

Dragon at your door

## Tap into China/HK Trade Action Plan (TAP)

Everything about China is big: big population (1.3 billion), big economy (\$2 trillion GDP, the world's sixth-largest), and the potential to become the world's biggest consumer market. China and Hong Kong (China/HK) combined form Canada's third-largest export market: two-way trade between Canada and China/HK in 2001 topped the \$19 billion mark. With such a huge market, there is a need for a comprehensive document that clearly explains where the big opportunities lie in the Land of the Dragon.

To help Canadian exporters understand those sectoral and regional opportunities, DFAIT's China and Mongolia Division has posted its *China and Hong Kong Trade Action Plan 2002* on-line at [www.chinahktradeactionplan.ca](http://www.chinahktradeactionplan.ca)

### TRADE ACTION PLAN 2002 HIGHLIGHTS

#### China joins the World Trade Organization

The Trade Action Plan (TAP) explains benefits that Canadian exporters can expect following China's accession to the WTO. Some of the highlights include:

- national treatment extended to trading partners;
- application of "most favoured nation" principle;
- increased transparency and predictability;
- uniform application of laws and regulations;
- lowering of overall tariff levels;
- phase-out or elimination of import quotas and nearly 400 non-tariff measures;

- liberalization of investment environment. The agriculture, automotive, information and communications technologies, and financial services sectors will benefit most.

**For more information** about China and the WTO, visit [www.dfait-maeci.gc.ca/tna-nac/WTO-CC-e.asp](http://www.dfait-maeci.gc.ca/tna-nac/WTO-CC-e.asp)

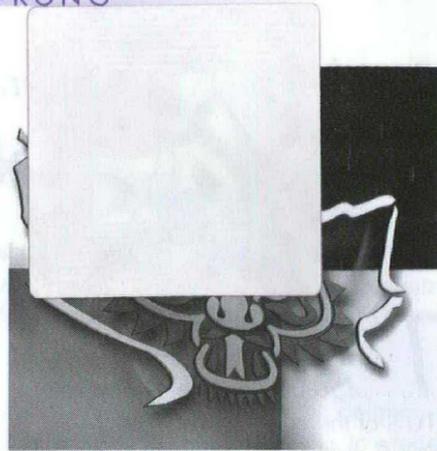
#### Profiles of regional markets

The TAP provides profiles of regional markets in China, including the West and Hong Kong.

**Western Development Strategy (WDS)** — To improve living standards in the interior, the Chinese government has allocated \$160 billion over a four-year period on new large-scale transportation and infrastructure projects, upgrading regional IT infrastructure, education and environmental protection systems.

Canadian firms are already active as the first year of the WDS program unfolds. Opportunities will grow as urbanization and improvement of housing and living standards drives a boom similar to those that occurred in Shanghai and Beijing in the early 1990s.

**Hong Kong Special Administrative Region (HKSAR)** — A global financial and distribution hub in the heart of Asia, with well-established links to the markets of China, HKSAR is a dynamic, open, competitive, free-market environment with a level playing field where entrepreneurship, innovation and leading-edge technologies thrive. A significant market exists for value-added products and services produced by Canadian small and medium-sized enterprises. It is also a



place where strong linkages to Canada already exist, as well as expert China-Hong Kong cross-border business skills.

#### Sectors with significant opportunities for Canadian exporters

TAP provides overviews of sectors with significant opportunities for Canadian exporters, including:

**Agriculture** — Population of 1.3 billion (22% of the world population but only 7% of the world arable land): rapid expansion in per capita GDP means more food consumption. Opportunities include canola oil, feed peas, seafood, beer, wheat, alfalfa, beef and pork.

**Information and Communications Technologies (ICT)** — China is one of the world's largest ICT markets and is currently the world's largest mobile phone market. Opportunities exist in telecommunications infrastructure, software and Canadian investment in telecommunications operations in fixed, mobile, basic and value-added services.

**Cultural industries** — Growing affluence has resulted in an increased consumer focus on the arts and entertainment. Opportunities exist in the performing arts, film and music.

**Environment** — The State Environmental Protection Administration reports that over five years China's environmental protection fund will reach \$135 billion. The fund will address significant environmental degradation

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## Passage to India — continued from page 1

Intellectual Property Rights (IPR) and broadcasting, reduced tariffs on hardware, zero duties on software, and a commitment to the WTO — the ICE sectors in India are drawing the world's attention with growth rates that are predicted to reach 20%.

#### Energy

With power consumption growing 9% to 10% annually, India is the world's second-largest market for power after China. To fulfill the Indian government's plan to bring power to the entire country by the year 2012, capacity must be increased from 101,154 MW to 212,000 MW: powerful commercial opportunities for Canadian companies!

#### Transportation and Infrastructure

A weak transportation infrastructure is hindering India's economy. The central

and state governments are committed to major expansion and upgrading projects, many backed by substantial financing by the Asian Development Bank (ADB) and the World Bank. India's transportation and infrastructure projects will require a range of products and services.

#### Environment

As India's awareness of environmental issues grows, so does its US\$3.1-billion market for environmental products. By 2010, this market will be worth an estimated US\$7 billion.

#### Agri-Food

The US\$20-billion food production and processing sector is one of India's largest in terms of production, consumption, export prospects and growth potential. The sector employs more than 64% of

India's workforce and accounts for 26% of India's GDP. Some studies predict that by 2005 the sector will be worth US\$60 billion.

#### Education

With a population of 1.1 billion and over 500 post-secondary institutions, India turns out 275,000 graduates each year in engineering alone. These graduates represent a pool of potential candidates for Canadian universities and colleges, while India's prestigious engineering, applied sciences and management schools may be considered potential partners for research collaboration and exchanges. India is also one of the world's largest markets for distance education and on-line training.

#### Housing and Building Products

India's affluent middle class is growing, particularly in rapidly expanding urban areas, and is now demanding better quality housing and building products. Fuelling this demand is an increased awareness of international lifestyles, improved access to housing finance and a greater commitment by the Indian government to the housing sector.

#### Financial Services

Only 70 million out of an estimated 250 million middle class Indian citizens are insured. Insurance in India is a US\$7.5-billion industry that, with increased privatization and foreign participation, will grow 20% each year. Insurance is one of many opportunities in the burgeoning financial services sector.

#### An excellent opportunity

The trade mission will be an excellent opportunity for Canadian suppliers to promote their goods and services while strengthening local business partnerships, meeting new clients and enhancing their visibility in one of the world's hottest emerging markets.

**For more information** about the mission and opportunities in these and other sectors, visit: [www.tcm-mec.gc.ca/india/menu-en.asp](http://www.tcm-mec.gc.ca/india/menu-en.asp)

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caused by rapid industrialization. Opportunities exist in urban air and water purification environmental products and services.

**Services** — There is room for growth in a services market that is under-represented as a portion of China's GDP as compared to more mature economies. Recent reforms have resulted in a significantly more liberal market. Opportunities exist in banking, insurance, mutual fund management, education and distribution.

**Forestry and Construction** — The urban population of 400 million is fuelling rapid growth. Over six years, per-capita incomes rose over 75% resulting in a country-wide construction boom. Opportunities include energy-efficient construction products, wood-frame housing and architectural services.

**Power** — China is the world's second-largest power producing country. Opportunities exist in transmission and

distribution systems, and in the development of hydro power in Western and Central China.

**Transportation** — China is the world's largest market for transport equipment and transport infrastructure development products and services. Opportunities exist in rail, urban transit, road infrastructure, marine transportation, commercial aircraft, auto parts, and ICT transport products.

To download the complete *China and Hong Kong Trade Action Plan 2002*, visit [www.chinahktradeactionplan.ca](http://www.chinahktradeactionplan.ca)

**For more information** about the Trade Commissioner Service (TCS) in China/HK and TCS's core services, visit [www.infoexport.gc.ca](http://www.infoexport.gc.ca) and follow the links.

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