

## **Trade and Investment**

- China is Canada's second most important trading partner in Asia-Pacific and our fifth largest export market in the world. Two-way trade reached \$8 billion in 1995. Canadian exports to China increased 47 per cent over the previous year to a record \$3.38 billion.
- Canadian businesses have achieved notable success in the China market in the last two years. During the Prime Minister's Team Canada mission to China in November 1994, Canadian companies announced \$8.6 billion worth of commercial arrangements, including contracts, memoranda of understanding and joint venture agreements. Canadian firms have since reported an additional \$850 million in business transactions attributable to the Team Canada initiative. New business valued at \$1 billion was also concluded in October 1995 during the visit of Premier Li Peng.
- Since China embarked on an open door policy of economic reform in 1978, Canada-China trade relations have evolved rapidly. Traditionally, Canadian exports to China have comprised basic commodities such as wheat, fertilizers and wood pulp. However, in recent years, sales of manufactured goods, such as electrical, mechanical and telecommunications equipment, have gained importance. Exports of high value-added manufactured goods have more than doubled over the past two years. They now account for close to 44 per cent of total exports, up from only 4 per cent of Canadian exports in 1988.
- Canadian imports from China were valued at \$4.6 billion in 1995, up from \$3.8 billion in 1994. Major imports include outerwear, cotton, apparel, games and toys, leather goods, footwear, mechanical equipment and oil seeds.
- Many of China's import and infrastructure requirements correspond to Canada's prime export strengths, especially in areas such as telecommunications, oil and gas, power generation, the environment, transportation, mining and petrochemicals, and agriculture.
- Canada has consistently supported the efforts of the Chinese government to open its markets by extending it most-favoured-nation trading status. This status gives China access to the Canadian market on the same basis as most other trading partners. Canada also supports China's application for entry into the World Trade Organization, which would give Canadian businesses better access to the Chinese market.