Fujian is in the midst of a series of economic reforms of the state sector. In 1996, non-state owned enterprises produced 80% of Fujian's industrial output, with some localities averaging a very high 98% from the private sector (certain areas of Fujian are particularly famous for Township Village Enterprises (TVE) corporations, or companies run by individual entrepreneurs). In 1996, there was a 25% increase in the output value of non-state owned enterprises, while state-owned enterprises only grew at a rate of 3%.

In 1996, 88 state owned enterprises in Fujian were "restructured" into shareholding companies, 5 of which went on to listings on either the Shenzhen or Shanghai Stock Exchanges. Most of these companies are small to medium sized, encompassing such sectors as petro-chemicals, electronics, light industries, food processing, and tourism. In addition to the management and ownership reforms of such "restructuring" exercises, administrative units for certain enterprises and commodities are also being transformed into shareholding companies.

FOREIGN INVESTMENT

After Guangdong and Jiangsu, Fujian is the third largest destination of foreign investment in China, absorbing some 10% of the national total. In 1996, Fujian derived 20% of its GDP and 58% of its exports from foreign-funded enterprises. According to official statistics, Taiwan and Hong Kong are Fujian's largest investors, followed by ASEAN countries, Japan and the USA. The average size of foreign investment in Fujian is Cdn$ 4.7 million. Restrictions placed on investments in China by Taiwan are factors which limit the size of foreign investments. As well, an interesting characteristic of foreign investment in Fujian is the overwhelming percentage of which are Wholly Foreign Owned Enterprises (WFOE's), which make up 71% of total foreign investments. The relatively small scale of these investments and the eschewing of joint ventures indicate that family-linked investments are very significant.

Fujian's economic "take off" point appears to have been decisively reached, thanks largely to investment from the Fujianese diaspora, most notably in Taiwan. **In 1980 Xiamen was designated as a Special Economic Zone.** With a population of 1.23 million (1996 figure), it is now Fujian's most developed area and has economic ties with some 140 different countries and regions. The provincial capital, Fuzhou (population 5.7 million), has been an "**open economic city**" since 1984 and has an **Economic and Technological Development Zone** located around its port of Mawei. Other developed areas include the coastal towns of Quanzhou, Zhangzhou and Putian which were designated as the **Southern Fujian Delta Open Economic Area.**

The province is now awaiting the next stage in its development, which will be direct transportation links with Taiwan. Unofficial links are already well established. Official cross-Straits trade, via circuitous third country routings, has been developing extensively, reaching over Cdn$ 28.6 billion in 1996, and limited direct shipping links were established in May 1997 between the ports of Xiamen and Fuzhou and the Taiwan port of Kaohsiung.