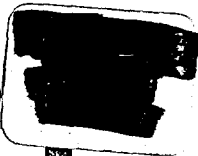


# CANADEXPORT

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## An Ancient Country Becomes a New Frontier

RETOURNER A LA BIBLIOTHEQUE DU MINISTRE

*With the eighth-largest economy in the world, China is showing up on global radar screens as an emerging giant, even before resuming full sovereignty over Hong Kong this year. Continuing economic reforms are creating significant investment and export opportunities for Canadian firms, but the challenge is also great.*

China's economy has quadrupled in size since economic modernization became the hallmark of Chinese government policy in 1978. In an interview with *CanadExport* shortly after the death of Chinese leader Deng Xiaoping last month, Canada's ambassador to China, Howard Balloch, expressed confidence that China's current leadership will stay the course of economic reform.

"I think that power is more shared in China than perhaps it has been ... in the past, and that the leadership that will follow Deng Xiaoping is largely already

in place ... . The reform that began 18 years ago has brought to China the longest period of sustained stability and progress in China's history. And I don't, in China, hear very many people talking about changing that broad direction."

That broad direction has been to increase economic growth, productivity, diversity and efficiency through the application of market mechanisms — all of which spell opportunities for Canada to expand on an already good commercial relationship.

Currently, Canada has direct investments worth \$340 million in China and \$1.98 billion in Hong Kong. Hong Kong, in particular, continues to be a vital source of investment, a fertile market for Canadian technology, goods and services, and an ideal base from which to access expanding markets in China and the Pacific Rim. Even after reverting to China, Hong Kong will retain considerable autonomy in economic, trade, cultural and political affairs for at least 50 years.

China and Hong Kong combined now represent Canada's third-largest trading partner after the United States and Japan. In 1996, two-way trade stood at almost \$8 billion

*Continued on page 5 — China*

## Canada: Investment Location of Choice

*Canada is becoming the venue of choice for foreign firms seeking to penetrate North American markets. As evidence, foreign direct investment in this country almost doubled between 1985 and 1995, to top \$168 billion.*

Fuelling the expansion in foreign investment are Canada's healthy economic growth (Canada is expected to lead the G-7 in 1997); preferred access under the North American Free Trade Agreement to a huge and affluent market of 378-million people; low inflation; world-class transport and commu-

nications; highly skilled labour; and inexpensive energy.

And these are only some of the attractions. Other major lures include Canada's generous R&D incentives; lower business costs

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