Gross industrial output in 2005 (US\$ billion)	48.13
Total trade in 2005 (US\$ billion)	74.37
Imports in 2005 (US\$ billion)	33.44
Exports in 2005 (US\$ billion)	40.93
Growth in exports 2005 (percent)	16.30
Utilised foreign direct investment in 2005 (US\$ billion)	1.47
Total retail sales of consumer goods in 2005 (US\$ billion)	6.11
Growth in consumer goods retail sales 2005 (percent)	17.2

\* Note: Statistics reported for the jurisdictions in the Pearl River Delta are based on data from the jurisdictions' Statistical Yearbooks or statistics bureaux. Data for the year 2005 are preliminary. Interim Census Population 2005 is year-end figure.

## Leading industries

The leading manufacturing industries in Dongguan are telecommunications equipment, computers, and other electronics, electric equipment and machinery, office equipment, textiles, paper products, plastic products, cultural, educational, and sports goods, furniture, leather products, and chemicals. Dongguan is at the centre of a dense industrial cluster of electronics firms. It is one of the world's leading production bases for PCs and accessories and it accounts for a significant share of global output of PC drives, scanners, displays,

power supply units, mini motors, motherboards, computer magnetic heads, and quartz clock chips. In addition, Dongguan is one of the world's leading producers of mobile phones, household appliances, textiles, garments, toys, footwear, leather products, and plastic products. As a manufacturing platform, Dongguan stands out among Greater Pearl River Delta locations, both for its dense concentration of light manufacturing firms and suppliers, and its large pool of migrant factory workers from other regions of China.

### **Dongguan – top manufacturing industries by gross industrial output (US\$ billion) 2004**

1. Telecommunications equipment, computers, and other electronics	11.49
2. Electric equipment and machinery	3.60
3. Instruments, metres, and office equipment	1.85
4. Textiles	1.54
5. Papermaking and paper products	1.26
6. Plastic products	1.23
7. Cultural, educational, and sports goods	1.01
8. Furniture manufacturing	0.79
9. Leather, fur, down, and related products	0.75
10. Raw chemical materials and chemical products	0.73

Real estate trade ranked first in terms of output in Dongguan's service sector in 2004, followed by transportation, storage, post, and telecommunications, which are linked to Dongguan's export-oriented manufacturing sector.<sup>30</sup> Dongguan also is an important distribution centre for Chinese Mainland markets. Humen Township, for example, has developed into a national wholesale centre for garments and textiles. Dongguan is taking steps to strengthen its

<sup>30</sup> Based on service sector categories reported by the Guangdong Statistical Yearbook 2005.

distribution and exhibition services and holds regular trade fairs for the light manufacturing sectors. Both the retail and tourist sectors have experienced significant growth in recent years.

### **Dongguan – service sectors (US\$ billion) 2004**

Real estate trade	1.40
Transportation, storage, post and telecommunications	1.24
Wholesale and retail trade and catering services	0.73
Finance and insurance	0.62
Others	1.88

### **Economic plans**

In its 11<sup>th</sup> Five Year period, Dongguan will spearhead economic growth through its 'Commerce and Trade Dongguan' initiative, which aims to accelerate the development of the retail, wholesale, distribution, and logistics sectors. Dongguan also plans to expand its exhibition and tourism sectors, and to foster knowledge-based and intermediary services. Efforts will be made to upgrade its manufacturing base and to promote higher value industries by strengthening the development of high-tech industries, equipment manufacturing, electronic information technology, and electric machinery. Dongguan intends to upgrade foreign investment by attracting multinational firms including Global 500 companies, and by encouraging the setting up of regional headquarters, R&D centres, and procurement centres. The city will also focus on quality of life and the environment, through recycling, energy efficiency, and anti-pollution initiatives.



## Development zones and industrial parks

Dongguan is home to the Xin An Industrial Park, the Zhen An Industrial Park, the Dongguan High-Tech Development Zone, and the Anli Science and Technology Compound. The Xin An Industrial Park specialises in electronics, computer parts, and related products. The Zhen An Industrial Park is home to a number of capital-intensive facilities. The High-Tech Development Zone is home to producers of fine chemicals, high-tech materials, and related products. The Anli Science and Technology Compound is home to capital-intensive facilities in plastics among other industries. In addition, the Dongguan Songshan Lake Science and Technology Park project was inaugurated in January 2002. With an area of 72 square kilometres, the Park represents the focal point for future development in advanced equipment, photo-electricity industries, bio-medical sectors, food technology, environmentally safe products, research, and media. Investment policies include preferential tax terms and reduced government fees.

## Foreign investment

Approximately 13,500 foreign-invested companies have invested in Dongguan. Companies active in Dongguan include Akzo Nobel, Canon, DuPont, Duracell, Framatone, General Electric, Hitachi,



Hoechst, ICI, Kraft, Mattel, NEC, Nestlé, Nippon Steel Corporation, Nokia, Philips, Samsung, Sony, TDK, and Thomson. Nokia produces more mobile phones in Dongguan than anywhere else in the world. Leading computer giants, such as IBM and Dell, use Dongguan as a base for sourcing computer parts and components. The vast majority of Taiwan's top computer and computer components manufacturers have facilities in the city. Lee & Man Paper Manufacturing, a Hong Kong-based firm, has built a large paper mill in Dongguan. Carrefour, Jusco, Metro, and Wal-Mart have established retail outlets in Dongguan, while McDonald's has opened fast-food restaurants.

### Transport linkages

Dongguan is well-connected to other major locations in the Greater Pearl River Delta via the Guangzhou-Shenzhen expressway. Dongguan also is on the rail line from Hong Kong (70 minutes) to Guangzhou (30 minutes away). Dongguan is approximately a 2 hour drive from Hong Kong and a 1 hour drive from Guangzhou. Factory output has convenient highway access to the Shenzhen and Hong Kong ports. Shenzhen Airport is about a 30-minute drive away. For distribution within China, Dongguan is well served with both rail and air links to China's major cities through Guangzhou and Shenzhen. For international markets, Dongguan is well-connected to the ports and airports of Hong Kong and Shenzhen.

