

other currencies requested by the BOC and available to EDC. Repayment of loans will be in semi-annual instalments over a period to be determined by the BOC and EDC but in any case not to exceed 10 years. In its supplier credit program, EDC can make it possible for Canadian exporters to offer deferred payment terms to Chinese buyers by purchasing from the supplier promissory notes or other debt instruments issued by the Chinese buyer to the Canadian supplier where such notes are guaranteed for payment by the BOC. In addition to the General Financing Protocol with the BOC, EDC has established a number of multi-country regional lines of credit with Canadian banks' overseas subsidiaries and other financial institutions for on-lending to buyers in various countries in Asia, including the People's Republic of China.

EDC's foreign investment insurance program is also available for the China market following the conclusion of a bilateral Foreign Investment Insurance Agreement between EDC and China in early 1984.

The five major Canadian chartered banks have offices in Peking which concern themselves with trade facilitation and a certain degree of project financing; the Royal Bank has recently also entered a joint venture with the China International Trust and Investment Corporation (CITIC) to arrange or finance other joint ventures in China. Wood Gundy also has an office in Shanghai.

The PRC pays cash for needed bulk products such as wheat, fertilizers and base metals, but when it comes to manufactured goods, Chinese interest centres on approaches like joint ventures and countertrade. Pressures for concessional financing for manufactured goods are considerable. Competitive financing for China is one of the greatest challenges in tapping the Chinese market.

Government-to-Government Transactions

China, with its state-owned import-export organizations, is a natural market for government-to-government transactions using Canadian Commercial Corporation (CCC) services for multi-item equipment procurements and for other goods and services. Examples of the type of products and services provided include the supply of photovoltaic solar power systems and the refurbishing of mining trucks. The CCC's ability to package Canadian bids for World Bank projects is a desirable feature for future commercial transactions with the PRC.

Private Sector

The Canada-China Trade Council, with headquarters in Toronto and an office in Peking, was founded in June 1978 to assist Canadian businessmen, both exporters and importers, in doing business with China. Private sector initiatives in conjunction with ministerial level missions and other government-supported activities are part of a continuing effort to expand the commercial relationship between Canada and China.

Canadian International Development Agency

The Canadian International Development Agency (CIDA) has put in place a series of assistance measures to help Canadian companies investigate opportunities in developing countries including the PRC. These constitute the agency's Industrial Co-operation Program. The goal of the program is to assist the Canadian private sector in its efforts to become involved in the industrial development of the less developed countries (LDCs).

The principal avenue of support for Canadian technology transfer to a developing country is via the involvement of Canadian companies in commercially viable joint ventures. In many countries, Canadian companies must become involved in some sort of joint venture to maintain a long-term foothold in the market. Joint ventures are defined as co-production arrangements, assembly, licensing, capital or technology investment, and equity participation. While providing transfer of technology and skills, import substitution, jobs, profits, etc., to the developing country, "joint ventures" are a viable marketing device for the Canadian company to gain access to markets which may otherwise be closed because of foreign local regulations, distance, or uncompetitiveness with other countries. They can also act as a base for penetrating third-country markets. The Chinese are actively seeking participation in technology transfers on a joint-venture basis, particularly if opportunities for export to other Asian countries are likely.

CIDA's Industrial Co-operation Program has been active in China for approximately two years but is already supporting many firms in a wide variety of sectors, from food processing to electronic components. Chinese experts advise that concluding a joint venture agreement is a long-term task, averaging three years. However, several Canadian firms have made much quicker progress in discussions with the Chinese. This can be expected particularly in areas where good export and import substitution opportunities exist.

Investment is only one of the ways in which Canadian technology and know-how can be transferred to China. In addition to the programs in support of joint ventures, the Industrial Co-operation Division of CIDA under its Canadian Project Preparation Facility (CPPF) provides support to Canadian consultants and engineers to undertake prefeasibility or project definition studies of capital projects, where there is some likelihood of downstream project implementation, project financing (other than CIDA), a good developmental impact, and a possibility of Canadian supply of goods and services to the subsequent stages of the project. The CPPF has been used in China primarily for the initial study of upgrading of industrial facilities as this is a more economical way to improve industrial facilities than starting from scratch. Projects have ranged from chemical and pulp and paper facilities to the oil and transportation sectors.