

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Hainan Province-Pearl of China Southern Coast

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Report Highlights:

Hainan is the southernmost and smallest province of the People's Republic of China. Haikou is its capital, largest city, and a major commercial port. Sanya, near the island's southern tip, is the second largest city. The province comprises of some two hundred islands scattered among three archipelagos off the southern coast, all but three percent of its land mass is on the Island's mainland territory. For centuries Hainan was part of Guangdong Province, and until 1988, this resource-rich tropical island became an independent province, and was designated as a Special Economic Zone by the central government.

General Information:

Overview

Hainan province is located in the South China Sea, with an area of 33,920 square kilometers. It overlooks Guangdong Province on the Qiongzhou Strait and to Vietnam across the Beibu Bay. In the South China Sea it borders the Philippines, Brunei, and Malaysia.

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History

Hainan first enters written Chinese history in 110 BC. Around that time, ethnic Hans together with military personnel and officials began to migrate to Hainan Island from Mainland China. Among them were the offspring of those who were banished to Hainan out of political disfavor. Most of these people originated from the southern provinces of Guangdong, Fujian and Guangxi.

Development of the province has been relatively slow for a long period of time because of the island's isolation from Mainland China, typhoon-prone climate, and its reputation as a place of danger and exile by Mainlanders; however, Hainan has been a significant transfer hub of foreign technology. With the onslaught of China's opening and reform policies in the 1980s, Hainan province was eventually designated a Special Economic Zone in an effort to stimulate economic growth.

Hainan Province



Population (2009): 8,640,700

Capital (largest city): Haikou

GDP (2009): \$24 billion (28th)

GDP per capita: \$2,805 (23rd)

Import trade (2009): \$7.06 billion

Export trade (2009): \$1.90 billion

Transportation

Hainan has a well developed air, rail (commercial and passage), and ocean infrastructure. There are two international airports located in Haikou and Sanya respectively. In 2007, Hainan began construction of an intercity rail system linking Haikou and Sanya. Sea transportation is of significant importance to the province with the Haikou, Sanya, Basuo, and Yang Pu ports as the province's four largest. The transportation logistics industry has been considered the lifeline of Hainan's economic development with 90 percent of the import and export shipments entering through sea ports. Notwithstanding, these major ports still lack large-scale specialized berths or offer complementary cold chain and logistic services. To remedy this, the provincial government has dedicated close to \$1 billion to improve its freight handling facilities position Hainan as a major South Asian shipping and logistic hub.

Economy

Hainan's ascension into province-level status in 1988 was accompanied by its designation as China's largest "special economic zone", the intent was to accelerate the development of the island's abundant natural resources. Tourism also plays a critical part of Hainan's economy, largely due to its tropical beaches and lush forests. Hainan's base economy is agricultural. More than a half of the island's production is for export including aquaculture products (mainly for export such as tilapia, catfish, shrimp, shell fish, etc.), tropical fruit (such as bananas, pineapple varieties, papaya, coffee and sugarcane), seed cultivars (for horticultural crops, flowers, fruits, and vegetables), and plant nurseries.

In 2009, Hainan's GDP reached \$24 billion, a 12-percent increase from the previous year. In 2009, the total trade value surpassed \$9 billion, and now ranks the 21st in China. Hainan's economy was expected to surge after the December 2009 central government announcement that it planned to establish Hainan as an "international tourist destination" and as a result, in the first quarter of 2010, Hainan had the highest increase in GDP of any province in China, with a year-on-year 25-percent increase. The real estate sector alone accounted for over a third of the province's economic growth.

Foreign Agricultural Import

Though agriculture is Hainan's leading industry, demand for imported agricultural products have been slow to expand, but are expected to increase as the province transforms itself into a major international tourist destination in the region. The Hainan government is also providing subsidy support for the construction of cold storage facilities in ports and central food markets. In 2008 alone, the government allocated roughly \$3 million in support of cold storage projects. Other recent government support plans include creating a tax-free imported food and cosmetic region. For example, the Yang Pu port and Haikou Comprehensive Bonded Area have been assigned to become import and export zones for food and cosmetics. Last year, the ATO conducted a chef menu promotion geared toward the hotel, restaurant, and institutional food service sector. The ATO is developing a distributor development plan to increase U.S. food exports in Hainan's retail sector. This after, ATO learned of plan for openings of two Wal-Mart supermarket outlets and one Vanguard hypermarket in Haikou. Other local supermarket chains currently carry some U.S. food items such as food seasoning items and nuts.

For more information about other cities in Hainan province, please refer to our city profile, or contact ATO Guangzhou office.