

Canadian exports to China of power systems equipment totalled less than \$40 million during 1981 to 1985, but business is increasing as Canadian firms become more active in this market. Earlier this year Canada won an order worth approximately \$200 million for boiler components for two large thermal generating plants. Business prospects are also enhanced by the activities of Canadian consulting engineers who have been working for the Chinese power authorities on several major projects: the HVDC transmission line between Gezhouba and Shanghai and three hydroelectric stations - Gehe Yan, Three Gorges and Longtan.

Export prospects have been assessed in China for the electric power sector and, in less detail, for six other key sectors: agriculture, forestry, mining, oil and gas, telecommunications and transportation. Canadian exports to China from these seven sectors have averaged an estimated \$1.4 billion annually in the past three years, with 90 per cent for commodities, particularly wheat. A tentative estimate indicates that prospective future exports might rise slightly by 1990, with increased exports of services and equipment plus more forestry commodities offsetting anticipated declines in sales to China of agriculture and mining commodities. Total annual export levels to China might increase to \$2.5 billion by 1995 and \$3.5 billion by 2000. Canadian exports to China over the period 1986 to 2000 could total between \$30 billion and \$40 billion according to this projection.

Many factors will combine to determine actual future levels of Canadian exports to China, including that country's overall balance of trade. Canada may not represent a major market for exports from China but Canadian willingness to buy Chinese goods will certainly affect export prospects to that country.

This report concentrates on past and future activities of the federal government in support of exporters in the China market, particularly in the power sector. There have been four principle types of federal financing for exports other than wheat:

- a) CIDA's Bilateral Program has committed an average of some \$20 million annually since 1982 on technical assistance projects,