ginseng, oilseeds, beef, pork, poultry, seafood, beverages and confectionery.

Constraints

Constraints are posed by a lack of transparency in regulations, a legal system only beginning to take shape, particularly with respect to contracts and land tenure, high tariffs, non-tariff barriers and poorly developed credit and payment mechanisms that require extensive supplier credits.

Regulatory constraints include labelling standards legislation that is very difficult to meet and an arbitrary decision-making system.

Despite well-publicized tariff reductions on some imported products, China is still a high tariff market that tends to discourage imports while stimulating local manufacturing. The implementation of tariff rate quotas (TRQs) for many products of interest to Canadian exporters, such as wheat, has added to the confusion.

The lack of reliable refrigeration capacity and the poor condition and congestion of roads, railways, ports and airports also pose a considerable problem for Canadian companies seeking to ensure a consistent supply in exporting to China.

In contrast to the rest of China, Hong Kong is relatively free of formal barriers. It does, however, experience much congestion.

Canada also faces stiff competition from suppliers in the United States, Australia, New Zealand and the European Union, among other sources. U.S. and Australian suppliers are well established in some areas after years of investment by national companies and industry associations. Canadian suppliers must be aggressive and innovative to secure and maintain inroads in these markets.

ii. Fish and Seafood Products

Business Environment

China leads the world in seafood production, which reached 23.5 million tonnes in 1995 and is expected to rise to 28 million tonnes by the year 2000. About 80 per cent of total product is consumed fresh and 20 per cent is processed. More than half of China's seafood supply comes from domestic aquaculture. Rapidly expanding internal trade is increasing demand for new wholesale markets, refrigeration capacity, improved transportation facilities and the modernization of processing plants.

Seafood consumption now averages 17 kg per capita. Seafood consumption is highest and is growing most quickly in regional markets experiencing rapid economic growth, such as Guangdong and Shanghai. Significant population and economic growth in China will further boost seafood demand.

Fresh and live fish will continue to be in the greatest demand. Imports have grown from virtually zero in 1990 to 1.3 million tonnes in 1994, valued at US$853 million. Although imported seafood principally serves luxury hotels and restaurants, demand in supermarkets in major cities is increasing for imports such as salmon, live lobster, shrimp, clams, snapper, mussels and squid. Chinese buyers are among the most price-conscious in Asia, seeking out