

The city has supported an important emerging industry, a part of the modern services sector

By XU XIAO

An important forum on improving communication and cooperation in the outsourcing industry — the China-India Cooperation Forum on Service Outsourcing — opened in the city of Chengdu, Sichuan province, on October 20.

This forum is an extension of last year's and is seen as a way to seek more opportunities in the outsourcing field.

It is also an important part of the 12th Western China International Fair (WCIF). The 11th WCIF, in October of last year, was the first communication by the outsourcing industry of India and China.

The host of this year's forum was China's Commerce Ministry and the Sichuan provincial government, and the organizer was the Chengdu government.

The invitees included top executives from the world's major consultancies and outsourcing companies, senior Indian government officials, the presidents and vice-presidents of Indian companies that do business with China, leading Chinese outsourcing companies, and other Chinese companies in related industries.

China's outsourcing business has developed rapidly in recent years, partly because of central government policies, mainly on export credits, personnel training, and overseas networks.

In 2010, Chinese outsourcing companies signed \$27.4 billion worth of contracts, a 37-percent year-on-year increase. That same year, the country had 780,000

more people working in outsourcing, 480,000 of them new college grads. The State Council has also designated 21 cities as pilot outsourcing sites.

Some of the industry's strengths are its market potential, relatively complete manufacturing sector, plentiful labor resources, and relatively cheap labor.

Wan Lianpo, deputy director of the Commerce Ministry's service and trade bureau, has said that outsourcing, in the first three quarters of 2011, maintained its steady growth.

By September, China had 15,417 outsourcing companies, employing 2.86 million people. Some leading companies, with more than 10,000 employees can generate annual sales revenues above \$100 million.

Strong points

In recent years, the outsourcing in Chengdu has been a major emerging industry, as a part of the modern services sector.

The city has a good industrial climate, good labor force, low business costs, and strong government support, so it has enough reasons to attract outsourcing companies and investors.

In 2010, its outsourcing business generated 31.6 billion yuan in revenues and it is one of those 21 pilot outsourcing cities.

According to a recent report on "Investment Attracting Capacities of Chinese Service Outsourcing Cities in 2011", Chengdu was in first place, the municipal commerce bureau explained earlier this month.

But, the low labor and land costs



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The China-India Cooperation Forum on Service Outsourcing, which opened in Chengdu last week, is an important event for improving communication and cooperation in the outsourcing industry.

are not its only competitive advantages. Its business advantages not only make mass production possible, but also help with the transportation of raw materials into the city, and of finished products to the rest of the world.

In recent years, the city's "soft power" has been cited as a reason to move there by a greater number of multinationals. Some of the world's top outsourcing companies, IBM and Accenture, for example, have operations in Chengdu.

And six of the top 10 Chinese outsourcing companies have branches there and more than 40 international companies have delivery centers, service centers and research and development centers there as well.

Indian power

Another leader, a forerunner in fact, in the global outsourcing industry has been India, at least since the 1990s and, today, it is the

biggest offshore outsourcing destination in the world.

In India, the service sector counts for more than 50 percent of industrial development, and is a major force behind economic development.

And, in that service industry, one of the most prolific areas is outsourcing. Statistics show that, for fiscal year 2011, its outsourcing business had revenues of nearly \$88.1 billion, \$59.4 billion of that from offshore transactions, an 18.7-percent increase from the previous fiscal year.

Research from the National Association of Software and Services Companies showed that, in 2010, India's market share of the world's offshore outsourcing had increased to 55 percent, from 49 percent in 2005.

Bilateral cooperation

In 2010, Chengdu had export and import revenues worth \$24.3

billion, \$13.7 billion of that from exports, the greatest amount of any city in central and western China.

Over the years, Chengdu and India have cooperated in trade and in 2010, Chengdu-India export and import revenues amounted to \$908 million, making Chengdu the biggest economic partner of the South Asian countries.

In 2008, India's financial software service provider, 3i infotech, set up Chinese operations in Chengdu. By 2010, it had 180 staff members and revenues of \$4.3 million.

In 2009, after building a branch in Shanghai, the Indian outsourcing company Wipro, put its global delivery center in Chengdu. It now has more than 400 employees.

In 2009, India's largest IT education training agency, NIIT, opened operations in Chengdu and, in 2011, its Tata IT Ltd started cooperating with three Chengdu universities in talent training.

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CHENGDU IN THE EYES OF FOREIGN PROFESSIONALS



Chengdu is a major center of business activity in western China that has great potential for increased growth and prosperity."

JEFFREY A. MOON
CONSUL GENERAL, AMERICAN CONSULATE,
CHENGDU

Chengdu is a wing of the soaring dragon — China. It's a unique city where you can see the past and the future of China at the same time."

DONGSUN-PARK
CONSUL GENERAL, REPUBLIC OF KOREA
CONSULATE, CHENGDU

Intel chose Chengdu for the new plant because of its unique strategic position, outstanding education system, and large, well-trained workforce."

CRAIG BARRETT
CEO, INTEL

Chengdu has always been my favorite place in China. Chengdu natives work hard, but also know how to relax and enjoy life."

PHILIPPE RHEAULT
CANADIAN CONSULATE, CHENGDU