

Market profile: China

The People's Republic of China is Canada's 5th largest trading partner. That relationship could prove to be important as mainland China develops into what is expected to be a dynamic marketplace in coming years. At the present time it is difficult to list China's requirements as the market is demanding raw materials and upgrades of processes and technology in virtually every sector. Value-added products from the West generally have less potential in the short term, although some wealthy cities in southern China have considerably more disposable income and have developed tastes for such products.

Many of China's import and infrastructure requirements correspond to Canada's export strengths, especially in agricultural products. Canada and the U.S. are China's major suppliers of wheat, with the Canadian market share

at 35%. Canada also supplies significant amounts of malting barley and this should continue as the Chinese become more familiar with our product. China is expected to import increasing quantities of grain over the next ten years because of consumer demand for meat, livestock and poultry products. The meat demand will also increase imports of feed technology, livestock production facilities and management systems.

Some other areas of opportunity for Canadian companies which have been identified include dairy cattle, swine, meat, agricultural inputs and the ability to process, store and market agri-food products.

Joint ventures are popular with the Chinese, who are also seeking to improve production and other processes in many sectors. Some areas which

hold opportunities for such Chinese-Canadian joint ventures and technology transfers include grain handling and storage, sustained agricultural use of grasslands, food processing industries, farm machinery, forestry technology and livestock and crop disease control.

Business practices in China are very different from those in Canada and exporters should be cautious when trying to establish themselves in this market. The Canadian embassy in Beijing should be relied upon for information to help negotiate China's business culture.

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Hong Kong

Mastering the Hong Kong market can go a long way to opening the vast Chinese market for Canadian agri-food products. Products which become popular in Hong Kong often move into mainland China, which increasingly looks to the island city of 6 million for economic trends.

Hong Kong is the principal gateway to China and a major portal through which China does business with the world. An estimated 37% of China's world trade flows through Hong Kong and 60% of China's foreign investment is sourced through the territory.

Hong Kong primarily holds opportunities in two areas for Canadian agri-food exporters. These are to supply the market for noodles of all kinds and canola oil. There is also some opportunity for Canadian beef and pork products, especially in supplying the food processing industry.

Processors are often tied to supermarkets, which have established food processing facilities due to a lack of supply for required products. If exporters can produce products specific to this market, with the proper packaging, then opportunities could emerge.

Canadians products also have to overcome a reputation as being too expensive and not being interested in developing the market over the long term.

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Korea

Korea is Canada's fourth most important market for agri-food exports and the third most important market in Asia, after China and Japan.

In 1993, Canadian agri-food exports to Korea amounted to \$391 million, 83% of which was unprocessed grains. As Korea becomes a more affluent society and as eating habits become more westernized, there are opportunities for value-added Canadian agri-food exports to this emerging market.

Korea's imports of ready-to-use consumer goods such as processed food products are increasing. The food and food products market (excluding rice) has grown at an average annual rate of 12% between 1990 and 1992. This rate of growth is expected to continue over the next five years.

The major trends in food consumption are an increase in the consumption

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