

Business and marketing strategies must recognize that China is not one, but several markets. Local representatives are needed to keep track of the legal and regulatory framework for construction. Joint ventures are a necessity for a long-term presence in the market.

Tariffs on building products are still high, although a substantial reduction was introduced effective April 1, 1996. Transportation costs, which are also high, must be taken into account. The lack of financing is a constant constraint, and unclear laws and regulations are left open to interpretation by local officials.

In Hong Kong, business strategies must integrate several critical elements for success: the selection of effective agents, promotion and advertising, competitive pricing, and an understanding of the distribution system. Canada's major competitors Japan, the United States and European countries have invested in these critical elements to attain their dominant position in the Hong Kong and South China building markets.

Action Plan

The objectives of the Action Plan in this sector are to:

- provide more detailed information and advice on opportunities for products and services, the state of market development and the regulatory environment. Information and advice are increasingly important because the business environment changes rapidly and regulations are

constantly being adapted to the dynamism of the market;

- promote and assist in special projects, such as the energy efficiency project initiated by the Canadian International Development Agency, with the Ministry of Construction and Canada Mortgage and Housing Corporation, which will develop a demonstration low-cost housing project in the Pudong area of Shanghai;
- promote and encourage participation in significant trade shows in Hong Kong, Guangzhou, Shanghai and Beijing, which are key venues to familiarize buyers with Canadian products and services; and
- based on a recent study of consulting engineering in Hong Kong, contact local firms involved in construction engineering and architectural services to identify opportunities for Canadian interior designers and others.