

**C**hina's past two decades of rapid economic growth, urbanization and industrialization have steadily deteriorated the environment. Lately, China has begun to recognize the huge cost of environmental degradation. Under the ninth Five Year Plan (1996-2000), environmental spending

will most likely be integrated into planning objectives, and environmental considerations are apt to be part of all major infrastructure projects, such as in the case of Kunming.

Commercial opportunities are beginning to emerge in environment subsectors, particularly in large urban

lion RMB, and the Blue Sky Program in February 2000, with an overall investment of 5.7 billion RMB.

**Team Canada mission**

The upcoming Team Canada mission will allow Canadian companies to establish or reinforce contacts in China. The environmental protection sector has been identified as a priority sector for Team Canada, and a seminar on commercial opportunities will be held in Beijing during the mission.

**Environmental Protection Exhibition and Conference**

Visiting or exhibiting at a trade fair is a good way to learn about the Chinese market, and to meet with potential customers and agents, so Canadian companies with an interest in the environmental protection market should consider attending the seventh China International Environmental Protection Exhibition and Conference (CIEPEC), to be held in Beijing in June 2001. Probably the most important environmental show in China, CIEPEC 2001 will attract participants from across China and around the world. The Canadian Embassy in Beijing plans to co-ordinate Canadian involvement at the Exhibition. Contact David Hamilton at the Embassy for further information.

For more information on the Chinese environmental market, contact Marcel Belec, China and Mongolia Division, tel.: (613) 995-6962, fax: (613) 943-1068, e-mail: marcel.belec@dfait-maeci.gc.ca, Web site: www.dfait-maeci.gc.ca/china or David Hamilton, Third Secretary (Commercial), Canadian Embassy, Beijing, tel.: (011-86-10) 6532-3536, fax: (011-86-10) 6532-5033, e-mail: david.hamilton@dfait-maeci.gc.ca

*Focus on the environment*  
**Projects in China**

was increased, and priority areas were identified for environmental cleanup. Similarly, laws and regulations were instituted to reduce the environmental damage. The next Five Year Plan will most likely broaden these efforts.

These changes have created commercial opportunities in China for Canadian firms. However, project financing remains a difficult problem. Full implementation of build-own-transfer (BOT) project financing, as well as strict enforcement of China's pollution laws, will alleviate this. In addition, international financial institution (IFI) and foreign government soft loans remain a significant source of funding for environmental projects that seek foreign expertise and technology.

**Environmental projects**

The Province of Kunming received US\$150 million from the World Bank to clean up Dianchi Lake, a project that has been ongoing since 1997. Given this, Canadian companies should closely monitor the World Bank and Asian Development Bank Web sites. China's less developed western regions have become a central government priority under the Western Development Strategy (WDS). While the WDS focus is on development, one stated priority is environmental protection. Sustainable development

areas, where environmental protection has strong support from the local government. Beijing has announced an Action Plan for a Green Olympics, which includes spending more than \$8 billion to improve both air and water quality.

The City of Shanghai has promised to spend close to 3% of its GDP (over \$2 billion annually) to become environmentally friendly by improving both its air and water quality, and its municipal waste disposal. Shanghai also wants to shift its industrial base from polluting industries to cleaner high-tech industries such as information technology and biomedicine.

China's Guangdong province will work more closely with the Hong Kong Special Administrative Region (SAR) to combat shared pollution problems, particularly those related to water quality in the Dongjiang and Pearl rivers. Due to this region's relative prosperity, stakeholders can consider advanced and more costly solutions to environmental problems. As such, South China can serve as an entry point for Canadian firms. For example, Guangdong's environmental investment in 1999 totalled 1.97% of its GDP, and this will be further increased during the 10th Five Year Plan. Guangdong initiated the Clear Water Program in June 1997, which required a total investment of 20 bil-



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