

Defence, aerospace and some transportation exports, among others, may require export permits from the Department of Foreign Affairs and International Trade (DFAIT); early inquiries are encouraged.

Action Plan

The objectives of the action plan for this sector are as follows:

- ◆ to increase Chinese awareness of and interest in Canadian transport sector products, services and technologies, through missions, trade shows, technical seminars and targeted outreach;
- ◆ to provide timely information and advice to Canadian business on emerging project opportunities in China's transportation infrastructure development, with particular emphasis on local government and private-sector initiatives;
- ◆ to leverage the expertise of government transport-sector agencies and organizations in Canada, and build on the foundation of linkages and co-operation programs for the benefit of Canadian commercial interests; and
- ◆ to work closely with Canadian companies and industry associations in pursuit of key emerging technology opportunities, including intelligent transportation systems and alternative fuel technologies.

Hong Kong

Business Environment

The Hong Kong Special Administrative Region government has ambitious plans to further expand its world-class transportation infrastructure. The third comprehensive transport study, completed in 1997, formulated a strategy for the local transport system to 2016. Total expenditures on road projects from 1999 to 2002 will be \$4.8 billion. Another \$9.6 billion has been reserved for road projects after 2002. Hong Kong is an important showcase to other provinces in Mainland China. In 1998, Canadian firms provided more than \$90 million of transportation equipment and consultancy services to Hong Kong.

Public Transportation: The government is further liberalizing the public transportation market and

privatizing its direct participation. Bus operators have been encouraged to introduce vehicle/fleet management, automatic fare collection and passenger information systems to provide more reliable and comfortable services to passengers. The railway and subways will be vastly expanded as follows:

- ◆ Construction of the Kowloon Canton Railway Corporation's \$12.3 billion west rail will be completed in 2004.
- ◆ The east rail extension, which consists of three new branches in Lok Ma Chau, Ma On Shan and Tsimshatsui, will start in 2000.
- ◆ The Mass Transit Railway Corporation's Tseung Kwan O extension, which began in late 1998, will be completed in 2002.
- ◆ The government's third Strategic Railway Development Study, which lays the blueprint for Hong Kong's rail development over the next two decades, will be released in late 1999.

Information technology in traffic management: Eight area traffic control centres (ATCC) have been established in different regions in Hong Kong to monitor the traffic flow through closed-circuit TVs, remote sensors, synchronized traffic lights and variable road signs. More ATCCs will be established in the "new towns" in future. An electronic road pricing system and transport information database are the Transport Department's major upcoming projects.

Market Opportunities

Canadian firms have strong competitive advantages in the transport-related sectors and should pursue the following opportunities:

- ◆ consultant services for the design of highways, tunnels and bridges;
- ◆ rail equipment such as electromotive units, rail signalling control systems, depot and track maintenance equipment;
- ◆ computer systems for fleet management, vehicle tracking, traffic management and passenger information; and
- ◆ building materials for depots and train stations.

Constraints

Canadian exporters face various constraints, including:

- ◆ Competition in the local market is extremely keen. Competitors from all over the world is present in the market.
- ◆ WTO tender practices have been adopted by Hong Kong public transportation companies and organizations. The tender process is rigorous and fair. Bidders must ensure that their proposals are well-prepared and complete. Small companies, or those without a local representative, will find it very difficult to pursue and win tenders.
- ◆ Canadian firms without a local partner will find it difficult to handle tender packages, which include terms for installation and commissioning.

Action Plan

The objectives of the action plan for this sector are as follows:

- ◆ to enhance exposure of Canadian transportation products and services to Hong Kong transportation companies and government departments, and increase sales by 10 percent;
- ◆ to encourage Canadian firms to participate in upcoming projects in Hong Kong; and

- ◆ to expand Canada's market share for key transportation products/services, including electronic passenger information systems, GPS systems and air traffic control systems.

To achieve these objectives, the Consulate General in Hong Kong will:

- ◆ establish and maintain contact with government officials and senior management of local transportation companies, and ensure that early notification of emerging opportunities is communicated to Canadian companies;
- ◆ identify and maintain contacts with local companies that are interested in forming strategic alliances or acting as agents of Canadian firms;
- ◆ introduce to local key players Canadian capabilities and strengths in the transportation sector through selective, focussed support for incoming/outgoing missions, seminars and trade fairs;
- ◆ contact Hong Kong government officials and local companies through the Intelligent Transportation Systems (ITS) Promotion Group under the Hong Kong Institute of Engineers; and
- ◆ provide regular reports and updated information to Canadian firms regarding current developments in the local market.