

TRADE AND ECONOMIC OVERVIEW

The centerpiece of China's trade policy remains its well organized strategy for re-entering the GATT. Even the most dedicated of reformers concede that China's domestic market and industries need substantial protection for a number of years. China can therefore be expected to negotiate in multilateral and bilateral forums with the primary goal of securing access to foreign markets while arguing that China, as a developing country, needs an extended transition period to reach GATT norms.

Canadian seafood firms interested in the Chinese market should first jettison the concept of China as a market of 1.2 billion consumers. China is many markets, not one. The central government attempts to keep a national perspective on the economy and seeks to establish policies for development of key sectors (agriculture, oil and gas, electricity, communications, etc.). Central authorities still retain the capacity to nullify contracts if their policies are contravened. However, most business is now conducted at the provincial or regional level. Very high value major contracts, particularly those within the state plan, are still subject to review by central authorities, but decentralization of authority is proceeding rapidly.

Recent market analysis suggests that Canadian companies should look closely at regional Chinese markets and perhaps compare them to Asia's other mid-range economies. These studies suggest concentration on six regional markets:

- (1) Northeast: Heilongjiang, Jilin, Liaoning
- (2) Greater Beijing: Hebei, Beijing, Tianjin, Shandong
- (3) Central Provinces: Shaanxi, Henan, Hubei, Anhui, Hunan, Jiangxi
- (4) Sichuan
- (5) Greater Shanghai: Shanghai, Jiangsu, Zhejiang
- (6) Greater Guangdong: Guangdong, Fujian, Hainan

Each of these regions has a population of more than 100 million and a gross domestic product exceeding US\$20 billion. The regions of Guangdong, Shanghai and Beijing play the leading role while outside these regions, the Northwest and Southwest remain considerably backward. The Central provinces have low per capita incomes, but population density promises good returns in the consumer markets of the future. In assessing which market within China that Canadian seafood exporters should pursue, the following are some (but by no means all) points to consider:

- (1) Market surveys tailored to your product or service.
- (2) Financing, including sovereign risk.
- (3) Level of provincial authority.
- (4) Policy influence (central government).
- (5) Development of the legal and regulatory framework.
- (6) Taxation structure.

In summary, any marketing approach to the China market must be both geographic specific and industry sector specific.