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I. EXECUTIVE SUMMARY

1. The tourism industries of the eight Pan-Pearl River Delta (PRD) provinces/region are among the more developed ones in the Mainland. With the exception of Jiangxi and Hunan, the tourism industries of the other Pan-PRD provinces/region have become pillar industries, with tourism receipts accounting for over 8% of the GDP of the respective provinces/region, significantly driving economic growth. Tourism is among the major areas for Pan-PRD cooperation. In accordance with the Pan-PRD Regional Cooperation Framework Agreement, all parties should support and promote regional cooperation in tourism, jointly formulate strategies for developing the industry and its markets, as well as establish a distinct image and brand name for the region’s tourism industry. To date, Guangdong has reached separate agreements with Guangxi, Fujian, Jiangxi, Hunan and Guizhou to establish barrier-free travel zones, within which the provinces/region concerned will further open up markets for tourism, remove travel obstacles, allow travel agencies from other cities to open branches and operate in their respective cities, jointly develop tourist source markets both at home and abroad, and actively develop joint promotion activities. Tolls on roads between cities will be gradually lowered, while restrictions imposed on tourist coaches and buses from other provinces/region entering the cities or scenic spots will be lifted. When initiating specialised or large-scale tourism projects and during the process of developing these projects, there should be proper communication and coordination among the provinces/region in order to avoid sub-standard and duplicate developments as well as unhealthy competition; complementarities of different provinces/region should also be maximised.

2. As the province with the most developed tourism industry among the nine Pan-PRD provinces/region, Guangdong will play a bridging role in fostering tourism cooperation among the “9+2” members going forward. On one hand, it will bring tourists from Hong Kong and Macao to neighbouring provinces/region; on the other hand, it will facilitate tourists from the other eight provinces/region visiting Guangdong to also make a trip to Hong Kong and Macao.

3. When forging cooperation in the Pan-PRD “9+2” tourism sector, Hong Kong as Asia’s tourism hub should not only focus on attracting Mainland tourists to Hong Kong, but also play a frontline role in attracting international tourists travelling to Hong Kong to also visit the Pan-PRD, thereby promoting the tourism industries of the region to go international. Hereafter, when organising sightseeing and shopping tours in Hong Kong for overseas tourists, Hong Kong’s tourism industry could also introduce them to the unique tourist destinations in the other parts of the Pan-PRD, thereby expanding the scope of their businesses. Aside from these, information exchange with the eight Pan-PRD provinces/region should also be strengthened. Modelling on the successful
4. The tourism resources of each of the eight Pan-PRD provinces/region are very unique. The southeast boasts of scenic views of oceans and beaches, mountains and rivers; while the southwest is rich in eco-landscapes and ethnic features. On the basis of regional cooperation, each of these provinces/region should strengthen tourism cooperation with neighbouring provinces/region. They should pool together their comparative advantages, jointly cultivate tourism products, and promote their tourism industries both at home and abroad. To realise the concept of “movement of Zhejiang tourism towards the west, and Fujian, Jiangxi and Anhui tourism towards the east”, 14 cities in the four provinces of Fujian and Jiangxi in south-eastern Pan-PRD and the neighbouring Zhejiang and Anhui signed an agreement to cooperate in organising promotion activities in each other’s provinces as tourist source markets, and to jointly launch an eco-tourism route along the provincial boundaries of Zhejiang-Jiangxi-Fujian-Anhui, which features nature, ecology and ethnic culture as the main theme. Meanwhile, Hunan and Hainan also signed an agreement with the neighbouring provinces/region of Guangdong, Guangxi, Hubei, Henan and the cities of Guangzhou, Shenzhen, and Wuhan. They agreed to launch a series of long-haul tour routes for sightseeing and vacationing, which they will jointly develop, plan and package. These efforts of consolidating tourism resources across provinces/region are useful references for Hong Kong when it seeks to join efforts with the nine provinces/region in packaging “9+2” regional tour routes and organising overseas tourists to visit the entire Pan-PRD region.

5. Fujian is close to Taiwan in terms of geographic location and kin relation; it shares a common language with Taiwan and thus possesses evident advantage in tourism interchange with Taiwan. After prolonged cross-strait negotiations, the first Fujian tour group to visit Kinmen in Taiwan finally set off, promoting bilateral tourism interchange between Fujian and Taiwan. On December 7, 2004, the first tour group consisting of Fujian residents travelled directly from Xiamen to Kinmen, signifying that cross-strait cooperation in tourism has entered a new stage. The tourism sector of Fujian believes that with the opening of Kinmen, there is now bigger room for future cross-strait cooperation in the area of tourism. With this positive outlook, it has appealed to Taiwan authorities to allow all residents of Taiwan to visit Fujian and the other parts of the Mainland via Kinmen. As Fujian and Taiwan enhance their cooperation on tourism, Hong Kong’s role as the transit stop for cross-strait tourists will diminish. In order to retain these Taiwanese tourists, Hong Kong’s tourism sector needs to strengthen cooperation with their counterparts in Fujian under the existing platform for Pan-PRD cooperation. They should consolidate and package

 Guangdong-Hong Kong-Macao tourism information platform, the development of similar interlinked and interactive tourism websites for the other provinces/region should be stepped up to facilitate sharing of tourism resources.
tourism resources of Fujian and Hong Kong, and join efforts in promoting and marketing them to Taiwan tourists, encouraging them to visit Hong Kong when they travel to Fujian.
II. TOPICAL ANALYSIS

Pan-PRD Tourism Cooperation: Opportunities for Hong Kong”

Part One: South-eastern Region

- Pan-Pearl River Delta Region Enhancing Tourism Cooperation 10
- Nine Provinces/Region Consolidating Tourism Resources 16
- Fujian Accelerating Tourism Cooperation Across the Strait 20
- Jiangxi Constructing a Tourism Backyard for Coastal Region 24
- The Rise of “Agricultural Tour” in Hunan Tourism 28
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Pan-Pearl River Delta Region Enhancing Tourism Cooperation

The tourism industry in the nine Pan-Pearl River Delta (PRD) provinces/region are among the more developed ones in the Mainland. In 2003, the total foreign exchange revenues generated by tourism in the nine provinces/region reached USD 6.038 billion, accounting for 35% of the national total. Among them, Guangdong has been ranking the top position among the Mainland’s 31 provinces/regions/cities in terms of tourism foreign exchange revenues for many years. Among the other eight provinces/region, foreign exchange revenues generated by tourism in Fujian has also been always ranking in the fourth or fifth place in the Mainland; Yunnan ranking within the top ten, while Guangxi ranking around the tenth place. Except for Jiangxi and Hunan, tourism is becoming a key industry in the Pan-PRD provinces/region, with overall tourism revenue accounting for over 8% of the gross domestic product (GDP) of the respective provinces/region. In particular, the overall tourism revenue of Hainan Province accounts for as much as 15.8% of its GDP, making vital contributions to the local economic development.

<table>
<thead>
<tr>
<th></th>
<th>Foreign Exchange Revenues from Foreign Tourists (US$100 mn)</th>
<th>Revenues from Domestic Tourists (Rmb100 mn)</th>
<th>Total Revenues from Tourists (Rmb100 mn)</th>
<th>Share in GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fujian</td>
<td>9.15</td>
<td>333</td>
<td>424</td>
<td>9.1</td>
</tr>
<tr>
<td>Jiangxi</td>
<td>0.47</td>
<td>185</td>
<td>191</td>
<td>7.8</td>
</tr>
<tr>
<td>Hunan</td>
<td>0.46</td>
<td>220</td>
<td>246</td>
<td>5.7</td>
</tr>
<tr>
<td>Hainan</td>
<td>0.80</td>
<td>88</td>
<td>95</td>
<td>15.8</td>
</tr>
<tr>
<td>Guangxi</td>
<td>1.64</td>
<td>204</td>
<td>226</td>
<td>9.2</td>
</tr>
<tr>
<td>Yunnan</td>
<td>3.40</td>
<td>255</td>
<td>290</td>
<td>13.0</td>
</tr>
<tr>
<td>Guizhou</td>
<td>0.29</td>
<td>100</td>
<td>106</td>
<td>9.0</td>
</tr>
<tr>
<td>Sichuan</td>
<td>1.50</td>
<td>383</td>
<td>401</td>
<td>8.2</td>
</tr>
<tr>
<td>Guangdong</td>
<td>42.67</td>
<td>1,012</td>
<td>1,433</td>
<td>12.2</td>
</tr>
<tr>
<td>9 Provinces/Region</td>
<td>60.38</td>
<td>2,780</td>
<td>3,413</td>
<td>9.9</td>
</tr>
<tr>
<td>National</td>
<td>174.06</td>
<td>3,878</td>
<td>5,566</td>
<td>5.3</td>
</tr>
</tbody>
</table>

\(^a\)2003 Statistics; Source: China Statistical Yearbook 2004.
\(^b\)2002 Statistics; Source: China Statistical Yearbook of Regional Economy 2003.

The eight provinces/region possess abundant tourism resources. Many world-famous tourist attractions of China are located in the eight provinces/region, such as Mount Wuyishan in Fujian, Mount Lushan in Jiangxi, Zhangjiajie in Hunan, Yalong Bay in Hainan, Guilin landscape in Guangxi, Lijiang in Yunnan, Huangguoshu Waterfall in Guizhou, Jiuzhaigou in Sichuan. All these are world-class attractions and some of them are even included in the list of World Natural and Cultural Heritage. At present, the eight Pan-PRD provinces/region have a total of 72 National Scenic Spots, which account for 40% of the national total, and 82 National Natural Reserves, which account for 36% of the national total. In addition, there are 245 National Cultural Relic Protection Units, which account for 19% of
the country's total. Among them, Sichuan has as many as 15 National Scenic Spots, ranking the second highest in the whole country.

### Tourism Resources in the Pan-PRD

<table>
<thead>
<tr>
<th></th>
<th>National Scenic Spots (No.) (a)</th>
<th>National Natural Reserves (No.) (b)</th>
<th>National Cultural Relic Protection Units (No.) (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fujian</td>
<td>13</td>
<td>9</td>
<td>45</td>
</tr>
<tr>
<td>Jiangxi</td>
<td>8</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Hunan</td>
<td>8</td>
<td>8</td>
<td>34</td>
</tr>
<tr>
<td>Hainan</td>
<td>1</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Guangxi</td>
<td>12</td>
<td>14</td>
<td>32</td>
</tr>
<tr>
<td>Yunnan</td>
<td>12</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>Guizhou</td>
<td>15</td>
<td>19</td>
<td>62</td>
</tr>
<tr>
<td>Sichuan</td>
<td>15</td>
<td>19</td>
<td>62</td>
</tr>
<tr>
<td>8 provinces/region</td>
<td>72</td>
<td>82</td>
<td>245</td>
</tr>
<tr>
<td>Guangdong</td>
<td>7</td>
<td>10</td>
<td>48</td>
</tr>
<tr>
<td>National</td>
<td>178</td>
<td>230</td>
<td>1,271</td>
</tr>
</tbody>
</table>

\(a\) Data as at March 2004; source: wikepedia.com.
\(b\) Data as at March 2004; source: China Forestry Sciences Data Centre.
\(c\) Data as at June 2003; source: wikepedia.com.

Scenic spots are classified into the following levels: national, provincial, city, and county according to the conditions of their landscapes, cultural content, scientific value and environmental quality, size, and conditions for accommodating tourists. The status of a National Scenic Spot is nominated by the provincial/regional/municipal government through a scenic spot research and appraisal report, then vetted and proclaimed by the State Council. As of March 2004, there are 178 national scenic spots in the country, 16 of which are in the "World Heritage List".

A natural reserve is an area that is designated for the protection of natural features including its bio-diverse environment, geological structure and water resources. In a natural reserve, human activity is restricted to various degrees to let the environment develop naturally without human intervention. Natural reserves are also classified into national level, provincial level, city level and county level. A National Natural Reserve refers to one that is extremely valuable for its scientific, cultural or economic content, and has received the approval of the State Council. As of March 2004, there were 230 National Nature Reserves in China and they span an area of more than 88 million hectares.

Cultural Relic Protection Units refer to cultural relics with historical, artistic, and scientific values. They are under State protection in accordance with the Cultural Relic Protection Law of the People’s Republic of China. Examples of these relics are sites of revolution, memorial buildings, ancient cultural sites, ancient tombs, ancient buildings, cave temples, rock sculptures, among many others. The status of a National Cultural Relic Protection Unit needs to be approved by the State Council. As at June 2003, there were 1,271 such units.
Pan-PRD creating “barrier-free” travel zone

Tourism is one of the major areas for Pan-PRD regional cooperation. According to the Pan-PRD Regional Cooperation Framework Agreement signed on June 3, 2004, each party should support regional tourism cooperation, including research and development of strategies for regional tourism, exploration of markets, creation of a regional tourism image and promotion of a regional tourism brand. Within the Pan-PRD “9+2”, the cooperation mechanism between Guangdong, Hong Kong and Macao has been launched as early as in 1988. At present, they are able to share tourism resources and information, promote jointly, and coordinate with each other in development. The experience gained from this mechanism of cooperation can be adopted for Pan-PRD tourism cooperation. The primary task now is to create a “9+2” regional tourism body. Each Pan-PRD province/region should encourage their residents to visit other Pan-PRD constituents and play a supportive role to each other to expand bilateral tourism activities. They should induce investors to invest in tourism-related projects in the region, and jointly promote tourism in the region.

At the 16th Session of the National (Partial) Tourism Bureau Chiefs Cooperation Forum convened on July 16, 2004, directors from the tourism bureaus of fourteen key tourism cities in the Pan-PRD region and officials from the Travel Industry Council of Hong Kong gathered to discuss prospects for cooperation. During the event, a ten-clause cooperation agreement was signed in an effort to create a Pan-PRD international tourism ring and turn the region into the first “barrier-free” tourism zone in the country. The relevant measures adopted include:

1. **Opening up the tourism markets to each other**

   Each party agrees to open up their tourism market to each other and simplify tourism-related procedures to facilitate the operation of tourism enterprises and travelling arrangements of tourists from other cities in the Pan-PRD region. Each party also agrees to allow travel agencies from other cities to set up branches in their cities, and to encourage top tourism enterprises to operate chain business across the Pan-PRD region. The system requiring compulsory hiring of “local guides” for domestic travel will be abolished. This means that travel agencies in the city where the tourists come from will be able to provide their clients with one-stop tourism services ranging from organising the tour to receiving the tour at the destination cities. They no longer have to employ the services of other travel agencies at the destination cities. Scenic spots of each of the Pan-PRD provinces/region will accord travel agencies and guides from other cities equal treatment as their local counterparts. Toll charges on inter-city highway networks will be gradually lowered. The ban of tour coaches registered in other provinces/municipalities from entering cities and scenic spots will be lifted, too. In addition, the tourism department of each city has committed to provide free travel information in their respective tourist information centres.
2. Cooperating to maintain market order

Pan-PRD cities will exchange their experiences in tourism management and market monitoring regularly. The parties should keep each other informed of the relevant tourism market monitoring information, cooperate to maintain market order, and set up a system to protect the credibility of the tourism industry in the entire region. Joint efforts should be undertaken to crack down illegal practices of competition such as charging “zero or negative tour fees”, and other misconducts such as “detaining tour groups” and “abandoning tour groups”, all of which infringe the consumer rights of the tourists. Within the Pan-PRD region, an inter-city mechanism for handling major complaints shall be established, and the mechanism to handle emergency issues will also be perfected to increase the confidence of tourists visiting the “9+2” provinces/region.

“Zero or Negative Tour Fee”; “Detaining Tour Groups”; “Abandoning Tour Groups”

“Zero or negative tour fee” refers to the malpractice of some travel agencies used to attract customers. They offer free tour packages but constantly amend the itinerary, often increasing the portions of self-funded activities or coercing tourists to go shopping so that the agents can earn their fees in the form of commission. These misconducts have seriously disturbed market order and damaged the region’s reputation.

“Detaining tour groups” refers to the malpractice of a receiving travel agency when it is in dispute with the organising travel agency over tour fees. The receiving travel agency resorts to detaining the tourists as “hostages” to force the organising agency to settle payment. “Abandoning tour groups” happens when the organising travel agency deserts the tour group because it has failed to collect sufficient tour fees to arrange accommodation for the tourists. Both malpractices seriously damage the legitimate rights of the tourists and bring about negative social impact.

3. Curb sub-standard and duplicate developments

The nine provinces/region have included tourism in the Pan-PRD long-term development plan. In an endeavour to create a strong Pan-PRD regional tourism brand, they have agreed to cooperate with and support each other when planning and developing large-scale tourism projects. This would help avoid sub-standard and duplicate developments, as well as cut-throat competition. They have also agreed to maximise their complementarities. Based on these commitments, each party has agreed on the development direction of the tourism industry of each Pan-PRD city. The eastern coastal cities will focus on developing “metropolitan tourism”, “exhibition tourism”, and “business tourism”. The western cities, however, will emphasise on cultivating “ecological tourism”, “ethnographical tourism”, and “historic and cultural tourism”.

13
Guangdong and Guangxi take the lead in launching a “barrier-free” travel zone

According to the Pan-PRD agreement, a “barrier-free” travel zone will be pilot-tested in the nine Pan-PRD provinces/region, before being gradually extended to Hong Kong and Macao. On June 23, 2004, Guangdong and Guangxi launched the first “barrier-free” travel zone by signing the “Agreement on Guangdong and Guangxi’s Tourism Cooperation and Exchange”. According to this agreement, the two provinces will establish a “barrier-free” travel zone beginning January 1, 2005. From then on, Guangdong’s travel agencies can set up their branches in Guangxi. Guangdong tourists joining a tour to Guangxi can enjoy one-stop “Cantonese-style Service” provided solely by Guangdong’s travel agencies rather than being transferred to local Guangxi travel agencies. Meanwhile, Guangxi will promote to Guangdong tourists five key tour packages featuring Dr. Sun Yat-sen’s Northern Expedition Footprints (Guangzhou-Wuzhou-Hezhou-Guilin), religious history and culture of south-eastern Guangxi (Wuzhou-Guigang-Yulin), ethnic culture of Sino-Vietnamese border area (Nanning-Chongzuo-Baise), central Guangxi’s ethnic culture (Guilin-Liuzhou-Hechi) and coastal cities along Beibu Bay (Beihai-Qinzhou-Fangchenggang).

On September 30, 2004, thirteen cities of Fujian, Guangdong and Jiangxi provinces (including Xiamen, Quanzhou, Zhangzhou, Sanming, Longyan of Fujian; Shantou, Meizhou, Chaozhou, Jieyang, Shanwei of Guangdong; Yingtan, Fuzhou, and Ganzhou of Jiangxi) signed an agreement on tourism exchange and cooperation. They agreed that from January 1, 2005, the thirteen cities will set up a “barrier-free” travel zone to further open up their tourism markets to each other, gradually eliminate tourism barriers, jointly explore international and domestic tourist source markets, and jointly promote their tourism projects. They also agreed to jointly issue a tourist guide for the thirteen cities of the three provinces and provide mutual training and co-training to their tour guides. They will coordinate with each other in setting the prices of hotel accommodation and entrance tickets to scenic spots within the region. The prices will be standardised for tours from the other cities at levels same as those of local tours.

Guangdong to play the bridging role

Apart from Guangxi, Fujian, and Jiangxi, Guangdong has also signed an agreement with Hunan and Guizhou to establish “barrier-free” travel zone. Analysts from the tourism industry regard Guangdong as the province with the most developed tourism industry in the Pan-PRD. It is thus expected to play a bridging role in tourism cooperation in the “9+2” region in the future. On one hand, Guangdong can bring tourists from Hong Kong and Macao to neighbouring provinces/region. On the other hand, it can facilitate tourists from the other eight provinces/region travelling in Guangdong to further visit Hong Kong and Macao.
The “Individual Travel Scheme” was launched on July 28, 2003. It is a policy that allows the Mainland’s urban residents from selected cities to apply for individual visas from the Public Security Department to visit Hong Kong. Initially, the policy was only implemented in the cities of Dongguan, Foshan, Zhongshan, and Jiangmen in Guangdong. One month later, four more cities -- Guangzhou, Shenzhen, Zhuhai and Huizhou -- were added on the list. In September 2003, two municipalities, Beijing and Shanghai, were also given green light to implement the policy. In January 2004, the cities of Shantou, Chaozhou, Meizhou, Zhaoqing, Qingyuan, and Yunfu of the Guangdong province were subsequently included. During the May Day holiday of 2004, the seven cities of Shanwei, Maoming, Zhanjiang, Yanjiang, Shaoguan, Jieyang, and Heyuan also received approval. From July 1, 2004, the “Individual Travel Scheme” was extended from Guangdong and the two municipalities of Beijing and Shanghai to nine cities in three other provinces, including Nanjing, Suzhou and Wuxi of the Jiangsu province, Hangzhou, Ningbo and Taizhou of the Zhejiang province, and Fuzhou, Xiamen and Quanzhou of the Fujian province. In all, there are 15 million qualified “Individual Travel Scheme” applicants in these 32 cities. At present, Nanchang city of the Jiangxi province, Changsha city of the Hunan province and Nanning city of the Guangxi autonomous region, all of which are from the Pan-PRD region, are seeking the Central Government’s permission to be included in the scheme.

Hong Kong should be at the frontline

In the regional tourism cooperation of the Pan-PRD “9+2”, Hong Kong, as a hub for Asia’s trade and tourism, should not only lure tourists from Guangdong and the other eight provinces/region to tour the city, but also play a frontline role to induce more international tourists to travel onwards to Pan-PRD areas after visiting Hong Kong, and help promote the tourism industries of the Pan-PRD to go international.

Hereafter, when organising sightseeing and shopping tours in Hong Kong for overseas tourists, Hong Kong’s tourism industry could introduce to them the unique tourist destinations in the other parts of the Pan-PRD, thereby expanding the scope of their businesses. Aside from these, information exchange with the eight Pan-PRD provinces/region should also be strengthened. Modelling on the successful Guangdong-Hong Kong-Macao tourism information platform, the development of similar interlinked and interactive tourism websites for the other provinces/region should be stepped up to facilitate sharing of tourism resources. At present, the first stage of tourism information platform project for Guangdong, Hong Kong and Macao is running well. The second and third stages of the project are under construction. The platform is now providing websites in simplified Chinese, traditional Chinese, English, Japanese, and Korean. The website is linked to 112 other websites and has recorded 30 million visits to date.
Nine Provinces/Region Consolidating Tourism Resources

The tourism resources of each of the nine Pan-PRD provinces/region are unique. The southeast boasts of scenic views of seas and beaches, mountains and rivers; while the southwest is rich in eco-landscapes and ethnic features. On the basis of regional cooperation, each of these provinces/region should strengthen tourism cooperation with its neighbouring provinces/region. They should pool together their comparative advantages, jointly cultivate tourism products, and promote their tourism industries in both the domestic and overseas markets. The following cites a number of concrete cases in which tourism resources across provinces/region are consolidated. They are useful examples for Hong Kong and the nine provinces/region to jointly promote the “9+2” regional tourism routes and organise foreign tourists to tour the entire Pan-PRD region.

**Guangdong tour: "good neighbours visit each other, generating tens of thousands of visitors"**

In implementing the strategy of “tourism goes first in Pan-PRD regional cooperation” proposed by the Guangdong Party Committee and Provincial Government, the Guangdong Tourism Bureau has started consolidating and rearranging the tourism routes in the nine provinces/region of the Pan-PRD. A new tourism theme called “good neighbours visiting each other, generating tens of thousands of visitors” emerged, on the basis of which Guangdong’s travel agencies have provided nearly 100 new Pan-PRD tourism routes, including “Green Ecological Tour”, “Red Tour” and “Blue Leisure Tour” to places in the Guangxi, Jiangxi, and Guizhou provinces.

The “Green Ecological Tour” includes a two-day trip to Hezhou in Guangxi, which features quality wine making, and Mount Gupo Scenic Spot; a three-day trip to Hezhou’s Mount Gupo Scenic Spot and the old town of Huangyao in Guangxi; and a three-day trip to the source of Dongjiang River in Mount Sanba of Dingnan in Jiangxi. The “Red Tour” includes a four-day trip to Mount Jinggang in Jiangxi; a four-day trip to Nanchang, Lushan and Gongqing City; and a four-day trip to Zunyi and Huangguoshu Waterfalls in Guizhou. The “Blue Leisure Tour” includes a three-day trip to Huguang Rock in Zhangjiang of Guangdong; and a three-day trip to Yintan Beach in Beihai of Guangxi.

“Border Culture and Ecology Tour” jointly developed by the provinces of Fujian, Zhejiang, Jiangxi, and Anhui

To realise the concept of “movement of Zhejiang tourism towards the west, and Fujian, Jiangxi and Anhui tourism towards the east”, the provinces of Fujian and Jiangxi in Pan-PRD, together with neighbouring provinces such as Zhejiang and Anhui, signed a “Regional Tourism Cooperation Manifesto for Fujian, Zhejiang, Jiangxi and Anhui (Wuyi Mountain)”, which covers four provinces and fourteen cities. The manifesto requires all 14 cities to adopt
effective measures to organise tourism promotion activities to expand each other’s tourist source markets. The 14 partner cities include Fuzhou, Nanping, Ningde, Sanming, Putian of Fujian, Wenzhou of Zhejiang, Nanchang, Jiujiang, Shangrao, Fuzhou (撫州), Jingdezhen, Yingtan of Jiangxi, and Anqing and Huangshan of Anhui.

The 14 cities have a common feature -- rich tourism resources. For instance, there are Mount Qingyun in Fuzhou of Fujian province, Mount Yandan in Wenzhou of Zhejiang province, Mount Lushan in Jiujiang of Jiangxi province, and Mount Huangshan in Anhui province. A “Border Culture and Ecology Tour”, featuring national ecology and ethnic culture is jointly developed by the 14 cities in Fujian, Zhejiang, Jiangxi, and Anhui Provinces. In addition, an increasingly convenient traffic network is being developed, shortening the distance between the four provinces. Construction of the Wenzhou-Fuzhou railway has commenced, while that of the Beijing-Fuzhou highway has been completed. Both will link most of the scenic spots within the fourteen cities together. From now on, it takes just four hours to travel from Fuzhou to Jiangxi via expressways. Previously, it took nearly ten hours to travel from Fuzhou to Nanchang of Jiangxi by train. The four provinces will optimise the combination of their most attractive tourism resources according to their geographical locations along the traffic network. They will complement each other by sharing tourist markets and tourism resources.

**Long-haul sightseeing tours in the three cities and six south-central provinces/region**

On September 19, 2004, six south-central provinces/region and two cities within the Pan-PRD, including the provinces of Guangdong, Hunan, Hainan, Guangxi and the cities of Guangzhou and Shenzhen plus three non-Pan-PRD entities - the provinces of Hubei and Henan and the city of Wuhan, signed an Arrangement for South-Central Region to Strengthen Tourism Cooperation. They agreed to jointly plan and design a series of long-haul and high-class tours featuring the unique features of tourism in all partner provinces/cities. For example, the “Sightseeing Tour” will not only promote the rich historical and cultural features and famous mountains and rivers in the provinces of Hunan, Hubei and Henan provinces, but will also introduce to tourists the exemplary achievements of Guangdong’s efforts in reforming and opening-up. Meanwhile, the “Holiday Tour” will promote the south-central regional tour featuring Hainan, fully utilising its unique advantage as China’s only tropical island resort.

**Top-class tourism routes in Guangdong and Guangxi**

The tourism resources of Guangdong and Guangxi can be complementary. Guangdong is close to Hong Kong and Macao, and is an important port to the external world. Guangxi borders with the ASEAN, and is a “bridgehead” for China to reach the ASEAN countries. The two parties are unique in the process of their opening-up. Guangdong’s tourism development focuses on business and commerce, as well as home-coming trips by overseas
Chinese. On the other hand, Guangxi features picturesque mountains and rivers, as well as rich ethnic cultures. The Guilin mountains and rivers, in particular, are the most attractive tourism destinations for domestic as well as foreign tourists. At present, the Guangdong and Guangxi are jointly developing holiday tourism items based on their various complementarities. Their cooperation yields bright prospects for the tourism industry.

Recently, Guangdong and Guangxi have consolidated tourism resources in the cities of Guilin, Hezhou, Wuzhou, Foshan and Zhaoqing, in order to create new top-class tour packages. In the next stage, the two provinces will further integrate the tourism resources in eight other cities including Maoming, Yangjiang, Yunfu, Zhanjiang, Beihai, and Fangcheng to create more characteristic tour packages that feature border landscapes, coastal landscapes, and ethnic cultures. As Pan-PRD tourism cooperation moved forward and agreements between Guangdong-Guangxi tourism cooperation are implemented one after another, more jointly developed tourism products will emerge to meet market demand.

Tour routes in twelve cities in Guizhou, Guilin, Hunan, Chongqing and the neighbouring areas

There are numerous high-quality tourism resources in the Guizhou province. However, most of them are located at border areas that are far from the provincial capital of Guiyang. For example, the road distance between the Chishui county centre and the Luzhou city of Sichuan province is only 78 kilometres. The county centre is neither far from Yibin, Zigong, and Neijiang, nor more than 243 kilometres away from Chongqing by waterway. Also, it is easier to go to the Great Valley of Maling River from Kunming of Yunnan, to Liping from Sanjiang of Guangxi, and to Tongren from Zhangjiajie of Hunan. If these tourism resources of Guizhou can be connected with the neighbouring tourist source markets, there would be huge opportunities for tourism market development.

At present, Tongren of Guizhou and Xiangxi of Hunan are joining their hands to create a new tourism route linking Zhangjiajie, Mount Phoenix, and Mount Fanjing. Recently, twelve cities (of prefectures, counties and districts) including Tongren and Qindongnan of the Guizhou province, Huaihua, Shaoyang, Yongzhou, Zhangjiajie and Xiangxi of Hunan, Guilin, Laibin and Liuzhou of Guangxi, and Qianjiang and Xiushan of Chongqing, have signed a “Framework Agreement on Strengthening Tourism Cooperation among Guizhou, Guangxi, Hunan, Chongqing and Neighbouring Areas”. The agreement aims to enhance cooperation on promotion of tourism routes and exploration of projects, setting up green tourism channels and allowing all travel agencies to arrange tours directly visiting the scenic spots.

Ecology tourism zone in Sichuan, Yunnan and Tibet

According to the overall regional development strategy, Sichuan will take part in regional tourism cooperation with its neighbouring provinces/region and cities. It has been
negotiating with Yunnan and Tibet to set up an “Ecology Tourism Zone featuring Shangri-La in China’s Sichuan, Yunnan and Tibet”, create the tourism routes of “Tour of Shangri-La in Sichuan, Yunnan and Tibet”, “Tea Trade Caravan Road Tour”, and “Southern Silk Road Tour”. The Sichuan province also proposed to join efforts with Guizhou and Chongqing to set up a “Golden Tourism Triangle”, join efforts with Shaanxi to establish a “Sichuan-Shaanxi Tourism Cooperation Zone”, and create a “Cultural Tour into the Three Kingdoms”. These tours will enhance the development of tourism products and will join efforts in promoting these in the neighbouring regions.
Fujian Accelerating Tourism Cooperation Across the Strait

The exchange between Fujian and Taiwan dates back to the ancient time. 80% of the Taiwanese are descendants of people from Fujian, many Taiwan buildings feature southern Fujian architectural designs, and many Taiwanese snacks originate from Xiamen in Fujian. For many years, the development of cross-strait relations has always been a priority in China. In January 1979, the first batch of resting stations for Taiwanese fishermen were established in Pingtan, Huian, Puxia and Dongshan County. In August 1994, Xiamen Port pioneered in processing visas for Taiwanese compatriots entering the Mainland. In May 1998, the first general merchandise fair catering to the Taiwanese was set up in Xiamen. Since the Taiwan authorities allowed the Taiwanese to visit their relatives in the Mainland, the number of visitor arrivals from Taiwan to Fujian has accumulated to 5.27 million, the highest in the Mainland and accounting for 17.5% of the total visitor arrivals from Taiwan to the Mainland. In January-October 2004, tourists from Taiwan to Fujian kept rising; the Province recorded 530,000 visitor arrivals from Taiwan, representing a 15.7% rise over the previous year and accounting for 30.9% of the total number of visitor arrivals in Fujian.

Currently, the Fujian Tourism Bureau has formulated a plan for developing tourism across the Taiwan Strait and explicitly indicated intentions to speed up the construction of a Fujian-Taiwan tourism zone, aiming to form a “five zones and two belts” tourism lay-out. The following measures will be adopted towards this end: firstly, establish a tourism lay-out with Fuzhou-Xiamen as the axis and complemented with the scenic spots of Meizhou Island, Dongshan Island, Pingtan Island, the ancient towns of Congwu, Sansha at Puxia and Mount Wuyishan; secondly, develop ethnic cultural and tourism products like Mazu, Chenjinggu and Guandi, which are familiar to the Taiwanese, and expand the channels for ethnic cultural interchanges with Taiwan; thirdly, launch a series of high grade tourism projects to attract investment from Taiwan and accelerate the construction of sightseeing areas and resorts in Xiamen, Mount Wuyishan and Meizhou Island; and fourthly, arrange tours to Kinmen and Matsu for Fujian residents, aiming to eventually extend to the other parts of Taiwan.

Five Zones and Two Belts

The overall plan for Fujian’s tourism industry is designed on the basis of available tourism resources and market demand, to reasonably utilise the resources and optimise the tourism product mix. In accordance with the regional geological conditions, the features of local tourism resources and the conditions for developing tourism, Fujian will thoroughly plan and develop the following: a golden triangle zone for commerce, trade and tourism in the coastal area in southern Fujian; a green triangle ecology and cultural tourism zone in northern Fujian; a business and leisure cultural tourism zone in central Fujian; an ethnic custom tourism zone in eastern Fujian; a Hakka cultural and "Red Tour” zone in western Fujian. All these will contribute to the formation of a blue eco-tourism belt in the eastern coastal region and a green eco-tourism belt in the western region.
“Kinmen tour” turns a new page for cross-strait tourism cooperation

Since January 1, 2004, the Taiwan authorities have opened the Kinmen-Xiamen and Matsu-Fuzhou sea routes under the so-called “Mini-Three-Links” arrangement. Between January-October 2004, 286,277 visitor arrivals from Taiwan have been recorded taking these two routes. However, due to the restrictions imposed by the Taiwan authorities on Mainland residents to visit Kinmen and Matsu, the number of Mainland tourists visiting Kinmen and Matsu has been very limited. According to regulations, if residents of the Mainland want to go to Kinmen and Xiamen for tour, visiting relatives or business purposes, they must apply via their relatives or travel agencies in Taiwan for permission to enter; and there is a quota set on the number of Mainland visitor arrivals to Kinmen and Matsu. By end-October, 2004, only 16,791 Mainland visitors to Kinmen and Matsu were recorded. The purposes of their visits were mainly seeing relatives, seeking medical attention or attending family gatherings. These statistics indicate that there is a serious imbalance in the bilateral cross-strait tourist interchange.

Tourist Interchange with Kinmen and Matsu under the “Mini Three-Links”

<table>
<thead>
<tr>
<th>Year</th>
<th>Taiwanese Visiting the Mainland (Number of Visits)</th>
<th>Mainland Residents Visiting Taiwan (Number of Visits)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Kinmen-Xiamen</td>
<td>Matsu-Fuzhou</td>
</tr>
<tr>
<td>2001</td>
<td>9,738</td>
<td>26,151</td>
</tr>
<tr>
<td>2002</td>
<td>1,991</td>
<td>1,936</td>
</tr>
<tr>
<td>2003</td>
<td>951</td>
<td>1,039</td>
</tr>
<tr>
<td>2004</td>
<td>90</td>
<td>319</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>272,389</td>
</tr>
</tbody>
</table>

Data source: Taiwan Mainland Affairs Council

In order to promote bilateral tourist interchange across the Strait, several multilateral consultations were conducted between relevant authorities, parties and organisations across the Taiwan Strait for more than three years, and Fujian residents are now allowed to tour Kinmen. On December 7, the first three tour groups, with a total of 55 tourists, sailed directly from Xiamen’s Heping Dock to Kinmen’s Shuitou Dock, marking a new stage of tourism cooperation across the Taiwan Strait. Thereafter, each day, 600 residents from Fujian will tour Kinmen, and another 100 residents will travel to Kinmen on business.

At the time the “Kinmen Tour” was started, the Fujian Tourism Bureau formulated a set of “Suggestions on the Administration of Fujian Residents Touring Kinmen, Matsu and Penghu”. According to the “Suggestions”, Fujian residents must register with a travel agency designated to organise the tours, go through the necessary procedures required by the police, and tour Kinmen with a valid Pass for Mainland Residents Travelling to Taiwan Province and a tourist visa. Tour groups are required to depart the Mainland from Heping.
Dock of Xiamen Port, Mawei Passenger Dock of Fuzhou Port, the Passenger Dock at the Quanzhou Port, and Meizhou Island Passenger Dock of Putian Port and re-enter the Mainland in “whole group”. As the route of the Kinmen Tour is rather sensitive, the Mainland authorities hope there will not be any case of overstaying Mainland tourists in Kinmen. As such, the Kinmen Tour will likely remain in trial operation and be restricted to the form of tour groups for some time.

With the “Kinmen Tour” opened up, the “Matsu Tour” will be the next hot item for cross-strait tourism development. The “Matsu Tour” has yet to begin and it calls for cooperation among all travel sectors to make this operational as soon as possible. In addition, the “Suggestions” also proposed the opening up of the “Penghu Tour”. According to the Tourism Administration of Fujian, relevant Central Government authorities have given permission for Fujian residents to tour the Penghu area. It is now up to the Taiwan authorities to respond. However, it is worth noting that Penghu is still excluded from the scope of the “Mini Three-Links”. According to Taiwan’s Mainland Affairs Council, the mechanism used for processing entry and exit of Taiwanese residents from Penghu to visit the Mainland will differ from the existing practices in Kinmen and Matsu. Residents of Taiwan must still go to Kinmen and Matsu by air, before travelling to the Mainland by ship. It appears that it will take some more time before the residents of Fujian are permitted to tour the Penghu area.

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**Mini Three-Links**

“Mini Three-Links” refer to the arrangement initiated by the Taiwan authorities for opening up the sea routes between Kinmen and Xiamen, and between Matsu and Fuzhou. In principle, this is confined only to direct sailing from Kinmen to Xiamen and from Matsu to Fuzhou. Even transhipment is restricted. This means ships from the Island of Taiwan or Penghu are not allowed to proceed to Mainland even if they stop over at Kinmen or Matsu. For individuals, only those who have registered as permanent residents of Kinmen and Matsu for a duration of at least six months can apply to tour the Mainland directly for sightseeing and business purposes. Regarding financial transactions, they should be confined to indirect remittances. The amount of remittance is limited to USD100,000. Regarding postal services, mails between Kinmen, Matsu and the Mainland can be posted directly, but those between the Taiwan Island and the Mainland shall not be transferred through Kinmen and Matsu.

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**Mutual benefits from Fujian-Taiwan tourism development**

Since the commencement of the “Kinmen Tour”, the 34 million population of Fujian has become the largest and nearest pool of tourists for Kinmen. As such, Kinmen can expect more tourists from Fujian in the near future, helping to promote the development of Kinmen’s
tourist industry, benefiting other relevant industries and the economy as a whole. In order to orient to broader exchanges across the Strait, the local government of Kinmen is striving to accelerate infrastructure construction. A new customs clearance building and pier will be put into use in June 2005, which will more than double its existing capacity to receive visitors from the current four passenger ships, four scheduled flights and eight voyages a day, contributing to smoother and more frequent interchange across the Strait. Mr. Yang Zhongquan, Vice County Magistrate of Kinmen, pointed out that his government is devoting efforts to enhancing the environment and service quality of its tourism sector to facilitate the operation of the “Kinmen Tour”. He also aims to open up further to raise the number of visitor arrivals to Kinmen up from the current 600 visitors per day.

Allowing Fujian residents to tour Kinmen does not only boost the economic prosperity of Kinmen, it also helps Xiamen, just opposite to Kinmen, expand its tourism market and improve its attractiveness to tourists across the country. People from the industry hold the view that if the Mainland allows the residents of other provinces to tour Kinmen through Xiamen, greater business opportunities will be brought to Xiamen. Currently, Xiamen is speeding up building a brand name for its exclusive “Xiamen-Kinmen Tour” by making Xiamen a terminal and point of transit for tourists travelling to Fujian and Taiwan, forming a ring of tourism cooperation between Fujian and Taiwan with Xiamen at the centre. Scholars across the Taiwan Strait hold the view that because of separation for half-a-century, people from both sides of the Taiwan Strait find the opposite side a mysterious and interesting travel destination. Kinmen is teemed with the natural landscape, human and cultural relics and other tourism resources. If Xiamen and Kinmen can together form a large scenic spot, it will create mutual benefits and a win-win situation for both sides.

Mr. Lin Bingyong, Vice-chairman of Fujian Association of Tourism, maintains that on the basis of “Kinmen Tour”, the room for cross-strait tourism cooperation is vast and the prospect is promising. So far, Taiwan has not allowed non-Kinmen residents to sail directly to the Mainland via Kinmen. Mr. Lin appealed to the Taiwan authorities to allow all the residents of Taiwan to travel to Fujian and the other parts of the Mainland through Kinmen. This will not only meet the needs of Taiwanese tourists and promote the development of Fujian tourism, but also will also attract tourists from other provinces to Taiwan through Xiamen and Kinmen, thus achieving mutual benefits and a win-win situation for cross-strait tourism.
**Jiangxi Constructing a Tourism Backyard for Coastal Regions**

Located in the south bank of the lower mid-stream of the Yangtze River, Jiangxi is the common hinterland for the Yangtze River Delta\(^1\), Pearl River Delta\(^2\) and southeast area of Fujian\(^3\). At the Mount Jinggangshan Plenary Session held in August 2001 by the Jiangxi Provincial Party Committee, the strategy of “three bases and one backyard” was established. “Three bases” refer to developing Jiangxi into a base with well-established industrial chains by receiving relocated industries from the coastal regions; a base for producing and processing high quality agricultural products and by-products; and a base for exporting labour resources to key coastal cities. Meanwhile “one backyard” means turning Jiangxi into a backyard for tourism and leisure activities for the coastal cities and provinces such as Shanghai, Jiangsu, Zhejiang, Fujian, and Guangdong. The orientation of its tourism industry has been set at leisure, and mid- and short-distance tours.

In China, the concept of tourism backyard is not new. A number of places have put forward similar slogans. For example, Hangzhou is the backyard of Shanghai, while Qingyuan is the backyard of Guangzhou. However, all of these backyards are confined to serving a certain city and they are mostly located in the city outskirt. The strategic concept proposed by Jiangxi’s Party Committee aims at building the Jiangxi province into a travel and leisure backyard for the entire developed coastal region. The development plan covers the whole province rather than specific parts. Geographically, the Yangtze River Delta is in the northeast and east of Jiangxi, Fujian is in the southeast and the Pearl River Delta is in the southeast and south. This means that the whole province is within the reach of the regional markets of the Yangtze River Delta, the Pearl River Delta and the Fujian province. Compared with other provinces in the nation, Jiangxi is better situated and can cover a wider scope when developing as a tourism backyard.

**Linking tourist source markets of the Yangtze River Delta, Pearl River Delta and Fujian Regions**

The Yangtze River Delta, the Pearl River Delta and the Fujian province, all bordering Jiangxi, are the most prosperous and fastest growing areas of China. At present there are more than 100 million permanent residents in the three regions combined, over half of which are urban residents. Except a few areas, the annual disposable income of urban residents in these regions is over Rmb9,000. Therefore, their consumption power is relatively strong and can generally afford to take medium-haul tour routes. With an estimated tourism consumption power of over Rmb20 billion, they form the largest tourist market for the whole country. For a long period of time, the development of Jiangxi’s tourism industry should

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2. Pearl River Delta includes 14 cities, counties and districts of Guangzhou, Shenzhen, Foshan, Zhuhai, Dongguan, Zhongshan, Jiangmen, Huizhou (city centre, Huiyang, Huidong, and Boluo), Zhaoqing (city centre, Gaoyao and Sihui).
3. The southeast Min River area includes five coastal cities of Fuzhou, Xiamen, Quanzhou, Zhangzhou and Putian.
focus on these three regions. During the golden week of May 2004, after consultations among the tourism bureaus of Jiangxi, Guangdong and Shenzhen, a tour of “Visiting Jiangxi by One Hundred Self-Driving Cars from Shenzhen” was launched. This tour features “Connecting Pearl River Delta, Enjoying Backyard Tourism”, with a motorcade passing through six cities from south to north, completing a round journey that spans 2,600 kilometres. The tour is unique in terms of the scale and distance involved.

According to the analysis of the Development Research Centre of the Provincial Government of Jiangxi, Jiangxi has many advantages in linking up the Yangtze River Delta, Pearl River Delta and Fujian regions to develop as a backyard for tourism and leisure activities for these coastal regions.

1. Geographical advantage

A backyard is a place frequented by people. It should therefore be near and accessible. Jiangxi borders five provinces/municipality -- Shanghai, Jiangsu, Zhejiang, Fujian and Guangdong, and is traversed with transportation networks including Beijing-Kowloon Railway, Zhejiang-Jiangxi Railway, Shanghai-Ruijin Expressway and Jiangxi-Guangdong Expressway, linking it up closely with Shanghai and Guangzhou. It takes only half a day to travel from the main cities of the Yangtze River Delta, Pearl River Delta and Fujian regions to the cities of Jiangxi. This accessible location offers a feasible choice to tourism and leisure activities for affluent residents in the south-eastern coastal areas.

2. Resource diversity

The development of tourism resources in the Jiangxi province mainly focuses on eco-environment and landscape, which is different from the tourism resources in the coastal developed regions. For instance, tourists visit Shanghai and Guangdong mainly for a metropolitan feel and shopping activities. Jiangsu and Zhejiang are famous for its water towns, humanities and cultural features, while the south-eastern part of Fujian has beautiful landscapes of seas and beaches. The comfortable environment and picturesque landscape of Jiangxi can meet the demand of residents along coastal cities for getting close to the nature and its habitats, and for experiencing country life.

3. Low prices

Compared with the developed coastal areas, the labour cost of Jiangxi is cheap. The disposable income of urban residents in Jiangxi is only 30-70% of that of the coastal residents. The relatively low prices charged on food, beverages and entertainment make it a good choice for residents from developed coastal areas to visit Jiangxi for tourism and leisure activities.
Six distinctive tourism products have taken shape

In order to implement the strategy of “Linking the Yangtze River Delta, Pearl River Delta and Fujian Regions and Building a Tourism Backyard”, Jiangxi is striving to change the environment, improve the transportation, develop the products, build the infrastructure and perfect the accommodation and dining facilities of the scenic spots. At the same time, the province is attaching great importance to cultural exploration, characteristic operation, branding, service innovation, and quality control to create top-class tourism products. With the goal to build a tourism backyard for the coastal regions, Jiangxi is implementing its tourism brand strategy, and accelerating integration and development of tourism resources. As a result of these efforts, six distinctive tourism products featuring spectacular landscape, red cradle, ceramic art, Taoism culture, special ecology and Hakka culture have come into shape.

1. Jiangxi’s spectacular landscape includes the scenery of mountains and rivers that boast of breathtaking views, especially at the mountains of Lushan, Jinggangshan, Longhushan, Sanqingshan and at Poyang Lake (also known as “four mountains and one lake”). Among them, the world-renowned Mount Lushan is the top tourist destination of Jiangxi. It is touted the “backyard” of all “backyards”. Jiangxi is currently striving to turn Mount Lushan into an “international leisure and holiday resort”.

2. Located in the southwest of Jiangxi Province, Mount Jinggangshan is a well-known revolutionary holy land. This is where the Chinese Communist Party (CCP) started revolution during the 1920s and 1930s. Deeply involved in China’s revolutionary movement, Jiangxi Province has witnessed the August 1st Nanchang Uprising, the establishment of the first temporary central government of the Chinese Soviet republic in Ruijin, the first step of the well known 25,000-kilometre long march at southern Jiangxi taken by the Chinese Workers and Peasants Red Army. Efforts are currently being undertaken to build tourism brands such as “Mount Jinggangshan, the first red mountain in China” and “Ruijin, the former red capital of China”.

3. Jingdezhen Town enjoys great worldwide reputation as millennium-old porcelain capital. “Get to know CHINA (another English name for porcelain) here”, a slogan introduced by Jiangxi to attract international tourists, reflects its important role in Chinese ceramic arts. It is thus a popular site for fans of ceramic crafts from all parts of the world. “The first capital of world ceramic art” is a tourism brand that Jiangxi is developing.

4. Jiangxi is the birthplace of Chinese Taoism. It is generally acknowledged that Mount Longhushan is the origin of Taoism, where the founder of Tianshi Taoism, Master Zhangdaoling, made pills of immortality, preached, and founded the religion. Tianshi Taoism has been passed on for more than 60 generations in nearly 2,000 years. A
5. Jiangxi is blessed with a favourable ecological environment. The water of Dongjiang River, which is the source of water for Hong Kong, originates from Sanbai Mountain in the Anyuan county of southern Jiangxi Province and Yajibo Mountain in Xunwu County. In June 2004, at the 11th Travel Fair in China held in Hangzhou, Jiangxi introduced a series of new tourist products and travelling routes that features mainly eco-tours including Ganzhou calabash village. It became the focus of the fair and attracted many visitors.

6. Located at Ganjiang River of Jiangxi and the source of Dongjiang River, Ganzhou is by far the earliest living place as well as the site with most intact ethnic culture in the world. It has a population of more than 8.3 million and over 90% of them are of Hakka ethnic origin. In Ganzhou, not only can one hear the native accent of Hakka and see typical Hakka houses bearing styles of different eras, one can also enjoy traditional cuisine and see ethnic cultural items. All of these historical Hakka cultures have aroused the interests of experts, scholars and Hakka descendants, helping it to become an emerging tourist resource.

Since the development of a “backyard” was proposed, the tourism industry of Jiangxi has accelerated its pace of opening up, in a bid to attract more capital to invest in its tourism industry. In 2003, Jiangxi signed 135 tourism-related projects, involving a total investment of Rmb7,554 million and an actually utilised investment of Rmb800 million. Hong Kong’s tourism industry has rich experience in the development and management of tourism projects and services, as well as in marketing and promotion. Jiangxi should take advantage of Hong Kong’s strengths to establish itself as a tourism backyard, cooperate with relevant parties to improve the environment, build the infrastructure and facilities, promote the products, etc., so as to upgrade the distinct tourism products to lure tourists from the Yangtze River Delta, Pearl River Delta and South-eastern Fujian regions.
The Rise of “Agricultural Tour” in Hunan

Hunan is a province with rich tourism resources. In recent years, the incorporation of scientific methods in planning and the introduction of market-led mechanisms into the industry have helped Hunan tourism to develop more rapidly, contributing substantially to Hunan’s economic and social development. According to preliminarily estimates, the tourism receipts of Hunan province in 2004 reached RMB 37.07 billion, increasing 26.1% over the previous year. The primary goal of Hunan tourism in 2005 is to further speed up the pace of construction, improve the quality of tourism products, establish a distinct tourism brand, further open up the market, and continue to focus on the development of three product brands: “Natural Scenery Tour” represented by Zhangjiajie; “Red Tour” represented by Shaoshan; “Historical and Humanity Tour” represented by the tomb of Emperor Yan. In addition, it will continue to work towards achieving the “three development targets” of industrialisation, urbanisation and agricultural industrialisation. Particularly in agricultural industrialisation, Hunan will give special emphasis on developing agricultural tours, which feature both sightseeing and leisure tours of farms in its city outskirts.

“Three Development Targets”

In 2001, the Eighth Party Congress of Hunan proposed the development targets of “industrialisation, urbanisation and agricultural industrialisation” to increase productivity, and successfully transform Hunan from an agricultural province to an economically-developed province. The main objective is to maximise the province’s comparative advantages in the agricultural sector to promote “agricultural industrialisation”. Hunan will also explore its industrial development potential. Although Hunan’s industrialisation came later than the coastal provinces, it is in a good position at this time to receive the industries relocating out from the coastal areas due to rising costs. This will help spur Hunan’s industrialisation. The province will further promote the economic integration of Changsha-Zhuzhou-Xiangtan to achieve regional competitiveness. More will also be done to maximise Hunan competitiveness in the cultural industries and spur the development of more cultural enterprises. Meanwhile, Hunan will promote informatisation-driven industrialisation which will in turn promote agricultural industrialisation, urbanisation and the development of tertiary industries.

Agricultural tours seeing positive development trends

As a large agricultural province, Hunan has extremely rich agricultural resources. The variety in seasons, farm crops and folklore, etc. all provide rich resources for the province to develop agricultural tours, which feature mainly the experience of living in farms, with tourists invited to “farm meals” and “farm houses”, to experience “rural work” and enjoy “rural forms of recreation”. They take two main forms: one is guesthouse-type, mainly
located at the city outskirts and places close to scenic spots, offering board and lodging to visitors; the other is holiday-style package, offering visitors many rural activities of leisure and entertainment, on top of meeting visitors’ basic needs for board and lodging.

Agricultural tours in Hunan have been developing fairly rapidly in the recent years. Take the city of Yiyang for example, it has already developed a series of tourism attractions including “Farm Tour of the Bamboo Village,” “Farm Tour of the Lake Village,” “Farm Tour of the Flower Village,” “Farm Tour of the Fishing Village,” and “Farm Tour of the Firewood Village.” Among these, the “Farm Tour of the Bamboo Village” has gain special prominence with its theme feature of “visiting the bamboo village and getting close to the beautiful nature”. Visitors enjoy bamboo feasts, use bamboo furniture and enjoy the view of a “sea” of bamboo. This way, visitors are best exposed to the real life in a bamboo village. Agricultural tours play an evident role in diverting visitors, reducing the pressure on famous scenic spots and improving the accommodation capacity of Hunan during holidays, particularly in the “Golden Weeks”.

Compared with other tourist projects, agricultural tours are competitive in the following aspects:

1. Low price

   Most activities are conducted by farmers using their idle houses and excess materials. Relatively speaking, agricultural tours entail lower investment, lower risk and more flexible management. The holiday-style packages charge particularly reasonable fees and are attractive to wage earners.

2. Convenient transportation and communication

   The current development of agricultural tours has most tour sites located at city outskirts and places near the popular scenic spots. As such, they enjoy very convenient transportation and communication facilities. This saves tourists from the trouble of having to take long rides and is extremely suitable for developing tours of one-to-two days duration.

3. Beautiful Environment

   As social and economic development progresses and the pace of daily living races, people long exposed to the urban environment get tired and would look for opportunities to be in touch with nature’s rivers and mountains. The sites of agricultural tours are usually of good quality, with exposure to vast views of skies and seas, rivers and mountains, aptly meeting the needs of tourists wishing to embrace the nature.
Appropriately guide agricultural tour development

Agricultural tours play an important role in maximising the use of agricultural resources, increasing the value-added of agricultural products, and helping farmers overcome poverty. Given appropriate guidance, agricultural tours can have very positive growth prospects. As a world-renowned city of tourism, Hong Kong can combine its experience in tourism management and tourism services to help develop a set of industry standards for Hunan’s agricultural tour products. According to an analysis of the National Bureau of Statistics of China, the following needs to be addressed for Hunan to further develop agricultural tours:

1. Strengthen scientific planning

Agricultural tours are typically dispersedly located in city outskirts and rural areas. As agricultural tours are newly developed, there has not been much scientific planning. Unplanned and undirected constructions and development everywhere make it difficult to systematise the development of agricultural tours. Tourist departments at all levels need to guide project developers to follow the principles of “plans before develops; no plan, no development”. Guidance should be given particularly to those large-scale and resort-type projects, to help them develop scientific plans, to ensure that these projects are able to yield the desired level of economic benefit, and to keep up the interest of farmer and other investors on tourism.

2. Upgrade brand quality

The emerging tourism products of agricultural tours are still rather crass, mainly providing accommodation and catering services. Not much has been done on exploring the province’s ethnic cultures, and on encouraging deeper understanding of and actual participation in farm living. Tourism management departments at various levels must strengthen the training of the relevant service providers to focus more on introducing to tourists the province’s ethnic cultures, upgrading the cultural content and service quality of agricultural tours.

3. Strengthen service standards

Agricultural tours attract tourists purely with its characteristic rural features, but these features need to be built on a set of standardised services. In other words, without standardised services, the features can hardly exist. It is therefore an important task to develop standards for agricultural tours. At present, agricultural tours are still dispersed, with each tour product having its own set of ideas. They not only lack a broad vision, but are unable to take a comprehensive and long term view of development. Some charge exorbitant prices, some solicit gifts and some cheat visitors. Some people hosting agricultural tours even slaughter protected animals to attract visitors. To address these
problems, the industry should strengthen the training of industry personnel, and set down industry standards in order to promote the development of agricultural tours.

4. Strengthen the management of safety

Safety is the lifeblood of tourism development, and should never be neglected or taken lightly. With the site of agricultural tours usually located in city outskirts or rural areas, it is more difficult to ensure comprehensive security support. Some relatively distant rural hotels have not adopted the necessary measures to guarantee the safety of visitors. The relevant departments must thus coordinate with the Public Security Department to strengthen the management, ensure the safety of visitors, and avoid accidents. Besides, due to the development of agricultural tours, farmers are now using more electrical apparatus, increasing charge load. In some villages, the electrical wires and circuits have not been repaired and improved in time. These will easily lead to loss of electric current. Some rural hotels which do not have in place any fire prevention system would be prone to fire accidents. The tourism management departments at all levels must step up education of their staff and industry personnel to raise their consciousness, ensure that they take necessary precaution measures, and conduct regular inspections.

5. Improve the ecological environment

Most tourists sleep and take their meals in the rural houses, so food hygiene, sanitation and hygiene of all supplies are important to the health and well-being of tourists. It is essential to take effective measures to ensure a hygienic environment. At the moment, the sanitary conditions of some agricultural tour sites are not satisfactory due to reasons such as poor sanitation habits, and lack of consciousness about the need to keep facilities clean. Some hotels in the village areas have poor facilities in place: poor kitchen equipment, lacking necessary disinfection tools, insufficient sewerages, improper storing of water. Their staffs are not subject to regular health checks. Tourism departments at all levels must guide and help industry personnel develop the proper habits to ensure sanitation and hygiene. Investment in disinfection equipment is a must and efforts should be made to ensure that tourists enjoy a clean and healthy environment.
Hainan Developing Tropical Island Tourism

The tourism of Hainan has continuously recorded rapid development since 1988, when the province was established. The industry has since transformed from its negligible status to a unique pillar industry, becoming one of the seven largest tourist zones in the country. In 2003, Hainan received 12.34 million visitor arrivals, 11.5 times more than in 1987 when Hainan was not yet accorded the provincial status, and at an annual average growth rate of 17.1%. International tourism receipts of US$79.57 million were 5.9 times that of 1987, at an annual average growth rate of 12.9%. In the first ten months of 2004, Hainan received 11.38 million visitors and generated Rmb9.009 billion of total tourism revenues, representing an increase of 18.5% and 22.4% respectively. Among them, domestic and foreign visitor arrivals numbered 11.15 million and 236,000, increases of 18.7% and 8.2% respectively. In recent years, tourism revenues account for roughly 15% of the province’s GDP.

Since Hainan’s tourism industry promises bright prospects, related project investment from home and abroad has been growing healthily. According to Hainan’s second general survey on companies, there were 1,040 tourism companies in Hainan in 2001, 336 more or 47.7% higher than that recorded in 1996. This amounts to 4.1% of the number of companies in the tertiary industry and 28.6% of those in the social services sector. While state-owned enterprises still dominate the industry, Hainan’s private tourism enterprises have expanded quickly and are gaining strength, taking up various forms of ownership.

Government stepping up promotion of tourism development

The rapid development of Hainan’s tourism was fuelled by the unique tourist resources of the province, and more importantly, by the efforts exerted at all levels of the Hainan government. As early as in 1993, Hainan proposed to turn tourism into its pillar industry. In 1996, Hainan proposed the economic development strategy of “one province, two bases” -- meaning “a new type of industrial province, a highly efficient tropical agricultural industry base, and a tropical island base for leisure tours”. Towards the end of the 20th century, having seen the substantial progress made in its tourism industry, Hainan set forth another target of “led by tourism, actively develop Hainan’s tertiary industries”. In February 2001, Hainan formally proposed in the Tenth Five-Year Plan to develop its tertiary industries with an emphasis on tourism.

On December 29, 2001, Hainan enacted the “Hainan Regulations on Tourism”, abolishing the rule that banned travel agencies from other provinces to organise Hainan tour groups. Tour groups organised by non-Hainan travel agencies have since been allowed to bring their tour groups directly to tour Hainan. Under the “Regulations”, water, electricity and gas fees levied on hotels and restaurants will be the same as any other industrial or commercial enterprises. Both domestic and foreign investors are encouraged to develop tourism resources and construct tourism facilities, as far as they are in accordance with the
province’s overall tourism plan. Domestic investors are also encouraged to set up large-scale tourism enterprises, travel agencies and their branch offices, and take part in the operation of tourism projects. Meanwhile, tourism enterprises from Hong Kong, Macao, and Taiwan, as well as foreign countries, are encouraged to establish travel agencies and conduct tourism activities in accordance with the relevant Central Government regulations.

The first “Overall Plan for Developing Tropical Island Tourism” was promulgated

To foster tourism development, the provincial government set up a team to formulate an overall development plan for tourism in Hainan in July 2000. Members of the team consisted of leaders from China National Tourism Administration, Hainan provincial government and other relevant departments. On May 28, 2002, the first “Overall Plan for Developing Tropical Island Tourism” was promulgated. The “Overall Plan” has become a milestone in the development of Hainan’s tourism, systematically identifying the means and processes of tourism development from both micro and macro perspectives. Clear development objectives for short-, medium- and long-term development were set out, with the ultimate target of turning Hainan into a first class holiday resort in Asia and in the world. To promote its tourism brand name, Hainan adopted the slogan “Hainan -- tropical China”. On November 26, 2004, the Standing Committee of National People’s Congress of Hainan endorsed an “Outlines of Hainan’s Overall Tourism Development Plan” which was formulated based on the “Overall Plan”.

The “Overall Plan” introduced some advanced concepts on tourism development. The first concept was “deluxe, low-density holiday resorts district”. It proposed to construct some large-scale, deluxe, low-density holiday resorts districts in Sanya’s Xiaodonghai Bay and Wanning’s Shimeiwan Bay. Another concept was the development of “wilderness tours”. The “Overall Plan” designed a Tropical Rainforest Wilderness Tour, and an Oceanfront and Wilderness Tour for Hainan. Other concepts proposed included “Green Eco-Tours” and “Blue Leisure Tours”. The “Overall Plan” also attached great importance to the close relationship between tourism development and poverty alleviation, and its potential influence to improve the material life and cultural level of the local minorities. It set out an appeal to improve the material and cultural standards of Hainan’s ethnic minorities through tourism development, on the precondition that this would not cause damages to culture and traditions.

Total tourism revenue will account for over 20% of Hainan’s annual GDP. Hainan tourism development will form the pattern of “one province, two centres, three lines, five famous cities and ten regions” in the next twenty years:

“One province” means comprehensive planning, sensible distribution and effective integration of tourism resources in the entire province, making clear the tourism function of
each locality, and turning Hainan into an world-renowned holiday resort for leisure tours, ranking amongst the best in Asia.

“Two centres” refer to Haikou and Sanya, which will become the centres of tourism network that will be established. Under the planning of China’s National Tourism Administration, Haikou and Sanya have been classified to develop into “world-renowned regional tourism cities”.

“Three lines” refer to the top class expressways of West, East, and Central Lines which extend to areas with a high concentration of tourism resources. Along these lines will be numerous scenic spots, hotels, and holiday resorts.

“Five famous cities” mean developing the five cities of Haikou, Sanya, Danzhou, Qionghai, and Wuzhishan, and turning them into famous tourist cities.

“Ten regions” mean dividing the entire province into ten tourist regions: Haikou, Sanya, Wuzhishan, Wenchang, Baoao/Wanquanhe, Shimei Wan/Xinglong, Danzhou, Jianfengding, Qizi Wan/Bawangling, Xisha Islands.

Comprehensive tourism infrastructure facilities have been completed

Since its establishment as a province, Hainan has been working to perfect its infrastructure facilities through systematic planning and promotion of key projects. First, infrastructure has been extensively developed. In sea transportation, the two ports of Haikou and Sanya have opened up 69 outbound sea routes, establishing business relationships with 24 countries and regions, thus providing greater convenience to visitors from Hong Kong, Macao, Taiwan and overseas. In air transportation, Haikou’s Meilan International Airport and Sanya’s Fenghuang International Airport have connected 38 large and medium cities within and outside China, with scores of Mainland and Hong Kong flights landing and taking off. Haikou’s Meilan International Airport is among the eight largest airports of China, with flight frequency ranking the fourth highest in China.

In railway, the days when Hainan and the mainland had no railway link came to an end on December 5, 2003, on which day Yuehai railway was set up and put to use. Since then, the railway has become an important artery for the development of Hainan tourism. In highways, a network of provincial and national highways extends across the entire island, with a circular expressway spanning more than 600 kilometres in length around the island. Previously, people had to spend one day travelling from Haikou to Sanya by bus. With the Dongxian expressway now opened, a round trip between Haikou and Sanya would take only 6 to 7 hours.
Aside from transportation and infrastructure, Hainan has already set up a relatively complete tourist communication system, with telecommunications equipment and networks upgraded to match the levels of advanced provinces in China. Now all cities and counties and main economic development zones allow people to make direct long distance calls to 1,900 large- and medium-sized cities in the Mainland and more than 230 countries and regions around the world. Hainan has built a relatively comprehensive tourists reception system, basically able to coordinate and supply all types of facilities and resources for tourists. By the end of 2003, there were 157 travel agencies in Hainan, more than 6,400 tour guides and 274 hotels that were enumerated in the tourism statistical surveys, among which 199 were star hotels with 341,000 guest rooms. According to the suggestions of the “Overall Plan”, Hainan intends to build a group of large-scale tourism enterprises, which include sizeable international travel agents and airlines, incorporating travel agency services, hotels, tourism transportation, tourism scenic spots and sales of souvenirs for tourists into the province’s tourism industry. With decades of experience, Hong Kong has already developed a batch of large-scale and capital-rich tourism enterprises. They can consider taking part in the reorganization of tourism enterprises in Hainan, as an initial step to develop their businesses in the Mainland.
III. TRENDS & UPDATES ON THE FOUR SOUTH-EASTERN PROVINCES/REGION

- Secretary of the Fujian Provincial Committee of the Communist Party of China Appointed
- Fujian Promulgated Outline for the Construction of Economic Zone on the West Coast of the Taiwan Strait
- Fujian’s Information Networks Need to Complement Commercial Development
- Jiangxi to Tighten Control on Food Quality
- Jiangxi Plans to Construct Two Major Non-ferrous Metal Industry Clusters
- Changsha Promulgated “Opinions on the Reform of Investment Systems”
- Hunan Plans Five Regions with Distinct Characteristics
- Mayor of Haikou City Appointed as Vice Governor of Hainan
- 2005 is Designated as Year to Improve Investment Environment in Hainan
- Hainan Fostering Stronger Ties with Hong Kong
- Memorabilia of Pan-PRD Cooperation
Secretary of the Fujian Provincial Committee of the Communist Party of China Appointed

On December 13, 2004, Mr. Li Jianhua, Vice Director of the Central Government Organization Department, delivered the decision of the Central Committee of Communist Party of China: Mr. Lu Zhangong, Acting Secretary of the Fujian Provincial Committee of the Communist Party of China and Governor of Fujian Province, had been appointed as Secretary of the Fujian Provincial Committee of the Communist Party of China. It had been proposed that Mr. Lu would be nominated to be Director of the Standing Committee of Fujian Provincial People’s Congress, and Mr. Huang Xiaojing, Vice Secretary of the Fujian Provincial Committee of the Communist Party of China and Administrative Vice Governor of Fujian Province, would be appointed as Acting Governor of Fujian Province.

Mr. Lu was born in May 1952 in Cixi City of Zhejiang Province. Since 1993, he had successively taken up the positions of Vice Secretary of the Zhejiang Provincial Committee and Vice Secretary of the Hunan Provincial Committee of the Communist Party of China. He became a member of the Standing Committee of Zhejiang Provincial People’s Congress at the age of only 39. Before he was seconded to Fujian, he had been Vice President of Chinese National Federation of Trade Union and Secretary of its Secretariat Committee. In January 2001, Lu Zhangong was seconded to Fujian Province as Vice Secretary of the Fujian Provincial Committee of the Communist Party of China, in October 2002, he became Acting Governor of Fujian Province, and in January 2003, he became Governor of Fujian Province. After May 2003, because Mr. Song Defu (in November 2000, Mr. Song was appointed Secretary of the Fujian Provincial Committee of the Communist Party of China and Director of the Standing Committee of Fujian Provincial People’s Congress) was hospitalised, Mr. Lu began to take up the daily responsibilities of the Fujian Provincial Committee of the Communist Party of China, and in February 2004, he became Acting Secretary of the Provincial Committee of the Communist Party of China.

Mr. Lu was seconded to Fujian Province when the province just walked out from the shadow of “Yuanhua smuggling case” of Xiamen City. After assuming the role of Acting Secretary of the Fujian Provincial Committee of the Communist Party of China, he proposed the strategy of “Construction of the Economic Zone on the West Coast of the Taiwan Strait”. According to Mr. Li, Mr. Lu has experiences in different positions, is familiar with work on both party and economic affairs, and has rich leadership experiences. After he was seconded to Fujian Province, Mr. Lu directed the Fujian Provincial Committee of Communist Party of China to focus on development, to improve people’s living standards, and to promote progress in the society. As a result of these efforts, Fujian Province witnessed new progress, winning the approval of officials and the public.

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1“Yuanhua smuggling case” of Xiamen City is the most serious corruption and smuggling case of China in recent years, which involved such goods as computer chips, petroleum, automobiles, fuel, cigarettes, etc. There were Rmb 70 billion and over 700 political officials of the military force, public security bureaus, the customs, etc. involved in the case.
Meanwhile, Mr. Huang, Acting Governor of Fujian Province, was born in February 1946 in Fuzhou City. In December 1984, he was appointed Vice Commissioner of Longyan Prefectural Administrative Office. In January 1986, he was appointed Vice Secretary of the Longyan Prefectural Committee of Communist Party of China and Vice Commissioner of Longyan Prefectural Administrative Office. In April 1995, he became Vice Governor of Fujian Province and a member of Communist Party of China Organisation Department, during which time he had administered industrial and transportation affairs and acted as the general commander of highway planning, recording concrete achievements in his political career. In December 2001, he became a standing member of the Fujian Provincial Committee of the Communist Party of China. (In January 2003, he was appointed Vice Secretary of Fujian Provincial People’s Government, and in May 2003, he concurrently held the posts of Vice Director of the Organizational Planning Committee of the Fujian Provincial Committee of the Communist Party of China, and Board Chairman of China Taiwan Strait Human Resources Market).
Fujian Promulgated Outline for the Construction of Economic Zone on the West Coast of the Taiwan Strait

After one year’s efforts, the Fujian Provincial Committee of the Communist Party of China recently promulgated the “Outline for the Construction of Economic Zone on the West Coast of the Taiwan Strait (Provisional Edition)” on November 15, 2004. The document expounded on the significance of constructing Economic Zone on the West Coast of the Taiwan Strait, emphasising on the strategy of developing the “nine systems of support”, and formulated concrete targets for the construction of the Economic Zone on the West Coast of the Taiwan Strait. The “Outline” encompassed various aspects of economic, political, cultural and social development, and proposed that on the basis of optimising economic structure and increasing efficiency, the annual economic growth rate should be higher than the national average by one to two percentage points, capable of fully supporting a well-off society three years ahead of the country in general and achieving modernisation in advance of the nation as a whole.

Building “nine systems of support”

Constructing an Economic Zone on the West Coast of the Taiwan Strait is a key strategy proposed by Fujian’s Provincial Committee to perfect its goals and strategies. Mr. Huang Xiaojing, Acting Governor of Fujian, reiterated that the “Outline” should be fully implemented during the “Eleventh Five-year Plan” period. Meanwhile, the Central Government is also keen to ensure the stability of Fujian’s reform and development, and would promote the construction of the Economic Zone on the West Coast of the Taiwan Strait, as well as the province’s reform and modernisation. This will be conducive to the inflow of foreign investments into the province, especially those originating from Taiwan, helping Fujian to avoid being marginalised amid the current rush of foreign investment into the Yangtse River Delta. In building the “nine systems of support”, the following targets have been set in accordance with the overall plan to construct the Economic Zone on the West Coast of the Taiwan Strait:

1. Building a system of support for industries to enhance their competitiveness. Fujian will focus on nurturing the industries of science and technology, actively renew and reform traditional manufacturing technologies, and enhance the competitive advantages of these traditional industries. It will also actively develop its high-technology industry segments such as fibre optics and software.

2. Building a modern system of support for its infrastructure facilities. This would cover not only the networks of air, land and sea transport, but also transmission of resources like electricity and water, as well as information networks.

3. Building a unified and coordinated system of support for urban planning. Fujian will speed up the construction of a basic framework for urban development for the main cities
of Fuzhou, Xiamen and Quanzhou to maximise the influence of these central cities on the development in the rest of the province.

4. Building a system of support for human resources and social development. Fujian will enhance protection of its human resources, focus on training up teams of highly qualified officials, corporate managers, specialised technical staff and high-technology professionals; strengthen scientific and educational innovation and cultural construction; and improve healthcare and sanitation.

5. Building a system of support for opening up to an externally driven mechanism of development. Fujian will consolidate its traditional export markets and explore deeper into the markets of the more developed economies. Cooperation between Fujian and Taiwan involving different industries will be enhanced. Fujian will continue to perfect the investment environment for Taiwan investors and deepen both sides’ cultural and technological exchanges; enhance the level of cooperation between Fujian, Hong Kong and Macao, and strive to establish a platform for their cooperation. It will strive to forge “three links”: increase interaction with the people in Kinmen, Matsu, Penghu and even in the main island of Taiwan; open tourism routes for Fujian residents to travel to Kinmen and Matsu; increase the number of ports for direct shipment and sailing; expand Fujian’s merchandise exports to Taiwan; and encourage overseas Chinese to invest in the province.

6. Building a system of support that would benefit both sides and lead to a win-win situation. Fujian will expand regional cooperation across more areas and more levels. It will explore the hinterland of the Economic Zone on the West Coast of the Taiwan Strait; construct a unified market network with good order; and continuously work towards forging closer regional interactions.

7. Building a system to support sustainable ecological development. The livelihood of Fujian people will be associated with enhanced protection of environment and ecology. This will result in a win-win situation for the development of both the economy and ecology.

8. Building a system of support for safe and reliable disaster prevention and reduction. Fujian will establish a system of embankment along rivers and seashores, a system of environmental and ecological protection for its coastal areas, major river basins, forests, a system of protection of agricultural, forestry and fishery sectors against diseases, insects and pests, and a system to prevent and reduce the damage of earthquakes, so as to strengthen its ability to counter natural disasters.

9. Building a system to support a coordinated administrative service to foster a harmonious society. Fujian will promote use of innovative management systems, improve the province’s social security systems, promote safety and stability in the society, establish and improve the mechanisms for countering emergency situations, and provide concrete
protection of the interest of its residents.

**Optimising industries and building an export-oriented economy**

The optimization of traditional industries relies on the introduction of new technologies. This not only provides new business opportunities for Hong Kong investors who intend to set up modern production lines in Fujian, but also offers opportunities for the development of experienced managers and technicians. In addition, in building an export-oriented economy, Hong Kong investors will not only contribute to consolidating major export markets, but can also benefit from market expansion that results from stronger interaction and the development of a unified market for Fujian and Taiwan. As for the promotion of “three links”, although only limited areas are currently opened up (namely, Kinmen and Matsu under the “mini three links arrangement), the progress of “three links” still deserves Hong Kong’s attention, as this will have a direct bearing on Hong Kong’s role as a cross-strait middleman.
Fujian’s Information Networks Need to Complement Commercial Development

A priority agenda of the “Tenth Five-year Plan” period in China is informatisation, with an endeavour to complete the three tasks of constructing modern information infrastructure, speeding up the development of electronic information industries, and promoting the extensive application of information technologies. Only when coordinated development of these aspects is achieved can China catch up with the rapid pace of expansion and development in global information networks.

Infrastructure construction ready for expanding information networks

With the rapid development of informatisation around the world, e-government has flourished. It is Fujian’s top priority to strengthen the construction of information infrastructure for popularising e-government. While constructing its core highway network, Fujian has also laid down 152,100 kilometres of optical fibre cables (including broad bandwidth fibre optic cables) by October 2004, exceeding the 130,000-kilometre target set for the “Tenth Five-year Plan” period. The number of subscribers of fixed-line telephones throughout the province reached 12.88 million, exceeding the target of 10 million subscribers set for the “Tenth Five-year Plan”, achieving a telephone density rate of 31.4%. Furthermore, the number of internet users in the province has reached 2.951 million.

Information service platforms are in place

Except for the above infrastructural construction, Fujian has also constructed a comprehensive platform for information service to complement the national plan of informatisation. As early as the beginning of 2002, Fujian launched the trial operation of its government information network which became its dedicated e-government network. The network is divided into “one-vertical and three-horizontal” systems: the vertical network of information transmission on the provincial, city and county levels, and the horizontal network of information exchange between offices directly affiliated with the provincial government. By the end of October 2004, this network had linked up the computer networks of 182 provincial units, 9 cities and 84 counties (including prefectures and districts). Except for 2 counties (districts) where construction is still in progress, the horizontal information exchange network of the other 82 counties (including prefectures and districts) has opened, covering 97.6% of total. The construction of “horizontal e-government” network is basically completed for Fujian.

Information networks are in place but need to achieve wider commercial applications

Having basically completed the construction of information infrastructure, the government needs to proceed with popularising the utilisation of information technologies.
This mainly includes the renewal and upgrading of technological applications in traditional industries, development of e-commerce, promotion of informatisation in social services sectors, promotion of information technologies application in the fields of science and education, medicine and healthcare, television and broadcasting, social security and public sector. Meanwhile, Fujian will also promote the development of information service industries, speed up the development of manufacturing of electronic information products, and strengthen the integration of capital, technology, markets, as well as human and other resources, with an emphasis given to further developing the following six products: integrated circuits, softwares, new types of devices, communication products, computer and network products, and digital audio-visual products.

Although the e-government networks in Fujian can already effectively enhance the efficiency of information communication among government departments, enterprises and foreign investors, the utilisation of information networks still needs to be expanded to more extensive commercial levels, to spur the development of e-commerce and provide enterprises with more efficient information exchange. The enhanced development of e-commerce will not only benefit local enterprises, but also provide a more convenient platform for enterprises from Hong Kong and Fujian to discuss issues related to strengthening cooperation and trade. Hence, Hong Kong investors should pay attention to Fujian’s development in this direction. In addition, mature information networks will also be helpful to the promotion of industries that are heavily reliant on information exchange. Examples of which include logistics, tourism and trade, which are the fortes of Hong Kong businesses and are thus worth noting.
Jiangxi to Tighten Control on Food Quality

According to the Provincial Consumers’ Association of Jiangxi, in the four sessions of commodities quality inspection conducted by its Industry and Commerce Bureau in 2004, the rate of sub-standard food was as high as 39%. The most common problems with food quality included excessive use of food additives, sub-standard hygiene of preserved and pickled vegetables, and sub-standard food labels. Among the top ten typical food cases investigated and prosecuted by Jiangxi’s Industry and Commerce Bureau in 2004, a number of them had caused fatalities. There is thus a dire need to correct the situation.

Inspections will tighten near festivities

Since 2004, Jiangxi Province has been issuing measures to improve food quality. On December 20, 2004, Jiangxi’s Entry-Exit Inspection and Quarantine Bureau together with its Quality and Technical Supervision Bureau jointly announced that more frequent inspections will be undertaken to guard against illegal importation of meat whenever festivities draw near. In particular, they will fully inspect all meat and poultry products produced, stored and sold at all the cold storages, poultry product processing sites and farms. All those goods for which their owners could not provide proper importation certificates and inspection and quarantine records as proofs will be confiscated. In addition, supervision on food safety and strict management of food product distribution processes will also be enforced. Focus will be given to the inspection of meat, grains, liquor and other kinds of festive foods, to crack down illegal food manufacturing and trading activities including sales of fake and faulty foods, poisonous and poor quality food items.

Implement a province-wide system for monitoring food quality

To enhance food safety assurance, the provincial government recently issued the “Decisions of Jiangxi Provincial People’s Government on Further Ensuring Food Safety”. It re-organised the functions of food safety supervision, and held each department responsible for the supervision of a particular food type, streamlining their functions and clarified their responsibilities. The Department of Agriculture is now held responsible for the supervision and management of the production processes of primary agricultural products. The quality inspection authorities are now responsible for the supervision and management of food production and processing as well as their hygienic standards; the latter was a function previously undertaken by the Health Department. Its Industry and Commerce Bureau has taken up the responsibility of supervising and managing distribution of food products, while the Health Department takes charge of monitoring the consumption end – the catering industry and dining areas. Finally, the Drug Safety and Inspections Department looks after the overall supervision of food safety, organisational coordination and handling of major food-related issues.
Jiangxi’s Quality and Technical Supervision Bureau has also convened a working conference on food safety under the provincial quality monitoring bodies. Its work will focus on the following in the near term: regulating food manufacturing and processing industries, enhancing food quality monitoring and conducting more frequent on-the-spot inspections, regulating children’s food and rural food markets, and focusing on the investigation and prosecution of food safety violations.

Promoting the adoption of new food standards

Food is one of the six pillar industries in Jiangxi. However, due to the low standards of control on food quality, a lot of the products do not meet the national standards required of food exports, thus keeping them away from the export markets and leading to substantial losses. In order to regulate the standards of food hygiene as early as possible and establish a system for regulating food safety, Jiangxi targets to create a set of standards applicable to the entire industry, each product type, and each of the province’s localities before March 2005. Jiangxi will eliminate duplicate and inconsistent standards, and streamline the product standards of food enterprises. In 2005, Jiangxi will focus on improving food hygiene, enhancing the safety of food production and raising the standards for major products, encouraging enterprises to actively promote and adopt the new set of standards, strengthening related work on promotion and training, and striving to introduce and adopt international standards, raising the rate of application of international standards from the current 23% to 55% by end-2005. Before the end of 2007, Jiangxi will have in place a comprehensive set of fundamental standards, product standards, process and management standards, and tighten monitoring of food circulation processes in order to achieve standardised management of most food distribution enterprises.

Implement a system for monitoring food quality

Hong Kong has previously recalled and banned Jiangxi’s “colour-treated” oranges from the market. These oranges were purchased by mercenary vendors in October at very low prices, as fruits were still green at that time. These oranges are then dyed and waxed for sale in the market as high-quality fruits. With this decision to tighten monitoring on food quality, Jiangxi hopes to be able to revive the reputation of food industries and boost consumers’ confidence. Unified food standards will also help the food industry to enter the overseas markets. Setting standards for the province’s food quality is also conducive to developing a more orderly market environment for Hong Kong investors intending to invest in Jiangxi’s food industry.
Jiangxi Plans to Construct Two Major Non-ferrous Metal Industry Clusters

Gifted with Asia’s largest copper reserves, Jiangxi’s metal ore has always been a leader among its various industries. The province also abounds in non-metal resources, with leading non-metal ore products and non-metal chemical raw materials industries contributing 6% and 7% respectively to the province’s total industrial value output and gross industrial sales respectively, making non-metal ore a pillar industry of Jiangxi’s economy.

Develop a diversified non-metal ore industry

To consolidate and improve the mix of its resources, enhance the technological standards of the industry, and increase the competitiveness of non-metal ore industries of Jiangxi. The Jiangxi Department of Land Resources proposed in the “Strategic Research on Non-metal Ore Exploration and Industrial Development in Jiangxi” to establish a “traditional industries cluster” and “a high-technology industries cluster” based on non-metal ore resources. The objective is to develop traditional industries such as cement, glass, and phosphor chemical engineering, into industries of sizeable scales, and develop high-technology new materials such as organic silicon, glass fibre, special ceramics, nano materials, superfine powders, etc. Jiangxi Province will actively promote the production of non-metal ore, and increase the output value of metal ore industry to Rmb30 billion by 2015 -- double the existing level.

In developing the “traditional industries cluster”, Jiangxi will implement the project “1234”: constructing 1 glass industry park – Pingxiang Float Glass Industrial Park; 2 major varieties of chemical products – development of phosphor chemical engineering and salt chemical engineering products processing; 3 ceramics industrial zones – East Hunan Industrial Ceramics Zone, Gaoan-Shanggao Architectural Ceramics Industrial Zone, and Jingdezhen Ceramics Industrial Zone; 4 cement industrial producing bases – Ruichang in northwest Jiangxi Province, Wannian-Yushan in northeast Jiangxi, Pingxiang-Fenyi in west Jiangxi Province, and Ruijin-Xingguo-Xinfeng in central and southern Jiangxi.

Meanwhile, in developing the “high-technology industries cluster”, it will implement “156” project: constructing 1 high-technology materials research and development centre; 5 large-scale chemical construction corporate groups with the Jushi Enterprise Group -- Jiujiang Factory, Lanxing Xinghuo Chemical Plant, Pingxiang City Chemical Stuffing Group, West Jiangxi Powder Industry Group, and Northeast Jiangxi Powder Industry Group; and actively develop 6 product types including fibre glasses and new types of composite materials, organic silicon, further processed products, raw materials of special ceramics, nano materials, artificial crystal and superfine powdered materials.
Deepen the development of non-metal ore industries

Compared with other industries, non-metal ore industries have developed lower degrees of mechanisation, automation and informatisation, and are mostly scattered in the less-developed areas. However, the largest consumption markets of non-metal ore are in developed countries, giving rise to large trade volumes of non-metal ores. The site of production is thus vastly different from its end-user market whether it be in terms of geological conditions or stage economic development. As one of the main sites of non-metal ore industries, Jiangxi still has to deal with the lack of market understanding, which impedes the sector’s development. Along with diversifying the non-metal ore industries, Jiangxi should also give priority to enhancing product development and gaining a stronger foothold on the market.

Foreign producers and exporters of non-metal ore widely adopt the practice of franchising. They entrust trading companies in other countries as franchisees to take full charge of sales in designated regions, and the producers will not be allowed to sell these products in the market. As such, the franchisees will focus on market exploration and competition. This mode of industry operation is conducive for Hong Kong investors to explore new opportunities. In addition, Hong Kong enterprises engaged in non-metal-ore-related products, building materials, new materials development and their processing will also be able to find more sources of non-metal ore from Jiangxi.
Changsha Promulgated “Opinions on the Reform of Investment Systems”

On November 29, 2004, the Changsha Municipal Government General Office issued a set of “Opinions on the Reform of Investment Systems”, which covers proposals on the reform of the system of managing investment decisions, the reform of government public investment systems, the reform of non-government investment systems, and the deepening of state-sector investment firms that fall under municipal jurisdiction. The “Opinions” aim to enhance control, supervision and management on the macro level; establish the principal status of corporate investments; regulate government investment behaviours; speed up the construction of market economy systems; encourage enterprises to make independent decisions, promote diversified financing channels, regulate intermediary services, and introduce new types of effective investment systems.

Only issues related to public investment will involve government decision-making

The “Opinions” pointed out that government investment should focus on strengthening the systems of public welfare, public infrastructures, and countering urban emergencies. In addition, it should coordinate inter-regional projects that would foster the development of the whole city, such as those involving comprehensive planning and construction; clearly define the limits of cities, districts and counties (prefectures) and related departments in approving public investment projects. The system of managing public welfare and infrastructure facilities projects will also be reformed. The government should open up the infrastructure construction sectors including toll highways, public transportation and water, electricity and gas supplies, as well as sewage and waste treatment, and gradually withdraw from these fields, where investment interest from the non-state sector is keen.

For projects in operation and already involving the investment of government units, relevant departments may assign the original investor to be the legal person of the project, or authorise the original investor to team up with other entities to be the project’s legal person. Those eligible may transfer property rights or operation rights upon obtaining the authorities’ approval. To successfully reform the systems of operation, the Changsha Municipal Government will encourage and direct the flow of non-state capital into construction of public welfare and infrastructure projects. For projects involving the development and utilisation of monopolised resources but requiring unified planning and design, the government will select appropriate project developers through public tenders after finalising the construction plans. Various types of enterprises are encouraged to finance their investment through public share listing. Moreover, the reform of state-owned investment firms under the jurisdiction of the municipal government should also be deepened.

According to the guidelines proposed in the “Opinions”, in the future, new investment projects will be proposed by relevant authorities, forwarded to the Development and Reform Commission and related departments under the municipal government for assessment and
confirmation of feasibility before being submitted to the municipal government’s Standing Committee for final approval. From the perspective of investment decision-making, the Changsha Municipal Government will only be involved in the examination and approval of project feasibility studies. Unless the situation calls for the government’s special attention, it will not be involved in the examination or approval of construction itself. Investment by the government will, as much as possible, be financed through diversified means such as “build-operate-transfer” (BOT), trust investment, asset-backed securities, financing lease, etc. The municipal government will only be responsible for examining and approving financing applications to accelerate project implementation. Under such a system, public investment decisions will be founded on an improved system of decision-making and accountability. For departments or entities engaging in engineering consulting, decision-making, designing, construction and supervision, of government investment projects, the managers involved will be penalised for violation of laws and construction rules, exceeding budgets, and causing accidents or polluting the environment.

**Government will no longer be involved in the approval of non-government investment projects**

The Changsha Municipal Government will no longer assume the functions of examining and approving non-government projects. Instead, project managers and contractors will be selected through ways such as public tenders, and the process of project investment, quality and period of construction will be kept under strict control. After thorough examination and acceptance of the project, it will then be transferred to the end-user. The examination and approval procedures carried out by the relevant administrative authorities will remain unchanged. The capital for project construction of government-mandated projects will be kept in a special account, which will settle payments to contractors in accordance with contract stipulations as the project progressed. As the project progressed, the mandated construction entities will be held responsible as the main owner of the construction projects. Operating projects can be transferred in accordance with the law. Moreover, the project owners would be responsible for decision-making and undertaking the risks. “Whoever invests will make decisions, enjoy the benefits and undertake risks”.

**Reform will trigger a broad rise in financing needs**

As the Changsha Municipal Government gradually withdraws from operating infrastructure and social welfare projects, non-state enterprises will witness unprecedented expansion in the needs for financing and financial services, which would give rise to business opportunities for Hong Kong’s financial sector. Moreover, under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), professional consulting firms can already enter the Mainland market and offer consultation services for public investment projects in Mainland areas. This implies a new market and wider opportunities for Hong Kong-funded companies and professional personnel.
Hunan Plans Five Regions with Distinct Characteristics

On November 30, 2004, Hunan released a study entitled “The Current Stage and Prospects of Hunan’s Urban Development”, which divided the province into 13 prefecture cities in five regions characterised by “one-core”, “one-circle”, “one-belt” and “two-groups”. The study introduced a set of development guidelines, which focus on balanced growth and highlighted key development directions for each region. This plan is conducive to the reorganisation of various cities' production elements, including labour, capital, technologies and information, and to the formation of urban development with a reasonable layout and can complement the efforts of promoting the coordinated development of Hunan’s urban areas.

A core urban cluster

At the core of the urban cluster plan is the Changsha-Zhuzhou-Xiangtan cities (Changzhutan). Changzhutan is the most urbanised region in the province. In 2003, the per capita GDP of the three cities combined was Rmb22,346, higher than the provincial average by Rmb6,144. Residents’ per capita disposable income was Rmb8,796, higher than the provincial average of Rmb7,674. The development objective of the three cities is to enhance the level and quality of urbanisation; and promote the province’s coordinated development in order to maximise the influence of this urban cluster on the other regions.

An urban circle

The urban circle consists of such cities as Yueyang, Changde and Yiyang situated in the urban circle around Dongting Lake, with the three cities located in the east, west and southern centres of the Dongting Lake district. The district will have convenient water and land transportation, advanced farmland cultivation, and an evident inclination towards the development of light industries, so that they can play a significant role in the province’s economic development. According to the plan, the emphasis is on developing industries such as energy, petrochemicals and building materials; and gifted with rich water resources in the district, it will also develop an efficient aquatic products industry, and industries that requires heavy consumption of water. These development measures will be conducive to creating more employment opportunities in the district.

An urban belt

The urban belt being planned is situated in the western side of Hunan, including Huaihua and Zhangjiajie. Blessed with abundant tourism resources, non-metal ore, forestry products, and hydropower, these two cities are suited to conduct linked development with the autonomous prefecture of western Hunan, and form an urban economy dominated by trade and tourism. In recent years, Zhangjiajie has witnessed faster development in tourism, with outstanding infrastructural construction being initiated and conditions in these locations
improved. However, in general, the region needs further economic development. In 2003, the disposable per capita income of residents in the region was Rmb6,823, lower than the provincial average by Rmb851.

Two urban groups

The first of the two urban groups in Hunan is in the southern part of the province spanning Hengyang, Chenzhou and Yongzhou. These three cities enjoy rich mineral and tourism resources, abut the economic circle in southern China with convenient access to seagoing transportation, and can facilitate trade flow from the Pearl River Delta towards the north. According to the suggestions listed in the plan, the more urbanised Hengyang will become the leading city, where economic and trade ties with Pearl River Delta should be enhanced, investment climate be optimized, investment introduction be strengthened, and labour-intensive processing and manufacturing industries and tourism be vigorously promoted by developing the city’s natural and human resources.

The second of the two urban groups is in central Hunan; major cities include Loudi and Shaoyang. This area connects the eastern and western belts. According to the proposals in the plan, urbanisation efforts will centre on Loudi, leveraging on the opportunities that arise from the opening of the Luozhan Railway and the construction of some national key projects including Shangrui Expressway and Tai’ao Expressway, to continuously enhance the city’s economic development and openness, and to build a chain of product processing industries.

Planning helps foreign investors to better understand the investment environment

The regional planning of Hunan focuses on the allocation of resources, and determining the development priorities of each district and region. The policy planning involved helps foreign investors to get a clearer understanding of local investment environment. Moreover, the distribution of industries in various districts and regions would allow foreign investors from the different sectors to conduct more thorough and comprehensive assessments when they select a site for developing their businesses. Hong Kong businesses that have already invested in Hunan will also benefit from the resulting improvement in Hunan’s investment environment including infrastructure and supporting facilities.

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1 Hunan’s economic regions are divided into eastern, western, and central belts. The eastern belt refers to Yueyang, Changsha, Xianggan, Zhuzhou, Hengyang and Chenzhou. The central belt refers to Yiyang, Changde, Shaoyang, Loudi and Yongzhou. The western belt refers to Huaihua, Zhangjiajie and west Hunan autonomous prefecture.
Mayor of Haikou City Appointed as Vice Governor of Hainan

Mr. Wang Xiaofeng, Secretary of the Hainan Provincial Committee of the Communist Party of China and Director of the Standing Committee of Hainan’s People’s Congress, granted a letter of appointment to Mr. Chen Cheng, Mayor of Haikou City, promoting him to the post of Vice Governor of Hainan on November 26, 2004.

Mr. Chen of Han origin was born in October 1952 in Lingao, Hainan. He is a graduate student of the Party School of the Communist Party of China, and a senior engineer. He started his career in 1972, and became a member of Communist Party of China in September 1973. Currently, he is a member of the Fourth Session of the Hainan Party Committee, Vice Secretary of the Haikou Party Committee, and Mayor of Haikou Municipal People’s Government.

From August 1977 to May 1998, Mr. Chen served the posts of technician at the Hainan Industrial Research Institute and Vice Director of Haikou Municipal Secondary Light Industry Bureau, Vice Director of Haikou Municipal System Reform Office, Vice General Manager of Hainan Provincial Secondary Industrial General Corporation, Director of Hainan Provincial Salt Affairs Bureau, General Manager of Hainan Provincial Salt Affairs General Corporation, and the Director of the Department of Land and Ocean Environment Resources of Hainan. Between May 1998 and April 2002, he acted as the Undersecretary-General of Hainan Provincial People’s Government, during which time he was responsible for administering the Department of Land and Ocean Environment Resources of Hainan, while he enrolled in the Party School of the Communist Party of China for a graduate program and a course for Training Middle-aged and Young Officials.

From April 2002 to January 2003, he was Director of the Ocean and Fishery Department of Hainan. From January-March 2003, he was Vice Secretary of the Haikou Party Committee, Haikou Vice Mayor and Acting Mayor. In March 2003, he was elected Mayor of Haikou City. At the beginning of 2003, Mr. Chen began to administer the work of Haikou Municipal People’s Government, was responsible for planning the city’s strategic development targets with a focus on urban planning and construction, developing new types of industries, setting up “epidemic-free agricultural zones”\(^1\), expanding the implementation of “guaranteed minimum living standard”\(^2\) in rural areas, developing rural education, etc.

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1 Refers to the initiatives aimed at improving product quality and supervision by to introducing new breeding methods, and preventing epidemic diseases in animals that could harm the growth of animal husbandry and income of farmers.

2 Refers to the system of income guarantee to ensure minimum standard of living is achieved.
2005 is Designated as Year to Improve Investment Environment in Hainan

Currently, Hainan has taken on a new round of heated investment construction, and has stepped into a most opportune period for attracting foreign investment, with many large-scale projects having started construction in Hainan. In order to maintain these enterprises and introduce more foreign capital, Hainan decided to designate 2005 as the year to foster better investment environment in Hainan. It will take Hainan three years to complete the fundamental transformation of its investment environment.

Major projects will be liaised by government officials

Hainan will conduct thorough discussion and consultation on issues related to the investment environment in the province; educate public servants to adopt a more positive attitude when providing services to investors; increase the sense of responsibility of public servants; strive to create a harmonious atmosphere that is conducive, supportive and acceptable to businesses; and provide suitable services to non-state enterprises of all sizes. Key authorities of related departments will be primarily responsible for regulating the investment environment. The objective is to significantly improve the quality and services provided by the government within a short period of time. Officials of the provincial, municipal and county-level governments will track and liaise on the progress of major projects. In accordance with the principle of “whoever signs the agreement shall take up the ensuing responsibilities”, other projects will be carried out one by one by municipal and county-level governments and relevant authorities, to avoid government-caused delays in projects.

Striving to improve the software in the investment environment

In setting up a special economic region and further opening up its economy, Hainan will complete formulation and implementation of preferential policies to encourage investment. It will regulate procedures for processing investment application and charging fees, publicising its service commitments, establishing rules or regulations to ensure that deadlines are met and that the processing and settlement procedures are followed. Hainan will also be a pioneer in the establishment of a system of accountability, introducing systems of investigation and penalising mishandled cases. Meanwhile, Hainan will streamline those unfinished projects left over from the past years in a bid to strengthen government credibility. In the second half of 2005, Hainan will, for the first time, solicit opinions from all quarters of enterprises and communities on the work of government through such channels as conducting questionnaire interviews, entertaining public complaints, comments and hosting community discussions. Authorities of relevant departments who fail to improve the their investment software for two consecutive years will be asked to leave office. The Hainan Party Committee, together with the Hainan Government, has clearly indicated that stringent laws and regulations would be enforced to punish those organizations or individuals who do harm
to the province’s investment environment.

**Lowering the cost of investors**

Mr. Wei Liucheng, Governor of Hainan, indicated that the current costs of water, electricity and gas supplies and port services in Hainan are substantially higher than the national average, and have posed great hurdles against external capital. In 2005, Hainan will take effective measures to improve this situation and lower investors’ cost. Focus will be given to infrastructure construction of development parks such as Yangpu and Laocheng to enhance their capacity to support these projects. In line with the existing organisation structure of the government and the system of market operation, Hainan will also work hard on infrastructural construction to support its key projects. Moreover, it will construct and improve solid waste and sewage treatment systems throughout the province in order to pave the way for a new round of development in Hainan.

**Improving investment climate and strengthening investors’ confidence**

To complement its investment promotion efforts, Hainan has been vigorously promoting its investment climate. In this aspect, it has imposed strict requirements on government departments and leaders, and offered channels to investors and enterprises to voice out their opinions. In particular, Hainan is actively introducing foreign capital into the construction of some large-scale projects such as natural gas utilities, holiday resort complexes, real estate development projects, etc. These measures will stabilize investors’ confidence and promote foreign investment absorption.
Hainan Fostering Stronger Ties with Hong Kong

Since its establishment as a province, Hainan twice held an economic and trade fair in the Hong Kong SAR in 1993 and 1995 respectively. However, since 1996, the ties between the two sides have weakened; this was in part due to the economic recession plaguing both places since that time. Besides, other Mainland provinces have strengthened their ties with the Hong Kong, diverting Hong Kong’s attention away from Hainan. In 2004, CEPA provided a wider channel for Hainan to utilise Hong Kong’s capital and technologies, and efforts were made to revive these ties. The (Hong Kong) Hainan Trade & Investment Cooperation Fair 2004 (Hainan Fair) held in November 2004 was the first large-scale investment promotion activity held in Hong Kong SAR in nine years.

Hainan actively expanding ties with Hong Kong

Currently, Hainan is continuously improving its economy. Its characteristic environment and industries are exploring new business prospects and finding room for expansion of commercial ties with Hong Kong. In the strategy of “fostering greater interaction between an SAR and a great city” which has already been initiated, it clearly proposed enhancing the province’s ties with Hong Kong SAR and Guangzhou City. The strategy proposed that their relationship would not be confined to investment promotion. They will also seek to establish comprehensive and mutually beneficial ties between their governments, industries and enterprises in such fields as freight trade, service trade, and to introduce more convenient investment processes, etc. In the course of seeking stronger economic connection with Hong Kong, the province aims to fully develop itself into an international economy.

At the Hainan Fair, in addition to investment promotion activities, the province also signed 5 industry-related cooperation frameworks with Hong Kong SAR government departments and industry counterparts, which include: a Memorandum of Cooperation between the Department of Commerce of the Hainan Provincial Government and Hong Kong SAR Government’s Commerce, Industry and Technology Bureau; a Tourism Cooperation Agreement between the tourism bureaux of the two governments; a Pharmaceutical Development and Cooperation Agreement between Hainan Provincial Government’s Pharmaceutical Supervision Bureau and Hong Kong SAR Government’s Department of Health; a Draft Cooperation Agreement on Cooperation of Sports Events and Cultural Entertainment between the Department of Recreation and Sports of Hainan Provincial Government and the Subordinate Office of Hong Kong SAR Government’s Leisure and Cultural Services Department; and an Agreement on Cooperation in Pharmaceutical Industry between Hainan’s Pharmaceutical Association and Hong Kong SAR’s Chinese Medicine Association. Among these, the Pharmaceutical Development and Cooperation Agreement has been approved by the Hong Kong and Macao Affairs Office of the State Council. It is reported that 5 provinces and municipalities nationwide have received approval to participate
in this type of agreements. The Agreement proposed the interaction between Hainan and Hong Kong be enhanced, Hong Kong investors be encouraged to visit Hainan and conduct field studies, Hainan’s agricultural products and by-products be promoted for export to Hong Kong, and cooperation in businesses and trade of the two sides be stepped up.

**Hainan-Hong Kong ties increase business opportunities**

Hainan and Hong Kong are similar in geological and cultural aspects, laying a good foundation for their cooperation. Although Hainan is farther from Hong Kong compared with Guangdong, its location is still superior to other Mainland provinces. According to the provincial government’s statistics, since its establishment in 1988, Hainan has attracted over 5,600 Hong Kong-funded enterprises to set up in the province, with an actually utilised fund of US$4 billion from Hong Kong, accounting for some 60% of the province’s total utilised foreign direct investment. Hainan-Hong Kong trade also contributes to over 80% of the province’s total export volume. Therefore, Hong Kong is regarded as the primary platform of Hainan for the opening up to the outside world; Hong Kong has also become the biggest partner in Hainan’s external trade and economic cooperation.

With the official implementation of CEPA, the door for cooperation between Hong Kong and Hainan in the areas of finance, tourism and other services, trade, etc. is now open. Except for introducing Hong Kong funds, the province will also seek assistance from the Hong Kong securities sector to have Hainan-based enterprises listed in Hong Kong. Not long ago, Hong Kong investors also held discussions with Hainan’s agricultural enterprises. In addition, Hainan will complement Hong Kong’s trade transformation process, actively engage in processing and re-export trade, using Hong Kong to ship more products to the international market.
Memorabilia of Pan-PRD Cooperation

Fujian

The Second Fujian On-line Investment and Trade Fair
(November 28, 2004) The second Fujian On-line Investment and Trade Fair was held in Quanzhou City. The event focused on on-line investment and trade, consisting of three segments: on-line exhibition of enterprise products, on-line announcement of investment promotion projects, and on-line publicity of investment environment. There were a total of 1,639 exhibited projects, of which 138 are key projects of Fujian. The event was participated by 3,639 enterprises, of which 545 are newly-established. The website attracted visitors from other provinces and municipalities across China and over 60 countries and regions abroad.

The Sixth Taiwan Strait Flower Expo
(November 28 - December 5, 2004) Formerly a regional expo activity for the flower profession, the Expo was upgraded for the first time into a national event jointly sponsored by the Taiwan Affairs Office of the State Council, the State Administration of Forestry, and Fujian Provincial People’s Government. Over 480 enterprises took part in the exhibitions, with transactions amounting to over Rmb10 million, and orders reaching Rmb150 million, of which orders for export totalled over Rmb4 million.

The First Forum on Pan-PRD Frontline Regional Cooperation
(December 8, 2004) The forum was held to promote the cooperation of scientific research among the Academies of Social Sciences in the Pan-PRD, and to provide solid theoretical and intellectual support to economic cooperation in the region. Mr. Jiang Bin, Vice Director of the Department of Promotion of the Guangdong Provincial Committee of the Communist Party of China, proposed in his speech that the significance of the cooperation of scientific research in the Pan-PRD is, firstly, to influence government decision-making through theoretical discussions in order to promote regional cooperation; secondly, to encourage communication and cooperation and influence public opinion.

Forty-five Investment Promotion Projects Clinched during the Fujian Gutian Edible Fungus Festival
(December 8, 2004) The Festival was held in Gutian, reputed as “homeland of edible fungus”. The festival aims to further expand overseas publicity and investment promotion, improve the stage and level of the industry’s development, and promote economic growth. There were altogether 45 contracts signed during the event, involving Rmb921 million domestic and foreign investment.
Jiangxi

The Nineteenth World Hakka Conference
(November 18, 2004) Over 3,000 leaders of Hakka groups from 22 countries and regions attended the conference. A total of 74 projects were signed, involving an investment volume of close to Rmb3.436 billion.

Fujian, Zhejiang, Jiangxi and Anhui jointly launched barrier-free tourism
(November 26, 2004) 14 cities in Fujian, Zhejiang, Jiangxi and Anhui jointly signed the Declaration of Cooperation. The system of compulsory employment of local guides will be gradually abolished in the scenic spots in the border regions of the four provinces; restrictions on the access of tourist vehicles from other places of the country into these cities and scenic spots will be abolished; travel agencies in other cities will be allowed to set up branches in these jurisdictions; gradually abolish tourism barriers and obstacles to market access, and achieve greater market share. Meanwhile, the 14 cities will also promote and publicise other tourist source markets.

Jiangxi Ji’an hosted investment promotion event in Shenzhen
(December 21, 2004) Jiangxi Ji’an (Shenzhen) Economic and Trade Talk and Red Tour Fellowship Gathering attracted more than 200 customers from Shenzhen and surrounding areas. A total of 57 projects were signed during the event, of which 28 are foreign investment projects, involving an amount of US$440 million; and the number of domestic investment projects totalled 29, with an investment volume of Rmb1.68 billion.

Ganzhou held an investment promotion in Macao SAR
(December 21, 2004) Ganzhou Municipal People’s Government of Jiangxi held an investment promotion fair in Macao. Apart from aiming at more opportunities in Macao, Jiangxi also aims to explore the world market with Macao as its platform.

Hunan

The Sixth (International) Agricultural Expo in Hunan Province
(November 29, 2004) Transactions at the expo totalled almost Rmb12 billion. Agricultural machines and high-technology products accounted for 30% of the total, marking a new stage in the agricultural industrialisation in Hunan Province.

Hunan hosted investment promotion in Japan
(December 21, 2004) China Hunan Investment Presentation and Project Fair sponsored by Hunan Provincial People’s Government was held in Tokyo. Over 200 Chinese and Japanese representatives of investment promotion associations and industrial and commercial circles held discussions on economic and trade cooperation. During the Presentation and Project Fair, there were a total of 98 key investment projects launched, involving many fields of
agricultural and sideline product processing, non-ferrous metal, and trade.

**Hainan**

**(Hong Kong) Hainan Trade and Investment Cooperation Fair 2004**
(November 15-17, 2004) A total of 79 cooperation agreement projects were signed at the Fair, involving a total investment volume of Rmb34.6 billion. Furthermore, contracts for 17 other investment projects were signed, with a total contract value of Rmb12 billion.

**2004 Convention (Hainan) of Allied Chambers of Commerce**
(November 27, 2004) The Fair was held in Haikou, featuring over 500 representatives of Chinese businessmen from many countries and Hong Kong, Macao and Taiwan, as well as Mainland provincial leaders and personages from industrial and commercial circles.

**Haikou Government launched investment promotion projects to Chinese businessmen**
(December 5, 2004) At the investment promotion fair, Shanghai Municipal People’s Government introduced nearly 50 projects with good potential in coastal areas, including industry, pharmaceutical, tourism, trade and business circulation, agriculture and healthcare.

**Nine provinces/region**

**Pan-PRD financial societies signed the memorandum for cooperation**
(November 25, 2004) At the First Financial Forum on Pan-PRD Regional Cooperation and Development held in Guangzhou, the financial associations of the nine provinces/region jointly signed the memorandum on cooperation and development. They committed to maximise their geo-economic positions as neighbours of Hong Kong and Macao; to play a bridging role to foster financial cooperation among Hong Kong, Macao and the other eight provinces/regions; to provide as much assistance and support as possible to the development of financial sectors in various provinces and regions in the Pan-PRD Region; endeavour to offer quality and convenient financial services to various provinces and regions in the Pan-PRD Region, and exercise the role of local governments in coordinating to achieve mutual benefit and win-win result.

**First Prosecutor-General Joint Meeting of Pan-PRD Region**
(November 30, 2004) The meeting adjourned on December 1. Attending the meeting were Prosecutor-General and independent anti-corruption commissioners from Macao SAR, together with representatives from the Department of Justice and independent anti-corruption commissioners from Hong Kong SAR, and representatives from the nine provinces/region including Fujian, Jiangxi, Hunan, Guangdong, Guangxi, Hainan, Sichuan, Guizhou and Yunnan. Various representatives have reached extensive common grounds on the principles, content and mechanisms, etc. of the mutual cooperation among regional prosecutorial organizations.
“9+2” development of Hengqin Island
(December 9, 2004) Macao and Guangdong have agreed to extend cooperation with the Pan-PRD “9+2” in developing the Hengqin Island. Pan-PRD constituents will work with the Macao-Guangdong Hengqin Research and Development Unit to come up with a concrete scheme for the development of Hengqin Island.

Signing of the Agreement on Local Taxation of the Pan-PRD
(December 9, 2004) At the Joint Meeting on the Cooperation of Local Taxation in the Pan-PRD Region, the nine Pan-PRD provinces/region made the following commitment: avoid double taxation and tax reduction or exemption without first an agreement with the other constituents. Through the establishment of regional taxation cooperation mechanisms in the Pan-PRD, it is to create a fair and civilised taxation environment in accordance with laws and regulations, and promote the coordinated and sustained development of the regional economy.

Nine provinces and regions signed the Agreement on Pharmaceutical Products Inspection and Cooperation
(December 9, 2004) Directors of the food and drug inspection administrations from the nine provinces/regions of the Pan-PRD jointly signed the Framework Agreement on the Cooperation of Supervision and Management of Food and Drugs, the Agreement on the Cooperation of Drug Inspection, and Monitoring, the Agreement on Cooperation of Drug Inspection and Testing. These three agreements have ushered in a new stage in the food and drug supervision and management of the nine provinces/region.

The Publishing Forum of the Pan-PRD
(December 9, 2004) The Forum was held in Guangzhou, discussing the significance, tenet and principles of cooperation in the publishing industry in the Pan-PRD, and to reach an agreement of their intentions to cooperate. The nine Pan-PRD provinces/region will carry out comprehensive cooperation in the nine areas including content production, publishing and duplication, publications market, human resources exchange, information sharing, administration and legal enforcement, construction of a credible system, cooperation and financing, promotion and publicity, etc.

The Pan-PRD Development Forum in Hong Kong
(December 14, 2004) The Forum was co-sponsored by the Central Policy Unit of Hong Kong and the Asia-Pacific Institute of Chinese University of Hong Kong. Over 200 scholars, research fellows, government officials and business leaders from the nine Pan-PRD provinces/region and Hong Kong SAR and Macao SAR attended the Forum, and elaborated their ideas on economic and cultural development in the Pan-PRD.
The Third Joint Meeting on Pan-PRD Regional Scientific & Technological Cooperation
(December 14, 2004) At the Meeting, leaders of the departments of science and technology from the nine Pan-PRD provinces/region and directors of Hong Kong Innovation & Technology Commission and the Commission of Scientific Technologies of Macao signed the Changsha Protocol and reached a consensus on regional cooperation in science and technology. Changsha Protocol aims to establish the share of basic platform of science and technology in the region, push ahead the mutual recognition measures among “9+2” high-technology enterprises and private enterprises, and enhance the role played by Hong Kong SAR and Macao SAR.

Teachers’ Education Union of the Pan-PRD
(December 19, 2004) Presidents of colleges and universities from the nine provinces/region of the Pan-PRD and Hong Kong SAR and Macao SAR have for the first time gathered at South China Normal University to jointly sign an initiative to enhance the exchange and cooperation of teaching staff in this region.
IV. DATA AND TRENDS

- Fujian
- Jiangxi
- Hunan
- Hainan
- Major Economic Indicators of Nine Pan-PRD Provinces/Region (Jan-Sep 2004)
### Fujian

<table>
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<tr>
<td>Nominal Gross Domestic Product (Rmb/100 mn)</td>
<td>3.74</td>
<td>4.148</td>
<td>5.267</td>
<td>5.837</td>
<td>6.635</td>
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<td>Real Gross Domestic Product Growth (%)</td>
<td>11.5</td>
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<tr>
<td>Nominal Gross Domestic Product (Rmb/100 mn)</td>
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<td>1.975</td>
<td>2.683</td>
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<td>Rural Per Capita Annual Disposable Income</td>
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<td>3.5</td>
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<td>Retail Sales of Consumer Goods (Rmb/100 mn)</td>
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<td>1.45</td>
<td>1.56</td>
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<tr>
<td>Value-added of Industry (Rmb/100 mn)</td>
<td>1.451</td>
<td>1.49</td>
<td>1.49</td>
<td>1.49</td>
<td>1.49</td>
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<tr>
<td>Year-on-year growth of Industry (%)</td>
<td>23.9</td>
<td>26.0</td>
<td>23.7</td>
<td>21.0</td>
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<td>Year-on-year growth of Fixed Assets (%)</td>
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<td>1.09</td>
<td>1.08</td>
<td>1.03</td>
<td>1.09</td>
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<td>City, County and Above Investment in Fixed Assets (Rmb/100 mn)</td>
<td>1.94</td>
<td>3.5</td>
<td>3.19</td>
<td>3.24</td>
<td>3.9</td>
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<td>Year-on-year growth (%)</td>
<td>20.4</td>
<td>22.3</td>
<td>26.9</td>
<td>26.6</td>
<td>28.0</td>
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<td>Foreign Direct Investment (US$100 mn)</td>
<td>49.9</td>
<td>28.0</td>
<td>37.2</td>
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**Notes:**
1. Values are all in nominal terms.
2. Real growth rate.
12. Classification according to source and destination of product.
<table>
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<tr>
<th>Year</th>
<th>Jan - Jun</th>
<th>Jul - Dec</th>
<th>Total</th>
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<tr>
<td>2003</td>
<td>1,335</td>
<td>2,220</td>
<td>3,555</td>
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<td>1,427</td>
<td>2,722</td>
<td>4,149</td>
<td>2,549</td>
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</table>

**Notes:**
1. *Value Added:* Value of gross domestic product at constant price.
2. *Fixed Asset Investment:* Year-to-date value of fixed assets.
3. *Value of Goods and Services:* Year-to-date value of goods and services at constant price.
4. *General Trade:* Value of goods and services at current price.
### Hunan

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Nominal Gross Domestic Product (Rmb100 mn)$^{15}$</td>
<td>4,534</td>
<td>2,403</td>
<td>3,845</td>
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<td>Real Gross Domestic Product Growth (%)$^{3,5}$</td>
<td>9.5</td>
<td>11.8</td>
<td>12.3</td>
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<tr>
<td>Urban Per Capita Annual Disposable Income (Rmb)$^{3,6,8}$</td>
<td>7,574</td>
<td>4,538</td>
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<td>700</td>
<td>704</td>
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<td>1,447</td>
<td>2,200</td>
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<tr>
<td>Consumer Price Index (%)$^{10,11}$</td>
<td>2.4</td>
<td>4.6</td>
<td>5.1</td>
<td>6.5</td>
<td>6.1</td>
<td>4.4</td>
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<tr>
<td>Retail Sales of Consumer Goods (Rmb100 mn)$^{4,6,7,9}$</td>
<td>1,816</td>
<td>974</td>
<td>1,478</td>
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<td>188</td>
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<td>Year-on-year growth(%)$^{4,12}$</td>
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<td>9.7</td>
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<td>9.7</td>
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<td>Value-added of Industry (Rmb100 mn)$^{3,5,6,11}$</td>
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<td>546</td>
<td>851</td>
<td>107</td>
<td>107</td>
<td>111</td>
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<td>Year-on-year growth(%)$^{3,5,6,11}$</td>
<td>20.7</td>
<td>24.5</td>
<td>23.7</td>
<td>23.9</td>
<td>27.0</td>
<td>25.0</td>
</tr>
<tr>
<td>City, County and Above Investment in Fixed Assets (Rmb100 mn)$^{3,5,8,12}$</td>
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<td>651</td>
<td>1,108</td>
<td>1,107</td>
<td>1,279</td>
<td>1,482</td>
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<td>Year-on-year growth(%)$^{3,5,8,12}$</td>
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<td>30.0</td>
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<td>32.9</td>
<td>34.1</td>
<td>36.3</td>
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<tr>
<td>Value of Exports (US$100 mn)$^{13}$</td>
<td>21.5</td>
<td>12.9</td>
<td>21.3</td>
<td>2.9</td>
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<td>3.2</td>
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<tr>
<td>Value of Imports (US$100 mn)$^{13}$</td>
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<td>15.0</td>
<td>22.2</td>
<td>2.4</td>
<td>2.3</td>
<td>3.1</td>
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<td>Foreign Direct Investment (US$100 mn)$^{4,7}$</td>
<td>14.9</td>
<td>7.3</td>
<td>9.5</td>
<td>-</td>
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</table>

**Notes:**

1. Values are all in nominal terms.
2. Real growth rate.
3. Annual data source: Statistical Information of Hunan Province.
5. Year data source: Statistical Information of Hunan Province.
8. October and November data source: Hunan Daily November 14, 2004 and December 19 reported.
9. Quarterly data refer to cash income, normally announced only in March, June, September and December.
10. Include all state-owned enterprises and non-state-owned enterprises with annual turnover of Rmb5 million and above.
11. Classification according to source and destination of products. Data source: China Customs Statistics.
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Nominal Gross Domestic Product (Rmb100 mn)$^{3,4}$</td>
<td>678</td>
<td>369</td>
<td>563</td>
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<td>10.3</td>
<td>10.3</td>
<td>-</td>
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<tr>
<td>Urban Per Capita Annual Disposable Income (Rmb)$^{3,6,7}$</td>
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<td>4,031</td>
<td>5,852</td>
<td>623</td>
<td>613</td>
<td>592</td>
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<tr>
<td>Rural Per Capita Annual Net Income (Rmb)$^{4,5,8}$</td>
<td>2,558</td>
<td>1,530</td>
<td>2,182</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Consumer Price Index (%)$^{3,6,7}$</td>
<td>0.0</td>
<td>4.6</td>
<td>4.8</td>
<td>4.9</td>
<td>4.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Retail Sales of Consumer Goods (Rmb100 mn)$^{3,6,7}$</td>
<td>192</td>
<td>106</td>
<td>158</td>
<td>18</td>
<td>20.1</td>
<td>19.9</td>
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<tr>
<td>Year-on-year growth(%)$^{3,6,7}$</td>
<td>10.8</td>
<td>15.6</td>
<td>15.1</td>
<td>13.5</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Value-added of Industry (Rmb100 mn)$^{3,6,7,9}$</td>
<td>86</td>
<td>57.4</td>
<td>89.6</td>
<td>10.7</td>
<td>8.4</td>
<td>11.0</td>
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<tr>
<td>Year-on-year growth(%)$^{3,6,7,9}$</td>
<td>24.9</td>
<td>15.3</td>
<td>17.3</td>
<td>17.4</td>
<td>20.4</td>
<td>11.5</td>
</tr>
<tr>
<td>City, County and Above Investment in Fixed Assets (Rmb100 mn)$^{3,6,7,10}$</td>
<td>238</td>
<td>128</td>
<td>195</td>
<td>195</td>
<td>213</td>
<td>239</td>
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<tr>
<td>Year-on-year growth(%)$^{3,6,7,10}$</td>
<td>24.2</td>
<td>24.3</td>
<td>17.1</td>
<td>17.1</td>
<td>13.7</td>
<td>13.9</td>
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<tr>
<td>Value of Exports (US$100 mn)$^{11}$</td>
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<td>3.7</td>
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<td>0.4</td>
<td>0.9</td>
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<tr>
<td>Value of Imports (US$100 mn)$^{11}$</td>
<td>12.6</td>
<td>11.4</td>
<td>17.8</td>
<td>1.0</td>
<td>1.2</td>
<td>0.9</td>
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<tr>
<td>Foreign Direct Investment (US$100 mn)$^{3,5,7}$</td>
<td>5.8</td>
<td>3.5</td>
<td>4.6</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Notes:
1. Values are all in nominal terms.
2. Real growth rate.
8. Quarterly data refer to cash income, normally announced only in March, June, September and December.
9. Include all state-owned enterprises and non-state-owned enterprises with annual turnover of Rmb5 million and above.
10. Monthly data are year-to-date data.
11. Classification according to source and destination of products. Data source: China Custom Statistics.
### Major Economic Indicators of Nine Pan-PRD Provinces (Region) (Jan – Sep 2004)

<table>
<thead>
<tr>
<th></th>
<th>Fujian</th>
<th>Jiangxi</th>
<th>Hunan</th>
<th>Hainan</th>
<th>Guangxi</th>
<th>Yunnan</th>
<th>Guizhou</th>
<th>Sichuan</th>
<th>Guangdong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Gross Domestic Product (Rmb100 mn)(^3)</td>
<td>4.148</td>
<td>2.220</td>
<td>3.845</td>
<td>5.3</td>
<td>2.158</td>
<td>1.915</td>
<td>1.070</td>
<td>4.679</td>
<td>11.130</td>
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<td>Real Gross Domestic Product Growth (%)(^3)</td>
<td>12.8</td>
<td>12.7</td>
<td>12.3</td>
<td>10.3</td>
<td>12.3</td>
<td>11.3</td>
<td>11.3</td>
<td>13.1</td>
<td>14.8</td>
</tr>
<tr>
<td>Rural Per Capita Annual Net Income (Rmb)(^4)</td>
<td>3.048</td>
<td>1.664</td>
<td>2.200</td>
<td>2.182</td>
<td>1.736</td>
<td>1.272</td>
<td>1.137</td>
<td>1.571</td>
<td>3.265</td>
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<tr>
<td>Consumer Price Index (%)(^3)</td>
<td>4.0</td>
<td>3.9</td>
<td>6.1</td>
<td>4.8</td>
<td>4.5</td>
<td>5.8</td>
<td>3.8</td>
<td>4.6</td>
<td>3.0</td>
</tr>
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<td>Retail Sales of Consumer Goods (Rmb100 mn)(^5)</td>
<td>1.455</td>
<td>743</td>
<td>1.478</td>
<td>158</td>
<td>704</td>
<td>608</td>
<td>379</td>
<td>1.670</td>
<td>4.803</td>
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<tr>
<td>Year-on-year growth (%)(^5)</td>
<td>14.6</td>
<td>10.3</td>
<td>9.7</td>
<td>16.1</td>
<td>-</td>
<td>12.0</td>
<td>12.5</td>
<td>9.7</td>
<td>-</td>
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<td>Value-added of Industry (Rmb100 mn)(^6)</td>
<td>1.285</td>
<td>426</td>
<td>851</td>
<td>89.6</td>
<td>413</td>
<td>658</td>
<td>304</td>
<td>1.081</td>
<td>5.025</td>
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<td>Year-on-year growth (%)(^6)</td>
<td>23.7</td>
<td>26.8</td>
<td>23.7</td>
<td>17.3</td>
<td>21.2</td>
<td>14.6</td>
<td>19</td>
<td>25.8</td>
<td>23.3</td>
</tr>
<tr>
<td>Total Investment in Fixed Assets (Rmb100 mn)(^6)</td>
<td>1.258</td>
<td>-</td>
<td>1.265</td>
<td>-</td>
<td>-</td>
<td>543</td>
<td>534</td>
<td>1.799</td>
<td>3.819</td>
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<tr>
<td>Year-on-year growth (%)(^6)</td>
<td>26.8</td>
<td>-</td>
<td>26.3</td>
<td>-</td>
<td>-</td>
<td>30.5</td>
<td>13.4</td>
<td>24.9</td>
<td>25.0</td>
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<tr>
<td>City, County &amp; Above Investment in Fixed Assets (Rmb100 mn)(^6)</td>
<td>1.041</td>
<td>767</td>
<td>1.128</td>
<td>195</td>
<td>742</td>
<td>669</td>
<td>472</td>
<td>1.565</td>
<td>3.191</td>
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<tr>
<td>Year-on-year growth (%)(^6)</td>
<td>31.9</td>
<td>29.1</td>
<td>32.9</td>
<td>17.1</td>
<td>32.1</td>
<td>39.5</td>
<td>15.5</td>
<td>27.1</td>
<td>-</td>
</tr>
<tr>
<td>Value of Exports (US$100 mn)(^11)</td>
<td>223</td>
<td>18</td>
<td>21.3</td>
<td>6.1</td>
<td>16.2</td>
<td>13.8</td>
<td>8.9</td>
<td>24.3</td>
<td>1,344</td>
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<td>Value of Imports (US$100 mn)(^11)</td>
<td>144</td>
<td>16.8</td>
<td>22.2</td>
<td>17.8</td>
<td>17.1</td>
<td>13.5</td>
<td>8.0</td>
<td>24.4</td>
<td>1,240</td>
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<td>Utilised Foreign Direct Investment (US$100 mn)(^11)</td>
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<td>9.5</td>
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<td>1.8</td>
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<td>0.6</td>
<td>2.8</td>
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**Notes:**
1. Values are all in nominal terms.
2. Real growth rate.
10. Include all State-owned enterprises and non-state-owned enterprises with annual turnover of Rmb5 million and above.
11. Classification according to source and destination of products. Data source: China Custom Statistics.
<table>
<thead>
<tr>
<th></th>
<th>Fujian</th>
<th>Jiangxi</th>
<th>Hunan</th>
<th>Hainan</th>
<th>Guangxi</th>
<th>Yunnan</th>
<th>Guizhou</th>
<th>Sichuan</th>
<th>Guangdong</th>
<th>Total</th>
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<tbody>
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<td><strong>Land Area (10,000 sq km)</strong></td>
<td>12.1</td>
<td>16.7</td>
<td>21.2</td>
<td>3.5</td>
<td>23.7</td>
<td>39.4</td>
<td>17.5</td>
<td>48.5</td>
<td>17.9</td>
<td>200.6</td>
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<tr>
<td><strong>Population (10,000 persons)</strong></td>
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<td>4,264</td>
<td>5,663</td>
<td>811</td>
<td>4,857</td>
<td>4,375</td>
<td>3,870</td>
<td>8,700</td>
<td>7,964</td>
<td>44,973</td>
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<td>Natural Growth Rate (per 100 persons)</td>
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<td>8.1</td>
<td>5.0</td>
<td>9.2</td>
<td>7.3</td>
<td>9.8</td>
<td>9.0</td>
<td>3.1</td>
<td>8.4</td>
<td>7.3</td>
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<td>Non-agricultural (%)</td>
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<td>18.3</td>
<td>16.3</td>
<td>15.6</td>
<td>21.0</td>
<td>47.7</td>
<td>24.7</td>
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<td>Tertiary-educated (%)</td>
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<td>2.9</td>
<td>3.2</td>
<td>2.4</td>
<td>2.3</td>
<td>1.9</td>
<td>2.5</td>
<td>3.6</td>
<td>2.7</td>
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<td>Illiterate and Semi-illiterate (%)</td>
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<td>73.3</td>
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<td>4,834</td>
<td>678</td>
<td>2,733</td>
<td>2,459</td>
<td>1,544</td>
<td>5,456</td>
<td>13,460</td>
<td>38,826</td>
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<td><strong>Per Capita Gross Domestic Product (Rmb)</strong></td>
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<td>6,663</td>
<td>6,954</td>
<td>8,354</td>
<td>5,527</td>
<td>6,619</td>
<td>3,474</td>
<td>6,272</td>
<td>16,910</td>
<td>8,633</td>
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<td><strong>Real Gross Domestic Product Growth (%)</strong></td>
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<td>13.0</td>
<td>9.6</td>
<td>10.5</td>
<td>10.2</td>
<td>8.6</td>
<td>10.1</td>
<td>11.8</td>
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<td>11.0</td>
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<td><strong>Industrial Structure:</strong></td>
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<tr>
<td>Primary (%)</td>
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<td>19.1</td>
<td>36.9</td>
<td>23.0</td>
<td>20.3</td>
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<td>Secondary (%)</td>
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<td>38.7</td>
<td>24.6</td>
<td>36.8</td>
<td>43.4</td>
<td>42.5</td>
<td>41.5</td>
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<td>Tertiary (%)</td>
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<td>36.2</td>
<td>36.2</td>
<td>40.2</td>
<td>36.3</td>
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<td>37.8</td>
<td>39.8</td>
<td>39.1</td>
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<td><strong>Urban Per Capita Annual Disposable Income (Rmb)</strong></td>
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<td>7,259</td>
<td>7,785</td>
<td>7,644</td>
<td>6,569</td>
<td>7,042</td>
<td>12,360</td>
<td>8,139</td>
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<td><strong>Rural Per Capita Annual Net Income (Rmb)</strong></td>
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<td>2,468</td>
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<td>2,588</td>
<td>2,095</td>
<td>1,697</td>
<td>1,565</td>
<td>2,230</td>
<td>4,654</td>
<td>2,650</td>
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<td><strong>Average Wage (Rmb)</strong></td>
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<td>10,357</td>
<td>11,953</td>
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<td>12,411</td>
<td>19,966</td>
<td>12,860</td>
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<td><strong>Retail Sales of Consumer Goods (Rmb100 mn)</strong></td>
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<td>858</td>
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<td>459</td>
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<td>5,606</td>
<td>14,467</td>
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<td><strong>Total Value-added of Industry (Rmb100 mn)</strong></td>
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<td>1,455</td>
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<td>811</td>
<td>866</td>
<td>451</td>
<td>1,711</td>
<td>5,356</td>
<td>14,858</td>
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<tr>
<td><strong>Above Designated-sized Value-added of Industry (Rmb100 mn)</strong></td>
<td>1,451</td>
<td>440</td>
<td>887</td>
<td>86</td>
<td>437</td>
<td>723</td>
<td>332</td>
<td>1,156</td>
<td>5,606</td>
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<td><strong>Total Fixed Asset Investment (Rmb100 mn)</strong></td>
<td>1,508</td>
<td>1,380</td>
<td>1,557</td>
<td>276</td>
<td>597</td>
<td>1,024</td>
<td>754</td>
<td>2,158</td>
<td>4,889</td>
<td>14,633</td>
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<tr>
<td><strong>City, County &amp; Above Investment in Fixed Assets (Rmb100 mn)</strong></td>
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<td>975</td>
<td>1,160</td>
<td>238</td>
<td>718</td>
<td>778</td>
<td>654</td>
<td>1,789</td>
<td>3,855</td>
<td>11,326</td>
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<td><strong>Real Estate Investment (Rmb100 mn)</strong></td>
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<td>174</td>
<td>239</td>
<td>36</td>
<td>120</td>
<td>112</td>
<td>104</td>
<td>449</td>
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<td><strong>Total Sales of Commercial Housing (Rmb100 mn)</strong></td>
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<td>87</td>
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<td><strong>Average price (Rmb / sqm)</strong></td>
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<td>1,789</td>
<td>1,926</td>
<td>1,913</td>
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<td>Fujian</td>
<td>Guilin</td>
<td>Shenzhen</td>
<td>Guangdong</td>
<td>Total</td>
</tr>
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<td>---------</td>
<td>-------</td>
<td>--------</td>
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<td>--------</td>
<td>----------</td>
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</tr>
<tr>
<td><strong>Total External Trade (US$ 100 mn)</strong>&lt;sup&gt;12&lt;/sup&gt;</td>
<td>386.0</td>
<td>29.6</td>
<td>47.0</td>
<td>19.1</td>
<td>32.6</td>
<td>37.2</td>
<td>15.5</td>
<td>57.8</td>
<td>2,894</td>
<td>3,599</td>
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<tr>
<td><strong>Value of Exports (US$ 100 mn)</strong>&lt;sup&gt;13&lt;/sup&gt;</td>
<td>234.9</td>
<td>14.2</td>
<td>21.6</td>
<td>5.5</td>
<td>17.8</td>
<td>14.7</td>
<td>8.1</td>
<td>50.3</td>
<td>1,538</td>
<td>1,886</td>
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<tr>
<td><strong>Value of Imports (US$ 100 mn)</strong>&lt;sup&gt;13&lt;/sup&gt;</td>
<td>151.1</td>
<td>15.4</td>
<td>25.4</td>
<td>12.6</td>
<td>14.5</td>
<td>12.5</td>
<td>7.4</td>
<td>27.5</td>
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<td>1,623</td>
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<tr>
<td><strong>Trade Balance (US$ 100 mn)</strong>&lt;sup&gt;13&lt;/sup&gt;</td>
<td>83.8</td>
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<td>-3.8</td>
<td>-6.1</td>
<td>3.3</td>
<td>2.2</td>
<td>0.7</td>
<td>2.8</td>
<td>181.1</td>
<td>263.3</td>
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<td>0.5</td>
<td>0.8</td>
<td>1.6</td>
<td>0.4</td>
<td>0.3</td>
<td>1.5</td>
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<td><strong>Number of Foreign Bank Branches</strong>&lt;sup&gt;15&lt;/sup&gt;</td>
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<td>1</td>
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<td>38</td>
<td>52</td>
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<td><strong>Bank Loans (Rmb 100 mn)</strong>&lt;sup&gt;16&lt;/sup&gt;</td>
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<td>3,900</td>
<td>870</td>
<td>2,320</td>
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<td><strong>Per Capita Savings Deposits (Rmb)</strong>&lt;sup&gt;17&lt;/sup&gt;</td>
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<td>4,357</td>
<td>6,743</td>
<td>4,059</td>
<td>4,037</td>
<td>2,359</td>
<td>4,581</td>
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<td><strong>Hong Kong Listed Companies</strong>&lt;sup&gt;18&lt;/sup&gt;</td>
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<td>1</td>
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<td>5</td>
<td>30</td>
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**Notes:**

1. 2000 data.
2. 2002 data.
9. 15 years old and above population.
10. Nominal wage.
11. Includes all state-owned enterprises and non-state-owned enterprises with annual turnover of Rmb5 million and above.
12. Classification according to source of desination of products; Data source: China Custom Statistics.
13. Includes Hong Kong main board & GEM-listed H-share & red chip companies; Source: Hong Kong Exchanges & Clearing and related companies' websites.

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Socio-Economic-Political Trends in Pan-Pearl River Delta Region
Fujian, Jiangxi, Hunan, Hainan (3rd Monthly Report)

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<table>
<thead>
<tr>
<th></th>
<th>Fujian</th>
<th>Jiangxi</th>
<th>Hunan</th>
<th>Hainan</th>
<th>Guangxi</th>
<th>Yunnan</th>
<th>Guizhou</th>
<th>Sichuan</th>
<th>Guangdong</th>
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<td>Real Gross Domestic Product</td>
<td>12.9</td>
<td>11.3</td>
<td>9.9</td>
<td>8.6</td>
<td>9.7</td>
<td>8.8</td>
<td>8.7</td>
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<td>Per Capita Nominal Gross Domestic Product</td>
<td>15.9</td>
<td>14.2</td>
<td>13.5</td>
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<td>11.2</td>
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<td>11.2</td>
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<td>13.6</td>
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<tr>
<td>Above Designated-sized Value-added of Industry²</td>
<td>19.5</td>
<td>7.5</td>
<td>11.8</td>
<td>11.9</td>
<td>6.6</td>
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<td>9.0</td>
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<td>City, County &amp; Above Investment in Fixed Assets³</td>
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<td>13.7</td>
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<td>10.5</td>
<td>11.8</td>
<td>20.8</td>
<td>12.6</td>
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<td>Retail Sales of Consumer Goods⁴</td>
<td>12.8</td>
<td>10.7</td>
<td>10.2</td>
<td>7.5</td>
<td>6.6</td>
<td>9.9</td>
<td>6.7</td>
<td>11.1</td>
<td>11.8</td>
<td>10.1</td>
</tr>
<tr>
<td>Value of Exports¹</td>
<td>17.9</td>
<td>10.9</td>
<td>7.7</td>
<td>9.4</td>
<td>7.4</td>
<td>8.1</td>
<td>15.3</td>
<td>11.8</td>
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<td>15.5</td>
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<td>Value of Imports⁵</td>
<td>12.0</td>
<td>12.1</td>
<td>18.1</td>
<td>2.1</td>
<td>4.4</td>
<td>15.8</td>
<td>18.6</td>
<td>9.4</td>
<td>12.6</td>
<td>11.9</td>
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<td>Foreign Direct Investment (US$100 mn)⁶</td>
<td>244.1</td>
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<td>Urban Per Capita Disposable Income⁷</td>
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<td>Rural Per Capita Net Income⁸</td>
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<td>67.9</td>
<td>44.0</td>
<td>92.5</td>
<td>50.2</td>
<td>64.5</td>
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**Notes:**
1. Data source: CEIC Data.
2. Include all state-owned enterprises and non-state-owned enterprises with annual turnover of Rmb5 million and above.
3. Classified by region of investment, excludes non-classified items.
5. Classification according to source and destination of products; Data source: China Custom Statistics.
V. ENGLISH-CHINESE GLOSSARY OF TERMS

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<th>English Term</th>
<th>Chinese Term</th>
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<tr>
<td>1st May (Labour Day)</td>
<td>五一</td>
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<td>Agricultural tour or farm tour</td>
<td>農家樂旅遊</td>
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<tr>
<td>Barrier-free travel zone</td>
<td>無障礙旅遊區</td>
</tr>
<tr>
<td>Blue tourism or leisure tourism</td>
<td>藍色休閒旅遊</td>
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<tr>
<td>Broad bandwidth fibre optic cable</td>
<td>廣電光纜</td>
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<td>Domestic tourism receipts</td>
<td>國內旅遊收入</td>
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<td>Economic Zone on the West Coast of the Taiwan Strait</td>
<td>海峽西岸經濟區</td>
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<td>Eleventh Five-year Plan</td>
<td>十一.五</td>
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<tr>
<td>Epidemic-free agriculture</td>
<td>無疫區農業</td>
</tr>
<tr>
<td>Green tourism or eco-tourism</td>
<td>綠色生態旅遊</td>
</tr>
<tr>
<td>Guangdong-Hong Kong-Macao tourism information platform</td>
<td>粵港澳旅遊信息平台</td>
</tr>
<tr>
<td>Guaranteed minimum living standard</td>
<td>低保</td>
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<tr>
<td>Individual travel scheme</td>
<td>個人遊</td>
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<tr>
<td>International tourism receipts or foreign exchange tourism receipts</td>
<td>國際旅遊外匯收入</td>
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<td>Island tourism</td>
<td>海島旅遊業</td>
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<td>Kinmen</td>
<td>金門</td>
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<td>Mainland and Hong Kong Closer Economic Partnership Arrangement</td>
<td>內地與香港更緊密經貿關係的安排</td>
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<td>Matsu</td>
<td>馬祖</td>
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<td>Mini three links</td>
<td>小三通</td>
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National cultural relic protection unit  全國重點文物保護單位
National natural reserve  國家級自然保護區
National scenic spot  國家重點風景名勝區
Pan-Pearl River Delta Regional Cooperation Framework Agreement  泛珠三角區域合作框架協議
Pearl River Delta  珠江三角洲
Penghu  澎湖
Red tourism  紅色旅遊
Secretary of the Provincial Committee of the China Communist Party  省委書記
South-eastern Fujian area  閩東南地帶
Taiwan’s Mainland Affairs Council  台灣行政院大陸委員會
Tenth Five-year Plan  十．五
Tour route  旅遊路線
Tourism Board  旅遊發展局
Travel backyard  旅遊後花園
Yangtze River Delta  長江三角洲
Yuanhua smuggling case  遠華特大走私案