

Team Canada in China – Continued from page 1

Finally, since decision-making in China filters downward from the central government, it was evident Canada had to convince the hierarchy that it was, indeed, serious about doing business with China.

A Prime Minister-led trade mission was the obvious answer.

Mission Significance

There's no denying the significance of the Team Canada contract signings, but far more impressive and important to the longer-term growth of the trading relationship was the reaction of Chinese decision makers to Team Canada.

From the head of Chinese leadership down, Canada is viewed more than favourably as a sincere trading partner. The commitment of Canadian governments and Canadian business to the Chinese market is no longer in doubt within China. Momentum has been established and access to key decision makers is much improved.

Key to Export Growth

Now, the key to strong growth in Canada's exports to China is to take advantage of this improved business climate and Chinese goodwill. A sustained effort by Canadian business and governments will be required to achieve Prime Minister Chrétien's oft-quoted challenge: to increase two-way trade to \$20 billion by the year 2000. Combined trade must grow at an average annual rate of 21 per cent to reach the target.

Based on trends over the past five years, China will easily meet this growth rate, having increased at an annual average of nearly 27 per cent since 1985.

Highlights Team Canada in China One-Year Later

* Decision makers at all levels of Chinese government are more accessible to Canadian business.

* Commercial agreements totalling \$8.25 billion indicate Chinese acceptance of Canada as a major player in its market. China now is Canada's fifth-largest trading partner.

* There is a greater awareness of China's potential in all sectors of Canadian business. The lesson that "trade follows investment" is ingrained in company marketing strategies.

* Of the 106 companies that signed deals during — and after — Team Canada, 47 used investment to enhance their competitiveness and promote further business.

* Canada's exports to China were up 36 per cent in 1994 and 53 per cent in the first half of 1995.

* Value-added exports to China have more than doubled over the past two years. They account for close to 35 per cent of total exports in 1994, up from only 4 per cent in 1988.

* China's increasing population and the use of grain as a dietary staple set the stage for improved grain sales to China.

* Since the mission, additional contracts signed by at least 48 Canadian companies (Team and non-Team members) exceed \$800 million.

* Canadian firms are well placed to cater to one of China's latest needs — the provision of services; companies are winning infrastructure contracts and are in on the ground floor of the rapidly expanding market for environmental equipment and services, telecommunications and other fields.

Challenge Attainable

Several indicators suggest that Canada will meet the challenge:

(i) exports to China in 1994 were up 36 per cent and growth in the first half of 1995 was even greater, at 53 per cent;

(ii) fully manufactured goods should continue to fuel export growth after recording average annual increases of 39 per cent since 1989;

(iii) wheat will continue to provide a solid base, as all forecasts predict a wealthier and more populous China will import several times more wheat over the next decade than it currently does.

In September 1995, the total value of the November 1994 agreements was adjusted to \$8.25 bil-

lion, from \$8.72 billion. In the same month and year, a total of 33 agreements had moved into the contract stage (additional 14 agreements since November 1994). The total value for these projects is approximately \$2.38 billion.

Since the Team Canada visit, at least 37 Canadian companies (Team Canada and non-Team Canada participants) have signed further agreements — a

Continued on page 5 — Team Canada