

Cultural Industries

Business Environment

Purchasing power and the awareness of foreign cultural products are on the rise in China. These trends have resulted in a growing sense of consumerism and a strong domestic demand for foreign cultural goods. This is particularly evident in highly visible media such as television, film and in the performing arts and musical fields. However, this growing interest and increasing financial means are tempered by continuing government jurisdiction over cultural industries. Market restrictions exist in the form of monopoly rights of imports and purchasing, and mandatory approvals from relevant ministries for events.

Market Opportunities

Immediate opportunities exist in film, radio, and, in particular, television, given China's reliance on imported programming. The proliferation of specialized terrestrial, cable and satellite television channels, and Canada's brand image of safe, non-controversial multicultural programming, has resulted in sales of children's and science/nature documentaries in niche market segments.

Chinese television stations are traditionally reluctant to pay fair market value for foreign programs. As a result, advertising time is often bartered for programming in lieu of cash payment.

Live performances in China, although usually requiring sponsorship from a foreign government and/or commercial enterprise, are becoming more diverse and commercially viable. The most successful genres in terms of sales tend to cater to populist, family-oriented entertainment.

Shanghai

Shanghai is rapidly re-emerging as China's cultural centre, with the most sophisticated and demanding audiences in the country. Shanghai hosts China's two major broadcast events, the Shanghai TV Festival (November, 1998), and the Shanghai International Film Festival (October 24 to November 2, 1997). A delegation from Shanghai travels to the Banff TV Festival annually, visiting Vancouver, Montreal, Ottawa and Toronto, to cultivate bilateral interests.

Hong Kong

Due to Hong Kong's affinity with Canada, significant opportunities exist for the promotion of English-language Canadian cultural goods, such as the sale of television programs to the four English-language broadcasters. Hong Kong radio and television broadcasts are received in South China, and are seen as trend-setters throughout Asia. Hong Kong is host to many regional trade fairs, including MIDEF (May, 1998 for video and music publishing) and MIP (December, 1997 for television and video programming).

Financial Services

Business Environment

China and Hong Kong represent widely divergent markets for financial services. Hong Kong's favourable regulatory environment, low taxes and excellent telecommunications have made it an international financial services centre, a role it continues to retain after the territory's transition to Chinese sovereignty on July 1, 1997. China, on the other hand, has only recently embarked on a modest opening and reform of its financial services sector. Shanghai is being developed as the country's domestic financial centre, and nine

foreign bank branches have recently been granted licences in Pudong to engage in a limited range of local currency business operations.

China

China is developing its own domestic financial services sector at the same time that it is opening its financial services market to foreign firms. This new direction is being cautiously undertaken, often on an experimental basis, effectively limiting the number of operations a foreign financial institution is permitted. Chinese authorities are in the process of developing regulations in many key areas, which may lead to additional uncertainties and challenges for financial services companies seeking to establish a presence in the market.

According to Chinese statistics, over 130 foreign bank branches and a small number of Sino-foreign bank joint ventures are operating in China, each licensed for one of 24 designated cities. Only a handful of foreign insurance companies are operating in China; however, over 80 other firms are actively seeking licences in one of two cities: Shanghai and Guangzhou. Faced with fierce competition, foreign financial services firms are being challenged to show what contribution they will make to the market, from added liquidity to new products and training.

Hong Kong

By contrast, Hong Kong is an open, international financial centre with no restrictions on capital flows into and out of the territory. It is also an important partner for China, with many banks from Hong Kong expanding their businesses into China. Hong Kong equity and debt markets serve as major fund-raising centres for the Chinese government and Chinese enterprises.

Health Industries

Business Environment

Hong Kong

Hong Kong is a vibrant health-care market. As a prosperous society, the region enjoys a well-developed medical infrastructure and has established trading routes into China for medical and pharmaceutical products. The Hong Kong government is the largest single health-care buyer within Hong Kong, purchaser for both wholly and partially subsidized institutions. Many private health-care facilities offer advanced care to both locals and regional expatriates requiring specialized medical care.

High value and quality are essential in the competitive Hong Kong medical sales market. A local presence and good after-sales service are vital to success. Lower-value products can gain access to markets through agency and distributorship agreements.

Canadian companies have done well in competitive tenders, selling generic pharmaceuticals and a wide range of low-end medical products, such as bandages, swabs, and medicinal alcohol. This success has not been matched in sales of higher-end products and equipment. Stronger marketing efforts are required to raise market awareness of Canadian equipment and supplies, in particular to local end-users and government hospital and procurement personnel.

China

With its large population and the increase in living standards, China also offers good market opportunities for Canadian medical services and equipment and for pharmaceutical products. Financing is frequently the greatest barrier, however, and foreign suppliers must contend with the fluctuations of an increasingly regulated market.