

grids. Since China's energy sources are often distant from the load centres, the country has a strong incentive to expand its high-voltage transmission lines and increase the degree of interconnection among its regional grids. For coal-fired generations, some mine-mouth, thermal generating plants in the north are planned to implement EHV transmission to population centres.

China has a substantial and growing capacity to manufacture its own power transmission equipment, and many projects are reserved for domestic supply. China invites foreign manufacturers to participate on certain priority projects due to the urgent need to expand capacity. However, most of these suppliers must include technology transfer in their bid, and/or an element of co-production involving Chinese producers. Canada is a leading contender in this sector, since it has won a few major contracts in China in recent years.

SERVICES

Trade in services represents one area of tremendous growth not reflected in Canada's merchandise trade statistics with China. In the past, Chinese companies had been unwilling to pay for intangible "ideas," with fees for services often built into overall project or hardware costs. As China's own economy becomes more diversified and sophisticated, engineering, architectural and financial consulting firms are now finding China to be increasingly willing to purchase services for their own merit.

CONSTRUCTION

The construction industry in China is booming, due to deregulation, the trend toward private home ownership, and the realization of the true asset value of the sizable real estate holdings of state-run entities. Canadian firms have found that considerable opportunities exist for the sale of goods and services relating to this sector, in particular, building materials, (i.e. fabricated wood products, steel, concrete technology), as well as for architectural services. Many Canadian architectural firms