

Market Opportunities

As economic growth based on imported equipment and services continues, four sectors have been identified for priority attention in both Australia and New Zealand: advanced technology; environmental equipment and services; forestry machinery; and agri-food. These are discussed in more detail below. Other priorities for the Australian market include biotechnology, health care, agricultural machinery, mining and metals machinery, food-processing equipment, transportation equipment, defence and aerospace equipment, and fisheries products. For New Zealand, another priority sector is consumer products.

Advanced Technology

Australia and New Zealand are technically sophisticated markets that are highly receptive to new technology. They also rely to a large extent on technology imports. Although economic growth will be fuelled by agriculture and resource exploitation, the application of state-of-the-art telecommunications, manufacturing and other technologies will be the focus of large capital expenditures. In particular, deregulation of telecommunications in both countries is opening up opportunities for Canadian exporters. As well, Canadian computer services and software are highly regarded in the marketplace.

Environmental Equipment and Services

Environmental sensitivity in Australia and New Zealand is high. New Zealand, in particular, has imposed new rules on waste-water treatment that are creating significant opportunities; clean-up of effluent from the forest industry is a high priority. At the same time, Australia is working to improve the handling and treatment of hazardous materials, remediate soil, improve air quality and treat waste water. These efforts feature extensive local and foreign participation, and often include partnerships with foreign firms for ongoing work in Australia and in other, principally Asian, markets.

Forest Machinery

It is not generally appreciated that Australia has a large and economically important forest industry. With over 43 million hectares of native forests and 1 million hectares of plantations, forestry is big business, and a new round of capital equipment purchase and renewal is forecast. In New Zealand, privatization and the need to modernize existing mills are factors stimulating demand for state-of-the-art equipment. Imports constitute the bulk of these new installations.

Agri-food, Food-processing Equipment

Both Australia and New Zealand are major producers of food, notably beef, lamb and wheat. At the same time, however, there is a growing sophistication in the marketplace that is opening new opportunities for processed food products. There is also an increasing need for state-of-the-art equipment for food preparation and handling, as local firms gear up to furnish quality prepared foods sought by consumers. Canada has established a significant reputation as a source of quality food products, and it is making extensive efforts to position Canadian equipment manufacturers in the market.

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India and South Asia

Introduction

In 1995, Canada's merchandise exports to South Asia totalled \$688 million, a 36-percent increase over 1994, as the region becomes a market of choice for Canadian goods, services and investment. In India, for example, Canada was the 10th-largest foreign direct investor in 1995, with investments totalling in excess of \$150 million. The countries of South Asia, including India, Pakistan, Bangladesh, Sri Lanka, Nepal and Afghanistan, are, for the most part, turning away from inward-looking economic policies to freer competition, as they become more engaged in the world economy. India and Pakistan are actively looking to foreign companies and investors to assist them in expanding and improving their infrastructure, particularly in the areas of energy, telecommunications and transportation, and in other sectors such as the environment and food processing.

The importance of India as a large emerging market must not be overlooked. With a burgeoning middle class of close to 250 million people, India has the largest block of middle-class consumers in the world. In recognition of the great potential that exists for increased Canada-India trade, DFAIT has published a document, *Focus India*, which details Canada's trade and economic strategy for that country. The strategy was developed as a Team Canada initiative through extensive consultations with the private sector, and between federal and provincial governments. It emphasizes sectors in which Indian requirements are matched with Canadian strengths and capabilities, identifies challenges and constraints in the Indian market, and details available information sources, programs and activities for exporters.

Business Environment

Canadian commercial interest in South Asia has grown exponentially over the past five years. This interest is beginning to be translated into actual business contracts, especially in India. Canada's currency in the region is well founded on development assistance, co-operation through the Commonwealth and the United Nations, and strong human bonds through emigration of large numbers

of South Asians to Canada. The fact that the countries of South Asia have considerable English-language capability, experience with democratic institutions, functioning judiciaries and are familiar with market structures enhances business development in the region. The Prime Minister's visit to India and Pakistan in early 1996 has created a significant interest in Canadian goods and services. Approximately \$4.4 billion in deals were signed by Team Canada during the visit.

The financial sector is well-developed in South Asia, and EDC has a good appetite for the region. For SMEs, EDC offers financial services for sales of Canadian goods and services. IFIs such as the World Bank and the ADB are also active in the region. In addition, aid-related trade prospects exist for most countries.

Market Opportunities

In South Asia, Canada is perceived as a highly developed country with a reputation for supplying sophisticated, high-quality goods and services. The countries of South Asia see particular advantages in pursuing partnerships, joint ventures and licensing agreements with Canadian firms, especially in light of their advanced technologies and industrial capabilities.

The major sectors of opportunity throughout the region include power generation, oil and gas development, environmental goods and services, telecommunications and the most recent emerging sector, agri-food. Opportunities also exist in education and training. Services in demand in South Asia include consulting engineering, geomatics, environmental consulting and general management services. Investment is increasing in some sectors, such as telecommunications, mining and food products, while, in others, such as insurance, interest by foreign investors is relatively new.

The major potential market sectors by country are as follows:

India

By far the largest market in the region, India offers enormous scope for commercial co-operation. The key sectors are energy; telecommunications; environmental products and services; aviation;