

project has encountered numerous difficulties, and it now appears that the focus for automotive development has shifted to central and northern China.

4. Telecommunications

Hainan's telecommunication system is relatively well-developed, with IDD lines common throughout the island, and with a 25% telephone ownership rate. In Haikou, 65% of the residents own telephone sets, ranking first among the capital cities in China. Over RMB 5.7 billion (Cdn\$1 billion) has been earmarked for further upgrading of the telecommunication system on the island in the 1996-2000 Ninth Five Year Plan.

5. Natural Gas

Hainan has completed a natural gas pipeline which run east-west across the island. This was done by Atlantic Richfield (ARCO) in cooperation with China National Offshore Oil (CNOOC). Hainan is also exporting natural gas to Hong Kong, via the natural gas pipeline from Yacheng 13-1 field to Hong Kong (Castle Peak Power Plant). In addition, a new oil fired thermal plant in Yangpu has boosted energy generating capacity well beyond present requirements.

6. Ports

Hainan has 68 natural harbours, 20 of which have been developed into port facilities, with a combined capacity of 12 million tons, including specialized berths and bulk cargo.

7. Air Transportation

There is a new international airport in Sanya, and another, which was designed by B+H International of Montreal, is under construction in Haikou. International and domestic routes link Hainan to South East Asia and over 50 cities on the mainland. Hainan Airlines is the provincial airline, and it is the only partially foreign

owned Chinese airline (one of the George Soros' holding companies owns 20%).

6. Highways

Transport on Hainan depends mainly on expressways and highways which link all cities, counties and scenic spots on the island. A new expressway links Haikou and Sanya on the east side of the island, and there are also new east-west routes linking Haikou with Yangpu port.

7. Railways

The first stage of the railway link to the mainland started recently. The 138 kilometre line from Zhanjiang in southeast Guangdong along the Leizhou peninsula to the port of Hai'an is scheduled to be completed by October 1, 2000 at a cost of RMB 1.31 billion (Cdn\$ 230 million). The second stage will involve a line along the west coast of Hainan and of ferries which will carry the railway carriages the 20 km from Hai'an to Hainan island. The overall cost of the project is RMB 4.39 billion (Cdn\$ 770 million).

CANADA-HAINAN TRADE LINKS

Canadian trade with Hainan is very modest, with 1996 exports to Canada at Cdn\$ 8.6 million (a high percentage of this figure consisted of rubber products). Canadian exports to Hainan were Cdn\$ 11 million (included in this figure are equipment sales by Northern Telecom to Hainan Post and Telecommunications, as well as agricultural inputs, particularly potash). Investment in Hainan from Canada has been mainly small scale, with the average size less than Cdn\$ 286,000. Upsilon Estate International, based in Montreal, is the largest Canadian investor in Hainan (the Huandao Tide Hotel, which was designed by a Canadian architect, using Canadian building materials, for an estimated Canadian content total of Cdn\$ 12 million). In addition, Grandfield