crops such as rubber, pepper, mangoes, coconuts and other tropical fruits which accounted for 45.2% of Hainan's farm output in 1997. More than 200 Taiwan companies have invested in this sector.

TRADE ACTIVITIES AND OPPORTUNITIES

Hainan's combined import/export trade in 1996 was Cdn$ 3.23 billion, of which Cdn$ 2.3 billion was imported. Foreign invested enterprises accounted for Cdn$ 905 million worth of import/export figures, with exports from FIEs at Cdn$ 97 million, and imports at a very high Cdn$ 812 million. The low figures for FIE's reflect the relatively low rate of foreign investment in Hainan, while the discrepancies in imports vs. export figures point to low productivity (and hence low sales) generally. The high import rate may also be linked to transshipment trade from Yangpu Port to other destinations in China.

1. Agriculture

Although there have been significant investments (over Cdn$ 143 million from Taiwan) in specialized agribusiness projects for tropical fruit and coffee processing, most of Hainan's agriculture is still based on forestry and plantation crops. Crops include rubber, bananas and paddy rice are still usually farmed in large scale collectives, often staffed by demobilized soldiers or their descendants. Attempts are being made to introduce the "contract responsibility system" in agriculture, which has been very successful in other provinces, usually leading to surpluses which are then invested into small scale enterprises. However, as much of Hainan's agriculture is "plantation" style farming, it does not readily lend itself to smaller, family-held plots.

Development of fisheries is also proceeding slowly, with some investment by foreign firms, and numerous government schemes to improve fish farming techniques, and the management of ocean stocks. Study teams from Hainan have visited Canada for technical training in fisheries management.

2. Tourism

Tourism has become one of the pillar industries in Hainan. The province's tourist industry has been developing with the aim to create a world-famous tropical resort island. Sanya, and in particular, Yalong Bay with its pristine beach and international standard resort hotels, are perfect examples of this recent development. Opportunities exist for further improvement and development of tourist areas, including accommodation and resort management.

3. Industry

Hainan's traditional economy has been described as "purely extractive", with no processing or manufacturing. Raw materials such as rubber, timber and minerals were always sent to the mainland for processing. Due to Hainan's preferential investment policies, industrial investments by mainland enterprises as well as foreign companies have resulted in the growth of such industries as rubber processing, light industrial manufacturing and electronics, mainly domestic appliances. Hainan produces 70% of China's rubber output, and Hainan now has production capacity for a wide range of rubber goods, including latex gloves, tires and conveyor belts.

With the discovery of offshore natural gas and oil deposits in the 1980's, Hainan began investment in downstream petrochemical processing, and a urea plant is now under construction in the western region of the island. Attempts were made in the early 1990's to develop an automotive industry on the island (BMW was to set up a manufacturing facility for minivan production). This