CENTRAL POLICY UNIT

HONG KONG SPECIAL ADMINISTRATIVE REGION

CONSULTANCY STUDY ON SOCIAL, ECONOMIC AND POLITICAL DEVELOPMENTS IN PAN-PEARL RIVER DELTA REGION (EXCEPT THE GUANGDONG PROVINCE) AND THEIR IMPLICATIONS FOR HONG KONG

FIRST BI-MONTHLY REPORT

Februray 2008

Executive Summary

1. Since 2004, the progress of co-operation among Pan-Pearl River Delta (Pan-PRD) provinces/regions has come to a standstill. The participation of Pan-PRD members has obviously declined. Pan-PRD co-operation projects have four characteristics: initiated by the government, overstatement in some projects, declining support from the Guangdong Government, and negligible contribution of Hong Kong and Macao. Pan-PRD co-operation is at a stage faced with "internal worries and external challenges". Internal worries are "structural challenge and insufficient willingness". External challenges include "concurrent rising of major economic zones, co-existence of international regional co-operation, and lack of support for the Pan-PRD region from the central government". In the new regional layout of the 11th Five-Year Plan, the "Rise of Central Region" (中部崛起), the emergence of the Chengdu-Chongqing Economic Zone (成渝經濟區), Economic Zone on the West Coast of the Taiwan Strait (海峽西岸經濟區), Beibu Gulf Rim Economic Zone (環北部灣) and Chengdu-Chongqing Pilot Reform Zone for Coordinated Urban and Rural Development (成渝統籌城鄉發展綜合配套改革試驗區) all impose challenges on Pan-PRD co-operation.

2. Hong Kong should improve its relationship with Guangdong, establish the long-term objective of constructing the Guangdong – Guangxi – ASEAN Sub-Regional Economic Circle (兩廣-東盟次區域經濟圈) with the dual cores of PRD and Beibu Gulf (珠三角-北部灣), and promote and take part in the construction of the Beibu Gulf Economic Zone. Co-operation should be specific in areas based on the different characteristics of different Pan-PRD provinces/regions, e.g. entering Fujian partnering with Taiwan businessmen; participating in Guizhou's poverty-alleviation and ecological preservation activities; co-operating with Sichuan, Hunan and Jiangxi on such aspects as food safety and food standard.

3. As a follow-up to the 11th Five-Year Plan, the Central Government deepened and adjusted the overall national development strategy in the 17th CPC National Congress. The principles of "transformation of the economic development mode", "development and protection of social justice as well as promotion of social

harmony" and "ecological civilization" would be pursued in future. The thinking of the 17th CPC National Congress may form the core thinking of the 12th Five-Year Plan. Responses from the Pan-PRD provinces/region to the 17th CPC National Congress varied. After the 17th CPC National Congress, the Secretaries of CPC Committees of Guangdong, Sichuan, Guangxi and Jiangxi Provinces were changed. The speeches of the new Secretaries at the tenure appointment meetings showed the future work foci. Hong Kong should make directional adjustment in Guangdong-Hong Kong co-operation, internationalization and mode of local administration in response to the Mainland's new development directions.

4. In August 2007, The State Council's Opinions on Solving the Housing Difficulties of Low-Income Urban Families (《國務院關於解決城市低收入家庭住房困難的若干意見》) initiated another round of housing reform. The government intervened in the market directly, launched low-cost housing and increased housing supply to help low-income and poor families. This has completely changed the property market structure on the Mainland. In 2007, governments in various Pan-PRD regions launched more economical and low-rental housing projects. The new housing protection system would affect the business opportunities of Hong Kong property developers on the Mainland.

5. The rise in the Consumer Price Index (CPI) on the Mainland since 2007 has been mainly driven by cyclic changes in the prices of agricultural products. The structural changes in urban-rural food circulation system, people's eating habits, and industrialization of pork husbandry have attributed to the drastic rise in the prices of agricultural products, particularly pork price. Hong Kong should study the Mainland's reform measures on husbandry and devise comprehensive plans for pork procurement, domestic husbandry and people's dietary structure.

6. Fujian strives to develop as a gateway to the sea for the central provinces so as to expand its ports' servicing area. According to its plan, the gateway of the central and western provinces to the sea should take shape by the end of the 11th Five-Year Plan period. In current reality, however, it serves mainly Jiangxi. The rising of the Fujian ports would reduce the benefits might be reaped by Hong Kong from the realisation of the direct China-Taiwan trade, affecting Hong Kong's efforts to expand the

sources of goods for shipment. Hong Kong should co-operate with Guangdong and tie in with the "going global" policy ("走出去"政策) to attract more sources of goods for shipment. At the same time Hong Kong should study the feasibility of rail transport at ports to save transportation costs and relieve the pressure of land freight transportation on roads.

7. In October 2007, the city of Jiujiang (九江市) in Jiangxi promulgated the Master Plan for the Development Along the River Bank of Jiujiang (《九江沿江開發總體規劃》). Jiujiang is located at the intersection of Jiangxi, Hubei, Hunan and Anhui, and the local government hopes to develop Jiujiang into a thoroughfare for the neighbouring provinces through the development along its river bank. Jiangxi hopes to turn the Jiujiang port into a gateway to the Yangtze Delta. Yet as the Plan is vague and lacks macro vision, the outlook is not be promising. As a breakthrough in expanding Hong Kong's logistics and maritime network, Hong Kong's logistics industry can make use of Jiujiang to link up the sources of goods in the neighbouring regions and transport them to Hong Kong through the Beijing-Kowloon Railway.

8. On 11 October 2007, the port of Yangpu in Hainan (海南洋浦) was approved by the State Council as the 4th bonded port in the nation. Yangpu has the advantages of having good natural conditions, proximity to the ASEAN countries, and being in line with the nation's energy strategy. The Yangpu Economic Development Zone (洋浦經濟開發區) is positioned as an industrial base for petro-chemicals, oil reserves, and forest-pulp-paper production. It is a regional logistics and maritime centre facing Southeast Asia, connecting the Beibu Gulf and having South China as its hinterland. Yangpu may compete with and take up part of the businesses of the cluster of ports along the coast of Guangdong. Hong Kong's business, logistics and maritime enterprises may consider investing in the Yangpu bonded port. They may also develop ancillary industries related to petro-chemicals, oil and gas, and take part in the regional petro-chemicals industry cluster in the PRD, Shantou and Zhanjiang.

9. Guangxi promulgated the Provisional Measures in Promoting the Use of Ethanol Fuel for Vehicles in Guangxi Zhuang Autonomous Region (draft to solicit opinions)

(《廣西壯族自治區車用乙醇汽油推廣使用暫行辦法(徵求意見稿)》) which is in line with the country's Renewable Energy Development Plan (《可再生能源發展規劃》). The aim is to make use of local and regional resources to promote comprehensive social and economic development, and demonstrate the trial use of cassava ethanol fuel to the rest of the nation. It also aims at helping Guangxi expand overseas co-operation by developing cassava production bases in the nearby ASEAN countries. Hong Kong can make use of its international connection to help Guangxi establish international sales network for ethanol fuel. It can also invest or provide financing services to related enterprises in Guangxi, enhance research on biomass fuels, and introduce ethanol fuel to Hong Kong to alleviate air pollution.

10. In the second half of 2006, Guizhou decided to build the Guiyang – Guangzhou Express Rail and the Guiyang – Shuikou section of the Xiamen – Chengdu Expressway (廈蓉高速公路貴陽至水口段) which would significantly shorten the time of rail and road transport from Guiyang to Guangzhou. Guizhou plans to build five inland waterways to go outside the province, forming an inland river system that coordinates with the other means of transportation. After 2010, Guizhou may become a transit point of shipment from the southwestern and northwestern regions to the PRD. This would facilitate the export of minerals, increase the connection of western Guangdong and eastern Guangxi with the Xijiang River drainage area, and strengthen the roles of PRD and Hong Kong as economic centres in the southwestern region.

11. In end-October 2007, the Study on the Strategy of Constructing the Third Eurasian Continental Bridge (《構建第三亞歐大陸橋戰略研究》) passed through expert assessment. The Third Eurasian Continental Bridge would start from the ports along the coast of Guangdong like Shenzhen, and from Kunming it would run through countries like Myanmar, India and Iran, enter Europe from Turkey, and end at Rotterdam in the Netherlands. It would pass through 21 countries in Asia and Europe, with a branch to Africa, and have important economic and strategic implications. China could then cut down its reliance on the Strait of Malacca. It could enhance the link between its eastern and western regions, and the trade between China and ASEAN countries as well as India. This would help Chinese enterprises "go global". Goods from the PRD could then be transported to southwest

China, ASEAN countries, South Asia and Europe through this Third Eurasian Continental Bridge. This would affect Hong Kong's status in the international maritime industry. Hong Kong has to change the concept of a maritime centre and transform the mode of operations from physical logistical operations to an integration of knowledge, skills and management, and become a command centre of the regional supply chain system. It has to expand its scope of operations to the south of Shanghai and the Indian Ocean through digitized management.

12. In October 2007, Chengdu started the construction of the container rail terminal and international container logistics park to establish itself as the largest inland port in the western region. The concept of "inland port" (內陸港) is to build a port in an inland city that resembles the coastal ports in handling containers, using special-purpose trains to timely deliver containers to the coastal ports for direct loading and shipment. This breaks territorial boundaries and is in line with the international trend of integrated logistics development. Hong Kong should leverage on its strengths in commercial maritime network and financial services to help inland ports on the Mainland in their operation and connection with the international marketplace. It should also ride on the edges of its advanced and highly efficient international airport to develop sea-land-air-integrated transportation, and develop a special logistics passageway.

13. The construction of the 5th largest national major project since founding of the PRC government, "Sichuan-to-the-East Natural Gas Transmission" (川氣東送), commenced in September 2007. The Project will transmit natural gas to Jiangsu, Zhejiang and Shanghai. It excels in supplying safe and stable natural gas, and is a relief to the country's supply-demand conflict. It will also reduce the reliance of China on foreign energy supply and improve the environment using natural gas as a substitute for petrol. Shanghai strives to become the terminal of the transmission path and as the major market for China's natural gas. Sichuan may become a natural gas centre and develop a petro-chemicals industry cluster. The "Sichuan-to-the-East Natural Gas Transmission" project would change the energy picture and supply situation of China. Hong Kong can consider increasing inputs on research to build its capability being a member of a natural gas industry chain. It can ride on its strength in financial services to provide financing to the Mainland's energy and

infrastructure projects. This can differentiate itself from Shanghai further and strengthen its status as an international financial centre. With regard to the energy policy, Hong Kong could consider increasing the percentage of natural gas utilization in Hong Kong.

Appendix I：Statistical Data for the Pan-PRD Provinces/ Region

Major Economic Indicators of Fujian

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	6,568.9	7,614.6	3,752.0	5,946.0
Real Gross Domestic Product Growth (%)	11.6	14.8	14.3	15.1
Urban Per Capita Annual Disposable Income (RMB)	12,321.3	13,753.3	8,203.2	11,799.1
Rural Per Capita Net Income (RMB)*	4,450.4	4,834.8	2,630.8	4,100.7
Consumer Price Index (Same period of preceding year=100)	102.2	100.8	104.2	104.9
Retail Sales of Consumer Goods (RMB 100 million)	2,345.8	2,704.2	1,524.7	2,297.9
Year-on-year Growth (%)	13.8	15.3	17.1	17.9
Value-Added of Industry above Designated Size (RMB 100 million)**	2,291.3	2,847.8	1,536.5	2,420.4
Year-on-year Growth (%)	24.1	24.3	20.6	21.1
City, County and Above Investment in Fixed Assets (RMB 100 million)	1,958.3	2,730.1	1,556.0	2,488.6
Year-on-year Growth (%)	22.8	39.4	44.2	46.2
Value of Exports (USD 100 million)***	359.5	417.2	229.5	359.1
Year-on-year Growth (%)	17.7	16.1	21.8	21.5
Value of Imports (USD 100 million)***	208.5	231.7	109.5	176.8
Year-on-year Growth (%)	8.1	11.1	7.3	11.3
Utilised Foreign Direct Investment (USD 100 million)****	26.1	32.2	24.3	32.5

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Fujian Provincial Bureau of Statistics：http://www.stats-fj.gov.cn/

* Data of 2007 refers to rural per capita cash income.

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million.

*** Divided by destination within territory, and origin of goods within territory.

**** Data source of 2005 and 2006：2007 Fujian Statistical Yearbook, and data source of 2007：Province Data Net, http://provincedata.mofcom.gov.cn/

Major Economic Indicators of Jiangxi

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	4,056.8	4,670.5	2,244.3	3,720.0
Real Gross Domestic Product Growth (%)	12.8	12.3	13.2	13.3
Urban Per Capita Annual Disposable Income (RMB)	8,619.7	9,551.1	5,823.6	8,580.7
Rural Per Capita Net Income (RMB)*	3,128.9	3,459.5	1,744.3	2,895.9
Consumer Price Index (Same period of preceding year=100)	101.7	101.2	103.5	104.4
Retail Sales of Consumer Goods (RMB 100 million)	1,236.2	1,428.0	791.1	1,187.6
Year-on-year Growth (%)	15.0	15.5	16.7	17.2
Value-Added of Industry above Designated Size (RMB 100 million)**	882.3	1,288.1	752.1	1,214.5
Year-on-year Growth (%)	42.8	46.0	24.1	24.3
City, County and Above Investment in Fixed Assets (RMB 100 million)	1,902.7	2,377.4	1,037.4	1,741.3
Year-on-year Growth (%)	28.7	25.0	29.8	32.4
Value of Exports (USD 100 million)***	26.5	39.5	23.5	38.8
Year-on-year Growth (%)	1.8	48.9	52.6	48.3
Value of Imports (USD 100 million)***	23.1	33.0	16.4	29.6
Year-on-year Growth (%)	4.3	43.1	79.8	78.3
Utilised Foreign Direct Investment (USD 100 million)****	24.2	28.1	17.8	24.8

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Jiangxi Statistical Information Net：http://www.jxstj.gov.cn/

* Data of 2007 refers to rural per capita cash income.

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

*** Divided by destination within territory, and origin of goods within territory.

****Data source of 2005 and 2006:2007 Jiangxi Statistical Yearbook,data source of 2007:Jiangxi Statistical Information Net,http://provincedata.mofcom.gov.cn/

Major Economic Indicators of Hunan

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	6,511.3	7,568.9	3,930.3	6,192.8
Real Gross Domestic Product Growth (%)	11.6	12.2	14.2	14.2
Urban Per Capita Annual Disposable Income (RMB)	9,524.0	10,504.7	6,354.7	9,257.5
Rural Per Capita Net Income (RMB)*	3,117.7	3,389.6	2,099.1	3,145.6
Consumer Price Index (Same period of preceding year=100)	102.3	101.4	105.4	105.8
Retail Sales of Consumer Goods (RMB 100 million)	2,459.1	2,834.2	1,585.8	2,406.0
Year-on-year Growth (%)	14.4	15.3	17.2	17.9
Value-Added of Industry above Designated Size (RMB 100 million)**	1,629.8	2,089.1	1,194.8	1,896.9
Year-on-year Growth (%)	36.0	28.2	21.6	22.9
City, County and Above Investment in Fixed Assets (RMB 100 million)	2,204.0	2,718.4	1,510.0	2,524.2
Year-on-year Growth (%)	31.2	23.3	39.5	38.4
Value of Exports (USD 100 million)***	38.6	51.8	31.5	47.8
Year-on-year Growth (%)	22.6	34.3	47.9	36.5
Value of Imports (USD 100 million)***	31.0	28.0	15.0	23.7
Year-on-year Growth (%)	5.6	-9.8	47.8	47.6
Utilised Foreign Direct Investment (USD 100 million)****	20.7	25.9	15.9	6.2

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Statistical Information of Hunan：http://www.hntj.gov.cn/

* Data of 2007 refers to rural per capita cash income.

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

*** Divided by destination within territory, and origin of goods within territory.

**** Source: 湖南省商務廳, http://big5.mofcom.gov.cn/gate/big5/gcc.hunan.mofcom.gov.cn/, and Statistical Information of Hunan：http://www.hntj.gov.cn/

Major Economic Indicators of Guangxi

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	4,075.8	4,828.5	2,386.3	3,718.0
Real Gross Domestic Product Growth (%)	13.2	13.6	15.1	15.0
Urban Per Capita Annual Disposable Income (RMB)	9,286.7	9,898.8	6,209.9	9,116.4
Rural Per Capita Net Income (RMB)*	2,494.7	2,770.5	1,838.7	2,653.7
Consumer Price Index (Same period of preceding year=100)	102.4	101.3	104.1	105.4
Retail Sales of Consumer Goods (RMB 100 million)	1,397.0	1,600.8	917.4	1,385.8
Year-on-year Growth (%)	14.3	14.6	16.1	17.2
Value-Added of Industry above Designated Size (RMB 100 million)**	794.6	1,074.8	639.2	962.1
Year-on-year Growth (%)	33.4	35.3	25.9	26.1
City, County and Above Investment in Fixed Assets (RMB 100 million)	1,480.9	1,947.3	1,062.9	1,698.1
Year-on-year Growth (%)	35.3	31.5	44.2	40.6
Value of Exports (USD 100 million)***	28.7	38.3	21.6	34.9
Year-on-year Growth (%)	24.1	33.4	39.1	39.8
Value of Imports (USD 100 million)***	28.9	37.8	17.6	27.8
Year-on-year Growth (%)	14.8	30.7	28.1	25.6
Utilised Foreign Direct Investment (USD 100 million)****	6.4	7.1	3.1	4.1

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Jiangxi Statistical Information Net：http://www.jxstj.gov.cn/

* Data of 2007 refers to rural per capita cash income.

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

*** Divided by destination within territory, and origin of goods within territory.

**** Data source of 2005 and 2006：2007 Guangxi Statistical Yearbook, and data source of 2007：Guangxi Statistical Information Net, http://www.gxtj.gov.cn/

Major Economic Indicators of Hainan

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	894.6	1,052.9	575.4	895
Real Gross Domestic Product Growth (%)	10.2	12.5	15.5	15.5
Urban Per Capita Annual Disposable Income (RMB)	8,123.9	9,395.1	5,806.1	8,390.8
Rural Per Capita Net Income (RMB)*	3,004.0	3,255.5	2,074.5	3,124.0
Consumer Price Index (Same period of preceding year=100)	101.5	101.5	102.8	104.1
Retail Sales of Consumer Goods (RMB 100 million)	268.6	308.3	171.4	257.3
Year-on-year Growth (%)	13.4	14.8	15.6	16.2
Value-Added of Industry above Designated Size (RMB 100 million)**	152.5	190.3	133.0	190.6
Year-on-year Growth (%)	48.5	24.8	37.3	39.1
City, County and Above Investment in Fixed Assets (RMB 100 million)	339.2	396.7	183.4	302.1
Year-on-year Growth (%)	16.6	16.9	12.8	18.7
Value of Exports (USD 100 million)***	8.5	11.0	6.4	9.9
Year-on-year Growth (%)	3.3	29.1	6.1	-5.8
Value of Imports (USD 100 million)***	12.7	22.9	10.0	14.2
Year-on-year Growth (%)	-38.9	80.8	49.8	35.6
Utilised Foreign Direct Investment (USD 100 million)	7.1	7.9	3.1	8.5

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Hainan Provincial Bureau of Statistics：http://www.statistic.hainan.gov.cn/

* Data of 2007 refers to rural per capita cash income.

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

*** Divided by destination within territory, and origin of goods within territory.

Major Economic Indicators of Sichuan

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	7,385.1	8,637.8	4,408.1	7,465.1
Real Gross Domestic Product Growth (%)	12.6	13.3	13.7	14.1
Urban Per Capita Annual Disposable Income (RMB)	8,386.0	9,350.1	5,777.1	8,391.1
Rural Per Capita Net Income (RMB)*	2,802.8	3,002.4	1,928.1	2,911.4
Consumer Price Index (Same period of preceding year=100)	101.7	102.3	104.0	105.3
Retail Sales of Consumer Goods (RMB 100 million)	2,981.4	3,421.6	1,840.8	2,832.4
Year-on-year Growth (%)	14.0	14.8	15.8	16.6
Value-Added of Industry above Designated Size (RMB 100 million)**	2,160.2	2,786.6	1,650.9	2,513.3
Year-on-year Growth (%)	39.7	29.0	25.5	25.5
City, County and Above Investment in Fixed Assets (RMB 100 million)	2,991.8	3,927.6	2,266.5	3,507.0
Year-on-year Growth (%)	28.8	31.3	30.5	30.3
Value of Exports (USD 100 million)***	40.9	56.8	37.6	60.5
Year-on-year Growth (%)	17.3	38.7	36.6	29.5
Value of Imports (USD 100 million)***	35.8	50.0	24.1	41.7
Year-on-year Growth (%)	11.7	39.5	17.6	26.9
Utilised Foreign Direct Investment (USD 100 million)****	11.0	14.7	8.7	13.1

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Statistical Information of Sichuan, http://www.sc.stats.gov.cn/

* Data of 2007 refers to rural per capita cash income

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

*** Divided by destination within territory, and origin of goods within territory.

**** Data source of 2005 and 2006：2007 Guizhou Statistical Yearbook, and data source of 2007：Sichuan Provincial People's Government, http://www.sc.gov.cn/.

Major Economic Indicators of Guizhou

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	1,979.1	2,282.0	1,165.4	1,810.3
Real Gross Domestic Product Growth (%)	11.6	11.6	13.9	13.8
Urban Per Capita Annual Disposable Income (RMB)	8,151.1	9,116.6	5,408.9	7,969.4
Rural Per Capita Net Income (RMB)*	1,877.0	1,984.6	1,045.1	1,657.0
Consumer Price Index (Same period of preceding year=100)	101.0	101.7	103.9	105.3
Retail Sales of Consumer Goods (RMB 100 million)	606.9	689.8	382.3	583.3
Year-on-year Growth (%)	13.4	13.7	16.0	17.8
Value-Added of Industry above Designated Size (RMB 100 million)**	585.9	747.4	384.8	596.0
Year-on-year Growth (%)	33.6	27.6	17.0	16.9
City, County and Above Investment in Fixed Assets (RMB 100 million)	899.3	1,048.7	501.5	826.4
Year-on-year Growth (%)	15.3	16.6	19.7	20.7
Value of Exports (USD 100 million)***	11.3	13.5	6.2	9.8
Year-on-year Growth (%)	-10.5	19.0	35.4	31.6
Value of Imports (USD 100 million)***	9.0	8.6	3.2	5.7
Year-on-year Growth (%)	-17.9	-4.7	15.4	38.5
Utilised Foreign Direct Investment (USD 100 million)****	1.1	0.9	0.7	0.8

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Statistical Information of Guizhou, http://www.gz.stats.gov.cn/index.shtml.

* Data of 2007 refers to rural per capita cash income.

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

*** Divided by destination within territory, and origin of goods within territory.

**** Data source of 2005 and 2006：2007 Guizhou Statistical Yearbook, and data source of 2007：Statistical Information of Guizhou, http://www.gz.stats.gov.cn/index.shtml.

Major Economic Indicators of Yunnan

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	3,472.9	4,006.7	2,009.6	3,201
Real Gross Domestic Product Growth (%)	9.0	11.9	14.6	13.7
Urban Per Capita Annual Disposable Income (RMB)	9,265.9	10,069.9	5,914.9	8,685.9
Rural Per Capita Net Income (RMB)*	2,041.8	2,250.5	1,406.5	2,068.8
Consumer Price Index (Same period of preceding year=100)	101.4	101.9	103.7	105.1
Retail Sales of Consumer Goods (RMB 100 million)	1,034.4	1,188.9	611.0	946.2
Year-on-year Growth (%)	13.0	14.9	15.8	16.4
Value-Added of Industry above Designated Size (RMB 100 million)**	998.8	1,271.5	718.4	1,213.0
Year-on-year Growth (%)	13.3	27.3	21.0	16.5
City, County and Above Investment in Fixed Assets (RMB 100 million)	1,592.3	1,924.1	878.4	1,497.6
Year-on-year Growth (%)	43.1	20.8	20.0	23.8
Value of Exports (USD 100 million)***	23.9	30.6	21.7	32.6
Year-on-year Growth (%)	18.1	28.3	48.0	37.3
Value of Imports (USD 100 million)***	26.1	33.2	19.1	28.9
Year-on-year Growth (%)	52.3	27.1	36.7	27.3
Utilised Foreign Direct Investment (USD 100 million)****	1.9	3.0	2.1	3.5

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Yunnan Bureau of Statistics：http://www.stats.yn.gov.cn/

* Data of 2007 refers to rural per capita cash income.

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

*** Divided by destination within territory, and origin of goods within territory.

**** Data source of 2005 and 2006：Yunnan Bureau of Statistics：http://www.stats.yn.gov.cn/, and data source of 2007：Province Data Net：http://provincedata.mofcom.gov.cn/address/index.asp

Major Economic Indicators of Guangdong

	2005	2006	2007 Jan-Jun	2007 Jan-Sep
Nominal Gross Domestic Product (RMB 100 million)	22,366.5	26,204.5	13,544.5	21,489.6
Real Gross Domestic Product Growth (%)	13.8	14.6	14.3	14.7
Urban Per Capita Annual Disposable Income (RMB)	14,769.9	16,015.6	9,238.4	13,404.7
Rural Per Capita Net Income (RMB)*	4,690.5	5,079.8	3,080.3	4,642.5
Consumer Price Index (Same period of preceding year=100)	102.3	101.8	102.1	103.0
Retail Sales of Consumer Goods (RMB 100 million)	7,882.6	9,118.1	5,144.9	7,777.0
Year-on-year Growth (%)	15.0	15.7	16.0	16.1
Value-Added of Industry above Designated Size (RMB 100 million)**	9,416.4	11,780.9	5,887.4	9,291.9
Year-on-year Growth (%)	24.7	25.1	18.4	18.3
City, County and Above Investment in Fixed Assets (RMB 100 million)	5,890.1	6,553.7	2,958.4	4,630.8
Year-on-year Growth (%)	17.1	11.3	14.5	12.6
Value of Exports (USD 100 million)***	2,381.6	3,054.6	1,660.2	2,648.9
Year-on-year Growth (%)	24.3	26.8	26.5	24.2
Value of Imports (USD 100 million)***	1,898.2	2,363.7	1,197.7	1,914.5
Year-on-year Growth (%)	14.7	19.3	17.8	17.7
Utilised Foreign Direct Investment (USD 100 million)****	151.7	178.1	81.1	114.6(Jan-Aug)

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Statistical Information of Guangdong, http://www.gdstats.gov.cn/

* Data of 2007 refers to rural per capita cash income.

** Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million.

*** Divided by destination within territory, and origin of goods within territory.

**** Data source of 2005 and 2006：2007 Guangdong Statistical Yearbook, and data source of 2007：Statistical Information of Guangdong, http://www.gdstats.gov.cn/

Nine Pan-PRD Provinces/Region: Statistics at a Glance (2006)

	Fujian	Jiangxi	Hunan	Guangxi	Hainan	Sichuan	Guizhou	Yunnan	Guangdong
Nominal Gross Domestic Product (RMB 100 million)	7,614.6	4,670.5	7,568.9	4,828.5	1,052.9	8,637.8	2,282.0	4,006.7	26,204.5
Real Gross Domestic Product Growth (%)	14.8	12.3	12.2	13.6	12.5	13.3	11.6	11.9	14.6
Urban Per Capita Annual Disposable Income (RMB)	13,753.3	9,551.1	10,504.7	9,898.8	9,395.1	9,350.1	9,116.6	10,069.9	16,015.6
Rural Per Capita Net Income (RMB)	4,834.8	3,459.5	3,389.6	2,770.5	3,255.5	3,002.4	1,984.6	2,250.5	5,079.8
Consumer Price Index(Same period of preceding year=100)	100.8	101.2	101.4	101.3	101.5	102.3	101.7	101.9	101.8
Retail Sales of Consumer Goods (RMB 100 million)	2,704.2	1,428.0	2,834.2	1,600.8	308.3	3,421.6	689.8	1,188.9	9,118.1
Year-on-year Growth (%)	15.3	15.5	15.3	14.6	14.8	14.8	13.7	14.9	15.7
Value-Added of Industry above Designated Size (RMB 100 million)*	2,847.8	1,288.1	2,089.1	1,074.8	190.3	2,786.6	747.4	1,271.5	11,780.9
Year-on-year Growth (%)	24.3	46.0	28.2	35.3	24.8	29.0	27.6	27.3	25.1
City, County and Above Investment in Fixed Assets (RMB 100 million)	2,730.1	2,377.4	2,718.4	1,947.3	396.7	3,927.6	1,048.7	1,924.1	6,553.7
Year-on-year Growth (%)	39.4	25.0	23.3	31.5	16.9	31.3	16.6	20.8	11.3
Value of Exports (USD 100 million)**	417.2	39.5	51.8	38.3	11.0	56.8	13.5	30.6	3,054.6
Year-on-year Growth (%)	16.1	48.9	34.3	33.4	29.1	38.7	19.0	28.3	26.8
Value of Imports (USD 100 million)**	231.7	33.0	28.0	37.8	22.9	50.0	8.6	33.2	2,363.7
Year-on-year Growth (%)	11.1	43.1	-9.8	30.7	80.8	39.5	-4.7	27.1	19.3
Utilised Foreign Direct Investment (USD 100 million)***	32.2	28.1	25.9	7.1	7.9	14.7	0.9	3.0	178.1

Notes：

1. The year-on-year growth is not calculated at comparable prices.
2. Data Sources：China Statistical Yearbook (2007) and China Statistical Abstract (2007).

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million.

** Divided by destination within territory, and origin of goods within territory.

*** Data sources：Bureaus of Statistics of the pan-PRD provinces/region.

Nine Pan-PRD Provinces/Region: 10-Year Economic Trend (1997 - 2006)

Average Annual Growth Rate	Fujian	Jiangxi	Hunan	Hainan	Guangxi	Sichuan	Guizhow	Yunnan	Guangdong	Total
Real Gross Domestic Product Growth	11.4%	10.7%	10.0%	9.5%	9.9%	10.3%	9.7%	8.8%	12.1%	10.9%
Nominal Per Capita Gross Domestic Product	9.9%	12.0%	11.4%	9.3%	11.3%	11.3%	11.3%	9.3%	11.7%	12.7%
Value-Added of Industry above Designated Size*	14.3%	24.1%	18.3%	10.8%	18.4%	18.6%	19.2%	16.9%	14.8%	16.9%
City, County and Above Investment in Fixed Assets	18.9%	20.9%	19.0%	17.8%	16.3%	18.8%	17.0%	10.5%	19.1%	18.2%
Retail Sales of Consumer Goods	11.8%	11.0%	11.8%	9.8%	10.1%	12.2%	11.2%	10.9%	13.5%	12.2%
Value of Exports	16.9%	15.2%	15.2%	2.4%	5.4%	18.3%	13.0%	10.9%	17.0%	16.6%
Value of Imports	13.0%	4.7%	22.5%	9.0%	20.8%	28.0%	18.3%	17.1%	17.5%	16.8%
Utilised Foreign Direct Investment (USD 100 million) **	404.9	118.7	124.8	60.2	55.8	65.2	15.1	15.5	1,267.1	2,127.4
Urban Per Capita Annual Disposable Income ***	9.4%	9.9%	8.1%	7.6%	7.6%	7.9%	8.3%	6.8%	7.2%	8.1%
Rural Per Capita Net Income ***	6.3%	5.7%	5.8%	6.7%	4.4%	6.7%	4.8%	5.6%	4.3%	5.6%

Notes:

1. Unless otherwise specified, this table presents average growth rates for the period of 1997 to 2006.

2.Data source of 1997：*China Compendium of Statistics 1949-2004*(《新中國五十五年統計資料彙編》).

3.Data source of 2006：*2007 China Statistical Yearbook.*

* The item refers to all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million. The growth rates are for the period of 1998-2006, as the National Bureau of Statistics of China started to compile this data after 1998. Data source of 1998：*China Compendium of Statistics 1949-2004.* Data source of 2006：Provincial Bureaus of Statistics of the Pan-PRD provinces/ region.

**Cumulative data. Data source of 1997-2004：*China Compendium of Statistics 1949-2004.* Data source of Fujian, Jiangxi, Hunan and Hainan in 2005：Provincial Bureaus of Statistics of the provinces. Data source of 2006：Provincial Bureaus of Statistics of the Pan-PRD provinces/ region.

***Due to adjustment on statistical definition of urban/rural population, quite significant disparities were identified for these two items across the concerned period. Hence the average growth rates of the Pan-PRD provinces/ region are simple average ones, instead of weighted average that would take population into account.

Appendix II：Glossary

Beibu Gulf Rim Economic Zone	環北部灣(經濟區)
Chengdu-Chongqing Economic Zone	成渝經濟區
Chengdu-Chongqing Pilot Reform Zone for Coordinated Urban and Rural Development	成渝統籌城鄉發展綜合配套改革試驗區
Economic Zone on the West Coast of the Taiwan Strait	海峽西岸經濟區
"Going global" policy	"走出去"政策
Guangdong – Guangxi – ASEAN Regional Economic Circle	兩廣-東盟次區域經濟圈
Inland Port	內陸港
New Industrialisation	新型工業化
Overall Plan on the Development Along the River Bank of Jiujiang	《九江沿江開發總體規劃》
Provisional Measures in Promoting the Use of Ethanol Fuel for Vehicles in Guangxi Zhuang Autonomous Region (draft to solicit opinions)	《廣西壯族自治區車用乙醇汽油推廣使用暫行辦法(徵求意見稿)》
Renewable Energy Development Plan	《可再生能源發展規劃》

Rise of Central Region	中部崛起
Sichuan-to-the-East Natural Gas Transmission	川氣東送
State Council's Opinions on Solving the Housing Issues of Low-Income Urban Families	《國務院關於解決城市低收入家庭住房困難的若干意見》
Study on the Strategy of Constructing the Third Eurasian Continental Bridge	《構建第三亞歐大陸橋戰略研究》
Yangpu Economic Development Zone	洋浦經濟開發區