

N. Transport

Opportunities in this sector fall into two broad categories:

- i. Surface Transportation; and
- ii. Aviation.

i. Surface Transportation

Business Environment

China's existing transport system comprises about 1 060 000 km of roads, 110 000 km of inland waterways and 54 000 km of railways. The country operates more than 460 ports along its 18 000-km coastline, 16 of which handle the bulk of the nation's foreign trade.

China's rapidly growing economy risks being held back by an overburdened transportation system. China is emerging as the fastest-growing infrastructure market in the world, presenting considerable opportunities for Canadian engineers, suppliers and investors. By the year 2000, China is expected to invest US\$111 billion on transport infrastructure, making it one of the fastest-growing infrastructure markets in the world and providing tremendous opportunities for Canadian engineers, suppliers and investors.

The Chinese government's automotive development policy under its Ninth Five-Year Plan (1996-2000) aims to make the automotive industry a pillar of industrial development. Accordingly, the State Planning Committee has planned significant investment for both the automotive assembly and the parts industries. The total planned investment is \$18 billion, more than four times the amount of

investment under the previous Five-Year Plan. In addition, the investment ratio between the assembly and the parts industry has been modified to ensure that the parts industry now receives half of the total investment. Until recently, China's automotive investment policy placed more emphasis on assembly development.

China has one of the lowest vehicle distribution rates in Asia, with roughly one vehicle per 207 persons, and one passenger car per 2000 persons. Given China's rapid economic growth and the expansion of the middle class, this ratio is expected to increase rapidly. Latest projections are that if only 1 per cent of the population aged 30-59 fell within the wealthy class, the total demand could reach 7 million vehicles by the year 2000. Chinese automotive production is expected to grow by 9 per cent annually to 1.2 million units by the year 2000 and 4 million units by the year 2010.

China's current rail modernization program is one of the most ambitious in the world. By the year 2000, the rail network will be expanded from 54 000 km to approximately 70 000 km. Several key centres are preparing plans for subway or light rail urban transit systems: Beijing, Shanghai, Guangzhou and other larger cities, depending on the availability of investment financing.

Total spending on highway development by the year 2000 is expected to amount to more than US\$50 billion. As local governments hold more direct control over highway development than over any other