

4. SECTORS

A. Advanced Technology Products and Systems

China's central and provincial governments, large cities and Hong Kong all place a priority on incorporating advanced technology into their economies. While local and international competition is fierce in China and Hong Kong, particular opportunities exist for Canadian firms offering unique or niche technologies.

Because significant time and frequent visits are required to establish profitable business relationships in China, the cost of doing business is very high. Securing financing and getting provincial and/or national approval of projects are a constant challenge. Intellectual property protection, the licensing system and relatively high tariffs are other barriers to the Chinese market, which may be reduced or eliminated in the future by China's eventual accession to the World Trade Organization.

Direct local representation or a carefully chosen, qualified and reputable agent/distributor is critical to success in China's highly competitive and complex market. Canadian exporters should focus on the major trade fairs and conferences in China and Hong Kong. The number of events in China, in particular, multiplies every year and the economic benefits of most of them are considered negligible.

Opportunities in advanced technology fall under three broad categories:

- i. Telecommunications;
- ii. Space; and
- iii. Computers and Software.

i. Telecommunications

Business Environment

The development of the telecommunications sector in China is considered to be of critical social, economic and national security importance. Rapid progress has been made in the development of its telecommunications network since significant reforms in this sector began in 1989. By the end of 1995, 85.1 million lines had been installed. The number of telephone subscribers multiplied by more than six times to reach 44.32 million, representing a penetration rate of 17 per cent for cities and 4.66 per cent for the country. China plans to double capacity to 170 million lines and to achieve a nationwide penetration rate of 10 per cent by the year 2000, with more than 120 million subscribers, including 18 million mobile phone users.

The key to successful marketing and sales in China is an understanding of the government's five-year and long-term planning process. Planning is conducted in two phases: the fundamental plan and the development plan. The fundamental plan establishes a unified network structure and related criteria for the total network in China. It covers all technical details of the network, including architecture, exchange