

SICHUAN

Sichuan province covers 5% of China's total territory, and is just a little smaller than France. The population is over 85 million, 7% of the national total, and around 80% are rural inhabitants. The province is land-locked and over 1600km away from any seaport. Sichuan is rich in natural resources. It has the largest exploitable water resources in China, and is among the foremost producers of coal, natural gas, chemical fertilisers, electricity and a wide variety of minerals. It is also one of the most fertile and productive agricultural areas in China, and is Western China's largest grain producer. Sichuan is home to 85% of the world's giant pandas and has other major tourist attractions. Chengdu is the political, economic and cultural hub of the province. It serves as the regional centre for services, science and high-tech industries. Chengdu has a total population of just over 10 million, many of whom live in the rural suburbs.

In the 1950s, heavy and defence-related industries were relocated from coastal areas to Sichuan for strategic, rather than economic, reasons. The aerospace and nuclear industries remain important, but many of these industries are now being restructured. There is a large pool of technically skilled workers available as a result, augmented annually by graduates from the province's large number of technical universities and institutes. The cities of Chengdu, Deyang and Mianyang are being developed into a high-tech corridor to take advantage of the skills pool.

Sichuan accounts for one third of the GDP of the entire western region of China. In 2000, Sichuan's GDP recovered from a sluggish 1999 and reached RMB 401bn, up 9%. The provincial economy is projected to grow by 8% in 2001. Average GDP for urban residents in the province in 2000 was RMB 5894, an increase of 7.5%. Chengdu continued to experience strong growth, with an increase in GDP of 10.8% over 1999, due largely to significant increases in fixed asset investment. The annual average urban income in Chengdu now stands at RMB11000 and not surprisingly, there are concerns of growing development gaps between Chengdu and the rest of the province.

Sichuan leads the field in bringing in FDI in Western China. This Province has attracted approximately US\$13bn and utilised US\$6.8bn in over 6,000 firms. A recent "Fortune" survey showed that Sichuan is rated sixth in China by foreign investors in terms of the investment environment. The major sources of foreign investment are Taiwan, Hong Kong and the US, and investment is mainly directed at the property, energy, manufacturing, building materials and electronics sectors. Foreign investment in mineral exploitation is being actively sought - the main deposits are around Panxi. To the end of 2000, Sichuan had approved a total of 48 British-invested enterprises, with contracted capital of US\$146m, and utilised capital of US\$59m.

To encourage foreign investment, the Sichuan government offers a package of preferential policies. In 2000, Sichuan saw significant increases in the total amount of foreign investment actually utilised (US\$960m, including US\$440m of foreign direct investment). 32 multi-national companies now have a direct investment in Sichuan.

Chengdu is a centre for electronics (the fourth largest in China), machinery, food processing, petrochemicals, textiles and aerospace. There are almost 3000 overseas funded enterprises in Chengdu. In 1999, contracted foreign investment reached US\$410m, and utilised foreign capital US\$230m (28% up on 1998). There are over 105 Canadian-invested establishments or Canadian representative offices in Sichuan. Chengdu is twinned with Winnipeg.