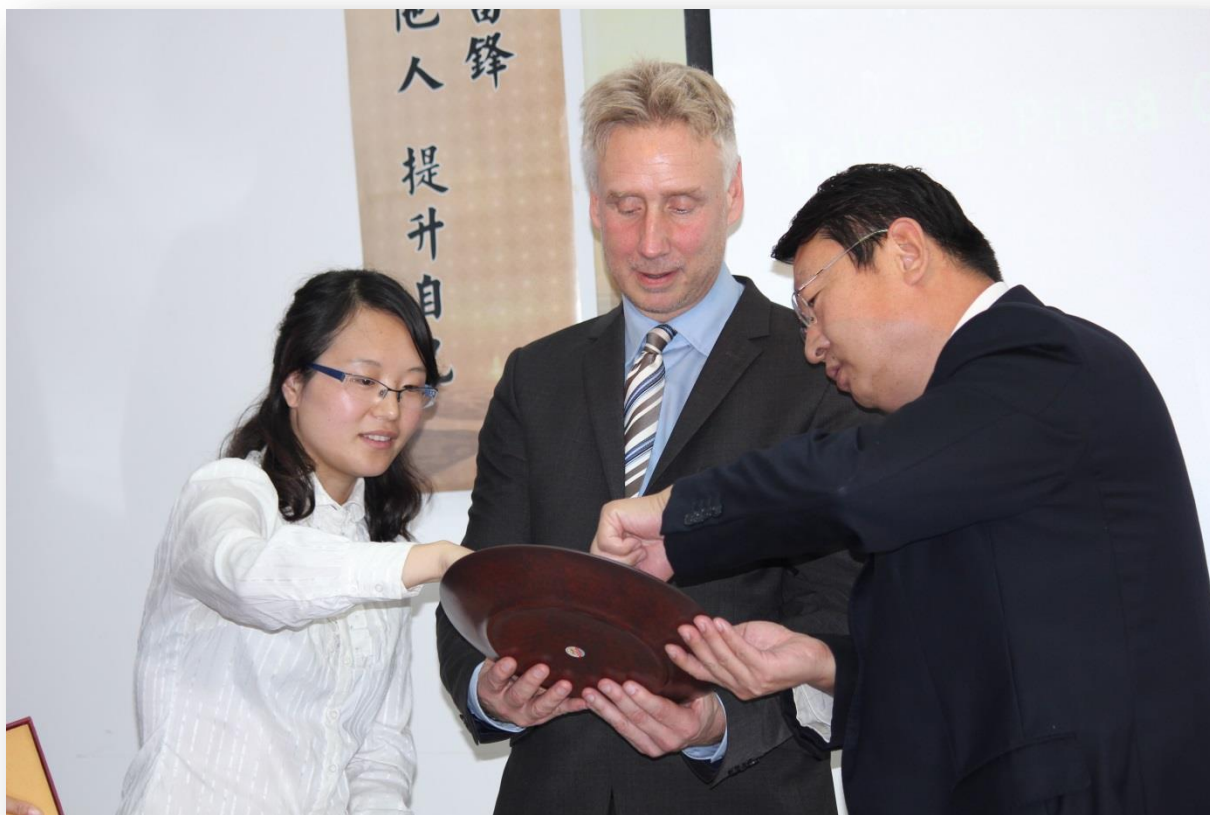




Mats Berg, Chief Executive Officer Piteå and Mr. Chen Guangfeng at Dongying Municipal Affairs and Overseas Chinese Affairs Office are signing the letter of intent.

Report from visit in Dongying, China September 2013

Gerd Sävenstedt



Summary;

After visiting Dongying, a coastal city in the Shangdong province in the north of China, we believe that there are good possibilities for cooperation between Piteå and Dongying. The economic growth is among the highest in China, based mainly on the oil resources in the Shenglifield. Here you find a number of enterprises using advanced technology at the same time as they are striving towards becoming an eco-city. They are interested in developing links in the public sector and we can learn from them in the area of use of advanced technology. During our visit a letter of intent was signed which gives us five years to develop our relations. During a week's visit we got a lot of impressions and we are aware that we absolutely not can give a full picture but in this report we can share what we saw, what we heard and experienced.

Piteå Municipality paid for the tickets and accommodation and the hosts for all meals while we were in Dongying.

Background

During 2011 we were contacted through the Chinese consulate in Gothenburg, in order to find out if we were interested to establish contacts with some city in China. It has been a long process which ended up with an invitation to come to Dongying, a city founded in 1983 with today more than 2 million inhabitants. It was decided in Piteå that we would explore the possibility for cooperation and in September Mats Berg, chief executive officer and Gerd Sävenstedt, head of international relations went to Dongying. Helena Stenberg, vice mayor was also scheduled to go, but became sick and could not travel.

The former Chinese Counsel General in Sweden Mr. Cui Hui Xin has during the whole process been a good link between Piteå and Dongying and he also accompanied us during most of our stay in China.



The former Chinese Consul General in Sweden Mr. Cui Hui Xin together with Ms. Cheng Aihua, the vice director of the Dongying Municipal Foreign Affairs and Overseas Chines Affairs Office.

Dongying

Dongying is a city and a prefecture including three counties where the municipal level has an overall responsibility. It is a coastal city where the economic growth is among the highest in China. The base for the growth is the second largest oil-fields in China, which were discovered in the 60-ties. There is a big harbor where they also import crude oil, mainly from the Middle East, to be refined and used on the Chinese domestic market. At the same time they are striving towards becoming an eco-city.



Day-to-day



Director Mr. Chen Guangfeng and the Vice director Ms. Cheng Aihua at Dongying Municipal Foreign Affairs and Overseas Chinese Affairs Office.

and Lily Bi, head of department all

Day 1 - Letter of intent

After an overnight stay in Beijing where Mr. Cui invited us for dinner, we started very early with a domestic flight to Dongying. We were met by Lily Bi and an interpreter from the Municipal Foreign Affairs and Overseas Chinese Affairs Office who took us to a newly built hotel. It seems like most is newly built or under construction. It struck us that there were not many people on the streets and the traffic was calm and friendly.

We started by going to the Municipal Foreign Affairs and Overseas Chinese Affairs Office where we were met by the director Mr. Chen Guangfeng and the vice-director Ms. Cheng Aihua . They gave a presentation of Dongying and Mats of Piteå. A Letter of intent for cooperation during five years was also signed.

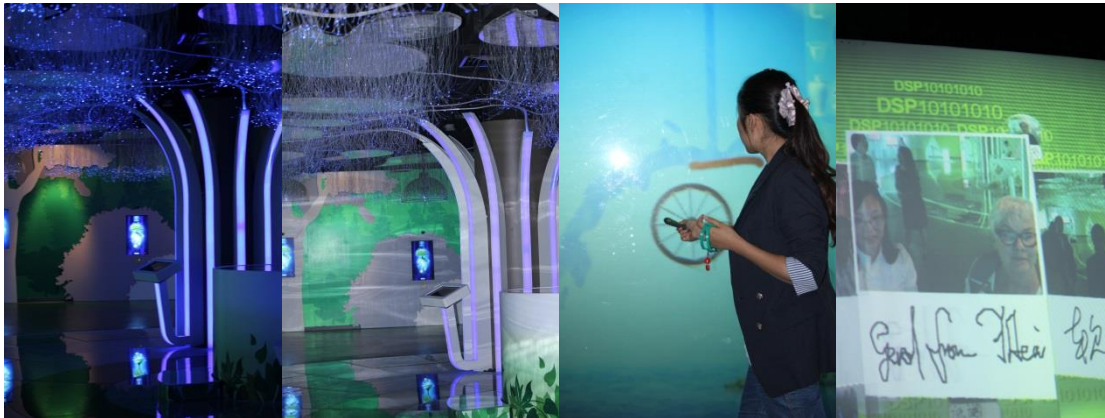


C.E.O Mats Berg introduces Piteå to Dongying

The employees have a minimum of a two-hour lunch-break in order to have time to go home and prepare lunch but here we used at least one and a half hour to eat. We were overwhelmed by the food and the hospitality. We think they gave us the best of everything and most of the meals consisted of 20-25 plates with different dishes, most of it extremely delicious. Occasionally we also were a bit brave, as when we ate roasted cicadas and they looked upon us with angry eyes.



Software, oil and a showroom for children



The first company visit was to a big company, with different branches and with a financial turnover with so many zeroes it was hard to grasp. The software part was linked to outsourcing and services to companies like IBM, Oracle and a numbers of others. There was also a research center linked to the oil-industry and possibilities for students for internship. Close to the entrance was a showroom for children linked to sustainability and nature.

It was a high- technology center where you through different games could learn about the forests and the nature. Here the environment changed into different seasons and you could also run on a bike through a digital forest and discover what was there. And it was actually as inspiring for adults as it was for children.

The community center

Within a city there are counties and in a county there are communes. We visited An Nings commune center with a responsibility for around 10 000 people. The first that struck us was that we had come to a one-stop- shop. Behind a desk in a big hall were police, social services, employment services and others sharing a big front-hall for municipal services.



One stop shop at the community center

We came here in the afternoon. Additional to a public services center it is an activity house for the members of the community. Outside the reception hall we found a group of people playing cards and in most rooms activities were going on, headed by a teacher/tutor who was employed by the government.

A group of mostly elderly women gave a dance performance, in another room we were treated with a concert on traditional instruments, we tried the difficult art of calligraphy, we saw a big class who taught traditional medicine and in another the art of producing colorful flowers from silk socks and there were also young people who improved their dancing skills. Everywhere we found a lot of energy and joy. People could come and go as they wanted and did not pay any fee for participation. The day we were there was not an extra ordinary day; it was a quite normal day we were told.



Day 2 - Tires and steel cord

We started by going to a factory where they produced tires. From January to December last year, the city realized an export volume of tire of US\$ 3.1 billion, an increase of more than 15% during the same period. The plant we visited produced tires for cars and in another factory was production for trucks. The biggest tires had a diameter of 4 meters. The owner, the Wanda group is a private owned company, mainly in real estate and entertainment business. In this area they had also build a “village” of multistory buildings.

The main part of the production is used for the domestic market.

Snton –steel cord

We continued to Snton, with the second largest steel cord production and ranked among the 500 top enterprises in China with assets for 108 billion RMB and 5 000 employees and has an area of 2 million m². This government owned company produce besides steel cord also non-phosphorus detergent. We came to a large showroom, also this high tech, where they had built up a model of the company today and in the future. In the background there was a film about the company and this inspired to a development at home.



A high tech showroom at Snton

Education for farmers

In the afternoon we visited a training center for farmers. In the Yellow delta land the river meets the sea and the land is salty. Anyhow, farming is going on, mainly cotton production but also ecologically fisheries, animal husbandry, forestation, vegetables, fresh flowers, and leisure and sightseeing tours of farming sites.

In Dongying they have worked on improving the living standard for farmers with an improved social security and ecological improvement. To this training center farmers could come for single classes or for a long-term training up to three years. Here they could learn new skills in order to supplement and increase their income; sewing, food processing and repair work and also how to make their farming more efficient. All farming production was ecological. When we visited there were few students as they all were busy on the farms.



Additional skills in order to improve living conditions for farmers are thought at the training center



And always a group photo

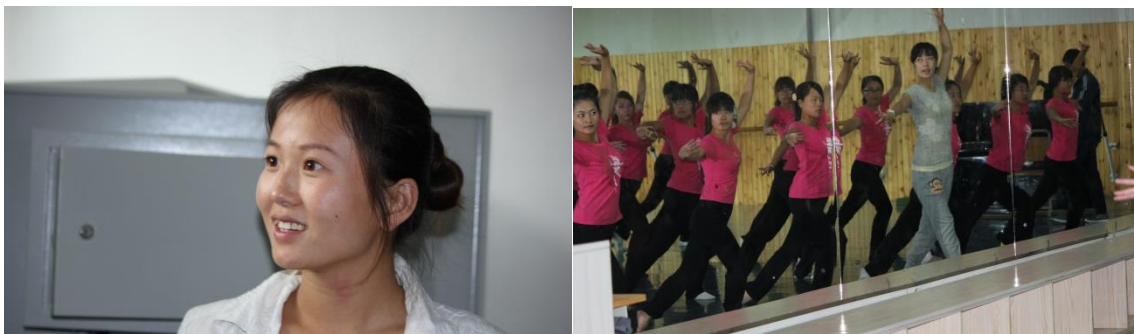
Further education – Dongying Vocational School



Always a welcome reception and a cup of tea with the management

The University of Petroleum moved to Dongying in 1969 and is today divided into two parts, a college in Dongying and a graduate school in Beijing. Each gradually develops into universities with both undergraduate and graduate students. Dongying campus currently serves as the base for continuing education, remote education, research laboratories, and industry collaboration.

We visited one of them, Dongying Vocational College with 16 000 youth students and 4 000 adult students. It is a boarding school and the basic training is up to three years but here you can also get a master degree. Besides areas linked to the oil industry there are students in many areas; as hotel, trade, management and pre- school teachers.



A student who just got a patent for car-wash. Pre-school teachers in training



On the campus there was accommodation for all 16 000 students.

We visited the dormitory where 6 students shared one quite small room. The discipline for these students was firm, a military discipline which started 5.45 a m with a wake-up call, exercise and cleaning of the room. At 10 p m the lights were closed and time to sleep.



A student is showing us the schedule of each day

Day 3 - The port



The director of the port wrote a book about the development of the port

The next morning we went about an hour's drive from the city. We went to the port. It is owned by the government. It was an enormously big harbor mainly for oil import. We went 12 km out into the sea on a pier which was lined with big oil tubes. Due to increase of the delta land, environmental protection and the deep of the sea, most unloading – and loading takes place out there. In the area we could also see a number of fishing boats. But not too far away they had also built a dock for boats transporting people and there was a daily route up north – a journey which took seven hours.

From the harbor there were pipes transporting crude oil to refineries. Even if the second largest oil fields in China are in Dongying they import crude oil from mainly the Middle East to be refined and used at the domestic market.



Around 20 000 people were employed linked to the harbor and there were housing facilities for the employees, but no families. If they had families, they stayed in a nearby town 15 km away. Many of the houses were built on areas which not very long ago was the sea. It meant that they have to stabilize with poles 40 meters down before they could build.

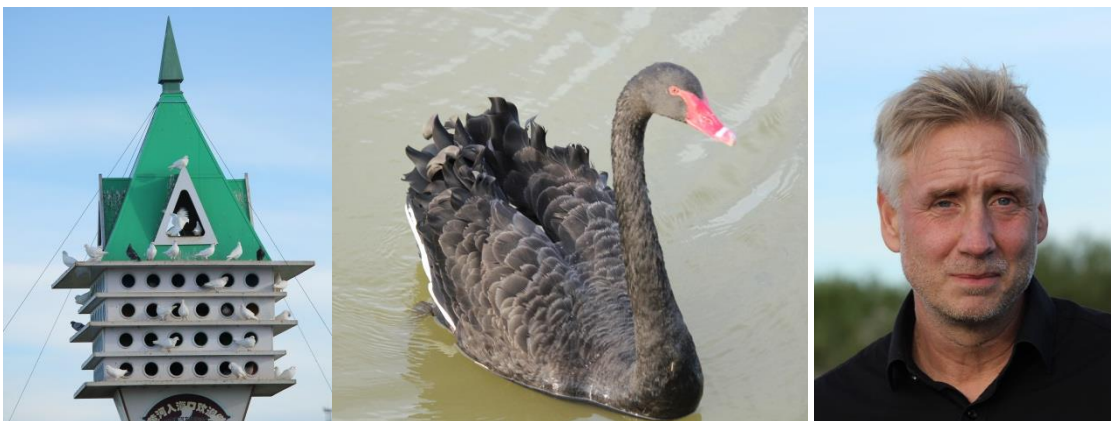


Oil fields

After lunch we went to see the oil fields. The drilling machines were quite small, and it was a bit surprising to see that the areas around did not seem to be affected.

Recreation Park

We went to bird sanctuary and Recreation Park at the Mouth of the Yellow river. The area of the Yellow River Delta is the fastest naturally growing area in the world. Since 1964 it has increased with 50 km² annually and the coastline advances 05, km yearly.



A popular place for recreation

Day 4

Speed-train up to 300 km an hour

A travel day. First two hours by car and then a speed- train to Beijing, this took 3 hours. It was interesting to see some of the country side and cities with millions of inhabitants of which we never had heard. The following day in Beijing we visited the Forbidden City together with thousands of others. It was interesting to see this part from the Chinese history. Here are many separate palaces, all in all more than 8,500 rooms. The Forbidden City was built between 1406- 1420 during the time of the Ming dynasty. Many of the building there today are anyhow built later.



Reflections:

To understand anything of China is not all that easy and you can absolutely not do it after a short visit. China with 1,3 billion people and a huge country with many faces. We saw one small part of one. We saw a region in development; we saw a region of eagerness to develop further in many aspects and a region interested in developing international contacts. Nothing of what we saw was as we expected. To see the degree of economic growth was unbelievable.

What we met was;

- A wealthy city
- A city which is rapidly developing international relations. Today they have 4 sister cities and 17 with letter of intent. They have a Municipal Foreign Affairs and overseas Affairs Office where 40 people are working.
- A high tech city from which we can learn a lot, especially when it comes to displaying and show rooms based on high tech that can be very inspiring for all ages.
- That they want to develop in the public sector as a part of becoming an eco-city
- That there is a discipline in the schools that both fascinated and scared us
- That they want us to act not just to talk
- That they want to have exchange in the cultural sector and exchange between students with home-stays.
- Hospitality – which started in the morning by eating breakfast with us and ended when they had delivered us back to the hotel at night after 25-dishes exquisite dishes
- They provided an interpreter so when we met people not speaking English it worked anyhow
- The people we met were open-minded and willing to share information
- What we never talked about was money and living in different political systems.

We decided that we would invite them to come and visit us, preferable in June 2014 and on that occasion decide in which areas we should start the cooperation. The program at that time would focus on the areas where we think that we can contribute and also would contribute to development of our staff.

Gerd Sävenstedt October 2013