

Agriculture

Canada's historical export sales to China have been dominated by grain; grains and oilseeds represent 95 percent of total agri-food exports. In 1994, Canada exported \$691 million of agri-food products to China, from \$463 million in 1993. Good potential exists for Canadian food products in meat and meat preparations, beef and poultry, fish and fish preparations, cereals and cereal preparations, frozen potato products, and nuts. The markets for agricultural chemicals and machinery, particularly small tractors, are also promising. Canadian exports to Hong Kong grew 20 percent to \$120 million, and many are re-exported to China. Sales of agri-food products in Hong Kong are dependent on competitive prices and dependable distribution.

Telecommunications

China regards the telecommunications sector as critical to its continued national development. Telecommunications exports to China surpassed \$450 million in 1994. Prospects for Canadian business are good, as Canada is seen as a source of advanced equipment and technology. Areas of opportunity include data, fibre optic, satellite, rural and mobile telecommunications. In Hong Kong, this sector has been liberalized and is growing fast, with imports playing a vital role in meeting market demand. New technologies to build high value-added products are in demand.

Power

To modernize, China requires tremendous energy inputs. In 1993, total installed capacity of China's electric power reached 160 gigawatts (gw) and generated 700 billion kilowatt hours (kWh). Installed capacity must be doubled by the year 2000 to keep up with industrial and domestic demand. Although thermal power plants provide the majority of the output due to relatively short project cycles and cost efficiency, China is also focussing on hydro-electric power and nuclear power. Due to the scale of power projects, project financing is an essential factor for success. There are opportunities for Canadian expertise in consulting, project management, transmission systems, control equipment, hydro generators and turbines, as well as associated power equipment.

Transportation

Development of the transportation infrastructure remains a strategic priority for China. Improvement of the chronically over-burdened rail system is the

highest priority. Potential opportunities also exist in the rapidly expanding aviation and road transportation sectors. Areas of promise include infrastructure development, possibly on a build, own/operate, transfer (BOOT) basis, transportation services, and equipment sales and manufacturing. There are a number of infrastructure projects under way or in the planning stages in South China and Hong Kong. The Port and Airport Development Strategy of Hong Kong is a major source of opportunities for Canadian companies.

Construction

China's strong economic growth has stimulated huge demand for construction, with a building materials market of over \$13 billion in 1994. Modern skyscrapers, highways, residential units, resorts and commercial complexes have been on the rise. Canadian companies have been successful in marketing architectural and interior design, construction management, high-end residences, resorts and recreational facilities, timber, pulp and paper-based products, windows and energy-efficient building systems. In Hong Kong, Canadian companies have been successful in supplying building materials, including plywood, wallboard, heating and ventilation equipment, carpets and hardwood flooring, wall coverings and plumbing supplies.

Environment

The formal publication in 1994 of its Agenda 21 list of priority projects confirmed the importance that China attaches to improving the environment. The projects, all of which are dependent to some degree on external financing, confirm that the most promising opportunities for Canadian exporters of services, products and technologies will continue to be tied to international financial institution (IFI)-funded projects. In Hong Kong, environment consulting services are in demand, especially solid and wastewater management, and sound and air pollution control.

Oil and Gas

Sino-Canadian petroleum industry trade and investment has expanded solidly in recent years. Alberta has been recognized for its aggressive trade promotion program since 1979. With oil demand forecast to climb to 210-260 million tons by the year 2000, it will be difficult for China to reach its stated production goal of 170 million tons. China may fall even further behind, unless it entices significant foreign investment into explo-