

4 Regional Market Descriptions



Northeast China

China's three northeast provinces, Liaoning, Jilin and Heilongjiang, occupy 800 000 square kilometres and are home to 100 million people (nine percent of China's population), with a per capita GDP of C\$1000.

Climatically, northeastern China is similar to much of Canada: a cold continental climate covering most of the area, moderated at the edge by a long coastline, permitting year-round access to most of the province of Liaoning on the Bohai Sea. The region borders Russia with a 3000-kilometre common boundary, and North Korea, in addition to China's Inner Mongolia and Hebei.

Known as Manchuria to the Japanese occupiers, northeastern China became the first area of China to industrialize in the 1930s and through World War II, supplying material for Japan's war effort. Following the creation of the PRC, the neighbouring U.S.S.R. encouraged continued industrialization of the region using the Stalinist model. By 1979, when China began to open its economy, the northeast was a driving force, with this heavily industrialized region holding a large percentage of total capital goods and chemical industrial capacity.

The economic advantage created in the northeast by the centrally planned economy of the 1930s through to the 1970s has become a burden in the 1990s. Northeastern China is now the "rust

belt" of China, with a disproportionate share of obsolete physical plant equipment and unprofitable state-owned enterprises. Central government policy is to reform these enterprises cautiously, so that they can maintain at least some of the social support system they have provided for so long. The rejuvenation of these industries must occur before the economy of the northeast will catch up to the remainder of eastern China.

Nevertheless, natural resources are abundant and the region is China's largest producer of many valuable commodities. Key resource-driven industries are agriculture (especially grain, dairy and livestock), forestry, fisheries and petroleum (Daqing, in Heilongjiang, has China's largest oilfield, producing 40 percent of China's output). Proximity to the excellent seaport at Dalian suggests opportunities to import materials and export manufactured goods. The highway and railway networks are improving rapidly. The transportation infrastructure to the large population centres of Beijing and Tianjin is good, as is ocean shipment to Korea and Japan. Politically, the province of Liaoning, especially the city of Dalian, is among the most progressive in China.

Canada's major advantages are in investment in or the supply of materials, services and technology for natural resource development (petroleum, minerals and forestry), infrastructure (highways and telecommunications) and agriculture (grains, forages, livestock, food and fishery processing).