

I and my cabinet colleagues believe that it is important to build on these ties to develop closer links, particularly in the area of trade and economic relations. Pat Carney (when she was Minister for International Trade) announced a Hong Kong Action Plan. This plan will increase Canadian awareness of the size, dynamism and western-style business environment present in Hong Kong. It will also encourage Canadian exporters to take advantage of the active Hong Kong re-export market as a gateway to China and other Asian markets. This is a national effort but it is one where we count upon the people and governments at provincial and municipal levels to take a full part in working with us to make this happen.

The People's Republic of China is rapidly changing. The 7th National People's Congress is currently underway, and one hears much talk of plans for the separation of party and state, accelerated foreign investment in coastal regions, and revived interest in radical joint-stock ownership schemes.

Canada's trade with China is prospering. Beginning on a foundation of wheat sales in the 1960s (prior to the establishment of diplomatic relations in 1970), trade has grown substantially over the past two decades. In 1987, two-way trade increased by 32% over the previous year to \$2.2 billion, with Canadian exports amounting to \$1.4 billion and our imports from China reaching \$771 million.

Canada's export strengths closely match China's priorities -- energy, transportation, communications and agriculture. China's main import sectors which have available foreign exchange -- raw material imports, industrial infrastructure projects in areas such as oil, gas, thermal and hydro power, pulp and paper, steel, communications and basic agricultural commodities -- all have had significant Canadian involvement in various forms.

In April 1987, the Government adopted a strategy intended to ensure a focussed, coordinated and dynamic approach to Canada's relations with the People's Republic of China and designed to take advantage of the opportunities and challenges flowing from China's "open door" and modernization policies.

The strategy includes the establishment of annual high level political consultations, targetting China as a priority market in the National Trade Strategy, opening of a Consulate General in Shanghai and the initiatives announced by the Prime Minister when we visited Beijing in May 1986: the doubling of the Canadian International Development Agency's bilateral development program and the establishment of an Export Development Corporation concessional financing facility.