

## Backgrounder

### CANADA-CHINA TRADE RELATIONS

Canada enjoys a strong trading relationship with China. Built on a foundation of wheat sales, two-way trade grew substantially throughout the 1970s and 1980s. In 1992, two-way trade was valued at \$4.6 billion. China is Canada's fifth-largest trading partner, with imports valued at \$2.4 billion and exports at \$2.2 billion.

Aside from traditional exports, Canadian value-added goods such as telecommunications, electrical and specialized mining equipment, aircraft, and plastics were worth approximately \$400 million in 1992. During the first six months of this year, sales of some value-added goods such as electrical and railway equipment and optical precision equipment have risen, compared to the same period in 1992.

Economic reforms in China over the last several years have progressively begun to open China's markets. This has increased the demand for imports and infrastructure equipment and, as a result, created greater opportunities for Canadian exports in such areas as power generation, agriculture, telecommunications, petrochemicals and transportation equipment. Canada's exports to China are expected to reach \$6 billion by 1995.

Textiles account for the largest share of our imports from China. While many items in this category are under restraints, China has experienced in recent years the largest growth in value of clothing exports to Canada of any supplying country. China also sells to Canada toys, fabrics, footwear and small appliances.

Canada's trade activities in China are managed by the Canadian Embassy in Beijing; a Consulate General in Shanghai, which covers eastern China; and a satellite office in Hong Kong to cover the southern Chinese provinces. In addition to this federal presence, the provinces actively pursue China trade development programs.

The Export Development Corporation (EDC) also plays an active role in supporting Canadian marketing efforts in China. The EDC currently has commercial lines of credit available with three key banks, namely the Bank of China, the People's Construction Bank of China and the Bank of Communications, to facilitate the procurement of Canadian products and services.

The Canadian International Development Agency (CIDA)'s China Program has sought to contribute to China's developmental efforts, to help strengthen the tendency toward more open, tolerant policies, and to cultivate China as a partner in