

SUMMARY

China is emerging as a significant economic power whose total GNP is already approximately the same as Canada's. China's economy grew substantially, although somewhat erratically, over the period 1949 to the mid-70's. Following introduction of an economic reform program in 1978, economic growth has been substantial. A growing trade deficit in late 1984 and throughout 1985 has led Chinese authorities to be more selective with their imports.

Infrastructure bottlenecks, particularly in electric power and transportation systems, are constraining China's economic development. Government policies emphasize accelerated investment in such infrastructure in the Seventh Five Year Plan, covering the period 1986 to 1990. Despite the dampening of overall economic growth to a more manageable target of 7 per cent per annum, there is clear evidence that infrastructure improvements, particularly in the power sector, are receiving priority and that the volume of associated imports is increasing.

Canada has made intermittent efforts to interest China in the capabilities of Canada's power industry, following the establishment of diplomatic relations in 1970. The level of meaningful contacts, with China's Ministry of Water Resources and Electric Power and with other power industry organizations, was significantly increased from 1981 onward and has led to the identification of major areas of potential cooperation and to a modest but growing level of exports.

China represents one of the largest markets in the world for electric power equipment. Its power systems have almost as much total capacity as Canada's at present and will probably be twice as large by the year 2000. Investments in the China power sector in the next fifteen years are expected to total between \$140 billion and \$200 billion. Much equipment will be imported because of limitations in Chinese manufacturing capacity and as a means of acquiring up to date technologies.