

1 Executive Summary



China's economy has more than quadrupled in size since economic reforms and market liberalization began in 1978. Already the world's seventh-largest economy in terms of gross domestic product (GDP), China is emerging as the economic engine of the Asia-Pacific region, and plays a major part in world affairs.

China and Hong Kong hold significant market potential for Canadian firms, but the challenges are also great. The *China and Hong Kong Trade Action Plan* provides a strategic framework through which governments and the private sector can work together to reach the goal of \$20 billion in bilateral trade, which was set by Prime Minister Jean Chrétien and Chinese Premier Li Peng in November of 1994.

China's approach to economic development is to promote entrepreneurship and strengthen foreign and economic relations, making it an attractive trading partner for many countries.

Canadian exporters are most likely to succeed in the Chinese 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.

For Canadian businesses seeking improved access to the China and Hong Kong market, the Plan is a valuable business tool. It identifies eight key sectors that offer the most promising opportunities for Canadian exporters, outlining 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. Exporters targeting niche opportunities in other sectors will continue to receive support on a responsive basis, as resources permit. The 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 periodically, 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.