



## Executive Summary

China's economy has more than quadrupled in size since economic reforms and market liberalization began in 1978. It is the world's seventh-largest economy in terms of gross domestic product (GDP) and, with 1.3 billion people, it shows great promise of becoming the world's largest consumer market. China and Hong Kong, now united under the one country, two systems policy, have emerged as the economic engine of the Asia-Pacific region, with corresponding political influence. It is, therefore, not surprising that more and more Canadian companies, including small and medium-sized enterprises (SMEs), are looking to China and Hong Kong as possible markets.

China and Hong Kong hold significant market potential for Canadian firms, but the challenges are also significant. China's highly complex business environment, along with its culture and ways of doing business, can be daunting to new export-ready companies — and even to the most seasoned export-ready firms. Canadian exporters are most likely to succeed in the China market if they are price and quality competitive, prepared for lengthy negotiations, committed for the long term, and if they have a range of international business development experience.

The rapid increase in the number of Canadian companies that currently export to China and Hong Kong — or that are considering so — has placed considerable strain on the government's ability to support exporters. This latest edition of the *China and Hong Kong Trade Action Plan* was developed, in consultation with the private sector, to make more effective use of scarce resources by focussing Canadian companies where they will have a maximum impact for business success.

For Canadian businesses seeking improved access to the China and Hong Kong market, this Action Plan is a valuable business tool. It identifies nine key sectors that offer the most promising opportunities for Canadian exporters: Agriculture, Food Products, Fisheries and Related Sectors; Construction Products and Services; Education and Training Services; Electric Power; Environment; Forestry, and Pulp and Paper; Information Technologies and Telecommunications; Natural Resources; and Transportation.

Each sector description outlines market information, prospects and challenges. It also describes how Canada's Trade Commissioner Service will be enhanced in these key sectors, in order to encourage business to take full advantage of the knowledge and skills of trade commissioners in Canada, China and Hong Kong. Three emerging sectors presenting high-growth export opportunities are also featured in the Action Plan: Cultural Industries; Financial Services; and Health Industries. Exporters targeting niche opportunities in other sectors will continue to receive support on a responsive basis, as resources permit. The Trade Action Plan also describes a number of important regional markets in China.

The *China and Hong Kong Trade Action Plan* will continue to be revised and reissued every two years, in consultation with all stakeholders. It reflects the federal government's commitment to support Canada's business community in pursuing enhanced trade, and to provide the very latest information on economic developments within this evolving and dynamic market.