

**CONSULTANCY STUDY ON
SOCIAL, ECONOMIC AND POLITICAL
DEVELOPMENTS
IN PAN-PEARL RIVER DELTA REGION**

**NINTH MONTHLY REPORT
COVERING FUJIAN, JIANGXI, HUNAN AND HAINAN**

January 2007

EXECUTIVE SUMMARY

1. The four south-eastern provinces (Fujian, Jiangxi, Hunan, and Hainan) of the Pan-PRD region spent RMB12.82 billion on research and development (R&D) in 2005, representing 5.2% of the national total. Amongst the four provinces, Fujian province put in the largest R&D input while Hainan's R&D input was the least. While the R&D expenses of the four south-eastern provinces were more than those of the four south-western provinces/region (Guangxi, Sichuan, Yunnan, and Guizhou), they were far less than that of Guangdong and only represent a small portion of the total national expenses. The four south-eastern provinces hence have much room for development in R&D.
2. The value-added figures of the new and high-tech industries of Fujian, Jiangxi, Hunan, and Hainan in 2005 were RMB64.28 billion, RMB22.46 billion, RMB47.26 billion, and RMB4.43 billion respectively. Amongst the four provinces, Fujian province recorded the highest value-added figure in new and high-tech industries and the highest percentage of value-added figure of GDP, reflecting that new and high-tech industries played a vital role in the economy of the province.
3. During the period of the "11th Five-year Plan", Fujian province will develop the cities of Fuzhou and Xiamen as the major zones for the development of new and high-tech industries. The province will launch a "4+3" high-tech industrial development plan that focuses on the development of the four major industries of information, biomedical, new materials, and oceanic industries. It will also nurture the three industries of advanced environmental protection, advanced manufacturing, and new energy. The provincial government also plans to encourage enterprises to improve their innovative capabilities through fiscal policies.
4. In the "11th Five-year Plan" of Jiangxi province, the objective in the development of industries of new and high-tech industries is to expedite the streamlining and upgrading of the industrial structure, and achieve breakthroughs in five focal areas including electronics and information, biomedical, new materials, aviation and aerospace, as well as computer software. The Nanchang National High-tech Industry Development Zone will continue its supportive policies, and strive to develop itself into an incubation and industrialization base for new and high-tech enterprises.
5. During the period of the "11th Five-year Plan", Hunan province will rely on the "One Point One Line" region - with Changsha, Zhuzhou, and Xiangtan as its core - to develop industries with competitive advantages. The province hopes to advance the core competencies of the industries through "Seven Major Technological Projects". In the

next five years, Changsha city will endeavour to develop industries in new and high-technology, advanced equipment and manufacturing, and related industries, striving to become the most influential innovation base in the middle region of the Mainland.

6. During the period of the “11th Five-year Plan”, Hainan province will actively promote seven R&D projects (including tropical biological resources, new medicines, new materials, electronics and information, ecology and environmental protection, recyclable energy, and social development) and develop six major technological industries. To attract high-level professionals in autonomous innovation and academics in advanced technology, Hainan province has proposed a series of preferential policies.
7. Hong Kong enterprises can evaluate factors such as investment environment, development plans, and atmosphere of R&D of the four south-eastern provinces. They shall also understand the foci of development and preferential policies of the individual provinces (in particular the major high-tech industrial development zones), in order to grasp business opportunities by direct investment or cooperation with local enterprises.