

subsector of transportation, there is greater scope for smaller, packaged projects.

China's ocean-going fleet, which weighs 20 million dead-weight tonnes, ranks eighth in the world and is growing at an unprecedented pace. Numerous port and harbour projects are planned to keep up with growing trade volumes.

Significant infrastructure development in Hong Kong is part of a strategic expansion plan for the next century. Important freight and passenger rail projects are planned. The soon to be completed Chek Lap Kok airport and related infrastructure projects on Lantau Island require the construction of several high-capacity bridges, roads and a rail line to connect the airport to Hong Kong Island. Major long-term transportation development projects include the Western Corridor expansion by the Kowloon-Canton Railway Corporation (KCRC). The demand for rolling stock and railway signalling and communication equipment is also growing.

### *Market Opportunities*

Serious transportation bottlenecks have made infrastructure a policy issue for governments and for multilateral institutions such as the World Bank and the Asian Development Bank.

The majority of the Chinese automotive parts industry is plagued by inefficiency and outdated technology. The Chinese government has adopted a policy of encouraging business co-operation with foreign parts manufacturers. Sixty kinds of parts were selected for which technology could be imported or jointly developed under foreign technology

transfer. Canadian parts manufacturers have good process technology and engineering capabilities. With many of their major customers, including Ford, Chrysler and General Motors, already operating or planning to operate in China, business opportunities for Canadian parts suppliers are positive.

The build-operate-transfer (BOT) model, a three-pronged approach that redefines the roles between the public and private sectors, has proved a suitable form of project delivery for capital-intensive infrastructure with a long-term delivery requirement. Chinese authorities are examining closely the BOT model, and regulations and guidelines are expected that will allow this mode of investment for highways and bridges.

The potential for further involvement in transport infrastructure projects is substantial. Firms will have to be flexible, adaptable and innovative in applying their experience and techniques to the Chinese market. Proposals need to be focussed in order to minimize financial risk and ensure optimal assessment.

An important point of access into the Chinese infrastructure development market is through Hong Kong-based developers and merchant banks. As the area's foremost financial and information hub, Hong Kong can provide early signals of emerging opportunities and significant financial and networking resources.

Large Canadian companies are already active in China. Smaller companies with unique capabilities can improve their profile in China by participating in consortia and forming strategic alliances.