

a four-legged animal, and his philosophy captures the same advice given by the ancient Chinese. Wise words in the highly competitive environment that each one of you will face in the China of 1993 and beyond.

The theme of today's forum is "The new China: Canada's opportunity in the Pacific Century." Canadians have been active in the China market for many decades now. As a traditional market for Canadian commodities such as wheat, potash and sulphur, China has been a reliable trading partner since the early sixties. Indeed, China now stands as Canada's largest single market for wheat and our fifth-largest trading partner overall.

Even more encouraging is the fact that our bilateral trade in 1992 exceeded \$4.6 billion -- a record year. Our trade was in a rough balance, with Chinese exports exceeding ours by about \$300 million.

This is an encouraging sign, but the potential is very large for us to build a reasonable and secure market share in China and, more importantly, to make inroads into the higher technology value-added products where Canadian expertise matches so well China's development priorities: in particular, telecommunications, transportation, oil and gas, power generation and transmission, mining and environmental protection.

Canadian companies are also finding China a ready market for engineering and architectural services. Indeed, China's relatively recent recognition of the value of trade in services should translate into major opportunities for Canadian firms in the nineties. We expect services to take up an increasing proportion of our bilateral trade.

A recent study indicates that at the present time there are over 60 million Chinese with per capita incomes of US\$1,000 or more. The \$1,000-level is often considered by economists to be the threshold for the development of a consumer society.

Certainly these 60 million consumers are seen as a rapidly growing segment of a market within a market, one which Canadian companies should take note of and develop in future years. Our estimates are that this consumer market will increase significantly in coming years because of the sustained economic growth that is anticipated by many observers.

Two-way investment is an area that holds tremendous promise for bilateral co-operation and shared prosperity in the coming millennium. Many Canadian export leaders, such as Northern Telecom, Babcock and Wilcox, Harris Farinon and Alcan are already well entrenched in the China market through outward investment in production facilities in China.