

China and Hong Kong Trade Action Plan — Continued from page 1

market. Nevertheless, the **Action Plan** recognizes the distinct nature of the Hong Kong market and the special opportunities for trade and investment it affords Canadian companies.

China, rapidly emerging as the economic motor of the Asia Pacific region, is a complex but promising market. Annual growth averages 9 per cent and has quadrupled since 1978 when economic modernization became the hallmark of Chinese government policy.

China's commitment to pursue further economic reform should sustain high growth and continue to generate promising opportunities for exporters in sectors of Canadian comparative advantage, even as uncertainties about pace and direction of reform complicate efforts to plan market development strategies.

Challenges, Resolutions

Canada has resolved to secure its long-term relations with China, based on four equally important and mutually reinforcing pillars: economic partnership; peace and security; sustainable development; and human rights, good governance and the rule of law. Within this broader policy framework, the **China and Hong Kong Trade Action Plan** outlines its objectives and resources, presents a business environment overview, identifies 14 key sectors (including the market climate/constraints) that offer the most promising opportunities for Canadian exporters, and provides a list of contacts.

Action Plan Objectives

The **China and Hong Kong Trade Action Plan** provides a strategic framework through which government and business can work

together to reach a target of \$20 billion in two-way trade by the year 2000, a goal set by Prime Minister Jean Chrétien and Chinese Premier Li Peng in November 1994. This **Trade Action Plan** is designed to assist Canadian business, especially small and medium enterprises (SMEs) new to China and Hong Kong and therefore in need of greater support, to compete successfully and to take maximum advantage of export opportunities in the market.

Specific objectives include:

- raising Canada's profile as a valuable trading partner through high-level government and business visits;
- expanding Canada's market presence in China/Hong Kong through investments;
- increasing sales of value-added and manufactured products (where technological excellence is internationally established);
- utilizing Hong Kong's role as a regional business centre and trade entrepôt;
- improving co-ordinating trade policy consultations and business development initiatives with the private sector;
- tracking China projects that have strong potential financed by the World Bank and Asian Development Bank;
- helping Canadian suppliers to position themselves early to pursue procurement opportunities;
- focusing a second federal trade mission on China's emerging regional markets and the opportunities they present; and
- developing a systematic and efficient approach to rapidly disseminate reliable market information and intelligence to the

Canadian business community via the broadest possible range of communications channels.

Business Environment

Key priorities in China's Ninth Five-Year Plan (1996-2000) are increasing food production and strengthening the agricultural sector; gradual reform of state-owned enterprises; developing science and technology in support of economic development; and narrowing the gap between advanced coastal and poorer interior regions.

In every sector, the key consideration is finding the appropriate client, agent/distributor, representative or joint venture partner. "The general rule," notes the **Action Plan**, "is that a long-term commitment is necessary to reap significant returns on any business transaction in China."

Hong Kong's business environment remains excellent. The territory is totally dependent on trade in goods and services and it is the banking, financial, transportation and regional sales centre of East Asia. Hong Kong should continue to provide significant investment capital for Canada and a fertile market for Canadian technology, goods and services.

Sectors of Opportunity

The **Action Plan** has identified 14 sectors as offering the most promising opportunities for Canadian exporters and focusses enhanced level of services in those sectors. In addition to identifying the sector, there is a description of the China/Hong Kong business climate specific to the sector, the opportunities, constraints and action plan objectives. Exporters targeting niche opportunities in

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