

Hong Kong is served by 3.7 million exchange lines, and 4.7 million telephones. The market is one of the most liberal in Asia, with four fixed-line domestic service providers. Additionally, the Office of the Telecommunications Authority has set no limit on the number of service providers who may, from January 1999, use the networks operated by the four facility providers. In addition, customers can freely switch to different service providers and retain their same telephone numbers. In 2003, the fixed-line market will be opened further.

External telecommunications services are completely liberalized. In addition to international direct dialing services (IDD), international simple resale (ISR) and new technologies, including Internet telephony, are permitted under external services licences. International traffic, incoming and outgoing, for the year to December 1998, was 3.7 billion minutes. Over 80 percent of the traffic was voice.

Hong Kong has the highest penetration rate of mobile phones in the world. There were 2.8 million subscribers in 1998, served by six mobile phone operators.

**Information Technologies:** The Hong Kong Chief Executive's vision is to make Hong Kong a leader in the information world of tomorrow. To realize this vision, the government introduced the "Digital 21: Information Technology Strategy" in 1998, to ensure Hong Kong's continued international competitiveness by enhancing its IT infrastructure, including the development of an indigenous IT industry.

Under the strategy, the Information Technology and Broadcasting Bureau (ITBB) was established to co-ordinate policy and the use of IT. Other initiatives under the strategy included the establishment of an Industrial Support Fund for IT R&D, business incubation programs, a science park to be opened by 2001, and a \$1 billion Innovation and Technology Fund for individual projects in the manufacturing and service industries. Other similar initiatives to stimulate Hong Kong's IT development include the Chief Executive's Commission on Innovation and Technology, and the private sector-government co-operative "Cyberport" project.

A common theme of the initiatives above is the promotion of e-commerce. Under the Digital 21 strategy, the government will spend \$34 million on the Electronic Services Delivery project, which will enable consumers to access public services and information 24 hours a day via the Internet and other electronic means.

#### **Market Opportunities**

Some of the leading opportunities from a Canadian competitive standpoint include:

- ◆ Internet and Intranet for enterprise networking;
- ◆ E-commerce technologies;
- ◆ Computer Telephony Integration (CTI);
- ◆ Outsourcing network support and consulting services; and
- ◆ Multimedia content development, including television content.

#### **Constraints**

In most cases, Canadian software must be tailored to meet the needs of this market. While the Hong Kong government has stepped up its efforts in the war against software piracy, intellectual property problems are still of special concern in Hong Kong.

#### **Action Plan**

The objectives of the action plan for this sector are to increase Canadian ICT exports to Hong Kong by 10 percent per year by:

- ◆ providing Canadian exporters with the latest market information and intelligence;
- ◆ advocating Canada as a preferred partner for innovative, leading-edge competitive ICT technologies focussing on major Hong Kong ICT partners, such as the telephone network operators, Hong Kong IT Federation, major IT service providers and distributors, and government departments; and
- ◆ raising awareness of Canada as a high technology economy and preferred business and investment partner in various sectors, such as e-commerce, multimedia content and development software;

To achieve the above objectives, the Canadian Consulate General in Hong Kong will:

- ◆ organize a mission to Hong Kong to coincide with the Hong Kong Information Infrastructure Expo in March 2000, with the assistance of Industry Canada, the Information Technology Association of Canada (ITAC), ITBB and the Hong Kong Trade Development Council;
- ◆ help Canadian firms to find Hong Kong partners for product localization and customization as well as for marketing and distribution activities in Mainland China;
- ◆ provide comprehensive, regular market information and intelligence via the following vehicles:
  - market profiles with updates on the telecommunications/data communications, computer and software sectors in Hong Kong; and
  - a bimonthly newsletter for Canadian exporters on the Hong Kong ICT sector.

To promote closer commercial co-operation, including trade, investment and technological partnerships, as it has every year since 1996, the Consulate General, with the assistance of Industry Canada, ITAC, ITBB and the Hong Kong Trade Development Council, tentatively plans to organize a mission to Canada drawn from local telephone network operators, the Hong Kong IT Federation, and major IT service providers and distributors, to coincide with Softworld 2000 in the autumn of 2000.

### **Natural Resources — Mining, Minerals and Related Equipment and Services**

#### **Business Environment**

##### *Mainland China*

China is one of the few countries in the world with relatively abundant mineral resources of all types. It has proven reserves of 154 minerals, including 54 metals and 90 non-metals. Verified deposits of 20 minerals are the largest in the world, including

titanium, tungsten, antimony and tantalum. China ranks second in deposits of alumina, coal, tin, molybdenum, niobium, silver and lithium. It is the world's largest producer and consumer of coal and steel, and one of the largest for gold, and a net exporter of a large number of minerals, such as molybdenum, tungsten, zinc and rare earths. Despite its abundant resources, its per-capita endowment and consumption are below the world average. China is also the second-largest producer of non-ferrous metals in the world, with a production of 5.94 million tonnes in 1998 of 10 major non-ferrous metals, an increase of 10.94 percent from 1997.

In the last few years, mineral and metal production in China has increased substantially. Long-standing supply shortages have been translated into overproduction of most commodities. With low world prices, many Chinese companies, characterized by high production costs and outdated technology, are operating at a loss. In an effort to exploit the minerals in a more rational manner, and to better preserve the environment, the government is applying concrete measures, including the closure of number of small-sized and inefficient enterprises, limiting the output of coal, of most non-ferrous metals, of rare earths metals, of steel, and of other minerals in 1999 and 2000.

A reorganization of China's mining-related departments occurred in 1998, and a major movement to "corporatize" Chinese producing enterprises by delinking them from direct government control is under way. Moreover, local levels of government have been given greater autonomy in terms of project approvals. This new approach is improving the operating conditions that foreign companies face, but the market is still characterized by a relative lack of transparency, red tape and market access barriers compared with many other emerging markets.

According to some experts, 70 percent of all the mining equipment imported in China is purchased for the coal industry. As in many sectors, locally manufactured equipment is increasing in terms of variety and sophistication. Quality control continues to be a problem, however, but prices are generally considerably lower than foreign equipment. Concerns have also been expressed by foreign companies, including those producing in China, that domestic Chinese enterprises still enjoy