

1. EXECUTIVE SUMMARY

China's economy has quadrupled in size since its economic reform and opening to the world began in 1978. Already the seventh-largest economy in the world in terms of gross domestic product (GDP), even before the resumption of full sovereignty over Hong Kong, China is emerging as the economic motor of the Asia Pacific region with concomitant political significance.

China and Hong Kong hold significant market potential for Canadian firms, but the challenge also is great. The China and Hong Kong Trade Action Plan provides a strategic framework through which government and business can work together to attain the goal of \$20 billion in two-way trade between Canada and China/Hong Kong set by Prime Minister Jean Chrétien and Chinese Premier Li Peng in November 1994.

China's approach to economic development, including entrepreneurship and foreign and economic relations, combined with the country's rich natural and human resources, has made it an attractive trading partner for many countries. Canadian exporters are best able to succeed in the China market if they are price and quality competitive, prepared for lengthy negotiations, committed for the long term and in possession of a range of international business development experience.

The Plan identifies 14 key sectors that offer the most promising opportunities for Canadian exporters and focusses enhanced levels of service in these sectors. Exporters targeting niche opportunities in other sectors will continue to receive support on a responsive basis as resources permit.

The Plan provides integrated market information to assist business to prepare export strategies and be in a position to take full advantage of the knowledge and skills of trade commissioners in Canada, China and Hong Kong.

The China and Hong Kong Trade Action Plan will be revised and reissued on an annual basis, in consultation with all stakeholders, to reflect the evolution of the market and incorporate adjustments to the trade development strategy.