



ECONOMIC OVERVIEW OF HUBEI PROVINCE



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NETHERLANDS BUSINESS SUPPORT OFFICE WUHAN

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Cover photo: Three Gorges Dam near Yichang, Hubei

This report is part of a series of economic overviews of important regions in China, initiated and developed by the Netherlands economic government network in China. For more information about the Netherlands economic network and its publications, please visit www.zakendoeninchina.org.

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Netherlands Enterprise Agency



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This report provides an overview of the economy of Hubei province in Central China: the situation in the province today and in which direction it is heading. We introduce both the province's key cities and the roles they play in the province's economy as well as main industries. We provide an overview of the opportunities the region has to offer for Dutch businesses in various sectors.

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I

GENERAL INTRODUCTION OF HUBEI PROVINCE

DUTCH ECONOMIC NETWORK IN CHINA

The Dutch Economic Network in China consists of the Embassy in Beijing, the four Consulates-General in Chongqing, Guangzhou, Hong Kong and Shanghai, and six Netherlands Business Support Offices (NBSOs).

The Netherlands Business Support Offices (NBSOs) are a network of 18 offices in 9 countries, operating as the foreign branches of the Netherlands Enterprise Agency. NBSOs mind the interests of Dutch entrepreneurs in their ventures abroad and promote international business and cooperation within their territorial area of expertise. In addition to helping Dutch companies come to China, NBSOs do interdependent research and support Chinese investors in entering the Dutch market.

In China, there are currently six NBSOs in Chengdu, Dalian, Jinan, Nanjing, Qingdao and Wuhan. The NBSO in Wuhan covers the province of Hubei which is located in Central China. Wuhan is the largest and arguably the most important city in Central China with a total population of just over 10 million.



GEOGRAPHY

Hubei is situated in Central China, an area consisting of the six provinces Anhui, Henan, Hubei, Hunan, Jiangxi and Shanxi. Taking Wuhan, the capital of Hubei, as the center of a circle, within 1,000 kilometers, you can reach Beijing and Tianjin in the north, Guangzhou and Hong Kong in the south, Shanghai, Hangzhou and Taipei in the east and Chongqing, Chengdu and Xi'an in the west, covering 70% of the large and medium sized cities in China. From Wuhan it takes approximately 2 hours by airplane and 5 hours by high-speed train to Beijing, Shanghai and Hong Kong.

The Jiangnan Plain takes up most of the central and eastern part of Hubei, while the west and the provincial border areas are more mountainous. The highest peak in Hubei is the Shennong Peak, found in the Daba Mountains in the western part of the province; it has an altitude of 3,105 m. Hubei covers an area of 185,900 km², about 4.5 times the size of the Netherlands; from east to west it covers 740 km and from north to south 470 km. The total population of the province is approximately 59 million.

The name of the province Hubei means north (běi) of the lake (hú), the lake referring to the Dongting Lake, situated between provinces Hubei and Hunan. The province has rich water resources as it is home to many rivers and lakes. Within its territory, Hubei has 1,193 rivers with a total length of 35,000 km. This includes China's longest river, the Yangtze River, which flows for 1061 km through the province. Numerous lakes of different sizes dot the Jiangnan Plain, giving the province the name "Province of Lakes". Hubei is one of the most freshwater lake-intensive provinces in China. Internationally the province is probably most know for the Three Gorges Dam located in Yichang, in the western part of the province.

Hubei has a sub-tropic climate with four distinctive seasons. The average temperature is 0°C in winter and 30°C in summer. Hubei has abundant rainfall and sunshine year-round.



ECONOMY

The construction of the Yangtze Economic Belt and China's "One Belt One Road" policy have become an important national strategy to boost the green development along the Yangtze River. Wuhan is designated by the State Council as most important shipping center in the middle reaches of Yangtze River.

The "Rise of Central China" has just entered into its second 10-year phase (2015-2025). More preferential policies are expected to be granted to the provinces in Central China including Hubei, such as an inland free trade zone and an urbanization reform pilot.

Wuhan is and will be the largest transportation hub in Central China, bridging both China's east and west and north and south. Wuhan boasts the largest river-port in China and the largest airport of Central China. With the opening of the 3rd airport terminal in 2016, the annual passenger capacity of Wuhan's Tianhe International Airport will reach 35 million.

Hubei is China's hydropower base. It boasts abundant water resources and its hydropower facilities are capable of generating 31,334 million KW of electricity. The Three Gorges Dam, presently the largest hydropower project in the world, is located in Hubei province. This dam alone has a total installed capability of generating 18.2 million KW.

The pillar industries of Hubei are automotive, iron and steel, petrochemical, food processing, equipment manufacturing, electronic information and textiles. Furthermore, the province is strong in the metallurgical industry, hydropower, shipbuilding and logistics. Hubei takes the leading place in China in the R&D of optoelectronics and Global Positioning Systems (GPS).

In terms of total GDP, Hubei currently ranks 8th in China with a total GDP of EUR 419 billion (2015). The annual GDP growth rate in 2015 was 8.9%, well above the national average GDP growth rate of 6.9%. Hubei is catching up with the provinces located on China's east coast.

HISTORICAL CONTEXT

The history of Hubei can be traced back for over 5,000 years to the time when Shennong the Great Emperor, the first ancestor of the Chinese nation, was born in Suizhou City. The Relics of Panlong City excavations in Wuhan have a history of more than 3,500 years. It is one of the oldest cities discovered in China.

One of China's main cultural schools, the Chu Culture, originated in Hubei. The Chu culture arose from the ancient Kingdom of Chu during the Spring and Autumn Period (770 BC - 476 BC). During the Three Kingdoms Period (220 AD - 280 AD), Hubei was an area contested by all strategists of the time and for this reason many famous historical events took place in Hubei, the most famous one being the Battle of Red Cliffs.

Also in more recent times Hubei has played an important role in Chinese history. The modernizing reforms of the founder of modern industry in China, Zhang Zhidong, made Hubei – especially Wuhan – into a prosperous center of commerce and industry. Hubei is thus known as the birthplace of China’s modern industry. Wuhan became one of the largest centers of modern industry, commerce, culture and education in China. The Hanyang Iron factory, built in Wuhan in the 1890’s, was the first modern iron and steel complex in Asia. In this period Wuhan was known as ‘Da Wuhan’, which can be translated as ‘big’ or ‘great’ Wuhan. During the early 1900’s, Wuhan was considered the second most important city in China, after Shanghai. In recent years Wuhan is looking to revive the ‘Da Wuhan’ spirit and reposition itself as one of China’s leading industrial and commercial cities. The local government is heavily investing in modernizing Wuhan. With success, in a list published by Chinese media group CBN in early 2016, Wuhan was included in an ‘upgrade’ where several second tier cities were listed as [China’s new first tier cities](#).

The uprising of the 1911 revolution, known as the Wuchang Uprising, took place in Wuhan. Under the leadership of Sun Yat-Sen, the revolution ended the feudal period which lasted for more than 2.000 years, establishing the Republic of China (ROC).

QUICK FACTS (2015)

Capital	Wuhan
Population	59 million
Size	185,900 km ²
Total GDP	€ 419 billion
Total GDP ranking	8 th
GDP per capita	€ 7,207
GDP per capita ranking	13 th
Sister province / city relations	Hubei Province - Gelderland (April 24, 2006) Wuhan City - Arnhem (Sep 7, 1999)
Industries	Automobile, iron and steel, petrochemical, food processing, equipment manufacturing, electronic information and textiles, water
Major Export items to the Netherlands	Garment / textile products, mobile phones, ships, medical products, chemicals and small machineries
Major Import items from the Netherlands	Marine equipment, machinery, raw material, wastepaper and chemicals

Source: China statistics information

II

REGIONAL CONTEXT

MAIN CITIES

The main cities in Hubei are Wuhan, Yichang, Xiangyang, Jingzhou and Huangshi. Wuhan, being the capital of Hubei, forms the provincial center while the cities of Xiangyang and Yichang are the two provincial sub-centers.

WUHAN



Source: La Historia con Mapas

Wuhan is the capital of Hubei province and the largest city in Central China; the population of Wuhan is just over 10 million (2015). Wuhan is known as the heart of China's economic geography and is a traditional inland transportation hub. Wuhan is also an important industrial, educational and research base. The city lies within a radius of 300 km from most other major cities in Central China such as Changsha, Zhengzhou, Hefei and Nanchang.

Until 1927, the three current city districts Hankou, Hanyang and Wuchang were actually separate towns. When the Guomindang government decided to move its capital to Wuhan in 1926, they decided to combine these three towns into Wuhan City. Wuhan serves as the political, economic, educational and cultural center of Hubei Province with Hanyang being the industrial district, Hankou the business and financial district and Wuchang being home to most of Wuhan's universities and museums.

Wuhan is the largest water, land and air transportation hub in central China, making the city known as "The gateway to nine provinces". Wuhan stands out as China's geographical heart, as it is ideally situated within 1,000 km of cities including Beijing, Shanghai, Guangzhou, Chengdu and Xi'an. This 1,000 km radius covers over 1 billion of China's population and 90% of the total economy in China.

The geographical location of Wuhan creates a unique transportation advantage. Wuhan forms the intersection of the Beijing-Hong Kong high speed railway and the Shanghai-Wuhan-Chengdu passenger line. Wuhan Tianhe International Airport is the only integrated hub airport in Central China, which is currently managing 160 domestic connections and 31 international and inter-regional connections.

The Wuhan metro system currently consists of three lines with a total of 47 stations, and a total operating length of 57 km. Under an ambitious development plan, the main city line network will be extended to 333 km with a total of 309 stations by 2017. In the future, 66% of the population of Wuhan will live within walking distance of 600 meters from a metro station.

Wuhan is known as the "River City" as within the city the world's third largest river, the Yangtze River and its largest tributary, the Han River, converge. Water makes up 25% of Wuhan's urban territory, which is the highest percentage among major cities in China. Wuhan boasts nearly 200 lakes, including the East Lake area of 33 km², which is China's largest lake within a city.

Wuhan is central China's commercial and financial center. In the early 1900's, Hankou (one of Wuhan's towns) had become China's second largest trade port, and one of China's four major financial centers. There is an old saying: "Goods sell well when they reach Hankou". Today, the business battleground still attracts millions of merchants. In the past few years, Wuhan has seen the largest expansion of [development of new shopping malls](#) within all Chinese cities. Large international supermarkets such as Carrefour, Metro and Wal-Mart have entered Wuhan, and IKEA has opened its largest shopping center in Asia in Wuhan. Wuhan has also become Central China's financial center: over 2100 banks, insurance companies and securities institutions have set up office in the city.

Wuhan is becoming an international city. So far, four Consulates-General have been established in the city: France, Korea, the United States and the United Kingdom. Besides the Netherlands Business Support Office, a number of foreign economic and trade offices are holding office in Wuhan including Hong Kong, Japan, The United States, Australia, France, The United Kingdom, Singapore and Sweden.

In terms of industrial development, Wuhan focuses on the optoelectronic and information technology sectors, modern manufacturing, steel and new materials, bioengineering and new medicine, logistics, water, environmental technology and sustainable city development.

8+1 CITY RING

The planning and organization of the formation of the Wuhan city cluster, also known as the "8+1 city ring" are currently being carried out. This plan consists of taking Wuhan and eight neighboring cities as one metropolitan area and carry out master planning, social planning and economic planning in this metropolitan context. The concept is managed from a provincial level and Wuhan is taking the lead.

The Wuhan city cluster refers to a group of cities with Wuhan at its core, the other eight being Huangshi, Ezhou, Xiaogan, Huanggang, Xianning, Xiantao, Qianjiang and Tianmen. These all lie within a 100-kilometer radius around Wuhan. The combined population of the Wuhan city cluster exceeds 30 million.

YICHANG

Yichang is the second city in Hubei in terms of urban population, and is situated in western Hubei. The city has a total population of 4.15 million, in which the urban population accounts for 1.34 million. Yichang lies at the juncture of the middle and upper reaches of the Yangtze River and forms the gateway between Hubei and Chongqing Municipality in the west. Yichang is known worldwide because of the Three Gorges Dam, the largest hydropower project in the world. Yichang boasts a large amount of hydroelectric power, water and mineral resources.

Yichang is connected by high-speed rail to Wuhan, Hefei and Nanjing, in the east and Chongqing and Chengdu in the south. Wuhan can be reached in approximately two hours by high speed train. The Yichang Sanxia airport has connections to over twenty destinations in China including Beijing, Shanghai and Hong Kong.



Yichang has long been a major transit port and distribution center for goods, and serves as the economic hub in western Hubei Province. It also serves as an intermediary between the major cities of Chongqing and Wuhan. The four pillar industries of Yichang are chemical, food, electric power and equipment manufacturing. Another major industry is shipping and shipbuilding, taking advantage of its location on the Yangtze River. Yichang also forms the departure or terminus of a cruise through the Three Gorges scenic area.

XIANGYANG

Xiangyang (previously known as Xiangfan) has an urban population of around 466,000 while its outlying county contains approximately 5.8 million people. Xiangyang is located in the middle reaches of the Han River in the northwest of Hubei Province. The river runs through the city, dividing the city in north and south.

Xiangyang has good rail, highway, river and air transportation facilities and can be reached within 2.5 hours from Wuhan by high-speed train. The Hanjiang River and four other rivers are open to commercial navigation year-round and the Xiangyang Liuji Airport has connections to major cities throughout China including Beijing, Shanghai, Chongqing and Guangzhou.

Textile production is the mainstay industry of Xiangyang followed by machinery manufacturing, chemical processing, electronics and the manufacturing of construction materials. Agricultural resources are significant with Xiangyang's main products being grain, cotton, vegetable oil crops, tobacco, tea and fruit. As the home of Dongfeng Motors, Xiangyang is also a well-known automobile hub. Other large industries are energy resources, aviation, medicine, new materials, food processing and military products.

MAIN SECTORS & INDUSTRIES

Hubei and its capital Wuhan are widely known as China's heavy industry base. The province's pillar industries are automotive, iron and steel, petrochemical, food processing, equipment manufacturing, electronic information and textiles. Other important industries are the metallurgical industry, hydropower, shipbuilding, logistics and optoelectronics.

These industries are concentrated in different parts of the province:

- East Hubei: electrical power, petroleum, chemical and textile
- South Hubei: automotive, electronics
- North Hubei: textile and heavy duty automotive

Main export items from the Netherlands to Hubei include marine equipment, machinery, raw material, waste paper and chemicals. Main export items from Hubei to the Netherlands include garment and textile products, mobile phones, ships, medical products, chemical products and small machinery.

LOGISTICS

Due to its central location in China, Hubei has clear regional transportation advantages. The provincial government is promoting Wuhan, upgrading it to a modern city. The goal is to build a national logistics hub city with a good layout of modern logistic parks, logistic centers and distribution centers for both domestic and overseas markets.

In the past few years China has excessively expanded its speed passenger transport network of "four horizontal and four vertical" passenger lines, making an eight-hour provincial capital traffic circle. Wuhan is at the intersection of this high-speed rail network, and lies within a 3.5 to 4-hour traffic circle from China's key central cities: Beijing, Tianjin, Shanghai, Chongqing and Guangzhou. In addition, Wuhan is the shipping center of the middle section of the Yangtze River.

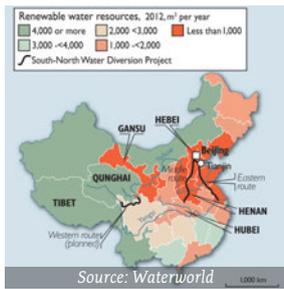
Due to this central location, Wuhan is a major hub not just within China, but also globally within the Chinese "One Belt One Road" initiative. The city is directly accessible from Europe by both plane and [freight train](#), with direct connections to Paris, Hamburg and Duisburg. The air route is exploited by Air France-KLM, the train routes by [Wuhan Asia-Europe Logistics](#).

WATER & ENVIRONMENTAL TECHNOLOGY

Hubei boasts itself a province with thousands of lakes. A major problem here is eutrophication; excessive richness of nutrients in natural water, frequently due to runoff from the land, which causes a dense growth of plant life and death of animal life from lack of oxygen. In order to solve this problem, the local government has launched the "Six Lake Connection" project to re-establish the connection through ecological circulation between the Yangtze River and East Lake, as well as five other lakes in the city.

Waterlogging is another main problem for Wuhan during the raining season, caused by both climate reasons as well as Wuhan’s rapid urbanization. A revised method of urban design known as **Sponge Cities** has been introduced in recent years. The new design is intended to build infrastructure with the effects on climate change by effectively absorbing water, storing water, seeping water and purifying water for the design rainfall with a return period of about two years. As a result, cities are able to cope with large quantities of water, reusing rain water in times of drought and deal with extreme waterlogging. Dutch civil engineering firm Arcadis has been awarded as Chief Advisor of the sponge city construction project in Wuhan.

The focus of drinking water supply in Wuhan is to improve the safety and quality of drinking water in the downtown area, as well as to enlarge the water supply coverage in the suburban area. The current sewage treatment fee is regarded too low to cover the costs, which is why a substantial price increase is expected soon. With regards to waste water treatment, the local government aims to further upgrade the facilities and pipe network of the sewage collection and increase the sewage treatment ratio to 85%.



In the field of water management, Hubei is the source of the central route of a huge **South-to-North China Water Diversion Project**, which originates from the Han River. Planned for completion in 2050, it will eventually divert 44.8 billion cubic meters of water annually to the population centers of the drier north. Hubei is home to the Yangtze Water Resource Commission, who takes charge of river management in the upper and mid-lower reaches of Yangtze River on behalf of the Ministry of Water Resources. Currently there is already quite some cooperation going on with Dutch counterparts on joint studies and training.

IRON & STEEL

The steel industry is one of the main industrial pillars of the local economy. The most famous company in this sector is the Wuhan Iron and Steel Corporation (WISCO). WISCO ranks third in the production of iron and steel and first in steel slab in China. In recent years, WISCO has acquired large Chinese steel corporations to consolidate its strong position in China and abroad.

PETROCHEMICAL

The petrochemical industry is one of Hubei’s pillar industries. Petroleum extraction, petroleum refining, chemical industry for agricultural use, basic chemical raw materials and rubber processing take a leading role in this industry. Chemical materials produced in Hubei include sulphur iron ore, phosphorus ore, crude oil, sulphuric acid, caustic soda, synthetic ammonia and chemical fertilizer.

AUTOMOTIVE

Hubei ranks second in China's automotive industry, after Shanghai. Dongfeng Motor Company, based in Wuhan, is the second largest auto manufacturer in China. The most important factories are scattered around Wuhan, Xiangyang and Shiyan. The joint venture Dongfeng-Citroën-Peugeot is one of the largest automobile manufacturing enterprises in China. Dongfeng also has sedan producing joint ventures with Honda, Nissan and Kia. Its truck and heavy vehicle production is located in Northern Hubei. Many domestic and international manufacturers and suppliers of auto parts are located in Hubei, among those the Dutch companies Philips Automotive Lighting (Lumileds) and Akzo Nobel Powder Coating.

EQUIPMENT MANUFACTURING

Wuhan is the birthplace of China's modern industry. Due to the presence of a large steel and iron industry it has also become one of the major equipment manufacturing bases in China. Wuhan is seeking to update its outdated manufacturing industry into an advanced manufacturing hub. Hubei has a wide range of equipment it manufactures including machine tools, electric appliances, petrochemical machinery, heavy mining machinery, food packing machinery, engineering machinery, agricultural machinery, combustion engines, cultural and office equipment.

HIGH TECH

The Hubei provincial government is supporting investments in the high-tech sector. The East Lake Development Zone, also known as "Optical Valley of China", is located in Wuhan. It aims to develop the biggest optical electronic information industry base in China. Optics Valley attracts worldwide attention by having kept stable growth rate of 30% annually for more than 10 years. Wuhan's optoelectronic information industry occupies an important global position; optical fiber cable and optical devices accounted for 25% of the global market share. Yangtze Optical Fiber Cable (YOFC), the world's largest supplier of optical fiber, started out as a Sino-Dutch joint venture in 1988.

BIO-TECH

Wuhan Biolake, which was established in 2008, is the third largest bio-industry park in China. Since its foundation, 370 enterprises settled down including the Fortune 500 companies Bayer, Pfizer, Thermo Fisher, Fresenius Kabi, Syngenta and Honeywell. Biolake focuses on biological pharmacy, biological agriculture, medical devices, biological manufacturing, health care service and bio-energy.

EDUCATION

Hubei is one of the most developed provinces in education and scientific research. There are over 120 higher education institutions including 85 colleges and universities. Among those are two of the top ten Universities in China: Wuhan University and Huazhong University of Science and Technology. Furthermore, Hubei is home to seven key universities listed in the National 211 Project, a project with the intent of raising the research standards of high-level universities in China. In 2015, a total of 1.06 million Chinese students and 17,953 foreign students were studying at one of Wuhan's institutes for higher education.

AGRICULTURE

Hubei is a major agricultural province in China, due to its rich resources in arable land and water, often called “Land of Fish and Rice”. The most important products of Hubei’s agricultural output are meat, poultry and eggs, grain and rice, cotton and vegetable oil. More area-specific outputs are citrus fruit, lotus root and, due to its many lakes, aquatic products.

As to the export of agricultural products, Hubei has a leading position in terms of output and quality of meat, poultry and eggs. Other important agricultural export products are aquatic products including river crabs, tortoises and soft-shelled turtles, freshwater shrimp and many kinds of fish. Other products such as vegetable oil, rice, live pigs, cotton, raw silk, raw lacquer and edible fungus constitute the remaining share of the main agricultural export products.

Hubei has a well-developed market distributing system. The wholesale markets at the producing and selling areas are scattered all over the province, which connects millions of small domestic productions with large, changeable markets. Apart from domestic supermarkets, foreign supermarket chains Carrefour, Wal-Mart and Metro are present in the province and are rapidly gaining market share. In 2008, SPAR also entered the Hubei market, mainly targeting the western part of the province in cooperation with a local supermarket chain.

Recently, the Wuhan government is seeking to build up a modern and knowledge-intensive urban agricultural cluster, mainly consisting of intensive animal husbandry, dairy and horticulture (both vegetables and flowers).

TOURISM

Hubei has grown significantly as a tourist destination in China over the past few years. The famous Three Gorges (Sanxia) scenic area together with the Three Gorges Dam is by far the most famous and well-visited tourist attraction in the province. Wudang Mountain, the Yellow Crane Tower in Wuhan and the Shennongjia Nature Reserve are also popular places to visit. Tourism currently accounts for 20% of Hubei’s total GDP. This percentage has grown significantly in recent years, which shows the importance of this sector for the provincial economy. The large majority of tourists visiting Hubei are Chinese, and due to the convenience of the high speed trains from other major cities to Wuhan their number is bound to increase even more in the coming years.

The direct Air France-KLM flight between Paris and Wuhan has increased the number of tourists from Central China visiting Europe – especially France. This flight runs thrice a week, both from Paris to Wuhan and from Wuhan to Paris. This provides an opportunity for Dutch organizations operating in the tourist industry, as there are convenient transfer options from Paris onto Amsterdam.

III

OPPORTUNITIES FOR DUTCH COMPANIES

Dutch companies seeking to invest or establish in Hubei can take advantage of:

- The position of Hubei and Wuhan as a logistic hub serving 400 million potential customers in Central China;
- The importance of Hubei as one of the largest manufacturing bases in China;
- A talent pool of highly educated staff and the abundance of low cost labor;
- Rich energy and water resources;
- Preferential policies by the central government due to the “Go West” policy and “Rise of Central China” plan;
- Low real estate rates (especially compared to China’s east coast);
- New and developing infrastructural facilities.

The central government’s “Go West” policy and “Rise of Central China” plan give preferential treatment to foreign companies that move their activities westwards. This includes availability of funds for big public projects. Opportunities can be found in large scale infrastructural projects with a national scope (highways, high speed railway, shipping navigation) as well as tenders in nationally important and government-commissioned projects in the fields of sustainable development, energy, water and environmental technology. In general, large-scale improvements in the public space such as new roads, reforestation, modernization of agriculture and complex urban transportation projects are commissioned by the local governments and open to Dutch companies to bid on.

The rapid economic development of Hubei and especially Wuhan puts pressure on local resources. Hubei will continue to push forward with urban planning and construction, while at the same time it wants to ensure that a sustainable environmental policy is followed and implemented. This offers opportunities for Dutch companies active in sectors such as sustainable urban planning, architecture, clean energy, smart cities, water and environmental technology.

A number of economic development zones of various levels stimulate investment with preferential policy packages. Companies new to the region can enjoy preferential treatment such as tax benefits, one-stop-shop for all formalities, free or low rent of small office space for a certain period of time etc.

Wuhan offers good opportunities for European companies in setting up production centers for the domestic (Chinese) market and in establishing R&D centers. Wuhan offers a good logistics network, low labor costs, low energy costs and preferential government policies, which makes it a suitable location for local production for the domestic market. Due to Wuhan’s large pool of university educated graduates, the presence of reputable universities and science and technology facilities, high government spending on science and education and a high concentration of technology development zones, the city is suitable to set up R&D centers.

Both Wuhan’s population and its per capita income are growing rapidly. In Foreign Policy’s list of “[Most Dynamic Cities of 2025](#)” worldwide, Wuhan ranks 11th with an expected growth of GDP of over 400% from 2012-2025. Furthermore, China’s central government is committed to increase domestic consumption and reduce the dependence on export. Dutch companies can benefit from the growing consumer market in China, also because western products are still regarded as superior to Chinese, especially in the food and health sectors.

IV

CONCLUSION

Wuhan, the capital of Hubei province, is the only metropolitan city in Central China, thus forming the center of Central China as well as the economical heart of China as a whole. Hubei and Wuhan have enormous strategic advantages for companies that are looking for a central location for the manufacturing and distribution of their goods. Within a 1,000 km radius around Wuhan can be reached:

- A population of over 30 million people;
- The six provinces making up Central China (Anhui, Henan, Hubei, Hunan, Jiangxi, Shanxi) with a population of over 400 million;
- An area covering 90% of the China's GDP;
- An area covering 85% of China's population.

Furthermore, other cities in Hubei get increased attention from the provincial government. Yichang in the western part of the province and Xiangyang in the north, are the provincial sub-centers. Hubei province wants to accelerate the development of these two sub-centers in order to spread the economic development more evenly over the province. However, the fact remains that Wuhan is the economic, educational, cultural and political heart of the province. Of the 120 higher educational institutions in Hubei an impressive 85 are located in Wuhan.

Many production bases in the east of China are moving to Central and Western China as the country's inland economies are developing. Companies can take advantage of the lower production costs in the central provinces of China as well as the efficiency of its logistics infrastructure. High-ranking universities, such as Wuhan University and Huazhong University of Science and Technology, continue to take rank as top universities in China. Wuhan's educated labor pool gives foreign enterprises an even greater reason to locate their headquarters in Wuhan. France, the United States, Korea and the United Kingdom have Consulates in Wuhan, which serves as another indicator of the growing importance of this inland city.

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