

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

**“The Construction of the Economic Zone on  
the West Coast of the Taiwan Strait:  
Background, Future and Challenges”**

**FIRST SPECIAL REPORT  
(COVERING FUJIAN, JIANGXI, HUNAN AND HAINAN)**

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## EXECUTIVE SUMMARY

1. Ever since the PRC was founded, Fujian has been regarded as the defence frontline of the Taiwan Straits. Refrained from massive investment and construction, the infrastructure and industrial base of Fujian are hence very weak. In the past 20 years or so, the economic growth of Fujian was not as fast as that of the Yangtze River Delta (YRD) and Pearl River Delta (PRD) regions, and the gap was widening. Fujian has not been able to bring into full play its advantage of being the closest neighbour of Taiwan, and has failed to seize the opportunity of Taiwan's massive transfer of electronics and petrochemical industries to the Mainland since the late 1990's.
2. The idea of constructing an Economic Zone on the West Coast of the Taiwan Straits (EZWC) was first announced by the Fujian Provincial Government in January 2004. After being widely discussed and carefully polished, the idea was now formalised as an ambitious regional development strategy. The idea of EZWC construction has four major implications. First, it is favourable to the streamlining of the regional economic layout of China. Second, it is favourable to bringing Fujian's advantages into full play in accelerating the development of the eastern areas. Third, it is favourable to creating a new comprehensive route to the south-eastern seashore for the development and opening up of the middle and western areas. Fourth, it is favourable to constructing a frontier platform for boosting China's reunification.
3. The EZWC strategy has been recognised and endorsed by the Central Government. It has been included in the State's 11th Five-Year Plan and some other important official documents, which means the strategy of EZWC construction has been upgraded from local-level to state-level. In the meantime, EZWC construction has gotten many crucial supports from various departments of the Central Government in terms of funding, policies and projects.
4. EZWC construction has made some significant achievements, such as rapid improvement of Fujian's infrastructure, acceleration of economic growth, continuous expansion of foreign trade, increased attractiveness to foreign investors, emergence of some industry clusters, and so on. Most importantly, the Mini Three Direct Links with Taiwan have been proceeding substantially, leading to closer cross-strait economic relationship.
5. The prospect of EZWC in general is very bright and optimistic considering its significant implications in both political and economic developments. Fujian has unique advantages in Taiwan's industrial transfer, and Taiwan entrepreneurs have shown

greater interests in investing in Fujian. The potential of cross-strait cooperation remains huge. In future, the economic integration of Fujian and Taiwan is inevitable.

6. The effect of EZWC on neighbouring areas is becoming more and more significant, and EZWC will compete in many areas with the YRD and PRD regions in the future. In the short run, EZWC could not substitute Hong Kong as the bridge between Taiwan and the Mainland. However, in the long run, as the land transport between Fujian and PRD improves by the construction of a railway between Xiamen and Shenzhen, and the cluster of ports along the south-eastern seashore grows up, Hong Kong's status as a trade and shipping centre will be challenged by EZWC.
7. What EZWC brings to Hong Kong are not merely challenges but also many opportunities for development. Hong Kong should seize those opportunities and involve in the EZWC construction. For example, Hong Kong companies can take part in the harbour and other infrastructure construction projects. Especially in the service sectors, Hong Kong has competitive advantages in financial services and other professional fields, hence could play a great role in the development of EZWC.
8. In the long run, to establish and maintain its advantages, Hong Kong should seek further economic integration with Shenzhen as a response to the economic integration of Fujian and Taiwan. The integration with Shenzhen should emphasise on lowering business costs and attracting talents, and aim at realising free movement of production factors and resources. By comprehensive planning and moving forward gradually, integration with Shenzhen will expand much room for development and accumulate more advantages for Hong Kong's long-term growth.